COMPARING LOCAL CROSS-BORDER RELATIONS UNDER THE EU AND NAFTA

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INTRODUCTION [1]

The literature on cross-border relations provides us with different reasons for the existence and development of cross-border linkages (that is – the connections that span an international border); it suggests that such relations may take place because of (1) free trade, because they are in the interest of (2) international organizations, or (3) central states, or (4) because regional governments and/or cities take cross-border initiatives. Some authors also suggest that such relations result from (5) local sociological, economic, or cultural elements and from (6) geographical proximity.

For instance, international relations specialist Duchacek, focusing on the role of states and international relations, classifies the international activities of *non-central governments*. He offers a taxonomy of international relations of non-central governments: (1) "global paradiplomacy" describes the case of a region that creates

*A list of acronyms used in this article is provided on page 40.

and maintains a worldwide network of offices, (2) "trans-institutionalized" relations exist when limited contacts occur between two regions, and (3) "cross-border regionalism" describes the "interaction between peripheral local and provincial, state, cantonal, or Lander governments."[2] A critique of this approach is that it does not really pay any attention to local governments.

The last definition of cross-border regionalism is the starting point of this study of cross-border relations, a study that primarily focuses on local governments. Should we expect *different outcomes in two different free trade areas*, namely, the North American Free Trade Agreement (NAFTA) and the European Union (EU)? This essay compares cross-border urban regions located on the Canadian-American border (Detroit/Windsor, and Niagara) with those spanning the borders of France and Belgium (Lille-Euroregion) and the Deutch-German border (Enschede-Euregio).[3]

The argument presented in this paper is that each supra-national regime (NAFTA and the EU) imposes adjustments upon central-local intergovernmental relations that impact greatly on local governments. The scope and policy capacity of central states in North America are reduced by market pressure without strengthening local

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authorities. In Europe, however, the intermeshing of all levels of government weakens central-state control and enhances the power of local governments. In cross-border regions of North America, intra-metropolitan regional competition exists in principle, and there are few examples of cooperation. In the EU, intra-metropolitan regional cooperation develops in principle: networks and mechanisms of governance expand across borders as a result of local governments seeking resources and opportunities in response to European Commission regulations and policy frameworks. In Europe there are also examples of competition due to market pressure; however, competition between localities is not exacerbated by integration. The local government perspective is used to ask how and why cross-border relations in both free-trade areas may differ. Comparative studies illustrate the importance of transnational regimes and states; the local governments of the EU and NAFTA differ in their institutional structures and opportunities. The European regions (Lille and Enschede) are compared to the North American cross-border regions the Niagara, and Detroit and Windsor; in all case studies there are examples of cross-border cooperation initiated by local and regional elites who have been motivated to become international actors in response to both economic competition and economic and (in Europe) political integration.

In the Detroit-Windsor-Niagara cross-border regions, intra-metropolitan regional competition exists in principle, and there are few examples of cooperation. In the EU, intra-metropolitan regional cooperation develops in principle; networks and mechanisms of governance expand across borders as a result of local governments seeking resources and opportunities in response to European Commission regulations and policy frameworks. There are examples of competition due to market pressure; however, competition between localities is not exacerbated by integration.

Furthermore, each supra-national regime imposes adjustments upon central-local intergovernmental relations. In North America the scope and policy capacity of central states are reduced by the imperative of free trade and market pressures without strengthening local authorities, whereas in Europe the intermeshing of all levels of government weakens central-state control and enhances the power of local governments.

The first section of this paper reviews the literature on cross-border relations and discusses ways to re-conceptualize these relations. Economic integration as a functionalist argument is detailed. Then the roles of supra-national regimes and of federal, state, and provincial levels of government are examined. The core of the paper is divided into two sections that focus on relations of cooperation and competition at the local government level.

II. CONCEPTUALIZING CROSS-BORDER RELATIONS

In general, the scholarship on cross-border relations suggests that economic actors create a borderless economy. It also suggests the development of region states.[4] Another argument is that local political and economic relations perforate borders.[5] Denis Maillat asserts that a "privileged relationship" resulting from a "proximity effect,"[6] itself the consequence of shared language, culture, and market proximity or of commuter frontier workers, best characterizes cross-border relations.[7] Another argument is that international organizations may also have an interest in cross-border linkages. For instance, the European Commission plays an important role in encouraging cross-border cooperation between local-level actors.[8] Another example of an international agreement fostering cross-border relations is the intergovernmental conference for the Great Lakes in North America.[9] However, central states may want to control borders. This seems to be the case in Ireland,[10] France, and Mexico.[11] Hence, cross-border relations may cause tensions between local and central levels of government. The international activities of non-central governments may endanger national sovereignties.[12]

The cross-border literature also suggests that market forces foster cross-border relations because they foster systems of functional interdependency. This first functionalist view assumes that free trade limits central states' macroeconomic control mechanisms, which, in turn, create the conditions of enhanced trade activities across borders. Originally, functionalist theory suggested that international regimes might result from cross-border links. For instance, David Mitrany believes that integration results from the propagation of communities' beliefs, values, and loyalties so that a sense of belonging, or *Gemeinschaft*, develops. For functionalists like Mitrany, a bottom-up process is central to integration because political decisions imposed from above would be fragile. The sense of community is essential because it gives sovereignty and authority to the international organization functionally in charge of social and economic welfare.[13] In *The Borderless World,* Ohmae suggests that free trade--

and, particularly, cross-border, culturally homogeneous, free trade areas-- do not follow political arrangements but, on the contrary, emerge despite the absence of political arrangements or, in the best scenario, precede political arrangements.[14]

A second functionalist assumption, however, is that competition prevails, fostering competitiveness and distrust. The literature on urban political economy presents the competitive city paradigm. Peterson, for instance, suggests that market forces exert a structural constraint on local governments. In *City Limits*, he contends that the overall market structure limits the policy choice of cities, states, and central states.[15] Market forces naturally organize the policy responsibilities of each level of government. Contrary to national politics, Peterson explains: "Cities have very few policy options (p. 111)" ... "It often becomes issueless politics (p. 115)." Overall, the literature on urban political economy focuses on competitive patterns of interaction of local governments. Competition and market pressure limit local choice.

Do international organizations, central states, and local governments mediate this free trade and thereby foster or limit cross-border relations? International organizations may have an interest in fostering cross-border linkages. This is also suggested by neo-functionalist approaches which tie integration to the rise of international organizations such as those that emerged at the end of the 19th century.[16] Neo-functionalist approaches also link integration to the rise of international organizations that manage peace and economic and social reform.[17] Such groups would foster integration because they would develop and manage cross-national institutions and cross-border programs. Haas argues, for instance, that the linkage of functions and politics is central to an understanding of integration.[18] He explains that integration results from the development of a central body of institutions and elites that are driven together by a common interest. Integration refers "exclusively to a process ... of increasing interaction" of national states with a body of supra-national institutions.[19] Integration would result from functions expanding from one policy area to another in the so-called spillover process. Spillover increases the scope and authority of the higher central institution, thereby reducing the power of national states.[20]

Local and regional actors may also try to circumvent their dependency on central states by using powers and resources they have gathered from relations with each other and with international organizations. In the case of the EU, Gary Marks proposes to analyze intergovernmental relations in terms of a mechanism of multi-level governance that also includes the European supra-national institutions, particularly the European Commission.[21] The debate on multi-level governance includes a discussion on two types of governance: "Type One," where general-purpose, multi-level jurisdictions are organized into a limited number of levels without intersecting membership; and "Type Two," where task-specific jurisdictions with intersecting memberships and no limits to their number interact. A Russian doll-like legal system, which is multi-purpose, is a good example of "Type One" multi-level governance. Specialized jurisdictions such as a multitude of security agencies in the public and private sectors best characterize "Type Two" multi-level governance.[22] In this study, those networks of general-purpose governments and those of task-specific organizations are assumed to emerge across borders, encompassing private and public sector actors who will cooperate with each other to implement projects. These networks would not necessarily develop into urban regimes,[23] but they would lead to the co-production of cross-border policies, and cooperation would prevail.

Finally, despite the influence of market forces and the activism of local and regional governments and international organizations, national states may remain in control of their borders. Neo-realist and intergovernmental approaches underline the role of central governments in international relations. For instance, a body of literature on European economic and political integration also suggests that central states are able to control integrative forces. But is this equally the case in the European Union and in North America? Are national governments able to sustain and manage economic and/or political integration?

Both studies deal with cross-border metropolitan regions with large trade flows and significant cross-border activity. They should suggest similar imperatives of cooperation and competition. However, the respective free trade regimes are different, particularly because of the EU institutions in Europe. There is a large body of literature that makes a very strong case for the role of European-level institutions as central to the organization of cooperative mechanisms between central states and local and regional governments.[24] This literature argues that central states are in retreat but the policy capacity of local and regional authorities has grown stronger. As central governments progressively empowered the EU, they found themselves caught between extremely active local and regional governments and the European Commission. EU institutions also play a critical role in policy implementation. In contrast, neither the FTA nor the NAFTA regimes triggered the creation of any comprehensive supra-national institutions similar to those of the EU. This literature includes the conflicting views of functionalists, neo-functionalists, inter-governmentalists, and multi-level governance advocates.

