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MUNICIPAL INVOLVEMENT

IN

INTERNATIONAL RELATIONS

by

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Old Dominion University in Partial Fulfillment of the
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ABSTRACT

MUNICIPAL INVOLVEMENT IN INTERNATIONAL RELATIONS

John Jack William Hilgers
Old Dominion University, 1998
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The purpose of this study is to examine municipal involvement in international relations in the United States. This municipal phenomenon is occurring concurrently with both a shift away from the traditional nation-centric structure of international relations under the influence of globalism as well as a sharp decline in intergovernmental aid. The research questions were: (1) What are the indicators that define municipal involvement in international relations? and (2) What is the extent of that involvement?

Extensive qualitative and research was conducted in the form of an exploratory literature survey which was set forth in narrative analysis to overcome the paucity of specific research in this area. The qualitative research developed 121 indicators of municipal international involvement. The 121 indicators were analytically grouped into economic, technological, sociocultural, political, and intergovernmental relations indicator groups. The qualitative research concluded that municipal involvement in international relations was a spreading phenomenon and that many American municipalities are substantially involved in international activities.

In support of the qualitative results, 32 of the 121 indicators were validated through analysis of an independent random sample quantitative cross-sectional survey of American municipalities. The survey indicated substantial but varied

involvement in international activities by municipalities. Exploratory quantitative analysis indicated that 12 of the 34 indicator variables, split between the economic, sociocultural, and political constructs, contributed significantly to municipal strength as an indicator of municipal international involvement. Exploratory quantitative analysis also indicated that the 32 indicators grouped into three composite constructs; i.e., economic, sociocultural, and political activities. Analysis of the composite constructs determined that only sociocultural activities made a significant contribution to municipal strength as an indicator of the degree of international involvement.

The results of this study indicated that many municipalities in the United States are involved in international relations and assisted in the definition of variables indicating the nature and extent of that involvement. Many avenues of future research are warranted.

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This dissertation is dedicated to
my father Rudolph Joseph Hilgers and
my mother Eleanor Maude King Hilgers and
the Carmel-by-the-Sea High School Class of 1952.

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CHAPTER I

THE RESEARCH PROBLEM

Statement and Significance of the Problem

The purpose of this study is to investigate the nature and extent of municipal involvement in international relations in municipalities in the United States. It is a study to answer two questions. The first questions is, What defines the nature, in terms of indicators that form specific variables, of U.S. municipal involvement in international relations? The analysis of this question is qualitative in nature and is conducted through a comprehensive analysis of the relevant literature involved. The second question is, What is the extent of U.S. municipal international involvement as reflected in data collected in a 1996 survey? This question utilizes qualitative techniques to determine the extent of municipal involvement in international relations.

Municipal involvement in international relations is both a theoretical concern and a practical problem because it: (1) makes existing intergovernmental relations more complex and problematic, (2) may result in further redefining federalism, (3) portends additional local revenues and expenses in an already expansive

The style specification used in this study is the Publication Manual of the American Psychological Association, fourth edition.

service community, and (4) could erode the centralizing of national government and national agencies, for better or worse (Wright, 1992 and Deil S. Wright, personal communication, May 4, 1992).

From the national perspective, municipal and state involvement in international relations may motivate externally focused agencies, such as the Department of State, to become involved in related domestic policies to further develop the synergistic effects of both domestic and foreign policy. The enhancement of synergistic effects also could foster greater interdependence between government units and promote an additional blurring of restrictive governmental boundaries. These phenomena have the capability, however, to encourage the informal, continuous, day-to-day interactions of officials at all levels of government. Yet, a nationwide degradation of the basis of intergovernmental relations concepts is taking place (Wright, 1992). As a practical matter, state and municipal involvement in international relations could result in an increasing loss of control of foreign policy by the national administration.

Apart from the traditional role of the federal government in international relations, states are coming to the forefront in international involvement, and municipalities are not far behind on the international scene. Many states are involved in pursuing international relations due to increased international interdependencies and the increased modernization of state governments (Kincaid, 1984, p. 103). Decreased federal funding of mandated projects serves to promote other sources of revenue,

particularly from lucrative foreign direct investment. The increased sophistication of state staffs has brought an awareness of the potential benefits to be gained from increased economic development and trade, an awareness that is being implemented. As evidenced by several research studies (Brown & Fry, 1993; Clarke, 1986; Fosler, 1988, 1991; Luke, Ventriss, Reed & Reed, 1988), states are in direct competition with each other for foreign investment and therefore want to control it within their boundaries (Grady, 1986).

There are legal aspects to be considered that affect intergovernmental relations. Those state governments which are staunch "Dillon Rule" advocates could find municipal involvement in international relations unacceptable. The emerging phenomenon of municipal involvement in international relations with the ramifications thereof presents a new dynamic to intergovernmental relations, the implications of which may alter traditional concepts of resource allocation and sub-national power structure.

For many municipalities, experiencing international and national pressures created by world and U.S. economic conditions, the practical necessity for becoming involved in international relations is becoming increasingly apparent as studies have demonstrated (Fry, 1998; Fry, Radebaugh & Soldatos, 1989; Knight & Gappert, 1989; Ohmae, 1995a & b; Sassen, 1991 & 1994). Cities are the centers of regional economies and are competing with the entrepreneurial cities of the world as aggressive economic and political players (Royer, 1994, pp. 16-17). In part, as a result, local governments have modernized and increased the level of

sophistication of their staffs. Municipal involvement in international relations is further evidenced by the increasing amount of foreign monetary investment, foreign and multinational-affiliated companies, employment opportunities, and cultural and sister city relationships. The United States has municipalities which could be considerably affected by the aforementioned trends.

Though written almost two decades ago, Hahn and Levine's (1980, p. 36) research directions remain relevant. There is a need to develop even greater interest in intergovernmental relations, particularly the emerging field of the role of local and state governments and their influence on federal policy making. Additionally, an infusion of theoretical approaches from the fields of political geography, political economy, and organization theory, to name a few sources, is needed so that the challenge of change can be accommodated in a coherent fashion.

The study of state and sub-state involvement in international relations has been hampered by traditional approaches, as will be amplified in the following paragraphs and in subsequent chapters of this study. First, nation-states have been the focus of international relations studies; second, international economic studies have principally dealt with multinational corporations and financial institutions; third, international involvement by state and sub-state governments only has involved the transfer of administrative knowledge to public sector activities in other countries; and fourth, studies on cities either have dwelt on their internal situations or have been comparative.

Fry (1993, p. 25), citing a number of scholarly texts, notes that, "Leading North American texts dealing with federalism and with state, provincial [Canadian], and local governments generally ignore the growing activities of noncentral [i.e., subnational] governments abroad [and at home] and the possible implications for central-regional [i.e., state or province] government coordination." Sassen (1994) observed that international relations has been the preserve of nation-states, not cities, and has been studied as such. International economic studies have focused on national levels and on multinational corporations and banks (Teune, 1995, p. 8), along with the international monetary system and trade. "... this conceptualization has the effect of leaving no room for a possible role by cities" (Sassen, 1994, p. 3).

In his first prize winning essay submitted to the American Society for Public Administration's "Campaign for International Relations," Masaaki Akagi points out that, "Until recently, 'International' or 'Global' meant ... transferring US administrative knowledge to other countries in a public administration context" (1995, p. 2). Akagi goes on to maintain that public administration practitioners and scholars must go beyond the traditional "donor" approach and the belief that they are "not relevant to 'international-ization.'" Further, that

...there definitely is no public servant who is without a connection to global matters. Practitioners, especially state and local officials, academicians, and non-profit sector officials, have to think, act, communicate and cooperate "globally" as equal partners. (Akagi, 1995, p. 2)

According to Sassen (1994, pp. 3 & 7), much of the scholarly studies on cities and municipalities, have dwelt on their internal political, social, and economic aspects. These studies have assumed that these locales were and are a part of national systems and have focused on individual cities. Most studies, accordingly, have been domestically oriented. The great mass of literature on cities has focused on the internal aspects of urban issues and has portrayed municipal entities as part of national urban systems. Additionally, studies of cities in the international context tend to be comparative.

During the early years of the 1990s, a diligent search of relevant research failed to reveal any serious investigation of the phenomena of international relations by municipal governments, beyond what has been reported thus far. Deil S. Wright (personal communication, May 4, 1992) substantiated the dearth of specific information available commented and that original research is needed. Earl H. Fry (1993) stated, "As a scholarly field of endeavor, this study of the international activities of noncentral [i.e., subnational] governments is relatively new and is frequently overlooked by specialists in either international relations or local government" (p. 25). The publication of The PSARAS Fund study (1992) and six related books (Brown & Fry 1993, Franks & Olson 1993, Hobbs 1994, Peirce 1993, Sancton & Rothblatt 1993, Sassen 1994), punctuate the development of the importance of this issue. Subsequent publications signal the continuing relevance of municipal involvement in international relations (Brooks 1995, Fry 1998,

Kanter, 1995, Klein & Lo 1996, Knox & Taylor 1995, Kresl & Gappert 1995, Lo & Yeung 1996, McEnery 1994, Mills 1994, Ohmae 1995a & b, Rusk 1995 & 1996, Saxenian 1994, Savitch & Vogel 1996, and David Wilson 1997). These will be discussed in greater detail later in this study.

Background

Urban areas are experiencing substantial dynamic change and are influenced by regional and national trends. Global changes during the past three decades are bound to have a more dramatic impact on cities than previously observed since the mid fifteenth century when nation-states eclipsed cities as controlling forces and, in many cases, shielded cities from international influences.

In early America, cities originally formed the hubs from which territories, and later, state activities were controlled. When the U.S. Constitution, reinforced by the Bill of Rights and subsequent Amendments, recognized only two levels of governmental power, the federal and state, cities became state entities.

Over the last 200 years, manufacturing and masses of unskilled laborers congregated in cities. Urban life and material success was linked to the scope and productivity of manufacturing industries. In the past three decades, however, the forces of mechanization, automation, rationalization, improved transportation, and a comprehensive series of exploding technologies, particularly in communications, caused a scattering of production and city sprawl (Gottmann, 1989, p. 59). These forces also filtered global and transnational activities and imperatives to local governments.

According to Henry G. Cisnaros, as U.S. Secretary of Housing and Urban Development,

Cities are the core of metropolitan areas and play a pivotal role in the nation's economy. They provide work for millions and are the home to major private employers, the port of entry for foreign goods, capital, and workers, and the port of exit for American goods, services, and tourists. They house many of the world's premier institutions of commerce, culture, and learning. Increasingly, new technology and the mobility of capital and labor are generating a global economy that poses greater challenges not just to central cities but to entire metropolitan regions. (Cisnaros, 1993, pp. 21-22)

The technological explosion mandated an emphasis on education, particularly higher education and continuing education, to provide an effective work force and keep pace with change. The irreversible effects of modern information technology on the "structure of business processes and on the values, judgements, and preferences of citizens and consumers in all parts of the world" are the primary forces shaping the global economy (Ohmae, 1995b, p. vii). As information, investment, industry, and individuals "flow relatively unimpeded across national borders, the building-block concepts appropriate to a 19th-century, closed-country model of the world no longer hold" (Ohmae, 1995b, p. viii). The combination or interaction of social and cultural (i.e., sociocultural) changes, predicated on lifestyle changes and large influxes of immigrants, such as Cubans, Latin Americans and Southeast Asians, have influenced localities to become more globally oriented.

The 1960s witnessed the domestication of foreign policy, as exemplified by local Vietnam War protests and their eventual result. Later decades experienced the emergence of nuclear free zones and comprehensive test ban cities, divestment and sanctuary cities, and

cities that have either passed resolutions of support for, or have imposed sanctions on other cities, regions, and nations; e.g., support Israel, sanction Northern Ireland and/or South Africa. During the past thirty years, foreign policy issues relating to the economic and technological, social/cultural, and political realms, increasingly moved to the domain of domestic affairs. (AICR, 1988; Hobbs, 1994)

At the same time, two relevant trends have been emerging. First, the traditional nation-centric structure of international relations is giving way to multi-centric pressures (Czempiel and Rosenau 1989, p. 8). Second, the United States is experiencing the combination of a decline in intergovernmental aid and a diversification of federal program implementation (Wright, 1992; Kincaid, 1993). Interacting with these trends has been the late 1980s to early 1990s slump in the world economic situation and most national and local economies (Rosow, Inayatullah & Rupert, 1994). The same may be said of the economic cycles of the 1970s and '80s, and the possible emergence of another cycle in the late 1990s.

The foregoing national and local issues have taken place in a world that has become increasingly interdependent and is creating a global society and global economy. International networks connecting nations, nationalities, societies, markets, and locales have become very complex and interrelated. "New technologies of worldwide communication and transportation have recast the size of the world. The emergence of the 24-hour business day, the growth of global trade, the development of satellite technology--all have

created a smaller word--much smaller" (Baliles, 1989, p. C1). States, localities, and businesses are coming to the forefront in international relations, a field that has been the exclusive domain of national governments.

As early as 1961, urbanologist Jane Jacobs described city communities as "generators of diversity," a new kind of wealth (Jacobs, 1961, chap. 7). Eight years later she examined problems big cities experience in preparing their citizenry to cope effectively in a highly competitive global setting (Jacobs, 1969). She concluded that the wealth of nations is substantially dependent upon their cities (Jacobs, 1984).

As global forces are becoming more dominant at local levels, they are prompting local responses such as cities forming their own international relations departments to respond to international initiatives as has happened in Dallas, Texas and Charlotte, North Carolina. Additionally, with changes in the composition of the world economy over the last twenty years, the shift to services and finance in this arena gives cities a renewed importance as centers for certain types of international activities and functions (Sassen, 1994, p. 4). Municipal involvement in international relations, therefore, is a significant aspect of increasing global interdependence.

According to Charles Royer, citing an array of current research on state and local government,

Cities, defined not by their old political boundaries, but by their true identities as centers of functioning regional economies, are competing not only with other American economic regions, but also with the more aggressive and entrepreneurial

cities of the world. In Europe, driven by a big idea called the Single European Market, cities have become more entrepreneurial, more aggressive political and economic players moving across even national boundaries to do those things necessary to secure their economic futures through more effective competition." (Royer, 1994, pp. 16-17)

Kenichi Ohmae reinforces this premise. He concentrates on the formation of "region-states," which are natural economic zones shaped as geographic units by the demands of the global economy and may or may not fall within the boundaries of a particular nation (Ohmae, 1995b, pp. 80-81 & 143). Ohmae recognizes the significant economic impact cities such as Bangkok, Kuala Lumpur, Djakarta and Sao Paulo, to name a few, have made in the global economy (Ohmae, 1995b, p. 100). He sees cities as forming the corner-stones of economic zones as future region-states and gives as examples: The Research Triangle in North Carolina, Silicon Valley and San Francisco Bay Area in California, Baden-Wurttemberg inside Germany; Osaka and its outlying areas known as "Kansai" inside Japan. Other examples of international region-states cited by Ohmae include: San Diego, California and Tijuana, Mexico; the Growth Triangle of Singapore and its neighboring Indonesian Islands. (Ohmae, 1995b, pp. 80 & 84) He further observes that if region-states fall within a nation's borders it is an accident of history, but their primary linkage is with the global economy (Ohmae, 1995b, p. 81).

Six European cities (Barcelona, Birmingham, Bologna, Munich, Nice, and Rotterdam) in six countries began an association called "Eurocities" in 1986. The association, currently with 56 European cities represented, believes that "Cities have the potential to generate a new form of co-operation [sic] which transcends national

borders and national rivalries" (EURICUR Newsletter, 1993, p. 1).

In this context, the 1994 First International Congress on the Atlantic Rim, conducted in November, focused on cities as the most efficient and effective competitors in the region. "While nation-states remain important, the primary building blocks of the new global economy are dynamic metropolitan regions anchored by great cities" (Barron, 1994, p. 15).

States and most major cities have been at least passively involved in foreign affairs for some time, with trade and investment the new measure of global power and investment. However, the post-GATT [General Agreement on Tariffs and Trade] and NAFTA [North American Free Trade Agreement] environment, state and local governments have even more direct foreign policy responsibilities to manage. Their economic development policies and legislation governing health and safety are now, to a certain extent, subject to international scrutiny and challenge. (State International Policy Network, 1995a, p. 5.)

Professor Alan K. Hendrikson, Director of the Fletcher Roundtable on a New World Order at Tufts University, believes that one of the best ways for people to achieve the results they desire and meet challenges spanning the spectrum from local to international is through the mechanism of local government.

Increasingly, it is being recognized today by economic analysts as well by men and women seeking employment, and who are thus directly affected by urban decisions, that economic welfare and development, too, are generated within cities and the regions surrounding them. Private initiative and public authority combine in producing metropolitan dynamism. (Hendrikson, 1994, p. 4)

Looking to the future, cities and their surrounding areas will be the arenas in which global economic competition will take place in the 21st century according to a U.S. German Marshall Fund initiated report (The PSARAS Fund, 1992). As observed by Dag Ryen

(1997, p. 46), a senior fellow at The Council of State Governments,

Small, subnational jurisdictions--states, cities, regions--are waking up to their global potential and their global responsibilities. Increasingly they are forging ties with each other and with neighboring areas in other nations to take advantage of special opportunities in international commerce and in cultural and educational exchanges.

To gain an appreciation for the impact cities will have in the international arena in the future and to meet the challenge of change associated with municipal involvement in international relations, investigations of the scope of municipal involvement in international relations are needed. This study, therefore, is directed at examining the internationalization phenomena as it relates to municipalities, particularly in the United States.

Research Methodology Overview

The purpose of this study is to investigate the nature and extent of municipal involvement in international relations in the United States. (For the definition of involvement, see the section on terminology and definitions, below, or Appendix A.) The study purpose is to be met by identifying a set of variables that best describe the nature of U.S. municipality involvement in international relations, comparing these with a survey conducted in coordination with the National League of Cities in 1996, and by analyzing the 1996 survey data to determine the extent of U.S. municipality international involvement. The 1996 survey was conducted by John Kincaid (1997), the Robert B. and Helen S. Meyner Professor of Government and Public Service and Director of the Meyner Center for the Study of State and Local Government at Lafayette College (survey sponsor), Easton, Pennsylvania, assisted

by Joshua L. Handelsman, in cooperation with the National League of Cities. The National League of Cities participated in the preparation of the survey instrument, the selection of survey respondents, and published the final report (i.e., Kincaid, 1997). The 1996 survey will hereafter be referred to as the National League of Cities or "NLC" survey.

The research methodology, detailed in Chapter II of this study, takes the approach recognized by Hedrick, Bickman, and Rog (1993, p. 44), that design development "rarely allows for implementing a design straight from a textbook; rather the process more typically involves developing hybrids that reflect combinations of designs ... in an effort to respond to multiple study questions, resource limitations, and other constraints" This study will involve both qualitative and quantitative methods and data analysis.

Assumptions

Two assumptions are relevant. First it is assumed, lacking evidence to the contrary, that municipal involvement in international relations is a meaningful construct to be measured. Second, it is assumed throughout that a municipality possesses the characteristics of international involvement to the degree that it demonstrates these characteristics, as involvement. For amplifying information, see Mason and Bramble (1989, pp. 257 & 261).

Limitations

A limitation, found in most studies but not always recognized, pertains to the accurate reporting of data by national, state, and local agencies. In the federal government, most data are considered

to be estimates for several years until refined due to variances in reporting and incomplete reporting. Examples abound (e.g., computation of the consumer price index; see Statistical Guessing Games (1996), & Economic Report of the President (1997), pp. 67-72). Final reports often are not published for many years after the data is collected and assembled, therefore "current" results may change in retrospect over the years. As reporting becomes more localized, it becomes verifiable much quicker, but variances and missing data exist.

The second limitation was that the 1996 NLC survey was not developed as a result of the qualitative analysis conducted in this study. This restricted the quantitative findings, as discussed in Chapters IV and V, because the 1996 survey was developed to cover the interests of the National League of Cities and Professor John Kincaid rather than the objectives of this study. The statistical analysis of the 1996 survey, therefore, should be considered "exploratory" and must be interpreted with caution.

Terminology and Definitions

A review of literature on the subject of municipal involvement in international relations reveals that there has been free use of terminology beyond its usual definition and words have been invented to fit situations where other more correct words exist. This study strives to use conventional terminology. Definitions of terms used in this study, and the relevant references from which they were derived, are contained in Appendix A. A few critical definitions, or abridged parts thereof, contained in Appendix A, are presented.

Community: Generically, it is a grouping of people residing in a specific geographic area who share government and have some greater or lesser degree of cultural and historical heritage.

Economic Development: "Local Economic Development," as opposed to its more common use in third world countries, is a process for achieving and maintaining the economic health of a community through the attraction, expansion, and retention of commerce and industry in a local area.

Foreign Policy: This term refers to external affairs, particularly to actions taken by nation-states in their dealings with other nation-states or other external participants such as international organizations.

Globalization: It is "a combination of new technology, increased trade and mobility, increased concentration of control, and reduced welfare-oriented regulatory power of nation-states" (Van Kempen & Marcuse, 1997, p. 285).

International Activities: See International Relations, below. The terms are synonymous in this study.

International Relations: The term generally refers to the realm of all international activities engaged in by people, communities, municipalities, states, nations, and international organizations, and focuses on economic, social, cultural, and other activities that have transcended the field of foreign policy. International relations, is not national foreign policy as indicated in the definition of foreign policy stated above. International relations are influenced by national foreign policy, but the latter

is normally distinguished by activities and actions in the federal government and, therefore, is marginally relevant to this study.

Involvement: It is the engagement of the interests or commitment of a municipality, state, nation, or other entity in an activity to some extent that is measurable. In this study, it is the effect of an action or set of actions undertaken to promote international economic, sociocultural, political, and other interactions.

Level: In this study, references to levels of government in the U.S. federal system are used to distinguish strata of association and not a hierarchy where the top necessarily has more power or authority than the middle or bottom. A hierarchy of power contradicts the basic principles of federalism (Elazar, 1991, chap 4). Therefore, references in this study to "up" or "down" are relative and do not imply a degree or level of power or subservience. See Appendix A for more information.

Local: The term local is used in this study to refer to an identifiable municipal area containing a local government, an economic base, and residents.

Municipality: A municipality, as defined by the U.S. Census Bureau, is a term for general-purpose units of local government. Cities are such governments as are towns, townships, and boroughs. Other units of local government, such as school districts, other special districts, and counties are not.

Region/Regional: Pertains to an area of greater extent than is normally considered local which is an identifiable area

containing a number of local governments that generally share a common economic base and where residents commonly commute for work, recreation, or shopping. Other regions, such as described by Ohmae (1995a & 1995b), that are multinational but anchored in groups of cities will be discussed as part of municipal involvement in international relations. While it is recognized that there are there are regions defined by groups of states in the U.S. (e.g., the North East) and multinational regions made up of nation-states such as those comprising minor trading regions (e.g., the Rocky Mountain Trade Corridor), or major trading blocs (e.g., the North American Trade Agreement or NAFTA), they are beyond the scope of this study and will only be mentioned in the global or nation-state context.

Regionalism: Is the formal or informal cooperative grouping of units (e.g., states, counties, districts, municipalities or urban, suburban, and rural areas) to share common interests and opportunities, and meet the challenges that extend beyond the normal or mandated geographical boundaries or jurisdictions of each of the units.

Sociocultural: Pertaining to or signifying the combination or interaction of social and cultural elements. With society being composed of people and their culture, it is virtually impossible to speak of one without relating to the other, therefore, the terms have been used interchangeably or combined into one word.

State: To provide clarity in this study, which discusses states as part of the United States (i.e., an international "state"), the term "nation" will be used to refer international

"states" and the term "state" to refer to the principal fifty sub-national units of the United States.

Urban: In this study, urban relates to or comprises a city or town and pertains to living in a city or being characteristic of a city or cities.

Conclusion

During the past four and a half decades, mechanization, automation, rationalization, speedy transportation, and exploding technologies, particularly in communications, have brought international activities and imperatives to local governments. The mobility of labor and capital are generating a global economy, with its inevitable interaction of social and cultural changes, are influencing localities to become more globally oriented and are bringing the effects of foreign policy directly to the local strata of government. Cities are viewed as the most efficient and effective competitors and will be the arenas where global economic competition will take place in the next century. The phenomena of international relations in municipal governments requires investigation and municipalities in the United States provide an opportunity for such a study.

Overview of Chapters

Chapter II explains the qualitative methodology used in chapter three to derive indicators. The chapter proceeds to set forth the procedures for the quantitative portion of the study to verify those indicators.

Chapter III forms the qualitative survey portion of this study. It reviews the literature and explores municipal involvement in international relations from the context of the traditional national and international types of analysis through state and regional to local governments from both theoretical and applied frames of reference. The lengthy narrative form of analysis (Schram & Neisser, 1998) is used to set seemingly disparate and conflicting issues and events in context as they apply to this study. Narrative analysis, therefore, is a way of examining globalization in general and the role of municipalities in international relations in particular in the nation-state and substate contexts. The narrative serves to provide indicators and linkages regarding why municipalities are involved in international relations, though answering that question is not the major thrust of this study. Chapter III also forms the basis for a qualitative design to develop ideas and insights, and, ultimately, potential indicators of municipal involvement in international relations from an extensive review of literature. These will be examined through the quantitative methods described in the second chapter.

Chapter IV contains the quantitative analysis of the results of a 1996 national survey. These results will be used to establish sound indicators of municipal involvement in international relations. Chapter V provides conclusions and offers considerations for academic and practitioner utilization and further research.

CHAPTER II

RESEARCH OBJECTIVE, DESIGN AND PROCEDURE

Introduction

This chapter will cover the essential details of the design and procedures to allow an informed transition to the following two chapters on results and conclusions. The research objective is to answer two questions regarding the nature and extent of municipal involvement in international relations in the United states. The questions are: (1) What defines the nature, in terms of indicators that form specific variables, of municipal involvement in international relations? (2) What is the extent of municipal international involvement as reflected in data collected in a 1996 survey?

Research Strategy

The research strategy takes the approach recognized by Hedrick, Bickman, and Rog (1993, p. 44), that design development "rarely allows for implementing a design straight from a textbook; rather the process more typically involves developing hybrids that reflect combinations of designs ... in an effort to respond to multiple study questions, resource limitations, and other constraints" This study involves both qualitative and quantitative and several types of data analysis. For a summary of the research conducted in this study, see Figure 1 on the next page.

FIGURE 1
RESEARCH DESIGN

Study Design:	Exploratory Literature Survey Descriptive Cross-sectional Survey
Descriptive Access:	Mayors' permission
Descriptive Support:	National League of Cities
Researcher Control:	None
Data:	Qualitative and Quantitative
Type of Datum:	Unit
Temporal Dimension:	Results from many entities in a single period
Universe to be Studied:	U.S. Municipalities with populations 10,000+
Number of Respondents:	476
Data Source:	New data developed by researcher
Data Gathering Method:	Literature and Mailed Surveys
Number of Independent Variables:	More than two
Type of Independent Variables:	Nominal, Ordinal, Interval, Ratio
Number of Dependant Variables:	One
Type of Dependent Variables:	A Priori, Continuous
Measurement Scales:	Researcher must construct
Data Treatment:	Personal Computer; enhanced 486+
Data Outcomes:	A sizable body of information that can be classified by: Indicators that will become independent variables; Statistically by type, frequency, and central tendency; Data may be analyzed for simple relationships and interdependence

Figure 1. Description of the research design employed in this study.

The first part of the study identifies potential indicators, of municipal involvement in international relations from an relations from an extensive review of literature. In order to determine commonalities in indicators, the literature review also grouped the indicators into composite factors, hereafter referred to as composites; e. g., economic, technological, sociocultural, and political.

The second part of this study verifies, as independent variables, the indicators identified by analysis. A cross-sectional survey was administered to municipalities belonging to the National League of Cities in the United States in 1996. The data base from this survey is used for statistical data analysis.

Figure 2 on the next page provides a schematic model of the general qualitative research that was undertaken. It is based on Strauss and Corbin's (1990) grounded theory approach to qualitative research. The model depicts their (1990, p. 163) "conditional matrix," which is a set of circles with each level equating to the various locational aspects of globalization as it relates to localities. It also shows the elements within the local municipality that also influence the international relations dynamic. Examples of these, discussed in Chapter III of this study include: businesses, universities, and foundations making up the organizational and institutional level; special interest groups forming the sub-organizational level; and tourists, immigrants, and perhaps terrorists at the individual level. Though not displayed in Strauss and Corbin's matrix in Figure 2, additional levels

FIGURE 2

THE CONDITIONAL MATRIX

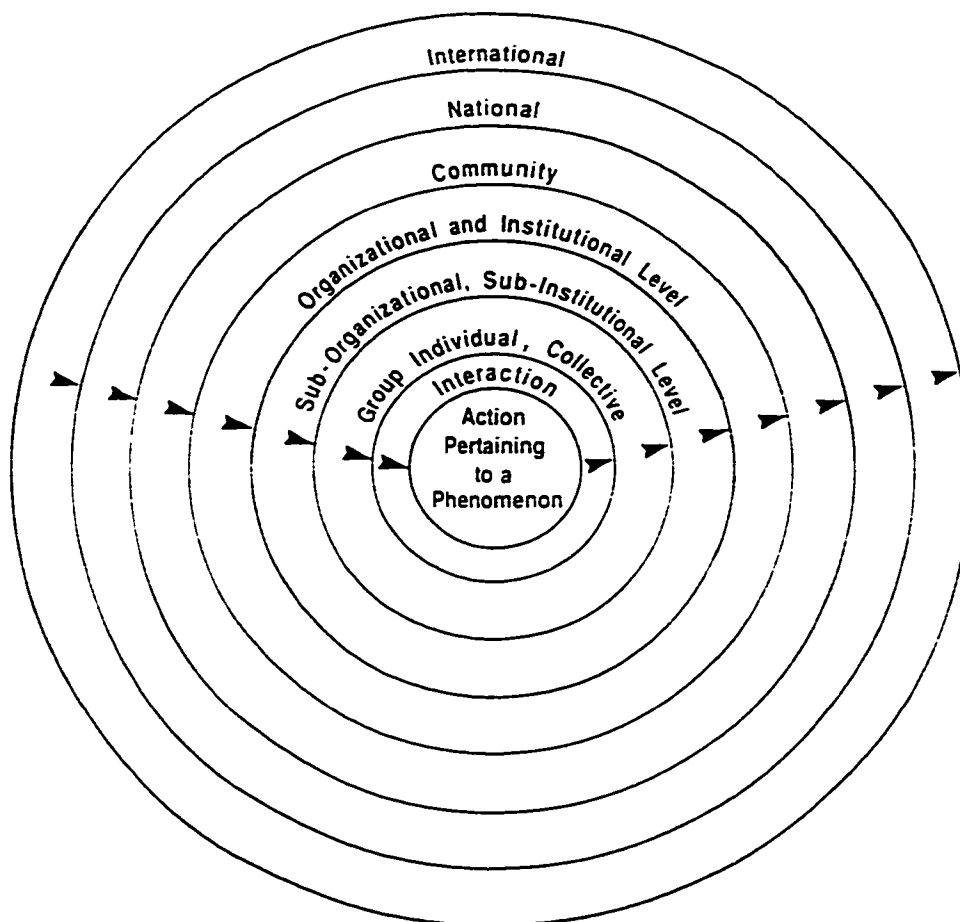


Figure 2. A depiction of the schematic model of the qualitative research used in this study.

Source: Strauss and Corbin, 1990, p. 163.

could be formed including multi nation, sub nation, state, and substate regional levels. All interact and influence action taken on particular issues.

While Strauss and Corbin (1990, p. 161) see the outer rings as conditional features as the most distant to interaction and action and the inner rings bearing most closely on the issue, it has been demonstrated that technology has made relative distance problematical as covered in Chapter III of this study. The salient statement they make, however, is that "Conditions at all levels have relevance to any study" (p. 161). Additionally, each level is to be viewed as provisional "until data indicate their relationship to the phenomenon" (p. 162). Further, Strauss and Corbin emphasize that, "Regardless of the level within which a phenomenon is located, that phenomenon will stand in conditional relationship to levels above and below it, as well as within the level itself" (p. 162).

The matrix is operationalized by tracing conditional paths. Tracing paths involves tracking an event or incident [or influencing trend] from the level of action/interaction through the various conditional levels, or vice versa, to determine how they relate. (Strauss and Corbin, 1990, p. 166)

Heady (1995, p. 97) believes that there are a set of international variables, which are relevant factors, that extend beyond the standard economic, social, and political factors. Accordingly, in Chapter III of this study, phenomena in the form of sets of economic, technological, sociocultural, political, and other circumstances and events are identified and located relative to the locational levels in the matrix. This provides background for understanding the context in which municipal involvement in

international relations is located and its connection with the interaction/action dynamic. Additionally, the tracing of conditional paths assists in placing parameters around a study, regardless of its scope as demonstrated in this study. (Adapted from Strauss and Corbin, 1990, pp. 166-167.)

The constructs that make up the economic, technological, sociocultural, political, and other circumstances mentioned above are reflected in the sketched model in Figure 3 on the next page. The model relates to the qualitative and quantitative research conducted and shows the general indicators and composite factor groupings that determine the nature and extent of involvement. Its purpose is to identify the basic components contributing to involvement. Each component will have its own separate cell with those on the left forming indicators and those in the center representing composite groupings, both providing inputs to the outcome of degree of involvement on the right. The arrows suggest that each component should increase the extent of involvement in international relations.

The conceptual or notional models (i.e, there are more or less indicators than depicted for each composite factor), form the basis for the research plan. Further, as far as the quantitative phase of the research is concerned, Hedrick, Bickman, and Rog (1993, p.20) state, "For descriptive and correlational studies, the conceptual framework is likely to be fairly simple. The key for these types of studies is to identify all variables necessary to describe 'what is' adequately or to determine whether certain

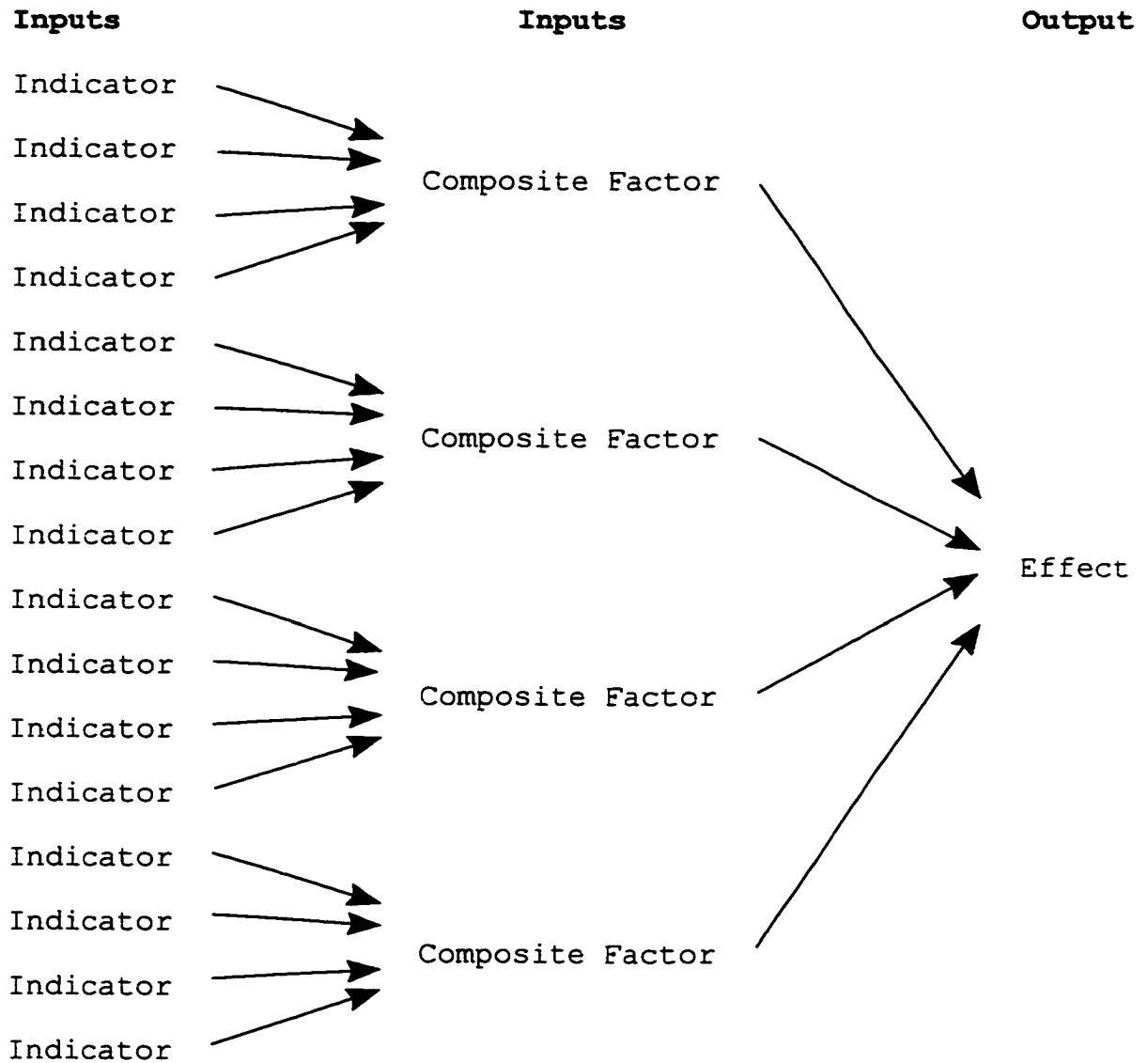
FIGURE 3**Schematic Model****Municipal Involvement in International Relations**

Figure 3. The schematic model represents the composite construct of municipal involvement in international relations.

factors vary." In a succeeding subsection of this chapter on conceptual indicators and variables, the "factors" identified in Figure 3 also are referred to by Babbie (1989, p. 137) as "composites."

Research Strategy Rationale

The nature of this study initially indicated that a qualitative approach would be appropriate. The relative lack of prior research on municipal involvement in international relations suggests that a qualitative design to develop ideas and insights could be justified (Borg and Gall, 1989; Manheim and Rich, 1989; Patton, 1990; Selltitz, Wrightsman & Cook, 1976; and Yin, 1989 and 1993) because of the unique nature of the emerging phenomenon of municipal involvement in international relations. Qualitative analysis also is appropriate because the researcher cannot manipulate the subjects or the research setting. "Qualitative designs are naturalistic in that the researcher does not attempt to manipulate the research setting" (Patton, 1990, p. 39.)

Additionally, the study involves naturalistic inquiry in studying a real-world situation without manipulation (Guba, 1988; Lincoln & Guba, 1985), it involves inductive analysis (Glaser & Strauss, 1967; Strauss & Corbin, 1990), and a holistic perspective of many fields of study (Kuhn, 1970). Creswell's (1994, pp. 6-7) application of qualitative research rhetoric also more closely suits the research being undertaken in this study. The objective of this study's research is to describe, understand, develop, discover a phenomenon through answering research questions.

A quantitative study is possible based on the 1996 data provided by the National League of Cities and would provide a much broader perspective on the research problem. This, however, does not rule out the qualitative aspects of this study. "Because qualitative and quantitative methods involve differing strengths and weaknesses, they constitute alternative, but not mutually exclusive strategies of research. Both qualitative and quantitative data can be collected in the same study" (Patton, 1990, p. 14). Patton's view is substantiated by other researchers (Creswell, 1994; Guba & Lincoln, 1988; Hedrick, Bickman, & Rog, 1993; Marshall & Rossman, 1989; Selltitz, Wrightsman, & Cook, 1976; and Strauss & Corbin, 1990).

Selltitz, Wrightsman, and Cook (1976) classify research in terms of its fundamental objective; i.e., exploratory, descriptive, or causal. Exploratory research is analogous to qualitative research. It focuses on the discovery of ideas and insights and is helpful in breaking broad vague problems into more precise subproblems. Exploratory research is of value in increasing the researcher's familiarity with a problem and to clarify concepts, and is appropriate to any problem about which not much is known. It provides a good foundation for more particular focus and research. Literature surveys, experience surveys (i.e., key informant or delphi method), focus groups, and case study analysis are tools of exploratory research. Exploratory research is not limited to the qualitative method because a descriptive approach may be combined with an exploratory approach.

Descriptive research usually emphasizes determining the frequency with which something occurs or the relation between two or more variables. It is used, in part, to describe either the characteristics of certain groups or the estimate of the proportion of a population who act in a certain way. "The descriptive designs are the basic research tool of administrators and policy makers. From an administrator's perspective, simply describing the variables may be sufficient" (O'Sullivan & Rassel, 1989, p. 20).

A causal research design determines cause and effect in an experimental setting. According to Cook and Campbell (1979, chap. 7) causal research is not appropriate in this study because of the unstructured "nonexperimental" nature of the problem.

Selltiz, Wrightsman, and Cook (1976) also point out that any given study may serve several purposes incorporating several types of research. The key element to using several types of research is that the design should stem from the problem. For more detailed information, see Selltiz, Wrightsman, and Cook (chap. 4).

Babbie (1989) generally follows the tack of Selltiz, Wrightsman, and Cook in describing exploratory studies and their purposes, but points out that "... they seldom provide satisfactory answers to research questions. They can hint at answers and give insights into research methods that could provide definitive answers" (pp. 80-81). Description techniques have, as a result, researchers defining in detail observations in accurate terms. "Two aspects of social scientific description ... are ... the quality of descriptions and the generalizability of them" (Babbie, 1989, p.

81). In this study the researcher is interested in both the quality of the descriptions and their generalizability. These involve quality criteria for measurement and sampling, both of which will be covered in greater detail later in the sections on measurement, instrumentation, and units of analysis.

There are various quantitative descriptive research methods described by Mason and Bramble (1989, pp. 35-37) such as ex post facto or causal-comparative, correlation, developmental, and survey research. Comparative group ex post facto research is not suitable in this case because the study involves a single group and there also are an unacceptably large number of very complex characteristics to be studied. Developmental research, appropriate for institutions and organizations over time, is not appropriate for this particular study because of the time constraints involved. The distribution of characteristics in a population can be studied through survey research. "Survey research is common in sociological and political-attitude research" (Mason and Bramble, 1989, p. 53). "Cross-sectional designs are particularly suited for studies that involve collecting data: on many variables, from a large group of subjects, [and] who are geographically dispersed. [but] Cross-sectional studies cannot demonstrate causal relationships" (O'Sullivan & Rassel, 1989, p. 22), which is not the objective of this study as pointed out earlier. Correlational research assists in determining whether variations in one characteristic correspond with variations in another; that is, the direction and degree of relationship that exists between two or more variables (Mason &

Bramble, 1989, pp. 43-47), applicable to this study. The cross-sectional study is the simplest of all correlational designs. "The structure of the design would be simply:

O

where O represents all observations on all variables" (Spector, 1981, p. 32). This study is not an ex post facto study because there was neither a comparison group nor an attempt to establish a pre-X (observation) situation as specified by Campbell and Stanley (1963). This study also was not a one-shot case study because although a single group was studied only once, it was not subsequent to some agent or treatment presumed to cause change (Campbell & Stanley, 1963, p. 6).

The "qualitative" phase was followed by analysis of 1996 descriptive survey research data, provided by the National League of Cities, gathered from the population to be studied through exploratory and descriptive data analysis. The research results and interpretation of findings is presented in the concluding two chapters of this study.

Definitions

Two normative basic definitions and an operational definitions are covered in this subsection. Normative basic definitions of nature, extent and involvement follow.

Nature: The nature of international involvement is defined as those indicators considered to be manifest variables which make up a set of actions undertaken to promote economic, technological, sociocultural, political, and other groups of international

interaction. Indicators of international involvement include: establishment of international relations offices or standing committees; expenditures on international economic development; media promotion; information gathering on imports, exports, foreign direct investment, tourism, and other commercial activities; personnel training; participation in delegations; inter-regional competition for international relations; international relations elements in strategic planning; and other relevant factors. The foregoing indicators are adapted from a list provided by John "Eck" Rose (1991, 111-113). Other indicators include the existence of sister city linkages, cultural and educational exchanges, and locally supported foreign education programs.

The indicators comprising the nature of international involvement have been grouped into four a priori general composites as notionally shown earlier in the subsection of this chapter on research strategy. These composite factors have been empirically derived from the exploratory literature review: economic, technological, sociocultural, and political. The elements or indicators forming the composites do not have unique locations and may be interchangeable among the other factors.

Extent: See involvement, which follows.

Involvement: For the purpose of this study, extent and involvement are defined as the effect of a set of actions undertaken to promote international political, sociocultural, economic, and other interactions. Extent of involvement is a construct forming a latent effect or dependent variable that indicates degree, which

is changeable, of municipal international involvement when compared to all other municipalities being studied.

The nominal operational definition follows and is derived from the literature related to municipal involvement in international relations currently available. For the purposes of this study, the operational definition of municipal involvement is: Involvement equals the additive value of designated indicators or composite factors, plus error.

Conceptual Indicators and Variables

The variables to be used in this study have been developed through the process of conceptualization, or the creation of working definitions of precisely what is meant when particular terms are used. "The end product of this conceptualization is the specification of a set of indicators of what we have in mind, indicating the presence or absence of the concept we are studying" (Babbie, 1989, p. 110). There may not be complete agreement on all of the indicators and they may not be found in all subjects, but the set establishes a "dimension: a specifiable aspect or facet of a concept," which is a technical term for such groupings.

The basic indicators forming independent variables or inputs to be developed from the research are classified as direct and indirect observables, as opposed to constructs discussed in subsequent paragraphs of this section. Indicators forming direct observable independent variables would be divided into background information on the municipality (e.g., population, location, relative wealth, gate-way or non-gateway, ethnic mix) and data on

the various types of programs underway that relate to municipal international involvement.

The study also should determine the practical significance of those composites (i.e., economic, technological, sociocultural, political, or others) that are believed to be important to successful municipal involvement in international relations. These composites are considered constructs, or theoretical creations based on observations, which are concepts that cannot be observed either directly or indirectly. The process involves grouping of like or similar observations which appear to have something in common, giving an appropriate name to that concept and then debating whether the specific observations are really sufficient indicators of the concept (Babbie, 1989, p. 111). The composite factors have been formed conceptually from groupings of indicators as initially developed from the exploratory literature survey.

The dependent or output variable, "the variable that the researcher wishes to explain" (Nachmias & Nachmias, 1987, p. 58) may be a construct formed from the various indicators, with some grouped as composite factors, which contribute to a degree of municipal international involvement on a continuous scale. While agreement may be reached that the output provided by the indicators is representative of the construct, there may not be agreement on the value of any of the indicators. In this case, the solution according to Babbie (1989), is to study them all.

"The **interchangeability of indicators** [Babbie's emphasis] means that if several different indicators all represent, to some degree, the same concept, then all of them will behave the same way that the concept would behave if it were real and

could be observed. (p. 111) The interchangeability of indicators permits us to study and draw conclusions about concepts even when we can't agree on how those concepts should be defined. (Babbie, 1989, p. 126)

Throughout, it is assumed that a municipality possesses the characteristics of international involvement to the degree that it demonstrates these characteristics, as involvement, which could be indexed on a continuous scale, controlling for intervening variables, if the depth of survey data permits.

Units of Analysis

Units of analysis are "entities to which the concepts pertain and which influence subsequent research design, data collection, and data analysis decisions" (Nachmias & Nachmias, 1987, p. 56). The units of analysis for the exploratory and descriptive studies are synonymous. In the first instance they were all municipalities in the United States for the qualitative phase of this study. In the qualitative descriptive study phase, they were a random sample of 774 municipalities, using a random numbers generator, of 2,050 municipalities in the United States who were members of the National League of Cities with a population of 10,000 to 50,000. To this random sample was added all 560 of those municipalities with populations of more than 50,000 bringing the total potential respondents to 1,334. The two studies differ in the samples involved; i.e., types and amount of literature researched versus municipal governments contacted. The qualitative "sample" contains all relevant literature that can be identified through purposeful sampling in two basic steps in accordance with the procedures established by Patton (1990). The steps are not necessarily

sequential, during further exploration of literature for additional depth and variation. The basic steps follow.

First, qualitative exploratory research proceeded with a sampling of extreme cases in literature that are an unusual manifestation of the phenomenon. Second, operational construct sampling was employed to purposefully pick a wide range of variation on the central themes of the conceptualized dimensions of interest; e.g., economic, technological, sociocultural, political. There is no definitive sample size in the exploratory literature survey because "There are no rules for sample size in qualitative inquiry" (Patton, 1990, p. 184). (Also see the subsection on measurement below and Strauss and Corbin, 1990, for coding.)

The units of analysis for the descriptive cross-sectional survey part of the study are the mayors or their designated representatives of responding municipal governments who were members of the National League of Cities in 1996. Municipal governments act as surrogates for municipalities because they are involved in intergovernmental relations, generally are responsible for what occurs in their jurisdictions, and have some degree of awareness, if not control, over international activities affecting the local public sector.

The National League of Cities 1996 membership included all most all in the United States with a few notable exceptions (e.g., Buffalo, New York is noted for not joining any national organizations, but participating in their activities (James Brooks, National League of Cities, personal communication)). The

organization represents a good cross-section of the nation.

Measurement

Measurement in general involves the relationship between the empirically grounded indicators that are observable and the underlying unobservable concepts as discussed earlier in this chapter. It is by virtue of subsequent measures of reliability and validity that determine whether one or a set of indicators represents a theoretical construct.

Qualitative measurement or open and axial coding were used in the literature survey portion this study. The open and axial coding procedures set forth by Strauss and Corbin in Chapters 5 and 7 have been followed during the survey of literature. Open coding analysis deals with "naming and categorizing phenomena through close examination of data. ...the data are broken down into discrete parts, closely examined, compared for similarities and differences ..." (Strauss & Corbin, 1990, p. 62). Axial coding is a set of procedures "whereby data are put back together in new ways after open coding..." (Strauss & Corbin, 1990, p. 96). Indicators derived through the exploratory survey of literature were treated as quantitative variables and measured accordingly.

Quantitative measurement is the assignment of numbers to objects in accordance with a set of prescribed rules which are identified as levels of measurement. According to Mason and Bramble (1989, p. 258), analysis of survey data is more difficult than with data obtained from more structured measurement techniques because it is indirect. The analysis of the design and measurement

techniques utilized considers the reliability and validity of the measures. Reliability and validity are problematical in nonexperimental studies as extensively indicated in the research literature on experimental and quasi-experimental designs cited throughout this section on methodology. However, they cannot be ignored. For example, research design quality criteria are based on the standards of reliability and validity set forth by Yin (1989, pp. 40-45), Kirk and Miller (1986), Patton (1990), and Cook and Campbell (1979).

The Kaiser-Meyer-Olkin measure of sampling adequacy and Cronbach's coefficient alpha were used to determine internal consistency reliability. Additionally, the reliability safeguards covered under instrumentation were applied to the National League of Cities 1996 survey. Internal validity, not to be ignored, is primarily concerned with causality and therefore is not of great concern in this study. The goal of external validity is to maximize the extent to which the results apply to the population in general. External validity is strengthened by having a high response rate as discussed under data collection, below. A concern under operational validity deals with the inability to establish a universe of the elements comprising the content of this phenomena since this is an exploratory study. Accordingly, the results of the qualitative analysis contained in Chapter III and two other survey instruments, covering the subject of municipal international involvement, were subjectively applied to the questions contained in the National League of Cities 1996 survey. Construct validity was accomplished

through the use of factor analysis to identify sets of variables that correlate highly among themselves. For a detailed discussion of reliability and validity as it pertains to this study, see Appendix C.

Instrumentation

The quantitative type of instrument is the National League of Cities 1996 survey contained in Appendix B. The primary source of instrumentation analysis was the results of the exploratory literature survey. As mentioned in the preceding paragraph, instrument analysis also was based, in part, on: the New International Cities Era (NICE) questionnaire (Fry, Radebaugh, & Soldatos, 1989, pp. 194-195); and a 1995 U.S. Conference of Mayors pre-test/pilot test.

Survey question analysis of the National League of Cities survey contained in Appendix B took into consideration the many aspects of the art of question development. The cardinal principle is simplicity in format, content, sentence construction, administration, and responding follow-through. Format involves the creation of an appealing and interesting spread. Content addresses the type and complexity of information desired.

The reliability safeguards for question construction and evaluation from Borg & Gall (1989, p. 263) and Babbie (1989, pp. 146-48) are shown in Figure 4, on the following page. These safeguards were used in the evaluation, found in this study's Chapter IV, of the National League of Cities' 1996 survey.

Data Collection

Qualitative data collection is covered under the units of analysis discussed above and open coding for qualitative collection is described in the measurement section of this chapter. Open coding is synonymous with data collection for quantitative analysis. Quantitative data collection was accomplished through the administration of the 1996 National League of Cities' mailed survey with one follow up mailing. Additional limited follow up was conducted through the use of telephone and facsimile machine. Confidentiality was used in the 1996 survey.

Response rates are always a problem with self-administered surveys. Goals are established recognizing that 50% is adequate, 60% is good, and 70% is very good (Babbie, 1989, p. 242). The number of responses needed for correlational studies to be statistically significant at the .01 level is contained in Table 1 immediately following Figure 4 on the next page.

The National League of Cities survey produced 476 usable responses out of 1,334 surveys sent to municipalities for a 35.7 percent response rate. This, while not meeting the criteria set by Babbie (1989, p. 242), was considered sufficient by the National League of Cities' researchers to proceed with analysis. While the survey was addressed to mayors, only 30 percent (145 mayors) respective mayors.

FIGURE 4**QUESTION CONSTRUCTION AND EVALUATION RELIABILITY SAFEGUARDS**

Precisely defined terms throughout

Clear specific terms of common use, not ambiguous

Data kept in discrete elements, not lumped in
general categories

Multiple choice questions contain all possible
responses, avoid "other" and "specify" options,
as much as possible

Clear and simple directions

Avoid double-barreled questions; ones with "and"

All questions should be relevant

Short items are best

Avoid negative items: do not use "not"

Avoid biased items and terms; those with socially,
culturally, politically negative connotations

Limit contingency questions; those questions which
may not be applicable to all respondents

Use matrix questions with caution to avoid a
response set among some respondents (always
checking the same box down a column)

Figure 4. The reliability safeguards for question construction and evaluation.

Sources: Borg & Gall (1989, p. 263) and Babbie (1989, pp. 146-48).

TABLE 1
RESPONSES REQUIRED FOR STATISTICALLY SIGNIFICANT
CORRELATIONAL STUDIES

<u>r</u>	<u>N</u>
.45	32
.40	42
.35	52
.30	70
.25	100
.20	150
.15	300

Table 1. The responses required for statistically significant correlational studies.

Source: Adapted from Henry E. Garrett (1966. Statistics in Psychology and Education, 6th ed. Table 25, p. 201. New York: David McKay).

Data Analysis

The data analysis employed includes exploratory statistical data analysis, descriptive statistics including measures of central tendency, variability, and correlational statistics. This is possible in nonexperimental research because, as Cook & Campbell (1979, p. 295) point out,

Correlations in the technical sense could be used to analyze data from ... nonintrusive observational studies. The t test of the difference of means, the F test from analysis of variance or covariance, and the common multiple regression approaches are all part of the same linear statistical model.

Data analysis was facilitated through the use of enhanced micro computers of not less than 486 capability to provide the primary data entry and analysis input and output points. Statistical analysis software packages were used. The primary package for this study was SPSS Base, version 8.

It should be noted that all of the statistical analyses were used to provide an "exploratory" description of the indicator variables from the NLC data set. These results are considered "exploratory" for two reasons. First, the NLC questionnaire was created for purposes other than the validation of this study. Second, there was a lack of question specificity and technological questions, plus some question coding problems in the NLC survey, as covered in Chapter IV.

The analysis of cross-sectional survey data proceeded as a series of steps as generally recommended by Creswell (1994, pp. 123-24). The exploratory quantitative analysis was conducted in five steps: (1) exploratory statistical analysis; (2) basic descriptive

analysis; (3) limited bivariate descriptive statistics; (4) form composites of the variables through multivariate factor/principal components analysis; and (5) conduct an elaboration of the data to clarify bivariate and multivariate relationships using multivariate statistical analysis in the form of multiple regression. The "steps" are not mutually exclusive and should be considered phases of a process. The four steps follow.

Step 1. Conduct Exploratory Statistical Analysis.

Exploratory statistical analysis goes beyond considering only two alternatives such as in hypothesis testing and explores data to see all patterns which may exist. It seeks to discover what all of the data can tell the researcher and it lays the groundwork for evaluating the objectives of this study. It also may provide greater insights to a wider range of alternative explanations.

Exploratory statistical analysis of the data proceeded in phases as set forth in Figure 5 on the next page. The sequence came from a checklist for screening data for multivariate use by Tabachnick and Fidell (1989, p. 89; 1996, p. 87). The phases must be pursued in sequence because the decisions made at one level influence the outcomes of succeeding levels.

Step 2. Conduct Basic Descriptive Analysis.

