THE IMPACT OF FREE TRADE ON CANADIAN-AMERICAN BORDER CITIES

PETER KARL KRESL

This essay examines the ways in which cities along the Canada-United States border have responded to trade liberalization, specifically to the Canada-United States Free Trade Agreement (FTA). Recently I visited ten cities along the Canada-United States border to conduct interviews and obtain planning documents and other reports issued by various agencies. In each city I found a distinctive interaction among the private and public sector entities, with authority for decision-making and mandates for action lodged with the mayor's office, a state or provincial agency or a public-private commission. Hence, in each city I interviewed a different set of individuals, usually representing three to five entities.

In response to the question "Has the FTA had an impact on border cities and, if so, how have they responded?," I will argue that most of them have made a major strategic planning effort to examine their economic situation in the light of their post-FTA economic space. Now it is generally recognized that a city's economic leadership has increased responsibility for long-term economic planning and for designing or creating the city's economic future.

I. SOME CHARACTERISTICS OF NORTH AMERICAN CITY INTERACTION

On January 1, 1989, Canada and the United States implemented the Canada-United States Free Trade Agreement (FTA). In contrast to earlier efforts by these two neighbors to liberalize their trade, the FTA was comprehensive rather than partial (as was the Reciprocity Treaty of 1854) or sectoral (as was the Canada-U.S. Automotive Products Agreement of 1965). It was also not necessarily a binational agreement; when negotiations were completed, Secretary James Baker announced to the press that the FTA was open to all others who wished to join. This was news to some Canadians who expressed anxiety at having such countries as South Korea and Brazil joining them on an equal footing in competing within the U.S. market. However, when the Clinton Administration concluded negotiations with Mexico for that country's inclusion into an expanded North American Free Trade Agreement (NAFTA), Prime Minister Jean Chrétien accepted this initiative and NAFTA came into effect on January 1, 1994. On the horizon is the Enterprise for the Americas, a regional free trade initiative which may encompass all the nations of the western hemisphere from Canada to Chile.

While thus far most attention has been paid to the impacts on national economies and on the need for national governments to adopt policies which will facilitate realization of the potential benefits of such regional trade agreements, it is clear that cities on both sides of the Atlantic are also going through processes of adaptation to create new economic spaces and to make appropriate responses to the challenges and threats to existing activities inherent in trade liberalization. If economics were all that mattered, the responses of

---

Peter Karl Kresl is professor of economics at Bucknell University. He has been a visiting professor at the University of Lund (Sweden), the Norwegian School of Economics, Carleton University, and the University of Vermont. He is the author of The Urban Economy and Regional Trade *(New York: Praeger, 1992) and editor of* Seen from the South *(Provo, Utah, Brigham Young University, 1989).*

cities to the Canada-U.S. FTA and to European Community (EC) 1992 would all reduce to one unambiguous model, each city could use it as its optimal pattern of response, and there would be no need to examine the experiences of other cities. However, in the real world location does matter, as do the historic role or function of a city, its political and economic traditions, the cultural values of the nation in which it is situated, complementarily and efficiency of its social institutions, and a host of other existential and behavioral considerations. From this fact arises the value of comparative analysis and of examining the experiences of other entities responding to the same or to a similar externally imposed change.

In the course of studying over twenty cities in North America and in Europe,[1] I have discovered the extent to which the need for experience-sharing, networking, joint lobbying, and so forth is a feature of European cities more than of Canadian and American urban areas. Perhaps this is because the experience of a city in another culture and in a different national state intuitively seems to offer more beneficial exchange and less competitive threat than cities in a relatively more homogeneous North American setting. That is not to say that North American cities do not belong to associations of cities, but those associations, such as the Conference of U.S. Mayors, the Canadian Federation of Municipalities and the National League of Cities, tend to be rather all-inclusive and to concern themselves with general problems of cities such as housing, transportation, race relations, drugs, and with lobbying for federal policies more favorable to cities. What one doesn't find is the more narrowly focused groupings of smaller numbers of cities that are so prominent in Europe, such as Eurocities, or the Union of EC (now EU) Capitals, or the ad hoc cooperation among two, three, or four cities for specific activities, such as lobbying for high-speed rail lines (TGV) or coordinating research or educational ventures on a regional or continental basis. In Canada perhaps cities are too distant from one another to allow for much interaction, while in the United States competition and individualism seem to have penetrated the affairs of cities as they have the national culture.

Another point which should be stressed is that the sharing of experience suggested here is one based entirely upon the recent economic development of the individual cities, on their aspirations as reflected in whatever planning they have done, and on their strategies for both capturing the potential benefits from regional trade liberalization and minimizing the negative impact on existing activities this policy change can bring. This process of learning from each other has very little to do with formal "twinning" which is a feature of the international relations of virtually all cities of any size. Sister City programs are seen by economic actors to be largely of cultural or political benefit and to have little or no value in economic decision-making.

II. THE CHANGED INTERNATIONAL ECONOMIC ENVIRONMENT

During the past decade the major economic environment in which North American cities function has undergone dramatic alteration. In this section we will examine the consequences of what are arguably the two most significant changes—the FTA and new technologies. The FTA is the most dramatic change to confront many Canadian and American cities, especially those along the border. NAFTA will exert a similar pressure for response from cities located on the Mexico-United States border. But beyond this public-policy generated discontinuity, cities are also powerfully affected by the above-mentioned changes in the technologies of production of goods and services, of communication and of transportation. Since many of these changes are intuitively comprehensible I will, in this section of the paper, review their impacts only briefly.

A. The Canada-United States Free Trade Agreement

This policy has been so widely discussed and analysed that a detailed review for the readers of *Canadian-American Public Policy* would be redundant. In this section only a few comments will be offered which directly relate to the economic situation of Canadian and American cities.

Economic geographers have long studied the relation of a city to its hinterland.[2] A city of large size should have relations with, or dominance over, other cities, towns and land in a relationship which is governed by such factors as distance, costs of transportation and communication, access to information, and proximity to competing cities. Other things being equal, one would expect a city's influence to be exerted in ever larger rings of diminishing force. Of course, these rings of influence can be distorted by topographical features such as mountain ranges, lakes, etc. A similar distortion is imposed by national borders which can detach a major portion of a city's 'natural' area of influence. The division of Germany by the Allies after the Second World War did this to Hamburg, as did the 49th parallel to Winnipeg and the St. Lawrence River to Montreal. Each of these cities has an obviously truncated hinterland which has limited its capacity to develop economically to the degree that it would have been possible, if not 'natural,' in the absence of the border.

In other instances, interaction between two cities has been made excessively costly or legally impossible because of an international border. This is certainly the case with American cross-border 'partner cities' such as Seattle/Vancouver; Toronto/Buffalo; Detroit/Windsor. The border creates the equivalent of the 'cost distancing' which would transform Minneapolis/St. Paul interaction into a Minneapolis/Chicago relationship. The division of labor between the two cities becomes constrained, as does the extent of their cooperation in joint efforts and their combined clout in political decision making.

Implementation of the FTA has removed this set of distortions and is allowing cities to realize their true economic potential in redefined and more rational economic spaces. On the one hand, FTA enables an individual border city to extend a rational and efficient economic reach into an otherwise closed area. On the other hand, it facilitates the creation of true cross-border regional agglomerations for pairs of cities previously separated artificially by the national border. The discussion in section V below of the experiences of several cities along the Canada-United States border will make the impact of regional trade liberalization more explicit.

B. Technological Change

Advances in various technologies are less specific to national border areas and can have profound impacts. Indeed these changes have forced us to reconsider many basic notions which have long been held by regional specialists. This is clearest when we consider the concepts of "center" and "periphery."

In traditional thinking the center is active and decisive, while the periphery is passive and dependent. Headquarters functions, international service activities, the generation of technological advances and knowledge, and economic and political power are all clustered or concentrated in central locations in which productive interaction, economies of agglomeration, cultural amenities, and easy communication with and transportation to all parts of the regional or global economic space can be done most effectively and efficiently. In the periphery, projects that are intensive of low-cost land or labor or of specific resources are located. As one moves from the center, incomes, skill levels, sophistication of operation, and autonomy all diminish, and contact becomes increasingly one-directional. The question before society becomes, in the words of Jacobs, one of "how to defeat stagnation in the boondocks."[3] At several points in this paper such a view is supported. However, several fundamental technological changes during the past decade or two suggest that it can also be challenged. For Klaassen this "upsets location theory,"[4] while Hansen[5] goes so far as to conclude:

> The industrial restructuring and diffusion of transportation and communications that have taken place since [1975] have the potential to transform information networks and industrial organization, which in turn could reverse the long-run tendency toward geographic concentration of production in favor of a more balanced development among the different regions.

While this may not have much relevance for the small number of "global cities discussed by Sasson (London, New York and Tokyo),[6] it does suggest more possibilities for those that are not global centers of innovation and decision-making and must search more aggressively for their individual niches. Significant forces are working in both directions. Thus it may be appropriate to reconsider the concepts of centrality and peripherality and the manners in which they affect the possibilities for enhancing the activity and the role of a city.

Changes in production technology in many industries have dramatically reduced the optimal scale of factory size. Steel and other metals products can be produced in mini-mills where specialty products are made in runs that are a minor fraction of those in the traditional heavy industries. Thus, rather than one enormous facility quite constrained in its location, a company can establish several smaller plants throughout an integrated economic space. In industries such as electronics, components can be fabricated in locations all over the world, assembled in one country, and distributed throughout a continental market. However, such innovations as just-in-time parts and components delivery systems force a clustering of the assembly facility and its suppliers.

Krugman argues that as a consequence of the reduction in transportation costs, peripheral regions can gain or lose as sites for industrial production. The result will be determined by the interaction of lower costs of moving finished goods and inputs, the significance of economies of scale, and initial production costs. While the advent of rail and advances in the efficiency of ship transportation during the nineteenth century led to the deindustrialization of the periphery, he believes that the changes related to trade liberalization in Europe (and, one could add, in North America) "will actually favor peripheral manufacturing."[7]

Advances in communications technology make it efficient to coordinate the activities of several production, distribution, or research units from one central location, but also make it possible to give enhanced responsibilities to each of the subunits, since any questions can be answered almost as soon as they are asked, and lower echelon managers are able to obtain more quickly the information they need to make decisions. Improved transportation facilities allow for frequent, vital, face-to-face contact between individuals in headquarters and subsidiary units located hundreds of miles apart, and cheaper transportation of goods makes possible a greater spatial dispersion of integrated production units, if not for world-wide sourcing.