The evidence presented in this paper ultimately suggests that the functionalist competitive-city paradigm best explains the linkages across the Detroit-Windsor-Niagara metropolitan border, whereas in the European Union it is multi-level governance that explicates cross-border relations between France and Belgium and the Netherlands and Germany. The next section will compare the degree of economic integration in North America and in Europe.

III. ECONOMIC INTEGRATION AND INTERDEPENDENCY

Canadian manufacturing and services are integrated into a larger economic system. Two-way trade between the United States and Canada has grown by 1,480 percent – from $45.6 billion in 1977 to $675 billion in 2001.[25] Overall, 85.1 percent of all Canadian exports go to the U.S.[26] Trade between the U.S. and Canada expanded rapidly following the Free Trade Agreement (FTA) of 1988. The goal of the 1994 NAFTA was to expand trade and investment between Canada, Mexico, and the U.S.[27] It organized the implementation of the phasing out of tariff and non-tariff barriers on originating goods and of regulations and rules regarding business practices and settlement of disagreements between the three countries. Since 1998, Canadian-American-Mexican trade has been free of tariffs, and since January 1, 2003, all tariffs between the three countries have disappeared.

The province of Ontario contributed 50 percent of Canada's GDP in 2002 and is by far the largest trading partner of Michigan, with 45 percent of Ontario's exports and 30 percent of its imports going to or coming from Michigan. Similarly, the United States is also Ontario's number one trading partner, with 93 percent of Ontario's exports and 11 percent of its imports going to or coming from the U.S.

In large part, the automobile sector explains those numbers; the Auto Pact, a 1965 intergovernmental agreement, established "a limited free-trade arrangement of indefinite duration." Canadian manufacturers gained the possibility "of importing duty-free vehicles and original equipment parts."[28] Canada also won the guarantee that its automobile production would grow 6 percent above Canadian-level consumption over a period of three years, guaranteeing the expansion of Canadian automotive industries. Throughout the 1970s and the 1980s the Auto Pact had a tremendous impact on the economies of Detroit and its proximate region, particularly Windsor.

Over the years, however, successive negotiations on the Auto Pact have only reasserted the Canadian and American differences; the 1988 FTA and the 1994 NAFTA leveled out these disagreements by modifying the mechanisms behind the Pact. Specifically, the incentive structures that allowed U.S. investors to come to Canada to export to the U.S. free of duties and that protected Canadian auto and auto parts industries disappeared.[29] What remains is a high level of integration of the region.

According to Frankel, the Canadian economy is highly integrated into the North American economy: a 2.06 score indicates that the Canadian economy only needs to trade twice as much to be perfectly integrated. Ontario scored 1.3, which means that Ontario is almost perfectly integrated.[30] Courchene also points to these high levels of economic interdependencies. Ontario, Michigan, and New York are economically interdependent because Ontario trades three times more with the rest of the world (ROW), 93 percent of which goes to the U.S., than with the rest of Canada (ROC). Trade with the ROW has increased tremendously since the FTA and NAFTA treaties were signed. These figures are coherent with Gandhi's argument that 56 percent of all American-Canadian merchandise consists of trade between purchasers and sub-contractors or intra-firm trade established on both sides of the border.[31] The data also strengthen the argument about economic integration.

All of these elements lead us to believe that, due to the very high level of exports and investments, it is reasonable to assume that the Canadian and American economies are interdependent. It is also reasonable to assume that the Ontario and Michigan economies are integrated into one large economic region which depends mostly on the automobile and related high-technology industries.

In Europe, the elimination of tariffs and tariff barriers in the EU seems to have increased economic integration. However, the EU Frankel score average, at 4.7, is very high when compared to Canada–

U.S. trade. The Benelux countries (Belgium and Luxembourg and the Netherlands) rank number 1 with 1.8; Ireland number 2, with 2; the Netherlands 3, with 2.5; France 14, with 5.7; and the UK 15, with 5.8. Sixty-four percent of France's imports come from EU countries and 63 percent of its exports go to EU countries. France's first trading partner is Germany. Some 60 percent of Dutch imports come from EU countries and 78 percent of its exports go to EU countries.[32] EU countries buy 75.9 percent of Nord-Pas de Calais (NPC) exports and sell 59.7 percent of their imports to the NPC.[33] It is important to underline that 75 percent of all NPC trade results from the Lille metropolitan area and the Departement du Nord.[34] This posits Lille and its immediate surrounding area, the Departement du Nord, as the number one trading area of France, with 75 percent of all NPC trade and 6.5 percent of all French exports. The Economic Union of Luxembourg and Belgium, however, is the first international trading partner of the NPC region, with 18.9 percent of its imports and 16.6 percent of its exports coming from and going to the NPC. The first trading partners of the Dutch provinces of Overjissel and Drenthe, or the Lands of North-Westphalia and Lower-Saxony, are their mutual countries. Lower-Saxony's second trading partner is the rest of Europe, with 72.5 percent of its exports and 72.6 percent of its imports going to and coming from European countries. EU member-countries buy 55.5 percent of their exports and sell 44.2 percent of their imports. What is remarkable, however, is that Lower-Saxony's trade with the Netherlands is limited to 8.7 percent of its exports and 7.9 percent of its imports. Trade with France and the U.S. is also important to Lower-Saxony, specifically, 8.4 percent and 9.3 percent of its exports and 7 percent and 7.3 percent of its imports, respectively.[35] Similarly, 13 percent and about 20 percent, respectively, of all North-Westphalian exports and imports are traded with the Netherlands.[36]

This overall picture of economic integration seems to suggest that European and North American economic integration are comparable only on the surface. An important finding is the slow pace of economic integration in Europe (just over 20 percent since the early 1990s), while by contrast, Canada-U.S. trade has expanded by about 1,480 percent[37] since the late 1970s. Another very interesting element is the low level of economic integration of the European cross-border regions themselves. The figures presented above show that the European border regions trade *less* with each other than with their national economies or other European countries. The two-way trade within the Lille-Euroregion and Enschede-Euregio does not point to the high degree of economic integration found in North America between Canada and the U.S., in Ontario, Michigan, and New York and within the Niagara, Windsor, and Detroit border regions.[38]

The North American border region looks like what Kenichi Ohmae calls a borderless economic region. The Niagara and Windsor-Detroit regions exhibit high levels of imports and exports, with 93 percent of Ontario exports going to the U.S. In comparison, it is clear that while the European cross-border regions trade with each other, they are not economically integrated.

One central reason for these different patterns of functional interdependencies across border regions is detailed in the following section. While the EU attempts to control economic competition and maintain social cohesion, NAFTA fosters greater market integration and competition. This, in turn, leads to different patterns of territorial cooperation and competition as well as to different patterns of development of cross-border regional relations in the EU and under NAFTA.

The first section examines the respective roles of *supra*national-level governments and those of federal, provincial, and state governments in North America and the European Union. The second section analyses the relations of cooperation and competition in the Detroit-Windsor-Niagara region and the Enschede Euregio and Lille Euroregion. The evidence presented in both sections makes the case for multi-level governance in Europe and for the functionalist competitive city paradigm in North America.

IV. THE ROLES OF DIFFERENT LEVELS OF GOVERNMENTS

A. Under NAFTA

Both the Canadian and American governments have adjusted to the new free trade environment under NAFTA. On both sides of the border, numerous changes have taken place. During the 1990s, policies of budgetary equilibrium and deficit reduction were the *leitmotif*. According to Conklin, the impact of NAFTA on economic sectors, on industrial structures, on cross-border shopping, and on the attractiveness of regions should result in greater regional disparity and enhanced economic competition among regions to attract investments.[39] Drawing upon examples of the GATT and NAFTA agreements on U.S. policy-making, Conrad Weiler argues that regulatory mechanisms resulting from the agreements create a new federal partner.[40] According to Weiler, the U.S. federal administration has to implement these international rules and decisions, thereby diminishing state and local government powers. New rules frame the exercise of state and local government powers on "taxation, economic development, procurement and regulation of services, professions, investments, insurance, banking and financial services, health, environmental, food and product-safety standards and land transportation."[41]

In Canada, the signing of NAFTA and the ratification process seem to have modified the federal-provincial division of powers. There is no federal jurisdiction over a certain number of areas, namely textiles and clothing, agriculture, and services. In addition, the federal government "does not have full power to implement such treaties."[42] The Canadian government is liable and "shall ensure that all necessary measures are taken in order to give effect";[43] thus, in Canada, federal and provincial governments are bound to cooperate for the effective implementation of the treaty.