This step flows from the last step where many of the procedures took place. This step involves further descriptive univariate analysis of all independent and dependent variables in the study to develop and tabulate the measures of central tendency, measures of variability (i.e., standard deviations, range of scores

FIGURE 5
EXPLORATORY STATISTICAL DATA ANALYSIS PHASES

1. Inspect univariate descriptive statistics for accuracy of input
 - a. Out-of range values
 - b. Plausible means and standard deviations
 - c. Coefficient of variation
2. Evaluate amount and distribution of missing data: deal with problem
 - a. Delete cases or variables
 - b. Estimate missing data
 - c. Develop missing data correlation matrix
 - d. Treat missing data as data
3. Check pairwise plots for nonlinearity and heteroscedasticity
4. Identify and deal with nonnormal variables
 - a. Check skewness and kurtosis, probability plots
 - b. Transform variables (if desired)
 - c. Check results of transformations
5. Identify and deal with outliers
 - a. Univariate outliers
 - b. Multivariate outliers
6. Evaluate variables for multicollinearity and singularity

Figure 5. The phases of exploratory statistical data analysis.

Source: Tabachnick and Fidell (1989, p. 89 as modified by 1996, p. 87).

of the independent variables, and frequency distribution of the dependent variable) for the NLC data set.

Step 3. Conduct Limited Bivariate Descriptive Statistics.

While bivariate analysis is aimed primarily at explanation, the objective was what Babbie calls "subgroup comparisons" or "subgroup description" (1989, pp. 374-77). As a practical matter, in this study, bivariate analysis will be used to explain relationships (i.e., direction and degree of association) between variables without implying causal relationships. This form of analysis involves two variables, but their form (i.e., continuous score, rank, artificial dichotomy, true dichotomy, category) and the nature of the relationship determine which bivariate technique will be used (Borg & Gall, 1989, p. 589). "For two variables one can calculate the correlation coefficient as an index of strength of relationship and test it for statistical significance" (Spector 1981, p. 33).

Step 4. Form Composites of the Variables.

When there are many independent variables, determining whether the construction of a smaller number of dimensions or factors, which does an adequate job of explaining the original larger set, is an option (Spector 1981, p. 33). Single indicator variables may not have sufficient validity to warrant their use, therefore, composite measures may be constructed to assure that relevant variables are retained in one summary measure. Additionally, "The composite measures should have greater reliability and operational validity than the items taken singly" (O'Sullivan & Russell, 1989, p. 262).

Variations of factor analysis, including principal components analysis, require a large number of cases and interval or ratio units of measure, but it has been used with ordinal and nominal variables. Factor analysis, called principal axis factoring in SPSS, was used to determine which underlying dimensions were measured by a set of separate indicators to develop the underlying structure and assess the fit between the data and the conceptualized structure; e.g., the economic, sociocultural and other factors contributing to municipal involvement in international relations. Factor analysis next was used to determine how closely the independent variables best measure each construct. Finally, principal components analysis and factor analysis were used to transform appropriate sets of variables into smaller ones. "If there are no hypotheses about the components prior to data collection, principal components analysis is often the appropriate strategy," (Tabachnick & Fidell, 1989, p. 28), to assess whether or not municipal involvement is made up of composites. Additionally, an empirical summary of the data set can be better achieved through principal components analysis (Tabachnick & Fidell, 1996, p. 644). Factor analysis, however, develops a structure and assesses the fit between the data and the hypothetical structure; i.e., that municipal involvement is comprised of composites representing economic, sociocultural, political elements. The principal components analysis results were compared to factor analysis results from the same data sets. Weighting of variables was accomplished using factor loadings for each variable, using

factor analysis. The reliability of the new scales was checked statistically for internal consistency, a measure also demonstrating construct validity of the instrument through factor analysis as discussed earlier under the exploratory data analysis step.

Step 5. Run Multivariate Statistical Analysis

Exploratory multivariate statistics were used in this case for elaboration, but not control or prediction at this early point in the study of municipal involvement in international relations. Elaboration or specification clarifies bivariate relationships by introducing conditional variables necessary for the occurrence of the relationship.

In this study, anyone of the variables developed in the factor analysis portion of this study or any one or number of the variables making up international activities in questions in the NLC 1996 survey could form conditional variables. Exploratory multiple regression allowed the assessment of the relationship among two or more variables and identifying conditional variables. When multiple regression can be used to analyze data from correlational designs, it can handle categorical data. It also can conduct part and partial correlation analysis of the independent variables to describe the strength of any relationship between two variables after the influence of other variables has been controlled.

Conclusion

This study used a combination of qualitative and quantitative research to determine the nature and extent of municipal international. The results of the analysis procedures described herein are presented in the next two chapters of this study.

CHAPTER III

QUALITATIVE LITERATURE SURVEY

WITH

SURVEY RESULTS

Introduction

This chapter contains a survey of the economic and technological, sociocultural, political, international relations, intergovernmental relations, and international cities perspectives of municipal involvement in international relations. The chapter begins with a presentation of the historical background of the subject, from ancient history to the present. This is followed by four sections that review the relevant economic, technological, sociocultural, and political issues surrounding the global, national, and subnational predisposing interactions that could have precipitated the phenomenon being investigated. Technological aspects are considered separately from economic ones because of the profound effects they have on all of the perspectives presented in this chapter. The remaining three sections of this chapter place municipal international involvement in the relevant political science frames of reference where this involvement exists and interacts. The international relations section furnishes a perspective on the evolving nature of this field from focusing on nation-states to studying global actors, including municipalities. The intergovernmental relations section concentrates on U.S. federalism down to the local level and its effect on municipalities

operating in the international arena. The final section, before the chapter summary, discusses "world cities" (e.g., London, New York, Tokyo, and others) and their relationship to the involvement of American municipalities in this international dynamic.

This chapter also develops the theoretical framework for this study through a qualitative survey of the literature to form indicators of municipal international involvement. The contents of this chapter combine the usual review of literature with an exploratory survey as the first phase of this study. The qualitative procedures involved were discussed in Chapter II of this study. A narrative form of analysis is employed, as advocated by Schram and Neisser (1998) and mentioned in Chapter I. This type of analysis is lengthy, but is needed to set seemingly disparate and conflicting issues and events in context and establish their linkages to the phenomenon under study. It is a method using a conditional matrix approach (Strauss and Corbin, 1990, ch. 10) that examines globalization in general and U.S. municipalities in the international, national, and local contexts in particular and provides background information relating to why municipalities are involved.

Historical Overview

Historical Background

Municipal involvement in international relations has historic precedent. This involvement stems from the evolution of communities as urban centers. With the dawn of history, communities were formed and expanded from rural areas to villages, pre-industrial and

industrial cities, and then post-industrial cities. Municipalities started as collection points, developed into storage and distribution centers, became exportation and marketing entities, then manufacturing complexes, followed by vast service centers. The latter, the metropolis (i.e., the post-industrial city environment), is the producer of vast services and requires extensive social controls and interventions. A review of the development of cities as urban centers is found in the work of McCord and McCord (1977). Holton (1986) provides an examination of urban development with population centers growing and flourishing due to trade. Commerce provided the catalyst for urban innovation (i.e., improvements in technology development and social well-being), the diffusion of that innovation, and "the creation of an economic and political environment conducive to further innovation" (Holton, 1986, p. 143).

Commerce created the city-states of ancient Greece and Phoenicia, followed by early Rome and those of medieval Italy. They engaged in all forms of international relations while their principal objective was the conquest and control of the countryside and its products. The maritime city-states of Venice and Genoa focused on control of maritime trade and trading posts rather than land. In northern Europe during the dark days of Feudalism, emphasis increasingly was placed on economic competition and domination of trade while ecclesiastical and feudal lords ruled the countryside. The ruling classes were constantly warring with one another and the merchant class, which dominated the cities, took advantage of the lords' constant need for money. By 1157, the city

states had made great strides and the merchant leagues had gained many privileges at home and abroad. (Nash, 1995, pp. 3-10)

The Hansa or Hanseatic League, formed by a net of independent cities, typified a unique municipal independence on the international scene in Northern Europe. Begun in about the tenth century, its domination of trade from the thirteenth to the seventeenth centuries wrested power from the rulers in the northern Holy Roman Empire, and Pomerania (i.e., Prussia). The League was controlled by German merchants in some two hundred towns, many of which were considered cities in their time. The League stretched from London to Bergen in Norway, to Novgorod in Russia and combined inland commerce from as far south as Venice through Augsburg and Innsbruck with maritime trade stretching into the Mediterranean via France, Portugal, and Spain. (Nash, 1995, pp. 15-21) By the mid fourteenth century, the Hanseatic League "was recognized as one of the greatest powers in Europe" (Nash, 1995, p. 12). "United for protection and profit, they used boycotts and occasional force to monopolize markets ... throughout the Baltic and North Sea regions" (Von Der Porten, 1994, p. 64).

Cities, then, were the hubs of the western world up until the mid-seventeenth century, and continued to be significant entities after the rise of the nation-state. It was not until the Treaty of Westphalia in 1648, concluding the Thirty Years' War, that the nation-state emerged as the center of political allegiance, economic interest, and spiritual authority. The universalist ideas and institutions were destroyed as a result and cities as independent

international entities became all but eclipsed. Sovereign control over well defined territory emerged and nationalism, embodied in the sovereign and state, was secured. Foreign policy was exemplified through the sovereign's sole right to make treaties and conduct independent foreign policies thereby regularizing diplomacy. The "Westphalian Model" of territorial states or "nations" asserting total sovereignty has dominated international relations ever since. (Brecher, Childs & Cutler, 1993, p. xx) War became a method through which sovereigns could pursue their national interests. The history of the nation-state, with notable exceptions, "... is the story of national centers dominating the local, even if through bloody civil wars" (Teune, 1995, p. 8). The modern nation-state system, the creation and codification of national financial systems, the facilitation of long-distance trade, and the contemporary scholarly study of international relations substantially traces its origins to the Peace of Westphalia (Teune, 1995).

In the New World during the sixteenth, seventeenth, and eighteenth centuries, cities (e.g., Havana, San Juan, Maracaibo) acted in much the same fashion as the former city-states of ancient Greece and fourteenth century Italy. New World cities were relatively independent entities composed of a municipality and its surrounding territory, responsive to the mother country through crown appointed governors and viceroys. They were entities that maintained their relative independence during the Westphalian nation-state transition period due to their remoteness. A number of cities such as Boston and Philadelphia, and perhaps Quebec and

New Orleans, were established as international centers and were the loci of authority for the territory in which they were established. The international trade focus of the northern English colonies was in good part related to their geographical position. Hemmed in by French Canada on the north, the Great Lakes to the northwest, and the royal colony of Virginia to the west and south, the northern colonies and later states found international trade to be their economic engine. (The American Heritage History of the Thirteen Colonies, 1967)

The southern colonies, with their vast amounts of territory focused their attention on agriculture and westward expansion. There were a few cities, such as Wilmington, North Carolina, Charleston, South Carolina, and Savannah, Georgia, which were really towns in comparison with cities in the north. These primarily were ports for the outward transshipment of agricultural raw products and inward of basic goods and labor.

After the Revolutionary War, cities in the northern United States retained some power through their control of the independent states under the Articles of Confederation, which provided few powers to the Continental Congress and left extensive powers to the states. The Articles were based on early Anglo-American congregationalism that strongly emphasized the covenanted civil society. "Under the Articles of Confederation, the congregational tradition predominated, but was unable to elicit enough nationwide cooperation to sustain itself. (Kincaid, 1989a. p. 25)

With the enactment of the U.S. Constitution and its Amendments, both of which recognize only the federal and state levels of government, cities were subordinated to the states. The states' hold over cities was strengthened in 1868 by the "Dillon Rule," which said, in effect, that cities required express approval from their state for any endeavors that the city undertook. Under the U.S. Constitution, local governments are "tenants at will " of the states (V. Jones, 1988, p. 90) and "can exercise only those powers specifically granted to them by state legislatures or those powers indispensable for carrying out the responsibilities that legislators have assigned to them" (Peirce, 1993, p. 327).

The Dillon Rule bound the cities to the states in most states. Exceptions existed, predominantly in the southwest where state constitutions were influenced by their Spanish heritage and were more liberal toward substate governments. The U.S. Constitution provided a sound political and legal base for open commerce between the states, but the federal government gained no economic initiatives. They rested with the states and localities as in colonial times. (Fosler, 1988, p. 12) little affected by the subordination of cities to the states.

Internationally, the concept of the national economy was enhanced by the industrial revolution and the logic of expanding markets, which gave national governments "access to resources on such a scale that most economies--indeed the very concept of society--were cast in national rather than local or regional terms" thereby placing the focus of future comparative research on nations.

(Teune, 1995, p. 8) The industrial revolution, however, had other effects. Manufacturing and masses of unskilled laborers congregated in most cities throughout the western world. Urban life and success were linked to the scope and productivity of manufacturing industries, in whatever transportation-dependent locations in America (Gottmann, 1989, p. 59).

Prior to the industrial revolution, with a few notable exceptions (e.g., land-based signal stations), communication was tied to transportation and both were relatively underdeveloped. This kept competition, particularly in America, mainly local and regional tied to transportation dependent locations. (Kotler, Haider & Rein, 1993, p. 9) The inventions of the industrial revolution in the transportation (e.g., steam driven rail and ships) and communications (e.g., wire communication) started to change methods of doing business and enhanced competition.

The industrial revolution gave impetus to international trade in manufactured goods and English merchants found it necessary to protect their interests abroad, apart from their colonies, from competition. In the latter part of the nineteenth century, a counterpart of the Hanseatic League was developed in "... the present-day Chambers of Commerce; such as the British Chamber of Commerce in Paris, founded in 1873, which was established by British merchants resident in Paris for the protection of their trade interests" (Nash, 1995, p. 7). Chambers of Commerce devolved from national entities to supporters of strong local interests as the next century dawned.

The late nineteenth century saw various American states remain active, to varying degrees, along with local governments in providing transportation, water supply and other utilities to support urban growth and industrialization (Fosler, 1988, p. 12). The first fifty years of the twentieth century witnessed little change at the state or local level, despite the First World War and the Great Depression. According to Deputy Secretary of the U.S. Department of the Treasury, Lawrence H. Summers (October 26, 1995, presentation made at the Jerome Levy Economics Institute Conference on International Trade and Competitiveness), after the war the United States returned to its isolationist policies and made no effort to rehabilitate the defeated nations or open its markets. The U.S. also failed to support the development of international institutions (e.g., the League of Nations and the World Court) that would replace war with diplomacy. This isolationist path resulted in the Great Depression, economic stagnation and, ultimately, World War II. The Great Depression signaled expanding federal power to cope with domestic problems and the greatest war the world had ever experienced. The early part of the century also saw little change in the role of the various foreign ministries of other western countries and the U.S. State Department.

For almost one hundred and fifty years, in the United States, the Department of State was the sole agency responsible for foreign or international relations in the United States (Hancock & Rustow, 1971; Bloomfield, 1982; Findling, 1991; and U.S. Government Organization Manuals 1947-1997). During the nineteenth century,

foreign policy was based on embassy reports from overseas to the State Department. Treaties were made with the advice and consent of the Senate in accordance with the Constitution, which does not mention the Department of State or foreign policy.

In summary, history is replete with cities acting as political, economic, and sociocultural centers of the western world from ancient history through the late sixteenth century. The rise of nation-states eclipsed the political and economic power of cities. In the United States under the Constitution, cities were not mentioned; i.e., had no power or authority nationally. They were subordinated to the states, the latter of which controlled the nation's economic factors if not exclusively by individual states, then by region. All foreign relations under the U.S. Constitution were the exclusive purview of the federal government. The twentieth century would set into motion significant changes, even though they primarily were evidenced during the last forty to fifty years of the century.

Five and a Half Decades of Change

The 1940s and '50s

World War II placed the United States in the role of world leader militarily, economically, technologically, and politically; a role that was soon to be challenged by the Soviet Union. After the war, the diplomat's role was diminished by three significant changes. First, and perhaps the most important, was the development of advanced communications and information networks. These reduced the importance of diplomats as negotiators because heads of state

were able to communicate much more freely among themselves. Second, public disparagement of traditional diplomacy and diplomats become one of the national pastimes. The diplomatic fiascos that led to World War II served to disparage even the most capable diplomat's credibility in the international arena. Finally, the tendency of heads of government or their immediate representatives such as U.S. cabinet members and others of lesser rank, but with authority and influence, to conduct negotiations in summit and other conferences, made all the more possible by air transportation, placed the diplomat in the background. (Bloomfield 1982, Crabb & Mulcahy 1986, Dougherty and Pfaltzgraff, 1990).

Non governmental participation in international relations evolved during the late 1940s and expanded exponentially in the 1950s. The Marshall Plan, implemented in 1948, fostered transnational interactions and coalitions that continue to involve diverse non governmental participants. The 1950s witnessed a dramatic rise in multinational corporations and banks. Additionally, other diverse groups such as shipping, religious, environmental, criminal, and even terrorist organizations make-up parts of a vast international network (Risse-Kappen 1995, Strange 1996). In one way or another, all contribute to the multiple channels connecting societies, nationalities, and states.

The two decades of the '40s and '50s saw the decline of traditional diplomacy with advancements in communications and travel, which fostered the direct involvement of national leaders and their personal representatives in foreign policy. The host of

groups making up the international network served to confound the new diplomatic process as much as the domestication of foreign policy does in the United States.

The 1960s and '70s

The domestication of foreign policy in America began in the 1960s with local wide-spread opposition to the Vietnam War. That opposition eventually resulted in U.S. withdrawal from the war and the collapse of the Republic of Vietnam. Subsequent decades witnessed the emergence of nuclear free zones, comprehensive test ban cities, sanctuary cities, and divestment cities. City councils passed resolutions supporting countries such as Israel and sanctioning others; e.g., Northern Ireland and South Africa. (Hobbs, 1994)

The 1960s also witnessed an innovative approach to local economic development in one of America's cities, which had a vision for the future and a greater international perspective than many others. In the early 1960s the small, then little known, city of Spartanburg, South Carolina launched an aggressive promotion campaign to attract firms; not U.S. businesses as other American cities were doing, but European. After a careful study and analysis of those European firms that had a need for assets that Spartanburg could offer, they were personally targeted with very effective promotional and sales materials that presented the city's best virtues from the European firm's perspective. With initial successes in Europe, Japanese firms were approached in the same manner after the city again did its homework. By 1980, it was

estimated by the state of South Carolina that over 35 percent of Spartanburg's industrial development activities were foreign financed. Spartanburg provided the innovative approach numerous other cities were to emulate. (Fry, 1980)

In the United States during the past three decades, the forces of mechanization, automation, rationalization, improved transportation, and an exploding technology, particularly in communications, resulted in a scattering of production and city sprawl (Gottmann, 1989, p. 59). Regional shifts of population and economic activity occurred. The south and southwest benefitted from the development of air conditioning since World War Two. Interstate highway building, electronic communication development, and aviation expansion of services lessened the advantages formerly held by the northeast and north-central regions. At the same time, these forces were bridging the traditional geographical and conceptual boundaries. They also brought global and transnational activities and imperatives to the local level.

Concurrently, court decisions were diluting the Tenth Amendment to the U.S. Constitution, once the bastion of states' rights (Kincaid, 1989b, p. 245; G. Brown, 1987, p. 26) and the forces of change were removing the traditional shields held by the nation and its states which protected localities from global economic and technological forces, not to mention related ecological and environmental issues.

The U.S. Advisory Commission on Intergovernmental Relations (1984) found that in the '60s and '70s state and local governments

were brought under extensive federal regulatory controls and that the federal courts had done little to constrain the regulatory proclivities of the Congress or the Executive Branch, "... a dramatic shift in the way in which the federal government deals with states and localities" (p. 1). In addition to regulatory controls, the 1960s witnessed the federal government taking greater fiscal and programmatic responsibility for states and localities, only to reduce fiscal assistance starting in the late 1970s (Kotler, Haider & Rein, 1993, p. 14).

In the business arena in the 1970s, international business began to change with advances in communications, rapid worldwide travel, lower costs of production in developing countries, and the maturing of the development of countries ravaged by World War II. "All of these events have contributed to the weakening position of the United States as the world leader in international business" (Asheghian, 1995, p. 409).

Accordingly in the last twenty-five years, economic issues arising from international trade, investment, and currency exchange became the central focus of the President and foreign policy advisors. In the 1970s new patterns in the world economy became evident, signaling the end of a period of U.S. political, economic, and military dominance. The 1971 collapse of the Bretton Woods monetary system, within which the world economy had operated since 1945, created one pattern of change in the world economy. "This breakdown was clearly linked to the decline of the United States as the single dominant economic and military power in the world.

Japanese and European multinationals and banks became major competitors with U.S. firms" (Sassen, 1994, p. 28).

The impact of the 1974 oil crisis was not insignificant, nationally or internationally. "The oil shocks of the 1970s dramatized the extent to which the U.S. economy had become vulnerable to foreign influences" (Fosler, 1988, p. 15). Additionally, the environment, weather, food supply, population shifts, energy, trade, and poverty have cross-cutting effects, placing a stronger claim on priorities at all levels of government. These economic challenges and problems have resulted in heretofore unforeseen effects on different locales in the United States. Figure 6 on the next page depicts the forces affecting municipalities over about the past thirty years.

During the 1970s urban governance shifted from the politics of reorganization or "horizontal" to the politics of intergovernmental financial aid and federal program implementation or "vertical" (Hahn and Levine, 1980, p. 32). At the same time, global interdependence penetrated deeply into all aspects and levels of the U.S. economy, drawing state and local governments into novel international trade and investment activities (Kline, 1984, p. 94). Dye (1976, p. 76) recognized the importance of cities and their resources in this changing context, "the primary forces influencing what governments do arise from the socioeconomic environment - specifically the mix of resources and needs stemming from the social and economic composition of city populations."

FIGURE 6

FORCES AFFECTING MUNICIPALITIES

NATIONAL FORCES**Technology Change &
Infrastructure Enhancement**

Mechanization
Automation
Rationalization
Services Economy
Communications

Regional Shifts

Industry
Population

Local Issues

Urban vs. Suburban
Regionalism

Isolationism vs.
Commitment
Environment/Ecology
Catastrophic Weather
Energy Available
Poverty Relief
Entitlements

State Govt.

Dillon Rule
Unfunded Mandates
Govt. Inefficiencies

Federal Govt.

Local Autonomy
New Federalism
Foreign Policy
Domestication

Govt. Inefficiencies

National Economy

Boom vs. Bust

INTERNATIONAL FORCES**Technology Change &
Infrastructure Enh.**

Mechanization
Automation
Rationalization
Services Economy
Communications

Regional Shifts

Industry
Population

Global Issues

Transnationalism
Transgovern-
mentalism
Interdependence
GATT Initiatives
Environment/Ecology
Catastrophic Weather
Energy Available
Famine Relief
Poverty Relief

International**Organizations**

Effectiveness
Costs vs. Benefits
Inefficiencies

National Govts.

Sovereignty
Budget Constraints
National Interest
International
Finance
International
Relief/Security
Operations

Global Economy

Boom vs. Bust
Proliferation

Figure 6. The principal forces affecting municipal courses
of action over the last three decades.

The last twenty-some-odd years also witnessed the full effects of the "deindustrialization" of the American economy, as "the result primarily of global competition in manufacturing in recent decades" (Rusk, 1995, p. 38). Highly industrialized cities with emphasis on "smokestack industries" (i.e., primarily steel and other metal manufacturing trades) were among those hardest hit by international competition. Job loss was catastrophic with a manufacturing employment drop "from 25 percent to 17 percent of all jobs" (Rusk, 1995, p. 39). Cities benefitted, however, when they encouraged development and investment in new products such as computers and electronic components (Rusk, 1995, p. 39), and expanded their service industries. "In the last ten years the services sector accounted for 97 percent of net new employment growth in American cities" (Cisneros, 1993, p. 25).

During the 1960s and '70s the U.S. experienced the domestication of foreign policy, the scattering of production and city sprawl, regional population and economic activity shifts, dramatic increases in federal authority over state and local governments, the oil crises and collapse of the international monetary system, and intense international manufacturing competition with subsequent job loss. The following two decades would see the dramatic rise of service industries and be equally, if not more, tumultuous in different ways.

The 1980s and '90s

The 1980s brought shifting global issues exemplified by intense Soviet-U.S. competition on one extreme to the demise of the

Communist bloc on the other, bringing about a unipolar world with all of its instabilities such as Iraq's occupation of Kuwait and the resulting war. The '80s brought home the reality that, "... No longer does America exist as a system of production and exchange separate from the rest of the world. Practically speaking, the term 'domestic' is obsolete. Today we must compete with every industrialized and developing nation in the world" according to then Governor Baliles of Virginia (1989, p. C1).

The decade of the '80s also witnessed "President Reagan's version of new federalism," actually begun during the Carter Administration in the late 1970s and accelerated under Reagan, with more autonomy granted to state and local governments and less federal funding at those same levels (Luke, Ventriss, B.J. Reed & C.M. Reed, 1988, p. 4). State and substate governments became more responsible for generating funds for federally mandated education, health and various social welfare programs. (Kotler, Haider & Rein, 1993, p. 14) While health related federal aid increased dramatically, nonhealth aid continued to decline into the 1990s, but the situation was exacerbated by the dramatic increase in federal regulations, often called "unfunded mandates," that affected state and local governments.

According to Conlan, Beam, and Colella (1993), regulatory enactments increased by 75 percent during the 1980s and became the leading cause of government friction in the early part of the '90s. Due to mounting opposition to unfunded mandates by mayors and governors and the introduction of 32 mandate relief bills during the

103rd Congress, the 104th Congress finally responded in early 1995 by passing the Unfunded Mandate Reform Act. Information on the impact of unfunded federal mandates is limited for a number of reasons and estimates vary from as high as \$500 billion to as low as \$9.8 billion, but "all estimates to date have been sharply limited in scope, quality, timing, and methodology." (Ray & Conlan, 1996, p. 7) As Ray and Conlan (1996, p. 14) conclude,

For many of the nation's governors, mayors, and county officials, mandates may have come to represent a more profound concern over their dwindling authority and policy independence. If this is true, however, then the mandate problem cannot be cured with a financial fix alone.

The intent of the Republican administration was to push communities toward becoming more self-sufficient, instructing them to wean themselves from dependence on federal aid and to prepare themselves for free-market competition (Judd & Ready, 1986, p. 210). "Under this philosophy, cities were urged to gain control over their own destinies, become more attractive to business, compete with each other, and adapt to changing national economic trends" (Morgan, 1989, p. 296). Incredibly, Reagan's supply-side economics have proven themselves over time and revitalized the American economy over the past 15 years, "the longest stretch in U.S. history with one shallow recession, should be called the Reagan Boom" (Glassman, 1997, p. A9) even though many local governments are still feeling the pinch of reduced federal funds and increased mandates.

Concurrently, in the 1980s finance and specialized services emerged as major components of international transactions. This strengthened the role of cities as transaction centers and

diminished that of many national capitols that formerly controlled these types of international transactions. The growth of international finance and services signaled a dramatic change from the 1950s when world trade was in raw materials, other primary materials, agricultural products, and resource-based manufacturing. The world also experienced a sharp growth in numbers and economic weight of multinational/transnational corporations (MNCs). The central role they played in the 1980s is illustrated by U.S. and foreign MNCs accounting for 80 percent of international trade. (Sassen, 1994, pp. 9-14.)

International finance among the major economies brought problems of policy coordination in managing currency alignments. This came to a head in October 1987 and "precipitated the worst stock market crash in half a century" (Walters & Blake, 1992, p. v).

The effects of the end of the cold war, coinciding with the recession in the U.S., brought about a change in defense spending which produced a major impact on many local economies. Defense downsizing progressed, despite the Gulf War, with cuts in all government and business areas, but primarily personnel, material procurement, and research and development. (See, for example, The Virginian Pilot, 1998a, pp. D1-D2.) The reduction in dollars, brought on by the threat of peace during the 1988-1990 period, "caused much consternation in cities where military bases and/or contractors are located" (Kirby, 1992, p. viii), and these large cutback produced significant impacts on theses states and their locales (Hooker, 1996). It was thought at that time that the

emphasis placed on technology requirements at the expense of manpower, would "guarantee employment for tens of thousands of workers for years to come" (Kirby, 1992, p. viii). The demands for a balanced budget and elimination of "pork-barrel" spending on many military weapons systems whose need was severely questioned, did much to reduce this guarantee.

Though not all municipalities are affected in the same way, the great number that are affected have resolved their problems in various ways. Some communities, including the port city of Charleston, South Carolina, have endured as corporations have consolidated or merged, or abandoned bases have been turned into industrial parks, though inevitable job loss through these mechanisms reverberates (The Virginian Pilot, 1998b, p. A4). These localities, with direct exposure to the international arena through their local military commands, have a propensity to seek solutions externally, internationally. One positive mode could be to become involved in international relations. There also were some other positive things that emerged from this period of uncertainty.

For various reasons, as set forth in the preceding discussion, state and local governments were seeking economic relief from many varied sources by the 1990s. Foreign firms and countries, which were eager investors in the early 1980s, were approached. For example, by the beginning of the current decade, 42 states had foreign offices abroad, even though the Constitution gave Congress power to regulate foreign commerce (Stemple, 1991, p. 123). The first state office in Europe was established by New York in 1963,

followed by Virginia and Illinois in 1968. A significant increase of offices established occurred during the 1970s. (Kincaid, 1985)

Another burst of openings in the late 1980s. As of 1992 for example, states maintained 123 trade offices abroad (Wright, 1992), of which for example, Virginia had one each in Brussels and Tokyo, and two in Africa. By mid 1993 in Europe alone, 30 states had 36 offices, compared to 1985 when 21 states had 26 offices in Europe. (Levine, Fall 1993-Winter 1994, p. 43) As a result, according to intergovernmental relations theorist Deil S. Wright (1992, p. 1), "states and localities have come to the forefront in an arena that has historically been the near-exclusive province of the national government-international relations."

Another emerging issue is the expanding influence of state and local interest groups, exemplified by what is referred to as the "Big 7." Both Wright (1978) and Hahn and Levine (1980) identify the big seven public interest groups from the intergovernmental relations perspective. They are (1) the Council of State Governments, (2) the National Governors Association, (3) the National Conference of State Legislators, (4) the National Association of County Officials, (5) the National League of Cities, (6) the U.S. Conference of Mayors, and (7) the International City Management Association.

As early as 1984, intergovernmental relations specialist John Kincaid (1984, p. 103) wrote that the involvement of American governors in matters of international affairs increased significantly since the 1950s. The two major factors accounting for

this involvement are increased international interdependencies and increased modernization of state governments. The latter goes beyond communications breakthroughs and includes the elevation, sophistication, and diversification of staff expertise. These factors should sustain and increase state involvement in international relations, particularly trade. Articles in State Legislatures substantiate Kincaid's observations. The further development of international trade and investments will offer many challenges for sub-national and federal governments.

Municipalities also are involved in international activities (Kline, 1984, p. 94). According to the National League of Cities (Robert Maffin, telephone interview, April 14, 1993), in addition to the active coastal cities, there are major international programs in San Jose, Tucson, Denver, Dallas, and Atlanta. Columbus, Ohio has six offices abroad and was designated as the North American site for Info-Port, a United Nations pilot program in the use of information technology to promote international trade (The Journal of Commerce, 1993, p. 4). Dallas has established an extensive international program with an office of international affairs in the city government (Bullington, 1993) and the city of Charlotte, North Carolina has a "Mayor's International Cabinet" (State International Policy Network, 1995a, p. 5). Orlando, Florida has reached beyond its city boundaries and in 1995 established the Metro Orlando International Affairs Commission. The commission represents a broad cross section of private and public organizations and provides a formal structure for all international activity in central Florida.

(GLOBEACON, Winter 1996-1997b, p. 1)

Six international cities (Atlanta, Chicago, Frankfurt, Glasgow, Rotterdam, and Toronto) were examined in a study initiated by the U.S. German Marshall Fund. The report observes that 80 percent or more of the goods and services in the European Community and North America are produced in urban economies and that "city regions," or cities and their surrounding areas are the real arenas for global economic competition (The PSARAS Fund, 1992, p. i). Though the report basically is welfare oriented, among the "Keys to Urban Success in the Global Economy," the report concluded that "successful urban areas will be those that: ... aggressively position themselves to compete economically in the global economy" and "...forge new partnerships across political boundaries, bureaucracies, and public and private interests in order to surmount obstacles to change" (The PSARAS Fund, 1992, p. vi.). City regions need a strategic economic vision,

To create new jobs, each city-region must find its niche in the global economy by taking advantage of its strengths. While some cities have yet to determine how to define their role in the new economy, others are already positioning themselves. In such cases, these decisions underlie their new-found emphasis on educational reform, social innovation, and the formation of new regional alliances. (The PSARAS Fund, 1992, p. 8)

Sister city relationships provide stepping stones both inside and outside of commercial channels. Originated as a people-to-people idea by President Dwight D. Eisenhower in 1956 to involve people and community organizations in personal diplomacy, the program has grown to where over 900 U.S. cities are linked with 1,500 foreign cities in 110 different countries. For example,

Seattle has collected 20 sisters around the globe and is going after its 21st: Ho Chi Minh City in Vietnam (Grossman, 1994, p. 1). Sister Cities originally began as a nonpolitical culturally oriented program and many affiliations retain this theme. There are numerous cases, however, where the relationship has expanded into the economic, technological, and political fields, as will be discussed later in this chapter. The sister cities program is just one example of where international linkages are being formed outside of the traditional nation-state diplomatic network. "A main consequence of a new kind of international system of global relations [at local levels] is the capacity of localities to bypass national governments" (Teune, 1995, p. 8).

In the 1990s, modern information technology is bridging the gap between international substate units and in the economic realm it is transforming the world into a "genuinely borderless economy" which calls to question "the relevance of nation states as meaningful units of economic activity" (Ohmae, 1995b, pp. vii, viii). "Indeed, the basic fact of linkage to global flows of information is a-perhaps, the-central, distinguishing fact of our moment in history" (Ohmae, 1995b, p. 15).

In sum, the 1980s and even more so in the 1990s, it is becoming increasingly apparent that, in big and small smart cities throughout the world, "... a new global economic climate is providing the political energy for public investment decisions and changing the way we think about governing the urban places which support national growth" (Royer, 1994, p. 16). Kotler, Haider and

Rein (1993, p. 9) see the emergence of a global economy as a dominant factor in any community's life with consequences for both local economies and their quality of life during the last decade of the twentieth century.

In our new world economy, every place must compete with other places [i.e., municipalities] for economic advantage. Various communities launch drives to attract business firms and industrial plants, corporate and division headquarters, investment capital, tourists and conventioners, sports teams, and so on, all of which promise increased employment, income, trade, investment, and growth. (Kotler, Haider and Rein, 1993, p. 10)

And, with the expansion of the global economy, "... it is in these urban regions, these cities and suburbs, where the nation's welfare in the world increasingly will be determined" (Royer, 1994, p. 16).

President Reagan granted more autonomy to the states and local governments, but at the cost of much less federal funding support, with self-sufficiency being the by-word. The role of cities, as financial and service transaction centers and locales where increasingly powerful multinational corporations operated from, shifted the focus from nations. States and municipalities became heavily involved in international affairs with the new global climate of interdependence and localized competition.

Summary

The last four and a half decades of the twentieth century saw many changes which redefined the role of the nation-state and its subnational governments, particularly in the United States. In foreign diplomacy, the diplomat's role was eclipsed by heads of state using advanced communications and information networks and rapid air transport. The Marshall Plan fostered transnational

interactions involving diverse intergovernmental participants forming vast international networks confounding the traditional diplomatic process.

The 1960s witnessed the domestication of U.S. foreign policy, which evolved with city councils passing resolutions on foreign policy matters, at times in juxtaposition to their national government's policies and foreign treaties. At the same time, the Tenth Amendment to the U.S. Constitution, which reserved all powers to the States which were not delegated to the federal government nor prohibited by the Constitution, was being eroded by federal programs and court decisions. Traditional geographical, cultural, and conceptual boundaries were being bridged by the forces of mechanization, automation, rationalization, and exploding technology. Concurrently, global interdependence was penetrating all aspects and levels of the U.S. economy, drawing state and local governments into international trade and investment activities.

In the 1980s, there was a sharp increase in the numbers and economic weight of multinational/transnational corporations and the role of cities was enhanced by finance and specialized services emerging as major components of international transactions. New federalism, which started in the late 1970s, increased in the '80s with the federal government expecting communities to be more self-sufficient. New federalism, combined with the economic recession of 1990-92 and defense downsizing, forced state and local governments to seek economic relief from many varied sources, particularly in foreign countries. The two decades carried the

United States astounding economic performance forward while the nation was left with trade and fiscal deficits that defied politically acceptable solutions. "Together they have made the management of United States domestic economic policy more vulnerable than ever to international economic developments." (Walters & Blake, 1992, p. v) In part reacting to these and other events previously covered, municipalities and states had to make adjustments. Through such entities as sister city relationships, trade commissions and offices abroad, advanced communications and information systems, and global interdependence influences from overseas, a new system of international relations evolved that includes states and localities as players. The accessibility of these players created the capacity of subnational governments to bypass national governments.

The PSARAS Fund (1992) found that "city regions" or cities and their surroundings are the real arenas for global economic competition and Charles Royer (1994) observed that the nation's welfare in the world will be determined in its cities and suburbs. While global integration has changed many processes and rules, reformed the opinions of many individuals and is continuing to do so, it has not emasculated the nation-state. In the United States, the public, local, state, and national authorities have yet to fully capitalize on the opportunities presented by the changing world to achieve a "New Global Age" in the next two decades.

Summation

The preceding historical overview, traced the influence of the early city states and their more modern day counterparts in the

western hemisphere during the first three centuries after the discovery of the new world by Christopher Columbus. The eventual total subordination of cities and other localities to the nation-state was complete by the 19th Century. In the United States, the Constitution and its subsequent amendments defined federal and state powers and set forth the rights of the people, but did not recognize the power or authority of local elements of government.

The period following the Second World War brought many economic, sociocultural, and political changes into play. Mechanization, automation, exploding technologies, rationalization, and rapid transportation, particularly in telecommunications, have brought international activities and imperatives to the local level. Cities are seen as the areas where global economic competition will take place in the 21st Century and many indications are in evidence that they have the capacity to deal in the global arena with minimal support from the national government.

The historical overview demonstrates that economic, technology, social/cultural, and political perspectives are neither clear cut arenas with definitive boundaries nor are they the only factors influencing world structures, processes, and peoples. Ecology and the environment comprise one such factor, tied in this study to economic and technological perspectives. All factors overlap and interact in many complex and confounding ways, and contradictions exist. These perspectives are discussed separately in the sections that follow in order to provide a degree of focus to each arena.

Economic Perspectives

Economics and the Economy

Economics

Economics and the economy are concerned with the efficient use or management of scarce resources to meet the unsurpassed desires (i.e., satisfaction) of human material wants. All of the issues surrounding communities, nations and the world (e.g., poverty and inequity, crime, unemployment, debt (local, state, or national), inflation, pollution, health care problems, trade deficits, free trade, government regulation, war) have their roots in one issue, the effective use of limited resources (adapted from McConnell & Brue, 1996, p. 1) and competition for those resources. Wars, even so called (by the communists) "wars of national liberation," were fought to obtain greater resources and expand a nation's capabilities to meet its desires without being dependent on or beholden to other nations. In the last few decades, however, issues of economics and the economy have gained a global perspective, formerly unheard of in western, eastern, or third world domains. Interacting with economics is the broad concept of globalization, which "is a powerful motor of world-wide economic growth" (OECD, 1996a, p. 9). This section on economic perspectives deals with those changes.

A problem exists, which complicates the study of international economics and the changes associated there with, from a global or a subnational perspective. Most authoritative sources on international economics approach the subject at the national or

multinational enterprise level as previously mentioned in this study by Teune (1995, p. 8), substantiating observations by Sassen (1994), and Walters and Blake (1992). Therefore, available economic analysis of subnational elements beyond the multinational enterprise system must be gleaned from a variety of sources, when it is available at all. Peirce (1993) observed:

Increasingly, it has become clear that preoccupation with macroeconomics at the nation-state level may not be particularly productive, that national economies are, in fact constellations of regional economies, each with a major city at its core, each requiring specific and customized strategies. (p. 2)

This has been brought about because, according to Root (1994, p. 33), "the mutual relations among national economies constitute the international economic system." He acknowledges (p. 34), however, that although reliance is placed on the macroscopic (or national) perspective, "we must recognize this perspective is necessary but no longer sufficient to explain the behavior of the international economy." This section, due to the complexity of the subject, as just pointed out, and the dominating relevance of economics to municipal involvement in international relations and the global economy, will occupy the preponderance of this chapter.

The Global Economy

To bring the economic imperative into better focus, the comments of several noteworthy observers follow and will be amplified upon later in this and other sections of this study. "The focus of global competition is shifting from military power to economics" (Peirce, 1993, p. 1). "The speed of change in the global economy in the 1980s, 1990s, and probably beyond is fast and is

accelerating. It is probably faster than at any point in human history" (Bennett 1994, p. 30). "Economic globalization, accompanied by the emergence of a global culture, has profoundly altered the social, economic, and political reality of nation-states, cross-national regions and ... cities" (Sassen 1994, p. xiii). "Economics, not politics, defines the landscape on which all else must operate" (Ohmae 1995a, p. 119). Economics and the state of the economy pervade all aspects of life in the modern world and the emerging global economy, and, as Bennett (1994) argued, the development of the global economy is associated with the growing integration of the world economy.

These changes are ensuring that (a) a change in one part of the economic system diffuses to affect every area very rapidly; (b) the scope for "protectionism" of "national" or "local" markets is diminishing very fast; (c) ... trade barriers may ensure the survival of local industry in the short term, but ... [trade barriers] normally ensure[s] a relative reduction in living standards in the long term ...; and (d) there is a growing need for local conditions to be marked by an orientation towards a greater economic emphasis that can ensure continued economic growth. (Bennett, 1994, p. 30)

Rusk (1995, p. 38) observed, however, that "The global economy sets the rules, but local areas can decide how to play the game." "In the past, American regions have traded and competed almost exclusively with one another. ... Today, by contrast the regions of America are competing not only with one another but with the regions of the world" (Fosler 1988, p. 5). "Elected officials are discovering international trade activities can help maintain, and in some cases restore, the economic health of cities" (Browning 1989, p. 209).

As we approach the twenty-first century, it is clear that the nation as a whole as well as its states and communities are undergoing a major economic transformation that rivals the earlier industrial revolution in terms of painful changes and new development opportunities. (Luke, Ventriss, B.J. Reed & C.M. Reed 1988, p. 6)

The hallmark of the new economic era is change and change is has been dramatically accelerated by the technological explosion as discussed in the section of this study on technology. For an economic example, in sheer volume, from 1981 through 1996 the global economy grew by 57.2 percent. (Ocean Shipping Consultants Ltd., 1997, p. 29) Rosabeth Moss Kanter, in Change Masters (1983), contrasts the old and new characteristics of economic perspectives in Figure 7 on the next page. While time may have opened some of these characteristics to refinement, they represent an indication of how economies are changing.

In contrast to the proponents of isolationism, who believe that a nation can stay its own course without foreign entanglements or obligations and that isolationism will protect the nation and its workers from global changes, Root (1994, p. 1) maintains, "No nation inhabits an economic vacuum. Its industries, its commerce, its technology, its standard of living, and all other facets of its economy are related to the economies of foreign nations by complex flows of goods, capital, technology, and enterprise." The global economy, therefore, no longer is the exclusive purview of nations dealing with other nations.

We have entered a new age of global competition that is characterized by a one-world market. In this market, just as manufacturers 'go global,' so must suppliers of raw materials, distributors, bankers, accountants, lawyers, and brokers. Successful corporate managers increasingly are treating the

FIGURE 7
CHARACTERISTICS OF OLD AND NEW ECONOMIES

CHARACTERISTICS	OLD	NEW
Scope	Domestic	Global
Driving Force	Mass Production	Technology, innovation
Resource	Capital	Knowledge, information
Jobs	Stable in Large Firms	Dynamic in Smaller Firms
Organizations	Centralized/hierarchical	Matrix, fluid, decentralized
Markets	Stable	Fluid
Workers	Uneducated, unskilled	E d u c a t e d , skilled, adaptive
Tasks	Simple, physical	Complex, intellectual, participatory
Technology	Mechanical	Electronic, biological
Emphasis	Predictability	Innovation, creativity
Information Flow	Top-down	Bottom-up, interactive
Opportunities	Limited, fixed	Fluid, rotational, mobile
Business/Government	Minimal intervention	Cooperation, partnership
Symbol	Smokestack	Computer

Figure 7. The principal characteristics of both old and new economies.

Source: Kanter, 1983, chap. 2.

whole world as their domain of operation for securing sources of supply as well as demand. (Asheghian, 1995, p. 1)

The securing of sources of supply is essential to economic growth, which is the key to economic competitiveness; i.e., the competition for scarce resources both within and between nations. Economic growth "lessens the burden of scarcity and provides increases in real output that can be used to resolve domestic and international socioeconomic problems" (McConnell & Brue, 1996, p. 395). Abramovitz stated that, "economic growth ... has been the prime goal of economic policy for a long time, and it has been a prime criteria for judging the success of the economic performance of a country" (1979, p. 3). Usher observes that, "firms ... seeking profit where profit is to be found may enjoy the benefit of profit generated by government intervention or economic activity" (1981, p. 139). It can be argued that free economic activity is preferred, but some government intervention may be necessary, if not desired. At least, in the parlance of the 1990s, a public/private sector partnership is needed.

Spero (1977) furnishes an illuminating view of the historical development of the politics of international economic relations, and the philosophical isolation of economics from politics up to the mid '70s. Goddard, Passe-Smith, and Conklin (1996) point out that the academic discipline separation of economics from politics occurred around the turn of this century even though the writings of leading contributors such as Adam Smith, Alexander Hamilton, and Karl Marx and others had "... assumed that economics was political and that politicians attempted to control economics" (p. 2). This anomaly

continued into the 1970s, though the events following the Second World War, punctuated by the collapse of the international monetary system and the oil crisis of the 1970s and finally of communism at the end of the 1980s, made the problem increasingly evident. Therefore, international political economics has reemerged as an important field of combined political, economic, and social study.

Brock and Hormats (1990, p. 10) maintain that the complexities and interdependencies of the world virtually preclude the U.S. from creating a policy addressing one economic issue, without considering its effect on other issues, other nations, or even the global economic system. They further maintain that economic issues cannot be considered in isolation from politics because they are critical components of the overall world political and security relationships of America. Looking into the future, they predict that,

... an America, which by its internal and international policies loses its dynamism, is also likely to see its political and alliance leadership weakened. Short-sighted policies can be suicidal in such an interdependent world. (Brock & Hormats, 1990, p. 10)

Ohmae (1995a & b) examines today's borderless economy and sees the nation-state beginning to crumble due to three fundamental factors. The first factor is the often instantaneous movement of people, ideas, information, and capital across borders directs needed resources elsewhere than may be dictated by national governments, boundaries, or nation-state allegiances. For example, with the speed and volume of transactions, it has been "demonstrated that currency speculators can affect the value of a particular currency in ways that the government simply cannot counteract, even

if it spends billions in an attempt to prop up the exchange rate" (Ohmae, 1995a, pp. 119-120) Brock and Hormats' earlier discussions on the World Bank and the International Monetary Fund, reinforce Ohmae's observations.

..., massive capital movements ... play havoc with economics and markets; yet there is little these institutions can do, or perhaps, should do, to stabilize them. And currency volatility has ... posed great uncertainty for trade and investment--again raising issues that defy easy institutional answers. (Brock & Hormats, 1990, p. 10)

Ohmae's second factor, leading to the deterioration of the nation-state, is a growing awareness of how people in other global locales live due to the information explosion, and tastes and preferences have begun to converge. Global brands of soft drinks, jeans, athletic shoes, fast food outlets, and other highly desirable items are sought after in every corner of the globe. The current demands of the Russian individual and the resulting smuggling, hijacking, black markets, and organized crime provide an example of how governments must ensure that people have access to the best and cheapest products from all over the world. "When governments refuse--in the name of national interest or market protection or whatever--people will find a way to vote with their pocketbooks" (Ohmae, 1995a, p. 120). Government's inability to control or lack of desire to control this type of situation is equally as bad as refusing to provide globally available products, as the Russian example demonstrates.

Building on the first two factors, unrestricted movement of resources and the information explosion resulting in a converging of tastes and preferences, Ohmae's third factor is the nation-state

itself historically, "... which was a powerful engine of wealth creation in its mercantilist phase has become an equally powerful engine of wealth destruction" (Ohmae 1995a, p. 120). The demands of powerful special interest groups must be met, if elected leaders are to stay in office. In effect, nation-states have become

... unnatural--even dysfunctional--as actors in a global economy because they are incapable of putting global logic first in their decisions.

Nation-states are no longer meaningful units in which to think about economic activity. In a borderless world, they combine things at the wrong level of aggregation. (Ohmae, 1995a, p. 120)

These demands mostly involve the inefficient investment of resources, even if the government has understandable political or social reasons for doing so.

Another problem facing policy makers and analysts has been the international focus on power and security and the relegation of economics to another realm of study. As pointed out earlier, the past two decades of change in international economic relations have initiated efforts to reconceptualize international political and economic behavior as a single complex entity, despite the logic of markets uniting countries competing with the logic of the power and security dilemma, in ordering relations within and among states. See Gilpin (1987), Keohane and Nye (1977), Keohane (1984), and Walters and Blake (1992) for a more detailed discussion of this issue. New paradigms are emerging, however, that "place economics alongside of military security as questions of 'high politics'" where multinational firms, international banks, transnational policy networks, international economic institutions, and economic classes

are analyzed, in addition to nation-states, as key players in international relations (Walters & Blake, 1992, p. 4). In conclusion on the issue of disparate approaches to the study of the global economy, Walters and Blake aptly comment that

We live in an era of international relations during which political conflicts are widely perceived to be centered on economic issues. Yet, political scientists labor with underdeveloped substantive and conceptual tools for analyzing such behavior. By the same token, liberal economists who dominate American economic scholarship are ill-equipped to evaluate systematically the political forces shaping, and the political implications of, their prescriptions for "rational" economic policies in a [sic] era of highly politicized global economic relations. (1992, p. 12)

In sum, the global economy is all pervasive and in a state of dynamic change. It is both breaking down old structures and creating new ones at all levels. Thurow (1996) points out that old constants are no longer constant and new rules suddenly apply. Further, that "New players, technologies, and rules are coming together to generate an economic form of superconductivity" (p. 56). The global economy has overtaken politics in defining global interaction and locales are discovering that international trade is an influential ingredient in their economic health. Since the complexities and interdependencies of the world present the U.S. with incredible problems regarding the creation of a policy that adequately addresses economic issues in the global economic system, it is appropriate to look at the American economy before moving to subnational factors.

The U.S. Economy

By its comparatively massive size, the American economy makes it the major driving force of the economy of North America and the

Western Hemisphere, not to mention the world economy. The combination of economies of Canada, Mexico, and the United States under the North American Free Trade Agreement (NAFTA) creates an economic market with an output equal to that of the European Union, and its full effect has yet to be experienced.

At the end of 1996, however, the United States had amassed a national debt of \$5.18 trillion with a projection of \$5.45 trillion for 1998 (Economic Report of the President, 1997, p. 389). McConnell and Brue (1996, p. 365) attribute the increase in public debt to wars, recessions, tax cuts, and lack of political will; i.e., entitlement programs. The details of the causes are beyond the scope of the study, though some will be touched on in this and subsequent sections, but the goal of an annually balanced national budget has not been achieved since 1929. In fact "an annually balanced budget will intensify inflation. An annually balanced budget is not economically neutral; the pursuit of such a policy is procyclical, not countercyclical. Despite ... support for a constitutional amendment requiring a balanced budget" (McConnell & Brue, 1996, p. 363).

The truth is, according to The Economist (1995d, pp. 17-18), that there is no need to panic at this point, that the U.S. is not facing default (individual congressional Republicans notwithstanding) so much as with a phony war over the federal budget. In fact, America's total budget deficit in 1995, estimated at 1.9 percent of GDP, is the smallest of the world's big seven economies with Germany about 3 percent, along with Britain, France

and Japan all more than 4 percent, and Italy almost reaching 8 percent. Additionally, "the United States has the lowest levels of both government spending and taxation of any rich industrial economy (spending is 33% of GDP, against Europe's 50%)" (p. 18).

U.S. hegemony, however, is challenged both domestically and internationally. This has resulted in America being unable to accomplish its objectives and in some areas of the world other nations exercise more economic influence than the United States. In spite of this, "in terms of the breadth and intensity of its economic and political links throughout most of the world, it remains the preeminent state in the global economic system" (Walters & Blake, 1992, p.228). Accordingly, domestic developments in the U.S. and American policies will probably have wide implications internationally. The policy making process in the U.S. has varied without clarity, but this is not an unusual phenomenon in the face of varying interest groups, domestic and international imperatives, and leaders' personalities, as covered throughout this study. "The complexities of making and conducting foreign economic policy in the United States and elsewhere have defied any universally acceptable effort at specification (Walters & Blake, 1992, p. 257).

On 27 October 1997, President Clinton announced that the federal budget deficit had dropped to \$22.6 billion, its lowest level since 1974. The drop was attributed to strong economic growth resulting in increased tax revenues according to final calculations made by the Treasury Department for the fiscal year that ended on 30 September. The deficit equals 0.3 percent of the nations

economic output, the lowest since 1970, and is currently the lowest of any other major industrialized country. (Associated Press, 1997, p. A3) Fiscal year '98 saw not a deficit but a surplus of federal funds on the order of \$70 billion (Congressman Owen B. Pickett, personal communication, October 28, 1998).

As a result of the Federal Administration's federal budget reduction efforts, it has avoided a national debt of half a trillion dollars more than the \$3.7 trillion held by the public in 1996. This has served to keep interest rates down and promote expansion of investment in producer's durable equipment. While the effect of the reduction on business confidence is harder to measure, it is considered equally important to the healthy expansion of the economy during recent years that has had a direct effect on local economies. (Economic Report of the President, 1997, pp. 25 & 391.

In sum, the massive U.S. economy, however, makes it the driving force in the world of nations. The American GDP has continued to rise almost continuously since the oil crisis of the early 1970s, but was \$5.18 trillion in national debt by the end of 1996 and projected to rise. Though an annually balanced budget should not be the driving force in U.S. finances, it does have an effect on interest rates that stifle investment. Continued national debt increases will weaken the U.S. dollar and its vulnerability could produce a world crisis in the future. Conversely, the federal budget defect apparently has declined to where a surplus was produced in fiscal year 1998. The federal budget deficit reductions since 1991 have served to enhance the healthy expansion of the

economy at all levels. The effects of the national economy on local economies and their reactions are the next topics for discussion.

Impact on the Local Economy

The U.S. economy sets the local economy at both the state and sub-state levels, but the global economy plays a significant role. That role is punctuated by the number of jobs in the U.S. that are linked to the global economy. With one in six private sector jobs in America (i.e., 18 million) connected to the international economy, and about 13 million of those jobs dependent on nearly two trillion dollars in the international trade of goods and services, and another five million employed by foreign owned companies, the impact at the local level is notable. (Fry, 1998, p. 32) Additionally, the unrestricted movement of resources, the information explosion resulting in a converging of tastes and preferences, and the impact of isolationist inefficient investments of resources, along with the complete restructuring of the international monetary system (Asheghian, 1995, p. 1) has contributed to the complexity of the world economy and created new economic problems at all levels.

Bennett (1994) points out that developments in the global economy have produced certain imperatives. First, government actions must be adaptable in the short range; i.e., the governmental system needs to build flexibility into itself. Second, currently governmental economic intervention is more limited than in the past and should only be used for short-term support instead of long-term subsidies. Lastly, and most importantly from the perspective of

this study, "localities are competing more directly with each other internationally rather than through the medium of national governments (this is particularly true of large cities.)" (Bennett, 1994, p. 30). Bennett further observes that,

These trends have two conflicting consequences for local government. ... the growing needs for economic promotion, international visibility and investments in infrastructure to ensure the essential local economic conditions for integration into the global economy all emphasize larger governmental units. ... [but] the availability of new technologies and complex information handling through desk-top facilities ... is allowing ... for service decentralization of administration to smaller units, whilst networking allows the maintenance of quality control and coordinative structures. (1994, pp. 30-31)

Hoch (1969) earlier had considered urban economics from the policy issues surrounding economic development and growth, transportation, urban services, finance, and local implications of federal subsidies. He saw the urban economic system as a subsystem of the overall national economic system. Hoch observed of urban economics that, "within the discipline of economics, the field is closely related to government finance, transportation economics, land economics, and regional economics" (Hoch, 1969, p. 5). Conversely, Peter Drucker (1991), saw an "uncoupling" of national and local economies resulting in metropolitan areas being propelled into international competition with one another, using their own resources. He observed that the shift from labor-intensive to knowledge-intensive industries has had the greatest impact on the world economy; an impact reflected in municipalities nation wide.

Harrigan (1993, pp. 171-175) saw four broad trends in the U.S. economy affecting the economic climate of urban America. They were the transformation from an industrial to a post-industrial economy,

the changing class structure, the slowing of economic growth, and intensification of foreign competition.

The industrial to post-industrial transformation from manufacturing to service is Harrigan's first broad trend. It results in job loss and job creation, which has two outcomes that evolve into the second of Harrigan's broad trends, the changing class structure. The first outcome relates to more jobs being created through better working conditions, but the jobs tend to pay less and provide fewer hours than manufacturing type jobs. In the second outcome, the new jobs often are not being created in the same location where old jobs were lost. Both of these outcomes have worked to the disadvantage of the central-city poor and contributed to the decline of the middle class. This has resulted in changing the urban class structure and creating an unstable bipolar society made up of the rich and poor without a middle class to alleviate tensions between the two poles. (Harrigan, 1993, pp. 172 & 174-175 & 203).