As a consequence of such technological change, transportation and communication costs greatly diminish as a share of total costs. Thus, in contrast with a mapping of North America twenty years ago in which cities were separated by substantial cost distancing, for many industries or economic activities a similar mapping today would indicate there is no center and no periphery. Almost all cities are clustered in a rather tight ball or floating freely in a three-dimensional space. For example, when it comes to processing and manipulating data, thanks to fiber optics and satellite transmission Calgary in a functional sense may be no more distant than Albany from New York City. This means increased interpenetration of markets, of course, and an end to natural protection of firms, but it also means opportunities for specialization and expansion of activities for those firms that are truly efficient suppliers. In the words of the Agnelli Foundation, "this growing interdependence could turn out to be a factor of vulnerability or a development opportunity. Much will depend on how the cities manage to understand the need to play an active role."[8]

Virtually all descriptions of vital urban economies are based on innovation and research. The highly skilled workers required for this activity are also relatively well paid, highly educated, and quite mobile. Increasingly research centers are being located according to the lifestyle preferences of this labor force rather than in close proximity to traditional manufacturing areas close to water transportation, markets, and so forth. The trans-alpine region from Munich through Stuttgart and Lyon to the Piedmont in northern Italy is one such concentration in Europe,[9] while the Nice-Montpelier area in southern France is another.[10] Both have obvious similarities to Silicon Valley and the Seattle-Vancouver area in North America. Access to recreational areas, a less harried lifestyle, suitable housing, and good schools are of greater importance to workers in the research and innovation divisions of companies and in research centers. This generates opportunities for non-center cities to create environments attractive to such activity.

While few non-center or non-providentially situated cities may aspire to become prime locations for innovation and research, even peripheral cities can take advantage of the results of the efforts of others to enhance the competitiveness of their local firms and to make them functionally less beyond the pale. Here the key seems to be the creation of institutions that facilitate access to process innovations; that is, to technological transfers that directly address the competitiveness of production units rather than devoting scarce resources to basic research.[11] Cities in peripheral regions should not rely on the efforts of large, foreign-owned companies to provide the access or the transfers since they have not located in the peripheral region for any purpose other than access to resources or low-cost labor or land.
The emphasis has to be placed on smaller, locally-owned firms, and the city has to provide the services that are internal to foreign multinationals but are totally lacking for small firms.[12] This involves local government in the creation of the proper business culture, in efforts to facilitate the generation of local capital and in the effective linking of local researchers and local firms. If these tasks are undertaken with broadly-based involvement of local actors, a city can go far toward overcoming its geographic or spatial peripherality. As Hansen states, "local systems are not incapable of dealing with the consequences of the global technological revolution or the new international division of labor. Local dynamism based on small and medium-sized firms can involve both a high degree of endogenous

decision-making control and extensive networks of external contacts."[13]

In short, while geographic location and both centrality and peripherality will always exist and be factors in economic decision-making and in the location of economic activities, to an increasing degree changes in the technology of production, communication, and transportation and in organizational structures will: 1) allow cities to redefine their comparative or competitive advantage, 2) offer opportunities to cities that hitherto had been considered too far removed from the center to compete, and 3) make it possible for cities previously separated by cost distancing to explore new ways of interacting in mutually beneficial ways.

III. THE STRATEGIC RESPONSE OF THE CITY TO THESE CHANGES

The 1980s was a decade when many governments both in North America and in Europe, and at both the national and subnational levels, were converted with an almost religious fervor to the notion that if taxes could be cut low enough, increased amounts of capital would be generated, wealthy individuals would be induced to place more of their capital at the disposal of productivity-enhancing investments, and virtually all economic problems could be eradicated or at least substantially ameliorated. Tinbergen's rule warned us long ago that one policy tool is never an adequate response to a complex of policy objectives. The accumulation of difficulties, both macro-economic and micro-economic, at the end of that decade made it clear that just cutting government was not a sufficient economic strategy. Indeed, it may well have been fundamentally counter-productive.

The 1990s has brought a reconsideration of this anti-government approach as the problems become too noticeable to be ignored any longer. In the words of Raymond Barre, in reaction against the fascination during the 1980s with the Anglo-Saxon model based on the competence and responsibility of private enterprise, "it is necessary to rediscover the state."[14] Again, we can refer to the work of Porter and Jacobs. Jacobs believes that growth and development abhor "passive economies, meaning economies that do not create economic change themselves but instead respond to forces unloosed in distant cities."[15] Jacobs is no supporter of highly structured economic planning, which she considers to be based on the assumption that "economic life can be conquered, mobilized, bullied, as indeed it can be when it is directed toward warfare,"[16] preferring instead a "process of open ended drift." But that drift is not entirely to be left to chance, for it is predicated on three understandings: 1) that "cities are capable of bouncing back if their faltered economies are indeed corrected," 2) that "city economies that aren't self-correcting can be helped to correct themselves if what is done is indeed germane," and 3) that "germane correction depends on fostering creativity in whatever forms it happens to appear in a given city at given time."[17]

Although Jacobs is far too averse to universalistic prescriptions to be very specific as to how that creativity might be fostered generally and in all situations, she does emphasize that the "germane correction" must be based on local firms, using local needs (import replacement) to guide the specialization of production which will generate exports, supported by the generation of capital by local institutions, and developing "a real foundation for symbiotic and versatile production."[18] She is quite negative on imports of capital, luring investments by large firms from outside the region, and development based on resources or low wages, because none results in long-run, sustainable economic vitality. Finally, she emphasizes that this is "a process realizable only in cities and their nearby hinterlands."[19]

Porter is less reluctant to formulate a general strategy for intervention. His diamond of reciprocal feedback has been widely discussed, as has his perception that there are positive roles for all levels of government. Sharing with Jacobs an aversion to the sort of highly intrusive and highly industry- or firm-specific intervention that results in protectionism, subsidies, declarations of national champions, and so forth, Porter states that "the central goal of government policy toward the economy is to *deploy a nation's resources (labor and capital) with high and rising levels of productivity*."[20] Essentially this means stimulating dynamism and innovation which enhance the urban economy's capacity to compete in new industries, and upgrading production facilities in existing industries. Noncompetitive industries should be left to die and make room for those that are newly competitive. The role of city and regional governments in this process is to intervene positively in supportive areas such as university education, infrastructure, local regulations, research initiatives, and information. Porter finds, in fact, that towns in both

Germany and Italy "had arguably a more significant influence on competitive advantage than any national policy initiative."[21]

The primary factor in many decisions to locate production facilities in certain sites seems to be the hospitality of local officials and agencies, and their willingness to assist the foreign firm aggressively in any set-up problems, from gas and electricity hook-ups to providing land for, e.g., Japanese schools or hospitals devoted to Oriental methods of health care.[22] When speaking at the ceremony launching Hitachi's first informatics factory in Europe, Takeo Miura explained the company's decision to locate in Orleans, France: "that which is most important is the welcome given by local agencies and officials."[23]

This is in general conformity with the argument presented earlier and it would be repetitive to present any further exposition. However, while researchers may be in general agreement as to what ought to be done by local governments to enhance their competitiveness and economic vitality, it is a barren discussion unless local economic and political decision-makers are motivated to implement the conclusions in their economic planning. This is where implementation of a regional trade liberalization scheme, such as the Canada-U.S. FTA, becomes important. Because this agreement 1) represents a discontinuity, 2) is a national political event, and 3) raises fundamental questions about membership in a wider community, it has the effect of a structural shock. The economic and political systems are jolted into some action. For the economy the shock has both its demand and its supply aspects. On the demand side, new markets are opened to local firms and consumers find they have more nonlocal products from which to select. Should prices be reduced, consumers will have greater variety, and real incomes should rise. Regarding supply, the local economy must redefine its comparative, or competitive, advantage, and some local firms may be forced out of business while others experience increased revenues, economies of scale, and greater access to technology. Overall efficiency and productivity should be increased, again yielding increased real incomes. After a period of transition, employment should rise. But much of this is dependent upon appropriate actions being taken by local government.

Politically, the shock has the analogous effects of reducing the relative isolation of the city and of forcing the city out of its traditional role in the national system. It becomes clear very soon that, like its local firms, the city is exposed to an increasingly competitive environment in which it must take more care to plan effectively and even to market itself throughout the enlarged economic space. It must seek to position itself in developing networks of cities, of research institutions, and of lobbying activities. In short, the city must take advantage of this shock to internationalize itself and to enhance its competitiveness. The impact of this shock and the public awareness of both positive and negative consequences of the regional trade liberalization agreement give the city government the opportunity to design a response, have its strategy widely discussed and approved, and then to implement it. Local constituencies question the political leadership as to what its response will be, forcing at the minimum a serious consideration of the alternatives. The existing planning institutions will take advantage of an all-too-rare opportunity to mobilize the energy and imagination of institutions and individuals in the city and unite them in support of a clear and discrete set of objectives and initiatives over a period of several years.

At one level of generalization, virtually all researchers and practitioners agree that the cities which compete successfully in the international economy will be those that are active participants in the innovation and technology sector. This will take different forms for cities in different situations; some will concentrate on the generation of new information, while for others it will be to apply that information to the production of goods and services. For such a productive and engaged city, most agree on what sorts of things are required: adequate transportation and communication infrastructure, a complex of university and corporate research institutions, access to capital, a minimum level of urban amenities (cultural institutions, housing, recreation facilities, and so on), an array of support services, and a diversified, mutually supportive economic base.[24]

When we consider the appropriate actions of a city in specific response to adoption of a regional trade liberalization scheme, we must recognize that each city's strategic plan will be uniquely tailored to its actual situation. The schema presented in Figure 1 offers an approach to formulation of the appropriate response of an individual city. At the highest level of generalization, all cities share a desire to adopt policies that will ensure attainment of the ultimate objective--economic vitality in an increasingly internationalized environment. But in achieving this goal cities are divided into two groups. For the first group, a qualitative restructuring of the urban economy is most appropriate. This may be because, for example, the city's rising cost structure is reducing the competitiveness of traditional industries, the goods and services being produced are characterized by low income elasticities of demand, or the opening of the border allows a fundamental redefinition of the city's relation to the enlarged economic space. For the second group, a quantitative expansion of existing economic activity is appropriate, perhaps because of real constraints on the actions of the city, or because the costs of restructuring would be excessive, or because the enlarged economic space gives new life to these industries. So we can differentiate cities according to whether their basic goal should be qualitative restructuring or quantitative expansion in order to achieve economic vitality in an increasingly internationalized environment.