Both NAFTA and FTA developed a specific body of law that is distinct from domestic law. This protects the sovereignty and legislation of each country, although both the FTA and NAFTA commit the federal level to the implementation of international decisions, regulations, and decisions taken by international arbitration bodies.[44] Thus provincial and state areas of responsibility also fall under new federal and international forms of scrutiny, particularly limiting and constraining states and provinces on "government procurement, sanitary and phytosanitary standards, ... regulation of financial services, insurance, ... economic development programs, tax systems, and land transportation regulations."[45] These international panels for dispute settlement become influential authorities that *de facto* constrain the policy capacity of provincial governments. Moreover, using Articles 1103.1 and 1103.2 of Chapter 11 of NAFTA, American companies have been suing the Canadian government for not respecting the NAFTA clauses on most-favored-nation treatment.[46] Most lawsuits concern Canadian environmental regulations, arguing that they restrict American companies' access to Canadian markets.[47] David Runnalls warns that the billion dollars of pending lawsuits could build up, and he contends that they are a threat to the Canadian government because federal ministries like Environment Canada do not have the staff or resources to deal with such problems.

All levels of government are under pressure to review their regulatory capacity in the face of lawsuits by powerful international corporations.[48] Revising Chapter 11 of NAFTA needs approval by each of the three parties. Mexico, however, is not open to revising the treaty.

These elements suggest that since the signing of NAFTA, neither the Canadian nor the U.S. government controls free trade. Both submit to international bodies that arbitrate disagreements and to the pressure of North American corporations that are expanding their markets.

From their election in June, 1995, until their defeat in May, 2003, the Conservative governments of Ontario claimed more than 66 tax cuts and a province-wide reorganization of the educational system. The past Harris and Eves's governments cut the provincial legislature from 130 to 103 members; reduced the number of local politicians by 28 percent; and cut and then eliminated the deficit ($11.3 billion in 1995). The premiers of Ontario consider their province to be integrated into the North American economy and hence must remain competitive with their southern state neighbors.[49]

Ontario, therefore, made swift adjustments to what policymakers and elected officials believed was increased competition and greater dependency on the United States and bordering U.S. states. Those policy changes also stretched traditional relations with the ROC. The province attempted to mediate free trade, to cut budgets, reduce the size of its administration, and download policy responsibilities to local governments. As a result, today the administration and partial funding of welfare and other social services, transportation, and public housing are local responsibilities.

This North American context suggests that market integration leads to greater flows of trade and competition and to many policy adjustments at the federal and provincial levels. Let us compare these findings now with some European examples.

B. Under the EU

Free trade is not accompanied by strict policies of budget equilibrium and deficit reduction in the European Union. The goal is convergence. The Maastricht Treaty of 1992 enforced five convergence criteria: first, the national debt should not be above 60 percent of GDP; second, the budget deficit should not be higher than 3 percent of GDP; third, the long-term interest rate should be lower than 7 percent; fourth, each country should be a member of the

Exchange Rate Mechanism; fifth, inflation should be lower than 3.2 percent. Most countries have difficulty fulfilling all of these criteria, and the European Commission is currently suing both Germany and France for running budget deficits that do not respect the 3 percent threshold.

Following the goals of the 1957 Treaty of Rome, the European Commission manages a budget that is small when compared to the budgets of federal states but nevertheless influences the social and economic cohesion of the EU and accompanies the structural adjustment to the current single European market. The Treaty of Rome also organized limited competition ("the circumstances in which 'state aids' may be permitted")[50] and economic and social cohesion across the European Community.[51] Limited competition reduces the influence of market forces on national states and regions, while cohesive policies attempt to limit further economic and social distortions at the regional level. Articles 92 and 93 of the Treaty of Rome are concerned with limiting competition, particularly the financial intervention of member-states targeting "mobile private sector investment to a particular location through the use of public subsidies."[52]

Section 3 of Article 92 is the starting point for the regional policies of the European Economic Commission. The commission spends 1.27 percent of the GNP of member-states, which amounted to 98.65 billion Euros in 2002.[53] The total amount for structural measures and the European Regional Development Funds was 34,002.5 billion Euros. In 1990, as part of these regional policies, the commission approved 1.034 billion Euros for the Community Initiatives programs, of which the largest is the Interreg (Inter-Region) program fund (1.8803 billion Euros in 2002, and 4.875 billion Euros for the 2000-06 period).[54]

Both of the case study cross-border regions, the Lille-Euroregion and the Enschede-Euregio, have been eligible for and have benefitted from the structural policies and the particularly enticing Interreg funds. The French Nord-Pas de Calais region and bordering Western Flanders and Wallonia in Belgium, the German County of Benthem, the Kreis Borken, the Kreis Coesfeld, and the Kreis Steinfurt, and the Netherlands' Achterhoek, Twente, South-East Brenthe, and North-Eastern Overijssel have all received Interreg funds since 1990.[55]

The Dutch-German Euregio was the earliest of all recipients of Interreg funds and the model for the European Commission Interreg policy.[56] Because Euregio institutions were already an exemplary model of cross-border organization, the region had no difficulty representing its large cross-border partnership and developing ambitious cross-border programs. The Euregio set up an Interreg steering committee of EU representatives, German federal and state ministers, and Dutch state and provincial officials. The steering committee was to interact with the Euregio-Council and the Euregio-Forum through the Euregio-Board and the Euregio-Administration. It is clear that the European funds had a positive impact on the Euregio. It expanded to manage ten fields of activities. Culture, tourism, education and training were among its first policy domains; the economy, transport, social affairs, environment, technology, and daily border problems were added in the late 1980s.

Since the early 1990s, Interreg 1 funded 159 Euregio projects which received 26 million Euros, and Interreg 2 funded 280 projects which received 63 million Euros. From 1995 to 2000, the contribution of the private sector was limited to about 8 percent. The EU had contributed 38 percent of the funds for Interreg 1 and 36 percent for Interreg 2. Similarly, in the Lille-Euroregion, Interreg 1 funded 59 projects spanning the Franco-Walloon border worth 30 million Euros, and 93 projects worth 28 million Euros on the Franco-Flemish border. Interreg 2 expanded to 144 projects worth a total of 186 million Euros on the Walloon and the Flemish sides of the Franco-Belgian border.[57] Interreg 3 is currently being implemented.[58]

Because of the very large number of cross-border projects – over 800 spanning both border regions – it is impossible to describe all of them in this paper. However, a few examples should suffice to demonstrate the importance of the Interreg initiative for the local governments of the Lille-Euroregion and Enschede-Euregio. Since the early 1990s, Interreg 1 and 2 have included three sub-categories of programs in the areas of cross-border cooperation, completion of energy networks, and cooperation in regional planning-- in particular, water management. The Lille-Euroregion's projects included the Lys river treatment plant, a new European technology college, the expansion of a river leisure harbor, the rehabilitation of brown lands and their redevelopment into a cross-border industrial zone (then called Eurozone), and the expansion of bus, tramway, and monorail-subway public transportation lines across the border. These projects also included funding for the development of an Internet website advertising the sales of local businesses (Transconnect), the establishment of hardware and software capacity for an Internet network of business nurseries spanning the border, new planning and zoning activities, and urban redevelopment activities.[59] In the Enschede-Euregio, the primacy of cultural promotion led to funding for many projects involving cross-border cultural and educational activities until the mid-1990s.[60] At that point several economic development initiatives were launched such as the publication of regional documents, the promotion and sale of industrial and retail land, and, more recently, the building of a cross-border light rail transportation system.[61] It is worth noting that since the early 1990s local governments in both regions have benefitted from over 300 million Euros in mostly public-sector investments.

On the Franco-Belgian border, the Euroregion did not play as crucial a role as it did in the Euregio because the international institution remained one of many local candidates for European funds. Prior to Interreg, in Nord-Pas de Calais, the socialist elite wanted to expand the international relations of the region, and the office of the region's president, Noel Joseph, acted upon the shared political view that a mostly working-class region should have strong international linkages. As soon as he was in power, Joseph launched an ambitious program of international relations focusing particularly on other EU regions and on cross-border regions. Local parochialism constrained any leadership that the City of Lille could play and only a newly established region could lead local-level governments to participate in cross-border partnerships.[62] Despite traditional competition among municipal governments, the regional initiatives were successful because they led municipalities to launch cross-border contacts, although they did not develop into important projects due to lack of funds. Most cross-border initiatives emerged because of the proximity, culture, views, and ambitions of local and regional political leaders. The scale of this cooperation, however, was constrained by lack of funds and other administrative and legal impediments. Clearly, competition also played an important part. There was competition for public funds and for private-sector investments. For instance, despite 20 years of cooperation, the metropolitan district for the Lille region[63] was unable to agree upon a single economic policy for itself. Each small and large municipality (89 in all) still competed with each other to attract businesses. Economic development remained a very difficult domain of cooperation. There was also competition for public funds; a game, however, limited to three or four national partners-- the French central state, the region, the department, and the local municipalities. Although the French central state always managed to control this game, the EU Interreg program drastically disturbed it. Based on partnerships, competition to apply for European funds (for instance, Interreg funds) often involves national and non-national partner organizations. The European application format clearly and strongly promotes co-operation; supra-national funding is competitive but also fosters intricate and complex patterns of cooperation between local governments and across borders.