The third of Harrigan's broad trends relates to a slowdown in economic growth at the national level. The high growth of the 1960s of 3.8 percent saw low inflation and no recessions. Contrasted with 2.8 and 2.9 percent growth in the 1970s and 80s, respectively, with high inflation and five recessions (including the one during 1990-91), the economy has worked to the disadvantage of the less affluent part of the American population (Harrigan, 1993, p. 175), which is principal located in the cities. The 1990s thus far, have witnessed continued slow growth, about 2.5 percent per year, but without

igniting inflation. The reasons for slow growth "are still barely understood by economists, but which lie at the heart of America's current [1996] economic unease [and is] preventing the steady climb in living standards that Americans have come to expect" (Should Asia be copied?, 1996, pp.21-22). The answer to boosting growth, according to The Economist, (1996, p. 22), is in achieving higher output per worker, which can only come from greater investment in physical and human capital, and from increasing productivity. All involve and affect metropolitan areas, extensively.

Harrigan's (1993, pp. 173-175) last broad trend in the changing economic climate of urban America is the intensification of foreign competition. This has been mentioned previously and will be covered extensively in section of this study dealing with international trade. "In theory, the increased need to compete in both the export and import markets leads to better products at the most reasonable prices" (Harrigan, 1993, p. 173). America remains very competitive, as will be pointed out later in the section on U.S. Competitiveness. According to Harrigan, however, lower foreign labor and material costs, and the lack of safety and environmental regulations, in many developing countries have forced many U.S. firms to close domestic plants and move to developing countries. Other views indicate that these moves are as much motivated by firms desiring to locate in countries where the primary markets exist, as will be discussed in later sections of this study. This loss of manufacturing has had an effect on the metropolitan areas where most

of these facilities were located, and thus reverts in-turn to the problems posed by changes from an industrial to a post-industrial society and the social implications of these changes. The latter will be discussed in greater detail in the sociocultural section of this study. Harrigan's (1993) trends are urban focused, but have been experienced nationwide.

Ties between national and local economic systems are not always clear, including where government finance is involved. Clark's (1994) Urban Innovation, was based on a project to help cities provide services at lower costs in various functional areas. The study demonstrates how fiscal strain, whether or not generated by lack of federal support, can increase or decrease innovation, contingent on intervening factors. He further points out how fiscal strain is only spuriously related to innovation, and how fiscal strain interacts with other factors (1994, pp. 230-31). In brief, "... innovation is minimally predicted by wealth or fiscal stress" therefore, affluent cities are no different from poor cities in innovation and strategy selection (Clark, 1994, p. 236), and "the city unquestionably encourages both innovation itself in the broadest sense of the word and its diffusion from one place to another" (Bairoch, 1988, p. 336). Innovation pervades every section of this study and will be covered accordingly.

The role of municipalities in the economy of the United States was described by Henry G. Cisneros in his book Interwoven Destinies: Cities and the Nation,

Not only are the nation's leading banks, communications networks, and international trading companies rooted in our cities, but so is the basic infrastructure of trade and commerce--ports, airports, roads, bridges, public transportation systems, and essential services such as public safety. ... The strength of the nation's economy, the contact points for international economics, the health of our democracy, and the viability of our humanistic endeavors--all are dependent on whether America's cities work. (Cisneros, 1993, p. 26)

James Heilbrun (1987, chaps. 14 & 15) examines the dynamics of how fiscal restraint has affected the growth of local governments' property tax initiatives and the crosscutting effects on local government programs due to the decline in federal grants after 1978. Several researchers (Judd and Ready 1986, Morgan 1989, Hobbs 1994) have indicated that the withdrawal of federal funds under "new federalism" was the cause of city interest in international relations, and Levy states, "One major change in the 1980s has been the withdrawal of the federal government from the local economic development scene" (Levy 1990, p. xii). The research of Clark (1994, chap. 8), however, indicates that other factors came into play and causality cannot be directly attributed to the withdrawal of federal funding alone.

Localities are competing more directly with each other worldwide than through their national governments. While the withdrawal of the U.S. government from funding local projects may have driven locales to go international, other factors have contributed; e.g., interdependence and the change in focus of competition from nations to locales, particularly cities. With scarce resources at all levels, however, the attraction of the international flow of investment capital has been pursued as one alternative to the lack

of funding from federal, state, and local sources. This subject will be covered in greater detail in the section of this study dealing with international monetary relations in the section after international trade that follows the summary of this section on economics and the economy.

Summary

The federal government undoubtedly maintains a position of importance in the global economy. The speed of change in the world economy, however, has altered the economic, social, and political role played by the nation and has accentuated the role of international regions and subnational entities such as cities and local municipalities. As a result, cities are competing more directly with each other internationally, bypassing state and national governments. The municipal entities, in turn, can be essential to the strength of the national economy. The economic health of these entities can be maintained, in part by their involvement in international trade.

International Trade

Introduction

International trade is a means by which nations, regions, and other areas can specialize, increase the productivity of their resources, and realize a larger total output. Gain is achieved by concentrating on products each locale can produce efficiently and by trading for that which they cannot produce as efficiently. Trading takes place because the distribution of resources among the trading entities is uneven (i.e., they are different in their resident resources) and efficient production requires different technologies. Additionally, those resources and the technology associated with production can change. (Adapted from McConnell & Brue, 1996, pp. 738-739.) Since 1950, international trade far surpassed the growth of the economies of individual nations and the 1990s saw the international trade growth out strip the output growth of national economies (World Trade Organization, 1996, p. 1-2).

Historically, trade has been the province of individual traders controlled by the laws and regulations of the nation-state with whom they were trading. In the 1930s the world economy was poisoned, in part, by protectionism. For all the liberalization taking place in the free world after the second world war, trade barriers were slow to fall. It has been only in the last two decades that restrictions have been relaxed. "Since 1990 world trade has grown by 6% a year, compared with less than 4% a year in the 1980s ... [and] there is now a World Trade Organization (WTO), with 126 members, to police the new regime and take the cause of

free trade further" (Spoiling world trade, 1996, pp. 15-16).

Trade relations figure prominently in international economic activity because they are highly visible. Trade issues figure prominently in political controversies between developed nations and between them and lesser developed nations. Yet, for example, lesser developed countries accounted for a third of American and Japanese exports in the 1980s. (Walters & Blake, 1992, pp. 13 & 63) The newer big emerging markets will be located in today's less developed countries, but will capture from 38 to 44 percent of the growth in world imports by the year 2010 and will be importing more than the European Union and Japan combined according to Assistant U.S. Secretary of Commerce for Trade and Development Raymond E. Vickery (speech to the Greater Hampton Roads World Affairs Council Corporate Luncheon, September 21, 1994).

In the field of trade, international economic relations and domestic economic performance are not easily distinguished as separate entities. Trade, as something foreign, therefore becomes an easy target of special interest groups who are seeking economic protection from domestic economic problems. The foregoing happens despite the fact that trade policies can be used to combat inflation, protect domestic production and increase jobs without implementing protectionist policies. (Walters & Blake, 1992, pp. 29-35).

The arguments in favor of and against liberalized trade policies pointing toward free trade abound in every country in the world. A report published by the National Bureau of Economic

Analysis (Romer & Frankel, 1997), however, demonstrates that there is a direct relationship between trade and a country's standard of living. Analysis of trade data from more than 100 countries indicates that trade not only leads to greater wealth, but the effect of trade in relation to economic growth is far greater than previously believed. Romer and Frankel found that trade has a quantitatively large, significant, and robust positive effect on the nation's income, and that effect can be measured. Yet, public support for freer trade wavers, as will be seen.

The realm of international trade is extremely complicated. Many nations, with different cultural, economic, and social backgrounds are involved in varying degrees of interdependency. The complexity of the situation is further amplified by the fact that all nations are economically related to each other in one way or another. (Adapted from Asheghian, 1995, p. 21.) Another factor is the emergence of certain forms of trade that have become particularly significant in the context of globalization. According to the Organization for Economic Corporation and Development (OECD, 1996b, p. 10),

International sourcing (the purchase of intermediate inputs from foreign sources) has grown faster than domestic sourcing and now accounts for at least one-half of all imports by major countries. Intra-firm trade appears to have kept pace with total trade ..., while intra-industry trade has risen significantly in almost all OECD countries.

The era of trade, distinguished by trade in finished goods, is rapidly changing.

The world trade picture is further clouded, if not distorted, by the fact that most references to trade deal with unprocessed and

processed food, raw materials, energy, and manufacturing products, but not the newly exploding field of services. For example, in 1996 the world had a trade surplus balance of \$65 billion without considering an additional \$67.8 billion in services, or the U.S. had a trade deficit of \$187 billion with a surplus of \$73.5 billion in services that would reduce the deficit to \$105.2 billion (OECD, 1997b, pp. A50 & A51). The data discussed in this and the following subsection does not include services as shares in world exports. Services will be covered in subsequent subsections of this study.

U.S. International Trade

International trade always has had an influence on the United States. One of the factors substantially contributing to the American revolution was the restrictive trade policies of England. During the 19th century, U.S. trade policy was governed by protectionism of its supposedly new infant industries. Into the 20th century, the United States' political parties fought over trade policies and the nation was a principal player in the trade wars of the 1930s that set the stage for the Second World War. Conversely, America became the main architect of post war liberalized international trade policies. (Destler, 1995) "More recently, the United States has been frequently accused of jeopardizing through its 'aggressive unilateralism' the very multilateral system which it had built" (Bergsten & Leone, 1995, p. ix)

International trade has grown steadily in the world and in the United States as a percentage of gross national product and will continue to be of increasing importance to American domestic

production. Americans are completely dependent on importing certain commodities and materials that are not available domestically. Conversely, American exports substantially contribute to the overall economic welfare of the country as jobs are created or enhanced by exports (Nagel & Ndyajunwoha, 1988, p. 2).

The imbalance of imports over exports is referred to as the "trade deficit," a subject of great controversy. The Journal of Commerce (February 20, 1998, p. 1A), reporting early returns for 1997 showed a \$113.7 billion deficit in goods and services, the highest since the 1988 (actually 1987) record of \$153 billion. Economists, however, have a different perspective on the U.S. economy with their interpretation of the latest figures.

Record levels of both imports and exports of goods showed continued strong growth in the U.S. economy, which surged 3.8% in 1997. Slower growth in the rest of the world has made the United States a more attractive place to invest

Ten years ago, the United States was mired in slow growth, high unemployment and persistent inflation. Many U.S. companies were seen as uncompetitive inter-nationally, especially compared with Japan, and the deficit was considered an index of this problem.

Today, the United States is widely admired as the most competitive economy in the world, and Japan is the country mired in recession. (Maggs, 1998, pp. 1A, 4A)

Globally, the United States alone accounted for 12.8 percent of the world's exports from mid 1996 to mid 1997, producing some change from its 11.6 percent share in 1977, but greater change from a low of 10.5 percent in 1987. (The Journal of Commerce, 1997b, c, & e, pp. 1A, Ocean Shipping Consultants, 1995, p. 20, & OECD, 1997b, p. A49) Germany is second in world trade exports averaging about 10.8 percent and Japan's 8.7 percent since 1979 (OECD, 1997b, p.

A49). No other nations are close. "... in terms of absolute volumes of imports and exports the United States is the world's leading trading nation" (McConnell & Brue 1996, p. 98, underlined by the authors).

There are four major causes of growth of U.S. international trade, according to Levy (1990, pp. 27-28). First are the decreases in the time and cost of transportation, and in tariff and nontariff barriers under the international General Agreement on Tariffs and Trade (GATT). Next is the development of huge, highly effective international capital markets with the ability to transfer capital with the speed of light. Third, the U.S. foreign policy since World War II has helped rebuild former allies and enemies, both as competitors and as markets for U.S. exports. Fourth, the accelerated diffusion of scientific knowledge and technology since the Second World War has facilitated the development of powerful manufacturing and trading economies in various parts of the world. To these may be added the current peaceful relations among major industrial nations (McConnell & Brue, 1996, p. 115).

According to Raymond E. Vickery, Assistant Secretary for Trade and Development in the International Trade Administration, U.S. Department of Commerce, the Department has developed a strategic plan, which is being implemented, to meet future challenges through the coordinated efforts of the entire Department (personal communication, September 21, 1994). Trade with developing countries constitutes a major part of the Department of Commerce's strategy. It is based on analysis that indicates that the mature markets of

Europe and Japan are flat. Three quarters of the growth in the future will be in developing countries, but only about ten of them will be providing more than half of that three fourths. They will take more imports from the U.S. than Europe and Japan combined by the year 2010. "... by our conservative estimates ... perhaps a trillion dollar gain over 1990 export levels by the year 2010" according to David J. Rothkopf, Deputy Under Secretary of Commerce of International Trade (Sacks, 1995, p. 14).

The new international business opportunities, that are presenting themselves in emerging sectors, are: jobs (most important in the 21st century), communications software (U.S. has the advantage and small-to-medium enterprises (SMEs) in size have the initiative), services, environmental technologies (U.S. is a world leader), health technology, transportation (air and automotive, and related infrastructures), power generation/energy infrastructure, other infrastructure projects, and financial resources. These are all elements of the enhanced U.S. national export strategy and will play a significant role in local economies. For more information on the big emerging markets program, see Sacks' The Big Emerging Markets: 1996 Outlook and Sourcebook (1995).

The United States, in absolute dollar amounts and percentage share, has been the world's largest exporter and importer, followed by Germany and Japan, as previously mentioned. Yet the U.S. has a trade deficit. Nagel and Ndyajunwoha (1988, p. 1) stated that the "trade deficit has reached \$170 billion [for 1987 goods only] while arguments incessantly wage back and forth about how to steer the

United States out of the deficit situation." The trade deficit for 1987 goods has been reduced annually, as census data are refined for differences in variation, coverage, and timing, to \$157.3 billion as of 1996, but it was the all-time record through 1996. If goods and services are included, the deficit for 1987 would be \$142.2. When adjusted for military goods and other governmental services, the trade deficit for 1987 comes to \$152.9 billion. (Economic Report of the President, 1997, pp. 414 & 418)

The U.S. is a debtor nation, owing more to foreign firms than they owe to the United States, at least as measured by official trade statistics. These statistics create a "deficit" on paper because of the way trade statistics are compiled. Not counted in the trade statistics are revenues from licenses, or intellectual property, or goods manufactured by U.S. firms in third countries and sold there or abroad. All that is counted are the relatively few things that are physically produced in the U.S. and passed through customs for a foreign destination. The comparability of export data also is problematic because reporting schedules were changed in 1989. Additionally, past trade statistics are not accurate measures of foreign trade because U.S. Customs traditionally focused on imports, leaving exports not adequately or reliably counted. New automated customs procedures are seeking to redress past inadequacies and much more accurate import and export data should present a more meaningful picture in the future. (Dennis Murphy, Mid-Atlantic Regional Director, U.S. Customs Service, personal communication, November 19, 1997)

Kenichi Ohmae (1995b, pp. 17-18) covers trade differences between Japan and the U.S. and concludes that trade is "only the most visible of the areas in which official, nation state-based statistics prove their worthlessness." Some steps have been taken at the national level to work with major trading partners and to achieve meaningful trade and tariff legislation, if not statistics. The 1990 Canada-U.S. Free Trade Agreement followed by ratification of the North American Free Trade Agreement in 1993, and the Uruguay Round of GATT in 1994, were major steps in the right direction.

It has been held that the deficit is an indicator of decreasing U.S. productivity. "In large measure, the poor productivity record of the United States is due to [sustained] low levels of investment and nondefence R & D" (Root, 1994, p. 249). However, Norbert Walter (1996), the chief economist of the Deutsche Bank Group located in Frankfurt-am-Main, holds another view. He believes productivity, which is viewed as the key to raising living standards, is accurately represented by the overall level of productivity and not by productivity growth (i.e., the progress made from one year to the next). Measuring by overall growth, Japanese workers are only 53 percent as productive and the Germans 90 percent as productive as Americans. Because of the way productivity growth is measured, if America had 11 percent unemployment like Europe, it would have 1.5 percent growth that is the same as that for Europe and Japan. With unemployment at 5 percent, America's growth is only 1 percent, certainly not an accurate representation of productivity.

The Economist (1997a, p. 17) points out that exports are not the "holy grail" or proof of a nation's competitiveness. Exports are simply a means of paying for imports. For example, France is running a \$24 billion annual export trade surplus, but has significant unemployment and other problems that will not be solved by more exports.

Destler (1995), in his highly informative scholarly analysis of American trade politics, demonstrates that America has developed a complex process for handling international trade issues. Destler, sees the current system as being shaped by the dynamic global challenges of change to which U.S. trade policy has had to respond.

Destler (1995) provides excellent insight into the right of Congress to regulate commerce with foreign nations, as provided for in Article I of the U.S. Constitution, and congressional use of that authority as influenced by presidents, special interest groups, and other nations involved in the complexities of international trade politics. Citing Destler (1995), Bergsten and Leone observe that, while the system depends on congressional restraint and executive leadership, "... executive passivity, particularly during the middle 1980s, created turmoil here and abroad--and how executive aggressiveness did so a decade later" (1995, p. ix). Brown, Fry, and Groen (1993) voice the crux of the matter regarding the implications of the global economy and complex interdependence facing the United States and its subnational units in the 1990s. Success will "... occur less by virtue of low-cost raw materials, protectionism, or preferential market access than by dint of

increasingly stiff competition for foreign investment and markets" (p. 2).

In sum, Americans are totally dependent on imports of scarce materials and exports for job creation. Accordingly, the U.S. is the world's leading trading nation, far surpassing Japan and Germany, and its economy is growing faster than the rest of the developed world on which it primarily depends for trade, currently. Analysis indicates that the future will bring much increased trade with developing countries whose imports to the U.S. will surpass Europe and Japan combined in the next 15 years. But, according to Root (1994, p. 249), a major challenge for the American people throughout the 1990s and beyond will be the achievement and maintenance of national competitiveness. The deficit, it should be noted, is not an indicator of decreasing U.S. competitiveness, which is sustained by a nation's productivity compared with other nations, "... because the trade balance is determined by macroeconomic variables such as real income, the price level, the interest rate, and the rate of exchange" (Root, 1994, p. 249). The U.S. is responding to international and domestic change, but its responses have been problematic in the face of competing conflicting agendas in the face of increasingly stiff competition for foreign investment and markets, and "Buy America" campaigns at home. As Northdurft (1992, p. 2) quotes Niels Christian Nielson, Director of the Danish Technology Institute, "The U.S. can no longer rely on its home market, because its home market is now an export market for everyone else."

U.S. Competitiveness

There is no single common definition of competitiveness although the OECD (1996b, p. 13) Secretariat suggested the competitiveness initiatives are characterized by "... supporting the ability of companies, industries, regions, nations or supra-national regions to generate, while being and remaining exposed to international competition, relatively high factor income and factor employment levels." Competitiveness provides a basic perspective; e.g., "the amount and revenues of jobs and investment generated by national business sectors under global competition" (OECD, 1996b, p. 38). The strengthening of the competitive position of U.S. businesses in the global economy provides a unique challenge for governments at all levels. "As such, competitiveness has become a prominent motivator of innovations in state and local economic development programs" (McDowell, 1990, p. 29).

The World Economic Forum (WEF) is a very respected international activity with partner institutes in 35 "countries" and well established as an authoritative activity on competitiveness. It has been rating the competitiveness of "countries" on the basis of more than 120 criteria based on original methodology developed 20 years ago. By "country" the Forum does not necessarily refer to the traditional nation-state as defined by international law, but to "well-defined, geographical self-contained economic areas that are not states but for which statistical data are maintained on a separate and independent basis" (WEF, 1997, p. 3). Hong Kong is an example of one such "country" which may also be considered a city-

state, though not independent of a nation-state. The Forum defines competitiveness as "... 'the ability of a national economy to achieve sustained high rates of economic growth' on the basis of suitable policies, institutions and other economic characteristics" (WEF, 1997, p. 12).

The most successful countries are those who take an active role in shaping locational and competitive advantages rather than placing all of their effort on the nation as a regulator or supervisor, competition between isolated firms, and unconditioned free trade. As Esser, Hillebrand, Messer, and Meyer-Stamer point out in their book on systematic competitiveness (1996, p. 1),

In a global economic environment marked by new patterns of competition, organizational concepts, and technologies, the most efficient countries turn out to be those in which groups of relevant actors succeed in organizing rapid and effective learning and decision-making processes and shaping the business environment in accordance with the new requirements that are emerging

In other words, those countries that can cope with and take advantage of change will be the leading competitors. All countries are faced with this challenge that is not limited to certain key technologies, but the challenge is to capitalize on far-reaching changes in many mutually reinforcing technological fields that will lead to other challenges (Esser, et al., 1996, p. 12). America, with its relatively unbounded capabilities currently appears to be effecting the appropriate programs, both at the national and local levels.

McConnell & Brue (1996, p. 98) believe that the United States' competitiveness currently is evident in that the U.S. imports some

categories of goods that it also exports; e.g., automobiles, computers, chemicals, semiconductors, and telecommunications equipment. Additionally, most of U.S. export and import trade is with other developed nations, not developing nations or eastern Europe. Quantitatively, Canada is the United States' most important trading partner, followed by Europe. (McConnell & Brue, 1996, pp. 98-99)

The World Economic Forum (WEF) 1997 and 1998 reports on international competitiveness ranked the United States third, behind Singapore and Hong Kong. Surprisingly, Canada moved to fourth from eighth place in 1996, but down to fifth in 1998. Europe's representation in the top ten had dropped to three in 1997, but was back with five in 1998 with U.K. fourth, Netherlands seventh, Switzerland eighth, Norway ninth, and Luxembourg tenth. Taiwan was sixth and Japan dropped to 12th. (WEF, 1998)

As previously mentioned, rankings were calculated on more than 120 criteria, such as domestic industrial strength, technological infrastructure, workforce attitudes and skill levels, unemployment, quality of life, governmental pro-trade and business friendly policies, scientific research, and entrepreneurship. Both Singapore and Hong Kong were credited with having economies efficiently "... organized around free trade and open financial markets, small government, corruption free civil service, superb infrastructure, highly educated labor force and rule of law" (WEF, 1997, p. 20). American's third was the result of its undisputed leadership in technology and management, which are two keys to productivity

growth. It has robust output growth ranking first among all nations studied in market growth, and has both full employment with labor-market flexibility and stable prices. The U.S. government's fiscal deficit for 1996 was the smallest among the major industrial countries. (WEF, 1997, pp. 9 & 20)

Three points on competitiveness are relevant. First competitiveness is relative. It is subject to economic cycles. American competitiveness suffered, along with that of many other nations during the recession of the late 1980s early 1990s with the U.S. dropping behind other leading OECD nations (WEF, 1995). Later in the 1990s, America's competitiveness, measured in export growth, was higher than German or Japanese growth due to successful trade liberalization in North America, but the 1997 rise in the dollar, if sustained, may see U.S. firms lose their edge with foreign competitors. (Klitgaard & Orr, 1998) The East Asian Tigers' competitiveness, particularly on the part of Indonesia, South Korea, and Thailand, is open to question with the Asian financial crisis of early 1998. (East Asian Economies Survey, 1998, pp. 1-18)

The relative competitive position of countries leads to the second point, that competitiveness is in the eyes of those who have the most to gain or lose. As an example, Amin and Hagen (1998), examining data from the early 1990s recession period, concluded that the U.S. has a problem. The problem is that there are major barriers (i.e., productivity, investment, international trade, political-legal environment, educational system, technologic development, and product quality) to American global competitiveness

in international markets (1998, p. 94). To redress the situation, they believe that a macro-strategic plan is required, based on the suggestions offered by Marshall (1993) to improve U.S. competitiveness. A 1993 survey by Amin and Hagen validated the elements of that plan, as reported in their 1998 article. There is no evidence presented, however, to indicate that these were the factors that contributed significantly to America immediately regaining its leading position.

The third point is that nations are not actually in economic competition with each other like businesses are. What may be good for one country also may be good for another country and not necessarily bad for others. It is not a zero-sum game where some must fail because others succeed. The possibility exists where a rising tide may raise all involved. The key is productivity.

What really matters is a country's ability to raise its own productivity. That is the only way in which a country's industries can sell their wares in international markets while raising their worker's wages. 'Productivity is not everything,' allows Paul Krugman of Stanford University, 'but in the long run it is almost everything.' (Back on Top, 1995, p. 4)

America's lead in productivity has come as the result of its great investments in information technology; more than any other country. Its lead also exists because of its willingness, again more than any other country, to be open toward organizational experiment; i.e., restructuring, downsizing, implementing total quality management to varying degrees, learning from its competitors, and capitalizing on that knowledge.

[America's] market-oriented capitalism is well suited to the adoption of new production boosting technologies. Its workers

are mobile, and its employers have remarkably little compunction about laying people off. Though wretched for discarded workers, this is a blessing for managers keen to change the shape of their firms to take advantage of the new technology. (At Your Service, 1995, p. 11)

Lazonick and O'Sullivan (1997) view the disappearance of well-paid and secure American jobs differently. It is not global competition and low wage scales in other countries, as corporate executives contend. It lies in corporate failure to invest in the organizational learning required to sustain competitive advantage. Corporations must get away from value extraction in the allocation of resources, which provide high returns to stockholders, and become more oriented to value creation; i.e., using corporate resources to innovate investment strategies. Corporate governance and employment practices have been subjugated to return on investment, not investment for sustained competitive advantage. Lazonick and O'Sullivan (1997) conclude that the enhanced competitiveness of American corporations must be based on a concept of innovative enterprise that emphasizes organizational control, not strictly stockholder, managerial, or stakeholder control.

Such programs to improve the internal organization of American industries have been mentioned by McDowell (1990) and this was Marshall's (1993) first of several proposals to improve American competitiveness. His other programs to improve American competitiveness were ones that would: create financial conditions for capital investment; advance and commercialize technology; enhance worker skills; emphasize product quality; and, target product and service markets as a focus for economic development of

geographic locales. Added to these, as McDowell (1990, p. 29) had earlier pointed out, were programs that would lead to understanding export markets, favorable business climates, and adequate patent protection. This has resulted in significant pressures being placed on state and local governments and competitiveness becoming a prominent factor, not only at the national level, but in state and local economic development programs in support of programs to enhance competitiveness such as those listed in this paragraph.

The demand for U.S. goods remains high and the United States is still the world's largest exporter. Between 1976 and 1996, for example, U.S. exports increased more than sixfold (GLOBECON, 1998a). Generation of U.S. exports through competitiveness, however, needs impetus. "It is commonly accepted that exports create sales and jobs. Many a state or local trade program has been justified on that alone." (State International Policy Network, 1995d, p. 1) The U.S. Department of Commerce's International Trade Administration maintains that the greatest source of growth of the nation's exports lies in small-to-medium size enterprises (SMEs), which are not renowned for their foreign sales for a host of reasons (R.E. Vickery, personal interview, September 21, 1994). International trade presents challenges that can create opportunities, risks, and threats, and is a very complex process. Additionally, while there is waxing and waning enthusiasm about exporting U.S. goods, over the long run most American businesses do not. Despite the apparent unwillingness of businesses to export, a Bureau of the Census statistical brief (1995a, p. 1) observed:

Research documenting the role of U.S. export manufacturers from 1976-1987 confirms that plants that produce and sell products for export are larger, more capital intensive, more productive, and pay higher wages and salaries than plants that do not export. Also, exporters demonstrate "shrink resistance" as the manufacturing sector shrinks in total number of workers.

The Bureau of the Census briefs for 1987 data are the most recent sets of complete information available on this subject according to Bureau of the Census Statistician, George Mehl (personal communication, February 23, 1998). He stated that the 1992 economic census data is being analyzed and a brief on the characteristics of business owners is being issued. Preliminary analysis indicates that there has been an increase in the number of manufacturing firms that export, but that an overall decrease in all types of firms that export indicates that only a small share of all firms engage in exporting.

Richardson and Rindal (1995), in a study for The Institute of International Economics and the Manufacturing Institute concluded that exporting businesses grow faster, create more jobs, pay better, are more productive, fail less often, and innovate more rapidly than businesses that are not involved in exporting. Their findings reinforce the previously noted observations by the U.S. Department of Commerce.

Additionally, Bernard and Jenson (1997, p. 1) note that "a growing body of work has documented the superior performance characteristics of exporting plants and firms relative to non-exporters." At any given time, exporters' employment, shipments, wages, productivity, and capital intensity are higher than their

counterpart non-exporters.

Two issues are evident. One is that while all businesses may not be capable of exporting, it is estimated that only one in four that could export does so (Trade Promotion Coordinating Committee, 1993, p iv). The second is that the few firms that do export, their export sales are only one fourth of their true potential (Bureau of National Affairs, 1992, p. 1549).

The relative dearth of U.S. firms that are involved in exporting, regardless of whose figures are used, may be attributed to several factors. Walvoord (1981) concluded that the main reasons are perceived lack of capital, expertise, and commitment in getting started and developing markets. According to Nagel and Ndyajunwoha (1988), other factors which must be considered are foreign exchange values, culture, political risk (in the host country), competition, banking/currency controls, regulatory controls, infrastructure, technology (or lack thereof in the host country), social/ethical standards, standards of living, geography, and non-tariff barriers. The hazards of financial risk were displayed in early 1998 when the financial crisis hit the apparently stable East Asian Tigers' (East Asian Economies Survey, 1998, pp. 1-18). Because of the imperatives confronting a firm, Beliveau (1987, p. 160) concluded that:

It appears that if small firms are now to grow internationally, governments need to provide more than information on markets, technical assistance and financial aid. They need to provide more guidance concerning specific market opportunities that exist within particular foreign countries and an initial judgement of the appropriateness of these markets for the firm interested in foreign trade.

The United States Department of Commerce (1992) identifies a wide variety of services and assistance available to and through the federal, state, and local levels of government. The volume of material available is overwhelming and agencies which provide counseling and direction are needed as points of departure. Among the assets available are the multilateral development banks. Development banks have co-financed a large number of projects with the U.S. Export-Import or "Ex-Im" Bank. For more information, see the Department of the Treasury (1994) report and Barovick (1997).

The Department Commerce indicates that state governments can and do provide export education (e.g., seminars or individual counseling), trade missions, and trade shows. Additionally, many small businesses are turning to local colleges and universities for exporting assistance. The University of California at San Diego, in its School of International Relations and Pacific Studies has a nonprofit organization called Export Access which provides research for firms at a fraction of the cost of a consultant. Other institutions that are offering similar assistance are The Rhode Island Export Assistance Center at Bryant College, The International Trade Center of the University of Houston, and similar programs at Howard Community College in Maryland and Niagara County Community College in Buffalo, New York. (Research Recommendations, 1995, p. 4)

Government involvement in promoting exports and tempting foreign companies to invest in the U.S. to promote more jobs is, however, not without controversy. "In practice, the things that

governments do to promote exports are becoming controversial" (The Economist, 1997a, p. 17). America's Commerce Department has been involved in allegations that political donations, foreign and domestic, have bought access and influence. The apparent activities of John Huang, a political appointee at the Commerce Department, on behalf of both foreign firms and governments, and former Secretary of Commerce, Ron Brown's involvement in placement on trade commissions of donors of substantial funds to the Democratic Party, both not isolated cases, have been subjects of great concern. (The Economist, 1997c, p. 34. Also see The Economist, 1997d, p. 26.) It is conceivable that these problems can extend to state and local levels in various forms as discussed in the section of this report on local economic development.

Government export promotion is problematic because everything has a price, with taxpayers, in effect, subsidizing exporters to produce goods and paying foreigners to take them away. In the more complex case, the price is not financial. China is a case in point. U.S. officials are courting export trade while insisting that human rights considerations can be separated from trade missions. The Chinese, not the Americans, use this fallacious U.S. reasoning as a pressure point in negotiations. China also uses this card to divide one western ally from another. This is not just an American problem. It involves all nations. Basically, the price, whether economic or diplomatic, is not worth paying. (The Economist, 1997a, pp. 17-18) U.S. federal officials are not the only governmental officials from America promoting exports to China. State and local

officials are deeply involved, thereby further complicating an already complex situation.

In sum, the competitive position of the United States is based on most of its export and import trade being with other developed nations, with Canada being one of its most important trading partners. Much of the difference in the trade imbalance is attributed to the great amount of imported petroleum products and automobiles brought in through the gulf and west coast ports, respectively (McConnell & Brue, 1996, pp. 98-99).

The United States leads the world in competitiveness as a result of deregulation, privatization, technological leadership, and strict control of labor costs. But what really matters is a country's ability to raise its private sector productivity. The U.S. leads in productivity due to investment in information technology and willingness to reorganize its approaches to business structure; i.e., adapt to and capitalize on change at all levels, but particularly at the local level where the SMEs are located. America is still the world's largest exporter despite the trade deficit, but compared with those firms that are capable of exporting, relatively few U.S. firms export despite some notable benefits for doing so. The national imbalance between exports and imports, with imports predominating, is an issue of great concern in current national politics.

U.S. Imports and Protectionism

The foregoing discussion focused on exports because they create jobs, are revenue enhancing, and enhance local involvement in trade. This is not to ignore imports, which form an important segment of the economy, locally, nationally, and internationally. Imports directly affect employment at the regional and local levels. They also place focus on the trade deficit and the argument for a balance between exports and imports. This balance is to be shaped by governmental action through protective tariffs, quotas, nontariff barriers, and export subsidies.

According to balance of trade proponents, quotas or tariffs are necessary to encourage a favorable trade balance and that a surplus of exports is desirable because it leads to a higher level of income, employment, and production for the domestic economy. Two observations make this argument problematical. In the long term, protectionism (i.e., quotas and tariffs) can lead to retaliation by one or more other countries and make the protectionist country have more to lose than to gain. Additionally, import duties lead to higher prices for domestic consumers, who must pay for inefficient or high cost domestic production; a misallocation of scarce resources causing costs to increase and comparative advantage to decrease. (Asheghian 1995, pp. 149-150) Trade barriers cost American consumers and local economies billions of dollars annually by driving up product prices. (McConnell & Brue, 1996, p. 116)

After the Second World War, the United States was determined not to revisit the earlier mistakes of isolationist America. It was

widely recognized that U.S. protectionist pressures culminating in the Trade Act of 1930 (originating the infamous Smoot-Hawley Tariff) and other measures in the industrialized world contributed to disrupting the world economy, deepening the Great Depression, destabilizing Europe, and helping bring on World War II. The Bretton Woods agreements sought to "... prevent a return to the beggar-thy-neighbor policies of the 1930s, in which countries imposed tariffs and devaluated currencies in an ultimately futile effort to increase domestic employment at foreigner's expense" (Economic Report of the President, 1997, p. 245). The General Agreement on Tariffs and Trade (GATT) was put in place in 1947 and negotiations under GATT, though prolonged, have made significant contributions toward the liberalization of trade world wide. Elements of protectionism still persist, however, even though "... GATT negotiating rounds have achieved reductions of more than 90 percent in tariffs on industrial products traded between the major industrial nations" (Economic Report of the President, 1997, p. 245).

Though the 1993 Uruguay round of GATT made breakthroughs on the elimination of trade and nontrade barriers, "governments have frequently acted ... as downright protectionists ... almost as a matter of course" (All free traders now?, 1996, p. 25). Since 1993, the main purpose of many a nation's trade diplomacy has been to hold their own market restrictions on imports while trying to open other nation's markets for exports as a "... concession to others, not (as economic logic dictates) as a good thing in itself because it

benefits local consumers and makes global economies work more efficiently" (All free traders now?, 1996, p. 25).

Trade protectionism normally is thought of as originating from national governments. Scant attention has been given recently to private protectionism or international cartels made up of firms in similar industries such as oil producers, steel manufacturers, farm products growers, and electronics companies of all types. The firms who are cartel members generally come from different countries and agree to limit their outputs or exports to influence prices and maximize profits. (Asheghian, 1995, p. 164)

International cartels existed in railroad products, tobacco, and shipping in the 1880s. Cartels have come and gone since then. The common causes for their demise have been wars, financial and economic crisis such as the stock market crash of 1929 and the Great Depression. (Strange, 1996, p. 154) Cartels existed after the Second World War, but many have lost much of their strength since the early 1970s collapse of the world monetary system established at Bretton Woods. Of those persisting, the Organization of Petroleum Exporting Countries (OPEC) has been the most successful, if not the most visible. (Asheghian, 1995, p. 164) Though OPEC arguably may be considered public or state protectionism, the International Electrical Association acting behind an innocuous front with very little publicity is a full-fledged private cartel (Strange, 1996, p. 151). According to Strange (1996), one of the few international relations scholars to write extensively on the subject,

As a constraint on competition in the world market economy, such private protectionism may very well be every bit as significant in the international trading system as the tariffs, quotas, subsidies and sanctions imposed on trade by governments. (p. 148)

In 1997, however, Waverman, Comanor, and Goto in their book, Competition Policy in the World Economy, conducted an extensive review of cartels and other forms of international business control without judgmentally pointing fingers at any one industrial sector as Strange (1996) had done. They investigated how domestic competition policies fit in the realm of increasingly international domestic markets or the globalization of market economies at all levels. They look at the increasing globalization of both product and capital markets in an environment of dynamic technological innovation that has significantly altered the large corporate enterprise's competitive arena. In this light, Waverman, Comanor, and Goto (1997, p. 1) observe that,

This spread of technology-driven FDI [foreign direct investment] is manifesting itself in a wide array of horizontal global organizational form, including mergers, joint ventures, strategic alliances, research consortia and production consortia. Besides these horizontal manifestations of FDI, differing vertical arrangements (producer-supplier relationships) are also being put in place. Together, new 'networks' of corporate affiliations are proliferating, with the traditional structure of the firm becoming blurred.

The authors believe that conflicts exist between these new intra- and inter- firm relationships, driven as they are by global forces and existing national competition policies. They advocate a case for coordination or "harmonization" of domestic laws to achieve significant private and public transaction cost savings.

The foregoing discussion and the one that follows are important because both international businesses and international labor organizations have their overt or covert headquarters in municipalities and it is in their best interests to maintain a favorable climate in those locales. The end result, without some guards against monopolization, may be similar to the international insurance business that was, and to some extent still is, based in London, or the "Big Six accountancy firms who play an important and influential role in the global economy with primary bases in New York and London as financial centers (Strange, 1996). The Big Six are now the Big Four with the mergers of Coopers & Lybrand and Price Waterhouse in September 1997 and Ernst & Young and KPMG Peat Marwick the next month. (The Virginian Pilot, 1997b, pp. D1 & D2)

On the labor side, Blakely (1994, p. 38) notes that unions and some communities see import quotas and high tariffs as the only mechanism for saving jobs. They may grant a short-term relief and, therefore, are attractive to members of Congress eager to get reelected. Export controls also have been attempted to curtail inflation in the belief that by increasing supplies available for domestic consumption inflation levels will drop. This has not been borne out in practice because many other variables affect inflation. (Walters & Blake, 1992, pp. 30-35)

These approaches do not save jobs in the long run. A substantial body of recent research indicates that the most heavily protected manufacturing firms have been the least competitive internationally. Furthermore, tariff protection as a national economic policy merely locks dying uncompetitive firms and industries into regions, which only undermines long-term economic viability (Blakely, 1994, pp. 38-39)

Mitroff (1987) underscores the misdirected labor approaches to the economy, which substantially contributed to the decline of American business, by pointing out that the 1948 accord between the auto workers union and General Motors established an eroding pattern that other unions followed. By tying wage increases to increases in productivity and changes in the consumer price index, the accord assured the unintended result of pricing local American workers out of world competition.

A poll conducted in May 1997 by EPIC/MRI showed growing support for free trade. It indicated that approval for free trade agreements had risen for 53 percent during the Winter of 1995-96 to 61 percent, with 24 percent disapproving, and 15 percent undecided. The national poll interviewed 850 U.S. residents and had a margin of error of 3.5 percent. The biggest gain was among union workers with a boost of 11 percentage points. Public understanding of trade issues, however, was very low. Only 39 percent of those polled claimed to have more than an inkling about the subject. (Sarpolus, 1997, p. 5)

Other arguments against free trade are that it conflicts with the goals of sustainable development and that the economic and social policies that are required to achieve sustainable development result in a reduction in trade. Sustainable development is a complex issue, but its goals generally are recognized as ensuring that: the welfare of future generations is no lower than our own; there is an efficient use of resources that minimizes their use and environmental sinks; and there is economic and social equity,

internationally. (Markandya, 1994, pp. 9-10) The latter, equity, being the most difficult of all to attain. After studying the issues, Markandya concludes, with slight qualifications, that free trade is compatible with sustainable development.

Similarly, over the past few years, trade has been "vilified as a zero-sum game that benefits the wealthy at the expense of the working poor and the middle class" in the U.S. and abroad. (State International Policy Network, 1995c, p. 5) Some new research, however, indicates that the rising world-wide use of technology, along with other factors such as immigration and low minimum wages, but primarily technology use "... , however defined, was at the root of rising income disparity" (State International Policy Network, 1995c, p. 6). As recently as June 1997, U.S. Secretary of Commerce, William Dailey observed, "... large segments of the public remain acutely fearful of free trade, despite the huge dividends in the form of high-paying jobs and affordable merchandise" (Tirschwell, 1997, p. 5A).

Public fear appears to be attributed to rapid technological change, distrust of the intent of federal negotiations, the local effect of anti-globalization efforts in other parts of the world, and the huge trade deficit. Other public officials do not see support for free trade going down, but the current situation is a result of the effect of the ebb and flow of public opinion without the long-term erosion of support for free trade. (Tirschwell, 1997, p. 5A) Additionally, Friedman (1996, p. A15)) quoting Minnesota's Republican governor Arne Carlson, "The problem with Buchanan is that

he did get his [protectionist/isolationist] message out, and there was a very quiet 'no' vote." For more information, see Dekaser & Little (1994), Fielke (1994), Roberts (1998), and The Journal of Commerce (1997d).

Anti-protectionist policies are complicated further by state and municipal governments that initiated "Buy America" contracting provisions as public policy. These regulations serve to act contrary to the open trade policy of the United States. Additionally, some countries have argued that such state government action forces them to deal with fifty states as though they were fifty different countries. (Luke, Ventriss, R.J. Reed & C.M. Reed, 1988, p. 142) Much of this is disappearing after the 1993 Uruguay round of GATT.

"Buy America" still persists, however, even if it cannot be defined in the multinational products that are advertised as "Made in America." As McConnell and Brue (1996) point out, international firms supply many of the parts for a host of American products and many foreign products contain numerous American parts. In many cases, such as computers and aircraft, the only American claim to the product is in its name and the American location where it was assembled. For example, using the seemingly domestic production of food products, Dutch traders have Norwegian shrimps peeled by cheap workers in Morocco, with final production (i.e., canning in this case) taking place close to selling areas (van Klink, 1995, p. 27) such as in the United States. The segmentation of production, as just demonstrated, and the integration of the world economy results

in growing transport flows and more complex logistics operations (Murphy & Dailey, 1994) and drastically reduces the opportunity for a product to have been made in any one locale. Figure 8 on the next page portrays a hypothetical mix of activities that characterize global products.

Trade barriers, by whatever name, invariably cost American consumers billions of dollars annually and the cost fails to offset the job protection benefits sought. Research has demonstrated that exporting manufacturers are more capital intensive, productive, pay better, and experience fewer layoffs than nonexporters. Free trade also is compatible with sustained development and its long-term benefits. Evidence demonstrates that hosts of products are not entirely produced domestically, making terms such as "Buy America" or "Made in America" problematic. Additionally, protectionist policies would result in a net loss of more than ten percent in GDP growth over the next fifteen years (Ocean Shipping Consultants, 1995, pp. 51-52), which should make trade liberalization a top priority.

Despite the cost to consumers and net loss of GNP, according to Thompson (1995, p. 2-3), there are both winners and losers among producers. Hedging against loss, producers and labor court national authorities as their last line of defense, with tariffs, quotas, and other protectionist measures as weapons of war against free markets. In this battle, producers will repeatedly challenge the sovereignty of consumers, with the federal government as the producers' advocate. "The state and local governments, however, hold the key

FIGURE 8
SYNERGISTIC ACTIVITIES COMPRISING THE GLOBAL PRODUCT

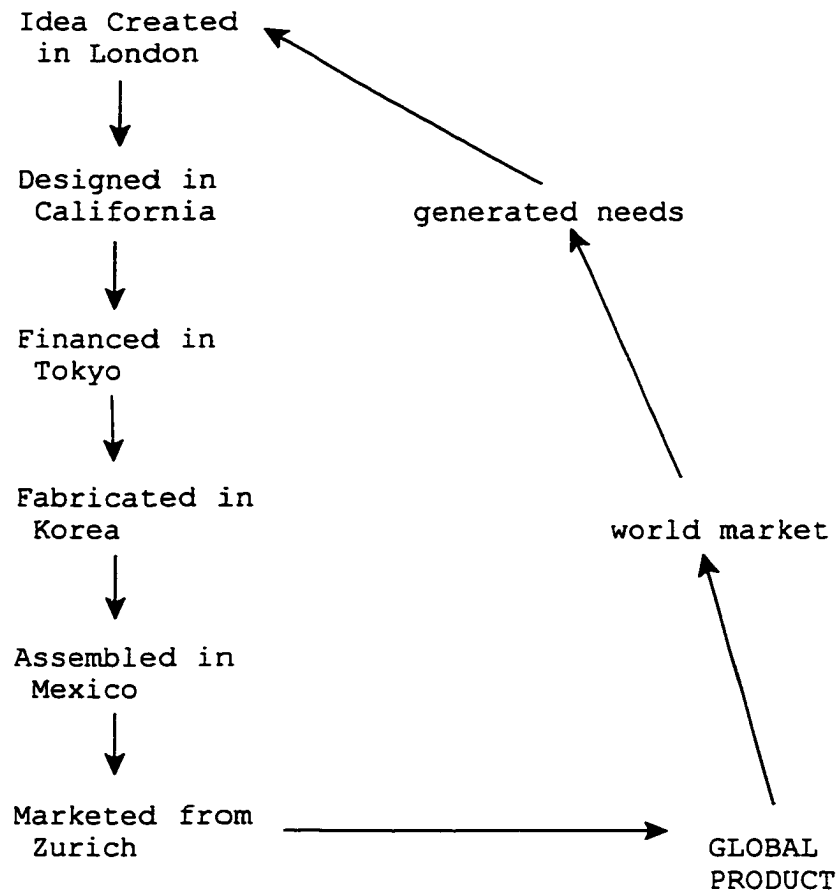


Figure 8. The synergistic activities characterizing the global product and idea/product regeneration

Source: Kadzban & Motwani, 1995, p. 28.

to workable compromises, because they play critical roles in education, retraining, and other preparation for new and different work."

In spite of the logic presented, domestic political considerations make constructive trade alternatives difficult to achieve, regardless of the wishes of enlightened statesmen to avoid a resurgence of economic nationalism, according to Walters and Blake (1992, p. 31). Further,

Whereas the economies of advanced industrial states may in the aggregate be better off in the absence of protectionist trade policies, those particular interests hurt by trade policies (such as textile, steel, and automobile manufacturers in the United States) bring extraordinary protectionist pressure to bear on their governments. (Walters & Blake, 1992, p. 31)

Protectionist pressures resulted in unabated initiatives by special interest groups during the 1980s and culminated in the Omnibus Trade and Competitiveness Act of 1988. While the law reaffirms America's commitment to free trade, it contains procedures (that is, the so-called Super 301 provisions) to pressure other countries with large bilateral export surpluses with the U.S. to eliminate what federal trade officials consider to be unfair trade practices. This was,

... almost unanimously viewed abroad as a clear violation of GATT. Under its [301] provisions U.S. trade officials unilaterally defined unfair trade and unilaterally determined the appropriateness of the accused countries' responses to American complaints. (Walters & Blake, 1992, p. 33)

The foregoing discussion indicates that American political support for free trade has declined, despite its advantages. More significantly, according to Walters and Blake (1992, p. 34), organized labor has moved from supporting free trade to a highly protectionist position. Highly visible labor, as a whole and the

AFL-CIO in particular, has captured some Republican support while retaining traditional support of the Democratic Party, in spite of President Clinton's advocacy of free trade.

There is a group of theorists who approach the problem of protectionism versus free trade from a managed trade approach. The latter approach focuses on dislocation and unemployment as the "almost inevitable consequences of free trade" and that "acceptable levels of growth, employment, and per capita income require sectorial policies to promote strategic industries." Basically, international trade concerns must be approached on an industry-by-industry basis. (Howes & Markusen, 1993, p. 4) Managed trade follows the Japanese model of success; i.e., promoting those industries that have potential for high growth and success in the global market through strategic efforts on the part of government, and not free trade.

Peter Drucker (1994, pp. 105-106), relying on World Bank information, comes to a different conclusion on both managed and free trade. He observes that Japan's industrial policy of selecting and promoting industries with high growth potential (i.e., winning business sectors) is a well-known failure. Those picked by the Japanese government have been "also-rans" at best and those ignored or opposed by the government succeeded. The Economist (1997a & b) devotes two articles, to the subject of government involvement in trade. It concurs that the Japanese experience has failed. The great problem lies in that managed trade supporters, or any other experts, cannot spot pivotal economic events that often take place

long before they are discovered; an important factor in managed trade.

A recent OECD study (1997c), of regulatory processes finds that many benefits can be derived from a successful regulatory reform program. While governments have used economic, social, and administrative regulations to better align public and private sector interests in markets, and regulations will continue to be important for preserving and advancing public interests, deregulation can produce similar benefits. Those regulations that in the past have advanced public interest, currently can impede innovation or create unnecessary barriers to trade, investment, and economic efficiency. Regulation reform can have transition costs and longer-term effects; e.g., business disruptions and failures, job losses, public service effects, and other related financial liabilities. These liabilities must be assessed against the gains to be made, but in the long term it has been shown that deregulation brings increased productivity, lower prices, and shortage elimination, along with stimulation of innovation and consumer choice that ultimately boosts GDP. These benefits are increased by opening and expanding opportunities for trade and investment, and the enhancement of public interests through increased governmental effectiveness. (OECD, 1997c)

In conclusion, while virtually all economists and political economists concur that international trade and economic integration lift a nation's peoples', including Americans', living standards overall while increasing the economic well being of other countries, politicians are less inclined to agree for a multitude of reasons.

Perhaps the greatest reason is reelection by their constituents, each of whom through their special interest groups have individual focuses on employment and perceive free trade as bringing unemployment. Additionally William Roberts (1998) observes, "So long as the U.S. economy is working well, the trade deficit is of lesser concern. If the economy turns downward, then the politics of the trade deficit take on higher intensity."

Trade barriers also have little lasting effect on the nation's balance of trade, as discussed previously. The lack of political support, however, for free trade at some federal levels will make it more difficult to promote enlightened trade policies in the future. The lack of support for relative free trade has its base in the goods and service industries and their cartels, labor organizations, producers, consumers, and the media. According to The World Bank (1997, p. 3), private costs of trade liberalization for specific groups can be large and concentrated for a few groups, as opposed to the larger more widely diffused gains from liberalized trade. These special interest groups' "... opposition to liberalization will often be more focused and better organized politically than is support for it" (p. 3). The opposition groups' factions are principally located in municipalities, particularly cities. Municipalities can see trade development as a component of their economic development programs and can play a role in the trade liberalization process, as will be discussed in the following subsection.

Cities and International Trade

Ohmae (1995a & b) looks to, what he calls, the region-state as the anchor of competitiveness. These regions, which can be metropolitan areas and which often extend across international borders, are all based on significant municipalities with populations of a few million or more; i.e., cities. The regions makeup an area that has developed around a competitive economic center. Ohmae (1995b, p. 68) observes, "Competitiveness is not--and simply cannot be--the property of a nation state." He grounds his borderless economic world on universal conditions, versus nations and their national interest, as the key factors for success.

Peter Kresl (1992) explores the role of cities in the trade liberalization process (e.g., NAFTA and GATT) in the global economy and cities' efforts to enhance their competitiveness. He finds that cities have become principal actors in the trade liberalization process in both North America and Europe. Kresl believes that it is through the efforts of cities to design strategic responses, to create city networks, to influence priorities for public expenditures, and to enhance their own competitiveness that the cities are vital to the realization of the potential for increased efficiency and higher incomes that free trade offers.

Kresl (1995) observes that while there has been a great deal of study devoted to nation-state economic competitiveness, little has been written on municipal competitiveness with individual municipalities "standing as a relatively free agent in a redefined economic space" (p. 46). He proceeds to discuss municipal

competitiveness from the national and subnational economies' perspective and points out, as did Porter (1990) earlier that municipalities can be "significant economic actors and determiners of economic advantage" (p. 49). As Porter pointed out,

Internationally successful industries and industry clusters frequently cluster in a city or region, and the bases for advantage are intensely local. While the national government has a role in upgrading industry, the role of state and local governments is potentially great or greater The process of creating skills and the important influences on the rate of improvement and innovation are intensely local. (pp. 158 & 622)

Accordingly, Kresl concludes that, "Thus the city emerges as an important, in many cases decisive, agent in the determination of competitive advantage" (p. 49). The economic potential of municipalities in international trade has been enhanced by trade liberalization at the global (i.e., GATT) and regional (i.e., NAFTA) levels making it more difficult for national governments to intervene with protectionist measures. Municipalities also benefit from the dramatic changes in technology affecting production, distribution, transportation and communication enabling municipalities to form linkages and networks with others that heretofore had been considered remote. (Kresl, 1995, pp. 49-50)

In assessing municipalities' relative competitiveness, some of the criteria used by the World Economic Forum will either not apply or will have effects that are beyond the control of local governments; e.g., GNP/GDP, trade balance of payments, exchange rates, national government policies on protectionism, aggregate demand, etc. However, municipalities must make choices regarding their economic futures, regardless of whether they are faced with

providing any type of employment to unemployed workers from firms that are not competitive, or whether they are in a position to restructure their economies to improve the lives of their constituencies. The latter communities are better positioned, however, to create a competitive advantage. (Kresl, 1995, p. 50) This concept of competitiveness will be pursued in greater detail in the subsection on economic development, and touched on in the subsection on international cities, because a municipality may be competitive within its own region, state, or nation without being competitive internationally, and vice versa. Therefore, as Kresl points out, there is a "... growing need for research on the international competitiveness of cities" (p. 50). This is particularly true because, while cities have been and are the principal actors in the competitive free trade process, not all have benefitted therefrom.

Municipalities affected by international trade have both winners and losers within their domains, and some entire municipalities may be considered winners or losers. Consumers may be winners or losers depending on the cost of protectionism. Producers and the labor force (i.e., industries and occupations) may be winners if they are on the supply side of exports or losers if imports drowned out their products. Sectors such as steel, autos, and textiles have had net job and capacity losses while others like aircraft, computers, and finance have been very successful. Entire municipalities such as Seattle apparently have thrived while others like Detroit have suffered losses. (Howes & Markusen, 1993)

There is a dearth of research available on the specific consequences of trade on American cities. This is in spite the fact that during 1995 over three quarters of all American exports valued at \$468 billion came from the 253 metropolitan statistical areas in the United States (Wall Street Journal, 1996, p. A9A). Limited available research has focused on multi-state regional industry structure, and multi-state regional and state employment. One source, which includes case studies focusing on industrial sectors and cities, is Trading Industries and Trading Regions edited by Noponen, Graham, and Markusen (1993). In the lead contribution, Howes and Markusen (p. 7) see some cities as predominately hosting industries in stagnation in export markets and vulnerable to imports. Other cities have industries that enjoy opportunities in both domestic and international markets, as has been observed by Thompson (1995). Commenting on national government (p. 11), "... a free trade regime favors those cities and regions that can increase exports and/or benefit from the increased activity that higher absolute levels of trade requires (accounting, ports, wholesaling, and so on)."

Howes and Markusen (1993) also note that localities must be able to enhance their exports to pay for their imports. Many municipalities have been unable to adjust to the shift toward exports and that economic development professionals around the U.S. believe that the changing economic base to be the greatest problem of American cities (p. 11). While cities such as Los Angeles, Seattle, San Francisco, Miami, and New York have benefitted from the

external orientation of the U.S. economy, though with dramatic uneven distribution of the benefits internally, there is still a danger that the pursuit of free trade will depress wages and lower living standards (pp. 28 & 34). This is often referred to as the darker side of globalization (Clarke & Gaile, 1997), which is discussed in the section on international cities in this study. In the concluding chapter of Trading Industries and Trading Regions (Noponen, et al., 1993), Ann Markusen (p. 294) reinforces the managed trade tenant, that free trade is a thoroughly political phenomenon, based on the six case studies of industry sectors contained in the volume,

From the point of view of any single community, then, surviving in the world economy is first a function of the size and growth of the world market and the market share maintained by the nation as a whole, and second, a function of the location of production units within the nation. Corporate and state actors collude and compete to determine the former, while multinational corporations, ..., and the various levels of government collude and compete to determine where, regionally, production will take place.

Another related source is an article, "Trade and American Cities: Who Has the Comparative Advantage?" by Noponen, Markusen, and Driessen (1997) regarding a quantitative study using a modified shift and share analysis supported by cluster analysis. While not dwelling on the political aspects of free trade, the researchers demonstrate that cities do vary widely in relative comparative advantages because they possess diverse industrial mixes and their strategies for responding to different trade opportunities will differ. Further, they found that those metropolitan areas that can better serve domestic market demands should do so and build on their

capabilities to keep their market share. The study results suggest that city-tailored policies are superior to state-based ones and that containerization has reduced the comparative advantage that port cities have had over interior cities as locations for manufacturing (p. 67-68).

