

## *Abstracts*

CALZONETTI, F. J.: "Canada-U.S. Electricity Trade and the Free Trade Agreement: Perspectives from Appalachia": Before the signing of the Canada-U.S. Free Trade Agreement (FTA) there was much discussion in the United States about its potential effects on markets for Appalachian coal. Almost all coal is used to generate electricity, and the prospect of the eastern United States having easier access to inexpensive Canadian power was viewed dimly by Appalachian coal interests. Although the agreement itself has reduced some of the concerns about Canadian electricity imports and has opened the door for increased trade, the FTA is not likely to result in major changes in the electricity trade because of the limitations of (1) the existing grid, (2) access to transmission, and (3) utility operating policy.

WARE, B. L., and J. C. COX: "A Tale of Two Cities: The Canada-U.S. Free Trade Agreement and Commodity Trans-shipments through Buffalo and Detroit": This article investigates the short-run (non-investment-related) trade impacts of the Canada-U.S. Free Trade Agreement (FTA) on the two principal gateways of Canada-U.S. trade, Buffalo and Detroit. Commodity-specific analyses of tariffs and non-tariff barriers and price and income elasticities of demand in both nations indicate U.S. exports will rise by roughly 9.3 percent and Canadian exports by 4.3 percent, although certain commodity groups exhibit greater change. Because two-thirds of Canada-U.S. trade flows through these cities, FTA-induced changes in national trade patterns closely resemble those at the local level.

McCONNELL, J. E., and A. D. MacPHERSON: "Canadian Establishments in Western New York: Some Preliminary Findings": This article examines the investment entry motives and regional economic impact of Canadian-owned companies that currently operate in western New York. Data from a questionnaire survey of the entire regional population of Canadian establishments are presented, and they show that the Canada-U.S. Free Trade Agreement has been a relatively insignificant factor in the recent investment decisions of Canadian companies. The data also show that recent Canadian investment in

secondary manufacturing has been more pronounced than investment in service activities. In addition, significant cross-border linkages have been developed between Canadian subsidiary operations in western New York and parent companies in Canada. The article concludes with a brief research agenda for further empirical work on cross-border direct investment.

GANDHI, P. P.: "The Free Trade Agreement and Canadian Investment in Northern New York": How free trade between Canada and the United States will affect northern New York is a question being asked with some anxiety by the various development agencies and the policy makers in the region. The close proximity of the rich Canadian market to this region has resulted in its developing a unique economic structure through a heavy inflow of Canadian money. Would free trade alter this relationship by removing some of the special reasons that may have played a part in attracting Canadian funds in the past? At the same time, would northern New York, besides losing its attraction to new funds, lose again if the Canadians decided to pack up and go home as a result of the Free Trade Agreement? This article is a three-dimensional attempt to synthesize the ideas of international trade, regional economics, and location theory by focusing exclusively on the effect of free trade in attracting Canadian direct investment to northern New York.

COLE, S.: "Indicators of Regional Integration and the Canada-U.S. Free Trade Agreement": This article reviews various approaches for constructing a set of cross-border trade indicators for localities on both sides of the Niagara Frontier. Initially, an approach based on a pragmatic application of location quotient and shift-share methods is used to develop indicators that may help trade organizations and development agencies on both sides of the border define a detailed "market targeting" system. The article then proceeds through several levels of analytic sophistication. First, it presents and discusses a method for estimating trade shares (the exponential location quotient model). Next, it explores the value of a cross-border, multiregional input-output model, and finally it has recourse to a method for estimating localization coefficients based on gravity-type considerations. It may be questioned, nevertheless, whether these more elaborate analytic methods are acceptable to private or public policy makers, whatever their academic merit. The article concludes thus with a consideration of the regional scientists' "Catch 22" and the level of precision necessary or practical with this type of analysis.

GUNDERSON, M.: "Regional Dimensions of the Impact of Free Trade on Labour": This article analyzes the regional impact of free trade on the labour market and on industrial relations. The author argues that the impact of the Canada-U.S. Free Trade Agreement will be disproportionately sustained by the smaller country. The anticipated regional impact on such factors as job gains and losses, industrial restructuring, plant locations, labour adjustment, regional development programmes, and regional inequality is examined, and the anticipated responses of labour, management, and government are analyzed.