Competition–cooperation patterns vary in Lille, Enschede, and Gronau. In Lille, local governments must cooperate on a given project to win Interreg funds. Sometimes, though, those same organizations compete with their peers on other projects. In Enschede, on the Dutch-German border, project proposals emerge from within the parliamentary structures of the Euregio before being submitted to the steering committee. Thus, public-sector competition for funding and for private investment leads to fragmentation and overlapping in Lille. In Enschede-Gronau, however, EU funds reinforce Euregio institutions.

Competition and cooperation do not go hand in hand, as Andrew Church suggests, but actually result from mechanisms of association that reward those local networks of actors who respond best to the policy frameworks designed by the European Commission.[64] Interreg gives all project promoters, most of whom are local government officials, access to networks of potential partners, new resources, and opportunities, whether they are Belgian, Dutch, French, or German. The European policy thus changes the relations that local governments have with other higher-tier governments because local governments gain greater degrees of autonomy by cooperating. Moreover, as the amount of funding is substantial, the community initiative makes a difference by changing the scale of cross-border project developments and interactions of local actors. It also modifies the intergovernmental relations of central, local, and regional governments, particularly in France. Although the EU promotes cooperation among local actors, France promotes competition for funding in an attempt to maintain control over those new intergovernmental relations. Nevertheless, there is an overall shift from functional-hierarchical relations to a consultative-participatory system of intergovernmental relations, even in France, which results from interactive patterns associated with multi-level governance.

In the EU, economic integration fosters mild economic competition between localities because of EU competition policy regulations; in principle, they cooperate. Before Interreg, France did not recognize or allow any other level of government to ratify international agreements. Central-state field administrators followed up on the international activities of lower-level governments; the French Prefects and their administrators closely followed all international activities of local and regional bodies. Until 1995, the Prefects could restrict the ability of local and regional governments to engage in international agreements. However, since 1998, a multitude of local cross-border projects have responded to regional initiatives and to the EU Interreg programs. This was a nightmare for regional state officials as all projects required cross-border funding and had legal implications.

On the Dutch-German border, local governments form a united and cooperative network. They are backed up by a strong, regional cross-border governmental organization that serves the interests of its members, centralizes funds, and implements policies. On the Dutch border, the Euregio stands out as a powerful cross-border regional organization that links successfully all levels of government and the European Commission to about 140 municipalities. In contrast, competition remains in the background of cooperative endeavors on the French-Belgian border, particularly on the French side. The Euroregion remains a noteworthy attempt by local and regional actors to create an international institution in opposition to central governments. The Netherlands and Germany strengthened the Euregio with a general agreement in 1991, whereas France's central government opposes the Euroregion. Hence, the institutional organization of cross-border relations seems to depend on the attitude of central governments. The European Commission strengthens local-level co-operation. Nevertheless, market competition and central-state control of intergovernmental relations may limit the influence of the European Commission.

In North America, federal governments protect their sovereignty because they are the only signatories of the free trade treaties and they organize competition for revenues among all other tiers of government. They also lose control of the process of integration as market pressures and NAFTA international tribunals take over the implementation of free trade. In the European Union, market integration is regulated and does not lead automatically to policies of budget equilibrium and deficit reduction but rather to economic convergence. The EU's structural policies also enhance cooperation in an environment of regulated competition.

How are local governments entangled in those networks that bridge market forces with intergovernmental relations? The following two sections further explore those relations of competition and cooperation. While in Detroit, Windsor, and Niagara there are few and limited partnerships, in Lille, Enschede, and Gronau important public-sector networks implement ambitious projects that link and empower government levels and span the border.

V. LOCAL COMPETITION AND COOPERATION

Economic regions, according to Ohmae, emerge out of culturally homogeneous free trade areas.[65] This suggests that only economic integration and homogeneous cultures would foster such regions. It further suggests that ethnic or linguistic and cultural differences may explain why functional interdependency across borders fosters territorial competition rather than cooperation.

In Europe both the Euregio and Euroregion bridge two linguistic areas, Dutch and German, while Flemish and French also separate West-Flanders and Nord-Pas de Calais. In North America, in the Detroit and Niagara border regions, the issue of race seems always to have been an important determinant of politics. On the U.S. side of the border, racial segregation emerged clearly in the 1950s and shaped regional politics until the early 1990s. Progressively, the population of Detroit became primarily black, while that of the suburban counties maintaining racial segregation was mainly white.[66] This general context of segregation first played against black leaders, then later in their favor, but against any forms of regional governance that could have alleviated the fiscal and social crisis of the city. Canada's history of "racist" immigration policies played a determining role in limiting the access of black immigrants to Essex and Lambton counties in Ontario.[67]

This history of race relations may also contribute to relations of competition and cooperation across the border. Today, despite notable changes on both sides of the border, Detroit remains mostly black while its suburban counties are almost exclusively white, and the politics of race still hinders regional strategies. On the Canadian side, however, both Essex and Lambton counties, and particularly Windsor, have evolved into healthy multicultural and multi-ethnic communities nowadays that are characteristic of contemporary Canadian urban regions transformed by multicultural values of tolerance embedded in the 1982 Canadian Charter of Rights which have redefined Canada's local and national politics.[68]

If functional interdependencies develop across borders, there should be relations of cooperation. Cooperation and harmony differ, according to Keohane, because harmony presupposes "a situation in which actors' policies automatically facilitate the attainment of others' goals." In contrast, cooperation "requires that the actions of separate individuals or organizations be brought into conformity with one another."[69] The literature on urban politics offers further insights into the strategies of cooperation and the complex mechanisms of policymaking that local and regional government actors develop across metropolitan regions. Stone, for instance, defines the "urban regime" as socially embedded interactions of public and private actors which serve as key determinants of policymaking. The urban-regime model points to a peculiar mechanism of social interaction, the network.[70] The core issue for a regime, or network, is cooperation. Cooperation is also the issue of reference of cross-border governance mechanisms.[71] One of the most common characteristics of these various approaches of urban politics is the ability of local actors not only to redistribute government subsidies but also to co-produce policies. It is cooperation that leads to the co-production, design, and implementation of policies. Co-production, however, radically modifies the relations of power that local actors have with each other and with other levels of government. Stone foresaw such changes, arguing: "What is at issue is not so much domination and subordination as a capacity to act and accomplish goals. The power struggle concerns not control and resistance, but gaining and fusing a capacity to act – power to, not power over."[72] It is the central role of trust, and the practicalities of day-to-day government based on trust, that is at stake here. Regimes emerge when trust links a limited number of actors.[73] Local actors have learned that they cannot rely upon all actors. For instance, local officials know that they have to be less dependent on state transfers of revenue because they are not reliable,[74] or because the interests of self-serving central government bureaucrats may also come up against their own strategies.[75] Therefore, the observation of local actors developing strategies of cooperation, and thus of co-production of policies across borders, should lead to finding complex political mechanisms that go beyond pluralist competition and the traditional mechanisms of redistribution of spoils.[76]

A. In Canadian-American Cases

Windsor and Niagara do not see many local cross-border partnerships. Few partnerships have developed out of local initiatives, and they do not take place in the economic development policy domain. On first impression, the borderland is an open ground for competing media, particularly radio and television. As well, a segment of the population shops or works across the border; Canadian nurses cross daily to work in U.S. hospitals, while American tourists enjoy Canadian liberal policies regarding games, the drinking age, and nightclubs. Before 9/11, the universities of Windsor and Wayne State in Detroit had agreed to grant state/provincial status to each other's students, but the 2001 Canadian- American Smart Border Agreement has made such exchanges more difficult. The Smart Border Agreement is also responsible for the very ambitious reorganization of border security; today, 34 law enforcement agencies work together daily to enhance border security as they take part in the binational Integrated Border Enforcement Team that covers the Detroit-Windsor-Sarnia region.[77] However, the current $300 million federal/provincial proposal to improve Canadian border infrastructures is opposed by the Windsor city council at the demand of local residents.