For each basic goal there are several alternative strategies that can be adopted, depending on the characteristics of the individual

Figure 1
Strategies for Responding to the Canada-U.S. FTA

Ultimate Objective	ECONOMIC VITALITY IN AN INCREASINGLY INTERNATIONALIZED ENVIRONMENT							
Basic Goal	Quantitative expansion				Qualitative restructuring			
Strategies	Export Promotion	Bridge City	Regional Center	Headquarters: National	Develop Niches	Access Point City	R & D Center	Headquarters: International
Means								
I	X				X		X	
II	X		X	X				
III					X		X	
IV	X					X		
V				X		X	X	X
VI		X		X		X		X
VII			X	X		X	X	X
VIII	X	X	X		X			

I = Development and support of small and medium sized firms
II = Development of alliances with other cities
III = Establishment of effective links between firms and universities and research centers
IV = Establishment and expansion of international linkages
V = Construction of Infrastructure: housing and urban amenities
VI = Construction of Infrastructure: transportation
VII = Construction of Infrastructure: communication
VIII = Develop adequate specialized business services

city. The strategies are differentiated between the two basic goals by the degree to which the enlarged economic space, following implementation of a regional trade agreement, results in an increased demand for existing economic activities or allows for a redefinition of the city's comparative or competitive advantage. For those cities where the trade agreement allows for a qualitative restructuring, the appropriate strategy might be the creation of one or more niches in areas of goods or services production, development as a point-of-access city, establishment of an enhanced capacity for research and technology generation, or promotion of as an international center for headquarters activities. While there must be some existing base to support these strategies, each essentially entails a redefinition of the role of the city in the economic space.

The cities for which quantitative expansion is most appropriate require no fundamental redefinition; rather, the city must support the rapid development of aspects of its existing economic structure in response to the creation of a new economic space and to the new demands and flows of goods and services this entails. Export promotion in response to the lower trade barriers and reduced cost differences is the most immediate response, of course, but some may find they can serve as a bridge city, can develop as centers of cross-border economic regions or become headquarters for nationally-based firms.

The strategies require specific means for their realization. The means are essentially that which must be done to enable the strategy to attain the economic vitality that is the ultimate objective. Each strategy will impose its own requirements for expenditures on infrastructure, urban amenities, institutional developments, and governmental structures, as indicated in Figure 1. This can be clearly illustrated by what might be called gateway cities, for which the appropriate means will be contingent upon whether the city is in a position to become a point-of-access city or a bridge city. Toronto, Amsterdam, and Copenhagen are examples of point-of-access cities in that they seek to be the preferred locations for headquarters of firms from other continents for activities throughout the new economic space into which they have become increasingly integrated. These cities must invest in the office facilities required by this sort of firm, in housing appropriate for executives and highly skilled workers, and in the whole range of urban amenities, good schools, communication and transportation facilities.

Bridge cities, on the other hand, do not aspire to generate much economic activity themselves, but want rather to facilitate the flows of goods between two other economies. Buffalo, Hamburg, and Lyon are examples of bridge cities, although each may also be a significant generator of economic activity in its own right. Bridge cities must invest in roads, port improvements, bridges, ship-railroad linkages, customs facilities, and warehousing and transshipment centers. For both types of gateway role, the city must be certain that the necessary business and financial services are provided.

Interpretation of the city strategies content of Figure 1 is rather straightforward and the reader can work through it with out elaboration here. The schema is intended to be a guide to the formulation by a city's decision-makers of their strategic response to implementation of a regional trade liberalization agreement, and also to be a tool for analyzing the appropriateness of a city's actions--determining whether the city is doing what is required (with reference to the means) to achieve its strategy or strategies.

IV. CHARACTERISTICS OF SEGMENTS OF THE CANADA-U.S. BORDER

Each of the cities has the possibility of fashioning its own response to implementation of the FTA, depending on the objective characteristics of its situation. In this section I would like to emphasize the importance of two elements which are features perhaps unique to the Canada-U.S. border: the fact that segments of the border are marked by either competition or cooperation, and the fact that individual cities may be either partnered or un-partnered.

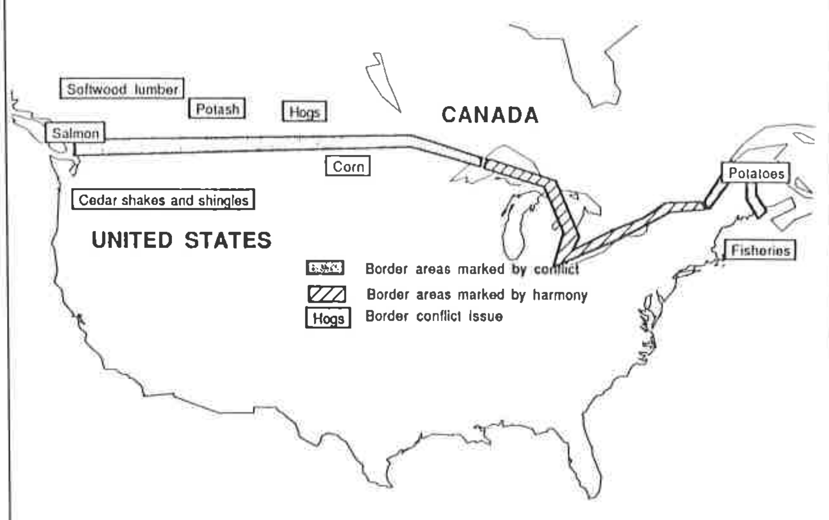
A. Competition and Cooperation

Along with the Atlantic Coast, the Pacific Northwest and the Prairies or Great Plains regions have generated most of the conflict and certainly the most intractable and acrimonious disputes which have arisen between Canada and the United States (see Figure 2). Just noting the issues is enough to make the point: softwood lumber, cedar shakes and shingles, pork, potash, salmon, and a whole list of fisheries issues. In the east the fisheries have been equally contentious and potatoes will not stay buried, to say nothing of the complaint of Maine hunters that Quebec sportsmen were guilty of luring Maine moose across the border.

All these issues have a common origin: the regional economies on both sides of the border are engaged in selling the same, undifferentiated primary products to the same third market or to each other's market. Any sale in such an environment necessarily entails the diversion of a stream of revenue from one vendor to another. The party losing the sale often takes the easiest recourse by filing a complaint with the relevant trade agency. Thus, conflict seems to be endemic here.

It is not necessarily the case that regions in conflict translate into cities in conflict. The economies of British Columbia and Washington may be regular petitioners in the trade complaints procedure, but that may have little or nothing to do with the economies of Vancouver and Seattle. The state and provincial economies may be heavily resource-based, but the cities are centers of manufacturing, finance, business services, transportation, convention travel, and consumer retailing. Nonetheless, a climate of conflict may make the state and federal levels of government less supportive of positive cross-border initiatives by city officials.

Figure 2
Conflict and Harmony along the Canada-U.S. Border



In contrast, the Great Lakes and upper St. Lawrence Valley are regions in which cross-border conflict has been quite minimal. Although natural resources have long featured significantly in cross-border interaction in these two regions, trade has been primarily in a specific resource moving in one direction rather than in competition between suppliers on both sides of the border. Thus, when timber moves south and coal moves north, there is little of the conflict that has marked the Prairies and Pacific Northwest segments of the border. As manufacturing developed and came to dominate the economic activity from Chicago to Montreal, intra-industry specialization and indeed intra-firm trade came to typify the exchange. Firms have production and distribution subsidiaries in both countries and readily move intermediate goods back and forth across the border. Any efforts devoted to this interaction have usually been directed at lowering existing barriers and facilitating the flow of goods; the most graphic manifestation of this is the Canada-U.S. Automobile Pact of 1965, which created a modified free trade area in automotive goods. This predilection toward tighter integration will only increase as the service sector becomes more and more important to both economies.

B. Partnered and Non-partnered Cities

Some of the major cities along the Canada-U.S. border function in economic spaces for which there is no significant cross-border partner city, while others have the potential for a partner but are often inhibited by the existence of barriers to trade and interaction between the two national economies. While the former may functionally integrate territory across the border into their economic sphere of influence, often it is of little economic significance. But cities with natural cross-border partners have the potential for mutual interaction which can be quite beneficial to each community.

Non-partnered Cities. Calgary has had long and important contact with the U.S. economy through its position in the petroleum industry. However, the U.S. cities with which this city has interacted are quite removed from the border--Denver, Dallas, and Houston--and Calgary has no cross-border partner of size or importance approaching its own (see Figure 3). One positive, albeit rather minor, consequence of Calgary's spatial isolation is the fact that it has become a focal point of cross-border contact for smaller cities in Idaho, Montana, Wyoming, and the Dakotas. At the margin, this may bring some benefit to firms in business and financial services, transportation, and some specialized areas of manufacturing.

Chicago is too distant from Toronto for there to have been much natural interaction in manufacturing and financial services. But as a Great Lakes city, the cheap access by water to the resources of Ontario and Quebec has always played a role in Chicago's economy. The *Chicago Tribune* owns timber lands and newsprint mills in Canada, and the steel industry has processed Canadian iron ore. It must be said, however, that Chicago has never focused its attention on either the Canadian market or closer relations with Ontario firms. In its external relations perhaps the city has felt a need to compete with

Figure 3
Cities without Cross-Border Partners

New York and Los Angeles in developing its position in the larger markets of Europe and Asia.