To determine if there was diversity between cities in the same state, pairs of cities were analyzed. Noponen, Markusen, and Driessen found that, "A majority of states contain cities with markedly different industrial potential vis-a-vis trade" (p. 73). They further determined that "Not all disparity in pairs can be explained on the basis of specialization in old versus new industries, or by the presence of universities, state capitals, or special government facilities" (p. 74). Further, cities within their respective states do not necessarily share statewide experiences in trade related growth (p. 72).

Earlier, Scott Campbell had studied the phenomenon of declining port cities despite the increase in international trade and reported his case study results in Trading Industries, Trading Regions (Noponen, Graham, & Markusen, 1993, pp. 212-284). He found that the economic activities around ports experienced the greatest changes as a result of increased trade due to the advent of containerization. While containerization revolutionized shipping, technology changes resulted in the concentration of related service sector jobs. Conversely, these forces resulted in the dispersement of blue-collar jobs to suburbanized or interior locations where imported goods were unbundled and distributed and exports packed and

shipped from their points of origin. Analysis by Noponen, Markusen, and Driessen (1997) of 23 port cities confirmed a statistically significant gap between port and nonport cities in the mean rate of employment change with nonport cities experiencing -0.3 percent and port cities -11.9 percent over the 1978 through 1986 period for manufacturing related jobs. If service jobs were included, however, the authors point out that other results may be found.

In contrast, several qualitative studies (Friedmann & Wolf 1982, Judd & Parkenson 1990, Sassen 1991 & 1994, and Vogel 1988) based on trade data indicate that growth in international trade has favored port cities. Noponen, Markusen, and Driessen (1997) performed additional analysis eliminating the four Great Lakes port cities, which are shielded from trans- Pacific and Atlantic growth, and found that there was a reduction in the differences in means and significance thereof between the two groups. "In other words, the Great Lakes ports did more poorly in the period than did other coastal cities and appear to be responsible for much of the difference between port versus nonport cities' performance" (p. 87). Additional analysis was conducted which revealed that

The three industrial structure components--domestic demand, export demand, and import competition--produced either marginally significant or insignificant differences between the two sets of cities. ... Differences in residual or "comparative shift" growth [however] were large and significant: mean positive growth of 4.4% in nonport cities, compared with port cities' losses of 5.6%. (p. 87)

Due to data availability and limitations, the period studied by Noponen, Markusen, and Driessen (1997) was 1978 to 1986. They analyzed all 320 MSAs existing in 1986. The results, therefore,

may be influenced by data availability problems, particularly regarding exports, previously discussed in this study. The study also was limited to manufacturing, "Because no good data were available from the Department of Commerce on trade in services" (p. 69).

Rubin, Daniels, and Rosenbaum in Engineering News Record for November 10, 1997, indicate that port cities are competing for a bigger piece of international commerce through multimillion dollar investments on waterfront infrastructure. The maritime shipping industry's surge in size and competitiveness is resulting in ports having to expand or lose commerce and the jobs associated therewith. This is extremely important to port municipalities when an average major port can support more than 100,000 local jobs. The Port of Los Angeles, for example as one of the largest, if not the largest port in the U.S., generates \$8.2 billion in wages and more than \$1 billion in tax revenue locally and supports an estimated 1 million jobs nationwide (p. 22). The waterside is only one aspect of a whole system that involves all modes of transport, region, if not nation, wide. These gateway cities are not limited to maritime ports. Dallas and Atlanta, for example, consider themselves to be gateway cities. (See Rubin, et al., 1997). The U.S. Customs Service maintains a list of gateway cities, which may not match a city's perception. Regardless, many cities fund local world trade centers.

The U.S. Department of Commerce, International Trade Administration published, for the first time (April 1996) comprehensive statistics on the merchandise export sales of 256 U.S.

Metropolitan Statistical Areas (MSAs) for the years 1993 and 1994. Of the 253 MSAs reporting, they were collectively responsible for about 80 percent of all 1994 U.S. merchandise exports (p. 7). The report also furnishes "... unprecedented detail on product composition of manufactured exports as well as export sales to selected major markets" for the ten largest metro area exporters for 1994 (p. 7). The data furnished in the report are the result of eight years of research by the Census Bureau and International Trade Administration (ITA) to provide new statistics on subnational export performance. The new statistics are only available for the years 1993 and 1994 in this report. Since then, yearly detailed information through the year 1996 is available on the 43 largest metro exporters and 256 MSAs. The data is contained on the ITA Webb site (<http://www.ita.doc.gov>) for Metropolitan Area Exports for 1996 (November 1996).

The 1996 data indicate that metropolitan areas account for the sale of about 80 percent of the country's exports. San Jose , California led the nation with \$29.3 billion in merchandise, mostly electronic equipment, industrial machinery, and computers that totaled over 95 percent of San Jose's exports. New York was second with \$28 billion in primary metals and non-manufactured materials. Third was Detroit with \$27.5 billion in transportation equipment. The data shows that the fastest growing metropolitan areas in export sales are Seattle, San Jose, Minneapolis, Phoenix, and El Paso, each with expansions of over \$1 billion in exports.

Comparison of the ITA data from both sources shows that past years' information is continually being revised, therefore, explicit conclusions on relative competitiveness of MSAs should not be drawn from specific data. As mentioned in the Department of Commerce ITA April 1996 report on MSA export sales, the statistics presented reflect export sales by exporters of record located in each MSA, but not the origin of production that may not be in the exporting MSA. "Indeed, the locations of production and sales undoubtedly diverge more often at the local level at the state level" (p. 7). Accordingly, the MSA information should be taken as an indication of export sales activity or the extent local firms have marketed manufactured goods overseas. They also furnish some indication of the extent to which local companies and their employees depend on export markets, again recognizing that location of production and sales location may differ.

Export sales and growth, according to Petty (1997, p. 3), reflect the degree of overall global competitiveness and productivity of regional metropolitan economies. Additionally, export sales intensity indicates a community's international interest, "perhaps the essential ingredient of the global competitiveness strategy of any region" (Petty, 1997, P. 5).

Cities are being presented with unique opportunities to directly and positively support local and regional exports, although city officials traditionally played only a minor role in promoting international trade. Only within the past decade, as reported by a host of observers, they are seeing international trade development

as an important new component of a city's economic development strategy, as will be covered throughout this study. This is in spite of the fact that as early as 1978, Firestine and Weinstein (1978) suggested that state and local governments engage in development activities in the export market because the generation of income therefrom comes back to help support the development of domestic industries. While there has been some reluctance on the part of local governments to be involved in trade, which will be discussed in the section of this study dealing with economic development, there are indications that this is changing.

Earl Fry (1995, p. 25) reported that many mayors of big cities in North America have headed international trade missions. Municipal leaders can participate in periodic trade, cultural, and other missions sponsored by the National League of Cities and the U.S. Conference of Mayors. A 1996 survey conducted by the National League of Cities and professor John Kincaid at Lafayette College revealed that 48 percent of the mayors who responded "said that they are active or very active in promoting exports of local products" (GLOBEACON, Winter 1996-1997a, p. 1).

Oliva (1997, pp. 1C & 23C) indicates that U.S. city and county governments must aggressively assist small businesses to sell to foreign markets because it is estimated that more than 95 percent of an American firm's potential sales are located in foreign countries. Small business export strategies must be included in city and county governments' economic development strategies because exporting firms see 20 percent faster job growth and are nine

percent less likely to go out of business. Additionally, export industry jobs pay from 13 to 18 percent more in average salaries and 11 percent more in benefits. For those cities and counties that lack the resources, regional alliances exist to support trade initiatives. Examples are the Baytrade alliance representing 17 Northern California counties and Latrade supporting the greater Los Angeles metropolitan area. Each of these alliances brings together under a single regional identity, local economic development and trade promotion offices, harbors, airports, terminals, chambers of commerce, educational institutions, and trade associations. Another example is a group of partners called ExportNY made up of a number of state, regional organizations, and universities who have united to help boost exports in the Syracuse, New York area (The Journal of Commerce, 1997f, p. 13C). Foreign trade zones are another element of support in local involvement in international trade.

Closely related to the role of cities are what are referred to as "free trade zones" or "foreign trade zones." There are two types of "free trade zones," one of which, the trade bloc, serves to liberalize trade within regions (e.g., NAFTA), but also may impede trade with nonbloc members. The other is the free trade zone or area located within a country, usually at or adjacent to a port of entry in a large metropolitan area. Scott (1989) explores the relatively well known establishment of free trade areas in other countries and the feasibility and desirability of establishing additional areas between the United States and its trading partners.

Foreign Trade Zones in the U.S. are the equivalent of free trade areas overseas. Foreign Trade Zones (FTZs) are areas set aside and considered outside of U.S. customs territory. They are near U.S. Customs ports of entry for the acceptance of foreign and domestic merchandise without formal customs entry duties or excise tax payments. Their purpose is to promote domestic economic activity while providing for free trade (G. Jones, 1994, p. 34).

FTZs are a positive force in trade and economic development. They enhance the national, regional and local economies through job creation, domestic production enhancement through competitive pricing, and the attraction of foreign firms. For additional information, see G. Jones (1994), Shotton (1994), and Walker (1997). Jeffrey Gallagher (1995) provides a comprehensive look at foreign/free trade zones and subzones, their basic operating principles, comparison with other customs programs, and practical tips on whether to set one up with common scenarios where companies profit from their use. Metropolitan areas and regions, enhanced by local free trade zones, have become principal players in the trade liberalization process in North America and Europe. They view international trade development as an important part of their economic development strategy because income generated therefrom helps support local industries.

In sum, large municipalities on the order of metropolitan areas form competitive economic centers and have become major players in the trade liberalization process. Not all cities, however, have benefitted from competitive free trade depending on

their industrial sector concentration and degree of diversity in industrial mixes, including their manufacturing versus service industry balance. While some gateway cities may benefit from the external orientation of the U.S. economy, other gateway cities may not. The latter are port cities, but further research is required to substantiate port cities' gains or losses. Department of Commerce data indicate that metropolitan areas collectively account for the sale of about 80 percent of U.S. exports. Accordingly, cities are seeing international trade development as an important component of their economic development strategy. Those municipalities that are enhanced by having local free trade zones have become principal players in the international trade process.

Summary

International trade involving the importing and exporting of goods and services is vital to the United States because America is the world's largest trading nation and is completely dependent on other countries for specific commodities and resources not available at home. World trade is exploding, primarily due to improvements in transportation and communications technology, general declines in tariffs, and peaceful relations between the major industrial nations. By the year 2010, however, it is anticipated that the big emerging markets could take more imports from the U.S. than Europe and Japan combined, if the current Asian financial crisis does not intervene.

Though not discussed in this section, the mounting world economic crisis with the risks of a deep global recession are

increasing. "East Asia is in deep recession, Russia has imploded, Latin America is on the brink" (Handle with care, 1998, p. 19). The solution is not in withholding International Monetary Fund funds from much-needed investments in world stability or a retreat from free markets to protectionism as proved disastrous in the 1930s. Nor is the remedy in market intervention or capital controls which stifle incentives to pursue other essential economic reforms. The biggest current risk lies in a wholesale retreat from free markets. This would damage longer-term growth prospects for decades to come. A global recession and the resultant consequences of attendant ill advised policy measures can be avoided if policy makers heed some lessons from history and strengthen the International Monetary Fund's policy making mechanism. (The World Economy: On the Edge, 1998, pp. 19-21)

Meanwhile, the United States trade deficit is not an indicator of decreased American competitiveness. The key is American productivity. America's lead in productivity has come as the result of its great investments in information technology and its willingness to be open to experimenting with the organizational structure; i.e., restructuring, downsizing, implementing total quality management, learning from its competitors, and capitalizing on that knowledge.

Arrangements for decreasing the U.S. trade deficit through government action in the form of protective tariffs, export subsidies, and the like, serve to drive up product prices. In the final analysis, protectionist policies cost a vast array of

consumers at all levels of the economic spectrum billions of dollars annually, while only supporting the special interests of the few.

Generation of U.S. exports through competitiveness, however, needs impetus because exports create sales and jobs. Many a state or local trade program has been justified on that alone. The federal and state governments provide export education (e.g., seminars or individual counseling), trade missions, and trade shows. Municipalities are being presented with unique opportunities to directly and positively support local and regional exports, with international trade development as an important new component of their economic development strategies. Accordingly, municipalities, but mainly cities have become principal actors in the trade liberalization process in both North America and Europe. It is through the efforts of cities to design strategic responses, to create city networks, to influence priorities for public expenditures, and to enhance their own competitiveness that makes them vital to the realization of the potential for increased efficiency and higher incomes that free trade offers. An important component of the free trade equation for municipalities is the local free trade zone that can promote domestic economic activity while providing for free trade. They can enhance regional and local economies through job creation, and domestic production expansion.

International trade, like domestic trade, is dependent on other factors nationally and internationally. One of the most significant is the international monetary system, which provides the framework within which international trade functions, and the

foreign exchange market, which sets the exchange rates between nations' currencies. There is an equilibrium of exchange rates that link the price levels of all nations. Depreciation of the U.S. dollar reduces American imports and increases its exports. Conversely, dollar appreciation increases American imports and reduces its exports.

International Monetary Relations

International Monetary System

The international monetary system provides the framework within which international trade takes place. "The monetary value of international financial flows is larger than the value of international trade and of direct foreign investment" (Sassen, 1994, p. 9). This international system is made up of national monetary systems and links different nations through foreign exchange markets. The system was originally geared to promoting the free flow of goods and, to a lesser extent, services across international boundaries. Nations, however, at times use the system to restrain such flows. (Asheghian, 1995, p. 217)

The international monetary system is a complex topic that includes the foreign exchange market and its functions, the International Monetary Fund (IMF), the World Bank, and a host of exchange systems and rates, along with the export shipment process and related drafts, invoices, bills of lading, and marine insurance certificates. The World Bank was created to provide financial support for postwar reconstruction and major projects in the third world. The IMF was set up to furnish temporary funding for short-term balance of payments difficulties. Both, "... find that the world is increasingly looking to them for solutions to the long-term debt problem that so beleaguers nations in Latin America and around the globe." (Brock & Hormats, 1990, p. 10) Foreign Direct Investment (FDI) also forms a transaction element of the monetary system, but is usually considered as a separate part under

international business and multinational or transnational corporations.

At the local level, as mentioned previously, the attraction of the international flow of investment capital has been pursued as one alternative to the lack of funding from federal, state, and local sources. National governments played a significant role in the world economy when trade was the dominant form of international transaction. The rapid flow of capital coupled with the monetary value of financial flows exceeding the value of international trade and FDI, however, has altered the playing field (Sassen, 1994, p. 19). Sassen (1994), reveals that

Global cities are key sites for the advanced services and telecommunications facilities necessary for the implementation and management of global economic operations. They also tend to concentrate the headquarters of firms, especially firms that operate in more than one country. The growth of international investment and trade and the need to finance and service these activities have fed the growth of these functions in major cities. (p. 19)

Ohmae's (1995a & b) comments on capital mobility are covered, in part, in the economics and the economy section of this study as one of Ohmae's three factors contributing to the crumbling of the nation-state: (1) instantaneous movement of people, ideas, information, and capital across international borders; (2) global tastes and preferences; and (3) inefficient investment of resources. All three of these factors have international monetary implications.

Ohmae's first factor deals with the speed and volume of global capital market transactions, "... national governments cannot control exchange rates or protect their currencies, and political leaders increasingly find themselves at the mercy of people and

institutions making economic choices over which they have no control" (Ohmae, 1995a, p. 119). As Peirce (1993, p. 3) notes,

The international flow of capital, constrained until the collapse of the Bretton Woods monetary system in 1971, has become extraordinarily fluid in the last two decades. With the new technology (telecommunications) it's possible for millions of dollars to move in seconds

An example of the volatility of unfettered capital movements was the \$500 billion savings and loan (S&L) disaster. The speed of monetary flow has presented particular problems to the U.S. because it added to the enormous national debt and further constrains the nation's investment potential. (Blakely, 1994, p. 13)

Peter F. Drucker (1994, p. 100) noted that the money flows in today's world have become great destabilizers to many nations, forcing countries into "... precipitous interest rate hikes that throttle business activity, or into overnight devaluations that drag a currency below its trade parity or purchasing-power parity, thus generating inflationary pressures." Drucker had earlier (1990, p. 115) observed that "... monetary and fiscal policies of sovereign national governments increasingly react to events in the transnational money and capital markets rather than actively shaping them." Drucker concludes that both money and information flows "... do not fit any theory of policy. They are not even transitional; they are nonnational" (1994, p. 101). The financial sector, more than any other, "... dramatically illustrates the growing vulnerability of national governments to international and transnational economic developments" (Fry, 1995, p. 23).

The second of Ohmae's factors concerns product availability and the problems associated therewith; e.g., illegal trafficking, balance of payments deficits or an excess of imports over exports, and attraction of foreign direct investment covered in subsequent paragraphs in this section. The third of Ohmae's factors involves satisfying the "... often extortionate demands of powerful special-interest groups" or government subsidies (Ohmae 1995a, p. 120). This last factor may be domestically oriented, but it produces profound international effects as covered in the section of this study on international trade. In brief,

A government may have understandable political, perhaps even social, reasons to defer to special interests and preserve the civil minimum. Economically, however, it makes no sense. Investing money inefficiently never does. In a borderless world, it will be unsustainable. (Ohmae, 1995a, p. 120)

Ohmae concludes that "Sooner or later, usually sooner, the invisible hand of the market will move resources or economic activity elsewhere" (1995a, p. 120).

International trade takes place within the framework of the international monetary system where the international financial flows are greater than the value of international trade and foreign direct investment combined. Fry (1995) found that FDI, proportionally, has risen more rapidly than global and regional trade in recent years. It jumped tenfold in real terms between the end of the 1970s and the end of the '80s and "Between 1983 and 1989 IDI [international direct investment, or FDI] flows increased at an annual rate of 29%, three times faster than the growth in global merchandise exports and four times faster than the growth in

individual national economies" (Fry, 1995, p. 23). Moving millions of dollars in seconds is possible, therefore, the rapid flow of capital between points has placed cities in the forefront of international business and national governments have lost a degree of control over economic choices.

Foreign Direct Investment

One economic phenomenon occurring in the United States has been the very large amount and flow of foreign direct investment (FDI), or reverse investment, called international direct investment (IDI) by Earl Fry (1995). FDI flows are characterized by, "... investors acquiring a firm, wholly or in part, or building or setting up new firms in a foreign country...." (Sassen, 1994, p. 10). FDI is an investment that results in the control of a firm by a foreign investor. The important characteristic of FDI is not how it is financed, but the control it affords (Asheghian, 1995, p. 413).

FDI is distinguished by its capability to "control," as set forth in the definitions (Appendix A) of this study. Control in a foreign enterprise means that it is largely owned by foreign investors. The definition of "largely" varies from country to country. In the United States, the official definition has been ten percent ownership by the investing firm.

FDI consists of any investment giving the investor substantial control over a foreign subsidiary; i.e., "... consists of the investment undertaken by firms to acquire a lasting interest in enterprises operating outside their national economy" (UNCTAD-DTCI,

1996, p. 49). FDI is complex in nature and is frequently multidimensional. For example, a controlled firm often gets direct infusions of managerial skills, trade and marketing secrets, technology, and the right to use brand names. (Lindert and Kindleberger, 1982, p. 448) See also Sassen (1994) and Asheghain (1995).

FDI comes from several sources. The United States trade deficits of the past few years produced a large increase in the number of U.S. trade dollars in foreign hands. Many of these dollars returned to America as reverse investment in buildings, land, and production facilities. The United States attracts international investors because of the size of its markets and its relative political stability. The dollar's decline in value since 1985 has made U.S. assets more attractive. FDI also is a path around both tariff and nontariff trade barriers and, being located in America, gives a foreign producer some insurance against exchange rate fluctuations (Levy, 1990, p. 36).

... the United States remains attractive to the international business community because it is the world's largest best-integrated, most affluent national market; it has a consumer-oriented population; it possesses relatively cheap energy sources and a wide variety of other natural resources; it has a well-trained, nonmilitant workforce; it has relatively low corporate and personal income taxes, a benign regulatory climate with a minimum of "red tape," and a modern infrastructure; and it has a stable democratic government with a federal political system that permits state and local agencies to offer investment incentive packages. (Fry, 1998, p. 79)

FDI outflows grew at an average annual rate of 24 percent from 1986 to 1990 for all countries, but principally developed ones. It dropped to -17 in 1991 and -11 percent for 1992. (United Nations

Conference on Trade and Development (UNCTAD), 1994, p. 9) The drop after 1990 primarily was due to the global economic depression, from which some countries (particularly Japan) still are struggling to emerge while being plunged into another recession in the late 1990s. The two percent raise for 1996 provides a respectable overall world average of outflows for 1991-1996 of 11.8 percent, despite the losses in 1991 and '92, with the 1986-1990 growth rate adjusted from 24 to 27 percent. It remains to be seen what will happen to FDI outflows in the face of the emerging global recession of the late 1990s. But, FDI outflows only present half the picture. Many countries with large outflows also have large FDI inflows.

Large FDI inflows, which under-paced outflows by a 2.6 percent average during the 1986-1990 period, but exceeded outflows by 5.3 percent average for 1990-1996 for all countries (UNCTAD, 1995a). "Increases in FDI inflows exceeded the growth in the nominal value of world gross domestic product and international trade, which expanded by 6.6 percent and 4.5 percent, respectively" (UNCTAD, 1997, p. 3). Countries with large FDI inflows and outflows suggest that "... the factors that make a country attractive to FDI are linked to the conditions and comparative advantages that encourages firms based in that country to expand by investing abroad" (UNCTAD, 1997, p. 3). As with FDI outflows, the world economic crisis of the late 1990s will make predictions of future FDI inflows problematic.

U.S. firms have been involved in investing abroad and make up a major part of global FDI outflows. For example, a report (Ernst & Young, 1994) summarized announced American FDI initiatives by

state of origin, industry sector, and country of destination and showed that U.S. manufacturing companies are continuing their aggressive pursuit of important investment opportunities developing around the world. Overall, 380 companies made 709 investments in nearly 60 countries. Europe was the most popular location with the United Kingdom and France preferred by far.

In 1996, the U.S. was both, by far, the largest donor and recipient in the world with almost \$90 billion in both outflows and inflows, almost doubling that of the U.K. in outflows and tripling the U.K. in inflows, the nearest developed country. China received the largest share of investment from all nations, about \$45 billion, followed by Brazil and Singapore at about \$10 billion each. (UNCTAD, 1996a and 1997, p. 5) Reflecting on FDI inflows and outflows from the American perspective, the 1997 Economic Report of the President notes that,

Investment, like trade, yields benefits to both sides of the transaction. Capital goes to those who are best able to make productive use of it, and the suppliers of that capital receive a higher return, for a given level of risk, than they could get elsewhere. (p. 252)

FDI stock, "a measure of the investment underlying industrial production, increased fourfold between 1982 and 1994" (UNCTAD, 1997, p. xv). Over this same period, FDI stock rose to 9 percent of the world's GDP, doubling in just over a decade. The rate of FDI stock growth over the ten years from 1986 to 1995, "... was more than twice that of gross fixed capital, indicating an increasing internationalization of national production systems" (UNCTAD, 1997, p. xvi). The 1997 report (p. xvi) continues in the same frame of

reference,

The upward trend manifested in all of the indicators of international production, in absolute terms as well as in relation to various macroeconomic indicators, suggests that international production is becoming a more significant element in the world economy. Its importance is apparent in the activities in which TNCs [Transnational Corporations] are involved.

International production will not only become a more significant element in the world economy, it will also affect state and local economies. To echo Porter's (1990, p. 622) observation, local governments' potential for influencing the rates of skill improvement and innovation are great and should remain so as international production expands; i.e, with increases in FDI stock, international production grows from local roots.

Since the 1950s, when the major international flow was trade, FDI has increased dramatically.

Many factors have fed the growth of FDI: several developed countries became major capital exporters, most notably Japan; the number of cross-border mergers and acquisitions grew sharply; the flow of services and transnational service corporations have emerged as major components in the world economy. (Sassen, 1994, p. 14)

Though Sassen discusses FDI flows to countries, as just indicated, the real recipients of the benefits of FDI are the states and metropolitan areas where investments are made; benefits in the form of job creation, increased revenue and tax sources, and enhanced marketing for other sources of FDI (adapted from Blair, 1995, chap. 5 & Levy, 1990, pp. 35-37).

The Economist (1997a, p. 25) points out that governments seek FDI for the same reason they promote exports. They can extol jobs created in local economies and, by implication, not lost to

foreigners. While FDI and export promotion involve subsidies to support industries without protection against imports, national FDI and export subsidies result in FDI and export auctions and distort the pattern of world trade. Accordingly, government support for subsidies will continue and in the end, taxpayers are the losers as they are through trade protectionism previously discussed. The use of subsidies as inducements will be covered in greater detail in the subsections of this study on economic development.

Hufbauer, Lakdawalla, and Malani (1994) investigated the determinants of FDI and its connection to trade. They concluded that there was no simple resolution to the trade effects of investment abroad. They point to some countries like Japan and Sweden where FDI tends to promote more imports than exports, but in other countries, particularly the U.S., FDI seems to increase exports more than imports. They conclude, however, "Whatever the balance between imports and exports associated with DFI [sic], there is much to be said for letting firms invest wherever their capital can yield the highest return" (Hufbauer, Lakdawalla & Malani, 1994, p. 50).

The 1997 Economic Report of the President concludes that FDI benefits the country, and its various subnational localities, receiving it beyond the receipt of funds. Foreign inflows bring managerial, technical, and marketing expertise, "which often spills over to other parts of the economy" (p. 252). Investments by American companies in other countries can open up locations for exports and offer U.S. firms "... a toehold in foreign markets from

which they can further expand sales" (p. 252). (See also Sassen 1991, pp. 24-26, and 1994, p. 15.)

In sum, FDI inflows and outflows can promote efficient trade between companies and their foreign affiliates, as a means of international trade enhancement, benefitting all concerned with increased incomes at home and abroad. "Foreign direct investment is not just an important source of new plant and equipment; it also represents a critical link in the global transmission of knowledge" (The World Bank, 1997, p. v). Additionally, competition for FDI will continue to be strong, at all subnational levels, due to the important benefits associated with increased technology transfer and connections to global marketing networks. (WEF, 1997, p. 47) These latter benefits are not lost on industries of whatever ilk. The 1970s and '80s also saw another major transformation expedited by the changes in the international monetary system. That was the sharp increase in the numbers and weight of multinational/transnational corporations (MNCs/TNCs) fueled by FDI. This dynamic expansion has continued into the late '90s.

Multinational Corporations

The multinational (i.e., MNC/TNC/MNE or multinational enterprise), is the principal player in "international business;" i.e., "Those business transactions among individuals, firms, or other entities (both private and public) that occur across national boundaries" (Asheghian, 1995, p. 496). The impact of multinational firms on the global, national, and subnational economies is astounding. "TNCs have evolved into one of the most important

nongovernmental linkages between states" (Passe-Smith, Goddard, & Conklin, 1996, p. 5). According to Risse-Kappen (1995, p. 3), "Some of the ... multi-national corporations (MNCs) with subsidiaries in other countries have gross sales larger than the gross national product (GNP) of even major countries."

The World Bank (1997, p. v) reported that the "... massive explosion of global production networks by multinational enterprises has brought us to the point where about one-fifth of the world GDP today is produced by the parents and overseas affiliates of multinational firms." According to UNCTAD (1997, p. 3), the sales and assets of multinationals are growing faster than all of the world GDP, exports, and fixed capital formation, together. Further, with about 44,000 multinationals and their 280,000 foreign affiliates active, that

... the level of investment in foreign affiliates by TNCs is significantly higher than that reflected by FDI outflow data alone. This implies that foreign investment by TNCs is more important in today's world economy than that shown by the previous conventional indicators [of FDI data] (UNCTAD, 1997, p. 28)

Finally, in support of the last comment, "The phenomenon of transnational production confounds the measurement and interpretation of international economic flows and national accounts by which national economic performance has been tallied" (Rapkin & Strand, 1996, p. 116).

International trade, involving the export and import of goods and services, is a part of international business, though a business can engage in international trade without being "multinational;" i.e., "...operate in more than one country through affiliates,

subsidiaries, or other arrangements" (Sassen, 1994, p. 14). OECD (1996a, p. 10) notes that while multinationals dominate, international inter-firm collaboration agreements doubled during the 1980s and the high rate of new ones has kept pace since then. These agreements include joint ventures, non-equity agreements, and minority participation. They enable firms to launch projects that exceed individual firm capabilities, gain market access, and overcome investment and regulatory problems.

Returning to multinationals and the central role that they play, Sassen notes, for example, that

The central role played by transnational corporations can be seen in the fact that U.S. and foreign TNCs accounted for 80 percent of international trade in the United States in the late 1980's; furthermore, more than a third of U.S. international trade was actually intrafirm trade (1994, p. 14)

The great number and dispersion of TNCs in many developed and newly developed countries are shown in Table 2 on the next page. The largest 100 TNCs as of 1995, ranked by foreign assets, range from Royal Dutch Shell (United Kingdom/ Netherlands) to Pechiney SA (France) and includes for the first time two TNCs from developing countries. The U.S. captured five of the top ten with Ford second, followed by General Electric, Exxon, General Motors, and IBM in seventh spot. Germany's Volkswagen was sixth, Japan's Toyota ranked eighth, Switzerland's Nestle ninth, and Japan's Mitsubishi tenth. Thirty of the top 100 were based in the U.S., leading all other countries. Total foreign assets of the top TNCs amounted to \$1.7 trillion with foreign employment totaling about 5,800,000 jobs in 1995. Electronics industry companies were by far the largest

TABLE 2

PARENT TRANSNATIONAL CORPORATIONS/FOREIGN AFFILIATES

Select Developed & Developing Countries	Parent Corps. Based in Country	Foreign Affiliates in Country	Year
Australia	875	2,961	1996
Canada	1,691	4,583	1995
Finland	1,200	1,200	1996
France	2,126	8,682	1995
Germany	7,292	11,581	1996
Italy	966	1,630	1995
Japan	3,967	3,405	1995
Norway	1,000	2,700	1993
Netherlands	1,608	2,259	1993
Portugal	1,657	6,671	1996
Sweden	3,650	5,371	1996
Switzerland	3,000	4,000	1985
United Kingdom	1,467	3,894	1992
Total Developed	36,380	93,628	
Brazil	797	9,698	1994
Czech Republic	n/a	20,337	1995
Chile	n/a	2,028	1995
China	397	45,000	1993
Columbia	302	2,220	1995
Estonia	n/a	1,856	1994
Hong Kong	500	4,604	1996
Hungary	66	15,205	1994
Indonesia	313	3,472	1995
Korea (ROK)	4,806	3,878	1996
Mexico	n/a	8,420	1993
Philippines	n/a	14,802	1995
Poland	58	4,126	1994
Russian Federation	n/a	7,793	1994
Singapore	n/a	19,160	1994
Taiwan	n/a	5,733	1990
Thailand	n/a	1,050	1992
Ukraine	n/a	2,514	1994
Total Developing	7,932	129,771	
World Totals	44,508	276,659	

n/a: Data not available

Table 2-1 Listed are the parent transnational corporations/foreign affiliates by country and latest available year reported.

Source: Based on UNCTAD, 1997, pp. 6-7.

employers overseas with about 26 percent of all foreign employment of the top 100 TNCs. (UNCTAD, 1997, pp. 28-34)

The globalization of finance with a world wide capital market in operation 24 hours a day, which includes financial service providers operating on a relatively continuous basis, is the distinguishing feature of the rapid international economic integration (Kregel 1996, p. 55). According to Kregel (1996), the same continuous operations are not to be found in manufacturing where a truly global production base is lacking. Manufacturers are somewhat indifferent to the location of the production process, although some companies have started to integrate their production processes and sales on an internationally regional basis. The vision of a production process where each step could be allocated to an appropriately efficient international location, and such locations could be adjusted on a real time basis according to changes in relative cost and prices, is not here today. It will not be in the near future for a host of reasons set forth by Milberg (1997).

The principal reason for the relative immobility of production lies in the requirement for fixed capital that is not spatially mobile without great expense. This is not to say that there has been an increase in the global dispersion of production facilities. This has occurred to provide a more flexible response to global changes in interest and exchange rates because a "... diversified portfolio of production sites provides liquidity to the firm in the sense of being able to respond to changing cost conditions caused

by flexible exchange rates and interest rates" (Kregel, 1996, p. 55).

Following Kregel's (1996) lead, the relative immobility of production location bodes well for many industrial sites in municipalities, even those that have suffered significant economic losses such as those experienced in the U.S. automobile industry. This is true because they have provided a basis for rejuvenation of those industries in many cases. In others, they failed to become competitive because, to a great measure, they neglected modernization of facilities and processes. The steel industry is an example of the latter which suffered over a much longer period and only modernized recently as the economics of steel production in the U.S. improved. Accordingly, TNCs have a closer affiliation with metropolitan areas and states than distant national governments, despite the fact the national government sets the corporate climate to a great extent through appropriate regulations, or lack thereof. This association with local versus national entities is discussed in succeeding paragraphs.

Transnational/multinational corporations are primarily headquartered in metropolitan areas, but not necessarily in a nation's capitol. In order for TNCs to function, they establish international linkages. It is these linkages that form "... different types of economic linkages that bind cities across national borders" (Sassen, 1994, p. 47). Examples of such linkages are the TNC networks of affiliates and subsidiaries in manufacturing and specialized services, including financial services. When

coupled with the geographic dispersal of economic activities and system integration of economic functions currently underway, concentrated command functions contribute to the strategic role of cities rather than rendering them obsolete (Sassen, 1991 & 1994). To the strategic role of cities, Sassen (1994, p. 20) adds two functions: "(1) cities are postindustrial production sites for the leading industries of this period, [of] finance and specialized services; and (2) cities are transnational marketplaces where firms and governments can buy financial instruments and services."

Large multinational bank dominance of the financial industry was challenged by other financial institutions and the major innovations that they produced. A proliferation of financial institutions and the internationalization of financial markets resulted after the mid '80s. This, however, was not accompanied by a corresponding decentralization of control and central functions. (Sassen 1994, pp. 20 & 22)

The marketplace had the advantages of agglomeration--and hence cities--assumed new significance in the 1980's. These developments led simultaneously to (1) the incorporation of a multiplicity of markets all over the world into a global system that fed the growth of the [financial] industry ..., and (2) new forms of concentration, specifically the centralization of the industry in a few leading financial centers. (Sassen, 1994, p. 22)

As post-industrial production sites and marketplaces for services, cities are the focal points for the dynamic changes associated with the explosion of service industries, domestically and internationally. Municipalities also are the locus of the transformation of service management that is taking place in highly developed economies; e.g., America, Canada, Japan. Many factors

underlie the service sector transformation. Among the most important are changing patterns of government regulation, privatization, technological innovation, financial pressures, and the increasing internationalization of service businesses. (Lovelock, 1991, p. 2)

Government deregulation of transportation, finance, and telecommunications along with the strengthening of consumer protection, public safety and security, and environmental laws and regulations have forced a new orientation on the service industries. Privatization of public corporations, led by the United Kingdom, is progressing rapidly in a number of countries, and is resulting in restructuring, cost cutting, and a market focused posture. Local governments are subcontracting certain services such as trash disposal, jails, communications, and other adaptable services to private firms. Technology is facilitating the development of new or improved services, providing more consistent standards through customized service departments, using machines instead of people for repetitive tasks, and promoting greater customer involvement in operations through self service. Financial pressures are forcing nonbusiness organizations into adding profit seeking centers (e.g., museum shops, retail catalogues, restaurants, consulting), being selective in targeting market segments, and adopting more market-oriented pricing policies. For more information on the effect of financial pressures, see Lovelock and Weinburg (1989). (Lovelock, 1991, pp. 3-4)

According to Sassen (1994, p. 47), "There is good evidence that the development of transnational corporate service firms was associated with the needs of transnational firms." The globalization of service companies is evident in the airline and airfreight businesses that started as domestic carriers and expanded to overseas routes. Add to these numerous financial firms, advertising agencies, hotel chains, fast-food restaurants, car rental and leasing activities, and hospital groups. For example, transnational marketing firms offer global advertising to TNCs and other internationally oriented segments of customers worldwide. (Sassen, 1994, p. 48) From the foregoing, the internationalization of services becomes readily apparent, regardless if the aim of these businesses is to better serve customers or penetrate new markets. (Lovelock, 1991, p. 4)

Many well-known service companies in the United States are owned by foreign investors, but American service businesses have also been expanding abroad. Franchising, of course, allows a service concept developed in one nation to be delivered around the world through distribution systems owned by local investors. (Lovelock, 1991, p. 4)

Free-trade agreements are facilitating the international-ization of service businesses, while "... the expansion of producer services is a central feature of current growth in developed countries" (Sassen, 1994, p. 55).

Producer services include accounting, advertising, consulting, financial, and legal services. They also cover administration, communications, design, development, general management, innovation, maintenance, personnel, product storage and distribution, security, and transportation. These services are growing internationally in

municipalities at faster rates than manufacturing, which in many countries is in a relative decline or slowdown. This is not to imply that manufacturing has become unimportant. It remains a crucial sector in all developed and developing economies and feeds growth in the demand for producer services. (Sassen, 1994, pp. 55-65) Service industries, however, "... will play a leading part, along with high-technology industries, in the development of the world economy in the twenty-first century" (Kobayashi, 1989, p. 2). For a comprehensive review of services and their emerging in the forefront of economic analysis with the realization of a global service economy, see the United Nations publication Services and Development: The Role of Foreign Direct Investment and Trade (1989).

Managers of service firms will have to respond to the dramatic changes affecting their arenas, if they are to survive. "Among the keys to competing effectively in this new and challenging environment are skills in marketing strategy and execution--areas in which most service firms have traditionally weak" (Lovelock, 1991, p.1). According to Lovelock (p. 2), managers "must realize that the services marketing function is much broader than just the activities and output of the traditional marketing department."

The forgoing discussion on the relationships between the international monetary system and service industries, and cities provides background for understanding the significance of cities in the world economic order and the strategic role they can play. Nevertheless, observers believe that according to Blakely (1994, p. 1), discussing local economic development, "... state and local

officials appear to be helpless in altering the economic fortunes of their jurisdictions. Millions of traditional manufacturing jobs have moved overseas in less than two decades."

Blakely believes that American firms, in order to compete and remain productive, have discarded their loyalty to national boundaries. U. S. direct investment in other countries jumped from \$215 million per year in 1980 to \$373 million in 1988, "most of which was directly invested in manufacturing activity in competition with the American workforce" (Blakely, 1994, p. 10). Conversely, Japanese subsidiaries have been pulling out of overseas locations. For example, one report (Bureau of National Affairs', 1995, p. 685) indicates that there was a fourfold increase in these pullouts in fiscal year 1993 (ending March) more than 1992. Interestingly, however, in North America employment in Japanese operations increased nearly 23 percent in fiscal year 1993. Regardless of the evidence presented heretofore, Blakely (1994, p. 26) observes,

Clearly, the existing structures within communities--and even within nations, for coping with the rapid transformation of the international corporation are inadequate. Nonetheless, every community is faced with the prospect of being only a monetary address for a major employer. When firms move, the people stay behind. Communities must build economies that are competitive even in this environment.

Blakely's introduction to local economic development in his second edition (1994), capsulized in part above, paints a pessimistic summary of the U.S. economy with a "doom-and-gloom portrait of the country's economic health" (D'Angelo, 1997, 371). Blakely brought the issue into better perspective by noting in his first edition (1989) that too often, the combination of national

economic interest and the motivations of TNCs do not coincide with communities' individuals' or constituencies' interests or needs. "Communities must use their current human, social, institutional, and physical resources to build a self-sustaining economic system" (1989, p. 57). Basically, communities must rely on domestic support first, then pursue economic development on the international scene through the best sources available, whether they be TNCs or not. In other words, in Blakely's second edition, "He emphasizes that the national economic policy must be supplemented by localities' efforts to pursue economic development opportunities that provide inroads to international markets" (D'Angelo, 1997, p. 372).

In conclusion, changes in the international financial marketplace and economic internationalization have resulted in breaking nations into a variety of economic and financial components, and have contributed to placing a focus on "place and on the urban social and political order associated with these activities" (Sassen, 1994, p. 4). Command and control functions of multinational corporations are headquartered in metropolitan areas, contributing to the significant strategic role of cities in the world economic order. Additionally, "Surveys consistently indicate that foreign corporations locate in the United States in order to protect and enhance their business opportunities in the vast American marketplace" (Fry, 1998, p. 79). Individual municipalities, however, may not be able to control the economic fortunes of their jurisdictions due to the mobility of capital. Communities must learn to build competitive economies in this

dynamic environment and structure the urban social and political order associated therewith.

Summary

The international monetary system provides the framework within which international trade takes place, with the monetary value of international financial flows being larger than the value of international trade and FDI. Originally geared to promoting the free flow of goods and services across international boundaries, it finds nations occasionally using the system to restrain such flows. The system is a complex topic that includes the foreign exchange market and its functions, the International Monetary Fund, The World Bank, and a host of exchange systems and rates, along with the export shipment process. FDI also forms a transaction element of the monetary system.

FDI is an investment that results in the control of a firm by a foreign investor. The important characteristic of FDI is the control it affords. FDI also is a path around both tariff and nontariff trade barriers and, being located in the host nation, provides a foreign producer with some insurance against exchange rate fluctuations.

A major transformation, expedited by the changes in the international monetary system, was the sharp increase in the numbers and weight of multinational/transnational corporations fueled by FDI. The multinational, is the principal player in international business transactions.

At the local level, the attraction of the international flow of investment capital has been pursued as one alternative to the lack of funding from federal, state, and local sources. But with the advent of rapid telecommunications, the flow capital across international borders has become instantaneous which has significant international monetary implications. National, let alone state and local, governments cannot control exchange rates to protect their currencies. With the proliferation of financial institutions, cities have assumed a new significance as centers of international financial transactions and other global services.

Managers of service firms will have to compete effectively in this new and challenging environment with skills in marketing strategy and execution. Managers at all levels, and in this case from the mayor and city manager on down, must appreciate and use services marketing in a much broader fashion than just the activities and output of the traditional public relations department. This is particularly true where economic development and its marketing is involved at the local level and is totally apropos to municipal involvement in international relations.

International Marketing

Marketing

Marketing permeates the traditional arena of economics, trade, finance, and sales. It is not limited to the private sector. The public sector is continuously involved in public relations and outreach, and in direct sales and advertising to greater or lesser degrees depending on the issues and needs of the community. The previously cited international success story of Spartanburg, South Carolina, in the historical overview, is a case in point. This section on marketing is relatively brief compared with other sections of this study, but it contains the crux of municipal involvement in international relations; i.e., the marketing of the municipality internationally.

Marketing is of particular importance to local economic development and it is an essential element of the technological, sociocultural, and political perspectives, all contained in later sections of this study. Peter F. Drucker, as far back as 1957, noted that marketing, as a dynamic process of society, integrates business enterprise "productively with society's purposes and human values. Marketing is thus the process through which the economy is integrated into society to serve human needs." Drucker pioneered tying marketing in as an essential element of local economic development; i.e., the public sector's enhancement of the quality of community life.

Philip Kotler and Sidney Levy were among the first to recognize the need for marketing oriented toward the public sector.

In their 1969 article, they noted that marketing has become a pervasive societal activity that goes beyond the sale of products or services. They saw a trend in the U.S. where an increasing amount of societal work was being performed by organizations other than businesses; society was organizing to meet social needs. Accordingly, much of the writing during the 1970s and early '80s (Kotler 1975, Montana 1978, and Rados 1981) focused on the broad field of marketing for nonprofit organizations in the domestic arena. Later, Lovelock and Weinberg took an even broader view, "Anything that impacts the customer falls within the province of marketing, ..." (1989, p. ix), and observed that,

Marketing is essentially a proactive function: planning for a future environment that will quite certainly be different from today's; working to make sure things go right; anticipating those things that might go wrong and either finessing them or making contingency plans for how to deal with potential problems. (p. ix)

The foregoing aptly applies to economic development marketing; i.e., "the force which catalyzes a range of activities conducted for the purpose of making American cities more economically competitive" (Bailey, 1989, p. 1) in order to enhance the quality of community life.

It was once thought that public sector marketing functions are much like those in the private sector, with agencies commercially advertising their goods and services in an entrepreneurial manner (Lovelock and Weinberg 1984, 30). Kotler (1975) emphasized this as did Montana (1978) and Rados (1981). In 1986, Coffman (p. 2) commented,

How could a fast-growing field like public sector marketing remain so unrecognized and unappreciated for so long? The answer lies in a lack of definition, lack of disciplined approach, and lack of practitioners trained in--and committed to--public sector marketing per se.

Rados (1996), and Kotler and Andreasen (1996) have published up-to-date texts on nonprofit marketing, but their treatment of marketing municipalities may be considered superficial, at best. Neither of their books specifically mention the complexities of dealing with politics, politicians, or economic development issues, though Rados briefly covers political campaigns. Additionally, international applications are ignored by Rados and only briefly mentioned by Kotler and Andreasen.

Kotler, Haider, and Rein (1993), in their book Marketing Places, address cities, regions, and nations as places with imbalances in revenues and expenditures resulting in layoffs and service reductions. They argue that the key to successful economic development is not incentive wars for economic prizes but the strategic marketing of places by a combination of initiatives such as rebuilding infrastructure, building a skilled labor force, fostering local business entrepreneurship and expansion, developing strong public/private partnerships, ensuring a service friendly environment, and then promoting these advantages effectively. Their straightforward guide can assist marketing agencies, including economic development activities, tourist promotion agencies, and mayors' offices in effectively assisting new clients make informed decisions about where they will locate. Though domestically focused, the international applications of the principles

articulated by the authors are evident.

Ball and McCulloch (1990), writing from the private sector perspective, contrast domestic and international marketing and find that the basic marketing functions are the same for each. The markets targeted, however, can be very dissimilar due to differences in the environments involved. The differing environments of nations involve various differences in sociocultural, legal, economic, and competitive outlooks (termed "forces" by Ball & McCulloch 1990, pp. 493-496) form obstacles that militate against standardized approaches. Therefore, "The work of the international marketing manager has an added complexity caused by the necessity of planning and controlling marketing strategies in a number of countries instead of just one" (Ball & McCulloch, p. 493). An exception may be found in services, as opposed to consumer products for example, which can be marketed globally with a more uniform approach. Private sector international marketers find advertising to be the promotional mix element with the greatest global similarities even though the advertiser (i.e., promoter) is constrained by type of product, media availability, and the environmental "forces" existent in several countries. (Ball & McCulloch, p. 496)

The programmed-management approach of Ball and McCulloch (1990, pp. 481-82) provides a means for overcoming the aforementioned obstacles to a standardized uniform approach to advertising. This is an approach that uses an appropriate mix of standardized and foreign local campaign elements which "permits flexibility in responding to different market conditions" (Ball &

McCulloch, 1990, pp. 481-82). While Ball and McCulloch focus on international business and the sale of products, much of the conceptual information they present is adaptable to the public sector in its approach to international relations. Regarding advertising and the public sector, Coffman (1986) aptly points out, however,

The impact of advertising will be debated forever, in the private as well as the public sector. The proper course is to use the appropriate advertising media and to measure the results in relation to stated objectives. Even so, it is difficult to get approval for paid advertising in the public sector because of its visibility and cost (pp. 19-20).

The effectiveness of advertising in the public sector is questionable as pointed out by Bailey (1989). When compared with public relations in the public sector, it is considered to be not very cost-effective (Bailey, 1989, pp. 24-32). This will be discussed in greater detail in a subsequent section on marketing management.

The review of literature indicates that public sector marketing has not been able to divest itself of the exclusive private sector focus on goods and services until local economic development began to be a significant factor in municipal life. John Bailey's monograph Marketing Cities in the 1980's and Beyond (1989) recognizes the oft to unrecognized fact that cities or city regions are the nation's economic powerhouse and that they "are increasing their efforts to stimulate economic development, and marketing activities play a vital role in this process" (p. II). He examines the expanding economic development marketing efforts to create new jobs and wealth, and provides insights into current and

future trends in the use of advertising, public relations, and other marketing tools to make cities more economically competitive.

There is apparently a great need to educate not only the public sector, but the American public regarding the merits of public service marketing in the economic development realm. As Bailey (1989) emphasizes, marketing has been the primary driving force in local economic development in the 1980s and will continue to be in the coming decade. Cities cannot afford to sit passively by and accept the destinies of changing economic forces, they must innovatively organize to harness these forces for the betterment of all concerned. (Adapted from Bailey, 1989, p. 3.)

Public Sector Marketing

Marketing has evolved over the past three decades from being eschewed as unethical and not applicable to the public sector, to being grudgingly accepted based on satisfying constituency needs through employment of private sector principles of marketing goods and services for closed municipal systems. Nine years ago, Lovelock and Weinberg observed that the "Institution of a formal marketing function is a relatively recent event in most nonbusiness organizations Many organizations still lack such a function altogether [sic]" (1989, p. 6). Accordingly, some administrators have rejected marketing as not appropriate for a public sector activity, "seeing the terminology as unseemly and arcane, and viewing marketing strategies as intrusive, manipulative, and unprofessional" (Lovelock & Weinberg, 1989, p. 8), but others have capitalized on marketing, as noted earlier and as will be found in

succeeding sections of this study. Lovelock and Weinberg concluded that,

... it is important to emphasize that some of the constraints facing marketing managers of such organizations simply reflect the relative newness of marketing in the public and nonprofit sectors and thus may become less of a problem as marketing becomes better accepted and more expertly practiced. (1989, p. 15)

As Coffman (1986, p. xv) observed, "All marketing is a blend of science and art. Both are integral to a marketing process that begins with planning, continues with promotion, and ends with evaluation--only to start over with planning in a continuing cycle." Additionally, public sector marketing is different because it "bears a special responsibility to treat the total public as 'owners' of the business, not just those who use the service" (p. xv). Driven today by modern information technology, financial imperatives, and missed opportunities, municipalities and municipal regions are adapting to the global aspects of the international economy. This has been a revolutionary change for local governments that traditionally have been ultra conservative. The first steps were to adapt private sector principles to public sector needs.

As with businesses, the public sector (including nonprofit or not-for-profit activities), whether it is universities, charities, or municipal governments, organizes to meet the needs of its supporters and constituents or "clients" according to Rados (1996). Fine (1992, p. xiii) observed that, "Beset with such problems as declining utilization, poor image, funding cutbacks, competition, and the demand for higher standards of service from a better-informed population of consumers, many agencies have turned to the

marketing discipline for help." Fine viewed public and nonprofit sector marketing as social marketing involving "communication, social change, propaganda and education. The selling and buying of ideas is [sic] education; when I buy an idea, I have learned something" (Fine, 1992, p. xiii). Fine added that when examining public and nonprofit organizations, "it is impossible to separate services from ideas" (p. xiv).

Within its own municipal immediate environment composed of its government and constituents, a traditionally relatively closed system, the public sector must cope with several issues that do not directly affect private sector marketing. They are constraints that are either absent or less significant in the private sector. The public sector customarily has provided individual and community services similar to those of the private sector, except that many are more idea oriented; e.g., information, education, social behavior, and political policy, as noted earlier by Seymour Fine. Information furnishes facts such as laws and regulations, education sells programs such as safety and conservation, and political policy is framed to enhance the image of those in power. (Adapted from Fine, 1992, pp. 15-16 & 22.) The apt dissemination of information is critical to gaining municipal administration and public support for initiatives, particularly those that involve international relations.

Traditional generalizations based on the marketing of goods to the municipality's immediate environment as a somewhat closed system, therefore, are of limited value to today's public managers.

In the past, nonfinancial objectives have dominated the public sector and made it harder for managers to develop strategic and tactical alternatives and means of ongoing evaluation. Public managers also must differentiate between multiple overlapping constituencies and special interest groups, while trying to take a long term view rather than pandering to current popular tastes; the forte of business. Public scrutiny exposes programs to the media and brings more attention than may be warranted or experienced in the private sector.

The forgoing obstacles to marketing in the public sector are formidable when nonmarket pressures such as political directives, government regulatory agencies, and public and private special interest groups are added to the equation. (Lovelock & Weinberg, 1989, pp. 15-20) In summary, Fine points out that,

Marketing thought and practices are not entirely identical in the profit and nonprofit sectors, but the similarities outweigh the differences. In both cases, customer satisfaction is paramount; all ideas, services, and goods are presumed to fill a need or solve a problem. One obvious difference, ..., is that the social marketer are [sic] duty-bound to render some services that are not cost-effective. Goals and missions statements, ..., are less clear in social marketing. Furthermore government markets are difficult to analyze ... and price may not be a salient factor. (Fine, 1992, p. 21)

The relatively closed system described in the forgoing paragraphs typifies traditional municipalities' immediate environment. Modern information technology, increased emphasis on trade, the extremely rapid circulation of finance, and the increased mobility of people have dramatically changed the traditionally relatively closed municipality. Currently, external influences are

as important, if not more important to a municipality's quality of life, and in the case of central cities their survival. Much of this was covered in the historical overview section of this study and pointed out in the previous sections and will be amplified in succeeding sections of this study.

Today, municipalities are continuing to strive to provide the traditional service and information functions of a municipal government to their constituencies. Municipalities are finding, however, that their constituencies are becoming more and more demanding in their desire for a higher quality of life. Concurrently, in many cases municipalities are suffering from imbalances between revenues and expenditures resulting in service reductions and personnel layoffs, as previously mentioned. At the extreme some have experienced the collapse of their core financial bases and real estate industries, which has been exacerbated by the out-migration of industries and services; those entities that provide the funds to sustain needed services. This is not limited to central cities. Smaller cities, towns, and suburbs also are vulnerable to decline. The foregoing pressures are forcing municipal governments to deal more extensively with the extended environment in which they exist, while continuing to satisfy the demands of their immediate environments according to James A. Brooks, Manager, International Programs, National League of Cities. (personal communication, February 5, 1997)

A new perspective must be adopted that evolves around the marketing function targeted at both the municipalities' immediate

environment to satisfy and build support and its extended environment for goods and services that will enhance the quality of life for its constituency (James A. Brooks, personal communication, February 5, 1997). As has been discussed, the municipalities' extended environment has broadened beyond their regions, states and nations to become global. Because of the complexity of the situation, the marketing function is not limited to marketing managers. The marketing function, because it is essential to success, must pervade the total organization and leadership, starting at the topmost echelons of management involved in strategic planning.

A Management Function

Marketing is a management function that starts at the top of any municipal organization with its leaders; in the public sector with the Mayor, City Council, and the City Manager, if there is one. Nevertheless, to be effective, marketing involves the entire organization from elected officials, to managers at all levels, and thence to the individuals comprising the organization. Because politics inevitably are concerned, however, it must be recognized that there is always the potential for individual aggrandizement of whatever type, from recognition to revenue. "The involvement of politicians in marketing management decisions can sometimes be very damaging for a public agency, ..., particularly when patronage appointments are made to the management ranks" (Lovelock & Weinberg, 1989, p. 20). The same may be said of managers, though perhaps to a lesser extent.

Marketing begins with the development of a restatement of the organization's mission and the creation of strategies to achieve that mission. It is more than activities concerned with research, planning, program development, and implementation. "It is a bridge linking the organization with its external environment, providing orientation toward customers and other constituencies, and helping management to position itself against those of competitive forces" (Lovelock & Weinberg, 1989, p. 9-10). As such it is extremely relevant not only to local economic development programs, but also to furnishing services and settling issues, both proactively and retroactively.

Marketing links the municipal government to its immediate environment (i.e., current and prospective constituency) and its extended environment (i.e., other municipalities, funding sources, and competition; regionally, nationally, and globally). Marketing strategy is complex and based on four fundamental concepts: exchange, market segmentation, competition, and the "marketing mix." A discussion of these concept is beyond the scope of this study, but a few observations are relevant.