Local cross-border partnerships are the result of local needs and rely on the vitality of their initiators, hence the CUSBA initiative or the "Border Kids" awareness program in Windsor are among a limited number of initiatives. The oldest of all cross-border institutions is the International Joint Commission (IJC), which was established at the turn of the 20th century and still monitors water quality in the Great Lakes region. While its activities have never spilled over from the original environmental mandate,[78] a large number of local, regional, provincial, and state governments and public and private organizations today work together under the umbrella of the federally constituted commission to monitor and implement policies focusing on the water quality of the Great Lakes, particularly Lake St. Clair and the St. Clair River. Over 30 different organizations sit on IJC committees and negotiate and recommend action plans which are then implemented by the lakeshore communities dealing with a specific area of concern.[79]

In 1955 the Great Lakes Commission was launched by a joint initiative of the U.S. states shoring the Great Lakes: Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin. In 1999, Ontario and Quebec became associate members. With about 30 staff and a $3 million budget, this commission focuses its activities on information sharing, advocacy, policy research on the environment, resources, transportation, and development of the Great Lakes region. In 2002, Ontario premier, Ernie Eves, and Michigan governor, John Engler, signed an agreement to set up a commission that would allow for more permanent exchanges of ideas to strengthen their economies with regard to exports, investments, and jobs.

Since 1998 the Trade Corridor Partnership, a public-private non-profit organization, has been organizing conferences on issues of trade, transportation, and infrastructure. This venue has successfully involved all levels of government and the private sector. It originally met in Sarnia, Niagara, and Windsor; since its meeting in Flint, Michigan in 2000, it has attracted high-profile elected officials and business leaders. Its goal is to make annual recommendations for the improvement of transportation corridors in the Great Lakes region (Trade Corridor, 2002). Finally, in June, 2001, the Canadian Halton and Niagara regions and municipalities and their U.S. counterparts of Niagara, Erie, and Monroe counties set up the Niagara Bi-National Regional Economic Roundtable, co-chaired by two prominent business leaders (Niagara Region, 2002). The Niagara trade corridor encompasses 26 percent of all Canadian trade to the U.S., and the ambition to develop a "vision" for this border region is the origin of this initiative, too recent to be properly evaluated. Despite clear and vocal local involvement, the project has only a $50,000 annual budget.[80]

None of these programs has an institutional structure. Their existence relies on goodwill and active local citizenry. The cost of such partnerships is negligible because it relies on voluntary efforts. Therefore, the assumption that regional economic integration spills over to politics and other policy domains does not appear to be valid in Detroit.

On the contrary, in the Detroit-Windsor region, local communities compete to attract, recruit, and retain businesses. They have implemented economic policies and built coalitions at the county level to diversify their economic base and to secure tax revenues and employment. Some communities are guided by effective pro-growth coalitions that have implemented very aggressive economic development policies. None of these economic-development partnerships goes so far as to involve other communities across the border. Economic integration and the free market seem to pressure local coalitions to implement increasingly competitive policies and to develop very aggressive strategies.[81] Too few strategies are truly cooperative. Instead, local and regional governments appear to believe that they need to compete with each other to diversify and develop their economic base and protect their tax base in order to gain greater political and economic autonomy and become less dependent on central-state funding

The Niagara region is fragmented more than the Windsor region.[82] Despite a regional-municipal organization, regional economic actors do not implement coordinated economic development strategies. The regional-municipal structure groups 12 local municipalities within the region. Together, these municipalities operate 17 separate economic development organizations which have 43 staff and a Cdn $10 million budget in total.[83] The regional government, the cost of running 17 organizations, and the overlap existing between regional and local economic development organizations should lead to greater coordination and centralization. However, the Niagara Regional Development Council and the Regional Niagara Tourist Council, two regional-level organizations, are not able to coordinate the works of the other 15 local organizations. On the surface, there are a few attempts to market the whole region, one of which is the Niagara bi-national regional initiative. However, local parochialism against the region, local political careers posturing the promotion of economic development, and the activism of economic development officers and their ability to win over large provincial and/or federal projects sustain structural fragmentation in the region.[84] In this context, it is not surprising that none of the local or regional municipalities has maintained long-term, policy-oriented contacts with their New York counterparts. Today, officials on both sides of the border know that they should market the Niagara region as a whole, but there are still too few concrete examples of cooperation, for instance, in the tourism sector, the chief industry of the cross-border region.[85]

Differing value systems on each side of the border substantiate the argument that the competitive-city paradigm explains best the

Detroit-Windsor-Niagara borders. The fact that local governments compete with each other limits their cooperative capacities. These findings confirm Ohmae's assertion that economic regions emerge from culturally homogeneous free trade areas only; free trade alone is not enough. The following section now compares these findings to the European case studies.

B. In EU Cases

The European case studies uncovered very different pictures. The Enschede-Euregio partnership was launched in 1958 because local elected officials believed that cooperation across borders between local municipalities and districts would benefit all. Three associations, the German "Kommunalgemeinshaft Rhein-Ems" and the Dutch "Regio Twente" and "Regio Achterhoek," were the foundations of this partnership. At the time of its creation, these regions were rebuilding their textile industries, benefitting from post-war economic initiatives. However, in the late 1960s a European-wide textile crisis hit the cross-border regions, leading to a dramatic rise in unemployment in several cities where levels rose as high as 30 percent.[86] In 1972 about 100 municipalities and local districts formed the Euregio and designated a cross-border ambassador. The ambassador's first task was to implement a socio-cultural program. In 1979 Prince Klauss of the Netherlands suggested the establishment of a cross-border parliament. The three original associations formed the Euregio-Council and grouped the municipalities and districts of each country. They also associated with the Euregio-Forum, the German city-states of Munster and Osnabruck and the districts of Osnabruck and Warendorf. The Euregio-Council and the Euregio-Forum formed the first cross-border parliament in Europe; its 80 members were elected representatives from local city councils and districts.

During the 1980s the Euregio sought to expand its socio-cultural policies to include socio-economic ones. Tensions between local-level objectives and central-state priorities led the Euregio to lobby the European Commission to create a special policy targeting poorer border regions. Progressively, the Euregio became a strong cross-border international organization which now sets the agenda and implements the policies of its international parliament. Its president and committee chairs rely on a multinational secretariat of more than 30. The Netherlands agreed to support cross-border partnerships with Germany in 1963 and with Belgium and Luxembourg in 1989. Today, 149 municipalities, districts (Kreis), and other local representative organizations (chambers of commerce, labor and business unions, and political parties) form the memberships of the three regional associations and of the cross-border Euregio-Council. The history of the Euregio's institutional development is remarkable because it is derived from a bottom-up process. Language was not an issue because people speak both languages on either side of the border. The Euregio emerged from a network of municipalities that had the political will to cooperate. It is also important to note that the Euregio was strong prior to the 1989 launch of Interreg, the European Commission cross-border policies.

The Regional Council of Nord-Pas de Calais launched its first international relations and cross-border policies in 1981. Its goals were to enhance the political strength of the new regional institutions, to promote the region and its corporations, and to provide a response to the Channel-Tunnel project.[87] When the regional president, Pierre Mauroy, became prime minister in 1981, Noel Joseph succeeded him. It was under the Joseph presidency that the regional government initiated a wide variety of international relationships. At the time its administration was the most active in France.[88] It developed cross-border links with Wallonia and Flanders, its Belgian border neighbors, and with Kent (UK). It promoted a cross-border program called *Programme d'Action et de Coopération Transfrontalière Européen* (PACTE). Local Walloon and French officials worked toward the creation and development of projects of common interest, engaging local public organizations from Wallonia and France.[89] Joseph and his friend, Tony Hart, also led cross-border relations with Kent in the U.K. to create the Euroregion-Transmanche (ET).[90] Since June 21, 1991, the Belgian regions of Wallonia, Flanders, and Brussels-Capital have joined Kent and Nord-Pas de Calais to partner within the Euroregion. ET has an executive body in the form of a council, a president or chair, and a permanent secretariat. The presidency rotates yearly to the president or leader of each region or county. The bureaucracy of the chair fulfills the function of a permanent-secretariat. The Euroregion funds, however, are limited because the French central state opposed the creation of a permanent organization with its own budget and its own funds for autonomous projects.

In Europe, the role of the EU and the leadership of local elected officials are key to understanding cross-border relations. Language differences do not hinder the development of cross-border partnerships, networks, and institutions either in the Euregio or in the Euroregion. Local leaders such as Noel Joseph in Lille or Prince Klauss in the Netherlands have engaged their communities in cross-border partnerships. Economic integration leads to competition, but European regulations and policies foster greater incentives to cooperate and co-produce policies rather than to compete. In the end, functional interdependencies result from the combined activities of all levels of government.

VI. CONCLUSION

At the local level, intergovernmental relations and patterns of interaction across borders reveal two opposite mechanisms in North America and in Europe. In the metropolitan region of Detroit, the International Joint Commission (IJC) forms a unique example of "Type Two" multi-level governance which links specialized environmental agencies involved in the design and implementation of policies dealing with the water pollution and the environmental qualities of the Great Lakes. However, the treaty establishing the IJC is highly specialized and one of a kind. It never spilled over. Local actors primarily compete.

In both European cases, cross-border relations have led local government officials to set up institutions of cooperation that span the border. A large number of programs involve all levels of governments in Belgium, France, Germany, and the Netherlands, pointing to networks of actors that include "Type One" and "Type Two" multi-level governances. Governments with general purpose and specialized jurisdictions cooperate by bridging the borders with their many projects. Local governments on both borders capitalize on over 800 cross-border projects and over 300 million Euros in investments, enhancing their power and capacity to initiate and implement projects according to their communities' needs.