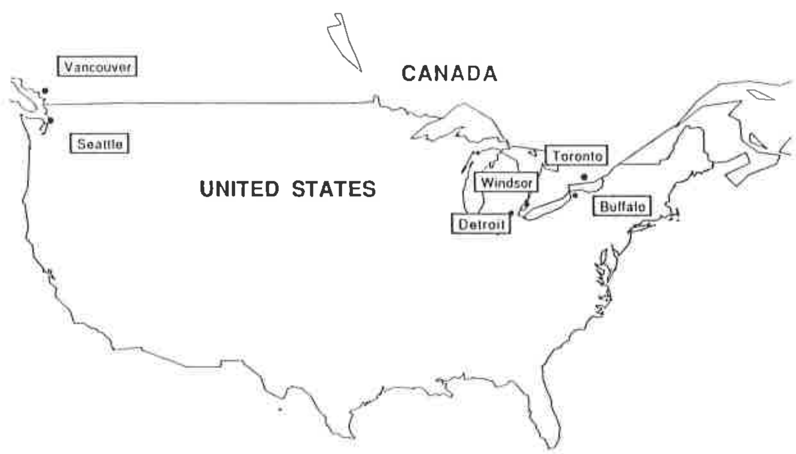
Cleveland is rather similar to Chicago in that there is no natural partner facing it across Lake Erie. Resource firms such as Hannah Mining or manufacturers such as TRW have had a significant presence in Cleveland. The lakefront has tended to represent a barrier rather than an opportunity. However, in recent years, perhaps as a consequence of the FTA, reference is often made in Cleveland to its position as a North Coast city. This identification extends from music groups to retail stores. A coast city is invariably perceived as being on the edge of something else, as a point of access to it, and as sharing some characteristics with it. In the case of Cleveland, its northern orientation is shared with Canada, and increasingly local business and political entities are making something positive and active of their proximity to Canada.

Montreal is rapidly emerging from its historic role within the Canadian economic space as an entrepot with access to the Atlantic. With its former dominance in finance and corporate decision-making lost to Toronto, the city is eagerly looking southward now for stimulus. Unfortunately, upstate New York and northern New England are dotted with smaller cities of marginal economic significance in a sparsely populated and relatively low-income space. Montreal has courted New York City with megaprojects such as a high speed rail link with little effect, and it is now focusing its attention on Boston.

Cities with Natural Cross-Border Partners. Seattle and Vancouver are forced into some sort of partnership by their location (see Figure 4). Bordered to the west by the Pacific Ocean and to the east by the Rocky Mountains, each city is incapable of functioning without taking into account the actions and presence of the other. They are bound by powerful economic linkages and by less tangible lifestyle similarities. In these two cities frequent reference is made to "Sea-Van," the Seattle-Vancouver agglomeration which as an economic entity extends south down the I-5 interstate highway corridor to Portland, Oregon. As the space between these cities is filled by manufacturing, transportation, recreational, and residential facilities, Sea-Van and the I-5 corridor become economic realities.

The lifestyle commonality is captured by "Cascadia," a term that refers to the Pacific Coast area from mid-British Columbia south through Oregon. Situated on the Pacific Ocean, the mountain range immediately to the east provides these cities both with access to extraordinary recreational areas and to a barrier which cuts them off from "the East" and defines them as people distinct from others on the continent. These two aspects of life in the Pacific Northwest are coming to have an increasingly important economic reality, in part as the Canada-U.S. FTA focuses attention on their cross-border commonality and reduces the cost of increased interaction.

Figure 4
Cities with Cross-Border Partners



Detroit and Windsor are paired through linkages far more explicit and powerful than those that bring Seattle and Vancouver together. Physically linked by a bridge and a tunnel that connect the central cores of both cities, the economic integration now being experienced along other segments of the border has long been a feature of the automotive industry that dominates these two cities. Whereas Sea-Van is a pairing of equals, Detroit clearly dominates this relationship and Windsor must create a role for itself in a set of activities determined in Detroit. In fact, Windsor has carved out a niche in molding and machine tooling for the auto industry. Unfortunately this is an industry that is now in a state of transition or restructuring with the future size and growth in employment and production in the Detroit-Windsor area uncertain. The rail and highway lines that converge at this point on the border and the narrow St. Croix River which connects Lake Huron and Lake Erie make this crossing a natural linkage between the industrial economies of eastern Canada and the upper Midwest. The need to rationalize the transportation link and to make it more convenient and cost-effective is forcing the two cities to plan as a cross-border agglomeration.

Buffalo and Toronto represent another pairing of unequals, with their relative positions reversed in recent decades. Buffalo has clearly been in secular decline, while Toronto has become a very substantial and exciting city in the past twenty years. With Toronto now the dominant city in the Canadian economy, there has been some spillover effect for Buffalo, especially with the Canada-U.S. FTA facilitating interaction and causing firms to reconsider their positions and their requirements in the new economic space. As is noted in the next section, each city is trying to design for itself a role in the post-FTA era.

V. THE EXPERIENCES OF MAJOR CITIES ALONG THE CANADA-UNITED STATES BORDER

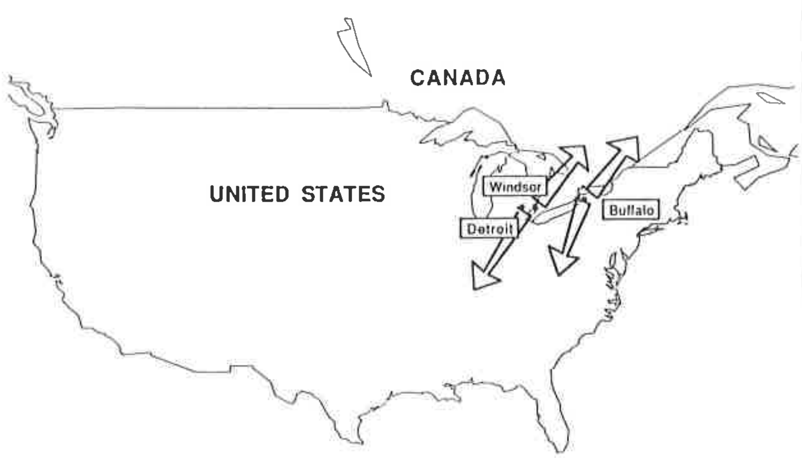
With an understanding of the theoretical and relational aspects of the interaction of Canadian and American cities across the border which separates their two countries, we can now examine some of the strategic responses of some of the major cities in that border area. Those to be examined include most of the large and internationally engaged border cities: Vancouver, Windsor, Toronto and Montreal in Canada, and, in the United States, Seattle, Chicago, Detroit, Cleveland and Buffalo. The study could have been expanded to include others but these nine cities reveal the most interesting strategic responses to trade liberalization. It should also be noted that in this limited space it is possible to present only a brief and partial examination of the experiences of even these few cities. Their responses are marked in part by strategic planning initiatives and in part by identification of major problems which must be overcome. Of the six types of responses, only the first two will be treated in any depth; the others will be examined summarily.

A. Gateway Cities

The removal of most of the barriers to cross-border interaction has increased the opportunities for border cities to act as "gateways," or points of linkage, between the two national economies.[25] This linkage can take two distinct forms: the Bridge City and the Point-of-Access City. Bridge Cities serve as conduits between two economies. While the Bridge City may have an independent economic importance, in its capacity as a Bridge City it is not in itself a significant economic actor and simply takes advantage of its location at a point of interaction along a barrier between two significant economies. It facilitates the flows of goods between the two producing and consuming economies, and must then provide an adequate border-crossing infrastructure, legal and commercial service providers, and linkages into each of the 'bridged' economies. Buffalo and Detroit-Windsor are examples of Bridge Cities (see Figure 5). Point-of-Access cities seek to enhance their economic significance as a headquarters site and decision-making center, usually on a continental basis, by serving as a point from which economic actors may gain access to cities in the other economy. These actors may be multinational companies from other continents or they may be firms within the city's own nation. Vancouver, Toronto and Montreal are all marketing themselves as points of access to the U.S. economy (see Figure 6). To be a successful Point-of-Access city, it must provide suitable housing and urban amenities to meet the needs of the high-income, educated professionals who will constitute the labor force, as well as the transportation and communication infrastructure needed for access to the other economy.

Bridge Cities. Examination of Figure 1 above indicates that the successful Bridge City must ensure that it has a transportation

Figure 5
Bridge Cities



infrastructure and the specialized business services to facilitate the movement of goods. The city cannot be complacent about this because in almost all cases the limits of its territorial monopoly will quickly be reached. For example, Buffalo is situated on a land bridge between Lake Erie and Lake Ontario with alternative land passage two hundred miles distant in either direction. However, Buffalo's clear advantage, for shipments from Toronto and Hamilton, over crossings at Detroit-Windsor or the Thousand Islands is limited to Western New York and Pennsylvania. For New England and most of New York the Thousand Islands Bridge is competitive, and for Ohio and all points south and west Detroit-Windsor provides an alternative. Thus, for Buffalo to beat the competition in all but the area in which it has a clear cost advantage, it must provide better, cheaper and more complete service, the processing of customs and other documentation must be done expeditiously, and the crossing delays should be held to a minimum.[26] The Bridge City must invest in roads, port improvements, bridges, ship-railroad linkages, customs facilities, and warehousing and transshipment centers. It must also assist the formation of a critical mass of firms providing financial, legal, brokerage, transportation and a variety of other necessary business services. If the city does not, much of the traffic will choose other crossings. This is true for all Bridge Cities.

A Bridge City can look forward to enhanced employment, incomes and tax revenues. But a more important gain is in the possibility that the city will move up the value-added scale by providing warehousing and distribution facilities, regional offices for firms in the forwarding business or whose goods are being shipped, and even the assembly of components from both national economies into finished goods. These activities enable the city to move beyond merely facilitating the movement of goods to adding value to them. They also provide employment for a labor force which may require higher skills and generate higher pay. Realization of the potential benefit of this complex of activities has led the Greater Buffalo Development Foundation to conclude that "Canada-related commerce represents the largest economic opportunity this region has faced in the 20th century."[27]

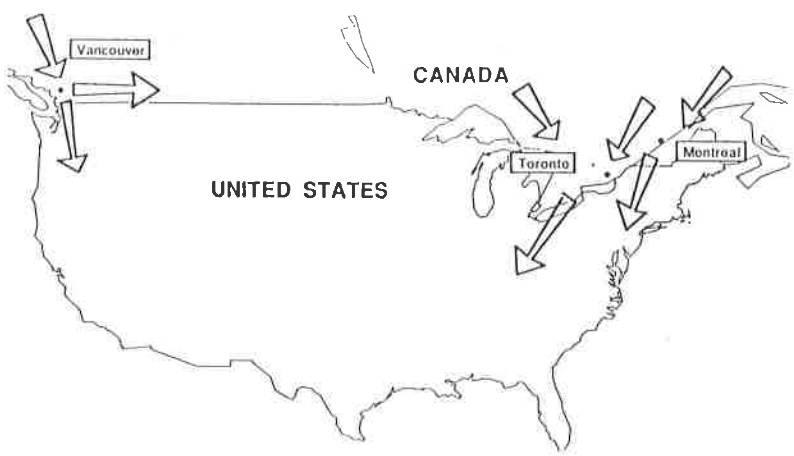
While many of the above comments could be made about Detroit, in recent decades that city has developed a much more extensive set of internationally-engaged manufacturing and service activities which are not related to Canada-U.S. trade and to Detroit's function as a Bridge City. However, it has made an attempt to serve as a focal point of contact between southern Ontario and a set of smaller cities in Michigan such as Flint, Kalamazoo, Grand Rapids and Battle Creek.