Competition used to be an alien concept to public administrators, with exceptions noted for intra- and inter-departmental competition for stature and resources. In the past, few municipalities were run by administrators who thought or planned in terms of external competition. Their organizations had been established without competition in mind and flourished without it. (Lovelock & Weinberg, 1989, pp. 14-15) But the world has changed,

and in consequence a competitive posture has become necessary for survival (Johnson, 1988). Competition between states for economic development is intense and for local governments it is increasing dramatically, as will be discussed in the following section of this paper on economic development. On the local level, "Fiscal objectives often result in competition among localities within a metropolitan region" (Blair, 1995, p. 168). "Competition is now a fact of life for most nonbusiness organizations" (Lovelock & Weinberg, 1989, p. 15). In summary, the key issues in marketing strategy development from a municipal perspective include:

... understanding the nature and size of the market, determining alternative ways of dividing the market into segments, and deciding which of these segments to serve. The strategy selected should reflect an assessment of the degree of competition (if any) within each market segment and the ability of the marketer to develop a competitive edge there. (Lovelock & Weinberg, 1989, p. 21)

In discussing the public sector marketing mix, Bailey (1989) found that while as much money was spent on advertising as on public relations and all collateral promotional material combined, advertising "is the most controversial tool in the city marketer's armamentarium" (p. 24). He maintains that advertising is expensive, and while producing numerous inquiries of very uneven quality, it has yet to fully demonstrate its effectiveness as an economic development tool and its usefulness may be questionable (pp. 24, 29 & 47). In contrast, Bailey maintains that public relations, principally publicity, is a powerful and cost effective marketing tool that is often under budgeted compared with advertising. Public relations and publicity have convincingly demonstrated their

effectiveness as a persuasive form of promotion that has a major influence in building an enviable national and international image and should take priority over advertising. (Bailey, 1989, pp. 4, 29 & 47)

Advertising, however, has its unique advantages. It can be used to build an image over time, or to offer quick opportunities that are available for a short period of time, such as low airfares to a particular destination or special events occurring for a short period. Advertising also is an advantageous low-cost way to reach numerous prospects who may be distributed throughout a single large geographical area or over many nations. (Kotler, Haider, & Rein, 1993, pp. 166-167)

The realities that competition brings to municipalities have been a factor in changing the focus of marketing from a micro to a macro perspective. Managers must deal with the challenges presented by micro versus macro dilemmas, where what is good for one element of the community may not be good for the community as a whole and vice versa. In the past, the focus of marketing has been "micro," or the examination of marketing within the realm of an individual firm, agency, or a municipal government's departments rather than in an economy. Emerging, however, is a "macro" perspective that examines how marketing affects the entire economic system of a nation, state, region, or locality. It deals with marketing's impact on the socioeconomic conditions of the economy and includes such topics as the aggregate effect of government regulations, policies, and actions, plus social customs, consumption patterns,

and the "system-driven micro-marketing decisions of individual firms." (Kaynak, 1986, p. 30) In the previous, and more to the point, in the following discussion, the terms "firm" and "agency" may be used interchangeably with "municipal government" or "municipality."

Reddy and Campbell (1994) point out that often there are micro-macro dilemmas where what is good for the firm may not be good for the society as a whole; e.g., the uncontrolled marketing of dangerous drugs. Conversely, what is good for society may not be profitable for an individual firm. "In such instances, the government may take charge and undertake the activity that it sees as desirable regardless of the impact on individual firms;" (Reddy & Campbell, 1994, p. 2). The micro-macro dilemma also can apply to municipalities, regions, states, and the nation as will be covered in the economic development section of this paper immediately following this section on marketing. Accordingly, the combination of national economic interest and the motivation of multinational corporations may conflict with the needs of local communities, with the latter coming up short. Therefore, communities must market their resources intelligently and gain competitive advantage; i.e., they "... must use their current human, social, institutional, and physical resources to build a self-sustaining economic system." (Blakley, 1994, 48) In the public sector, higher echelon government agencies provide valuable assistance in this as covered in this study's economic development section.

In summary as a management function, marketing requires top-level guidance that pervades the organization and its management. The marketing management function stems from an inherent understanding of marketing's fundamental concepts and use of all elements of the marketing mix, as appropriate, in communications strategy, particularly where the public sector is concerned. Conversely, the involvement of politicians in marketing management decisions can be problematical for a public agency. There are no ready solutions, but the various issues, including those of a micro versus macro nature, must be faced because of increasing competition confronting public organizations and the products they are promoting to enhance their shares with all involved constituencies.

Opportunities and Competition

In a preceding section of this study on international monetary relations, it was noted that the dynamics of change can present opportunities for multinational firms and government agencies. For example, marketing opportunities are facilitated in countries that have fewer regulations or have deregulated. These countries afford easier entry into product markets, more freedom to compete on price, removal of geographic restrictions on service delivery, incentives to differentiate services in meaningful ways, the ability to use mass media to promote professional services. Marketing opportunities also are provided by new technology and include the creation of new or improved services, more involvement of customers in operational tasks by providing self-service systems, the development of centralized customer service departments backed up

by computerized file systems reached by toll-free telephone calls, and the recording of customer information in accessible data banks. (Lovelock, 1991, p. 5)

According to Lovelock (1991) not only is competition intensifying, but the rules of the competitive game are changing just as quickly. It is no longer sufficient to have the capability to run a good organization or operation in its own right. To be competitive, whatever product being offered must be tailored to the needs of the customer. This places a great premium on marketing to determine those needs and ensure that they are met.

More specifically, new market entrants are positioning their services to appeal to new market segments, rather than trying to be all things to all people. Pricing, communication efforts, and service delivery systems are also being tailored to specific segments. (Lovelock, 1991, p. 6)

From the municipal standpoint, all of the forgoing actions require the development or acquisition of marketing skills that are more broadly defined than traditional public relations (Lovelock, 1991, p. 6).

In examining the future role of marketing, La Barbera, et al. (1990, 3) indicated that its role will "transcend its traditional functional and departmental orientation and take on a posture of a focal point for the whole enterprise." This will be due to the necessity of being able to adapt quickly to change in the market and in social policies, both nationally and globally. Political change requires a similar ability to adapt. Political transitions are eased to some extent through the increasing involvement of Chambers of Commerce and various local and regional economic development

agencies in support of municipalities. Pulling it together, Bianchi, 1993, p. 22) points out that,

Marketing, while including the fundamental principles of pricing and product distribution in the traditional business sense, also includes elements of planning, policy, and strategy. It further includes an effort to meet broader societal goals. Therefore, it is reasoned that all organizations must engage in marketing as a function for distribution of their product or services whether commercial or not-for-profit, private or public.

In the context of municipal international relations, prospecting for foreign direct investment may be an important part of a community's marketing plan. "Since overseas marketing operations are likely to be prohibitively expensive for most communities, the obvious move is to take maximum ad-[sic] vantage of state operations and, in effect, achieve some economies of scale in marketing" (Levy, 1990, pp. 36-37). Levy (1990, p. 42) further concludes that, "Overseas advertising in most cases is best done at the state level. It is not reasonable to think that substate units of government, except for a few big cities, will be recognizable to European or Asian business people." This position is open to question, as discussed by Bailey (1989) and Kotler, Haider, and Rein (1993). They found that strategic marketing, including international marketing, is essential to a community's survival in a rapidly changing world, as examined internationally in depth by Kotler, Haider, and Rein (1993).

Terminology must be precise, if effective marketing is to take place. Marketing related, economic development has grown to be a key ingredient in state and municipal involvement in international relations, but if the communicators do not send a clear message and

the receivers are ignorant of facts or implications of what is being communicated, all is for nought. Recall what former Governor Gerald Baliles said earlier,

Study after study has demonstrated a sad irony: that America, a nation of immigrants, has become culturally isolated. ... in general, Americans know neither the world nor the cultures of the people who inhabit it; ... our language skills have deteriorated; ... our students do not understand the significance of geography. (1989, p. C1)

To assist in overcoming some of these problems, public education must be enhanced in America and the marketer must be educated in the sociocultural perspectives of target audiences. High schools can provide the basics, including linguistics and instruction in foreign languages. State and private universities are sources of advanced language training, entrepreneurship, and professional talent and their presence helps attract international firms. They also provide very powerful marketing incentives (Levy, 1990, 43-44). Institutions of higher education are covered in greater detail in the "Technological Perspectives" portion of this study.

According to Bailey (1989, pp. 38-40) perhaps the most daunting challenge in public sector marketing and local economic development marketing is quantitative measurement of short term outputs and long term impacts to really judge the effectiveness of the programs in terms of meaningful measures. These measures vary and include the overall economic impacts that are broadly accepted and can be adopted to programs of varying sizes and configurations.

Kotler, Haider, and Rein (1993, p.346) see the single greatest challenge facing the public sector as selling their marketing activities to their own residents and voters. Marketing the program

to the local constituency is a political problem of defining needed development in the terms and values of the public's own frame of reference. Challenges also exist in marketing programs overseas.

Global Marketing

The literature is rich in examples of state international marketing initiatives. The states both set the stage for municipal involvement and fostered such involvement. This occurred through assistance programs, sharing of overseas facilities, and encouraging municipalities to take an entrepreneurial approach to attracting foreign business. In the latter case, the Dillon Rule has been ignored when municipalities bring more economic benefits to the state. Assistance programs and other state marketing support provided to municipalities will be covered in the following paragraphs and sections of this study.

North Carolina Governor Luther H. Hodges perhaps made the first venture into the international marketing arena with a trip to Europe to investigate attracting foreign investment to his state. That trip took place in 1959 and was an important turning point for state involvement in international economic affairs. Ten years later another "first" occurred when Frank Alsbaugh, the head of Virginia's industrial development agency, made a bold move by placing a state employee overseas in Brussels to provide a full range of economic development services. Other states such as New York and Illinois had found representatives to work on trade matters overseas, but no state had placed a state employee overseas. "Port authorities had been successful in the past with their overseas

representatives, but somehow that was different, perhaps because it was tied more directly to the tangible day-to-day work of shipping contracts and booking space in ports." (Liner, 1990, p. 11)

Virginia officials found themselves under fire and being ridiculed by the media and political opponents when the office was opened in Brussels in 1969. (Ryen, 1997, p. 48) The proof of Virginia's decision to open and staff an office in Brussels, which other states were watching with anticipation of failure, came with the landing of a big coup. Imperial Chemical Industries decided to locate in Virginia. "... Virginia's man in Brussels, Dennis Rufin, had sold them on a Virginia location. After 21 years, and hundreds of subsequent coups, Rufin is still Virginia's on-sight link in the European marketplace" (Liner, 1990, p. 11).

International marketing efforts by states are exemplified by the proliferation of state and local offices abroad. The general growth of world trade and the promotion of FDI have taken the standard approaches to marketing, such as permanent offices overseas, the visiting delegation headed by the state governor, and overseas advertising (Levy, 1990, p. 42). State activities generally fall into three categories that are not mutually exclusive and which embody direct initiatives on the gubernatorial level, state agencies that include overseas offices to promote international commercial initiatives, and a variety of educational, cultural, and outreach programs. (Ryen, 1997, p. 47)

Governor Hodges' first foray into the international arena in 1959 (Liner, 1990, p. 11) was unique. It was not until the 1970s

that the first concrete foreign visits by state governors slowly began. Growing steadily since then, state leaders and their staffs have actively pursued markets for state goods and services, and courted foreign investment. In 1987, every continent, except Antarctica, received these distinguished visitors with 40 governors visiting 87 overseas locations on trade trips. With the advent of perestroika in the Soviet Union, Governor Terry Barstad of Iowa hosted an U.S.-Soviet trade conference, then went to Stavropol to promote Iowa food processing equipment and agricultural products, and signed the first U.S.-Soviet sister-state agreement. (Ryen, 1997, p. 47)

As an example of gubernatorial initiatives, Governor George Allen of Virginia went to Eastern Europe during the Fall of 1996. While there, he personally negotiated with Czech Republic officials for reductions in paper products tariffs, discussed the privatization of electric power plants in Hungary, met with the female president of an Austrian Canton, and talked about import quotas on American poultry with Polish businessmen. Dag Reyn (1997, p. 46), a senior fellow at The Council of State Governments, estimates that during 1997 nearly three quarters of U.S. state governors will have gone overseas for substantive talks on issues affecting their states. Accordingly, as Ryen observes (1997, p. 46) that, "This type of activity presumes an in-depth knowledge of industry sectors obtained primarily through ongoing dialog with representatives of specific enterprises in the home jurisdiction." The foregoing is not to understate the courting of FDI by governors.

"Efforts initiated in governor's mansions have had a significant impact on foreign investment in the U.S. economy, particularly in determining where foreign monies ended up" (Ryen, 1997, p. 47). Gubernatorial initiatives are supported by one or more state agencies, with most activities concentrated in some form of a department of trade, commerce, and development with overseas offices.

In 1985 20 states had 26 offices overseas and by 1990 43 states maintained 163 foreign offices. (Levine, Fall 1993-Winter 1994, p. 43, & Fry, 1993, p. 27) This was in marked contrast to 1970 when only four states had foreign offices. By 1992 state overseas offices dropped to 123 (Wright, 1992, p. 2). The drop is attributed to the economic recession of the early 1990s. The 1997 figures (December 17 & 19, 1997), reported by the National Association of State Development Authorities (NASDA) on their Webb page (www.nasda.com) State Overseas Offices: Budget, Staff, and Time Allocations (Table 15) and State Foreign Office Locations (Table 16), shows that 38 states have 162 offices in foreign countries. Of these, 28 have 35 offices in Europe, 36 have 54 offices in Asia, and 24 with 25 offices in Mexico and one each in Sao Paulo, Brazil and Santiago, Chile. Only three states have offices in Africa. Puerto Rico, not included in the above totals, has one office each in Costa Rica, Dominican Republic, Mexico, and Panama.

NASDA Table 15 also shows that most overseas state offices (i.e., 111) are operated by foreign nationals on a contract basis while 40 are staffed by state employees and seven by a combination

of both. This information is not complete for numbers of personnel involved because some states (e.g., California) will not report their manning levels and others share office space and staff (i.e., Indiana, Pennsylvania, and Wisconsin). Minnesota is not included in the totals, though they maintain an international information network and world trade centers are used to respond to their overseas outreach needs. While some states share offices, it is not known how many municipalities use state offices in foreign countries for their international programs (James Brooks, Manager International Programs, National League of Cities, personal communication, December 17, 1997).

According to Levine (1993-94), however, state governors and legislatures have been continually reviewing the utility value of marketing offices located overseas with the thought of reorganizing, consolidating, or closing them. This is happening in the face of claims of immense success in the tasks the state overseas offices are performing in the form of FDI results and the establishment of foreign company subsidiaries in their respective states. Two reasons for the perceptions of problems cited by Levine (1993-94) were that performance standards generally were lacking and many were operating on budgets which would not allow them to maximize their potential. The ramifications of state and local leaders' perceptions will be amplified in the next section of this study on economic development. Earl Fry (1998) observes, however,

On the other hand, as the federal government cuts its own budget and personnel for overseas programs at a time when U.S. exports, foreign tourism, and inward IDI [i.e., FDI] are at record levels, many state officials are pondering whether even

more and better-staffed state offices must be opened abroad in order to protect their own economic interests. (p. 76)

Alternatively, Fry (1998, p. 48) sees a time in the future when "... all states and many cities and counties will be conveying their economic development message via the Internet and interacting with interested parties around the globe" in several languages with promotional pictures and videos to enhance the promotion of commercial initiatives. The Internet already is in use to cultivate a number of state level educational, cultural, and outreach programs as covered in the sociocultural section of this study.

Municipal international marketing activities parallel, in part, state initiatives. Municipalities engage in overseas marketing by top level officials (e.g., primarily the mayor and the city's economic development officials), participation in trade missions to promote international commercial initiatives, and a diverse array of outreach programs. Most, however do not maintain offices overseas. The few that do either co-locate with their state office or have foreign personnel represent their interests. A 1996 survey by John Kincaid (1997, p. 38) found that, of those municipalities responding, 70 percent are involved in promoting exports, 37 percent in advertising their municipality abroad, 30 percent in trade mission participation, and 12 percent maintain some form of foreign office. Central cities take the lead in these activities. The survey also revealed that outreach programs involve sister city activities (62 percent), cultural exchanges (53 percent), idea exchanges about municipal government and management (48 percent), and a protocol expert to help with foreign visitors

(29 percent). Other areas of international marketing included luring foreign investment (60 percent) and attracting international tourists (47 percent). (Kincaid, 1997, pp. 59, 60)

Fry (1998, pp. 84-85) states that mayors of larger cities lead international missions on a fairly regular basis and that leaders of smaller cities can participate in their own state sponsored missions and those organized by various umbrella organizations such as the National League of Cities and the U.S. Conference of Mayors. Additionally, many cities and metropolitan regions have established offices of international affairs within the city's executive department or with some regional authority. Almost all include some form of public-private sector cooperation. Examples are Seattle's and Dallas's Office of International Affairs, Charlotte's World Affairs Council and Mayor's International Cabinet, Phoenix, Arizona's Greater Economic Council, Metro Orlando's International Affairs Commission, Greater Seattle's Trade Development Alliance, and similar networks in Silicon Valley and Boston, though the latter's emphasis is on Atlantic rim countries and is called the Atlantic Rim Network. Las Vegas Nevada has a Convention and Visitors Bureau that operates three permanent offices overseas. (Fry, 1998, pp. 86-87)

Examples of municipal international marketing activities abound almost daily in the media across the United States and many can be found in various sections of this report. A few illustrations of these activities from a newsletter produced by the National League of Cities' called GLOBECON include the following.

A statement from Mayor-elect Jon Kinsley of Chattanooga, Tennessee, "Building relationships with global companies, municipal leaders and even heads of state creates the opportunity to 'show off the community'" (National League of Cities, May 1997a, p. 1). Washington, DC is emphasizing its proximity to major banking and export agencies, plus being the diplomatic center of the U.S. to market itself as a location for foreign banks (National League of Cities, July 1997c). Clearwater, Florida promoted economic development and tourism at the 1998 Winter Olympics through its sister city relationship with Nagano, Japan by constructing and staffing a hospitality center that showcased the opportunities of Clearwater. Top level Clearwater officials presided. (National League of Cities, March 1998b, p. 1) Chesapeake, Virginia launched an advertising campaign in The International Herald Tribune to reach its 128,000 subscribers and several media kits and videos have been circulated to European manufacturing firms. The city also advertises in German and Japanese magazines. With more than 50 international businesses, the city's economic development director believes that it is worth the expense to reach business leaders. (National League of Cities, March 1998b, p. 4)

Blakely believes that communities must market their resources intelligently and gain competitive advantage; i.e., they " ... must use their current human, social, institutional, and physical resources to build a self-sustaining economic system" (1994, p. 48). Addressing marketing, Bailey (1989) has observed that,

Economic development marketing programs now being conducted at the city or city region level are potentially more important to the future of this nation than those at the state and federal levels. Two basic reasons lead to this conclusion:

- city and city region programs represent relatively new, dynamic and generally enthusiastic partnerships between the public and private sectors; and
- they are concentrated where most wealth development activity naturally occurs--at the local and regional levels. (p. 1)

In sum, states and municipalities, particularly the larger ones see great value in the international marketing of trade and their communities. Involvement starts at the top echelons of state and local governments and involves economic, cultural, professional development activities and supporting agencies.

Summary

In summary, international marketing permeates economics because it is a pervasive societal activity involving the public sector, at all levels of the organization, in the promotion of ideas and services based on marketing strategies developed from a municipal strategic plan. The emerging field of macro marketing involving entire economic systems is particularly relevant to the public sector and its dilemmas of individual versus group or societal benefits apply. Public sector international marketing has additional challenges of producing market strategies for a number of countries and cultures, being able to measure marketing effectiveness, and selling the program to local residents and voters. Marketing competition is intensifying and the rules of the competitive game are constantly changing, posing additional challenges, both domestically and internationally. State and local

governments are active in this arena and see great value in the international marketing of their economic, cultural, and professional interests. Marketing will surpass its traditional orientation because it is of particular importance to the multidisciplinary technological, sociocultural, political, and economic development perspectives.

Economic Development

Introduction and Background

This section focuses on economic development at the municipal or local level, and not international economic development of developing nations of the Third World where it was focused before 1960 (Malizia, 1985, p. v). Local economic development involves many players, but the two principal actors are the private and public sectors. "Inherent in the public-private dichotomy is the fact that what's good for the whole isn't necessarily profitable for the individual" (Farr, 1984, p. 1) Often not mentioned, but very much a player in economic development is the civil society at large and its various special interest groups who may consider themselves winners or more often losers. The public-private dichotomy and involvement of the public with its special interest groups pose issues which surfaced in the marketing discussion in this study and will repeatedly resurface, whenever the discussion involves the interaction of two or more of the following players: individual members, neighborhoods, special interest groups, municipalities, regions, states, national governments, and international entities.

The aim of economic development is "creating wealth through the mobilization of human, financial, capital, physical and natural resources to generate marketable goods and services" (American Economic Development Council (AEDC) 1984, p. 18). Bingham and Mier (1993) take exception to the AEDC's definition because it "ignores" the important issues of the involvement of both the public and private sectors in the process of wealth creation and how it is

distributed.

David R. Morgan, in his book Managing Urban America capsulized the foregoing in his description of local economic development, which he calls a process for achieving and maintaining the economic health of a community through the attraction, expansion, and retention of commerce and industry (1989, p. 296). Morgan's "definition" is foremost in the terminology appendix of this study because it provides the best description of this complex activity. The word "process" is emphasized because many local governments believe that economic development is something a government "does" like law enforcement or waste management that can be assigned to an agency to do. Economic development can not be "done" as a function, but must be pursued as a process rooted in the private sector as influenced by actions the public sector takes or fails to take (Fosler, 1991b, xiii). Economic development, therefore,

... becomes a central concern not just of economic development specialists but of local policy makers and managers as well as private-sector and civic leaders. Successful economic development requires a wide spectrum of public and private institutions--government agencies businesses, labor organizations, educational organizations, nonprofit institutions, civic organizations, and individual citizens--to improve their own performance and work more effectively with one another. (Fosler, 1991b, p. xiv)

State economic development activities have been around in various forms since 1937 when Mississippi issued the first industrial development bonds. These activities have taken several forms over the passage of time. The 1980s, fueled by the 1981-82 recession, witnessed the dawning of economic development as a "major public policy objective for cities, counties, and states throughout

the country" (Luke, Ventriss, B.J. Reed & C.M. Reed, 1988, p. 3). This change was reinforced by three events. First were the controversial findings of David Birch (1978) which suggested that small businesses, instead of large ones, were the real generators of new jobs (Bingham & Mier, 1993, p. viii). Second was the national government stepping away from its traditional role as lead policy maker in this arena (Burnier, 1991, p. 174). Third was the surplus foreign capital available for investment in other countries as FDI, as discussed in the previous section of this study. The '80s phase concentrated on international and internal development, and the provision of foundations like trained labor, technology and financial capital (Fosler 1991b, p. xxviii).

Doug Ross and Robert Friedman (1990) make a case for an emerging wave in economic development that involves a new generation of strategies to cope with the conflicting demands of reduced federal and state resources and the constituency holding elected officials, particularly governors, responsible for their local economies. States and locales are constructing sets of principals that involve demand, leveraged public resources, competition promotion, and building in automatic feedback to improve performance. Grant, Wallace, and Pitney (1995), and Miles Friedman (Executive Director of the National Association of State Development Agencies, in an address to the Hampton Roads Chamber of Commerce, September 12, 1995), substantiated Ross and Friedman's observations and saw a shift to an entrepreneurial approach to economic development. Friedman, in his address (1995), further noted that

current emphasis is on sustainable economic development, exploiting niche markets, and fostering high technology development. Additionally, that there has been a shift in focus away from domestic emphasis toward the internationalization of local economic development.

Fosler (1988, p. 312) set forth the goals of state economic development initiatives, which are the attraction, retention, and creation and expansion of business. These also form the basic goals of economic development initiatives at the local municipal or county level.

Attraction is used "to replace lost jobs and thereby relieve the most overt source of economic pain and political pressure, which is unemployment" (Fosler, 1988, p. 312). Attraction of business is very expensive in terms of resources considering efforts expended in research, prospecting, and attracting firms, with problematical results. Odds of attracting suitable firms, particularly Fortune 500 types that bring in jobs, are slim given the competition. Additionally, their move may not involve a great number of jobs relocated or created. True, there are the Mercedes, Volkswagen, Honda, and other plants being constructed, but they are few and far between.

Attraction involves the recruitment of industries. The literature is replete with arguments against industrial recruitment. Arguments cited the zero-sum effect, long odds, overbidding, low multipliers, increased costs to businesses and residents, and industrial obsolescence. The arguments stem from the examination

of location incentives controlled by local government policy or public costs and benefits of incentives to specific firms. As a result, researchers concluded that traditional recruitment made less sense than the newer entrepreneurial approaches to retain and expand existing businesses and use market-based incentives (e.g., leveraging resources for development, building networks for development) to attract industries. In spite of the foregoing rationale, practitioners appear to see these new entrepreneurial strategies as supplements, rather than replacements, for traditional industrial recruitment. (Loveridge, 1996)

Loveridge (1996) explores several alternative explanations for the continuing popularity of recruitment. They include tradition, expected value, political payoff, high discount rate, weak communities, diversification, broad applicability, appropriateness, and potential success. These will be explored in this and subsequent sections of this study dealing with economic development.

Miles Friedman makes the point by maintaining that state and municipalities must "stop using the shot-gun approach in attracting outside business" and become selective in matching the state's or municipality's assets with types of firms that need those assets. He also notes that all that has been desired by politicians and economic developers is the credit for attracting or getting a business rather than looking at the results. Business loss is as important as attraction because it is a waste of resources to attract firms only to lose them a few years later. (M. Friedman, personal communication, September 12, 1995).

The goal of retaining businesses is aimed at preventing the loss of jobs or businesses already in the state and is the least expensive, but also the least pursued of the economic development goals. This approach is changing according to Miles Friedman (personal communication, September 12, 1995). More emphasis is being placed on nurturing what is on hand than business attraction. "Researchers have found that there are more jobs to be found in expansion of new firms than attracting new ones. Competitiveness exists not only for new investment, but in keeping what the state already has." The emphasis now is on retention as a part of encouraging expansion.

Creation and expansion focus on encouraging the creation of new businesses, products, services, and technologies. This goal is time intensive because it normally takes years to pay off and requires a lot of support. "This has been pursued in part by investing in basic support systems (e.g., education and transportation) and in part by investing in more focused action (e.g., removal of regulatory barriers, promotion of specific technologies, providing seed and risk capital)" (Fosler, 1988, p. 213).

In business creation, government supplied seed and risk capital provides financing for start-up businesses, which have great future potential to produce large returns. Also called "venture capital," it supported the development of the semiconductor and genetic engineering industries (Levy, 1990, p. 41). "Typically, venture capital firms have been most common in areas where there is

a highly entrepreneurial business culture" (Levy, 1990, p. 42). Miles Friedman believes that creation and expansion, like retention, requires a lot of support, not just in material or financial resources, but more importantly in time, interest, and promotion on the part of state agencies rather than letting the firm fend for itself. (M. Friedman, personal communication, September 12, 1995) The concerted effort in pursuit of the goals of attraction, retention, creation and expansion may be defined as creating and maintaining a friendly, healthy "business climate." The president of the Federal Bank of Boston has stated that, "the plain, unvarnished truth ... that 90 percent of what a state can do [to promote its exports] is to provide a good business climate" (quoted in Scheiber, 1993, p. 75).

Customarily, "business climate" has referred strictly to some business costs that are affected by state legislation; e.g., unemployment and workers' compensation, regulation, and taxes. The term has been broadened to include other elements that support the enterprise; e.g., education at all levels, public services, and the ecological and sociocultural environment. Fosler (1988, pp. 313-314) identifies seven foundations critical to the process of economic development at the state level that makeup the overall climate critical to the process of economic development. They are considerations concerning human resources, physical infrastructure, natural resources, knowledge and technology, quality of life, fiscal management, and enterprise development. Most are evident, self explanatory, and are applicable to municipalities' economic

development programs discussed in subsequent sections of this study. Enterprise development is important from a state point of view because:

State actions directly affect the organization, financing, location, and operation of business enterprises. These include programs designed to encourage the start-up, expansion, and attraction of business through financial and technical assistance, business incubators, research parks, enterprise zones, and export promotion. (Fosler, 1988, p. 314)

Financial assistance mainly consists of incentives covered in the next section and export financing, discussed in a succeeding paragraph. Research parks, will be covered in more detail in the section of this study dealing with technology. Export promotion was covered, in part, in the earlier section on international trade and enterprise zone promotion will be covered under state economic development.

Business incubators are locally based institutions that are created to encourage and support business development. The institutions provide physical space and business services to small, new firms. Incubators typically are local initiatives rather than state supported facilities. They also usually are domestic versus foreign based, organized outside of government agencies, and focus on long-term business development, rather than short-term results. (Markley & McNamara, 1996)

Export promotion strategies can be placed in three broad categories that overlap financial and technical assistance: technical support, information brokering, and export finance (Clarke, 1986). Technical support from the state includes helping exporters with documentation, dealing with people who handle export-

related tasks, and assisting with licensing. It also includes providing detailed information on economic data, potential market demand, financing, political, and cultural factors of targeted countries, along with how to promote products for foreign markets. Closely related to technical support is information brokering. It includes identifying trading companies in the state and distributing comprehensive lists to the states' manufacturers specifying products that each company handles; serving as a referral service for information on continuing and higher education activities in international trade and legal assistance in export-related activities; and coordinating overseas marketing visits by state businesses. (Mark L. Chadwin, personal interview, September 1, 1995 & Kay Pollard-Griggs, personal interview, September 12, 1995)

State involvement in export financing varies. Typically states support loan guarantees and, at times, direct loans or subsidies such as tax incentives, travel subsidies, financing booths at trade fairs. Some states also offer export credit insurance, often in conjunction with the Foreign Credit Insurance Association, in conjunction with the U.S. Export-Import Bank. Export financing is critical to small businesses engaging in international trade and most state programs are directed to assist small-to-medium sized enterprises. (Levy, 1990, chap. 11)

In sum, "local" economic development in the United States involves substate participation in a process involving the private, nonprofit, and public sectors as partners in achieving and maintaining the economic health of a community through the

attraction, expansion, and retention of commerce and industry. Economic development implies that the quality of life of the constituency improves economically, socially, and politically as will be discussed in succeeding paragraphs. Economic development, therefore, is the goal which should always yield the appropriate positive impact on the community. This is manifested and measured by net positive changes in the level and distribution of area employment and per capita income.

Value of Economic Development

Economic development is a much sought after commodity; i.e., it is useful and advantageous. Whether communities or countries, the rich seek it to maintain and further their high standards of living while the poor wish to lower their levels of poverty. (Reddy & Campbell, 1994, p. 2) Economic development includes certain noneconomic benefits such as improvements in social well-being, education, health care, and moral and ethical responsibilities, along with the reduction of social inequities, and environmental pollution. It is important because economic development usually means a higher standard of living and lessening of poverty without confiscatory redistribution of wealth, which has proven to be unsuccessful in the long term. It also allows the improvement of infrastructure; e.g., roads, railroads, financial facilities, transportation services, public buildings. (Reddy & Campbell, 1994, p. 3)

Perceived benefits, however, are relative to the degree of wealth or poverty of the affected area. Rich areas will not readily

notice substantial improvements because they are not as evident as those occurring in poor areas. Regardless, every area needs to feel that some improvement is taking place or some type of dissident, perhaps undemocratic revolutionary, action will occur for better or worse, as has been occasioned throughout history. (Czempiel & Rosenau, 1989)

While some debate has centered around the expected gain from private-public partnerships, Moore and Pagano (1985, p. 100) showed that public sector strategies and activities can induce investment and promote economic growth as demonstrated by developmental economists and planners. Research (DeLong and Summers, 1991) indicates that there is a robust statistical relationship between productivity and private sector investment, the latter in infrastructure and equipment. This type of private sector investment, therefore, can be considered an economic growth engine. From the private sector perspective, "most businessmen are in favor of growth even when it does not serve their narrow interests. Organized labor is almost invariably for development and can be a major piece in the coalition for development" (Levy, 1990, p. 14).

There also is a link between public and private sector investment in infrastructure. Sharon J. Erenburg examined existing research and conducted some of her own. Erenburg's (1994) research demonstrates that public sector investment serves to stimulate private sector investment. The stimulating effects of the former on the latter are larger than any limiting effects, with a clear empirical relationship between public infrastructure investment and

private sector productivity.

Further, by confirming the links among public capital, private investment, and aggregate productivity, the findings also indicate a relationship (through the productivity gain) between public capital and real wages. Therefore, not only has the decline in public infrastructure investment contributed to the deterioration of aggregate economic measures, it has also contributed to the relative stagnation of real wages and living standards in the United States over the past two decades. (Erenburg, 1994, p. 11)

Despite indications that the potential results of a community economic development program may be over estimated or over sold, international economic competition is on the increase and the number of economic development programs initiated by communities continues to grow (Levy, 1990, p. xi, Brooks, 1995, and National League of Cities, 1996), even if in a cyclic fashion (Bingham & Mier, 1997). Economic development is a highly competitive activity for new acquisitions at the intermunicipality, interstate, and interregional levels. This creates excessive pressure and secrecy and may result in premature activity which can destroy an initiative (Levy, 1990, p. 11). Premature activity is closely associated with the political aspects of economic development.

Judd and Ready (1986, p. 244) assert that although growth (i.e., economic development) politics have been partly depoliticized, they "... will continue as the subject of political controversy." Levy (1990, p. 11) points out that economic development programs are highly visible politically because they are newsworthy. Additionally, he mentions that development agencies often are useful politically, which may be one reason they have been created. Republican, Democrat, or Independent politicians may

disagree on a lot of issues, but they are likely to agree on a program that promises jobs and tax relief. "Local economic development is one government program that is popular in a politically conservative period" (Levy, 1990, p. 11). But, it is not beyond controversy and political disputes may be unavoidable because of three issues identified by D. R. Morgan (1989, p. 311): how to form the political consensus for success, who participates in the process, and who benefits. Being highly visible and politically useful, economic development initiatives naturally attract attention.

Attention gaining and controversial components of economic development can not be ignored. There will always be those who feel that they have lost something or not benefitted from the results of a successful project. If nothing else, "economic growth promotes change--physical, social, political. Some opposition to economic development will thus spring from this root" (Levy, 1990, pp. 14-15). Unreconcilable differences between the goals of different groups will come down to a test of political strength or judicial decision. "Nonetheless, the economic development agency may be able to minimize conflict and opposition by involving members of the potential opposition early on in the economic development process" (Levy, p. 16). Another controversial area that affects state and local economic development policies involves the use of incentives, both financial and nonfinancial though the latter can always have a cost.

Eisinger (1988) identified two types of economic development incentives; supply and demand. The supply side, often called "locational," emphasizes programs such as tax incentive systems, debt financing mechanisms that often are termed "schemes," infrastructure investment, labor incentives, regulatory policies, enterprise zones, land and site development, and similar activities that are directed at the reduction of costs of production in a specific locale. These tend to increase competition between localities and raises the cost thereof borne by the players. The other type of incentive is the demand side that involves the promotion of business incubators, venture capital financing, research and development support, small business enhancement, and job creation strategies that are aimed at promoting growth throughout the locality.

Eisinger (1988) noted a shift from supply to demand side policies. Sharp and Elkins (1991) confirmed this shift, but noted that there was still a great deal of emphasis on promotional activities. Other research indicated that the economic development supply techniques most often employed include "tax abatements/incentives, site acquisition/preparation, industrial revenue bonds, efforts to rebuild and/or improve the downtown, public relations/boosterism, and investment in infrastructure" (Reese, 1994, pp. 29-30). Using confirmatory factor analysis, Grant, Wallace, and Pitney (1995) found that between 1970 and 1985, states primarily pursued supply side policies, but after 1985 most of the supply side incentives

... became virtually universal, which undermined their distinctiveness and competitive advantage. [Further,]... between 1988 and 1992, a new constellation of development strategies appeared that consisted of one traditional relocation package (pollution control incentives) as well as two nontraditional strategies (entrepreneurial policies and enterprise zones). (p. 144)

Traditional relocational policies of industrial recruitment continue to remain popular (Loveridge, 1996) and include various financial incentives discussed in the following paragraphs, of which pollution control incentives could be considered financial. Entrepreneurial policies and enterprise zones are covered in the sections on state and local economic development, which follow this section.

Other researchers see Eisinger's (1988) and Reese's (1992, 1994) categorizations as somewhat arbitrary and "mystifying" (Wolman, 1996) and have proposed other categorizations. Most use, as do Eisinger and Reese, an a priori categorization by purpose or strategic intention; e.g., incentives, financial and nonfinancial assistance, economic revitalization, project coordination, capacity building (Wolman, 1996). Regardless of the classification by means or outcomes, all economic development policies involve some form of incentive or group of incentives.

Over the years incentives have become more innovative and complex in their content based on strategies to meet industry needs (Pool, Bodziak & McCrae, 1996) and local asset availability which dictates the types of incentives (Kenyon, 1988, 1990) offered as indicated in Figure 9 on the next page. These may be formed into a matrix and the matrix filled in according to the individual community's assets and capabilities and a firm's or set of

FIGURE 9

ECONOMIC DEVELOPMENT INCENTIVES AND STRATEGIES**Incentives**

Capital subsidies, including:

 Subsidized credit; e.g., direct loans, loan guarantees,
 pass-through of federal income tax exemption

 Grants; typically through intermediaries for,
 site preparation and other capital costs

 Equity Investment(s), in young firms

Subsidy of other cost inputs, including:

 Training

 Research and Development

 Marketing and Promotion

 Site Search

Tax Preferences/Breaks, of all types

Enterprise Zone Location, along with incentives attached thereto

Environmental Protection Wavers, Variances, and Subsidies;
 e.g., pollution taxes, woodland preserves, pollution
 cleanup

Business Climate Promotion & Improvement

Strategies for Meeting Industry Needs

Influencing Locational Cost Factors

Providing of Access to Capital

Supporting Efforts to Access New Markets

Encouraging the Development and Adoption of New Technology

Providing Technical Expertise through Technology Transfer

Improving Workers' Skills

Enhancing Economic Growth Infrastructure and Institutions

Supporting the Delivery of Economic Development Services

Figure 9. Economic development incentives and strategies that combine to fill a targeted industry's needs to attract that industry.

Sources: Adapted from Kenyon, 1988 and Pool, et al. 1996.

industries' needs. The incentives listed are not inclusive and may be considered only a glimpse to the total array, but they provide a basic idea of the scope of such initiatives, without additional enhancement or creativity through innovation on the part of the individual state or municipality involved. A comprehensive list of incentives is available in a compact disk Directory of Incentives, 1998 from the National Association of State Development Agencies (personal communication, Kenneth E Pool, May 6, 1998). The strategies listed in Figure 9 to meet industries' needs, closely resemble the competitiveness enhancing factors set forth by McDowell (1990) and Marshal (1993).

A third dimension exists, not shown in Figure 9, regarding the form of which the incentive is offered. There are at least three types of offers; e.g., directly to the firm, indirectly through an intermediary, and in-kind such as services offered through intermediaries, plus any combination of the foregoing (personal communication, Kenneth E. Pool, January 12, 1998).

Economists have argued that financial incentives are wasteful from a national perspective; that these costly state strategies only influence choices between competing locations rather than the basic decision to invest in the United States (Kline, 1984). Critics believe that tax and other forms of incentives give added advantages to foreign companies in competition with domestic companies (Tolchin, 1987), but the competition is so fierce that this playing field is being leveled.

Marlin (1990) found that despite the millions of dollars involved in subsidies, neither practitioners nor academics had generated any amount of empirical evidence relating to economic development incentives or subsidies in promoting economic growth. Further the lack of data has made it difficult to generate empirical evidence in support of either the pro or con position of those involved. Marlin analyzed the relationship between industrial development bonds, as a subsidy, and gross state product and found that states that used the subsidy more than others tended to have greater increases in gross state product (p. 21). He noted, however, that further study is needed on the subject.

In the interest of job creation, governments are eager to attract FDI, so that they can point to jobs created domestically. Governments see FDI as a means for reviving economically deprived areas, therefore they are not furnishing unfair subsidies, they are just bringing the local infrastructure up to standard. Less can be said about financial incentives that equate to bribes in the private sector. These can, and have, amounted to as much as \$167,000 per job (e.g., Mercedes Benz locating in Alabama (Spindler, 1994)). The beneficiaries are the local workers with subsidized employment and the shareholders of foreign companies. The losers are the taxpayers and workers in locales whose governments cannot afford to compete in the bidding war for FDI. (The Economist, 1997b, p. 25)

Additionally, another problem exists and that deals with increasing incentives. As more and more communities construct incentive packages, a "market" in incentives develops. In effect,

local governments put a dollar figure on the demand for jobs, and investors supply jobs for a price. An increasingly intense and perhaps self-destructive competition results in incentive packages, which become remarkably similar (Markusen 1987, Reese 1992, Fasenfest & Reese 1997).

As in any auction market, the highest bidder wins. Because it is the community (defined as its residents), not the actual bidder (the local government officials or planners), who pays, the scope for moral hazard is wide. Elected officials "buy" jobs at any price with other people's money, because this is both the scientifically recommended course of action and the self-interested means to retain their own jobs. Planners pursue these aims and evaluators confirm these actions. (Fasenfest & Reese, 1997, p. 220)

Alternatively, Ohmae (1995b, p. 3) believes that government funded incentives or subsidies, which really are tax breaks for investing in a particular location "...are becoming irrelevant as a decision criterion." Western firms are moving into parts of China and India because that is where they believe their future lies, not because of host government incentives or cheap labor. These firms are moving to where the demand is, and will be in the future, as indicated by the fact that China was the world's second largest recipient of Western FDI in 1996; second only to the U.S. (UNCTAD, 1997, p. 5). This serves to substantiate Stanback's (1991, p.5) observation that,

New technology makes possible a customization of the firm's output to meet the specialized needs of the buyer, increasing the importance of locating activities ... closer to the major markets being served. This all broadens the range of locational choice.

The broadening of locational choice makes regions more competitive with each other, both nationally and internationally. It also makes

integration of separate communities composing metropolitan regions more critical to enable a high quality of support to be provided. (Wallis, 1994a, p. 49) Substate regions will be discussed in greater detail in various applicable sections later in this study.

The forgoing dispels the notion that economic policy is the exclusive realm of the federal government, with the states and localities only competing for business and investment. State leaders are aware that whatever actions they take or fail to take, including providing incentives,

... can significantly affect the extent to which businesses start, grow, innovate, develop and market new products, improve their productivity, develop export markets, contract, decline, relocate, and fold: that is, the process of economic development within their states. (Fosler, 1988, p. 319)

To Netzer's (1991, p. 221) critique of incentives as "narrow bands of policies and actions ... undertaken explicitly for their hoped-for economic consequences" Fosler (1991a) points out a broader range of state and local government economic activities that go far beyond those that are most likely to create zero- or negative-sum results. Fosler (p. 250) concludes that practitioners must look beyond conventional economic theory to capitalize on economic relationships adapted to changing circumstances that produce broader and richer results.

Miles Friedman admitted that incentives are a controversial subject, however, he sees the composition and use of incentives changing; e.g., there are other incentives besides money and its distribution. First, states and municipalities should be selective in the use of financial incentives, if they use them. For example,

incentives should be directed toward supporting small business financing for those that have growth potential in the international market. Secondly, incentives should be crafted to meet the firm's needs instead of just throwing money at the prospect. Third, Friedman believes that incentives must revolve around infrastructure and a trained workforce, not money or tax breaks. Lastly, Friedman maintained that incentives should be used to build credibility. Credibility is the most prevailing theme in sustained economic development. It must be built and if it is lost, no amount of incentives can overcome that loss. (Friedman, personal communication, September 12, 1995)

Credibility is maintained when true program cost effectiveness is demonstrated in program performance outcomes and impacts, not in activities alone. The bottom line in maintaining credibility occurs in the justification of current budgets for all programs, which may or may not have apparent or immediate visible return on value. This is particularly true in governments that are under increasing pressure to reduce deficits, spend efficiently and effectively, and downsize their bureaucracies. It also can be found in state and local departments and agencies that are expected to take on an increasing variety of functions and programs without commensurate budget increases. Thus it is with economic development programs that: consist of programs which produce little quick or highly visible results; have problems quantifying their added value vis-a-vis the effects of the economy; are reliant on various types of incentives; and are composed of various mixes of public/private

partnerships. The last point further complicates assessment of expenditures because programs become spread over several agencies that can consist of a combination of public, not-for-profit, and private activities. All of the foregoing adds increasing pressures on those involved to justify the way taxpayer money is being and is to be spent. (NASDA, 1996, pp. iii, iv) Program evaluation is one means for determining the efficiency, effectiveness, and responsiveness of government programs (Wholey, 1980, p. 11).

Evaluation of state economic development programs has always been a problematic issue. Kudrle and Kite (1989) observed that only a modest evaluation of these substantial efforts has taken place and the results do not provide quantitative information on the effects of these programs. It is not that evaluation is not possible using Rossi, Freeman and Wright's (1985 [and more recent editions]) model or Wholey et al.'s (1975) standard of evaluability (also see Wholey, 1980), according to Kudrle and Kite (pp. 290, 294). The problem lies not in the fact procedures for conducting program evaluations did not exist (e.g., see Rutman 1980, Kosecoff & Fink 1982, Isaac & Michael 1981-1990), but that much activity and outcomes are unrecorded or intermittently recorded at best and causality is assumed rather than established.

Another problem, not unique to the evaluation of economic development programs, is the unintended or worse the intended bias of the observer. As an example, see Dewar (1998). A dissimilar problem, but one that is as misleading, is the use of dated data to draw conclusions about the current situation as mentioned at various

points in this study and exemplified by Amin and Hagen's recent journal article (1998) on competitiveness. These problems aside, the evaluation of economic development programs faces significant challenges.

Bingham and Bowen (1994, p. 502) note that, "In fact, there have been very few attempts to examine the effects or impacts of state and local economic development programs." Those that have been examined are very small and location specific with the majority being studies of enterprise zones and research parks (Bingham & Bowen, 1994, p. 502). As reported by Bartik (1991, pp. 18-23), evidence indicates the enterprise zones, as discussed later in the section on state economic development, and research parks do make some difference in state and local economic growth. Additionally, limited studies of state investment in the attraction of FDI and expenditures supporting state export programs indicate that they produce positive results (Coughlin & Cartwright 1987, Coughlin, Terza & Arromdee 1989).

Bartik (1994) makes the case for better evaluations of economic development programs. He lists three reasons why government programs are seldom evaluated. First, the costs in time, energy, organizational disruption, in addition to financial costs, are considerable. Second, some of the benefits do not accrue only to the activity evaluated, but become useful to competing agencies. Third, and perhaps most significant reason for resistance to evaluation is the quite realistic fear of negative political consequences; i.e., "that negative evaluations will be used to kill

a program or agency, whereas positive evaluations will be discounted by opponents to the program (Bartik, 1994, p. 99).

The basic concern is that the economic development program must be capable of being evaluated. But, as Conway and Northdurft (1996, p. 7) point out, "To complicate matters, the data available ... to assess and analyze trade performance in a region are limited and often unreliable. Partly as a consequence, trade staff have trouble documenting the results of their work." Further, at the state level, since legislatures seldom ask for concrete results based on outcomes, programs have been justified on the basis of activities performed. Unfortunately, again this can be costly. According to Conway and Northdurft (1996, p. 55),

In the absence of real outcome data, the pressure to cut back or simply eliminate programs--programs that legislators acknowledge are important to the state's global competitiveness--is overwhelming, creating a condition of intolerable uncertainty.

The same may be said of local programs fighting for scarce resource allocation in the city council arena.

On a near final note, Levy (1990, p. 8) observes that "All economic development has some environmental impact ... and the community price must be paid." But the same may be said of virtually all aspects of the economy and economic growth. Economic growth has costs in four areas, the discussion of which is beyond the scope of this study, but are worth noting. The costs impact the housing market, the environment, agglomeration diseconomies other than pollution, and reductions in per capita provision of government services. For a brief discussion of these four impacts and policies

to alleviate negative impacts, see Ihlanfeldt (1995, pp. 339-340). As early as 1984, Cheryl Farr summed up the tasks at hand, from a public sector perspective.

Planning and implementing economic development strategies is complex and time-consuming work for local governments. It requires nurturing a solid working relationship with key private-sector actors, capitalizing on available resources, and anticipating local, national, and international trends so that the community can benefit from them. (Farr, 1984, p. 1)

Many national level issues such as economic stability, environmental quality, interstate commerce, rules for trade and investment, exchange rates, political stability in potential markets, and the federal budget crisis, add to the complexity of the situation. They are not issues over which state or local governments have much, if any control, although they can be dramatically affected by the solution.

The National Perspective

National governments are responsible for stimulating the economy to stabilize and improve national and local employment (Blakely, 1994, p. 30). Alternatively, national governments serve as constraints on macroeconomic policy, as will be discussed in the section of this study regarding the status of the nation-state. "Growth depends on inviting the global economy in, not keeping it out. ... creating and leveraging value-adding economic linkages ..., not on ruthlessly stamping them out in the name of 'national interest'" ... (Ohmae, 1995b, p.62).

National governments, as discussed earlier in the sections on the economy and trade, traditionally have controlled their resources and economies in the name of national interest. They have cut

themselves off through protectionist and isolationist policies, thereby denying the nation the benefits of other sources of economic growth. In today's knowledge-driven technological world, this traditional focus is challenged, but not gone. Regardless, "A closed-country model makes cities and regions rivals with each other" (Ohmae, 1995b, p. 62) rather than mutually supporting elements of economic development. It usually is in defense of special interests that the use of national interest is invoked as a protectionist reaction to global competition, which is not, as has been demonstrated, in the interest of the populace at large.

Though the U.S. government has been accused of not following an aggressive internal economic development policy, there are a few national policies indirectly supporting local economic development. For example, many Department of Commerce programs are available that can provide valuable information to municipalities who are in the process of attracting, expanding, and developing businesses. The district offices of the Department of Commerce are one example. But these district offices and others are in danger of disappearing in Congressional budget-cutting, and state agencies normally are more interested in promoting economic development from the state's perspective (Judy M. McCain, personal communication, September 17, 1997). In the absence of a coherent national policy either on industry or economic development, states and communities have "... become the de facto engineers of development, and their economic development policies have become the prime levers of growth" (Grant, Wallace & Pitney, 1995, p. 143). "National policy makers should

recognize the importance and integrity of local economies which collectively form the national economy as part of the global economic system" (Malizia, 1985, p. 189). So also should state policy makers relating to the state economy and the state's local economies. Further, both the federal and state policy makers should recognize the growing role of local economic development in the borderless global economy (Ohmae, 1995a & b).

With severe cuts in the U.S. 150 Account, which provides federal funding for foreign affairs, along with Congressional gridlock, additional federal economic development initiatives have declined. Concurrently, a new political philosophy is emerging in the nation's capital that gives states greater responsibility for what has been termed the "productivity agenda" by former budget director, Alice Rivlin. It calls for Washington officials to step aside to make way for state programs on job creation and economic development. (Ryen, 1997, p. 49)

Accordingly, federal officials have tacitly agreed that national government should remain in the background, using its money but not its muscle to bring about economic change. The availability of federal funds for local use, however, is open to question with the wavering mood of Congress. This makes the mixture of federal funding and constructive intervention more difficult as federal funds decline (Blakely, 1994, p. 40), but politicians, sensitive to special interest groups will invariably keep some pork barrels funded, thereby creating an uneven distribution of whatever assistance is available.

Former Governor of Virginia and now U.S. Senator Robb (1990, p. 47) placed the federal government's role in the proper perspective when he observed that,

Governors, mayors and county commissioners may be our best sales people, but they cannot negotiate rules for trade and investment, they cannot work toward favorable exchange rates, they cannot work toward stable political situations in potential markets, and they can not resolve the federal budget crisis, although they will be dramatically affected by the solution. The federal government should address the issues it is best suited to handle, especially the macro issues that deal with maintaining, and in some cases creating, a level playing field for our states and localities, for our companies and scientists.

Since the nation has not launched any set of programs or policies with the explicit goal of domestic economic development, " ... the burden of economic development revitalization and industrial policy has been placed on the shoulders of local and state officials" (Blakely, 1994, p. 5). State and local leadership are considered crucial components in the promotion of long-term economic growth. "The public, private, and nonprofit sectors must all become involved, however, if the full potential of state and local development strategies is to be realized" (Luke, Ventriss, B.J. Reed & C.M. Reed, 1988, p. 2).

The forgoing discussion should not be taken to indicate that the federal role in substate affairs is diminishing with a more energetic exercise of state and local economic influence. The magnitude and distribution of federal spending has, and will continue to be a significant influence economically as federal trade and exchange rate policies increase in importance with the continuous growth in the globalization of the U.S. economy. More

problematical will be federal fiscal and monetary policies in their ability to regulate national economic forces with the increasing influence of international capital mobility, but they will remain nonetheless critical. (Fosler, 1988, pp. 17-18) As Richard Cooper pointed out, as early as 1972, states have specialized needs not always shared by the nation as a whole. The same applies to municipalities within states, but that discussion will be taken up in subsequent sections of this study.

State level involvement and leadership is particularly important because, "State boundaries more narrowly encompass economic regions than the nation as a whole, yet more comprehensively cover metropolitan and rural economies than most fragmented jurisdictions" (Fosler, 1988, p. 17). Additionally, states exercise considerable control over economic matters through the ability to exercise control of corporate taxation, regulation, and infrastructure development (Brown, Fry & Groen, 1993, p. 17). Carol Conway, who is the Director of the Clearinghouse of State International Policies notes, however, that there is no overall system of or for either state or local economic development programs (personal communication, December 2, 1997).

Summary

Economic development in the U.S. involves state and substate participation in a process involving the private, nonprofit, and public sectors as partners in achieving and maintaining the economic health of a community through the attraction, expansion, and retention of commerce and industry. Economic development became a

major policy objective for cities, counties and states nationwide in the 1980s when surplus foreign capital became available to invest in other countries. Recently, states and localities are developing new sets of strategies to deal with reduced federal and state resources and demands for accountability.

Research has demonstrated that private-public partnerships involving investment and economic development are economic generators. Economic development, however, is not free of controversy. Economic development projects are highly visible politically because they are newsworthy and the issues involved (i.e., how to form a political consensus for success, who participates in the process, and who benefits) can create controversy and political disputes. Planning and implementing economic development strategies are complex, time-consuming, and require significant resources and talent. Evaluation of economic development programs, as with other government activities, is a very sensitive issue, but must be conducted to provide the credibility needed for expansion to improve all levels of the economy.

While there have not been many federal policies or programs initiated with an explicit local economic development orientation, this should not be interpreted as governmental indifference. National support is available through the district offices of the Department of Commerce as long as they continue to exist in the budget-cutting environment of Congress. In any case, it is the proper role of the federal government to negotiate favorable rules for trade, investment, and foreign exchange, while assessing the

stability of the political climate to reduce risk in potential markets.

The burden of planning, developing and implementing economic development and industry revitalization has become the responsibility of state and local government officials, therefore, state and local leadership are considered critical elements in the promotion of long-term economic growth. But the private and nonprofit sectors must be fully involved, if the full potential of development strategies is to be achieved. State level involvement and leadership is particularly important, according to Fosler (1988), because state boundaries more readily encompass specific economic regions and more comprehensively cover metropolitan and rural economies than most fragmented jurisdictions. To put "local" involvement in economic development in the proper context in terms of international involvement, some observations on both state and local level participation are needed and follow in the next two sections of this study.

State Economic Development

Background

United States state intervention in international economic matters had early precedent, according to Scheiber (1993). For example, Maryland and Virginia effectively competed with each other in the European market for the tobacco trade before the American Revolution. From the early nineteenth century, there have been three constants identified by Scheiber (1993, pp. 70-72) in the U.S. history of federalism, law, and economic development by states. First was the diversity of state economic systems of taxation, corporation, labor, natural resource, and regulatory policies stemming from the states' rights authority under the Constitution. Second, among the states exists a keen and unremitting competitiveness. "The confrontation of this robust mercantilism with the realities of comparative advantage (and disadvantage) is one of the abiding elements of the American system of governance throughout the republic's history" (Scheiber, 1993, p. 71). Third, there has been the shifting role of national authority from the periphery to the center from the 1850s to the deregulation or "new federalism" that started in the late 1970s. For more information on the decline of the states' influence on state government, prompting the often heard, at the time, statement that the Tenth Amendment was dead, see Kaden (1979, pp. 857-868).

It was not until the collapse of the international monetary system in the '70s and the severe recessions of the early '80s, however, that states became fully interested in the creation,

expansion, retention, and attraction of business, particularly by and from foreign firms. The states had "... rediscovered the economic importance of such traditional state services as education and transportation" (Fosler, 1988, p. 3). As Fosler explains,

In the 1970s, a combination of three powerful forces began to alter fundamentally the conventional state role: transformations in technology and economic factors that have affected nearly all industries and regions; the increasing vulnerability of the U.S. economy to foreign competition; and a major political change in the relative responsibilities in the federal system of government. (Fosler, 1988, p. 14)

The aforementioned forces are covered in other sections of this study, but the states' reactions are not. States and communities were finding that the competition is "not located in the next state or the next county but across the ocean. State governments, partly because of increasing international competition, are becoming more important players in the game" (Levy, 1990, p. xi). According to John "Eck" Rose, President Pro Tem of the Kentucky Senate, most states have entered the international arena because of their "strategic role in 1) promoting international trade, 2) recruiting economic investment, and 3) participating in international exchange activities, such as Sister Cities Programs, education exchanges, and United Nations Day Events." (Rose, 1991, p. 110)

Since the 1980s, states also have become increasingly involved in economic development for several other reasons. One was "new federalism" or federal inertia as federal assistance declined. (Ryen, 1997, p. 49) Other reasons, building on Fosler (1988), Rose (1991), Levy (1990), and Ryen (1997), include the information

revolution, the greater role of world trade in the U.S. economy along with movement toward free global trade, the penetration of U.S. markets by foreign producers, and regional economic change (rustbelt to sunbelt). Additionally, there has been the desire to capitalize on the general evolution and sophistication of the ability and general expertise of state officials to respond to change and emulate other states' successes in the arena of international competition. "This competition is so fierce that those constituent governments that chose to not participate may find their futures threatened" (Brown, Fry, & Groen, 1993, p. 16).

In sum, state involvement in the international aspects of economic development has a long history. Involvement was fired by the states' authority under the U.S. Constitution, state competitiveness, and the changing locus of federal authority. State economic development activities commenced in earnest after the collapse of the world monetary system in 1973 and began exploiting the international arena because of their role in promoting international trade, recruiting industrial investment, and participating in international exchange activities.