In Detroit, Windsor, and Niagara, however, regional economic integration and intra-regional competition do not lead to any form of co-production of policies spanning the border, and there are no cross-border institutions. The metropolitan area of Detroit and Niagara could form examples of what Kenichi Ohmae calls "zones of inclusion," systems of functional interdependency that develop as a result of cultural and economic coherence across an international border. However, they do not.

Detroit, Windsor, and Niagara, and their peripheries, share the geography of the Great Lakes. They have a history, a language, and the automobile industry in common. The Detroit metropolitan area has always straddled the Canadian and American economies. Windsor's functional interdependency goes back over 200 years, and its economic integration and interdependency are striking. However, regional strategies on the Detroit side of the border are limited.[91] There are too few contacts between Windsor and Detroit or across the Niagara River; economic integration has been unable to overcome a history of racial prejudice which, in turn, has resulted in the political fragmentation of the region spanning the border and has limited cross-border cooperation. The key here is the lack of shared values. Racial tolerance and multiculturalism remain a contemporary Canadian societal trait that cannot bridge a polarized region where relations of trust are replaced by competition. That is why the *functionalist competitive city paradigm* best explains those mostly competitive relations spanning the Detroit-Windsor-Niagara border.

Lille, Enschede, and Gronau do not have the economic interdependency characteristic of Windsor, Detroit, and Niagara. In Europe, despite a background of economic competition, cross-border relations developed into political and institutional relations. They eventually blossomed when the European Commission's Interreg policies were implemented. Territorial competition is less than in the NAFTA regions because trade flows are less, because border regions are not economically integrated, and because European policy frameworks regulate territorial competition. Numerous programs involve all levels of government in Belgium, France, Germany, and the Netherlands which encompass horizontal and vertical networks of actors, with comprehensive or specialized jurisdictions, who participate in the conception and implementation of varied types of policies across both borders and who have overcome ethnic and linguistic differences and diverse values. In effect, they form a system of multi-level governance that spans the borders vertically and horizontally. Furthermore, the Enschede-Gronau Euregio-Council and the Lille Euroregion-Forum form international cross-border institutions that mediate local differences. Thus, *multi-level governance* explains best how local and regional governments interact and develop linkages and relations of trust across the international borders of Belgium, France, Germany and the Netherlands. Furthermore, the intermeshing of all levels of government enhances the power of local governments because, as networks and mechanisms of governance expand across borders, they can access greater resources and there are greater opportunities for cooperation that benefit all local partner governments.

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ACRONYMS

AOC:	Detroit River Area Of Concern
BENELUX:	Belgium-Netherlands-Luxembourg (Trade Agreement)
CUSBA:	Canada-United State Business Association
EUREGIO:	European Region spanning the Dutch German border at Enschede and Gronau.
EUROREGION:	European Region spanning the French Belgian border at Lille.
EU:	European Union
EC:	European Communities
ERDF:	European Regional Development Fund
FTA:	Canada-U.S. Free Trade Agreement
GATT:	General Agreement of Trade and Tariffs
GDP:	Growth Domestic Product
GNP:	Growth National Product
IJC:	International Joint Commission
INTERREG:	Inter-Region program
NAFTA:	North American Free Trade Agreement
NPC:	Nord-Pas de Calais
PACTE:	Programme d'Action et de Coopération Transfrontalière Européen
RAP:	Detroit River Remedial Action Plan
ROC:	rest of Canada
ROW:	rest of the World
SEMCOG:	Southeast Michigan Council of Governments

NOTES

[1] This essay benefited from comments from Michael Keating, Andrew Sancton, John McDougal, Robert Young, Susan Clarke, Markus Perkmann and the very insightful views of three anonymous referees. The patience and support of Robert Babcock, editor of Canadian American Public Policy, is also acknowledged here. All mistakes remain mine.

[2] In an effort to classify the international activities of non-central government, Duchacek offers a taxonomy of international relations played by non-central governments. First, "global paradiplomacy" describes the case of a region that creates and maintains a worldwide network of offices. Second, these relations may be "trans-institutionalized" when limited contacts occur between two regions. The last category is "cross-border regionalism." It is the "interaction between peripheral local and provincial, state, cantonal, or Lander governments." This last definition is the starting point of the present study. See I. Duchacek, G. Stevenson, & D. Latouche (Eds.) (1988), *Perforated Sovereignties and International Relations: Trans-sovereign Contacts of Subnational Governments*. New York: Greenwood Press, 12-13.

[3] Border regions are regions spanning an international border because of a shared economic activity, culture, and/or local institution.

[4] Ohmae contends that "region-states" are, for instance: Northern Italy; Wales; San Diego-Tijuana, Silicon Valley-Bay Area, California; Osaka and Kansai region; the Malaysian Island of Penang. In Kenishi Ohmae (1990), *The Borderless World*. New York: Harper Business, 79-110.

[5] Martin Lubin (1988), New England, New York and their Francophone Neighborhood, and Antoine Bailly (1998), A Geopolitical Study of the Regio Genevenis, 174, both in Duchacek *et al.* (Eds.), *Perforated Sovereignties and International Relations.*

[6] In Duchacek *et al.*, see Denis Maillat, Transfrontier Regionalism: The Jura Arc from Basle to Geneva, 200.

[7] Gerard Rutan (1988), Micro-diplomatic Relations in the Pacific Northwest: Washington State - British Columbia Interactions, in

Duchacek *et al.* See also Gerard Rutan (1985), British Columbia - Washington State Governmental Interrelation: Some Findings upon the Failure of Structures. *American Review of Canadian Studies, 15*(1), 97-110.

[8] Commission of the European Communities (1991), General Directorate XVI, *Portfolio: Cross-border Co-operation*; and (1993) *The Future of the Community Initiatives under the Structural Funds*, COM (93), 282, final.

[9] The International Joint Commission pools together numerous partners from both Canada and the United States: federal, provincial, state, and municipal governments and agencies, as well as private-sector organizations, interest groups, and conservation authorities to work out all disputes over the usage of the Great Lakes (Environment Canada, 1993).

[10] Etain Tannam (1995), European Regional Policy and the Irish/ Northern Irish Cross-border Administrative Relationship, in *Regional Policy and Politics* (Spring); and *Cross-border Co-operation in the Republic of Ireland and Northern Ireland*, New York: St. Martin's Press. See also, Liam O'Down & James Corrigan (1995), Buffer Zones or Bridge: Local Responses to Cross-Border Economic Co-operation in the Irish Border Region, *Administration, 42*, 344.

[11] Niles Hansen (1984), Regional Transboundary Co-operation Efforts in Centralist States: Conflicts and Responses in France and Mexico, *Publius, XIV*, 137-152.

[12] This is the main argument of Duchacek *et al.* (Eds.), *Perforated Sovereignties and International Relations.*

[13] David Mitrany (1975), *The Functional Theory of Politics*. London: Martin Robertson, xxi.

[14] Kenishi Ohmae (1990), *The Borderless World*. New York: Harper Business.

[15] Paul Peterson (1981), *City Limits*. Chicago: University of Chicago Press.

[16] J. Cooper (1989), Functionalism's Working Peace System. In Matthews et al. (Eds.), *International Conflict and Conflict Management*. Prentice Hall, 547.

[17] Ernst Haas (1964), *Beyond the Nation State*. Stanford: Stanford University Press, 9-11.

[18] Ernst Haas (1958), *The Uniting of Europe*. Stanford: Stanford University Press.

[19] Ernst Haas (1958), 35

[20] Ernest Haas (1964), 48 and 111.

[21] Gary Marks (1993), Structural Policy and Multilevel Governance. In Alan Cafruny & Glenda Rosenthal (Eds.), *The State of the European Union*. Harlow, UK: Longman. See also Gary Marks (1996), *Governance in the European Union*. London and Newbury Park: Sage.

[22] Eriksen, E.O. (2001), *Governance or Democracy? The White Paper on European Governance* (Olso: Arena); Hooghe, Liesbet, & Marks Gary (2003), Unravelling the Central State, But How? Types of Multi-level Governance, *American Political Science Review*, 2.

[23] Karen Mossemberg & Gerry Stoker, *The Evolution of Urban Regime Theory: The Challenge of Conceptualization*, prepared for presentation at the 30th Annual Meeting of the Urban Affairs Association, Los Angeles, May 3-6, 2000.

[24] See the neo-functionalist literature and the recent works of Haas, Ernst, Keohane, Robert and Levy (1993) *Institutions for the Earth*. MIT Press. Keohane, Robert and Ostrom, Elinor (1995). *Local Commons and Global Interdependence*. London: Sage Publication. And particularly: Kelemen, Daniel, R. (2004). *The Rules of Federalism, Institutions and Regulatory Politics in the EU and Beyond*. Cambridge: Harvard University Press.