Windsor, Detroit's Canadian partner, should make more of its Bridge City function than it does in fact. In its 1990 planning document, ***Prosperity 2000***, Windsor did note that the city had a substantial potential to develop as a financial and business services center for cross-border flows, to increase its status and visibility as an economic center, and to maximize the technology and skills of its labor force and industry, with the FTA providing much of the stimulus for change. But it is striking to note that change is not seen as being necessarily to Windsor's benefit. For example, the report argues that "Windsor-Essex in the short term has been a victim of Free Trade with as many as 3,000 jobs lost in 24 months attributable to Free Trade rationalization."[28] Furthermore, much of the discussion is presented as though the city were free-standing and dominant along a segment of the border; the data presented compare Windsor to cities of roughly similar size in Ontario such as Hamilton, Oshawa, Kitchener, London and St. Catharines. In fact, of course, Windsor is a city of 325,000, tightly integrated into a peculiar relationship with the Detroit metropolitan and southeastern Michigan region containing over five million inhabitants. If free trade means anything, it must mean that Windsor will have to compare itself with cities such as Ypsilanti, Ann Arbor, and Oakland, for it is with these cities, as much as with London and Hamilton, that Windsor will have to compete for retail sales, industrial locations, business and financial service centers, and cultural and recreational amenities. Windsor should properly conceptualize itself as a suburb of Detroit rather than as a low-cost extension of Toronto, and its destiny is to serve as a bridge between Ontario and that Michigan economy.

Point of Access Cities. In contrast to the Bridge City, a Point-of-Access City serves not as a facilitator of flows of goods between two economies but rather as a decision-making center for, in this case, a two-nation, continental economy, and a location from which senior managers and executives can have access to that economic space. In North America the U.S. economy is certainly where most of the action is, and Canadian cities are presenting themselves as sensible alternatives to bases in U.S. cities. The latter have the reputation of being crime-ridden, polluted, congested and high-stress places to live.

Toronto and Montreal both market themselves as cities where the 'livability quotient' is demonstrably higher, and they are located just short airline trips from the heart of the U.S. economy. Montreal has an advantage for firms in which daily office-to-office communication with a parent company in French-speaking France, Belgium or Switzerland is important, but Toronto seems to be having greater success as a Point-of-Access City. This is in part due to the fact that during the past three or four decades the center of gravity of the Canadian economy has moved westward and Toronto has eclipsed Montreal as the city of primary economic importance in Canada. Uncertainty over the constitutional status of Quebec also has been a factor, as is the desire of Asian firms to locate in an English-speaking city.

Figure 6
Point of Access Cities



Toronto stresses a Headquarters Program in an economic strategy aimed at Asian and European firms to which the city sells itself as "Gateway to the United States."[29] In conjunction with Buffalo it speaks of "marketing the horseshoe," the arc at the western end of Lake Ontario that links the two cities. A non-North American firm, it is argued, both can have access to the important decision centers from Boston to Chicago and also be within a two-hour drive of a distribution, transshipment and assembly center in Buffalo for the entire U.S. market. Toronto has an internationally competitive set of financial and business support services and the appropriate housing stock. In the past two decades it has developed an attractive complex of urban amenities such as educational and cultural institutions and recreational areas. If there is one major shortcoming which has limited Toronto's success as a Point-of-Access City, it is its severely overburdened airport. Plans for expansion are slowly being realized.

Vancouver, as one would expect, has limited its Point-of-Access aspirations to Asian firms. The city's success has come primarily from attracting Asian residents to its already substantial Oriental community. Providing easy access only to Seattle, and with competition from San Francisco and Los Angeles, Vancouver has focused its efforts less on becoming an access point to the North American economy than on contacts in the opposite direction. Nor has it placed as much emphasis, as have Canada's other large cities, on adjusting to the consequences of the FTA. In planning documents the city seeks to promote "through the Strategic Cities Program Vancouver's products in other export markets, notably in the Asia Pacific region."[30] Elsewhere emphasis is placed on efforts to "establish and develop Vancouver as a Pacific Rim centre for trade, finance, travel and tourism: and to promote Vancouver as Canada's Pacific Rim Gateway City."[31]

Vancouver seems to have a special relationship with Asia in the area of finance. In the section of the report on finance it is argued that the city should "explore the potential for a `strategic partnership' with Montreal in the area on international banking and finance, exploiting Vancouver's strong linkages with the Asian Pacific, and Montreal's long-established relationship with Europe."[32] This could be used to correct what is considered to be a "severe imbalance of growth towards Central Canada."

What is of interest in the context of this study is the lack of an emphasis in Vancouver's strategy on the FTA and access to the U.S. economy. This is in sharp contrast with the strategy of Toronto. The obvious reason for this is Vancouver's distant location from clusters of cities of economic importance immediately across the border.

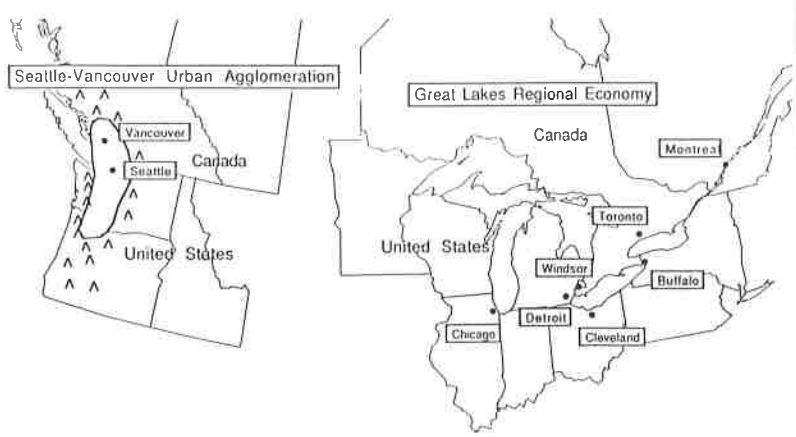
B. Cross-Border Regional Economies

An international border is a political phenomenon and usually leads to considerable economic inefficiency. Natural flows of goods, services, capital and labor are disrupted and border cities find their natural economic space and hinterlands are often severely truncated. This is especially true of the Canada-U.S. border along which waterways such as the St. Lawrence River, the Great Lakes and the mouths of the Columbia and Fraser Rivers have caused major cities to be sited in locations in which this truncation is quite pronounced. The FTA has removed much of this artificiality of spatial interaction and is stimulating the creation of two cross-border regional economies of major significance: Seattle-Vancouver and the Great Lakes (Figure 7).

Admittedly, north-south interaction in these regions has a long history, but it has always been constrained by the presence of tariff and non-tariff barriers, a reluctance on the part of governments to facilitate the development of cross-border interaction, the celebration of different national cultures rather than of similar regional cultures, and so forth. Much of this pressure to downplay the economic rationality of cross-border cooperation has been reduced by implementation of the FTA. The consequences for the cities of this new approach to the border are easy to demonstrate.

Seattle-Vancouver. Seattle and Vancouver individually are very important cities of close to one million inhabitants apiece, each

Figure 7
Cross-Border Regional Economies



with a complete set of high quality, internationally-engaged manufacturing and service sector firms. Each also serves as a major air and sea port linking its national economy with the entire Pacific Rim. Absent the border, it is highly unlikely that the regional economy would have supported two major cities of this size and significance only 140 miles apart. Implementation of the FTA has removed much of the justification for their separated existence and made rational a process, indeed a strategy, of creating an increasingly integrated cross-border regional economy--Sea-Van, or the Seattle-Vancouver urban agglomeration.

At one level of analysis, one would not consider the Pacific Northwest to be a likely candidate for much cross-border cooperation. This segment of the border has been one of the most contentious when it comes to international trade issues, with some of the most important bilateral trade irritants coming from this region. One has only to remember salmon, plywood, and cedar shakes and shingles to make the point. However, this dialogue of conflict and acrimony has involved the two national governments and those of Washington and British Columbia; neither Seattle nor Vancouver has either significant employment or its economic future involved in these resource industries. At the level of the two cities one finds a considerable degree of cooperation and coordination, and their interests are quite distinct from those of the state and provincial governments.

Several factors are drawing these two cities into closer interaction. The first is the magnitude of the border crossing problem. In 1990 over 25 million individuals in 9 million passenger cars used the four crossings at Blaine, Point Roberts, Lyndon and Sumas, Washington, making this the most heavily used of all Canada-U.S. crossing points. At peak times delays for customs and immigration procedures can be between three and four hours. The real resource, emotional and psychological costs of such delays are enormous. The traffic originating in the U.S. consists largely of tourists going to British Columbia for holidays, while the southward flow from Canada is predominantly of day-shoppers seeking bargains in shopping malls in Bellingham, Seattle and other American cities in the area. Seventy-five percent of sales at Bellingham's enormous Bellis Fair Mall are to Canadian customers, where cash registers give totals in both currencies. While the FTA will not have a direct impact on these flows, the perception that the two economies are being more closely linked, as well as the reality of that linkage, should cause the border crossings to increase. Thus it is in the interest of both cities to facilitate these flows, and each has been increasingly active in promoting greater infrastructure expenditures and more immigration and customs staff by their respective federal governments.

One of the most salient features of the Sea-Van urban agglomeration is the filling in of the space between the two cities, most of it in Washington State. In Whatcom County on the border, 25 per cent of all electricity bills are paid by Canadians who own vacation residences, business plants and offices. As small firms in Vancouver expand, at some point they must look for larger facilities, and the lure of lower-cost production across the border is very powerful. Land prices in Washington are one-tenth those of Vancouver, and higher taxes, tariffs, and other costs make prices of many industrial goods twice as high in Vancouver--so firms move south.