State Involvement

The capacity of state governments to influence both domestic and foreign commerce should not be underestimated according to Fry (1993, p. 26). Consider that in 1990, for example, among the leading 25 nations in the world ranked by GDP, 10 U.S. states could be inserted and 33 states could be included in the top 50 nations. California could have been ranked eighth in the world and New York

tenth. California was Japan's second largest trading partner after the rest of the United States. (Fry, 1993, pp. 26-27) Sheer economic wealth is not enough, by itself. "All indicators suggest that interdependence is accelerating the role of states and provinces in the international economy, in essence mirroring a process that occurred earlier at the level of the nation-state" (Brown, Fry, & Groen, 1993, p.16). The foregoing serves to bring state level economic development into sharper focus from both international and national perspectives.

Fosler, in discussing the role of states in economic development, observed that "The new state economic role is more than a package of economic development programs. It embraces the capacity of state institutions to correctly read prevailing economic forces and reorient state economic strategy accordingly" (1988, p. 8). Formulating a strategic approach based on the mission and objectives or goals to be accomplished are critical to success, as previously discussed. "The strategic approach clarifies the goals of state activities in economic development" (Bianchi, 1993, p. 48). Miles Friedman, the Executive Director of the National Association of State Development Agencies points out that in the mid '80s no one at state level was willing to talk about strategic management. It was defined as crisis management or getting the job done. "Now, 35 states either have one which is being updated or are developing another plan. There must be a willingness to set goals and objectives and then follow through on them" (M. Friedman, personal communication, September 12, 1995). By comparison, the number of

states with strategic plans being implemented in 1997 was 33 according to the information on hand at the National Association of State Development Agencies (K. Pool, personal communication January 8, 1998).

The State International Policy Network (1995b, p. 5) observed that progressive states and regions are working to modernize their industries, particularly manufacturing. "But in a truly global economy, unless states and communities give equal attention to their international trade programs, their economic development strategies will have no market plan. ... no job or business growth."

State economic development goals of attraction, retention, and creation and expansion of business along with programs designed to encourage reaching these goals (e.g., financial and technical assistance, export promotion) were explored in the previous section on economic development. Apart from financial and technical assistance and export promotion, states have attempted various innovations to increase growth and enhance economic development.

The enterprise zone was a federal innovation of the 1980s when President Reagan "promoted the idea as an antidote to urban poverty" (Accordino, 1994, p. 223). Lacking federal government enactment of a major enterprise zone program, many states have done so. An enterprise zone is "a defined area where planning controls are kept to a minimum and attractive financial incentives are offered to prospective developers and occupants" (Blakely, 1994, p. 192). To be so designated, an area must satisfy certain criteria based on poverty, unemployment, or growth lag. Within the designated area,

some financial incentives, property tax abatement, and investment tax credits may be offered.

According to the Virginia Enterprise Zone Administrator, Nicole Curbeam, thirty six states have authorized enterprise zones. Only a few states have examined their programs in depth and many do not publish annual reports. (Curbeam, personal communication, December 19, 1997). No two programs are alike in structure or results according to Brintnall and Green (1991, chap. 5). Generalizations about program structure and effectiveness are not possible because of the variation across state programs, and even across zones within a single program (Accordino, 1994, p. 226).

Urban Enterprise Zone Acts generally provide, within each zone, a package of state and local incentives designed to encourage new business and industrial firms to locate within a zone, and assist firms in the zone to expand their operations. The Acts are economic development tools aimed at redeveloping and revitalizing depressed areas and creating jobs for unemployed workers in those areas (Maloney, 1987, p. 87). Job creation, as has been mentioned, is an essential objective of economic development and therefore is a central factor in evaluating the results of enterprise zones. Additionally, as observed by James (1991, p. 238), zone marketing is a critical determinant to program success, as demonstrated by evaluation evidence.

Kenneth Pool, Director of Domestic Business Development, National Association of State Development Agencies, has had extensive experience with enterprise zones and believes that

"enterprise zone programs have created a political culture in which states can differentiate between zone-designated areas and invest more heavily there, ...[as] was not the case in the 1970s and before" (personal communication, January 16, 1998). This has resulted in the ability to focus on the positive effects of revitalized zones and deflect attacks on approved state policy. Pool sees enterprise zones having a "mild positive impact on communities and not zero sum shifting" in job creation and economic development in and of themselves (personal communication, January 19, 1998), reinforcing Hansen's (1991, p. 23) observation that, "Enterprise zones are unique in their attempts at geographic targeting and their repudiation of the notion that growth elsewhere will rebound to the advantage of depressed regions" with job creation and economic development subsequently resulting therein. As a result, enterprise zones may be targets for unique applications of foreign direct investment. Pool believes that the same may be true of President Clinton's empowerment zone program, but it is too soon to tell because the program has had very limited implementation and it is too early to assess results.

States consider foreign direct investment (FDI) to be a critical factor in job creation, although mergers and acquisitions, which account for over half of FDI, seldom create new jobs (Luke, Ventriss, B.J. Reed & C.M. Reed, 1988, p. 120). States have emphasized the attraction of FDI through participation in trade fairs, direct subsidies, industrial park development, and other diverse incentives. Interstate rivalries for FDI abound, and as

more and more incentives are added. As early as 1984, it was becoming increasingly questionable whether they are excessive and offset the benefits of new job creation or other revenues. (Kline, 1984) Job creation remains a controversial topic, but none the less controversial than financial incentives as inducements to attract FDI and businesses desiring to relocate, which were discussed in the previous section of this study.

As mentioned earlier, Miles Friedman maintains that incentives should be used to build credibility. Credibility, the most prevailing theme in sustained economic development, must be built. If it is lost, no amount of incentives can overcome the loss of credibility. (Friedman, personal communication, September 12, 1995) Credibility is an essential element of international marketing.

Credibility also is an element of trade development. Trade development results in states with companies that can promote and export substantial or nontrivial amounts of goods or services on a continuous basis. Elements of trade development exist, but they are not linked together in a strategic concept or plan. The Aspin Institute's pioneering book, The International State: Crafting A Statewide Trade Development System, attempts to rectify this deficiency. The book's authors, Carol Conway and William E. Nothdurft (1996) suggest that

if state trade programs are to meet the challenges of the future with the resources of the present, if they are to overcome the problems of marginal impact, service fragmentation, and inaccurate accountability, then there seems little alternative but to re-envision their purposes, their practices and their partners (p. 137)

The authors identify those areas needing state trade program recognition as: addressing the competitiveness of industries; empowering firms and groups of firms to solve their own problems; viewing the economy by sector; strategically identifying those industries that are important to the state's economy; and formulating a system using industry associations, nonprofits, networks of firms, and government programs to connect public resources with business needs. (Conway & Nothdurft, 1996, pp. 68-69, adapted from Cortright, 1994, pp. 11-14) This is a public-private partnership which forms a system of integrated interdisciplinary teamwork. This system is depicted on the next page in Figure 10.

In brief, many states are using strategic planning approaches to enhance economic development focused on the attraction, retention, and creation and expansion of businesses, thereby creating and maintaining a positive business climate for the creation of jobs. These programs provide financial and technical assistance, encourage research and entrepreneurship, and support various activities, such as enterprise zones, designed to foster economic development. States emphasize the attraction of FDI through offering various forms of subsidies as incentives, but the maintenance of credibility is critical to success. A comprehensive approach in the form of an implemented strategic plan such as advocated by Conway and Nothdurft (1996) can provide the impetus for successful state economic development.

FIGURE 10

THE INTERNATIONAL STATE

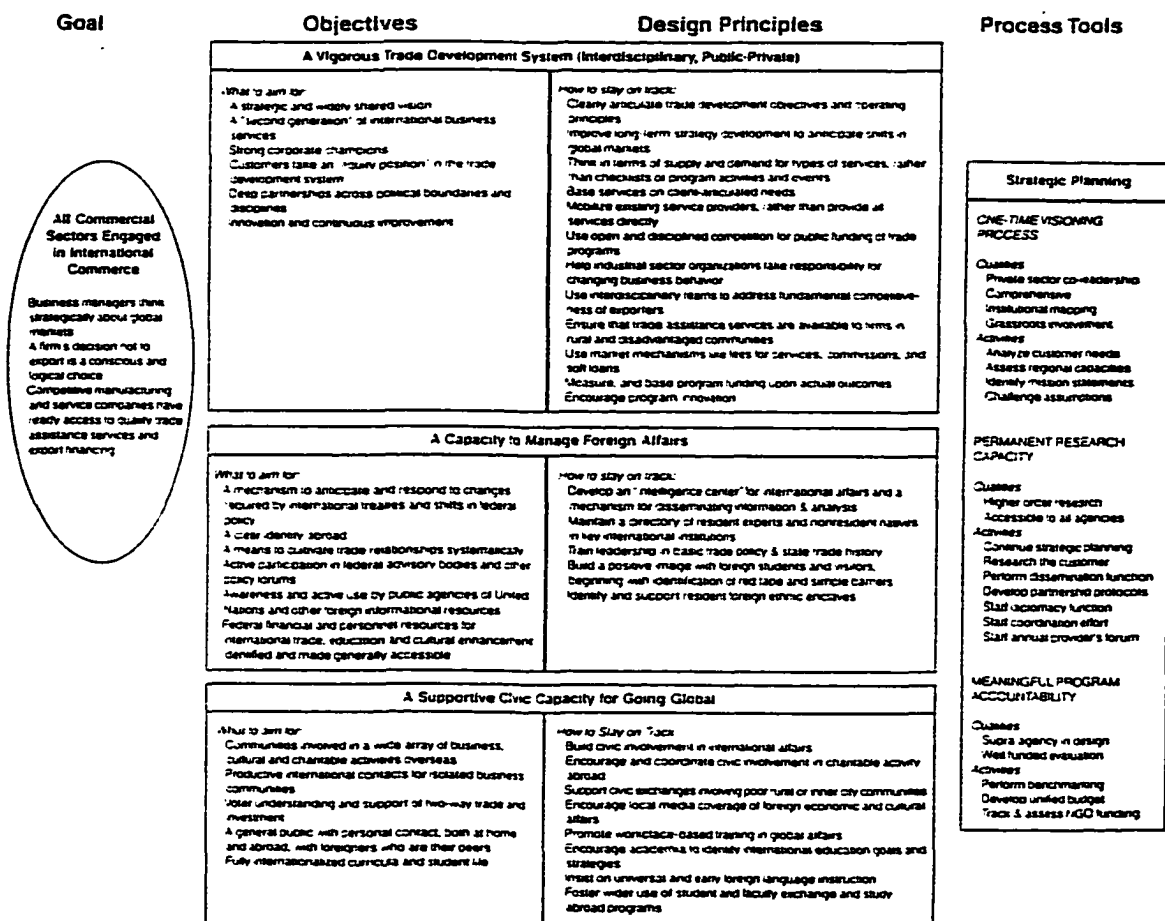


Figure 2-5. The model of the international state as a public-private partnership that forms a system of integrated interdisciplinary teamwork.

Source: Conway & Nothdurft, 1996, p. 140-143.

State Strategies

State strategies for economic development widely vary from state to state, depending on the scope of their involvement and whether they are proactively entrepreneurial or passively laissez-faire according to their degree of entrepreneurship and relative level of experience. Some states maintain an impressive record of accomplishments while others are "... still struggling with basic questions of cultural awareness and resource identification" (Ryen, 1997, p. 47).

States with a great deal of experience are usually entrepreneurial, but even states with limited experience and or scope of involvement can be entrepreneurial while state with little experience and/or scope of involvement tend to be laissez-faire. This is generally supported both theoretically (Brace 1993, Eisinger 1988, Fosler 1988) and empirically (Bartic 1991, Bingham & Bowen 1994, Brace 1991, B. Jones 1990, Marlin 1990, Meyer & Baker 1992). Further support is provided in part by Grant, Wallace and Pitney (1995) and more fully by Elkins, Bingham, and Bowen (1996). Elkins, Bingham, and Bowen found that their analysis statistically supported results overwhelmingly related to the political characteristics of the states, regardless of whether they were entrepreneurial or laissez-faire. "In short, the findings of this paper contribute to the growing body of work that argues: politics matter" (1996, p. 170). Most states, however, still have certain features in common.

States recognize that no single action or set of actions will strengthen a weak economy or sustain a strong one. Circumstances

with which states have to deal cut across all conventional functional lines; e.g., education, capital investment, technology. Not only in the public sector, but the private and nonprofit sectors as well. (Fosler 1988, p. 318) This greatly complicates assigning responsibility for implementation at the state level. Conventionally, the responsibility is normally assigned to a line agency of the state government such as the department of commerce. But numerous state agencies are involved, including the top political leaders. Versatile and flexible institutional arrangements are required to coordinate and evaluate the effort, integrate related programs, and make adjustments in order to capitalize on change.

Governors must play a central role to ensure that the diverse agencies are working toward a common goal and to add needed prestige to the states marketing efforts, according to Fosler (1988, p. 321). State legislatures have the capability of influencing state economic policy through their powers to enact laws, adopt budgets, and set taxes. In general legislatures have played a reactive role, but one no less politically important (Fosler, 1988, p. 321). There are exceptions to the rule. In 1987, the California Senate established an office to deal specifically with international relations. (State International Policy Network, 1995g, p. 5) Kentucky took another step and in 1993 the Kentucky Legislative Research Commission, a bipartisan professional staff agency of the General Assembly, established a formal international program to help legislators deal effectively with state involvement in international relations

(Global Network, 1993, p. 5).

State legislative actions are complicated by historic geographic rivalries between the rural agrarian, service, manufacturing, and urban areas, plus special interest groups, and economic areas transcending state lines. For example, Virginia is no exception with its rural and agricultural west, its service oriented northeast, its manufacturing intense Richmond area, and its commerce and tourist focused southeast. According to Virginia's Governor Allen, "The state is diverse. Norfolk is completely different than Northern Virginia and Northern Virginia is completely different from Southside. Southwest Virginia is unique as compared to other parts [of Virginia]" (Taylor-White, 1994, p. 13). Similar examples can be found in other states such as California, Texas, and Michigan. Even small states have their factional rivalries. The small state of Massachusetts is divided from east to west between various interests; i.e., sea coast, greater metropolitan Boston, technological Route 128, and suburban/rural communities (Geoffrey A. Motte, personal communication, November 14, 1996).

To mitigate the effects of factionalism, "Most states have made use of broadly based task forces composed of private and public representatives, more narrowly constitutes study groups of experts, and various informal groups and relationships centered on the governor or key aids" (Fosler, 1988, p. 323). "Opportunity Virginia" is an example of one such coalition, formed at the impetus of the Commonwealth's Governor and headed by the Secretary of Commerce and Trade. It is an initiative involving more than 800

members of the Governor's newly created eighteen Regional Development Advisory Councils and ten industry sector groups, stateside. (R.T. Skunda, personal communication, December 27, 1994.) Activities like "Opportunity Virginia" are reinforced by one or more state agencies, with most economic development activities concentrated in some form of department of trade, commerce, or development.

State agencies for economic development range in size and scope, and in quality and quantity, as evidenced in the National Association of State Development Agencies' 1996 State Economic Development Expenditure Survey, but state agencies have similar activities as previously mentioned. They provide some form of technical assistance (e.g., counseling, matchmaking, seminars), trade events (e.g., missions, shows), financial support (contacts with assistance programs), and information brokering (information data bases and directories).

A state survey of all states, conducted in 1987 by the National Governors Association, found that: ninety-eight percent hold export conferences and seminars; 96 percent sponsor trade missions; 94 percent disseminate sales leads to potential exporting firms; 92 percent offer individual export counseling sessions; 88 percent sponsor trade shows; 74 percent provide referrals to local export services; 66 percent provide foreign office representatives; 62 percent prepare international market studies; 60 percent publish international market newsletters; and 56 percent publish handbooks for international trade and export. Information provided by the

National Association of State Development Agencies in their CD-ROM State Export Program Database for the 1990s indicates that the information in the 1987 survey remained consistent for this decade.

Liner (1990), Archer and Maser (1989), Kincaid (1989a), Kudrle and Kite (1989), and Fosler (1988), provide detailed descriptions of the functions, including marketing, provided to clients by state economic development offices focusing on the international arena. Liner (1990, p. 13) displays a breakdown of these services by state from information provided by the National Association of State Development Agencies in 1988, updated by the National Governor's Association in 1989, and confirmed by the National Association of State Development Agencies on January 8, 1998 (Pool, personal communication). Some of the services more commonly offered by states are displayed in Figure 11 on the next page.

State supported educational and outreach programs overlap the services provided by state agencies, but extend to state supported educational exchanges, sister-state programs, and support of various subordinate programs at the municipal and community levels. These initiatives at all levels serve to buttress the basic economic development mission of state governments. Many officials know that success depends on the wise management of extensive networks of contacts world wide. (Ryen, 1997, p.48) A primary source of contacts resides in the states' offices overseas, as discussed in the marketing section of this study.

FIGURE 11

COMMON INTERNATIONAL TRADE SERVICES AMONG STATES**Most Common Services**

Overseas Offices*
 Trade Missions*
 Trade Shows*
 Catalog Shows
 Foreign Direct Investment
 Staff Counseling, One-on-One*
 Technical Assistance
 Trade/Sales Leads Disseminated*
 Referrals for Export Services*
 Seminars/Workshops/Conferences*

Other Services

Introductions to Visiting Buyers
 Sector/Country Targeting
 Foreign Trade Zones
 Trade Financing
 Trade Insurance
 Export Trading Companies
 Exporter Awards
 Honorary Attaches/Ambassadors/Sister-State Relationships
 Joint Venture Matching*
 Student Internships
 Language Bank*
 International Newsletters*
 How-To Handbooks*
 Other Publications
 Market Studies*
 Trade Statistics
 Directories of Exporters
 Directories of Export Products
 Directories of Agents or Distributors
 Operational Financing*
 Governor's International Advisory Committee*

Figure 2-6. Above are listed the most common and other trade services offered by most states to their substate governments and private businesses.

Sources: This figure was adapted by Liner (1990, p. 12) from the National Association of State Development Agencies 1988 list, updated by the National Governor's Association May 1989. The latter two identified services are indicated by an asterisk (*).

While there has been relatively little change in the number of state offices overseas from the late 1980s to the late 1990s, despite the early '90s dip, state budgets for economic development have increased dramatically, as illustrated in Table 3, on the following page. The level of personnel manning of state development offices also has increased over the same period. In 1986, the average manning level was 105, but that increased to an average of 178 per state by 1996. The 1986 range was from 13 (Nevada) to 398 (Illinois). The 1996 range went from a low of 12 (Wyoming) to a high of 1,148.7 (Michigan). (NASDA, 1986 & 1996). It is recognized that averages can be questionable because states both cannot be compared with each other and each state can change internally over time. This is caused by differences in definitions of terms, the infinite ways various state agency budgets are calculated and composed, and varying programs from state to state and within each state as time passes. They do, however, indicate trends, tendencies, and relative priorities. In this case, it is evident that state economic development programs are established and increasing in relative importance in various states' perspectives in the 1990s. While the dramatic increases of the 1980s have not continued in most states, the economic development budgets are "... holding their own in an era that has seen state budgets come under unprecedented pressure" from a variety of sources. (NASDA, 1996, p. i)

TABLE 3
STATE BUDGETING FOR ECONOMIC DEVELOPMENT

in Current 1986 and 1996 US Dollars

	1986 Average	1996 Average
State Appropriation	17,480,236*	49,590,472*
part of which went for:		
Industrial Development	4,218,188**	10,530,141**
Manpower Training	1,912,419**	37,366,790**
Local Development	3,242,607**	47,022,372**
International Trade/Dev.	873,692**	2,616,681**

* Average of 50 states

** Average of participating states

Table 2-2. State budget for economic development increases from 1986 to 1996, showing that state budgets for this activity has increased dramatically.

Source: NASDA, 1986 & 1996.

Conversely, state economic development agencies can be captured by their own successes as more and more businesses and special interest groups come to them for assistance for such tools that will allow them to compete regionally, nationally, and internationally. The growth in spending for programs that may be categorized as "local development" (see Table 3), such as enterprise zones, "... does illustrate the broad array of programs that states are instituting" while the "international development" figure, based on the responses of 80% of the states, "... is probably an accurate portrayal of fairly steady support for international trade development activities" (NASDA, 1996, p. ii). Additionally, the 34 states responding with figures for "industrial development" indicates that it still is a central function for state development agencies; i.e., "... the promotion of growth and investment by industry from within and without the state," the core of what state development agencies do. (NASDA, 1996, p. ii) The dedication to training also indicates that state development agencies are willing to adapt to the challenges change present.

In sum, state strategies for economic development widely vary from state to state, depending on the scope of their involvement and whether they are proactively entrepreneurial or passively laissez-faire. Some states maintain an impressive record of accomplishments while others still struggle with basic questions of cultural awareness and resource identification. States with a great deal of experience are usually entrepreneurial, but even states with limited experience and/or scope of involvement can be entrepreneurial while

state with little experience and/or scope of involvement tend to be laissez-faire.

States recognize that no single action or set of actions will strengthen a weak economy or sustain a strong one. Circumstances with which states have to deal cut across all public, private, and nonprofit sector conventional functional lines; e.g., education, capital investment, technology. Governors must play a central role to ensure that the diverse agencies are working toward a common goal and the add needed prestige to the states marketing efforts. State legislatures have the capability of influencing state economic policy through their powers to enact laws, adopt budgets, and set taxes, but they generally have played a politically important reactive role.

International marketing efforts by states are exemplified by the proliferation of state and local offices abroad, spurred by the general growth of world trade and the promotion of FDI. State agencies for economic development range in size and scope, and in quality and quantity. State supported educational and outreach programs overlap the services provided by state agencies, but extend to state supported educational exchanges, sister-state programs, and support of various subordinate programs at the municipal and community levels. In conclusion, "State economic development programs are here to stay...they are neither part of a fad, nor are they obsolete in times of prosperity" (NASDA, 1996, p. i).

Summary

State governments are deeply involved in economic development, particularly in relation to interacting in the international economy. Beginning in the 1970s, states, with representation from local governments and the private sector, aggressively moved to establish a presence in the global scene. In the following decade states became fully involved with foreign firms in the attraction, creation, expansion, and retention of international business. States are important because their boundaries more accurately encompass specific economic regions than the far-ranging borders of the U.S. and, in most cases, the states control the fragmented metropolitan and rural economic entities and legal jurisdictions that existed and continue to exist within state boundaries.

Three forces provided the impetus for altering the traditionally domestic role of states: (1) transformations in technology and economic factors; (2) increasing vulnerability to foreign competition; and (3) a major change in the relative responsibilities of the federal government. The first two forces placed prime competition for business in the international marketplace as a result, in part, of the greater role of world trade in the world economy and regional economic change. The last force, changing federal governmental responsibilities, was "new federalism." In addition, states control the organization, financing, location, and operation of private sector enterprises and provide technical programs to foster business development.

State strategies for economic development recognize that no specific action or set of actions will work to attract domestic or foreign enterprise, or to strengthen a weak economy, or even sustain a strong one. Apart from the many external variables that serve to confound the economic development process, internal circumstances cut across all conventional public, nonprofit, and private sector functional activities, such as education, capital investment, and technology. These internal factors are complicated by geographic factionalism and competing political priorities within states. This all greatly complicates assigning responsibility for economic development implementation at the state level, because numerous state agencies, along with state legislatures and top political leaders, are involved. The leadership of state governors plays a central role in ensuring that diverse agencies and interests are pursuing a common goal. Governors also add the critical prestige needed in the states' marketing programs.

State economic development initiatives, along with other political and economic developments, during the 1980s and '90s have destroyed the assumption that economic policy is the exclusive domain of the federal government and the states are irrelevant, except for competing among themselves. States also play a significant role in promoting a private sector that is innovative, adaptable to change, and market driven, and that activity primarily takes place at the local level. Thus one of the greatest challenges facing states, as Fosler (1988, p. 325) points out is to integrate economic development programs in specific geographic regions to

assure that they are integrated both at the state level and between state and local governments at the substate regional level.

Locally, state governments are becoming more and more involved in the governance of metropolitan regions. According to Fosler (1988, p. 327), there are several reasons for state involvement: responsibility for major highways, mass transit, health, environmental regulation/protection, education, and some tax revenues, to mention a few. States also, to a great extent, establish the legal, administrative, and fiscal framework in which local governments operate. Additionally, metropolitan areas have spread way beyond traditional local government boundaries, or are made up of a fragmented pattern of local governments and their economies have grown far more complex; requiring greater state coordination throughout.

Clearly, states are as dependent upon their internal constituencies as those constituencies are beholden to the state for support, to varying degrees. Thus, the stage is set for discussion of local economic development at the municipal level.

Local Economic Development

Background

Local urban, suburban, and rural communities share the same influences and economic plight, at the local level of economic development. Before 1974, American communities could depend on their regional and national market locations for their economic stability. They looked to the federal government to maintain a stable economy, provide an adequate distribution of income, and ensure the appropriate distribution of goods (Musgrave, 1959). State or local governments, were viewed as not being able to affect national economic growth because they lacked the tools of monetary and nonfiscal policy. Relatively unknown at that time was the fact that "... economic development represents local stabilization activities" (Blair, 1995, p. 274). Until the 1970s, communities were much less internationally dependent, but in the 1980s, as Bailey (1989) pointed out, cities or city regions became the nation's economic powerhouse and accordingly increased their efforts to stimulate local economic development domestically and abroad. In the 1990s,

Cities, no matter how large or small, are now part of a global economic system. In this system, regions within nations form the economic building blocks. As a result, cities, suburbs, and rural areas have become linked to the world economy. ... the links these regions have to the international economy are more significant than their ties to the domestic economy. (Blakely, 1994, p. 29)

While some may question whether a true globalization of the economy has taken place (Ruigrok & van Tulder, 1995), actors at all levels of the public and private sectors have been responding as if the

global economy is a truism.

Local governments are increasingly involved in economic development and international economic affairs. According to Virginia Legislator, Delegate John C. Watkins, speaking of the Richmond region but equally applicable to other areas of Virginia and the U.S., "... Virginia is being challenged by metropolitan areas throughout the southeast US in attracting and retaining businesses, providing both quality education and a highly skilled labor force, as well as maintaining a satisfactory standard of living for its citizens" (Watkins, 1994, p. 7).

Local governments may be considered to have been the first subnational units of government that became involved in and later recognized the importance of international relations. In 1956, the U.S. Sister Cities program was initiated, which encouraged exchanges between American cities and cities abroad. This program has become more important as American cities become more interested in trade development.

The U.S. based organization, Sister Cities International, is nonpolitical by choice and basically is grass-roots in its outlook, people-to-people and culturally oriented. Many affiliations adhere to the cultural theme (J. Crabb, Executive Director of Sister Cities International, personal communication, October 14, 1997). Within this context, it has been pointed out that sister city relationships lack the structured framework of a strategic city alliance and, therefore, do not capture added value (Soldatos, 1991, p. 348). "Some sister city relationships, however, have gone beyond normal

sister city ties and have been instrumental in developing added value initiatives ... though they may not meet the criteria of a strategic city alliance" (Hilgers 1994, p. 6). As reported (Grossman, 1994, p. 1),

What began simply as a goodwill exchange program ... is now a conventioneer's dream mix of backslapping and business Consider: ... Myrtle Beach, S.C., weighs the merits of a sister-city pact with Croatia, a possible source of labor Fayetteville, Ark., is scouting for a sister in Mexico that can help it make the most of the North American Free Trade Agreement.

Not all relationships meet the affiliates' expectations, however, for varying reasons. Los Angeles has not pursued its relationship with Teheran in years. Oakland, California, for example, has been ignored by two of its overseas sister cities in favor of 'friendship' agreements with other American cities outside of participation in the selective sister city organization program. The two foreign cities sought other U.S. cities they could do business with. " ... and a town in New Zealand is "barely" speaking to one in California because the business interest that brought them together may have contributed to a global kiwi fruit glut that has bankrupted many growers" (Grossman, 1994, pp. 1 & A3).

As stated by the former Sister Cities International (SCI) Director of Membership (K. Ross, personal communication, October 20, 1994), and reflected in the SCI brochure (1993), the affiliations policy includes port authorities, hospital administrations, secondary school systems, and other local administration agencies. This was confirmed by The SCI Executive Director (J. Crabb, personal communication, October 14, 1997). SCI does not specifically

preclude other kinds of links, such as between universities, chambers of commerce, service clubs, and other similar organizations that have interests well beyond non-political cultural ties; therefore, economic and technological relationships can be and in many cases are involved. There also are sister states and territories active under the SCI program.

Sister city type programs, therefore have the potential for enhancing mutual economic development. The City Clerk of Norfolk, Virginia, R. Breckenridge Daughtrey (1991, p.6), underscored the potential of incorporating international business opportunities in sister city programs. He pointed out that,

The cornerstone of a sister city program rests on the opportunities it provides for citizens to learn about people and cultures from other countries. ..., but, in financial austerity, what makes that so important? The answer ... is tied to the growing impact of the global economy on national, state and local economies.

Robert Wolfgang, Director of the Office of International Business for Boston, Massachusetts finds that sister city relationships can produce valuable business alliances. For example, Boston has 20 sister city agreements that have produced 600 business relationships, 200 in Germany alone. (Speech given at the National League of Cities workshop, "Leadership Skills for Economic Competitiveness," December 2, 1997.) The Sister Cities program and its implications are covered in more detail in other sections of this study. This program has had a positive influence on local economic development. As has been pointed out previously, more and more local officials are recognizing that their economies are not local anymore, but global.

As early as 1981, the U.S. Conference of Mayors organized an "Invest in American Cities" program, giving U.S. cities an opportunity to discuss with foreign cities foreign trade and investment possibilities. In that same year, Paul Peterson set forth the most complete basis for local government engagement in economic development in his book City Limits. An early recognizer of the mobility of capital across local boundaries, he argued that cities have a single and overriding interest in the health of their economies and in attracting economic activity.

Cities constantly seek to upgrade their economic standing. ... to improve their market position, their attractiveness as a locale for economic activity. ... [and] it is only a modest over simplification to equate the interests of the cities with their export activities. (Peterson, 1981, pp. 22-23)

Like private firms, cities compete with each other to maximize their economic position (Peterson, 1981, p. 29) and development policies enhance the competitive economic position of community (p. 41). Swanstrom (1985) follows Peterson's argument regarding the mobility of wealth, competitiveness, and the interdependence of local governments in attracting mobile wealth "... to keep their tax base up and service demands down" (p. 31). Regarding the attractiveness as a locale, Bailey (1989, p. 3) observed that "The logic that more jobs make a city better is giving way to the realization that making a city better attracts more jobs."

In 1982, the National League of Cities established an international economic development task force, charting a new course for local economic development strategies. (Luke, Ventriss, R.J. Reed & C.M. Reed, 1988, p. 113) In 1984, the National League of

Cities international economic development task force published its report, International Trade: A New City Economic Development Strategy. The report represented the first time that a major association representing American cities acknowledged openly that local economies were interdependent with the global economy. "More important, the report argues that while most city officials formerly played a minor role in international economic affairs, they can no longer do so" (Luke, Ventriss, R.J. Reed & C.M. Reed, 1988, pp. 121-122).

The year 1984 also saw the publication of Jane Jacobs' book, Cities and the Wealth of Nations: Principles of Economic Life. In it, she demonstrated that urban aggregations and their respective hinterlands were the original meaningful units of economic life. She presented an international perspective of local economic development where local economies form a system of cities and regions that are the global economy. Therefore, "Local economic development is integral, not incidental, to national economic growth and development" (Malizia, 1985, p. 189). According to Malizia (1985, p. 210), Jacobs' studies strongly suggest that,

... the goals of economic development must go beyond 'increased jobs and income.' [because] More jobs, more income, regional exports and a substantial contribution to Britain's Gross National Product were not enough to sustain Manchester through time.

Building on Jane Jacobs' reasoning, Blakely (1994) believes that it is of great importance to have communities pursue economic policies that promote local industries with sustainable potential, rather than meet the immediate or short-range employment needs of

the their constituencies; i.e., their residents.

Blakely (1994) must be viewed in the context of his interest in social justice (see Blakely 1989). He (1994) sees local economic development as a vehicle for employment and argues that agencies' efforts should be directed toward helping disadvantaged residents instead of assisting or attracting corporate clients. As Blakely mentioned in 1989 (p. 75), too often, the combination of national interest and the motivations of multinational firms fail to coincide with the interests or needs of local communities, workers, or disadvantaged segments of the community. He further comments (1989, p. 75) that "Communities must use their current human, social, institutional, and physical resources to build a self sustaining economic system." Blakely (1994) believes that employing people is the fundamental component of every economic development initiative.

Blair (1995, pp. 14-15) underscores Blakely (1994) by observing that there is a difference between growth and development. Growth can result in either an improvement or detriment, as will be discussed later in this section. Economic development implies that the quality of life of the constituency improves economically, socially, politically and environmentally. Economic development, therefore, is the goal that should always yield the appropriate positive impact on the community. Economic growth and development and their interaction will be explored in greater detail in subsequent paragraphs of this section.

The United Nations Organization for Economic Cooperation and Development (OECD) found that within a national policy context,

regional/local economic development is desirable. OECD (1986) proposed that national economic policy must incorporate regional/local economic development to reach several desirable goals: to moderate the effect of the pace of the economic adjustment on localities and individuals; to cushion the impact of rapid economic change on firms and affected employees; and, what is most important, to revitalize local economies and facilitate adjustment to the economic transformation of the nation. In essence, a bottom-up approach is needed where the barriers to change, such as the financial or administrative capability of the local government, can be altered or adjusted much more easily than at the national level with its diverse locales with even more diverse problems. The bottom-up approach is "... both a reaction to larger-scale economic transformation and a positive response to the possibilities of formulating locally based economic solutions in spite of larger-scale economic and political forces" (Blakely, 1994, p. 43). Blair (1995, p. 1), however, provides a note of caution.

The majority of decisions affecting local economic development are made by private individuals or institutions. These decisions are generally made on the basis of self interest after consideration of the costs and benefits. Economic development practitioners seek to influence private economic decisions by affecting the real or perceived costs and benefits of decisions.

In the 1980s, not all cities could avail themselves of the advantages offered by having practitioners or other resources available to play a role in international economic development and export promotion programs because of financial and budgetary constraints, political philosophy and tradition, and occasional

over-bureaucratic government structures (Blakely, 1994). Most of these impediments were reduced by the 1990s (Blair, 1995), but vestiges still exist of political philosophy and tradition, which provide for no local role in international relations or international economics. This philosophy has been reinforced by the ultraconservative Republican national policies of isolationism and trade protectionism in the mid 1990s (Voice of America?, 1996, pp. 15-16).

James A. Brooks, the manager of International Programs for the National League of Cities, however, believes that the evidence is unmistakable. "City and town leaders are spearheading their own efforts to build and sustain globally competitive local economies" (1997, p. 39). No longer do governors and state development agencies own the realm of trade missions, export incubators, and international market research teams. City and town leaders have made inroads in building and sustaining globally competitive local economies. Stone (1989) had seen local economic development activity as a result of certain leadership characteristics of urban government. Luke et al. (1988, p. 229) discussed the complex role of leadership in the economic development process.

Managing economic development strategically in an interconnected web of community stakeholders, business managers, nonprofit agencies, governmental departments, and multinational corporations requires catalytic leadership skills. The relevant skills ... involve the ability to assess correctly differences and similarities among key policy actors in goals, values, perspectives, and stakes; and the conceptual skill to see the subtle interdependencies among these individuals.

Pagano and Bowman (1995) believe that leadership vision and city image serve to explain the fact that fiscally healthy cities pursue economic development.

Cities are concerned about their images. City leaders, as a group, share a collective vision of what the city could, or should, become. In pursuit of this vision, cities mobilize public capital. They do this in an effort to move the city toward a desired end state. Images can take the form of economic development goals for a city. (Pagano & Bowman, 1995, p. 48)

Former Secretary of Housing and Urban Development, Henry G. Cisneros' (1993), observations on the come-back American cities are making and their involvement in the global economy was mentioned earlier in this study. During the Autumn 1996 Presidential campaign, Cisneros avidly espoused his treatise on urban entrepreneurship as engines of growth, innovation, and global connections. He repeatedly emphasized that communities were actively using strategies from global business manuals; i.e., identifying and supporting industry clusters, thinking and cooperating as regional economic entities, and making connections to the wider global marketplace. (Brooks, 1997, p. 39)

It is apparent that local economic development activity has been evident for some decades, but there has been an explosion in such activity within the past twenty plus years, starting in the 1970s (Kantor & David, 1988, p. 230). Wolman (1996, pp. 119-120), citing a host of sources, finds four complementary reasons. First, the mobility of capital, as previously discussed, has increased over the past two decades and has become international in scope. This has led to increased competition between cities to maintain

their economic and fiscal bases. Second, slow national economic growth resulted in like growth or decline in many urban economies resulting in pressure on local governments to take action to provide jobs for constituents and fiscal resources for local government functions. Third, cities dependent on traditional manufacturing have fallen on hard economic times due to international economic restructuring. Quoting Judd and Parkenson (1990, pp. 15-17),

From 1973 to 1981 ... industrial employment went into a nosedive. Faced with the erosion of their most important economic sectors, old port and industrial cities and the regions that had been built upon a base of industrial production or resource extraction responded

This forced elected officials to become engaged in economic development to support employment and fiscal means. The fourth reason cited by Wolman (1996) was cutbacks in federal aid, or the new federalism of the Carter and Reagan administrations, because of the relatively slow long term national economic growth and rising national deficits. The reduced federal assistance required local governments to use their own resources for economic development and seek new types of economic activities. (Clarke & Gaile, 1989).

John Kincaid (1997), based on a 1996 survey, believes that mayors see more opportunities than disadvantages in the competitiveness of the global economy and 63 percent saw foreign tourists as a benefit while half of the mayors responding said that FDI was a positive force in their communities. Additionally, 48 percent of the mayors were engaged in the promotion of exporting local products, many through programs such as Sister Cities. Of the local decision makers responding, 59 percent believe that a more

competitive global economy has a positive impact on their communities, including increased employment and overall economic competitiveness of their regions.

To James Brooks (1997, p. 40), it is evident that each municipality is engaged in seeking and developing a niche role it can play successfully. Additionally, for the majority, there is no desire to duplicate the functions provided by local community business services such as Chambers of Commerce, World Trade Centers, or economic development corporations. The common themes that Brooks sees running through the work developed by the National League of Cities since 1983 are that international connections matter and cities that ignore them do so at their own peril. Further, that municipal officials have a necessary and significant leadership role to play in their communities through directing them to meet the goal of economic competitiveness. Additionally, central cities along with suburbs and edge cities form the operational unit of economic management and growth; the local economic region. Lastly, the keys to success are the partnerships that cut across city and state boundaries linking governments and businesses in order to foster economic opportunity for all concerned. (Brooks, 1997, p. 41)

Joseph L. Russo (1997, p. 5), Director of the World Trade Institute of the Port Authority of New York and New Jersey, concludes that U.S. cities face two great challenges. In the global economy of the '90s and the coming decade, they must generate new wealth for as many of their citizens as possible, and tap into the trillions of dollars that flow around the world in cyberspace every

minute for renewal and expansion of infrastructure. He recognizes that,

While it is extremely difficult for city officials to focus on the global economy when plagued with many daily and immediate crises, the end result of meeting those challenges of the global economy will result in greater wealth for a greater number of citizens and a greater tax base in the long run.

Russo's observations fit directly into the sustained local economic development context.

To ensure beneficial outcomes, and hopefully long-range impacts, result amid the complexity of planning and implementing local economic development programs, as with state level involvement, strategic planning is a vital necessity. "In order for strategic planning to be successful, the process should be taken with great patience, diligence, and enthusiasm" according to Banks, Littles, and Sabloski (1996, p. 2). Accordingly, for guidance they have produced a strategic planning handbook for economic development that serves to assist administrators in formulating a strategic plan for their community. Strategic planning helps, but proper program implementation and feedback also are critical to success, as pointed out in the discussion of state programs. Monitoring procedures set forth by Hatry, Fall, Singer, and Liner (1990) are as applicable at the local level as they are at the state level.

In sum, local governments have become increasingly involved in economic development and international economic affairs. Starting in the 1950s with Sister Cities programs, local governments were the first subnational units involved in international relations and these programs have had a positive influence on economic

development. Clearly, economic development programs must go beyond increased jobs and income to be sustainable. They also must be supported by the communities in which they can operate to the mutual benefit of all concerned with minimal involvement of self interest groups and positive or at least passive support from state and federal authorities. Regardless of the obstacles, both perceived and real, municipal leaders are leading the way toward building and sustaining globally competitive local economies. Strategic planning and program monitoring are essential to successful local economic development programs. It is important to recognize that national and state policies, or lack thereof, can have a greater or lesser effect on local economic development and can support, neutralize, or defeat local initiatives.

National and State Policies

As previously discussed, there is no national policy for local economic development, apart from the implied one (i.e., vestiges of "new federalism") that tells communities that they are now responsible for developing their own solutions for their problems and those of their constituent citizens. Blakely argues that a nonpolicy, even with the shift in implied responsibility, is a poor and impractical approach. It gives free reigns to activities that must be coordinated because they have the potential to be divisive and not contribute to the overall goals of the region, state, or nation. Therefore, lacking such policy in the face of major changes in the international community, it is better for communities to "pursue development policies that complement national economic

objectives" (Blakely, 1994, p. 41).

Fosler acknowledges the problem inherent in federal regulation. Federal policies, while supposedly neutral, can have widely uneven effects on particular industries and, consequently, on regions or locales where those industries are concentrated (Fosler, 1988, p. 18). As covered earlier, Brace (1993, p.30) and Ryen (1997, p. 49) noted that states gain only when the federal government stands aside and lets them adopt innovative economic development policies. The same may apply to municipalities, to some degree, as indicated in earlier sections of this study regarding technical assistance, trade events, and educational and outreach programs supplied by federal and state agencies.

The question remains, what is the state's role in the local context? As previously discussed in the last section, states are a critical link in the American federal system, because they have major responsibilities for implementing federal programs on a regional and, in many cases, on a local basis. Harrigan (1993, p. 193) aptly points out that the "strategies used in economic development rely on close interaction between city governments and their states." Local governments rely on states for their legal, structural, and financial capabilities. State governments also have provided public services, such as education and infrastructure, and regulate business and natural resource management, on which the private sector depends. (Fosler, 1988, p. 327) Fosler believed that states are the more appropriate venues for economic development initiatives. He argued that,

The cooperation among government, business, labor, universities, and community groups that can influence economic growth in many cases is best undertaken at the state level. State governments can bring together tax, regulatory, financial and technical assistance elements to pursue joint ventures, become their own land developers for economic projects, tailor assistance programs to the needs of different kinds of firms, or generally foster an entrepreneurial climate. This is especially important at a time when the economy is characterized by the creation of so many new and small firms. (Fosler 1988, p. 17)

Blakely's central thesis, however, is that, "... locally based economic development and employment generation is [sic] more likely to be successful if initiated at the community/local level rather than elsewhere" (Blakely, 1994, p. 27). Community leaders, with the help of objective, external consultants, have the capability of analyzing the situation their area faces, and place it in the larger context.

Similarly, an assessment of the groups affected can be made in order to determine how various groups will respond to different courses of action. In this context, local solutions can be found for national problems. (Blakely, 1994, p. 27)

Blakely (1994) provides a clear picture in illuminating the fact that local economic development is part, not only of a national system, but of the global economic system. He further emphasizes that national economic policy requires augmentation by local economic development initiatives in pursuit of opportunities that provide inroads to international markets.

Conway and Nothdurft (1996, p. 60) observe that trade is a means for the leadership of cities to make inroads to international markets, and that many cities are combining the forces of city hall, chambers of commerce, and other interested organizations are considering trade in the design of economic development initiatives.

Chambers of commerce in several instances have begun to go beyond traditional social and political activities to explore the delivery of trade to their members; even to the extent of establishing full-time staff positions for international development. City halls, even among smaller communities, are responding to the 1993 "internationalize city hall" promotion of the National League of Cities (Brooks, personal communication, December 2, 1997).

Conway and Nothdurft (1996, p. 60), however, in addressing city involvement in economic development in general and international trade in particular, note that "Such initiatives have tended to be independent of state trade offices, with which cities seldom communicate. Nevertheless, resource scarcity may soon help both to recognize their shared goals and opportunities." They further observe that few cities have sufficient resources to mount major initiatives themselves, but are pooling public, private and nonprofit resources, and are considering regional trade systems (Conway & Nothdurft, 1996, p. 60). However, in 1988 Luke, Ventriss, Reed & Reed addressed the evolving nature of economic development and made three points that have influenced municipal approaches to economic development into the late 1990s.

1. Communities cannot rely on federal initiatives and must take an active responsibility for developing and testing appropriate economic development strategies.
2. There is no single best way for communities to stimulate economic growth. They must develop individually tailored strategies that are custom- designed to the strengths and capacities of their local and regional economies.

3. Custom designed strategies must be developed collaboratively among key government and business leaders, not unilaterally by any individual public chief executive. (p. xi)

In sum, national and state policies can either support, neutralize, or defeat local international or domestic economic development initiatives. Community leadership must focus on economic development policies versus economic growth policies at all levels to achieve their goals and look beyond their own resources for assistance if they are to succeed.

Theory and Practice

In general, there are many theories of economic development, each based in the economic or market, political, or social context. As Knudsen (1997, p. 208) observed, "The problem is not that there is no theory of economic development but that there is too much and there is little unity to this theory." Additionally, Fasenfest and Reese (1997, p. 218) raise concerns regarding the uncritical acceptance of theory (e.g., globalization of the economy as mentioned earlier), that such acceptance "... is at the heart of the problem and that the absence of an understanding of the implicit theoretical frame of local economic development cripples the subsequent evaluation process."

The evaluation process has been discussed earlier. The point in the preceding paragraph, is that there is a need for a clearer theoretical base for economic development that is made complex by involving elements of several fields of study (e.g., economics, politics, sociology) and in need of clarity within each individual field. With rare exceptions, even the literature does not define

"economic development," giving authors freedom to cover a wide variety of policies and activities that at times appear to have little relation to each other (Wolman, 1996, p. 115). "Most of the literature is drawn from the disciplines of political science, sociology, and urban planning, with some infrequent contributions by economists" (Wolman, 1996, p. 116).

While theorists distinguish between economic growth and economic development, this distinction generally is lacking in the literature that tends to focus on growth (e.g., project based land and physical development) instead of development (e.g., increases in income or employment which form the conventionally accepted operational definition of economic development) (Wolman, 1996, pp. 115-116). As mentioned earlier, Blair (1995, pp. 14-15) observed that there is a difference between growth and development. Growth is an important element in the process of local economic development, but it can result in either an improvement or detriment. The latter would be the case if an industry that paid low wages located in an area, increasing the population and overall size of the economy, but causing local per capita incomes to fall and decreasing the overall quality of life. Another example can be found in the city of Chesapeake, Virginia. Chesapeake was founded as a city in 1963 from a rural county that merged with a small city. Noted as one of Virginia's fastest growing cities, it has had a 24 percent increase in its population from 1990 to 1995 and is growing at about four percent a year as a result of its convenient location, moderate property values, and space (The Virginian Pilot, 1998c, p.

A6). Good jobs lure and keep residents. Additionally, in 1998 Chesapeake was named as one of the top cities in the nation for starting and growing a home-based business. The consequences of rapid growth and low taxes has been extremely over crowded schools, badly congested roads, unattractive stretches of strip malls, and an inadequate public utilities system. The city's ability to afford all of its growth has placed it in debt on past projects and is threatening the city's ability to meet future requirements. (The Virginian Pilot, 1998d, pp. A1, A10)

Economic development implies that the welfare, equity, and quality of life of the constituency improves, and takes into consideration the political and social issues that also affect the quality of life of a community. It again must be emphasized that economic development, therefore, is the goal yielding the appropriate impact on the community. This is currently manifested and measured by net positive changes in the level and distribution of area employment and per capita income (Wolman, 1996, p. 116), Jane Jacobs' (1984) and Blakely's (1994) concerns notwithstanding.

Earlier, it was pointed out that economic development is process oriented; i.e., involves: development of alternative industries; improvement of the capacity of employers to produce better products; identification of new markets; transfer of knowledge; and nurturing of new firms and enterprises (Blakely, 1994, p. 50). Blakely, after reviewing the major theories of economic growth and development as they pertain to local economic development, developed a new conceptual framework to serve as the

parameter for local economic development. By all counts, the localities that are seeing results are conforming to Blakely's new concept displayed in Figure 12 on the next page.

Other researchers view economic and social theories as subsets of an overarching political theory of local economic development as explored by Wolman (1996), who reviews and critiques the literature relative to the politics of local economic development and suggests paths for future research. Wolman focuses on the various interests involved and on the role of both business and government in the process, the degree of conflict, and the relative openness, or lack thereof, of public participation in the local economic development process. Other researchers view economic and social theories as subsets of an overarching political theory of local economic development as explored by Wolman (1996), who reviews and critiques the literature relative to the politics of local economic development and suggests paths for future research. He focuses on the various interests involved and on the role of both business and government in the process, the degree of conflict, and the relative openness, or lack thereof, of public participation in the local economic development process.

Blair's (1995) frame of reference is that local economic development falls within the constructs of market theory, highlighting the market forces that form the basis of economic development strategies such as supply and demand, self-interest, utility maximization, externalities, market processes, and profits according to D'Angelo (1997). Blair (1995) focuses on low wages and

FIGURE 12

TOWARD A THEORY OF LOCAL ECONOMIC DEVELOPMENT

Component	Old Concept	New Concept
Employment	More firms=more jobs	Firms that build quality jobs that fit the local population
Development base	Building economic sectors	Building new economic institutions
Location assets	Comparative advantage	Competitive advantage base[d] on quality environment
Knowledge source	Available workforce	Knowledge as an economic generator

Figure 12. A review of the major theories of economic growth and development as they pertain to local economic development which have been developed a new conceptual framework to serve as the parameter for local economic development.

Source: Blakely, 1994, p. 62.

unemployment along with public sector decision making, but tends to neglect the effect of externalities (D'Angelo, 1997, p. 369).

The unique feature of the market theory as a paradigm at the local level is that in its implementation it is political rather than economic (Fasenfest & Reese, 1997, p. 220). For example, as related by Fasenfest and Reese (1997, p. 220),

Although proponents define the problem of development in terms of how to get the local community "back to work," the strategy of employed starts from existing political structures rather than from some deep study of economic potential. Thus, job retention or job creation means votes for the government officials who promise them.

To punctuate the influence of politics on local economic development, it is understood from the foregoing discussion on the subject that scholars and practitioners view economic development to mean various things; e.g., economic activities, economic processes, economic outcomes. Identifying something as economic has been meant to distinguish it from the political and social-cultural realms (Beauregard, 1993, p. 269). But, as Beauregard (1993) later points out, from one standpoint there has been an implicit understanding that

the modifier economic is an ideological statement meant to deflect attention from the inherently political nature of economic development (regardless of whether government is actually involved) and to act as a buffer (available when needed) between key investors and elected officials and government bureaucrats who might introduce the scrutiny and accountability of a democratic society.
(p. 269)

From another, perhaps more positive, standpoint the word "economic" has been used in the traditional sense of private sector capital investment and business growth. Likewise, while "development" in

a narrow more negative sense has been equated with growth, in the broader more appropriate sense, it involves community betterment implying equity, which is "pivotal to the enterprise of local economic development" (Reese & Fasenfest, 1997, p. 198). From this standpoint, elected officials will get reelected, government bureaucrats and practitioners will retain their jobs and move on to better ones, and the public will benefit from the politics of economic development (as long as they are able to balance the exercise of power with the inherent risks and externalities involved that make the political realm unique) as is noted throughout this portion of the study on economic development.

Moving from theory to practice, Kirby (1985) noted a general absence of theoretical framework in local economic development literature guiding local policy choices. As Reese and Fasenfest (1997, p. 196) point out, "Such research seems to suggest that, [even] given an overriding vision [of the community], absent a general theory of economic development, any connection between policy and goals is going to be accidental at best." This leads to defining inputs, outputs, and impacts as discussed in this study's next section. Reviewing practical changes in practitioner approaches to economic development over the past three decades, Figure 13 on the next page depicts outdated strategies and new relevant strategies in the local arena of the 1990s. This view was supported by the Executive Director of the National Association of State Development Agencies, Miles Friedmam, addressing the Hampton Roads Chamber of Commerce on 12 September 1995. He covered many of

FIGURE 13

CHANGES IN ECONOMIC DEVELOPMENT STRATEGIES

Outdated Strategies	New Strategies
Industrial Attraction & plant relocation	Local "homegrown" business enterprise development
Reliance on federal policy guidance and financial assistance	Reliance on state and local leadership
Focus on large manufacturing firms	Focus on smaller & younger firms
Providing low-cost labor	Providing skilled & flexible labor
Providing low-cost land & tax subsidies	Providing accessibility to advanced technology & financial capital
Expansion into regional & national markets	Expansion into Inter-national, global markets
Increasing jobs & employment opportunities	Wealth creation & increasing the number of employees

Figure 13. Changes in economic development strategies from outdated strategies to new relevant strategies in the local arena for the 1990s.

Source: Luke, Ventriss, B.J. Reed & C.M. Reed, 1988, p. 27.

the points listed in Figures 12 and 13 verifying their relevance. Friedman also indicated that fiscal constraints make involvement in economic development at the local level difficult at best. Problems will arise, particularly where tax breaks are to be the primary incentives to be offered and the locals are not afforded the same opportunities and perceive that they will have to bear the rest of the tax burden. Additionally, where competing demands for funds are hard to meet, regardless of the long-term benefits, extremely difficult tradeoffs must be made and some things foregone.

Clark (1994) developed a list of 33 fiscal management strategies to help cities provide economical services. While none are directly related to economic development, the project provides insights on how cities respond to fiscal constraints and austerity. They do so with huge diversity (Clark, 1994, p. 213). Clark also identifies reasons for the late involvement of cities and localities in economic development. One reason given is that "development" in the U.S. "is considered a largely private sector policy area, in which the government assists marginally" (Clark, 1994, p. 228). Perceptions are difficult to overcome. This last one cited by Clark was covered earlier in this study by Sharon Erenburg (1994) where she showed a direct relation between public funding and private sector economic performance. As Bingham and Blair (1984, p. 11-12) observed, economic development has always been important to the U.S. and its cities, but because of conflict between the public and private sectors, little was accomplished. It took until the late 1970s and early 80s to understand that it takes both the public and

private sectors working together to expand the economic base of central cities and metropolises.

Significant elements that have served to bring together the public and private sectors, which are growing in importance in local economic development, are state and private universities. Both are commonly associated with the public and private sectors and these institutions are located in municipalities where they tend to contribute the most. Institutions of higher education are sources of theory building, entrepreneurship and professional talent, and their presence helps attract national and international firms. They also provide very powerful marketing incentives. (Levy, 1990, pp. 43-44) The contribution of universities to municipal international relations will be discussed further in this study under technological and sociocultural perspectives.

Local economic development theory and practice have experienced change as they have developed. Evolving are the theories supporting the economic, sociological and political perspectives and paradigms supporting them. Change is particularly evident in practice at the municipal level where sustained development goals to retain and build existing programs have been recognized and implemented. Implementation has occurred while creating a positive business climate to attract foreign firms that are looking to move from overseas. Institutions of higher education play an important role, but local public-private partnerships are an essential ingredient in the equation leading to success.

Local Economic Development Dynamics

Economic development results from public private partnerships traditionally are measured in terms of increasing employment or income or both, as noted earlier. The problems with evaluation of economic development programs also have been considered in previous sections of this study. The response to both the outcome and impact results reported, if any, may rest critically on the outcomes expected and the extent to which programs fulfill such expectations (Wolman, 1996, p. 120). They are the dynamics of local economic development. As an example provided by Wolman (1996, p. 120), increased employment and income, rather than increasing local revenues, can be problematical in the politics of economic development. Further, the goals of increased employment and income are not necessarily mutually consistent.

Increases in local revenues may occur without in local employment (though more intensive land use or employment of nonlocal residents), and increases in employment of local residents may occur without increases in local revenue (if local residents are employed outside the city boundaries and the city has no local income tax). (Wolman, 1996, p. 120)

There can be many variations to this scenario as befits the varying local circumstances, as has been illustrated earlier.

The problem, in many cases, is that "Local officials frequently do not see or pay attention to this potential divergence" (Wolman, 1996, p. 120). Perhaps this is with good reason. Surveys of local officials suggests that they do not distinguish between job creation and fiscal results. See for example Bowman (1987) and Furdell (1994). Wolman (1996, p. 121) states that "there is substantial disagreement in the literature on what outcomes or

objectives American local governments are actually pursuing in their economic development programs." One group favors job creation (Blair, Fictenbaum, & Swaney 1984; Riposa & Andronovitch 1988) while another argues that economic development activity essentially is fiscally driven (Jones & Batchelor 1993, Pagano & Bowman 1995, Schneider 1989). Pagano and Bowman (1995) state,

The decision to mobilize a development tool is anchored in a tax-service disequilibrium and fundamentally unrelated to employment and income issues. ... city behavior is designed to address the tax-service disequilibrium, not the number of persons employed. (pp. 25-26)

Their contention is supported later in their study. They examined 40 development decisions in 10 cities and concluded that "... of the 40 projects examined, interview data and project files indicate that 27 were intended to generate revenue" (p. 96).