[25] Canada. Department of Foreign Affairs and International Trade (2000), NAFTA: *The World's Most Productive Trading Alliance*, April 4. See also Team Canada, Department of Foreign Affairs and International Trade (1998), *Opening the Doors to the World – Canada's International Market Access Priorities 1998*, and Canada. Department of

Foreign Affairs and International Trade (2002), *NAFTA: The World's Most Productive Trading Alliance*, April 6, 2002 <http://www.dfait-maeci.gc.ca/tna-nac/CIMAP02_e.pdf>

[26] The data presented in this study relies exclusively on trade in goods as an indicator of trade as data on trade in service remains unreliable. BC Ministry of Finance and Corporate Relations, Data Services, *Business Indicators-March 1999*: <http://bcstats.gov.bc.ca>

[27] Free of tariffs but for dairy and poultry for Canada and sugar, peanuts, and cotton for the U.S.

[28] Keeley, James F. (1983) "Cast in Concrete for all times? The negotiation of the Auto-Pact. *Canadian Journal of Political Science*, XVI (2), 281-298.

[29] For every car sold in Canada, one would go to the U.S. In addition, 60 percent of car parts had to come from Canada, thus providing a protection for Canadian manufacturers of auto parts. This is no longer the case.

[30] Jeffrey A. Frankel (2000), *Globalisation and the Economy*, NBER paper series 7858, Kennedy School of Government; and Joseph Nye (Ed.), *Governance in a Globalizing World*, Brookings Institution Press. Frankel suggests benchmarking economic integration by comparing a measure of ideal intra-EU exports of goods and services with the real value of intra-EU exports of goods and services. It results in a ratio that is close to "0" when the economy of a country is highly integrated in the EU. (The Benelux countries rank #1 with 1.8, Ireland is #2 with 2, the Netherlands #3 with 2.5, France is #14 with 5.7, and the UK is #15 with 5.8.)

[31] Prem Gandhi (1991), St. Laurence Borderlands: The FTA and Canadian Investment in New York and Vermont, in Robert Lecker (Ed.), *Borderlands: Essays on Canadian American Relations*. Toronto: ECW Press, 195.

[32] OECD (2000, May), *Monthly Statistics of International Trade*, 94-95.

[33] Jérome Toulemonde (1998), Répartition par Zones et Pays, Les Echanges de La Région Nord Pas-de-Calais avec les Pays de l'Union Européenne — Commerce Extérieur de la Région Nord Pas de Calais

– 1997. Lille, France: Chambre de Commerce et d'Industrie de Lille-Roubaix-Tourcoing, 32.

[34] France has seven levels of government: the smallest is the Commune, then the Communaute de Villes, the Communautes de Communes, the Districts, the Pays, the Départments, and the Régions. The Départements are creations of Napoleon Bonaparte. The Nord-Pas de Calais Région has two Départements: the Département du Nord, which surrounds Lille and follows the Belgium border, and the Department du Pas-de-Calais, which is southwest of Lille and the Departement du Nord.

[35] Die Landesregierung Niedersachsen, Ministerium Fur Wirtschaft und Arbeit (accessed April 2000) http://www.mw.niedersachsen.de/master/C713_L20_D0.html

[36] Die Landesregierung Nordrhien Westfalen, Ministerium Fur Wirtschaft und Arbeit (accessed April 2000) http://www.mwa.nrw.de/home/home.html

[37] E. Brunet-Jailly (1999), *Cross-Border Relations in Lille (France) and Detroit (USA)*, Ph.D. Dissertation, University of Western Ontario, London, Ontario, Canada, 209-215.

[38] E. Brunet-Jailly (2000), *Cross-Border Relations in the Detroit-Windsor Regions*, in Laura Reese (Ed.), Symposium on Border Crossing, *International Journal of Economic Development*, 2(3), 379-401.

[39] David W. Conklin (1997), NAFTA: Regional Impacts, in Michael Keating & John Loughin (Eds.), *The Political Economy of Regionalism*. Portland, OR: Frank Cass, 198 and 211-214.

[40] Conrad Weiler (1994), Foreign-Trade Agreements: A New Federal Partner? *Publius, XXIV*, 113-133.

[41] *Ibid.*, 113.

[42] Daniel Dupras (1993), NAFTA: Implementation and the Participation of the Provinces, *Background Paper*, BP 324E, Research Branch, Library of Parliament, 6.

[43] *Ibid.*, 7.

[44] Scott Sinclair, Provincial Powers, in Cameron & Watkins (Eds.), *Canada Under Free Trade.*

[45] *Ibid.* See also Weiler, Foreign-Trade Agreements: A New Federal Partner? 130.

[46] See North American Free Trade Agreement, Chapter 11. Web Site:http://www-tech.mit.edu/Bulletins/Nafta/11.invest Hufbauer, Gary, Schott, Jeffry, & Wong, Yee (2003), Nafta Dispute Settlement Systems, Institute for International Economics, at URL: www.iie.com/publications/papers/nafta-dispute.pdf (accessed January 4, 2004); Trakman, Leon (1997), Dispute Settlement Under the NAFTA: Manual and Sourcebook. New York: Transitional Publishers Inc., at pages 41-53.

[47] Heather Scoffield, Another U.S. Firm Sues Ottawa under NAFTA, *The Globe and Mail*, February 16, 1999, B1 and B6.

[48] See Canadian Press, Study Predicts Onslaught of NAFTA Cases, *The London Free Press*, June 23, 1999, D3. In November 1999, Sun Belt Water Inc. of Southern California did file suit against the Canadian government for US$10.5 billion. See NAFTA Lawsuit Threatens Canadian Water, *The Democrat*, November 1999.

[9] Ontario, Government. (2002c). Retrieved 05, 2002 from http:www.premier.gov.on.ca/English/news/Michigan061402.htm; and, British Columbia, Government. (2002a). Retrieved June 2002 from http://www.gov.bc.ca/prem/down/new era review 5.pdf?5401.

[50] European Parliament (1991), *Research and Documentation Papers: Competition Policy and the Regions*. European Parliament: Directorate General for Research (October), 3.

[51] See the following sources: European Parliament (1991), *Research and Documentation Papers, Competition Policy and the Regions;* David Allen (1996), Competition Policy: Policing the Single Market, in Hellen Wallace & William Wallace (Eds.), *Policy-Making in the European Union*. Oxford: Oxford University Press; European Commission (1996), *First Report on Economic and Social Cohesion 1996*. Brussels: European Commission, particularly Chapter 4; Commission Européenne (1995), *La Politique de Concurrence*. Direction Générale IV

– Concurrence; and European Communities (1992), *Third Survey on State Aids in the European Community in the Manufacturing and Certain Other Sectors*. Directorate-General for Competition.

[52] European Parliament, *Competition Policy and the Regions*, 3.

[53] See European Commission (July 2002), *Budget* (accessed July 2002) http://europa.eu.int/comm/budget/pubfin/data/rubrtot_en.pdf, and European Court of Auditors, <www.eca.eu.int/english/pres/presch5.html>

[54] The Community Initiatives expanded to 13.45 billion Euros for the 1994-99 period. They were "concentrated" to 10.44 billion Euros, or 5.3% of the EU budget, for the 2000-06 period. See <http://europa.eu.int/comm/budget/pubfin/data/x_en19.pdf> (accessed June 2004) and http://inforegio.cec.eu.int/wbpro/PRORD/prordc/prdc4_en.htm (accessed May 2000).

[55] Since then, in June 1994, the Commission launched the Community Initiatives for 1994-99; today, the Commission concentrates the initiatives for 2000-06 on four policies: Interreg 3, Urban, Leader, and Equal.

[56] See http://www.inforegio.cec.eu.int/erdf/po/prog_2311.htm.

[57] Commission des Communautés Européennes, Fonds Européen de Développement régional Nord Pas-de-Calais/Wallonie, Programme Operationnel Initiative Communautaire Interreg 1991-1993, Direction Générale des Politiques Regionales, (1994), 41. Funding for Interreg 2 expanded to 148 million Euros.

[58] Overall figures of the program results are not yet available for each regions. See: http://europa.eu.int/comm/regional_policy/interreg3/index_en.htm

[59] Francois Fontaine et Jan R. Vankiesbelk, *Diagnostic Interreg Wallonie*, Typescript (Lille, France: Prefecture de la Région Nord Pas-de-Calais, Secretariat au Affaires Régionales, 1994); *Diagnostic Interreg Flandres*, Typescript (Lille, France: Prefecture de la Région Nord Pas-de-Calais, Secretariat au Affaires Régionales, 1994), 1-12; and *Diagnostic Interreg Kent*, Typescript (Lille, France: Prefecture de la Région Nord Pas-de-Calais, Secretariat au Affaires Régionales, 1994), 1-12; (Forecasted) Realized % —

On the Wallonia/NPC border: Economic development projects accounted for (31)22 percent, while tourism projects received (27)40 percent. Technological development and research projects secured (18)15 percent, training projects (9)9 percent, social policy projects (5)4 percent, publicity (4)3 percent, and urban projects (2)1 percent. Moreover, funding support for the teams amounted to (4)5 percent.