We should also take note of the extensive cooperation already being undertaken by the private sector. For example, the Seattle-Vancouver area has become the third largest computer software center in North America. Much of the stimulus to this growth came when Boeing reduced it work force in the mid-1970s. The workers released were highly skilled, and for lifestyle reasons they preferred to stay in the Pacific Northwest. The number of producing companies here has grown from about 90 to over 600 during the past fifteen years. The firms they started up now display jointly at the Comdex computer industry fair in Las Vegas.

Local government and quasi-public regional planning agencies have also been active in articulating a cross-border regional identity for this region. Throughout Sea-Van the Discovery Institute has been promoting a high-speed rail corridor from Vancouver, through Seattle, to Portland and Eugene, Oregon, and broadly based coalitions to enhance trade competitiveness, and the concept of "sustainable communities."[33] In Vancouver, the province has established the British Columbia Round Table on the Environment and the Economy and, in 1992, gave it the mandate to initiate a discussion on ways to protect the quality of life in the Georgia Basin, the eco-region which encompasses both Vancouver and Seattle and the entire basin of the Strait of Georgia and the Strait of Juan de Fuca.[34] Seattle and the State of Washington had earlier endorsed a strategy of growth management which would begin to control the pollution and congestion that are a natural consequence of rapid growth in an ecologically sensitive region.[35] There has been planning for governmental interaction between the two contiguous areas; for example, in Washington the Puget Sound Regional Council was established in 1991, and two years later efforts were underway north of the border to create an analogous Georgia Basin Regional Council. The eventuality of joint effort was understood at the outset. Finally, it is also interesting to note that there is even discussion about merging the performance seasons of Seattle and Vancouver cultural institutions, such as the symphony orchestras and dance companies, and of establishing one opera company for the two cities.[36]

For the purposes of this study, the most interesting aspect of the initiatives at Sea-Van is that the cities are taking these cross-border actions at their own initiative rather than working through the state/provincial or national governments or waiting for the definition of an economic strategy at those levels of governance. The creation of a more closely integrated cross-border regional economy in the Pacific Northwest by both local governments and the private sector in Seattle and Vancouver is compelling evidence of the thesis of this paper that cities are becoming more activist regarding the definition of their economic future.

The Great Lakes. The barriers to creation of a true cross-border regional economy in the Great Lakes region are of a different nature than those found in the Pacific Northwest. As was noted above, this segment of the border, from the Lakehead District of Ontario and Minnesota through the Great Lakes to Montreal, has none of the contentiousness and conflict in most economic matters that one finds along the rest of the Canada-U.S. border. Much of the trade in this region consists of intra-industry flows of inputs and finished products as in automobile production. However, there is very little inter-urban interaction as natural or as intense as is found between Vancouver and Seattle. Three of the major cities, Chicago, Cleveland and Montreal, have no cross-border partner city in close proximity, and Detroit's partner, Windsor, is not much larger than some of its suburbs. In the Great Lakes region, only Toronto and Buffalo have the possibility of an economically significant interaction.

Even without cross-border partners, some U.S. cities are taking note of the FTA and the emergence of a Great Lakes regional economy. Chicago is foremost among these cities. Usually when cities interact it is either as parts of inter-urban networks in which there may be one dominant city among cities of lesser places in the urban hierarchy, or with perhaps one or two other cities of equal stature.[37] While the former form of interaction requires close proximity, the larger the cities, the less distance acts as a hindrance. Chicago has ignored Canada for most of its history but is now becoming aware of the potential importance of a solid linkage with Ontario (and for practical purposes this means with Toronto), 400 miles distant but nonetheless a partner of considerable potential. While Ontario's population is only fifteen per cent of that of the Great Lakes states, between 1970 and 1986 its manufacturing economy outgrew that of the Great Lakes states by plus 12 per cent to minus 25 per cent. Suddenly Ontario looks attractive as a market and as a place for investment and cooperative ventures.

While municipal and state elections and the rise and decline of individual public officials have caused the city and the state of Illinois to trade-off position as a lead entity in relations with Canada, in the aggregate the interest has been consistent for the past five years. On the occasion of the opening in Toronto of the state's Canadian trade and tourism office, Governor James Thompson stressed the existing connections between Chicago and Toronto, noting that it was a Toronto subsidiary of a Chicago firm that opened the first McDonald's restaurant in Moscow. The governor promised to "assist small- and medium-sized Illinois companies and agricultural firms to export to the Canadian market, particularly those firms which are new to exporting and have been attracted to Canada by the new opportunities afforded by the Free Trade Agreement."[38] Speaking directly to the emergence of recognition of a cross-border regional economy, Thompson added that "Illinois and the Midwest have, in many aspects, much more in common with provinces in central Canada than we do with our American neighbors on the coasts of California and New York." Trade figures confirm that Thompson's remarks were not just an example of speaking to the event. Half of Illinois' exports are destined for Canada, and with forty flights between Chicago and Canadian cities, annual tourist visits are in excess of one million.

Both Detroit and Cleveland function as dominant cities in local urban networks and seek to serve as a funnel for linkages between their regional economies and contiguous areas in Canada, chiefly southern Ontario. The Greater Cleveland Growth Association (GCGA), the nation's largest chamber of commerce, established the Council of Smaller Enterprises (COSE) to serve the needs of firms with less than 100 workers. Smaller companies account for 97 per cent of the 1200 new firms in the Cleveland economy each year.[39] COSE sponsors workshops on the mechanics of opening new markets and on servicing customers in other countries, and the fact that 70 per cent of Cleveland's exports are with Canada speaks to both the success of the program and the importance of the FTA to this initiative.

The GCGA has a long history of cooperation with smaller cities in northern Ohio, including Akron, Youngstown, Massillon and Mansfield. The development of networks enables a group of cities to work more effectively in efforts such as developing the capacity of smaller firms to succeed in penetrating foreign markets. Here, as is the case in several other cities along the border, Canada can serve as a test for export promotion or, as it has been called, as a "school for exporters." Once the small firm has managed to succeed in Canada, with its different laws, currency, and language (in Quebec), other foreign markets may seem less daunting.

In all of these cities, whether in the Pacific Northwest or the Great Lakes, implementation of the FTA and the consequent removal of impediments to a natural interaction between contiguous Canadian and U.S. regional economies has meant creation of new economic spaces in which cities have new opportunities for rationalizing their production, increasing their exports, participating in previously impossible cooperative ventures, and enhancing their competitiveness and vitality.

C. Psychological Impacts

For such cities as Cleveland, Buffalo and Montreal, implementation of the FTA took place in the context of a decades-long secular decline in economic activity of substantial magnitude. The virtual collapse of the heavy manufacturing sector of what had been the North American industrial heartland generated not only unemployment and lower incomes, but also a spirit of pessimism which made planning for revival virtually impossible. If these cities were to regain their economic and civic vitality, something in the nature of a positive shock was necessary. It is the argument of this paper that the FTA provided just that shock. As is the case with all regional trade agreements, the FTA provided a sharp discontinuity because economic relations and spaces would be different after January 1, 1989, than they were before that date. Individual cities would be faced with substantial threats to existing activities as well as with opportunities to develop new activities and to expand in new directions. Cities that "got it right" could turn themselves around, and those that did not respond quickly and imaginatively would continue to stagnate.

Psychologically, the FTA has assisted Montreal in its effort to extricate itself from a position in the Canadian economy that was considered to be a context of constraint. A common theme in interviews conducted in Montreal was that it was difficult to do business with Toronto firms, perhaps because of now-outmoded stereotypical views each had of the other. Whether or not this view has any currency today, it is nonetheless the belief of many in Montreal that their economic future has to be in linkages with economies other than Ontario's. The opening of the huge American market was an opportunity to be seized more readily in Montreal than in other Canadian cities. In its 1989 review of the economy the coordinating body of greater Montreal, Communauté urbaine de Montréal, argued that the FTA created a "new emphasis on north-south trade flows (which) will also reduce the importance of Toronto as the logical site to serve the Canadian market, since markets will increasingly be defined in a continental context."[40] This statement can be taken as a purely economic evaluation, devoid of any reference to the constitutional questions which are discussed so passionately in Quebec.

Reference has already been made to the argument given in Buffalo that the FTA represents the biggest economic opportunity for that economy in this century. Much the same could be said, albeit perhaps in a somewhat lower voice, for Cleveland. Both cities reflect the worst consequences of the emergence of the "rust belt." Cleveland lost over 70,000 manufacturing jobs in the two decades ending in 1984 and was forced to suffer the indignity of defaulting on repayment of its municipal debt in 1978. Lacking a cross-border partner city, Cleveland, nonetheless, has begun to see itself as the "North Coast" city. What this "coastal" city faces, of course, is Canada, but given its location one must conclude that Cleveland will have to try harder than any other border city to make the FTA work to its benefit.

D. Economic Restructuring

A city facing restructuring works to change qualitatively its role in the economic space in which it functions. This may be because it is precluded from expanding the activities in which it has traditionally had a comparative advantage. Vancouver is this sort of a city. Surrounded on the north and east by mountains, on the west by the ocean, and the south by the border with the United States, Vancouver simply cannot expand territorially. It can be considered a "Henry George" city in which any increase in activity results in an increase in the price of land. As was noted earlier, one consequence of this, in conjunction with the FTA, is the movement of firms out of the city and south to the state of Washington. The other side of this dynamic must be the development of new firms engaged in higher value-added activities. Vancouver has established the Vancouver Enterprise Forum as a means of assisting new firms in their start-up phases. It continues to work with Seattle firms in computer-related activity and is actively supporting research and production in sub-atomic particle work. The later effort is focused on maximizing the spin-offs from the TRIUMF facility located at the University of British Columbia, including production at Ebco Industries and KAON.[41] This is the sort of effort which a "Qualitative Restructuring" city (see Figure 1) must undertake; the focus is on new technology, on development of new processes and products, and on the promotion of the new firms which are typically intensive of these activities.

Toronto faces a somewhat similar task without the topographical constraints. Until the last couple of years the economy of metropolitan Toronto grew to the point of being severely overheated. Labor and land prices had risen so much that not a single manufacturing facility was opened employing 100 or more workers during the decade of the 1980s. With adoption of the FTA, expanding firms now compare costs in Toronto with Buffalo and, as is the case in Vancouver, many have expanded south of the border. In addition, the FTA has made it easier for manufacturing firms to locate distribution, transshipment and assembly facilities in New York State or further south. But in 1988 and 1989 Toronto's loss of 5,000 jobs in manufacturing was more than offset by 25,000 gained in the service sector. To facilitate this restructuring of the metropolitan region's economy, the Theshhold Company Program and the Key Sectors Program were established. The specific task was that of promoting the development in Toronto of the Northern Telecoms of tomorrow, smaller emerging firms with strong growth potential in sectors where Toronto seems to have a comparative advantage in the post-FTA economic era.