As this discussion of the literature indicates, there are basic political imperatives, over and above economic and sociological expectations, driving local officials to engage in economic development activities. Wolman (1996, pp. 122-128) provides an extensive review of the empirical evidence dealing with why local governments engage in varying kinds and levels of economic development activities, as covered in this and preceding sections of this study. That local economic development activities have been characterized on an a priori basis by scholars has been discussed, but a team and an individual researcher have used factor analysis to identify empirically derived categories of economic development activities.

Fleishman, Green, and Kwong (1992) found nine separate categories; i.e., loan incentives, financial incentives, activities to attract and/or retain business, revitalization activities, regulatory reform, development land management, historic preservation, aesthetic improvement, and management of city facilities. Reese (1993a) identified 13 distinct categories that generally correspond to those of Fleishman et al., grouped by inspection into four broad factors as depicted in Figure 14 on the next page. The similarity between the results of these two studies and the incentives discussed in the value of economic development subsection, and shown in Figure 9 of the preceding section on economic development in this study demonstrates many parallels between them.

The evaluation literature covers various concepts of program results. Results have been measured as inputs, outputs, outcomes, and impacts (Fischer 1995, Mohr 1995). Inputs are commonly understood to be the resources (e.g., money, manpower, materials, time) and effort put into a program to accomplish a goal and outputs are the immediate direct product of the program process involved in the use of inputs. Outcomes and impacts are distinguished by the effects they create over the intermediate and long term, respectively. Outcomes are the consequences the target audience experiences, as opposed to products received, that follow from a process and impacts are the lasting effects created over both the target audience and the greater constituency involved as a result of externalities or spillover effects. Accordingly, moving from

FIGURE 14**CATEGORIES OF LOCAL ECONOMIC DEVELOPMENT ACTIVITIES****Marketing Factors**

- Traditional/Domestic (e.g., brochures, visits to prospective firms)
- Demand Side/Foreign (e.g., soliciting foreign business, developing export markets)

Financial Factors

- Tax Incentives (e.g., tax abatements)
- Loan Incentives
- Entrepreneurial (e.g., shared equity in projects)

Land- and Property-Management Factors

- Traditional Land Incentives (e.g., land acquisition, clearing, and sale of land)
- Land Support (e.g., water and sewer)
- Entrepreneurial Land Incentives No. 1 (e.g., industrial property management)
- Entrepreneurial Land Incentives No. 1 (e.g., transfer of development rights)

Governance/Infrastructure Factors

- Preservation (e.g., incentives for historic preservation)
- Transportation (e.g., improved streets and parking)
- Services (e.g., Improved public safety and street cleaning)
- Red-Tape Reduction (e.g., improved building inspection)

Figure 14. Categories of local economic development activities derived from factor analysis.

Source: Reese, 1993a, pp. 492-506

outcomes to impacts on a continuum, the results become conceptually more problematic and implicitly more value laden. See Reese & Fasenfest (1997, pp. 198-202) for a more detailed discussion on the conceptualization of an evaluation and inherent goals as applied to economic development. For goal formulation, see Banks, Littles, and Sabloski (1996).

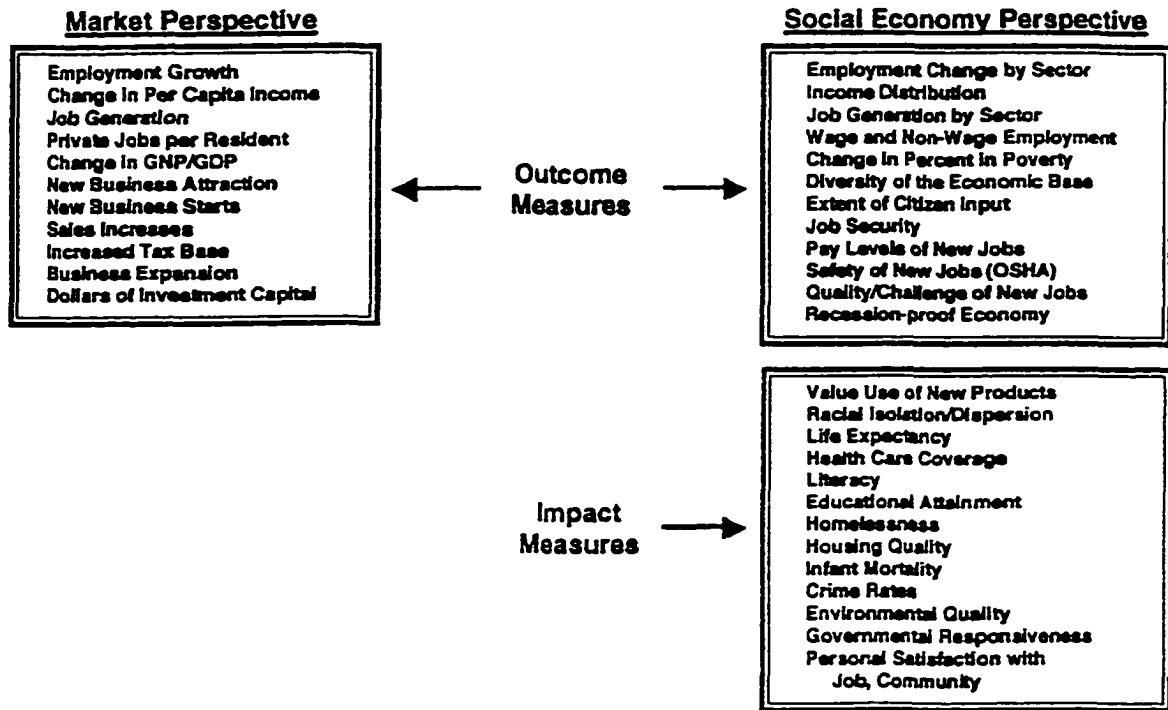
Specific measurement of the results of economic development involves the identification of reliable and valid indicators of the results. Common economic development indicators are lacking in what they measure and are particularly notable in what is missed (Kahn 1991, Myers 1987). There have been calls for more thorough and complex measures that go beyond employment and economic growth and include such entities as political empowerment (Brown & Warner 1991), the physical quality of life (Howes & Markusen 1981), along with economic empowerment, sustainable improvements in income levels, and redirection of resources to the poor (Tendler 1987). But, as has been covered previously, the more the thoroughness of the measure, the more its complexity is enhanced. The problem is that these nontraditional indicators do not lend themselves to empirical assessment, are sensitive to transitory changes and outlying extremes, and require extensive assumptions about validation (see Reese & Fasenfest, 1997, pp. 202-203) and resulting evaluation is costly and may produce imprecise results as discussed in the value of economic assessment in a preceding section of this study.

Reese and Fasenfest (1997, p. 203) provide a direct comparison of the traditional indicators used to measure the effectiveness of local economic development policies from the market and social economy perspectives as illustrated in Figure 15 on the next page. Also displayed are "... logical indicators for evaluations that are conducted to the right on the outcome line" (p. 203). They note that the difference between the indicators in the two columns is two fold. First, alternative measures are located farther out encompassing both outcome and impact measures, and second, alternative indicators are inherently linked to value judgements. They call for a broader notion of economic development and go further to provide an understanding of the full impact of economic development policies. (Reese & Fasenfest, 1997, p. 203) Lacking in Reese and Fastenfest's model is the political perspective of economic development and they admit that "How to get such evaluations done is another question and beyond the scope of the current article" (p. 204). Having explored some of the various kinds of local economic development activities, why do local communities and their local governments engage in different levels and kinds of economic development activities?

Wolman (1996, p. 124) indicates that a variety of economic hypotheses are available to account for the variance in kind and degree of engagement in local economic development activities; i.e., fiscal need, economic growth, deindustrialization, citizen need, regional competition, government structure, and population size. He further notes, however, that although there is a substantial amount

FIGURE 15

ECONOMIC DEVELOPMENT MEASURES



Note: GNP = gross national product
 GDP = gross domestic product
 OSHA = Occupational Health and Safety Administration

Figure 15. Economic development measures with a direct comparison of the traditional indicators used to measure the effectiveness of local economic development policies from the market and social economy perspectives.

Source: Reese & Fasenfest, 1997, p. 203.

of literature focused on examining and testing these hypotheses, the studies use various research designs that make their findings problematic, particularly when they fail to conceptually define involvement in local economic development.

Wolman (1996) after an extensive study of numerous articles that attempt to explain variation in the extent of local economic development activity (pp. 124-128), concludes that

In terms of what accounts for the amount of local economic development activity local governments engage in, if economic development activity is measured by a simple count of the tools employed or by whether a particular tool has been used, there is evidence that it is positively related to fiscal stress, the unemployment rate, and the poverty rate and unrelated to income. The number of economic development tools a local government employs also appears to be positively related to the degree of competition for neighboring governments, as measured by the number of tools employed by other governments in the region. (pp. 145-146)

The economic development studies relating to types of programs and their results, however, have influenced government elected and appointed officials perceptions.

Studies indicate that most elected officials view local economic development to be an important policy area (e.g., Bowman 1987, Furdell 1994). For example, Furdell (1994) found that over two-thirds of elected official believe that local government action could have a substantial impact on bringing about economic development in their communities while less than thirty percent thought that government action could reduce poverty.

Studies also revealed that local economic development elected and appointed players operate in an environment characterized by uncertainty, ambiguity, and turbulence (Jones & Bachelor, 1993;

Reese 1993b, 1995; Rubin 1988, Wolman 1988). Uncertainty and ambiguity are recurrent themes in local economic development literature. Environmental uncertainty leads to "political risk" according to Spindler and Forrester (1993). They define political risk as "the potential for positive or negative political (or bureaucratic) consequences resulting from a policy position of decision" (p. 39).

Environmental uncertainty stems from the complexity of the process affecting the local economy. It draws on the difficulty of predetermining the actual results, direct or indirect including spillover effects, of the economic development initiatives and the benefits accruing therefrom. The fear that inaction will lead to an attack, political or career wise, fosters uncertainty. It is not alleviated by positive action either, because unsuccessful results or the appearance of acquiescing to external pressures can be as stressful. "Environmental uncertainty is exacerbated by the fundamental problem of information asymmetry ..." (Wolman, 1996, p. 129). For example, candidate firms that are available to be attracted to an area know what will be effective in getting them to relocate, but local officials do not know what it will take to attract the firm or what competing local governments are offering. The same applies to firms that need to be retained.

Coping with uncertainty tends to force practitioners and elected officials to adopt routines or decision rules (Spindler & Forrester 1993, Reese 1993b), or solution sets that are established ways of doing things (Bachelor, 1994). Rubin (1988) concluded that

practitioners vacillate between claiming credit for anything positive that has occurred, regardless of whether they had anything to do with it, and the professional approach of only claiming credit where credit is due. Elected officials, eager to enhance their reelection prospects also are attracted by credit claiming, or as Rubin (1988) terms it, "shoot anything that flies; claim anything that falls" (p. 225).

Paul Peterson (1981, p. 29) explained that "By pursuing policies that contribute to the economic prosperity of the local community, the local politician selects policies that rebound to his own political advantage." To a politician, whether a policy actually results in a tangible benefit may be relatively unimportant compared with the ability to claim credit for a popular program. This is particularly true if the costs are relatively invisible as they are often in local economic development programs. Politicians engage in these programs, even though they have been demonstrated to be ineffective, because of public or political pressure to do something that is so great that it cannot be ignored and the calculated risk indicates that benefits can be claimed and losses discounted. This is true of tax incentives, abatements, and subsidies, which have been portrayed in research literature as being ineffective. For further discussion, see Wolman (1996, pp. 130-133).

The last issue involving local economic development policy and program dynamics deals with the issue of the ability of local government to control events that affect such programs, but

apparently are beyond the control of local authorities. Aside from international and national limiting forces, other external economic forces (i.e., the demand for goods and services produced in the area), over which local control is minimal, to say the least, compose one set of constraining factors. The other constraint is that local governments as identified by their municipal boundaries, do not make up a self-sufficient functional economy, but are part of a greater metropolitan or substate regional economy where several metropolitan areas are involved. Wolman (1996, p. 134)

Operating within the constraints described in the previous paragraph, local governments can do little in the short run, but in the longer term "... public decisions can be made that affect the kinds of goods and services that are produced locally [and they have] a greater ability to affect supply-side factors ... that can make the area a more attractive locale for economic activity" (Wolman, 1996, p. 146). This affects the business climate and the viability of business attraction, development, and retention, previously discussed. It also brings to discussion the role of the local societal dynamics and the politics of public, private, and nonprofit sector interaction in the local economic development process. These are interesting subjects, but they are beyond the scope of this study.

In sum, economic development results traditionally are measured in terms of increasing employment or income or both. The response to both the outcomes and impact results reported, if any, may rest critically on the outcomes expected and the extent to which such

expectations are fulfilled. In any case, local officials are driven to engage in economic development activities, regardless of the results of local economic development initiatives. These activities are generally categorized under the broad factors of marketing, financial, land and property management, governance/infrastructure, and include business attraction activities, financial incentives, development land management, regulatory reform, historic preservation, and revitalization programs.

Specific measurement of the results of economic development involves the identification of reliable and valid indicators of the results. Traditional economic development indicators are lacking in what they measure and are particularly notable in what is missed. Nontraditional indicators create methodology problems that cannot be overlooked.

There exists a wide variance in the types and scope of local economic development activities and a variety of hypotheses are available to account for this. The hypotheses include fiscal need, economic growth, deindustrialization, citizen need, regional competition, government structure, and population size. Studies testing these hypotheses use various research designs that make their findings problematic. The economic development studies relating to types of programs and their results, however, have influenced government elected and appointed officials perceptions.

Studies indicate that most elected officials view local economic development to be an important policy area. Studies also revealed that local economic development elected and appointed

players operate in uncertainty, leading to political risk, which is the potential for positive or negative political consequences resulting from a policy position of decision or indecision. Regardless, there are basic political imperatives, driving local officials to engage in economic development activities, regardless of the results of local economic development initiatives.

Operating within national and international constraints local governments, working with businesses in partnerships to improve their position in the global economy in the long term, can make public decisions that affect the kinds of goods and services that are produced locally and can make the area a more attractive locale for economic activity. This affects the business climate and the viability of business attraction, development, and retention.

Inter Community Competition

The 21st century will witness an era of municipal economic competitiveness on a global level (Rondinelli & Vastag, 1997, p. 347). There are worldwide trends affecting the economic growth of metropolitan areas according to a 1995 United Nations report. They include: the growing importance of international trade and investment; the increasing global mobility of factors of production; the critical role of market size; the need to adapt "agile" business practices; the driving force of technology; the growing importance of knowledge-based industries; and the necessity of developing international strategic alliances. The first three trends were discussed previously, the next two will be covered in the technology section, and the last trend is the subject of this study.

Daphne Kenyon and John Kincaid (1991b, p. 1) define competition among governments as "...rivalrous behavior in which each government attempts to win some scarce beneficial resource or avoid a particular cost." They identify two types of such competition. The first is intergovernmental competition which involves rivalry between governments having different powers such as between a state and its local governments. While intergovernmental competition is an important issue in the federal system, and is explored in this study in other sections, it is not the focus of this subsection. The other form of governmental competition is termed jurisdictional. It involves competition between governments within the federal system having comparable powers. This rivalry takes place among states and among similar types or classes of local governments. (Kenyon & Kincaid, 1991b, pp. 1-2). This is the type of competition addressed in this subsection.

Additionally, "The prevailing popular and academic consensus has long been that competition among states and local governments has predominantly negative effects" (Kenyon & Kincaid, 1991b, p. 2) and result in a zero-sum game for various reasons. Kenyon and Kincaid (1991b, p. 2) maintain that, since the early 1970s,

... the negative view of interjurisdictional competition has been challenged on a number of fronts. Instead, there is a growing realization of the potential benefits that competition can provide for the citizens of the competing governments.

Their book, Competition among States and Local Governments, reflects both their and their contributors' efforts to reassess interjurisdictional competition, and this subsection makes evident the positive effects that this type of competition can generate.

Rondinelli and Vastag (1997, p. 349) found that the most significant aspects of the structure of urban international competitiveness are "(a) the distribution of firms by size, (b) the role played by foreign-owned firms, (c) the richness and complexity of firms providing financial and support services." This is not to minimize other determinants such as the urban environment, effective governance, public-private cooperation, and other determinants that are less easy to measure. The researchers developed a model of metropolitan area international competitiveness displayed in Figure 16, on the next page. The researchers believe that their model will allow planners and policy makers to understand the strengths and weaknesses of metropolitan international competitiveness. For a detailed discussion of the model and its testing, see Rondinelli and Vastag (1997, pp. 347-366). The model is presented to provide an indication of the complexity of inter community competition on the international level. At the domestic level, the complexity of the model cannot be minimized.

Communities are increasing their perspectives regarding the problems affecting the national and international economies and the environment and their consequences. This is evidenced by the number of locales with economic development departments, their sizes, and their competition for foreign firms.

Addressing competition for firms first, it is widely held (Bingham & Mier 1993, Blair 1995, Blakely 1994, Levy 1990) that foreign and domestic firms examine an array of factors before making a decision to locate in a community. Quality of education, skilled

FIGURE 16
MODEL OF METROPOLITAN AREA
INTERNATIONAL COMPETITIVENESS

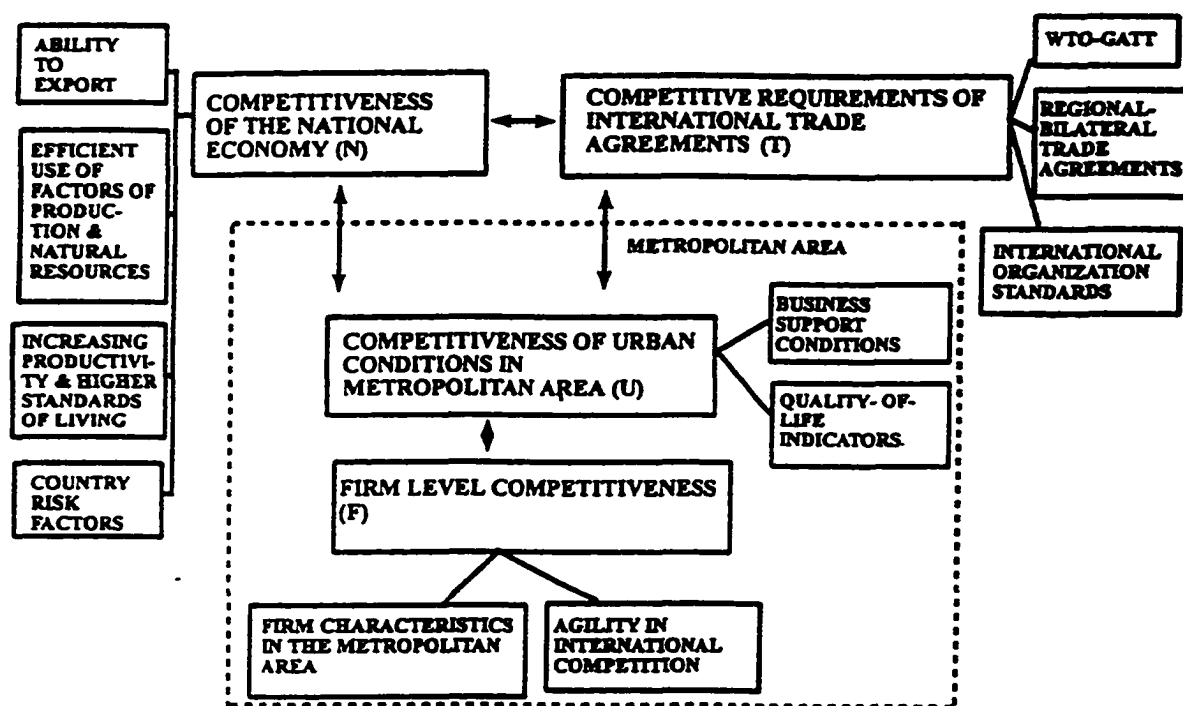


Figure 16. The model of metropolitan area international competitiveness provides an indication of the complexity of inter community competition on the international level.

Source: Rondinelli and Vastag, 1997, p. 353.

labor force, and quality of life have been mentioned (Watkins, 1994). Infrastructure, transportation, financial structure, technological development potential, political environment, and religion and values also are relevant, as are the quality of community services, the community's vision and marketing of itself according to Larry Rosenstrauch, Director of Economic Development for Loudoun County, Virginia (personal communication, December 2, 1997). All of these and other factors often are lumped together under the title of "business climate," previously covered in the section on state economic development. The only item missing is natural resources. Resources in this case do not necessarily pertain to the hard materials that contribute direct basis of business enterprises such as minerals, timber, and agriculture. In this case, assets may be a more appropriate term, and include for example land and water that for a major maritime port are essential. They also include those elements that constitute part of the quality of life such as tourist attractions and cultural events along with the facilities to conduct them. (Fosler, 1988, p. 313)

Harrigan (1993, p. 194) observes that, "What it takes to create a positive business climate is not absolutely clear, and it may vary from one type of business to another." He goes on to note that business climate is perhaps the most visible issue in development politics. "No political leader wants to be blamed if a major employer closes a large facility and blames it on the business climate" (p. 193). The same is true if politicians lose the prospect of a major firm relocating or starting a new venture in

their arena. Harrigan (1993, p. 194) indicates that the most politically controversial issues in the business climate are taxes, labor costs, and the level of governmental expenditure on public services. Levy (1990, pp. 7-8) includes housing-market, environmental, land-use, and societal effects. Controversy exists, however, about the impact of particular business climate factors (e.g., taxes, cost of labor) on the decision of a firm to locate in a particular area. The factors do provide each locale, state or municipality, its own peculiar combination of strengths and weaknesses that may or may not make a difference. Citing a number of studies, Harrigan concludes that

None of this data indicates that business climate is irrelevant to corporations when they make location decisions. Rather, it reflects the fact that corporations do not have unlimited discretion to move where they want. They are constrained by proximity to markets and suppliers, availability of a competent work force, and other factors. (1993, p. 195)

The weight of each of these factors is dependent on the firm that is interested in a particular area. Incentives also are used to facilitate a favorable business climate to attract new businesses and retain established ones.

Regardless of the locale's business climate or incentives available, Harrigan (1993, p. 197) notes that cities, of all types, are under such economic and fiscal pressure that they have little choice but to do what they can to improve the local economy, including competing with other municipalities. He notes, however, that the city must address several questions before venturing into an economic development public-private venture (pp. 197-199). The answer to the following questions must be "yes" or the project will

not be worth the investment.

First, and perhaps the most important, is whether the development project will result in a net increase in jobs in the community; i.e., create more jobs than it destroys? Second, will the project bring a net benefit to the area; i.e., will the financial benefits offset environmental, social, and other costs which may be monetary or otherwise? Next, is the project part of an overall broad economic strategy based on a needs assessment and a strategic plan? Fourth, though not every thing can be anticipated, but much can, are the unanticipated consequences of the project known? Fifth, does the community have a plan or agreement to retain attracted firms in the face of competition from other localities? Finally, and most importantly from a regional perspective, does the project really create new economic activity and not just relocate activity that would have occurred anyway? (Harrigan, 1993, pp. 197-199)

The final question makes regional planning imperative. This is because there are few, if any, metropolitan areas in the U.S. that have an effective governmental institution that plans and acts on behalf of their metropolitan region. Harrigan (1993, p. 198) points out that,

... from today's metropolitan-wide perspective, one has to ask whether it any longer makes sense to have cities competing with one another offering tax incentives for development projects that in all likelihood would occur some place in the same metropolitan area if no government offered any inducement.

Harrigan fails to note the divisive effects of the intra area recruiting of firms, which offers little advantage in job creation

or net fiscal benefit to a metropolitan area, as also will be discussed in the regionalism discussion within the intergovernmental relations section of this study. The foregoing provides an indication of the scope and complexity of the challenges with which an economic development agency must deal.

Local economic development agencies range from a one-person office, usually in the municipal planning department, to a cast of dozens of full, part-time, and volunteer personnel. Agency size may be driven, in many cases, by the intensity of the intra community competition. Additionally its size and expertise may be affected by the scope of its involvement in international relations. However, as noted by Luke, Ventriss, B.J. Reed & C.M. Reed (1988), the organization should be driven by the results of an effective strategic planning process that has broad participation by key stakeholders and covers the economic, physical, social, cultural, and environmental spectrum in assessments of external trends and internal capabilities. Often this is not the case, because strategic plans have not been formulated, the bureaucratic process has formed an economic development organization from existing ones with their own stakes taking greater priority, or the organization has been created with little thought because everyone else is doing it.

Strategic planning, as the basis for an effective economic development department, is imperative as federal and state resources dry up and as competition for scarce resources increases. Strategic planning also is necessary to assure that the municipality can

provide the right "fit" for the firm being recruited. For as Larry Rosenstrauch, the Economic Development Director for Loudoun County, Virginia noted, there are really no absolute winners or losers in the competition for firms, only lost opportunities to recruit the right firm for the community. He believes that economic development is not a zero-sum game, but that there are continuous opportunities available. It is up to the agency and its leaders from the mayor or county supervisor down to the agency personnel to seek out and develop opportunities that will prove to be successful. (Speech given to the National League of Cities workshop on "Leadership Skills for Economic Competitiveness," December 2, 1997.) It is essential that the economic development activity organizational structure and quality of personnel be of such a level that they can respond to the challenges that these opportunities present. The organizational structure should "fit the stages of development activity, the environment in which the development is likely to occur, and the particular needs facing the state and community" (Luke, Ventriss, B.J. Reed & C.M. Reed, 1988, p. 53).

An effective economic development department can be made up in a variety of configurations, and no two will be as alike, as perhaps the city utility or engineer departments could be similar in different cities. The economic development department must be able to facilitate planning and marketing with the wide variety of agencies found in local governments. The department can assume a number of configurations, building from existing organizations and reorganizing to fit existing strategies or creating new activities

to meet strategic objectives and adjust to changing conditions. (Luke, Ventriss, B.J. Reed & C.M. Reed, 1988, pp. 53-54)

Communities have organized in various ways to accomplish economic development. They vary from informal advisory boards and councils, which take into consideration diverse interests but cannot effectively implement proposed actions, to formal governmental structures that focus on implementation either narrowly or more comprehensively on a broad range of activities. Some communities facilitate interagency coordination through combined task forces or committees, of different mixes depending on the issue at hand. They may consist of involved governmental departments, advisory groups, quasi-public, and private organizations. Quasi-public and private corporations serve to implement development activities that cannot be accomplished by government agencies because of legal or political blockages. A comprehensive review of organizations involved in economic development is contained in Luke, Ventriss, B.J. Reed, and C.M. Reed (1988, chap. 4), "Organizing for Economic Development," and additional information can be found in Farr (1984) and Weaver (1986).

Economic development offices or agencies cannot operate effectively by themselves. They must be able to tap into federal and state as well as private sector resources. William J. McDonough, President of the Federal Reserve Bank of New York, believes that local private sector firms can be invited to become actively involved in assisting established agencies and community groups. These businesses can leverage the necessary financial and

nonfinancial resources,

... to initiate specific development projects as well as comprehensive community-building strategies. The private sector can also provide technical assistance to community-based organizations on financial analysis, strategic planning, computer system design and other needs. Similarly, it can play an important role in training our future work force by getting involved with the retraining of workers and our public schools. (Federal Reserve Bank of New York, 1996, p. 10)

Competition between municipalities for economic development targets, both domestic and international, is intense with different communities offering differing business climates and incentives. Their economic development agencies are tailored to meet, if not beat, the competition. Community organization for economic development also can be affected by the type of community involved.

Two community types are distinguished by development specialist Robert Weaver (1986, pp. 4-6), the "haves" and the "have nots." The former tend to be urban and suburban municipalities where considerable economic or residential expansion is underway and they use economic development as a tool to manage growth. The "have nots" may be suffering from a stagnant or declining population or tax base and they are interested in initiating programs to reduce unemployment, expand and diversify the local economy, and encourage growth. Blakely (1994) more accurately distinguishes three basic types of communities responding to changing economic conditions, as depicted in Figure 17 on the next page. "Communities of all sizes have an important role to play in helping state and federal government development departments assist new firms in establishing, expanding, and competing for domestic and overseas markets" (Blakely, 1994, p. 45). Further, "Communities large and small need

FIGURE 17

DEVELOPMENT INITIATIVES BY COMMUNITY TYPE

Community Type	Development Initiative
Growing area	Manage population growth and manage economic alternatives
Restructuring area	Diversify existing economic and employment base
Declining neighborhoods and community	Manage existing public resources. Retain remaining local businesses. Search for alternative economic activities consistent with government capacity and community employment requirements

Figure 17. Economic development initiatives by three basic types of communities responding to changing economic conditions.

Source; Blakely, 1994, p. 46.

to understand that, no matter how depressed or wealthy they are, local government, community institutions, and the private sector are essential partners in the economic development process" (Blakely, 1994, p. 52). "My concern is that we not be complacent about the challenge of sustaining our communities and neighborhoods--a challenge that has never been more important than it is today" according to William J. McDonough, President, Federal Reserve Bank of New York. (Federal Reserve Bank of New York. 1996, p. 11).

In sum, whether or not a community is urban, suburban, or rural, experiencing growth, restructuring, or even decline, initiatives exist to foster economic development through partnerships with the local government, community institutions, and the private sector. Municipalities of whatever size must include a spectrum of programs that meet the current and future needs of the constituency. This imperative is prominently manifested in areas where many interests exist together, as they invariably do. According to Levy (1990, p. 9), his experience and what survey data are available indicate that communities are, more often than not, pleased with the results of development programs.

Summary

Local governments are involved in economic development and international economic affairs. National and state policies can either support, neutralize, or defeat local international and domestic economic development initiatives. Community leadership must focus on economic development policies versus economic growth

policies at all levels to achieve their goals and look beyond their own resources to higher authority for assistance if they are to succeed.

Local economic development theory and practice has experienced change as it has developed. Change has been particularly evident in practice at the municipal level where sustained development goals to retain and build existing programs have been recognized and implemented. Implementation has occurred while creating a positive business climate to attract foreign firms. Institutions of higher education play an important role, but local public-private partnerships are an essential ingredient in the equation leading to success, and community support can become a critical element.

Local officials engage in economic development activities of domestic and international scope. These activities are generally categorized under the broad factors of marketing, financial, land and property management, governance/infrastructure, and include business attraction activities, financial incentives, development land management, regulatory reform, historic preservation, and revitalization programs.

The wide variance in the types and scope of local economic development activities are supported by a variety of theories. The resulting hypotheses include fiscal need, economic growth, deindustrialization, citizen need, regional competition, government structure, and population size. Studies testing these hypotheses use various research designs that make their findings problematic. Economic development studies relating to types of programs and their

results, however, have influenced government elected and appointed officials perceptions.

Studies indicate that most elected officials view local economic development to be an important policy area, domestically and internationally. Studies also revealed that local economic development elected and appointed players operate in uncertainty, leading to political risk, which is the potential for positive or negative political consequences resulting from a policy position of decision or indecision.

The local politician selects policies that rebound to his own political advantage, particularly when they contribute to the economic prosperity of the local community. To a politician, the ability to claim credit for a popular program is all important. Politicians engage in these programs, even though they have been demonstrated to be ineffective, because of public or political pressure to do something that is so great that it cannot be ignored.

Operating within national and international constraints local governments can, in the long term, make public decisions that affect the kinds of goods and services that are produced locally and can make the area a more attractive locale for economic activity. This affects the business climate and the viability of business attraction, development, and retention.

Regardless of whether a community is urban, suburban, or rural, experiencing growth, restructuring, or decline, initiatives exist to foster economic development through partnerships with the local government, community institutions, and the private sector.

Municipalities of whatever size must include a spectrum of domestic and international programs, that meet the current and future needs of the constituency. It is the involvement of local governments in attracting international businesses and investment that thrusts the municipality into the international relations arena.

Summation

The federal government undoubtedly maintains a position of importance in the global economy. The speed of change in the world economy, however, has altered the economic, social, and political role played by the nation and has accentuated the role of international regions and subnational entities such as cities and local municipalities. As a result, cities are competing more directly with each other internationally, bypassing state and national governments. The municipal entities, in turn, can be essential to the strength of the national economy. The economic health of cities and other municipalities can be maintained, in part by their involvement in international trade.

International trade is vital to the United States because America is the world's largest trading nation and is completely dependent on other countries for specific commodities and resources not available at home. World trade is exploding, primarily due to improvements in transportation and communications technology, general declines in tariffs, and peaceful relations between the major industrial nations.

Generation of U.S. exports through competitiveness, however, needs impetus because exports create sales and jobs. Many a state

or local trade program has been justified on that alone. The federal and state governments provide export education (e.g., seminars or individual counseling), trade missions, and trade shows. Municipalities are being presented with unique opportunities to directly and positively support local and regional exports, with international trade development as an important new component of their economic development strategies. Accordingly, municipalities, but mainly cities have become principal actors in the trade liberalization process in both North America and Europe. It is through the efforts of cities to design strategic responses, to create city networks, to influence priorities for public expenditures, and to enhance their own competitiveness that makes them vital to the realization of the potential for increased efficiency and higher incomes that free trade offers. An important component of the free trade equation for municipalities is the local free trade zone that can promote domestic economic activity while providing for free trade. They can enhance regional and local economies through job creation, and domestic production expansion.

International trade, like domestic trade, is dependent on other factors nationally and internationally. One of the most significant is the international monetary system, which provides the framework within which international trade functions, and the foreign exchange market, which sets the exchange rates between nations' currencies. There is an equilibrium of exchange rates that link the price levels of all nations. Depreciation of the U.S. dollar reduces American imports and increases its exports. Conversely, dollar appreciation

increases American imports and reduces its exports.

The international monetary system provides the framework within which international trade takes place, with the monetary value of international financial flows being larger than the value of international trade and foreign direct investment. Originally geared to promoting the free flow of goods and services across international boundaries, it finds nations occasionally using the system to restrain such flows. The system is a complex topic that includes the foreign exchange market and its functions, the International Monetary Fund, The World Bank, and a host of exchange systems and rates, along with the export shipment process and foreign direct investment (FDI).

FDI results in the control of a firm by a foreign investor. The important characteristic of FDI is the control it affords. FDI also is a path around both tariff and nontariff trade barriers and, being located in the host nation, provides a foreign producer with some insurance against exchange rate fluctuations.

A major transformation, expedited by the changes in the international monetary system, was the sharp increase in the numbers and weight of multinational/transnational corporations fueled by FDI. The multinational, is the principal player in international business transactions.

At the local level, the attraction of the international flow of investment capital has been pursued as one alternative to the lack of funding from federal, state, and local sources. But with the advent of rapid telecommunications, the flow capital across international borders has become instantaneous which has significant

international monetary implications. National, let alone state and local, governments cannot control exchange rates to protect their currencies. With the proliferation of financial institutions, cities have assumed a new significance as centers of international financial transactions and other global services.

Managers of service firms will have to compete effectively in this new and challenging environment with skills in marketing strategy and execution. Managers at all levels, and in this case from the mayor and city manager on down, must appreciate and use services marketing in a much broader fashion than just the activities and output of the traditional public relations department. This is particularly true where economic development and its marketing is involved at the local level and is totally apropos to municipal involvement in international relations.

International marketing permeates economics because it is a pervasive societal activity involving the public sector, at all levels of the organization, in the promotion of ideas and services Based on marketing strategies developed from a municipal strategic plan. The emerging field of macro marketing involving entire economic systems is particularly relevant to the public sector and its dilemmas of individual versus group or societal benefits apply. Marketing competition is intensifying and the rules of the competitive game are constantly changing, posing additional challenges, both domestically and internationally. State and local governments are active in this arena and see great value in the international marketing of their economic, cultural, and professional

interests. Marketing will surpass its traditional orientation because it is of particular importance to the multidisciplinary technological, sociocultural, political, and economic development perspectives.

Local governments are involved in economic development and international economic affairs. National and state policies can either support, neutralize, or defeat local international and domestic economic development initiatives. Community leadership must focus on economic development policies versus economic growth policies at all levels to achieve their goals and look beyond their own resources to higher authority for assistance if they are to succeed.

Local officials engage in economic development activities of domestic and international scope. These activities are generally categorized under the broad factors of marketing, financial, land and property management, governance/infrastructure, and include business attraction activities, financial incentives, development land management, regulatory reform, historic preservation, and revitalization programs.

The wide variance in the types and scope of local economic development activities are supported by a variety of theories. The resulting hypotheses include fiscal need, economic growth, deindustrialization, citizen need, regional competition, government structure, and population size. Economic development studies relating to types of programs and their results have influenced government elected and appointed officials' perceptions. Studies

indicate that most elected officials view local economic development to be an important policy area, domestically and internationally.

Operating within national and international constraints local governments can, in the long term, make public decisions that affect the kinds of goods and services that are produced locally and can make the area a more attractive locale for economic activity. This affects the business climate and the viability of business attraction, development, and retention.

Regardless of whether a community is urban, suburban, or rural, experiencing growth, restructuring, or decline, initiatives exist to foster economic development through partnerships with the local government, community institutions, and the private sector. Municipalities of whatever size must include a spectrum of domestic and international programs, that meet the current and future needs of the constituency. It is the involvement of local governments in attracting international businesses and investment that thrusts the municipality into the international relations arena.

All of the foregoing economic factors are influenced by technological change. Technology has long been considered under the purview of business and the national defense establishments, where research and development are concentrated, and an element of economics as a field of study. The technology explosion, however, is affecting every segment of society to such a degree that it must be considered separately from economics. Its effect on various levels of economies, trade, the international monetary system, marketing, and economic development have, in part, been considered.

The effect of technology on the sociocultural and political realms, intergovernmental and international relations, and affected municipalities will be covered in subsequent sections of this study. In the next section, the effect of technology and technology exchange mechanisms on municipal involvement in international relations will be explored.

Technological Perspectives

Technology

Technology and its innovations have made the world a global society and allowed the surmounting of the time and place barriers. "Technology enables man to communicate more easily, helps to improve living standards, promotes fuller relationships, material and social advance" (Biasini, 1992, p. 20). In the past, money was made through the standardization of products and services. "Today, in our knowledge-based economy, one makes money through customization --the utilization of technology to customize high quality solutions to a client's need" (Dinniman, 1998, p. 3). "Technology is vital for achieving economic development and sustaining competitiveness" (UNCTAD, 1995b, p. 7). For example, the cities of San Diego, California and Tijuana, Mexico are planning to use the power of telecommunications to create a borderless zone to improve service and lower the costs for telephone, Internet, cellular, cable, broadcast and satellite television, and radio. They also expect to create a truly integrated regional economy, enhanced by reducing the "... thicket of government regulations--both Mexican and American--that hamper commerce" (Moses, 1998, p. 3). "Information technology, especially modern communications tools, is now the linchpin of the international business community" (Glaeser, 1997, p. 50).

In viewing technological changes since the mid 1980s, the telecommunications industries have experienced: "the ending of government monopolies around the world; the deregulation and liberalization of services; the continuing globalization and

intensification of competition; the ascendancy of the personal computer and the rise of the Internet; and the revolution in mobility, broadband, and online communications" (Northern Telecom, 1997, p. 6). Additionally, information-related industries have converged as evidenced by the worldwide trend of cross-investments, mergers, and alliances. For example, "... marketing companies, web-page designers, and entrepreneurs [are] creating new frontiers for electronic commerce, with virtual transactions across global online networks" (Northern Telecom, 1997, p. 7). Digital networks have created an alternate distribution system for goods and services with locally based nodes. Basically, "Technology is driven by information," (Blakely, 1994, p. 302).

A dominant feature of today's economies is the knowledge-intensive high-technology enterprise. World market competition requires advanced nations to develop value-added and research-intensive products to remain competitive. As a result, technological developments require an increased knowledge base for industry. (Blakely, 1994, p. 190)

The technological revolution is not limited to information-related industries, though that is where it is most evident. Besides telecommunications and computers, and their software, the revolution is taking place in other vital industrial sectors such as biotechnology, microelectronics, aviation, robotics and machine tools, and the new materials-science industries. (Goddard, Passe-Smith, Conklin, 1996, p. 130)

Root (1994) makes a distinction between "technology" and "technological innovation." Referring to the former, Root acknowledges that "technology" has no standard definition, particularly as it applies to "knowledge and its embodiment in

capital equipment, industrial processes, and products [often obscured by writers]" (1994, p. 587). He provides the following definition: "Technology, ... is a body of knowledge that is applicable to the production of goods and the creation of new goods." In clarification, it consists of

... ideas about products and how to make them rather than the products themselves or production facilities. Today--with only modest exceptions--the source of new technology is scientific research and invention in industrial, governmental, and university laboratories.

Technological innovation ... is the entire process whereby research and invention are converted into technology that is then applied to the production of new products or improvements in the production of older products. [It] ... involves many activities performed by different groups of people.... Taken together, these activities and their linkages comprise the innovation system. Because of its complexity, the process of innovation is subject to numerous failures [and therefore is relatively not subject to secrecy]. (Root 1994, p. 587)

Root does not acknowledge that technology relates to service industries or that technical innovation involves services. Sassen (1994, p. 5), however, observes that specialized services, a key component of all developed economies, are not usually analyzed in terms of a production or work process. They are often seen as a type of output; i.e., high-level technical expertise. This has resulted in insufficient attention paid to an array of jobs involved in services production. These jobs are essential to technological development that has made cities prominent in the global economy. "Global cities are key sites for the advanced services and telecommunications facilities necessary for implementation and management of global economic operations" (Sassen, 1994, p. 19).

Participants in the Federal Bank of Boston's economic conference favored an inclusive definition of technology with its constituent parts being innovation, development, and diffusion. They included intangibles such as organizational structure, management skills, and culture "... in the package labeled technology" (Fuhrer & Little, 1996, p. 4). Technology also is action-directed with the aim of solving practical problems to enhance the creation of goods and services that are marketable. (Walters & Blake, 1992, p. 166)

Complimentary to Root's (1994) observation about the failures of innovation, the Federal Bank of Boston economic conference participants repeatedly brought up the unpredictable nature of technological change and the unknown consequences of the uncertainty about its ultimate path. Saxenian (1994), in her comprehensive comparative study of Route 128 and Silicon Valley, points out the importance of the complex of institutional and social relationships that contribute to technology development. She also touches on the uncertainties which underlie technology development and the importance of local institutions and culture, industrial structure, and corporate organization to minimize uncertainty and risk.

The Impact of Technology

Bartlett (1989, p. 193) stated, "modern economic history is a tale of accelerating technological change." Research (Bairoch 1988), however, indicates that empirical analysis studies of the links between technological innovations and the economy are rare, as substantiated by the contributors to the November/December 1996

issue of the New England Economic Review (Fuhrer & Little). Schmookler (1966), in a historical study, found that specific technical problems instead of scientific breakthroughs and major technological innovations prompted most technical inventions during the industrial revolution and that a robust economy preceded surges in inventions. Analyses of the relation between technological innovation and the city were conducted by Pred (1966), Higgs (1971) and Feller (1971, 1973). They demonstrated that the city played a predominant role in invention, with the predominance linked to the amount of industrial employment (Bairoch, 1988, pp. 323-324).

Interestingly, the economic development literature indicates that location per se, as the term relates to proximity to markets, natural resources, or transportation, is not as important in today's economic circumstances as is the availability of specialized technology-oriented infrastructures. These include research facilities, higher education services, high-quality up-to-date telecommunications, and special financial assistance to accommodate business start-ups or expansions. (Blakely, 1994, p. 45)

These technology-oriented infrastructures primarily are located in municipalities. Blakely (1994, p. 45) further observes that the literature indicated that the quality of support services in each locality determines the potential for new economic activity.

Studies linking the diffusion of technological innovations are even rarer. Jane Jacobs (1984) contrasted the mid nineteenth century English cities of Manchester and Birmingham. She found that although Manchester was a highly efficient city and the manufacturing star of the British Empire, it did not possess the high rate of innovation or diffusion of technology that characterized Birmingham. As a result, Manchester was not in the

same league with London and Birmingham in the 1980s, both of which had a capacity to create new work from that which exists. Of three studies cited by Bairoch (1988, pp. 326-327), all conclude the self-evident: that cities enhanced diffusion of innovation more than rural areas. Bairoch (pp. 328-329) further suggests that analyses showed that the larger the city, the faster innovations have been adopted and that while the flow of innovations has been an important factor in urban growth, a slowdown in that growth has been commensurate with a slowdown in innovations.

Bairoch (1988, p. 336) cites five reasons why cities foster innovation and economic development.

First, the higher population density in cities facilitates human contacts, thereby accelerating the flow of information. Second, the diversity of urban activities ... encourages attempts to apply or adopt ... technological solutions found in another sector. Third, cities tend to concentrate educational ... and ... research [activities]. Fourth, the urban milieu provides a natural refuge [for better or worse] for original spirits ill at ease in rural areas, where the pressure to conform is as a rule stronger. Last ... the city is, par excellence, the point of contact with other cities

Additionally, it has been demonstrated in the section of this study on international monetary relations that cities attract direct foreign investment (FDI). The revolution in technology is fueled by investment.

There is a significant relationship between the level of a country's technology and the amount of foreign direct investment (FDI). The better a country's technological infrastructure, the better positioned it is to receive FDI that generates more technology. "Just as there is a basic connection between

information technology and foreign investment or trade, there is also a link between growth in production and improvements in technology" (Glaeser, 1997, p. 50). "Uniformly, it is skilled workers in professional occupations who are making the most of these new technologies. ... the key to exploiting the new technologies is human capital, and locations without schooling do not have a high potential for utilizing information technology" (Glaeser, 1997, p.54). Conversely, technological change affects the labor markets by creating both a temporary and a long-term permanent increase in the level and duration of unemployment among the less-educated and older employees (Baumol & Wolff, 1998). Accordingly,

The new technologies of the information society create new educational and cultural needs, just as they place new means at our disposal and offer new solutions. The city, the social system nearest the citizen, is at the heart of these changes because it is mainly there that the educational and cultural patterns of tomorrow's society will be shaped-via education systems, on-job training, consumer information processing, and services and facilities catering for cultural and leisure pursuits. (Paquette, 1992, p. 26)

Levy (1990, p. 43) indicates that much of the actual innovative work, practically during the early stages of development, may be done by entrepreneurs. Additionally much of the labor force, especially in the start-up period, may be people with doctorates or others who are not considered part of the labor force, but are working at the level of laborers as only university research assistants can attest.

The demand for and lack of skilled human resources has resulted in American companies aggressively scanning the international arena for well educated and trained employees. These

foreigners can enter the U.S. on a special nonimmigration visa that provides for a limited stay in the country for people with highly technical skills in specialty occupations which usually require a bachelor's degree or higher. While this creates concerns with labor unions and immigration control proponents, it fills a short term need until the education system can catch up with the demand. (Sinha, 1998, pp. D1, D6) In the meantime, the firms, located in municipalities, bring a new international dimension to the locale as does the transfer of technology regionally, nationally, and internationally.

Technology Transfer

Technology transfer relates to the passing of technological information from one country to another and the receiving country benefits from technical knowledge previously available only in another country. It is "... the flow of purposeful knowledge across national boundaries" (Walters & Blake, 1992, p. 167) "in whatever context for whatever reason to whatever country" (Nau, 1976, p. 3). Technology transfer takes place through numerous modes, including exported goods and services, turnkey factories, FDI, license agreements, patent transfers, technical assistance, trade exhibits, educational exchanges, published literature, academic and applied seminars, consulting, and theft (Walters & Blake, 1992, p. 167). Accordingly, international technological innovation transfer can take place either by sending technical knowledge that is then imitated abroad or by the transfer of innovation through the establishment of operations in the foreign country via direct

investment (Root, 1994, pp. 587-588). While technology transfer has been occurring over centuries at an archaic pace using simplistic methods, perhaps one of the first references to active technology transfer via telecommunications is found in Weiner (1950). He presents a hypothetical example of an architect located in Europe actively supervising the construction of a building in America in real time using the then recently established facsimile transmission service.

"What is clear is that the information revolution has a decentralizing power that make regions - and relationships that link players within a region - more and more important." (Henton, Melville, & Walesh, 1997, p. 11) This decentralization is giving rise to a networking economy. Electronic networking is taking place worldwide, but the results are felt at the local level. Saxenian (1994) describes this process as the key to the Silicon Valley's continued success. These type of economic communities appreciate the basis for being a globally competitive knowledge-based economy. To be competitive, "... communities need to create an environment that fosters speed, relationships, innovation, productivity, and global linkages, all while managing costs" (Henton, Melville, & Walesh, 1997, p. 26). However, communities will not achieve world class status if they only follow a check list method of assembling high technology generating assets. According to Saxenian (1988, pp. 74-75),

Creating a dynamic high-tech region is not a matter of combining ingredients. It is one of building relationships--both locally and nationally--that support the development of innovative enterprises. It is these relationships between

the individuals, firms, institutions in the region that matter-not their simple presence.

Successful transfer of technology requires the transfer of knowledge across disciplines, professions, industry sectors, regions, and/or societies. It therefore involves organizational and cultural process in addition to knowledge transfer (Bingham & Mier, 1993, pp. 233-234). "Measuring the effectiveness of technology transfer is as difficult as conceptualizing the process itself." (Bingham & Mier, 1993, p. 237)

The transfer of technology has the potential to result in immense impacts on U.S. national security, competitiveness, and international leadership, but these issues are beyond the scope of this study. Regardless of the means, transfer involves people, locations, and things.

Colleges, Universities, and Research Parks

Colleges and universities form the crux of higher education, research, and professional advancement opportunities in the United States. They are a vital ingredient to an informed and accomplished society. They also are the international mixing pots of cultures, talents, and innovations in the U.S. at the local level. They attract foreign students who bring "... brainpower and bridges to their homelands" (State International Policy Network, 1998a, P. 4). Additionally, they have the capacity to provide enhanced international cross cultural education and language training for business and cultural activities, which are still required in the global arena.

With the relaxation of U.S. immigration regulations for certain disadvantaged peoples and the ongoing foreign assistance programs whereby foreign students can study at American universities, the municipality with a major university establishes special relations with the peoples of many nations. These relationships often endure to provide international academic and practitioner innovation linkages. Foreign students,

Make important contributions to U.S. research and development and frequently aid U.S. export development efforts. They are included in MBA student teams helping U.S. firms develop export marketing strategies. Others wind up in internships and other positions with trade development programs. And they forge and maintain personal friendships and business connections—a handy feature since most return home to assume positions of leadership in government and business. (State International Policy Network, 1998b, p. 4)

Foreign students, however, are not the only source of international influence at the local level. U.S. students studying abroad come home with capabilities, based on overseas experience, "... to access foreign capital, technology, and know-how, as well as listen and communicate well with foreigners" (State International Policy Network, 1998b, p. 3). These students provide, at the local level, a degree of overseas experience that better positions those localities to compete in the next century. The same may be said of the international human resources talent that foreign firms bring to American communities. Those municipalities that provide a hospitable environment will enjoy the benefits of enhanced cultural and technological exchanges.

Municipalities house most major research institutions with many major universities acting as innovation incubators for small

research and development firms, which are engines of economic growth. "It has been long observed that the two centers for microelectronics, the Route 128 corridor around Boston and Silicon Valley in the San Francisco Bay area, [were] formed largely because of the presence of MIT and Harvard in the case of the former and Stanford University in the case of the latter." (Levy, 1990, p. 43.) States and localities have sought to replicate the success of Route 128 and Silicon Valley, beyond semiconductors and computers, through the employment of a variety of economic development tools. They seek to foster the growth of knowledge intensive industries, such as biotechnology and pollution control and cleanup, by the support of university research, development of research parks, establishing small business incubators, forming public finance-capital pools, and recruiting federal grants and research agencies, and businesses that are knowledge-intensive. The objective is to stimulate the development of new products, sparking entrepreneurship, and fostering business development. (Accordino, 1994, p. 226)

The university can be a source of international entrepreneurship and professional talent and its presence helps the local, national and international high-technology firm attract the talent it must have. However, "As most of our universities are in urban locations, the ability of these firms to develop into the businesses of the twenty-first century will depend on the viability of the urban business environment." (Sclar and Hook, 1993, p. 65). The criticality of the business environment has been discussed in previous sections of this study, primarily those dealing with

economic development. An essential ingredient of a healthy business environment is the availability of skilled human resources.

Colleges and universities provide the primary sources of highly skilled human capital. "Qualified human resources, especially skilled personnel are critical to the development of technological capability" (UNCTAD, 1995b, p. 9). Accordingly, more attention must be paid to continuous skill upgrading within the institutional organizations involved. This means that institutions must be organized to facilitate continuous training and education in technological, communication (i.e., language), cultural, and other critical skills in demand in a global economy. This is the primary responsibility of university administrations, but it cannot be accomplished in public institutions without state and local support.

Universities are one example of what is considered to be an important factor in fostering local economic development and the promotion of technological innovation. The existence of such an institution, however, does not guarantee that firms will be attracted to form a technology intense region. Only if universities are willing to provide an extra level of services and possess the desire to provide specialized courses and other services to the involved industries will there be any interest. More proactively, universities must take the initiative in recruiting national research consortia, redefining research parks, commercializing technology, and participating in regional development activities. (Henton, Melville, & Walesh, 1997, pp. 27-28)

Closely related to universities are so-called research parks. A research park is a high-quality, low-density physical development in a park-like setting. It provides a location that fosters interaction between academics, researchers, and commercial organizations and entrepreneurs. (Blakely, 1994, p. 310) There are other related specialized development areas that include science parks, technology parks, business parks, and high-quality industrial estates. They span the spectrum from academic intense to practitioner intense or from concentrated research to concentrated commercial activities, respectively. According to Goldstein and Luger (1988, p. 25), from 1982 to 1988 the number of science or research parks in the United States almost tripled with the great majority associated with universities. They note that the biggest factor in attracting high-technology firms, both national and international, is the presence of similar firms.

A university can supplement or substitute for an existing high-technology establishment (Levy, 1990, p. 44). "These facilities are now becoming firmly established with the image of high technology and are therefore an important support system [for technology innovation]" (Blakely, 1994, p. 310). Universities and research parks form only two elements of a technology center on the order of Silicon Valley.

The process of becoming a technological center, let alone gaining the capability, is time consuming, costly, and effort intensive. It requires, among other things, numerous inputs of capital, infrastructure, new skills, technical information and

services, contract research facilities, equipment suppliers, and interactions with other related activities. This network takes time to establish and maintain and requires special skills and a favorable environment from the legal, institutional, and economic standpoints. (UNCTAD, 1995b, p. 7).

To strengthen local technological capabilities, locales can gain from imported technologies, "... including inter alia, the ability to acquire, absorb and adapt new and emerging technology, and to improve their international competitiveness. These technologies are obtained largely through direct foreign investment (FDI), including joint ventures and capital goods imports" (UNCTAD, 1995b, p. 7).

Recently other channels have emerged for transferring technology. They include: licencing, management contracts, subcontracting, and franchising. Other mechanisms lie within the framework of strategic technological partnerships. "FDI and technology transfer based on equity and mutual benefit are favorable to both sides, namely technology suppliers and recipients" (UNCTAD, 1995b, p. 8) The importance of technology transfer can be found in the mutual benefit received and the synergistic effects that contribute to the overall global economy.

Joint Production and Technology Partnerships

Another form of technology transfer involves joint production. U.S. manufacturing is becoming internationalized in a variety of ways. According to Levy (1990, p. 35),

An increasing number of products are neither domestic nor imported but a hybrid of the two. The economist's principle of comparative advantage suggests that in an environment of free trade, nations will specialize in those products in which they have a comparative or relative advantage. It has turned out that this principle can, and often does, operate at the subproduct level. Components are made and operations performed at the most efficient location and the 'made in _____' label may not tell much more than where the final assembly took place.

A great deal of focus in the past few years has been placed on joint production agreements between American and Japanese firms. The most common arrangement has been the U.S. doing the basic research and development and initial product development, with much of the complex manufacturing done in Japan, and then the U.S. doing the final assembly and packaging (Reich 1987, ch. 4). Such agreements are spreading, given impetus by regional trade agreements such as the North American Trade Agreement (NAFTA). This globalization of industry has been fueled by the dramatic increases in FDI in the past fifteen years, international sourcing of products and services out pacing domestic sourcing, and international inter-firm collaboration as mentioned above. Globalization is the outcome of business firm strategies to exploit their competitive advantages through favorable economic factors, liberalization of government policies in trade and investment, and technology innovations. The latter have perpetrated falling communication and transportation costs, which in turn have reduced geographical constraints, shortened product life cycles and innovation time while knowledge intensity and research and development have increased. These technological driven factors have necessitated rapid and world-wide exploitation of new products and technologies. (OECD, 1996a, pp. 9-

10)

Technology partnerships are established to gain mutual advantage and benefit in the global competitiveness arena. They involve alliances between firms that result in the pooling of resources that could not be furnished by one firm alone. This is done to gain an edge to achieve a breakthrough and innovation in a particular product or process. The characteristics of a technology partnership are that they are: long term arrangements; mutually beneficial; committed to cooperate; set up in a system of technology and economic relations; and mutually enhance the partners' technological level and depth. These partnerships also have as one of their central goals the learning process of both partners, which is a condition for their mutual success. This involves corporate learning as well as the enhancement of their human resources. (UNCTAD, 1996b)

Technology and Municipalities

The information economy is at the heart of the challenges faced by local authorities. "The cities are the obvious place where technology growth is exerting its most direct influence" (Biasini, 1992, p. 20). Technology is at the base of many of the sweeping economic and social changes that are taking place and it offers cities both new opportunities for development and raises problems.

