both cases the number of Canadians began to increase dramatically in 1987 and peaked in 1991. The present downward trend, we believe, is largely a function of the poor exchange rate. In Graph 4 there is a similar pattern in expenditures despite the population differential, but note the Canadian expenditure peak follows the visit peak by a year. This is probably a direct result of the 1991 imposition of the 7% Goods and Services Tax (GST), a highly unpopular replacement of the previous Canadian federal sales tax, but expanded to cover the consumption of services as well as goods. When combined with existing provincial sales taxes, the GST (or "Gouging and Screwing Tax," as it is persistently referred to in British Columbia) allowed the tax level to override the exchange rate, and a brief "Golden Era" of cross-border shopping (for U.S. merchants, at least) occurred before the currency plunge.

Turning to the regional picture, Graphs 5 through 10 show Canadian visits and expenditures in Washington since 1979. The dramatic surge of the 1985 to 1991 period parallels the national trend except that short term visits peaked two years later in 1993. Thus, despite the unfavorable exchange rates, Canadians continued to shop in Washington, but on shorter and less costly trips. The expenditure pattern closely follows the same trends as the Canadian dollar's buying power progressively eroded.

Even more impressive than Washington's attraction as a Canadian shopping destination has been the sudden rise of northern Idaho. Historically, Idaho was not a major tourist or shopping destination for anyone, much less Canadians, but as Graphs 11 through 16 clearly show, expenditures and visits have quadrupled in the past decade. Idaho merchants have aggressively expanded their retail and resort sectors, especially in the