E. Identifying Factor Shortages and Infrastructure Needs

Whether a city expands what it is already doing or restructures into a new set of activities, it will require a specific set of factors of production and a certain infrastructure. These needs are suggested in Figure 1, and the reader can assign one or more strategies to the cities discussed in this paper or other cities which may be of interest. The clearest assignments are those of Buffalo and Detroit/Windsor as Bridge Cities and Vancouver, Toronto and Montreal as Point-of-Access Cities. For Bridge Cities certain highway construction is of undeniable importance as are business services used in forwarding, marketing and customs clearance, as well as the legal and financial services required for shipping goods into a foreign market.

Point-of-Access Cities have a more extensive list of needs, focusing on the operational and lifestyle requirements of decision-making and decision-makers. The demands by relatively high-skill and high-income professionals for housing, education, restaurants, entertainment and a host of urban amenities, plus the transportation and communication links to all points of the globe, comprise a nest of means which only a few cities are able to provide.

Some of the indicated needs may be intensely local, such as Buffalo's need for improvements to a highway (US 219) linking that city's bridging facilities to the interior of the U.S. eastern economic space, or Toronto's and Vancouver's need for an additional terminal at their airports. Others, such as binational agreements on cabotage regulations in air travel or improved customs and immigration processing at border crossings such as Seattle and Vancouver, require the participation of both national governments.

The requirements for factors of production are also specific to the strategy chosen. For most of the lower skill needs, a city can accomplish what it has to by simply paying attention to its K-12 schooling and to vocational training programs. This can be an enormous task for the mature industrial cities, such as Chicago and Detroit, where the flight to the suburbs has deprived them of the funds necessary to support an adequate school system. Experts examining these cities often conclude that the best approach would be to abandon the existing system and start all over. The problem is far less serious for cities requiring a well-educated and skilled labor force, as these workers and professionals are usually highly mobile and can be attracted to a city with suitable amenities. Cities along the Canada-U.S. border have individually adopted the strategies of Export Promotion (Chicago), Niche Development (Detroit), Regional Center (Cleveland), International (Toronto) or National (Chicago, Toronto and Montreal) Headquarters or R & D Center (Vancouver and Seattle). In each case the requirements for factors of production and for infrastructure can be discerned from Figure 1.

F. The Need for Effective Governance

The *sine qua non* of responding positively to the challenges of the FTA is effective governance. In city after city it is clear that competent analysis of the city's adjustment needs has been done; in many instances a cogent strategic plan has been presented and individuals are either working as best they can to implement individual aspects of the plan or are waiting for authorization to get started. But leadership is often lacking, and coordination of the activities of the several actors with mandates for economic development is impossible. In Canada and the United States there are four identifiable models of governance working with varying degrees of effectiveness.

In the *Chicago Model* one large city with two million inhabitants exists with a cluster of scores of cities with populations of less than 75,000 scattered throughout three counties. The "free rider" problem is rampant with little incentive for the smaller cities to work cooperatively with the large city. Of course, the imbalance of economic and political "clout," to use a Chicago term, makes a structure of participation which is acceptable to all virtually impossible to design. Interaction is minimal, to the detriment of all.

A much more effective coordination of efforts is possible in the *Pittsburgh Model,* in which the large city and 120 smaller cities are all situated in one county. Here the Allegheny County Commission is able to plan and coordinate economic development and activity. Pittsburgh is considered to be "just one of the cities," and the tensions and externality problems do not surface to the same degree as in Chicago.The Canadian *Metro Model* is the most effective form studied because one agency has the mandate to provide, plan and coordinate municipal services and economic development for the entire metropolitan region. This form of government in found in the large Canadian cities such as Vancouver, Toronto and Montreal. Government functions have been allocated to the level that is most appropriate.[42] Thus, areas of responsibility usually are clearly delineated, avoiding turf battles, and in joint ventures the locus of authority is relative unambiguous. "Clout" seems to be a less appropriate descriptive term than either "accommodation" or "cooperation" to the advantage of all.

The final example, which seems to be appropriate to Cleveland and Seattle as well, is the *Buffalo Model*. Here a well-conceived plan has been adopted, but it must be implemented in a context in which there are two bridge authorities, two counties, the Chamber of Commerce, the Western New York Economic Development Corporation (at the state level), the Niagara Frontier Transportation Authority, the Greater Buffalo Development Foundation, the Economic Development Coordinating Committee, the City of Buffalo and a host of lesser organizations, with no single entity in the role of decision-maker and coordinator. Each of the agencies has developed its own plan to accomplish its own objectives, and there is no effective coordination of the complex of initiatives and programs.

From the above it is clear that effective governance and planning of responses to the FTA is possible in situations as diverse as those of the large Canadian cities and Pittsburgh, but that failure to override traditional, local political structures is the norm at least in the U.S. cities along the Canada-U.S. border. Effective governance is as important an element in economic planning in general, or in response to the FTA, as are infrastructure and factors of production.

VI. FINAL THOUGHTS ABOUT CITIES AND ECONOMIC CHANGE

The global economy will most likely experience continued trade liberalization during the rest of this decade in spite of a persistent pressure from some sectors for protectionist measures. As national governments accept trade liberalization, whether through the GATT process or through regional agreements such as the Canada-United Stated FTA, they limit their capacity to intervene in their own economies. Adoption of codes of conduct and dispute resolution mechanisms constrain government at the national level and, as a consequence, allow city and regional economic planning agencies to emerge as increasingly important economic actors.

In this new and highly competitive environment, cities will have to reconsider their positions in the internationalized economy of the twenty-first century and to become engaged as never before in shaping the development of their own economic activities. It has been a central argument of this study that the responses of city economies to the challenges, threats and opportunities of regional trade liberalization agreements will be crucial to the realization of the benefits from freer trade. Cities have become the crucial actors in the redefinition of comparative or competitive advantage, in the development of a labor force with the education and skills needed by modern production and distribution activities and a modern service sector, in the creation of processes and institutions that make for effective decision-making, coordination, and planning, and in the construction of the cultural facilities and transportation infrastructure required by efficient and competitive urban economies.

Adoption of a regional trade agreement forces the individual city to regard itself as being in a new economic space; the old relationship to other cities and to the international economy is changed. Cities which have been dominant in one economic space must now learn to compete with other cities where interaction had previously been minimal because of trade barriers and differences in operating practices and cost structures. Conversely, cities that previously had been constrained to function rather passively in a national economic space dominated by a capital city now face an exciting opportunity to assert themselves in a continental economic space in which few goals are foreclosed. Examples of both types of city have been found in Canada and in the United States. The changes discussed with regard to notions of urban hierarchies and of peripherality and centrality, and the developments in the technologies of production, transportation, and communication, all suggest that, more than at any time in the past, cities have the capability to have a powerful impact on their own evolution and economic vitality.

In this new, highly internationalized environment, cities must compete aggressively against each other. They compete for major conventions, for location of production facilities, for headquarters activities, for location of international organizations, for transportation connections or hubs, and for bridge or point-of-access city status. To be successful in this competition, cities must formulate strategies for their responses that are clearly focused and founded on the economic reality of that city. They must have a clear understanding of exactly what must be accomplished for that strategy to be achieved.

It has also been found in this study that cities must be willing to engage in cooperative ventures with other cities for specific purposes. In some instances groups of cities can exert influence on the decision-making process for location of rail lines, express highways, or regional airports or for improving border-crossing facilities. They may join together to attempt to shift priorities for public expenditures away from rural areas and agriculture to urban infrastructures and amenities.

In short, trade agreements such as the Canada-U.S. FTA have forced economic and political leaders to begin to come to grips with the need to study the determinants of 'the competitiveness of cities' and to design policies to ensure the continued or renewed economic vitality of their cities in a way the gradually evolving GATT multilateral process has not required them to do. While cities need not adopt the bottom-line mentality of the corporation, they must understand that since they exist in an environment which is at least as competitive as is that of the firms which comprise their economies, they must begin to function in much the same way as competitive firms. The cities that are successful in this competitive environment will be those which have understood they must make productivity-enhancing investments in education and infrastructure just as firms do; they must coordinate and facilitate distribution on a metropolitan basis, just as firms do; and they must begin to market themselves, just as firms do. Cities that do not do these things will find their economic growth and performance lagging behind those cities that do them well.

The new environment credited by FTA also makes it imperative that city leaders understand that it is not the absolute level of city services, infrastructure and amenities that counts, but rather how that city compares with the other cities with which it competes in one way or another. In many interviews conducted during visits to these cities, political leaders would comment on how much had been done during the past two or three decades or how the city had improved since that person's childhood, and the impression was given that the city had done just about all that it had to do. Civic pride is a necessary ingredient in ensuring that a city is competitive, but when it becomes overly self-congratulatory, it can lead to complacency. While local officials may be justifiably proud of a new museum or concert hall or sports stadium, they must realize that all their competitor cities probably have similar facilities of similar quality. A valid understanding of a city's competitive position can only be based on an understanding of the attributes and the competitiveness of all the other cities with which the city interacts. One has to be able to view one's city objectively and detached with the eyes of an outsider. Comparison of a city's facilities and attributes with other cities in near proximity is a relatively easy exercise, but sharing experiences and discussing common problems may be more difficult since those other cities are probably close competitors as well.

Cities must be considered to exist in a condition of imperfect competition; that is, none of the cities studied here has a monopoly with regard to its role, its economic structure, or its location. Bridge and point-of-access cities exist as one of two or more alternatives for those moving goods or seeking to establish a headquarters facility. Most cities are attempting to find some niche in areas of goods or services production. Nor are they in a perfectly competitive situation in which they must react passively to changing economic conditions and take what the market gives them. Cities have to learn to differentiate themselves from other cities, just as an imperfectly competitive firm must do, and they must advertise and market themselves aggressively. In short, they must make themselves valuable and indeed indispensable to the producers who "consume" the city for its attributes.

