

INTRODUCTION

In the late summer of 1985, the Centre for American Studies at the University of Western Ontario contracted with the federal government to undertake a study of economic development policies in the United States and to relate its findings to Canadian/American trade relations. This report is the result of that research project.

The commencement of active comprehensive trade negotiations between Canada and the United States had an effect on the project. The basic idea put forth in the research proposal was that a number of long-term trends had worked to alter the traditional roles played by federal and state governments in the realm of economic development. There was no question, as the research progressed, that this was in fact the case. The insertion of a comprehensive trade agreement into this rapidly evolving policy area in the United States would carry considerable impact. Neither the debate over American economic policy, nor the makeup of the agreement itself, would likely emerge unchanged.

The focus of the final report has shifted somewhat in response to the trade negotiations. Instead of trying to outline in detail many of the policies and programs pursued by the individual states and to look at Canada/U.S. impacts of some national policy debates, an attempt has been made to outline the causes of the evolution of economic development policies at both levels of government in the U.S. and to relate this evolution to Canadian/American trade in the post-negotiation era. The United States has embarked on a massive decade-long review of its place in the world economy, and the Canada/U.S. negotiations are but one part of this re-assessment.