

conditions do not guarantee that economic development will surge in border regions. Economic development in the post-Cold War era may prove extremely elusive precisely because of the new, more competitive environment that now exists. Thus many border regions are likely to remain in the periphery, both geographically and economically.

What differentiates the cities or regions that will prosper in the new economy from those that will stagnate or decay? No single factor provides the complete answer. Clearly, location is important, as is having a diversified economic base, a well-trained work force, links with research institutions, modern telecommunications and transport facilities, a high quality of life, and "the institutional capacity to develop and implement future-oriented development strategies" (Commission of the European Communities 1992: 22). However, in the case of border regions, there is one more important factor: a well-developed system of transborder cooperation. In this regard, the NAFTA could have a decidedly positive effect. As Paul Ganster (1995) noted:

NAFTA has been a catalyst, for it made border issues a high priority on the bilateral agenda and brought increased federal involvement and funding to border issues, particularly by the U.S. federal government. At the same time, the longstanding inclination of the U.S. government and the decentralization process in Mexican public administration have combined to facilitate greater transborder cooperation at the local level in the border region.

The NAFTA's Technical Deficiencies

There are technical details that will plague the NAFTA in future years, and they are the same ones that have been thorns in the side of the Uruguay Round of GATT negotiations. Three appear to be most important.

First, the NAFTA lacks a common regulatory framework on dumping, subsidies, and countervailing duties. These problems have been discussed exhaustively within the GATT, and they were a major reason why Canada sought a free trade agreement with the United States. Since early in the Reagan administration, Canada had become a frequent