As a direct consequence of implementation of the FTA, many cities in Canada and the United States have reconsidered their economic futures and the ways in which they function in newly expanded economic space. Toronto and Buffalo have designed a new form of interaction, with each city assuming a role appropriate to its economic structure and its comparative advantage. Vancouver and Seattle have recognized the emergence of a true cross-border urban agglomeration and have begun to interact in highly cooperative ventures. Other cities, such as Chicago, have taken note of a complementary economy across the border and have taken initatives to increase both trade and investment in that market. Each city's response is highly individualized and planned in accordance with its economic situation.

As for the future, one can only expect more of the same. Recent events in Mexico may serve to increase the attractiveness of the Canadian market to firms in the United States, but economic linkages between Canada and Mexico have never been very significant, so not much impact should be expected there. A more important element in the Canada-U.S. interaction at the level of cities remains the continued popularity of mayors and their ability to mobilize local political and private sector institutions and resources so that cities can take advantage of the opportunities presented by the FTA. Thus effective governance is indispensable to a strategic response to the FTA which will result in the employment, investment and production that is one of the most important objectives of any city administration.

In this study we have examined the successful efforts of several cities to respond to the FTA, and we have also noted several that are encountering one or more of a variety of difficulties. The Eurocities movement is a prime example of a group of cities working cooperatively together to achieve an end that is beyond the reach of any of them individually. The key element in the success of this movement is that the cities involved all have many attributes in common—they are of a certain minimum size, they all have a regional importance economically, they are all involved in a range of interactions with other cities, and they have a common objective in terms of what they hope to accomplish. It is not possible for a similar group to be formed in North America? The existing associations of hundreds of mayors are far too unwieldy and loosely focused to have the same effect. Perhaps thirty or thirty-five cities in Canada and the United States could come together for the purposes of exerting pressure on Washington, D.C., and Ottawa for increased attention to the problems of cities and for ascertaining whether there are other objectives they have in common.

NOTES

[1] See Peter Karl Kresl, *The Urban Response to Regional Trade Liberalization* (New York: Praeger, 1992), a source for some of the text and argument in this paper.

[2] These concepts are reviewed concisely in Alan Pred, *City-Systems in Advanced Economies* (New York: John Wiley and Sons, 1977).

[3] Jane Jacobs, *Cities and the Wealth of Nations* (New York: Vintage Books, 1985), 104.

[4] Leo H. Klaassen, "The Future of the Larger European Towns," *Urban Studies* (1987):253.

[5] Niles Hansen, "The Evolution of the French Regional Economy and French Regional Theory," *The Review of Regional Studies* (Fall 1987):9.

[6] Saskia Sasson, *The Global City* (Princeton: Princeton University Press, 1991).

[7] Paul Krugman, *Geography and Trade* (Cambridge: MIT Press, 1991), 98.

[8] Giovanni Agnelli Foundation, "The City Effect: The New Central Role of Urban Areas," *XXI Secolo* (Turin: Giovanni Agnelli Foundation Studies and Research, September 1990):8.

[9] Klaassen, "European Towns," 253.

[10] Hansen, "French Regional Economy," 10.

[11] Richard T. Harrison and Mark Hart, "The Nature and Extent of Innovative Activity in a Peripheral Regional Economy," *Regional Studies* (October 1990):384.

[12] Aldo Bonomi, "Technological Innovation and Territorial Organization," *La Ciudad ante el 2000* (Barcelona: Ajuntament de Barcelona, Guarderno central no. 15), 84.

[13] Hansen, "French Regional Economy," 11.

[14] Raymond Barre, "Redécouvrir l'état," *Le Monde* May 24, 1991, 2:1.

[15] Jacobs, *Wealth of Nations*, 34.

[16] *Ibid.*, 222.

[17] *Ibid.*, 229-230.

[18] *Ibid.*, 100.

[19] *Ibid.*, 41.

[20] Michael E. Porter, *The Competitive Advantage of Nations* (New York: Free Press, 1990), 617.

[21] Porter, 622.

[22] Christian Chartier, "Soleil levant sur les polders" and "Amsterdam déroule le tapis rouge," *Le monde*, May 24, 1991, 36.

[23] Yves Mary, "Hitachi: une pierre dans le jardin d'Edith," *La Nouvelle Republique* (Tours), May 28, 1991, E:2.

[24] One such listing is to be found in Conti and Spriano, *Urban Structures, Technological Innovation and International Metropolitan Networks* (Turin: Fondazione Giovanni Agnelli, 1989), 6-7.

[25] I have discussed this in my article "Gateway cities: A comparison of North America with the European Community," *Ekistics* 58, 350 (September/October, 1991): 351-356. Some of the text and argument of this section is taken from that article.

[26] James E. McConnell, Bidhan Chandra and Jason L. Steinitz, *Potential Impacts of the Canada-United States Free Trade Agreement upon the Econmies of Erie and Niagara Counties* (Buffalo: SUNY Buffalo, Canada-United States Trade Center, Occasional Paper No. 1, April 1989).

[27] *Canada-U.S. Commerce*, GBDF Briefing Paper (Buffalo: Greater Buffalo Development Foundation, 1989).

[28] Economic Strategic Planning Committee, *Prosperity 2000* (Windsor: City of Windsor and Essex County, 1990), 31.

[29] Cresap, *Metropolitan Toronto Economic Strategy* (Toronto: Municipality of Metropolitan Toronto, 1988).

[30] *A Strategy for Vancouver's Economic Development in the 1990's* (Vancouver: Vancouver Economic Advisory Commission, 1989), 20.

[31] *Ibid.*, 12.

[32] *Ibid.*, 16.

[33] See the *Report of the Canadian Transportation/Trade Task Force* (Seattle: Discovery Institute, 1993), and other Institute documents.

[34] *Georgia Basin Initiative: Creating a Sustainable Future* (Victoria: British Columbia Round Table on the Environment and the Econmy, May 1993).

[35] Shelby Scates, "Rise and Fall of John Anderson," *Seattle Post-Intelligencer*, May 20, 1990.

[36] Ian MacKay, "Sea-Van-City of Future?" *The Vancouver Courier*, January 14, 1990.

[37] This is discussed in Peter Karl Kresl, "City Networking among Quebec Cities: Responses to the Canada-U.S. FTA," *Quebec Studies* 17 (1994).

[38] James Thompson, "No Fences *Can* Make Good Neighbors," remarks to the Canada-U.S. Business Association, Toronto, March 22, 1990.

[39] William R. Plato, "Cleveland: On the Road Back," presented to the conferences of the Council for Urban Economic Development and the Economic Development Administration, October 1988.

[40] Communauté urbaine de Montréal, Office de l'expansion économique, *Economic Overview of Monteal* (Montreal: Communauté urbaine de Montréal, January 1989), 15.

[41] *A strategy for Vancouver* (Vancouver: Vancouver Economic Advisory Commission 1989), 18.

[42] *Toronto: The City* (Toronto: City of Toronto, Department of the City Clerk, Information and Communiation Services Division), 19.

CONTENTS

CANADIAN-AMERICAN PUBLIC POLICY

Occasional papers on a wide range of issues in U.S.-Canadian relations

CAPP 1: April 1990 — **Canada-U.S. Relations in the Bush Era**
Joseph T. Jockel

CAPP 2: July 1990 — **Transboundary Air-Quality Relations: The Canada-United States Experience**
John E. Carroll

CAPP 3: October 1990 — **Canadian Culture, the Canadian State, and the New Continentalism**
Allan Smith

CAPP 4: December 1990 — **Forests, Timber, and Trade: Emerging Canadian and U.S. Relations under the Free Trade Agreement**
Thomas R. Waggener

CAPP 5: March 1991 — **Change and Continuity in Canada-U.S. Economic Relations**
William Diebold

*CAPP 6: June 1991 — **Trade Liberalization and the Political Economy of Culture: An International Perspective on FTA**
Graham Carr

CAPP 7: September 1991 — **If Canada Breaks Up: Implications for U.S. Policy**
Joseph T. Jockel

*CAPP 8: December 1991 — **Ogdensburg Plus Fifty and Still Counting: Canada-U.S. Defense Relations in the Post-Cold War Era**
Joel J. Sokolsky

*CAPP 9: March 1992 — **The Regulation of U.S.-Canada Air Transportation: Past, Present and Future**
Martin Dresner

*CAPP 10: June 1992 — **Emerging Issues in the U.S.-Canada Agricultural Trade Under the GATT and FTA**
Theodore H. Cohn

CAPP 11: September 1992 — **Settling U.S. - Canada Disputes: Lessons For NAFTA**
Annette Baker Fox

CAPP 12: December 1992 — **Canada-U.S. Electricity Trade and Environmental Politics**
William Averyt

CAPP 13: June 1993 — **Canadian Politics in a Global Economy**
Gordon T. Stewart

CAPP 14: September 1993—**The Intersection of Domestic and Foreign Policy in the NAFTA Agricultural Negotiations**
Theodore H. Cohn

CAPP 15: November 1993—**A New Global Partnership: Canada-U.S. Relations in the Clinton Era**
John Kirton

CAPP 16: December 1993 — **The Impact of Free Trade on Canadian-American Border Cities**
Peter Karl Kresl

* Out of print

CANADIAN-AMERICAN PUBLIC POLICY

Occasional papers on a wide range of issues in U.S.-Canadian relations

Rapidly growing commercial ties between Canadian and the U.S. are raising complex new policy issues in both countries concerning trade, investment, energy, the environment, resources management, cultural politics, and foreign affairs. Published four times a year on an occasional schedule, **Canadian-American Public Policy** will keep you abreast of these issues with informed, timely, and objective analysis by leading experts in both countries. Subscribe now to be certain not to miss any important issues.

Please enter my subscription to **Canadian-American Public Policy.** (Individuals must include payment or credit card authorization with order. Canadian checks and money orders in Canadian currency are welcome.) One year: $21.00 U.S.,$26.00 Canada and foreign. Two years: $39.50 U.S., $47.00 Canada and foreign.

Payment enclosed: $ ________ .

Please charge to __________ VISA ________________ MasterCard.

Cardnumber: ____

Expiration date: ____

Signature: ____

Name (please print or type): ______________________________

Address: ____

City/State or Province: ____________________________________

Postal code or Zip: ____

Please return to:

Canadian-American Center, University of Maine
154 College Avenue, Orono, ME U.S.A. 04473-1591
(207) 581-4220

ISSN 1047-1073