On the Flanders/NPC border: Economic development projects accounted for (17)8 percent, while tourism projects received (41)32 percent. Environmental projects received (21)50 percent, transportation projects (5)1 percent, social educational policy projects (2)3 percent, and Local Initiatives (11)3 percent. Moreover, funding support for the teams amounted to (3)2 percent.

On the Kent/NPC border: Economic development projects accounted for (17)3 percent, while tourism projects received (25)29 percent. Training and educational projects obtained (21)13 percent, transport policy projects (10.5)1.5 percent, and environment projects (25)51 percent. Moreover, funding support for the teams amounted to (1.5)2 percent.

[60] See for instance http://www.euregio.nl/euregio/frameset/frameset_tourism.php?lc=nl (accessed November 1999).

[61] For a detailed presentation of all programs and the overall evaluation of all projects, see the *Ex-Post Evaluation of the Interreg II Community Initiative* available at http://europa.eu.int/comm/regional_policy/sources/docgener/evaluation/inter2a/summary_en.pdf, the complete evalution is also on that web page (accessed July 2004).

[62] The Urban Community of Lille groups 84 "communes." The Urban Community legal frame allows them to share a number of public services, such as garbage collection, disposal and recycling, and a community-wide public transportation network of buses, tramways, and subways.

[63] Called "Commune Community of Lille."

[64] Andrew Church & Peter Reid (1997), *Accountability, Urban Governance and International Co-operation, European Urban Research Association (EURA).* Paper presented at the International Seminar on "Governing Cities: International Perspectives," Eurovillage, Brussels, 18-19 September.

[65] K. Ohmae (1990), *The Borderless World*, New York: Harper Business, 79-110.

[66] See Darden *et al.* (1987), *Detroit—Race and Uneven Development*, Temple University Press, 8-9. The author underlines, for instance, that Dearborn "erected virtually airtight walls against blacks," 8.

[67] N. Kelley & M. Trebilcock (1998), *The Making of the Mosaic, A History of Canadian Immigration Policy*. Toronto: University of Toronto Press, 451.

[68] See, for instance, the results of the 2001 Canadian census survey; Andrew Parkin (2003), *A Changing People: Being Canadian in a New Century*, The Center for Research and Information on Canada, April 2003, pp. 5-6; Matthem Mendelsohn (2003), Birth of a New Ethnicity, *Globe and Mail*, June 09, 2003, accessed October 2003 from http://www.theglobeandmail.com/servlet/ArticleNews/TPPrint/LAC/20030609/. Matthew Mendelsohn (2003), Listen Up Canada, *Globe and Mail*, July 07, 2003, accessed October 2003 from http://www.theglobeandmail.com/servlet/ArticleNews/TPPrint/LAC/20030702/.

[69] R. Keohane (1984), *After Hegemony: Co-operation and Discord in the World Political Economy*. Princeton: Princeton University Press, 51.

[70] G. Stoker (1995), Regime Theory and Urban Politics, in David Judge, Gerry Stoker, & Harold Wolman (eds.), *Theories of Urban Politics*. London: Sage Publications, 59.

[71] Guy Saez, Jean Philippe Leresche, & Michel Bassand (1997), *Governance Metropolitaine et Transfrontaliere*. Paris: L'Harmattan. In Chapter 1, Asher suggests that co-operation within a large metropolitan area answers the need of communities that have administrative or territorial boundaries that do not necessarily match with their shared interests (p. 47).

[72] C. Stone (1989), *Regime Politics: Governing Atlanta 1946-1988*. Lawrence: University Press of Kansas, 229.

[73] P. John & A. Cole (1998), Urban Regimes and Local Governance in Britain and France, *Urban Affair Review*, 33(3), 382-404.

[74] E. H. Fry (1998), Trans-Sovereign Relations of the American States, in I. Duchacek *et al.* (Eds.), *Perforated Sovereignties and International Relations*, 57.

[75] T. Gurr & D. King (1987), *The State and the City*. Chicago: University of Chicago Press.

[76] Such as found in Robert A. Dahl (1961), *Who Governs?* New Haven, CT: Yale University Press, 221-324.

[77] Emmanuel Brunet-Jailly (2004) Nafta, Economic Integration and the Canadian American Security Regime in post-September 11, 2001 era: Multi-level governance and transparent border? *Journal of Borderland Studies*, forthcoming 2005.

[78] Spencer, Kirton, & Nossal, 1981.

[79] SEMCOG 1996, 287-292; Environment Canada 1998. For instance, the Detroit River RAP, after eight years of negotiations, has implemented 104 actions. An area of concern (AOC) is an environmental site that has been designated as polluted.

[80] Niagara Region (2002): Mr. Robert Rich, president of Rich Products Corporation, and Mr. John Mayberry, president and CEO of Dofasco Inc., announced the creation of the Niagara Bi-National Region Economic Roundtable at the New York-Ontario Economic Summit on June 26, 2001. Both Mayberry and Rich have agreed to serve as co-chairs of this unique public-private trade corridor alliance. Also, see Trade Corridor, (accessed 2002) <http://tradecorridors.com/>, and Niagara Region, (accessed May 2002) <http://www.regional.niagara.on.ca>.

[81] E. Brunet-Jailly (2000), Globalization, Integration, and Cross-Border Relations in the Metropolitan Area of Detroit (USA) and Windsor (Canada), *International Journal of Economic Development, 10*(3).

[82] See Harry Kitchen (1989), *Final Report and Recommendations*, Niagara Region Review Commission; and Torben Drewes (1988), *Economic Development in the Niagara Region*, Niagara Region Review Commission.

[83] See Robert Burns (1995), *Economic Development Structural Fragmentation in Niagara Region*, MPA Research Report, 2-3.

[84] *Ibid.*

[85] For instance, there are too few contacts between the Erie and Niagara counties and their Canadian counterparts. The recommendation of an Erie Niagara counties joint commission does not include any Canadian partners in January 2003. See, for instance, <http://www.erie.gov/enrp/news_ENRPEDWGRecpr12502.asp> Accessed August 2004. Similarly, the city of Niagara, Canada, does not mention any U.S. partners in its 2004 annual economic development report. See for instance <http://www.city.niagarafalls.on.ca/economicoutreach/qsummary.html> Accessed August 2004.

[86] Rob Meijer (1999), A Borderline Case, in *No Frontiers - North South Integration in Ireland*, Democratic Dialogue, Belfast, Northern Ireland, UK, Chapter V.

[87] With the Decentralization Act of March 2, 1982, the region became a local government. The region has its deliberative body, the regional council, and its executive and its own bureaucracy. Overall, the framework law was followed by 42 laws and about 300 decrees, passed from 1982 to 1986. See Vivien Schmidt (1990), *Democratizing France, The Political and Administrative History of Decentralization*. Cambridge: Cambridge University Press.

[88] See Bernard Dolez, Yves Luchaire, & Alain Vantroys (Eds.) (1992), *Les Relations Exterieures des Régions Françaises*. Paris, France: La Documentation Française, Ministere de L'Interieur, 343-347. Dolez *et al.* explain that between 1981 and 1991, the Nord-Pas de Calais region signed 14 conventions with international actors. The Ile de France region, with 13 conventions, came second.

[89] On May 30, 1989, PACTE, a transnational agreement, engaged the central authorities of France, Belgium, Nord-Pas de Calais, and Wallonia with the ambition to foster cross-border co-operation. The French central state recognized the existence and importance of PACTE. In 1990, the European Commission, within the framework of the ERDF, financed nine of these projects — Declaration Commune pour un Programme d'Action et de Coopération Transfrontalière Européen (PACTE). PACTE launched nine initial projects: (1) to foster exports and joint ventures among private-sector firms; (2) to evaluate the technological advancement of private-sector firms; (3) to

fund three cross-border research centers specializing in ceramics, (4) in mechanical and computer sciences, and (5) in wood materials; (6) to fund a small-business incubator; (7) to fund a study on isolated regions; (8) to fund a film on the cross-border area; and (9) to modernize the forestry machinery of the cross-border area.

[90] Remi Pauvros, Nord Pas-de-Calais International – Les Relations Internationales du Conseil Regional Nord-Pas de Calais. *Magazine International* (Special Issue).

[91] See the work of SEMCOG: A regional planning agency, SEMCOG, the Southeast Michigan Council of Governments, is the regional planner in Southeast Michigan. Its work focuses on cross-jurisdictional boundaries for the counties of Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne counties. This agency supports local government planning in the areas of transportation, environment, community and economic development, and education, but it is a weak organization that at most is able to coordinate some of the works.