HIGGINS, B.: "Subsidies, Regional Development, and the Canada-U.S. Free Trade Agreement": In looking at subsidies and regional development programmes in the context of trade liberalization and, more specifically, the Canada-U.S. Free Trade Agreement (FTA), the author argues that the FTA may in fact place more restrictions on trade than ever and hamper Canada's efforts to develop regions with relatively low incomes or relatively high unemployment or with unexploited potential. Faced with the U.S. position that region-specific subsidies are just cause for countervail, the author, after having analyzed subsidies and pointing out if and when they are acceptable, proposes a general negotiating strategy for Canada in upcoming trade negotiations.

MARTIN, F.: "The Impact of the Free Trade Agreement on Certain Subgroups of the Paper and Allied Products Industry in Canada": This article evaluates the impact of free trade on three subsectors of the paper and allied products industry at the Canadian national and regional levels. The short-run impact of free trade is measured at the plant level with the help of the coefficient of bilateral effective protection which identifies initial winners and losers. This is followed by measurement of the long-run impact of free trade using the entrepreneurial reactions inferred from previous reductions of tariffs. Among other things, the study shows that for these subsectors, survivability is linked to the previous ability to export. The study also shows that increasing the size of plants may not help and, finally, that the type of ownership (Canadian or foreign) does not make an important difference.

WIMPFEN, J. L.: "International Transport Activity in the Context of Contiguous Countries": The effect of contiguity on international transportation is examined through the use of a taxonomic model. The recent history of U.S.-Canadian transborder transportation has demonstrated that contentious issues often arise. Some are specific to

certain regions; others are more continental in scope. North American transportation is shown to readjust so that changes in one or the other country lead to disequilibrium in the conduct of transportation. Because the reaction of the other side is often greater than compensatory, a cycle of "leapfrogging" ensues where equilibrium in the interests of the two sides is never quite attained. This study provides insight into how ideas about transport and about borders are shaped in the context of real world conditions.

RUGMAN, A. M., A. VERBEKE, and S. LUXMORE: "Corporate Strategy and the Free Trade Agreement: Adjustment by Canadian Multinational Enterprises": A new analytical framework is developed within this article to assess the strategic response of firms to the Canada-U.S. Free Trade Agreement. The framework, which integrates internalization theory with strategic management precepts, is then used to assess the impact of trade liberalization on the relative strengths of the firm-specific factors and country-specific factors of four Canadian multinational enterprises. This analysis suggests that adjustment costs have been minimal and easily absorbed by the firms.

HARRINGTON, J. W., JR.: "North American Commercial Banking after the Free Trade Agreement": Chapter 17 of the Canada-U.S. Free Trade Agreement (FTA) calls for the free establishment of bank branches and the provision of banking services across the border so that the two countries' banks are subject to identical regulations—those of the country of operation. Meanwhile, government moves to deregulate the provision of banking services, fading distinctions among types of financial institutions, and new methods of corporate finance are causing those regulations to change. This article reviews the ways in which U.S. and Canadian banks are reacting to these changes, specifically in how they provide commercial banking services to clients across the border. The range of reactions includes the extension of correspondent relationships with banks in the other country, the establishment of branches, and the purchase of banks across the border. Actual banks' choices are inspected in relation to their size, strengths, locations, and clients' needs, as a way of testing the utility of the dominant model of foreign direct investment (Dunning's "eclectic" model).

EDGINGTON, D. W.: "Japanese Perceptions of the Canada-U.S. Free Trade Agreement": Japanese investment in Canada has increased in recent years, yet following the Free Trade Agreement (FTA) the question arises as to the future location and behaviour of Japanese multinationals in North America. An investigation of current and

future corporate strategies is based on an interview-type survey of 36 Japanese firms having manufacturing operations in the United States or Canada or both. The results suggest that so far the FTA may have had a largely neutral effect on Japanese corporate strategy—in particular, in the future Canada cannot rely on free trade alone to attract substantial amounts of Japanese overseas direct investment. This article concludes by outlining some of the key factors impinging on Japanese investment and its regional dimensions in Canada during the 1990s.

WIMPFEN, J. L., R. B. CAPELLE, JR., A. OBERHAUSER, J. E. RANDALL, and B. L. WARF: "Assessing the Early Effects of Emerging Trade Blocs: Research Agendas for North America and Europe": The two nascent trading blocs located on either side of the Atlantic are viewed as structures that have formalized an ongoing process involving, *inter alia*, the globalization of capital, expansion of markets, and standardization of products and services. This article raises and summarizes a number of issues and trends in this process. Broad speculations are made about the areas in which research will be needed during the next decade to ascertain the relationships between the trade regimes and such sectors as manufacturing, financial services, transportation, social programmes, and labour. Consideration is given to possible differences between these relationships at the continental and regional levels.