It is in the cities that growth and innovation are generated. But it is there, too, that the social problems that affect, for instance, the young people, old people, and the ethnic minorities crystalize. And cities are main sources of environmental problems. today there is a greater awareness of the scale and complexity of the relations between technological change and urban development. Modern information and communications technologies, in particular,

are changing the world we live in, and the cities most of all. (Paye, 1992, p. 17)

The rapid globalization of the information economy over the last thirty years, as a growing and significant part of FDI and international trade, has created heretofore unforeseen opportunities. These opportunities have been accelerated by such initiatives as the European Common Market, the exploding flow of capital internationally, the expansion of international trade in services, and innovation in multinational production. This globalization, in turn, has resulted in changes in local policy initiatives directed at promoting local economic development. Additionally, information and communications technology has transformed traditional manufacturing and logistics concepts, along with services' methods and means of doing daily business, to the point where the private, nonprofit, and public sectors are increasingly directing policy initiatives toward improving the innovative capacity and information intensity of the locale and its economy. (Hepworth, 1992, pp. 130-131)

Moss (1992, p. 147) notes, "Telecommunications technologies present challenges and opportunities to cities and local governments concerned with fostering economic development." While urban growth, historically, has been closely associated with public infrastructure such as public markets, industrial parks, air and maritime ports, and surface transportation links, the rise of information intensive activities in, through, and out of cities has become a vital element of the urban community economic and social system. "Building an infrastructure for the movement of people and goods is not enough

to assure ... economic development; it is also necessary to have a modern telecommunications infrastructure that can allow information flow in through and out of cities and regions" (Moss, 1992, p. 147). Moss continues with examples of applications that emphasize the international aspects and imperatives of city-based telecommunications infrastructures. He concludes,

Cities are natural laboratories for technological innovation, and policies to encourage new uses of technology at the local level are essential as are systematic efforts to share knowledge, lessons, and experiences among cities and their leaders. Most important, the challenge of telecommunications lies in the need to recognize the relationship between technology and the fundamental elements of the urban infrastructure; transportation systems for the movement of people [and goods], urban amenities that foster civic and cultural life, and real development that accommodates advanced business services. (Moss, 1992, p. 154)

The ultimate challenge that many cities face, with proliferation of information services and the easy flow of information, is decentralization; the ability of people and organizations can operate from any location. This has the potential to result in a decline in the importance of cities.

Conversely, it can be argued that the growing volume of activities, ..., will generate an increasing demand for people to speak, meet and trade with one another, a demand which can be satisfied only by even larger cities. Developments over the past few years would seem to confirm ... [this] approach. (Prud'homme, 1992, p. 271)

The danger lies not in whether cities will continue to prosper, but on the results that could lead to their decline. Major cities are becoming unattractive because of the increased congestion and pollution, and "Unchecked growth would soon make them unmanageable, of benefit to no one" (Prud'homme, 1992, p. 272). This emphasizes the need for public-private partnerships and community involvement

because the decisions taken by firms have a significant impact on the life of the city. Additionally, since urban affairs are no longer considered internal affairs, more international cooperation is needed (Brenke, 1992, p. 285). Congestion and related transportation issues and pollution are directly related to technology.

Traffic congestion, caused by an excess number of vehicles being operated in a relatively small area during a specified period of time creating a peak load, results in increased fuel consumption, exhaust emissions, travel time, social costs (e.g., road rage), and accident risk. All of these impose a burden on a municipality's economy and on its constituents as a community. Regrettably, each individual wants to optimize their travel pattern, regardless of the impact on society. Additionally, the community is served by freight and commercial traffic carriers that are vital to the functioning of a city and the welfare of its residents. The resulting unreliable delivery of goods due to congestion forces the deliverers to use extra carriers, which in turn exacerbates the congestion and environmental pollution problem. This predicament, compounded by individual optimization of what they believe are their transportation prerogatives, is endemic worldwide. (Sparmann, 1992, pp. 185, 186) The solution, however, is not to increase road capacity or parking space, because they only place a great burden on the environment. The use of public transportation and the incorporation of innovative information and communications technologies can contribute to efficient traffic management and

reduce congestion. (adapted from Sparmann, 1992, p. 184)

International surface transportation (i.e., rail, bus, and trucking) is experiencing similar constraints due to congestion and pollution. These problems manifest themselves in municipalities that serve as origins, transit points, border crossings, and destinations for carriers. Europe is experiencing extreme problems in this respect and American cities are not far behind. Air and seaborne transportation have their own unique problems varying from air traffic and airport congestion and noise pollution for aviation related carriers to congestion in straights, inland waterways, canals, and ports and the pollution thereof with refuse of all types from vessels. For a detailed discussion of these and other international transportation issues, see Zacher and Sutton (1996). In any case, major municipalities are experiencing increased international exposure if they happen to be a gateway community at a border crossing, a hub or international airport, or a load center port with the exponential increase in all modes of commerce and business and tourist air travel. Vastly decreased air travel times and fares, plus express transportation of cargo, in most cases have brought cities across the world closer together and increased their exposure to international elements, particularly tourists, immigrants, but also international illegal drug carriers and terrorists.

Pollution comes in many forms and is not limited to transportation created environmental hazards. Cities find themselves in a predicament in the energy versus pollution

conundrum. They are faced with a growing need for energy and services that produce pollution, but they have a vested interest in protecting an environment that is increasingly threatened. (Cassitto, 1992, p. 202)

There are no absolute values or reference points for energy saving and environmental protection, because the former depends on what standard of living is demanded and possible ... and the latter depends on how successful we are, technologically and economically, in foreseeing and controlling the consequences of using the energy needed to produce the standard of living demanded. (Cassitto, 1992, p. 202)

This, of course varies from city to city, region to region, and from one nation to the next. Information technology, however, makes it increasingly possible to manage extremely complex systems, such as cities and environmental situations, with which conventional technology could not have dealt. The limitations to the application of technological innovation "... lie in the economic and psychological factors connected with the new technology, as well as the political will" to implement them (Cassitto, 1992, p. 217).

Internationally, economic globalization and "Evidence of environmental changes worldwide indicates that mankind cannot continue its development path at the expense of nature" (United Nations, 1992a, p. 3) Patterns of development require change from the norm as it has been known, and the setting of environmental standards at the local regional and global levels according to the United Nations (1992a). This includes engaging in environmentally sound technologies and using innovative technologies for pollution control and cleanup.

The U.N. launched a sustainable cities program in 1990. It recognizes that pollutants discharged from an industrial city can damage, not just the air quality, but the environment in other locales nationally and internationally. "The simple recognition of this transboundary nature of environmental and natural resource problems has fostered a global approach to urban planning" (UNEP International Environmental Technology Centre, 1996, p. 5). Transnational corporations, located in municipalities, do their share of environmental damage, but also participate in programs that can mitigate the damage and prevent future destruction. The effect of transnational corporations on the climate, ozone depletion, and global warming is a problem of extreme complexity. It is beyond the scope of this study, but basic information is available from the U.N. (1992b) and details are contained in a United Nations Environment Programme publication (1996). Briefly, however, academic studies have found that environmental regulations are not a major consideration relating to foreign direct investment, location/relocation issues, or competitiveness of industries. In fact, properly designed (i.e., flexible, transparent, and stable) environmental regulations can enhance a country's competitive position by promoting more efficient use of inputs and inducing technological innovation. (Panayotou & Vincent, 1997, p. 72)

In sum, according to the Organization for Economic Co-operation and Development (1997d),

There is considerable uncertainty about the long-term ability of the environment to withstand the pressures and level of economic activity, let alone the level that might exist in a continuously globalizing economy. On the other

hand, globalization may also open up opportunities for structural and/or technological changes that could help in the search for solutions over the long-term (*italics, authors'*). (p. 8)

Summation

The technological revolution is affecting every aspect of the world, economically, socially, and politically. It is not limited to information-related industries, though that is where it is most evident, but it is taking place in many other vital industrial sectors. Technology innovation is action-oriented toward solving practical problems. Researchers have analyzed the relation between technological innovation and the city and found that the city plays a predominant role in invention, with the predominance linked to the amount of industrial employment.

The important element that will make a community attractive to specialized technology oriented industries is the availability of infrastructures that will support technological development. These include research facilities, higher education institutions and related skilled human resources, high-quality telecommunications, plus special financial assistance to accommodate business start-ups or expansions.

Cities foster innovation and economic development because they are: suitable for facilitating human contact; diverse encouraging the application or adoption of technological solutions found in other sectors; full of concentrations of educational and research activities; points of contact for other cities worldwide. Additionally, since cities attract direct foreign investment and the revolution in technology is fueled by investment, the growth of

technology is determined by the amount of foreign direct investment invested.

Technological change affects the labor markets by creating both a temporary and a long-term permanent increase in the level and duration of unemployment among the less-educated and older employees. Conversely, the demand for and lack of skilled human resources has resulted in American companies aggressively scanning the international arena for well educated and trained employees. Firms enjoying a high level of skilled foreign employees, located in municipalities, bring a new international dimension to the locale as does the transfer of technology regionally, nationally, and internationally.

Technology transfer relates to the passing of technological information from one country to another. Technology transfer takes place through numerous modes, but colleges and universities are in the forefront because they form the crux of higher education, research, and professional advancement opportunities in the United States. As international mixing pots of cultures, talents, and innovations in the U.S. at the local level, they attract foreign students who bring talent and foreign connections to the community. These students make important contributions to U.S. research and development and export development efforts. Alternatively, U.S. students studying abroad gain overseas experience, which provides valuable backgrounds in the assessment of and access to foreign capital and technology.

The presence of colleges and universities helps the local, national and international high-technology firms attract the talent they must have. Many of the major universities also act as innovation incubators for small research and development firms, which are engines of economic growth. Closely related to universities are research parks providing a location that fosters interaction between academics and entrepreneurs of all nationalities. Other forms of technology transfer involve joint production and technology partnerships, which are industry oriented. The importance of technology transfer lies in the mutual benefit received and the synergistic effects that contribute to the overall global economy, from local activities.

Major municipalities are experiencing increased international exposure if they happen to be a gateway community at a border crossing, a hub or international airport, or a load center port with the exponential increase in all modes of commerce and business and tourist air travel. Vastly decreased air travel times and fares, plus express transportation of cargo, in most cases have brought cities across the world closer together and increased their exposure to international elements. Moreover, according to Earl Fry (1998, p. 47),

... most businesses no longer need to be linked to ports, centers of heavy industry, or big-city infrastructures in order to carry out their activities, a phenomenon that has encouraged inland and sparsely populated states, which usually offer lower costs and a good quality of life for both management and workers, to seek to attract IDI [i.e., FDI] and exporting companies.

Technological innovation and the information economy is at the heart of the challenges faced by local authorities. Cities are natural laboratories for technological innovation, but municipal congestion and related transportation issues and pollution are directly related to technological advancements. Information technology, however, makes it increasingly possible to manage extremely complex systems, such as cities and environmental situations, with which conventional technology could not have dealt. As Moss (1992, p. 147) noted, "Technology is at the base of many of the sweeping economic and social changes that are taking place and it offers cities both new opportunities for development and raises problems." In the sociocultural context, these opportunities and problems manifest themselves in a variety of ways, as will be seen in the next section of this study.

Sociocultural Perspectives

Municipal Focus

The artistic, aesthetic, educational, and scientific life of the United States is focused principally in the cities. Cities have created symphony halls, art districts, film complexes, sports arenas, performing arts theaters, public parks, municipal centers, museums, libraries, university campuses, philanthropic foundations, and historic districts in which are contained nationally important creative and educational processes (Cisneros 1993, p. 26). The sociocultural environment extends beyond the amenities of life in any community. It includes the combination or interaction of cultural and social elements. Culture is a learned, shared, compelling, interrelated set of symbols or images whose meaning provides a group of orientations for members of a society, that is, a body of people living as members of a greater community. (Terpstra & David, 1991, p. 6) "Because society is composed of people and their culture, it is virtually impossible to speak of one without relating to the other. Anthropologists often use the terms interchangeably or combine them into one word--sociocultural" (Ball & McCulloch, 1990, p. 257).

An increasingly influential paradigm in the 1990s has been globalization. It has been growing in importance in sociology and in social and cultural theory. Robertson (1995, p. 40) sees globalization in its broadest sense as the compression of the world. He believes that globalization is neither the internationalization of the curriculum of sociology nor the proposal of a global society

that overrides locality. Globalization is not in tension with locality, but "... has involved and increasingly involves the creation and the incorporation of the locality, processes which themselves largely shape, in turn, the compression of the world as a whole" (Robertson, 1995, p. 40). Robertson has coined the word "glocalization" to put the process in proper perspective in the sociological and cultural contexts. (Robertson, 1995, pp. 25-44)

The globalization of the economy and technological innovation have been discussed in this study. They have a great impact on the sociocultural aspects of communities. Harrigan (1993, pp. 171-175) saw four broad trends in the U.S. economy affecting the economic and therefore the sociocultural climate of urban America. They have been the transformation from an industrial to a post-industrial economy, the changing class structure, the slowing of economic growth, and intensification of foreign competition.

The industrial to post-industrial transformation from manufacturing to service is Harrigan's first broad trend. It results in job loss and job creation, which has two outcomes that evolve into the second of Harrigan's broad trends, the changing class structure. The first outcome relates to more jobs being created through better working conditions, but the jobs tend to pay less and provide fewer hours than manufacturing type jobs. In the second outcome, the new jobs often are not being created in the same location where old jobs were lost. Both of these outcomes have worked to the disadvantage of the central-city poor and contributed to the decline of the middle class. This has resulted in changing

the urban class structure and creating an unstable bipolar society made up of the rich and poor without a middle class to alleviate tensions between the two poles. (Harrigan, 1993, pp. 172 & 174-175 & 203).

Harrigan's third broad trend relates to a slowdown in economic growth at the national level. The high growth of the 1960s of 3.8 percent saw low inflation and no recessions. Contrasted with 2.8 and 2.9 percent growth in the 1970s and 80s, respectively, with high inflation and five recessions (including the one during 1990-91), the economy has worked to the disadvantage of the less affluent part of the American population (Harrigan, 1993, p. 175), which is mainly located in the cities. The 1990s thus far, have witnessed continued slow growth, about 2.5 percent per year, but without igniting inflation. Reasons for slow growth "are still barely understood by economists, but which lie at the heart of America's current [1996] economic unease [and is] preventing the steady climb in living standards that Americans have come to expect" (Should Asia be copied?, 1996, pp.21-22). The answer to boosting growth, according to The Economist, (1996, p. 22), is in achieving higher output per worker, which can only come from greater investment in physical and human capital, and from increasing productivity. All involve and affect metropolitan areas, extensively.

Harrigan's (1993, pp. 173-175) last broad trend in the changing economic climate of urban America is the intensification of foreign competition. This has been covered extensively in the section of this study dealing with international trade. "In theory,

the increased need to compete in both the export and import markets leads to better products at the most reasonable prices" (Harrigan, 1993, p. 173). America remains very competitive, as has been pointed out in the section of this study on U.S. competitiveness. According to Harrigan, however, lower foreign labor and material costs, plus the lack of safety and environmental regulations, in many developing countries have prompted many U.S. firms to close domestic plants and move to developing countries. Other views indicate that these moves are motivated by firms desiring to locate in countries where the primary markets exist, as discussed in earlier sections of this study. This loss of manufacturing has affected the metropolitan areas where most of these facilities were located, and thus reverts, in turn, to the problems posed by changes from an industrial to a post-industrial society and the social implications of these changes. Harrigan's (1993) trends are urban focused, but have been experienced nationwide.

The effects of technology on municipalities are manifested in their economic, social and ecological systems. As previously mentioned, cities generate growth and innovation and social problems affecting young and old residents along with ethnic minorities. (Paye, 1992, p. 17) As Paquette (1992, p. 26) pointed out, "The new technologies of the information society create new educational and cultural needs, just as they place new means at our disposal and offer new solutions." The community, bounded by the municipality, is the social system closest to the citizen and it is "... there that the educational and cultural patterns of tomorrow's

society will be shaped" Paquette, 1992, p. 26). Technology enables man to communicate more easily, helps to improve living standards, promotes fuller relationships, [and] material and social advance" (Biasini, 1992, p. 20). As Fry (1998, p. 20) observes, the technological revolution in transportation is helping more and more people than ever before to learn at firsthand what is happening in other locales throughout the world through international tourism. In brief, technology enhances the community's quality of life.

Quality of life issues are widely recognized as important factors in attracting high-tech industry and headquarters operations. For many people, the presence of a university is, in itself, a quality-enhancing factor. In another connection, it has been noticed that university towns have been becoming popular as places for retirement because of the cultural enrichment they provide (Levy 1990, 43-44). The locales that are notable for their ability to enhance cultural enrichment, however, are the cities, particularly the central cities with their unique attractions that only cities can afford. These attractions include major performing theaters, museums, architectural triumphs, and entertainment centers. Cities, therefore are the principal locations where sociocultural and artistic exchanges take place on a national and international scale. These attractions, along with historic settings, draw residents and tourists alike into unilateral and bilateral sociocultural exchanges.

Sociocultural Exchanges

At the national level, the Department of State and the United States Information Agency (USIA) conduct programs directed at foreign societies focused on cultural relations and political advocacy, termed "public diplomacy" (Weissman, 1992, p. 1). While several programs, such as Voice of America radio newscasts and USIA libraries in foreign countries are not exchanges, the agency is involved in many sociocultural exchanges that impact the local community. The Fulbright exchange of scholars, U.S. sponsored speakers, people exchanges, art and theatrical exchanges, film and book certification, libraries, and discussion symposiums are examples of exchanges. (Weissman, 1992, pp. 1-7)

Despite the political promotion of the U.S. by the USIA, many of the nation's universities, foundations, and other educational and cultural institutions, work toward long-term and short-term goals. Academic and cultural exchanges, cultural center and library establishment, and language instruction improve knowledge and understanding enhancing both long and short term goals. Media operations, however, tend to focus more on the short-term explanation of current policies. The end product should be the reciprocal idea, the learning experience,

Namely, that Americans have the opportunity to understand the histories, culture, and traditions of others so that we can come to understand their hopes, perceptions, and aspirations and base our policies and actions on such understanding. Only with such understanding can we as a people and as a government, manage our foreign affairs effectively, responsibly and with the requisite sensitivity. (Tuch, 1993, p. 26; also see Tuch, 1990)

Thus cultural exchanges, sponsored by national, state, and local activities are worthy of both taxpayer's and foundation's considerable investment. All levels of education are involved, from elementary school through post-graduate university, many civic groups support cross-cultural events, and these events span the spectrum from the arts to technology to sports. Municipalities who are directly benefitting from the international sociocultural education efforts of these activities are obligated to their success. To this end, municipalities have been establishing international affairs offices and/or appointing a protocol expert in their government organizations to assist the mayor and other officials with foreign visitors, delegations, and other forms of sociocultural exchange. (Bullington, 1993)

Many sociocultural exchanges, to be effective, require preparation. At one extreme, preparation may involve a cursory review of the visitors' list. At the other extreme, to be effective, it may involve months of language study, readings and seminars, sensitivity training, case studies, and other types of training. The costs and potential benefits of the degree of training intensity must be carefully examined. It is possible for a simple cultural blunder "...to cost a city or state a foreign direct investment worth hundreds of jobs and millions of dollars in tax revenues" (Chadwin, Rogers, & Kim, 1995, p. 518). Regardless of what type of foreign representative the city or other officials find they must interact with, cross-cultural preparation is necessary. For additional information on cross-cultural training,

see Chadwin, Rogers, and Kim (1995).

Sister City relationships, discussed earlier, provide a major vehicle for cross-cultural activities and both public and private sector exchange of ideas and information. Sister city organizations at the local level include the top members of government and there exist opportunities for the exchange of ideas about city government and management with their sister city counterparts (Daughtrey, 1991). In the private sector, business people deal with counterparts in other countries they know and trust. While the business principles of price, quality, and reliability are important, the decision to partner with a foreign supplier or investor most often hinges on the personality, character, and cultural adaptability of the counterpart. To establish this relationship takes time, networking, and personal contact, in addition to skill and tact. The process can be expensive for small or medium size businesses, therefore, it is important that state and local organizations find ways to reduce travel and other costs to the individual businesses. Sister Cities International (SCI) affiliations are one means of solving this problem. (State International Policy Network, 1997c, p. 3)

Although many U.S. partners got into it more for purposes of cultural understanding and social or civic development, most of the foreign pairs are quite eager to put commerce at the top of the agenda. Increasingly, their U.S. counterparts agree. Safe to say, it is not that the SCI affiliates value commerce above cultural and civic development, but that commerce is another way to advance the core "people" goals. (State International Policy Network, 1997c, p. 3)

There were 1,158 U.S. municipalities affiliated with 2,082 partners in 123 foreign countries under SCI in 1997. This represents an increase from 1996, which was 1,087 municipalities and 1,937 partners. (Sister Cities International 1996 and 1997 Membership Directories) The goals of SCI are fivefold:

- to develop municipal partnerships between U.S. towns, cities, counties, states and similar jurisdictions in other nations;
- to create opportunities for the citizens of member cities to experience and explore other cultures through long-term municipal partnerships;
- to create an atmosphere in which economic development and trade can be developed, implemented and strengthened;
- to stimulate environments through which municipal partnerships can creatively learn, work, and solve problems together; and
- to collaborate with organizations in the United States and other countries that have similar goals.
(Sister Cities International 1997 Membership Directory, p. 1)

Sister city relationships under SCI must have the commitment of local authorities; i.e., every relationship agreement must be signed by each mayor and ratified by each city council or equivalent organization. Further, each agreement must be endorsed by local activities, who support the efforts of community volunteers. " This dynamic process empowers all sectors of a community to participate in the global arena, thus unleashing citizen diplomacy at the grassroots level" (Sister Cities International 1997 Membership Directory, p. 1). Sister city activities are varied and diverse. They are detailed in the SCI booklet, What is my sister city doing? (1997). SCI also publishes a quarterly newspaper Sister Cities News that provides further details of sister city activities. SCI makes annual awards of grants and scholarships to sister cities

committees. In 1996, \$600,000 were awarded to 79 sister cities committees, of which 35 were first-time recipients. In addition 25 sister cities programs received annual awards. (SCI Annual Report 1996-97).

Sociocultural exchanges take many forms and are not limited to those that are sponsored by the federal, state, or local governments. Tourism may be considered a form of sociocultural exchange. It is distinguished, however, by its commercial return, ranking as the nations third largest retail industry.

Tourism

Tourism is encountered at every level and in all sectors of society: economic, political, geographical, ecological, and technological. It also is evidenced in the less tangible areas of social reality such as in systems of signs and symbolic processes. "Tourism furnishes our conversation, and its discourse fills our fantasies" (Lanfant, 1995b, p. 26). According to Fry (1998, pp. 34, 82) about one million jobs, almost one in ten, have been related to the dramatic growth in foreign tourism in the United States. The U.S. ranked second to France in 1996 as the destination for international travelers, but was first worldwide in revenues generated from foreign visitors. The leading destinations in America attracting overseas tourists are Las Vegas, Los Angeles, New York, San Francisco, and Florida (Fry, 1998, pp. 45, 83). Attraction of foreign tourists has been a top priority with states and municipalities since the disestablishment of the U.S. Travel and Tourism Administration in 1996. That federal action,

... sent a clear message to the subnational governments and to the private sector that now they will bear the responsibility for enticing foreign visitors to the United States.

The tourism sector is expected to create more jobs in the United States than any other industry over the next decade. Foreign visitors also will spend far more per capita than American residents touring other parts of their own country. (Fry, 1998, pp. 83-84)

International tourism is generally defined as individuals who cross international borders traveling and residing in a country other than their own for nonprofessional reasons (Lanfant, 1995b, pp. 26-27). Formerly viewed as a secondary industry in many industrialized countries, it has become the economic development necessity of the future. Reinforced by technological advances in transportation and telecommunications, it facilitates the coordination of transportation, accommodation, catering, recreation, and entertainment. Information technology provides a powerful means of organization and management thereby accelerating the rationalization of demand for tourism and making possible the refinement of market segmentation. (Lanfant, 1995b, p. 29) This has allowed tourism to transcend individual societies and it "... has become an international fact, yet the local and the global must be understood simultaneously" (Lanfant, Allcock, & Bruner, 1995, p. x). The local focus is important due to its scale and the countless factors involved.

There is a feeling for example, that the nation and the states are culturally abandoning the local urban and suburban areas through decreasing funding for cultural activities and planning the reduction of welfare benefits. From one standpoint, the former is the equivalent of abandoning our nation's history.

If this were not a serious problem in and of itself, abandoning our history is also abandoning a growing international market-tourism. Many nations earn a significant percentage of their GNP and foreign exchange from tourist dollars. (Sclar and Hook 1993, p. 65.)

Actually, the past, both history and memory, are tourist resources. Cultural heritage forms the capital basis for profit making and ethnicity an exploitable resource. "Thus the system of promotion of tourism indirectly intervenes in cultural references, in the definition of values, signs, supports and markers of identity" (Lanfant, 1995a, p. 8).

... In a world increasingly dominated by ideas and culture and industries like entertainment and art, the social density of our cities is an important economic asset. The costs of allowing these institutions to stagnate would represent an enormous lost opportunity in terms of the nation's economic well-being. (Sclar and Hook 1993, p. 65.)

The tourism industry, particularly international tourism in domestic locales, has grown rapidly over recent years, despite national and state studies that tourism is not a major industry in terms of its contribution to gross domestic product or employment (Blakely 1994, p. 188). Actually, an estimated \$467 billion was spent by travelers in the U.S. during 1996, \$67 billion more than 1994. This places tourism and travel as the third largest retail industry behind supermarkets and automobiles. "As they fight for their share of this fast-growing market, state and local tourism offices across the country are spending substantially more money marketing their museums, beaches and other hotspots [sic] to prospective travelers." (Moses, 1997, p. 4)

International tourism has become one of the primary external trade activities that will become a first world industry and a

driving force of global development by the turn of this century according to the World Tourist Organization (Lanfant, 1995a, p. 4). The State International Policy Network (July, 1998c) finds current research indicating that international tourism should continue to grow at about seven percent per year over the next few years. Many U.S. states and cities are spending millions of dollars marketing themselves to attract foreign and domestic tourists. Tourism, however, is regionally located and will not register significantly on any study of areas that have a large amount of space that is not of tourist interest.

International tourism is one of the United States' chief sources of export income. Since 1990, the travel and tourism industries have had an average surplus of \$21 billion each year. While foreign visitors only make up a small percentage of the total U.S. tourist income, overseas visitors are noted for staying longer and spending more than Americans. (State International Policy Network, 1998c)

Communities have favored tourism as an economic development initiative. "To be successful, a tourism program of any kind must be well planned and managed. It must have specific objectives, such as business development, as well as active support of all local parties with an interest in and effect on tourism." (Blakely 1994, p. 189) Tourism also must specifically be organized as a total community effort. This must be ensured so that special interest groups and the citizens at large are accommodated to preclude disruption of the daily lives of the community's residents, as for

example, beach residents seasonally face; although this disruption was to be expected when they settled in a area that would be a tourist attraction.

Blakely (1994, p. 161) believes that "The development of a detailed physical improvement plan for tourism is usually an afterthought by local officials." The plan should identify those features of the community that need enhancement to attract tourists and those that are "sacred community structures" that should be inaccessible to tourists; e.g., a particular stretch of beach, a local swimming hole. (Blakely, 1994, p. 161) Additionally, tourism can bring industry to a locale, according to Blakely (1994, p. 161).

The tourism industry has been growing in relation to the affluence growth of societies. "Communities have favored and continue to promote tourism in the belief that it is a significant economic and employment development tool. However, surprisingly little is known about the economic and development implications of this new growth industry." (Blakely, 1994, p. 188). Studies of the impact of the tourist industry were few in number in the early 1990s. (Blakely, 1994; Lanfant, Allcock, & Bruner, 1995) Studies have been hampered by a lack of consistent data. "... for the majority of American communities, tourism is best seen as only one component of an economic development strategy rather than as the entire strategy itself" (Blakely, 1994, p. 189).

To be successful, a tourism program of any kind must be well planned and managed. It must have explicit objectives, such as business development, as well as the active support of all local

parties with an interest in and effect on tourism. It should be planned around specific themes such as business conventions for the industries identified in the region's industrial development strategy. It should also be targeted toward specific populations, such as nonlocal business people, and be promoted and marketed in the places of residence of these populations." (Blakely, 1994, p. 189)

Relating to convention centers as focal points to attract tourists and conventions, Fenich (1994, p. 254) found that factors other than the convention center itself were given as major reasons for choosing a given city to host its conventions and trade shows. They are the city's attractiveness in terms of global travel connections, first-class hotel rooms, numerous restaurants, and significant cultural sites.

As an element of a city's recovery plan to offset the effects of deindustrialization, tourism has become one of principal components of economic growth. Tourism and associated arts and sports development have been favored in cities versus suburbs because office property development and economic development growth are not synonymous; government sponsored tourist facilities can generate revenue; cities are dynamic places compared with suburbs; tourism is an expanding industry offering opportunity for all; and tourism is an export industry and therefore contributes directly to the economic base. Despite critiques to the contrary, it has been shown that tourism is a viable strategy for urban regeneration because it is not a zero-sum game because: tourism is an elastic

industry; government investment in facilities can result in justifiable returns if properly planned; and it provides those jobs most in need in the central city, i.e., low-skill jobs at relatively low capital costs. (Fainstein & Stokes, 1998, pp. 150-152)

The State Foreign Policy Network (1998c) believes that, given the significance of the tourist industry and its potential, it is necessary to educate the public about the role of foreign tourists in the local and U.S. economies and consider implementing programs that would encourage more young people to learn a foreign language. In addition to fostering a welcoming attitude, this type of education should make more career opportunities available by offering entry level access to high-paying jobs. Further, tourism supports quality life styles for the community through investments in museums, historical sites, entertainment centers, and parks while playing an important role in educating people about American history and culture. "As such, tourism may need to be viewed with greater seriousness--and pride" (State Foreign Policy Network, 1998c, p. 3).

While quality of life is a standard all wish to set for themselves, there still are numbers of needy people in our communities. Among these are immigrants, both legal and illegal. Reduction in welfare entitlements for recipients, both citizens, foreign residents, and illegal aliens, had become a serious political issue during the late part of 1994, for many reasons that are beyond the scope of this study, but since foreign immigrants have a direct impact on the local community this issue needs to be addressed next.

There is an issue, however, which involves both tourists and immigrants to a great, but not exclusive, extent that should be mentioned first in passing. It was touched on earlier and involves international crime and the illegal drug trade. "A high percentage of the illicit drugs used in local America communities originates overseas, and neither national nor state boundaries are effective barriers to this very destructive but highly lucrative drug trafficking" (Fry, 1998, p. 55). The intrusiveness of this trade and the vulnerability of local governments and their constituents to this threat make illegal drugs both a local, state, and national problem and an international threat that far outstrips the perceived negative effects of legal and illegal immigration.

Immigration

Closer integration of the world's economy is progressing through the liberalization of trade and direct foreign investment. However, persistent economic and social imbalances endure through the problems associated with the cross-border mobility of labor. This creates imbalances because "... labor mobility trends interact closely with foreign-direct-investment flows, trade, and [international] aid in many different ways, direct and indirect" (UNCTAD-DTCI, 1996, p. v).

International migration has experienced complex changes in the last two decades. Previously, migration generally responded largely to demand-pull influences, providing an essential function in satisfying labor needs. Currently, push factors have become an increasing driving force. This has occurred because of the extreme

poverty and economic, political, social and ecological deterioration endemic in various countries. This has resulted in more foreigners seeking overseas residency and work than countries wish to receive. In many cases, the presence of foreigners has evoked nationalist emotions and racial conflict, not only in the United States but in other first world countries as well. "Migrants have been faulted for reasons ranging from their alleged competition with citizen workers for scarce jobs to accusations that they threaten national identity and weaken the civic culture" (UNCTAD-DTCI, 1996, p. 1).

From the American perspective, migration or really immigration involves many controversial issues: jobs, welfare, education, race, affirmative action, population overcrowding, multiculturalism, drugs, crime, and competition. For many, it boils down to misplaced pride.

... immigrants' high motivation, desire to better themselves, and willingness to toil hard in whatever they can get stand as a rebuke to many Americans who use poverty as an excuse for not trying. Immigrants are for the most part scramblers and strivers, risk-takers who have left everything behind to board a boat, cross an ocean, and start a new life with little more than hope and willpower. (Richmond Times-Dispatch, 1998, May 7, p. A18)

These immigrants and their children, who have become highly educated due to the same imperatives, often go on to become high impact business people and community leaders. Accordingly, labor unions and special interest groups, not to mention everyday Americans perceive them as a threat. "Now, as in the past, trade unionists consistently voice their fears over the way legal and illegal immigrants are used to hold wages down" and take skilled and unskilled jobs from Americans. (Mills, 1994, p. 14)

One of the factors contributing to the perception of an avalanche of foreign immigrants has been the explosion in the number of nonimmigrant visitors. Nonimmigrants include tourists (which account for 79 percent of all nonimmigrants), business people, foreign students, temporary workers (including agricultural workers, skilled professionals, athletes and entertainers), industrial trainees, diplomats, the foreign media, religious workers, plus the family members that accompany the visitor. (State International Policy Network, 1995e, p. 3) Many nonimmigrant skilled professionals belong to multinational corporations. Several communities, recognizing the value of these skilled workers and their sociocultural sensitivities, have supported cultural schools for ethnic Japanese, Taiwanese, and other groups of foreign children where they can be educated in their mother languages and traditions.

There also are imbalances in the distribution of immigrants in the United States. Over 70 percent reportedly intended to reside in one of just six states: California, New York, Texas, Florida, New Jersey, and Illinois. More than one in four immigrants specifically picked New York City or Los Angeles, and the District of Columbia has a significant concentration of immigrants, both legal and illegal. For those locations, however, immigration may not be the burden as advertised. "Not only do many immigrants supply fresh entrepreneurial energy, they also offer excellent business ties to their native countries" (State International Policy Network, 1995e, p. 3). In fact, some locales in the U.S. encourage immigrants to settle in their communities because of their industry and potential

long-term high-impact contributions, as will be subsequently discussed. Even though migration is in principle, economically beneficial to the extent that it contributes to global welfare and more rational allocation of resources in the world economy, a consensus has emerged among the public and policy makers that migration should be better managed [i.e., controlled]. (UNCTAD-DTCI, 1996, p. 1)

Polls have indicated that 60 percent of Americans believe that immigration is harmful. This has been caused by the dramatic increases in immigration, for a variety of reasons, in the late 1980s and early '90s. (Mills, 1994, pp. 18, 20) As a result of anti-immigration pressures, the U.S. Congress passed welfare legislation, which was signed into law as part of the Welfare Reform Act of 1996. Under the provisions of this act, noncitizens would be ineligible for food stamps, cash welfare, Medicaid, and disability. This would apply even if they are employed and paying taxes. It is estimated that legal immigrants account for six percent of all welfare recipients. The legislation, which had little opposition in 1996, became very controversial as states were faced with putting the law into effect and notifying elderly, disabled, and blind immigrants that they may no longer be eligible for benefits. This placed the burden on states and localities, if they desire to ensure equal opportunity and service to legal immigrants who pay taxes. The impact, therefore, falls not on the federal government which enacted the legislation, but on state and local service agencies. (Knight-Ridder News Service, 1997, p. A2)

Analysis of the state data available on legal immigrants and international visitors, however, indicates that with the small percentages residing in each of 45 states, the controversies surrounding immigration are nearly irrelevant. In fact, most states and localities "... might do better to focus their energies on devising ways to take best advantage of what few immigrants and foreign visitors they have" and attracting others who can make a positive contribution to the community (State International Policy Network, 1995e, p. 3).

An example of how a community capitalized on immigration was found in East Orange, New Jersey. The city was inspired by a growing population of West African and Caribbean immigrants and has established and nurtured extensive ties with Ghana. With almost 2,000 of its 100,000 residents having been born in Ghana, city officials investigated and conducted a highly successful two-week investment and cultural mission to Ghana during September 1993. Participating companies covered their own expenses and sponsored some mission events. The mission developed solid trade leads, a \$57 million commitment for erosion control, a reciprocal agreement to open trade offices, a joint venture, a sister city agreement, and faculty-students exchanges. The initiative suggests that minorities can gain access to international markets and immigrants, as a group, can provide a value added contribution to their community. It also illustrates "... the value of promoting trade through sustained, broad-based community ties to foreign markets." (Adapted from State International Policy Network, 1995f, pp. 1-2.)

Illegal aliens have always been a controversial matter. "Given the extensive media coverage, it is easy to get the impression that illegal immigration is a major problem in every state. The INS [Immigration and Naturalization Service] estimates that there were five million illegal immigrants residing in the United States during 1996...." or about 1.9 percent of the population. (State International Policy Network, 1997a, p. 4) After adjusting for state population, it becomes clear that illegal immigration is a concentrated phenomena. California and the District of Columbia are in a league by themselves with illegal immigrants equal to 6.3 and 5.4 percent of their population, respectively, according to the Statistical Yearbook of the INS (1995). Florida, New York, Illinois, and the states along the Mexican border have the most illegal immigrants relative to total population, after the two leaders. However, "... most states have less than one percent of their population made up from foreign-borne people," legal and illegal (State International Policy Network, 1998d, p. 4).

Never-the-less, illegal aliens constitute a problem. Federal regulations guarantee illegal immigrants emergency medical treatment under Medicare, the provision of nutritional benefits to women and children, and free education from kindergarten through grade 12. According to Mahtesian (1994, p. 116), "For all the noise surrounding the issue of illegal immigration and its effect on federal, state and local budgets, there is little evidence showing that illegals are abusing social services." Many do not claim

social services because of language or other cultural barriers. Other illegal aliens fear being reported to federal authorities. In any case, it is difficult to determine who gets what because most states and localities have never tracked recipients by immigration status. Cutbacks, according to some experts, will not solve the infusion problem and make states and local authorities solvent.

However, "... it does not take an economist to figure out that the cost of providing mandated elementary and secondary education, emergency medical care, and prison space to illegals is a crushing [fiscal] burden" (Mahtesian, 1994, p. 116). For example, California, with more than half of the nations illegals, has spent over \$2 billion per year in mandated state and local revenues on illegal immigrants. In 1994, Governor Pete Wilson mounted a campaign to reduce the "magnet" of free services.

The recent efforts against illegal immigrants mirror a shift in public attitude toward all immigrants, legal and illegal. Few localities actively encourage immigration anymore, outside of the few seeking low-wage workers for industries such as meatpacking and poultry processing. (Mahtesian, 1994, p. 117)

Low-wage agricultural workers are still sought after in the Mexican border states. Economics are not the only factor involved. Politics plays a significant role in both legal and illegal immigration policies.

"Many experts... concede the potency of the immigration crackdown as a political symbol" (Mahtesian, 1994, p. 116). Some Latinos, for example, have threatened to leave the Democratic Party of California unless colleagues stopped supporting anti-immigration laws. Immigration was a major political issue in the 1994 election

campaign. "While budgetary concerns play the major role in decisions to get tough on illegals, politics enters into nearly all of them as well." (Mahtesian, 1994, p. 116). For one example, elaborated on in the next section of this study on political perspectives,

A decade ago, scores of cities and states declared themselves sanctuary for immigrants, where immigrants from war-torn Central American countries could seek shelter without fear of deportation by the INS. In California, the cities of San Francisco, Berkeley, Oakland, San Jose, West Hollywood and Sacramento [the state's capitol] all proclaimed themselves sanctuary cities in the 1980s. Last year [1993], that support began to break down as the state prohibited any city from adopting ordinances against sharing the names of alleged felons with the INS. It is breaking down on the East Coast as well. (Mahtesian, 1994, p. 117)

Politics not entirely aside, budgetary concerns at the state and local levels are forcing these governments to start asking people about their citizenship status when they request services or apply for benefits. This is not politically free of controversy. "Challenging illegal immigrants ... is a relatively easy political undertaking. But cracking down on illegal immigrants is not a politically free move in every state ..." (Mahtesian, 1994, p. 117). Ethnic interest groups argue that it leads to discrimination against legal immigrants and discourages them from seeking services to which they are legally entitled, a move that possibly is unconstitutional.

However, even if some laws are passed restricting illegal immigrants from some services through identification requirements, there does not seem to be much that can be done about the considerable costs to tax payers of educating and treating illegal

immigrants. "Except, perhaps make the state a little less attractive to potential newcomers." This, in turn poses other problems that are not as immediately evident. (Mahtesian, 1994, p. 117) Two other considerations remain in discussing immigration, emigration and workforce composition.

Emigration involves immigrants who return home overseas and American citizens who leave for foreign shores for various reasons (e.g., retirement, marriage, tax avoidance). United Nations (1998) data suggests that perhaps a quarter of a million U.S. residents leave the country each year to reside in another country. It is estimated that between the years 1900 and 1990, for every 100 immigrants admitted to the U.S., about 30 returned overseas. This does not include nonimmigration visitors. During the 1930s, more people departed the U.S. than entered. Emigration is a significant and growing component of U.S. population change. (State International Policy Network, 1997a, p. 4)

Emigration has some policy implications for cities and states. First, emigration could have unexpected consequences for some states. For example, what would happen to Florida if Castro left the government and Cuba reverted to a democracy or to Texas and California as Mexico develops. Second, expatriates and emigres could form a core of resources that can bring the global marketplace home while living abroad. (State International Policy Network, 1997a, p. 4)

Turning next to the American workforce, it is projected that a large share of this force by the year 2020 will be composed of

recent immigrants and their American-born children, therefore,

The increasing diversity of the workforce ... shows the need for increased efforts to offer foreign language training for American children growing up in households where only English is spoken. Workers and entrepreneurs of the future will require excellent communication and "teaming" skills as well as the ability to work with foreign clients or employers. (State International Policy Network, 1998d, p. 4)

In sum, "... migration can, in principle, be economically beneficial to both origin and receiving countries and it generally contributes to a more rational and efficient allocation of resources in the world economy" (UNCTAD-DTCI, 1996, p. 59). Additionally, "The future of immigration in America is inseparable from our sense of how closely we want to live together, how many jobs our economy can support, and how diverse we want our society to be" (Mills, 1994, p. 15). This applies equally to national, state, and local governments and the communities that they serve.

Summation

The sociocultural life of the United States is focused principally in the cities. Cities have created a host of activities and facilities such as art leagues, museum foundations, and opera associations, along with symphony halls, sports arenas, performing arts theaters, public parks, libraries, university campuses, and historic districts which contain nationally important creative and educational processes. These function in harmony with globalization, which recognizes the uniqueness of the locality. Four broad trends affecting the sociocultural climate of urban America have been the transformation from an industrial to a post-industrial economy, the changing class structure, the slowing of

economic growth, and intensification of foreign competition. Technology has interacted with these trends and fostered both growth and innovation while presenting problematic challenges affecting all elements of society, but primarily the young and the old and ethnic minorities in the community. The community, however, is the arena where the educational and cultural patterns of tomorrow's society will be shaped by the community's quality of life and it is the place where sociocultural exchanges take place on a national and international scale.

American cultural exchange programs are conducted at the national level by the Department of State and the U.S. Information Agency to carry cross-cultural exposure to foreign countries and bring international sociocultural activities home to American communities. At the local level, school systems, universities, foundations, and other educational and cultural institutions promote cross-cultural exchanges. Municipalities have established points of contact in their governments to coordinate and accommodate these and other international activities such as sister city relations. In any case, the hosts and the community must be prepared to provide the proper reception for visitors from other cultures.

Sister city relations are important because they support both sociocultural exchanges and economic development initiatives. Sociocultural exchanges take many forms. Tourism is one form that is distinguished, however, by its commercial return.

Tourism is encountered at every level and in all sectors of society. "Tourism furnishes our conversation, and its discourse

fills our fantasies" (Lanfant, 1995b, p. 26). Formerly viewed as a secondary industry in many industrialized countries, it has become the economic development necessity of the future. Tourism and travel have become the third largest retail industry in the world. International tourism is one of the United States' chief sources of export income. It also has become one of the principal components of municipal economic growth. Tourism is particularly suited to urban versus suburban development because large municipalities or cities house urban cultural attractions that usually are scarce, if nonexistent, in the suburbs. It also provides those low-skilled jobs at relatively low capital cost most needed in cities, particularly central cities. Further, tourism supports quality life styles for the community through investments in museums, historical sites, entertainment centers, and parks while playing an important role in educating people about American history and culture. While quality of life is a standard all wish to set for themselves, there still are numbers of needy people in our communities. Among these are immigrants, both legal and illegal, which have both positive and negative direct impacts on the local community.

Persistent economic and social imbalances endure through the problems associated with the cross-border mobility of labor. From the American perspective, migration or really immigration involves many controversial issues: jobs, welfare, education, race, affirmative action, overcrowding, and competition. Accordingly, labor unions and special interest groups, not to mention everyday Americans perceive them as a threat because they appear to hold

wages down and take skilled and unskilled jobs from Americans. Analysis of the state data available on legal immigrants and international visitors, however, indicates that only a small percentage reside in each of 45 states, making most controversies about immigration irrelevant. States and localities, therefore, should focus their energies on devising ways to take best advantage of the few immigrants and foreign visitors they have and attracting others who will prove to be community assets in the future.

Illegal aliens are another contentious matter, even if they make up only about 1.9 percent of the population and most states have less than one percent. Again, the problem comes home to states and localities who must bear the expense of mandated educational and medical services. They also form an international group with which local authorities must deal economically, socially and politically. Despite the large influx of immigrants, emigration results in about one-third of those migrating to America returning overseas. This group furnishes local authorities with a core of resources that can bring the global marketplace home while living abroad.

Immigrants remaining in the U.S. generally provide a valued resource based in their determination to better themselves and add value to the community. This has a particularly significant implication for the future American working force as a larger and larger share will be composed of immigrants and their American-born offspring. The ramifications of this change, along with other international activities at the local level, will excite special interest groups and bring politics and political action to bear.

Political Perspectives

Background

The protectionist/isolationist flame, just as the Buy-America initiative, ignites at the local level and national leaders fan these flames, as has been discussed previously. And it is populism that imagines conspiracies and seeks someone or some group to blame for local, regional, national, and international changes that are nobody's fault as will be indicated in this section and the sections of this study on international and intergovernmental relations. These generate political responses from the grass-roots level in communities. The changing nature of federalism as reflected in the perceived advantages and disadvantages within the federal system,

... are prompting some and local governments to carve out their own niches in the international arena or to pass legislation that could affect future international trade, investment, tourism, or immigration flows into and out of the United States. (Fry, 1998, p. 46)

On occasion, statements defining policy positions issued by state and local governments have been, if not in opposition, at least in variance with federal foreign policy. These actions have either had the potential to affect, or actually have damaged both the conduct of national foreign policy and the international reputation of America. (Adapted from Fry. 1998, p. 92.)

The domestication of foreign policy in America began in the 1960s with widespread localized opposition to the Vietnam War. That opposition eventually resulted in U.S. withdrawal from the war and the collapse of the Republic of Vietnam. Subsequent decades witnessed the emergence of nuclear free zones, comprehensive test

ban cities, sanctuary cities, and divestment cities. City councils passed resolutions supporting countries such as Israel and sanctioning others; e.g., Northern Ireland and South Africa. "The 1980s witnessed an unprecedented growth in grassroots activism on international issues. For detailed lists of such activities, see Fry (1998, pp. 92-99), Hobbs (1994), Kirby & Marston (1995, p. 273), and Kline (1993). "Interest groups frustrated at the national level ... turned their efforts to the public" (Hobbs, 1994, p. 1). "Politics at all levels involves the interplay and clash of various interests, usually reflected, if they are to be effective, through organized groups and institutions" (Wolman, 1996, p. 136).

Special interest groups form the basis for the pluralist approach to international relations. "International political processes are not all that different from, and may even be considered an extension of, those conducted within the boundaries of a given state" (Viotti & Kauppi, 1987, p. 196). Pluralism provides legitimacy to state and local authorities' activities in the international arena, separate from the traditional federal controlling role.

... pluralism refers to an image of international relations that assumes that non-state actors are important entities in international relations. The state is not necessarily a rational and unitary actor but is composed of a multitude of competing bureaucracies, individuals, and groups. (Viotti & Kauppi, 1987, p. 600)

Pluralists, therefore, tend to reject the realist distinction between international and domestic politics and believe that one is an extension of the other. "This perspective is quite evident in much of the literature on decision making and transnationalism that

disaggregates the state-as-actor" (Viotti & Kauppi, 1987, pp. 196-197). Pluralism is of U.S. origin and most of the authors (e.g., Dahl, 1963; Lasswell, 1936; Truman, 1959) who are pluralists are American. It may be said that pluralism originated in the writings of James Madison in the Federalist Papers. (Viotti & Kauppi, 1987, pp. 196-197)

From the pluralists perspective, the domestic political "role of government is one of assuring access to the most effectively organized, and of ratifying the agreements and adjustments worked out among competing leaders and their claims" writes Theodore Lowie (1969, p. 71), a critic of pluralism. Lowie (1969, p. 71) also notes the "zeal ... for the group and its belief in a natural harmony of group competition." However, pluralism defines both "the policy agenda and the public interest ... in terms of organized interests in society" (Truman, 1959, p. ix). Interest groups are formed by individuals who desire to predominate in the competition and conflict between opposing groups in a zero-sum game.

Authoritative choices (or decisions) are made by government decision makers as the outcome of this process. An example can be found in the seating of the Republic of China in the U.N. and a more recent example is President Clinton's decision to prohibit companies from making new investments in Myanmar. (GLOBECON, 1997a, p. 2)

Truman (1959, pp. 519, 520), however, views the competition and conflict between interest groups as "the principal balancing force in the politics of a multigroup society such as the United States" as a result of the "overlapping membership among organized interest groups." Dahl (1963, p. 137) describes American politics as a decentralized system "... in which all of the active and legitimate

groups in the population can make themselves heard at some critical stage in the process of decision." With groups being central to the process, rather than majority or minority rule, Dahl (1963, p. 128) believes that "minorities rule" is more accurate. The pluralist view is held by most American political scientists, though their views may differ on other matters (Viotti & Kauppi, 1987, p. 198). It should be noted, however, that pluralists do not see local and state governments as special interest groups. This will be covered in greater detail in the next section on international relations, but it also must be observed that regardless of this distinction, state and local governments are acting like special interest groups. With this background, international political issues have developed to become part of state and local agendas as "... determined by the strength and influence of constituency demands, interest group activities, and local officials' response" (Hobbs, 1994, p. 5).

Constituency demands have been raised by increasing global awareness. With the advent of instant replay of international news, including news from the enemy camp by U.S. reporters as happened in the Gulf War, accompanied with the ease to communicate and travel worldwide, international focus has descended to communities previously buffered from foreign issues. More importantly, special interest groups have been instrumental in getting international issues into local play. Lobbying by these groups has precipitated many of the more controversial stands taken independently by states and municipalities. The essential ingredient in this local activism is the degree to which state and local officials respond to

international issues being brought to their attention by the various sources involved. Leaders in state and local governments have found that it is to their advantage to include foreign policy issues in their campaign platforms and policy statements. They do so because they are able to satisfy their constituencies, special interest groups, and get recognition beyond the immediate boundaries of their domains; i.e. recognition nationally and internationally. Kline (1993, p. 225) also notes that activism is not limited to metropolitan areas, because "Smaller jurisdictions are generally more responsive to pressures from organized interest groups,"

An example of grass-roots activism involving constituencies, special interest groups and state and local officials, was the state and local revolt against investment in South Africa during apartheid. "During the 1980s [and early '90s], a total of 130 cities and 28 states enacted selective purchasing laws targeting South Africa." (GLOBECON, 1997b, May, p. 2)

Two trends are likely to push state and local governments even farther into noneconomic foreign policy. The first is the widening scope of global trade negotiations to encompass value-laden issues, such as health and safety standards and the environment. The successful initiatives by the International Standards Organization (ISO) to gain worldwide acceptance of ISO regulations 9,000 and 14,000 are examples of this trend of legislation at all levels being subject to international scrutiny and challenge. (State International Policy Network, 1995a) The increasing personal interest of state and local leaders in human rights forms the second

trend. Regarding this trend, a potential conflict exists where state and local legislation has been passed pressuring U.S. investors to divest in Myanmar (i.e., Burma), which is under intense criticism for human rights violations. As of May 1997, some one dozen state and local governments have passed a purchasing/investment ban on Myanmar. These include San Francisco, Oakland, Berkeley, and Santa Monica, California; Madison, Wisconsin; Ann Arbor, Michigan; Takoma Park, Maryland; and the Commonwealth of Massachusetts. (GLOBECON, 1997b, May)

The state and local legislation stipulates, in effect, that companies doing business with Myanmar cannot do business with the state or local government. Although Myanmar is somewhat of an international outcast, the U.S. national government, Japan, and European Union all are concerned that the legislation may violate the Government Procurement Agreement (GPA) in the World Trade Organization. (State International Policy Network, 1997a)

Several U.S. companies have pulled out of Myanmar citing the Massachusetts law. These include PepsiCo, Apple Computer, Eastman Kodak, Philips Electronics, and Hewlett-Packard. Because these laws affect non-American companies residing in the U.S., such as Sony, Toyota, and Siemens, diplomatic protests have been filed against the U.S. by the Japanese government and representatives of the European Union (EU). The protests have been filed with the World Trade Organization. To extract itself from this situation, The "... Clinton White House has decided to prohibit companies from making new investments in Burma" (GLOBECON, 1997b, May, p. 2).

State Initiatives

States began reacting to increased global interdependence as it started to affect their internal welfare in the 1970s as a result

of the collapse of the international monetary system and the deep penetration of international commerce into the U.S. economy. These developments were economic, and with human rights issues arising the political element entered the equation. Though the federal government has sole responsibility for U.S. foreign policy, as manifested in the enactment of treaties, alliances, and any other agreement or compact with a foreign power, states and municipalities have found that they can, and in some cases must, enter the international arena. They must do this to protect their growth prospects and meet socio-economic adjustment needs which have become inextricably tied to international economic forces. (Adapted from Kline, 1993, pp. 203-204.)

At the state level, according to Ryan (1997), as of April 1997, only limited efforts had been made to coordinate state initiatives with federal policy. Although state officials do not wish to create conflict with the federal government, potential problems exist between policy goals at both levels. An example is the extensive support states gave to the Republic of China's request for status in the United Nations. Contrary to the federal government's long-standing "one China" policy of the 1950s and '60s, the legislatures in 42 American states passed resolutions supporting U.N. seating of the Republic of China. The federal government finally acquiesced to the combined international and domestic pressures. Other initiatives are illustrated in the following examples. In the early 1970s many states objected to the Arab League boycott of Israel in the absence of national policy and in

the late 1970s Idaho took the unusual step of deciding to sponsor trade missions to Lybia and host similar missions from the Qaddafi regime even though to do so was contrary to U.S. policy. The state governors of Maine, Massachusetts, and Vermont refused to send state National Guard units to Honduras for training in 1986, but subsequently lost a challenge to their authority in court. Though not a member of the U.N. and not recognized by the U.S., as of mid 1995, 24 state legislatures had passed resolutions asking that Taiwan be accorded the same treatment as other nation-states. Further, six states have taken positions on issues involving Northern Ireland. (Fry, 1998, pp. 92-95)

The South African divestment campaign of the 1980s and reinvestment of the early 1990s provides another case of state activism in the face of federal policy. The states exerted strong pressure on the South African government to move ahead with reform through the withholding of billions of investment dollars. With the abolition of apartheid, states were among the first to invest in the new South African government, in some cases prior to official federal revocation of the U.S. boycott. (Ryen, 1997, p. 50)

Conversely, the potential benefits of state-federal cooperation in state-led relief and development initiatives can be enormous. Puerto Rico's Governor Pedro Rossello's efforts to assist in the economic and political recovery of Haiti came to fruition with President Clinton's approval and partial funding from U.S. government agencies. Hence, Puerto Rico has conducted technological assistance programs for Haitian officials in health care,

transportation, public works and communications. (Ryen, 1997, p. 50)

Local Dynamics

The involvement of municipalities, primarily cities, in international politics at the local level has not rivaled their economic, technological, or sociocultural international activities. "Political issues, however, represent the greatest departure for cities as they venture beyond their traditional policy boundaries to make statements on more far-reaching issues, such as the apartheid regime in South Africa and political unrest in Central America" (Hobbs, 1994, p. 2). The actions of municipal authorities have served to test federal foreign policy positions to a greater extent than that of states (Kline, 1993, p. 224). Municipal activities have paralleled some state activities in building foreign trade and investment, but also in fostering and sister-city relationships to establish direct relations with foreign governmental authorities (Kline, 1993, pp. 224-225).

Hobbs (1994) offers three explanations for municipal involvement in international relations, specifically foreign affairs. First, she believes that the international system has changed in the way nations and subnational elements relate to one another with cities becoming actors in this new environment. In this context, there has been a decreased ability of the federal government, representing the nation, to cope with complex issues that have local sources but transcend national boundaries. This has often resulted in public frustration with politics at the national level. (Hobbs, 1994, p. 8-9)

Second, Hobbs believes that the forces that govern municipalities have changed. A new leadership, born and bred in the 1960s and '70s social movements and based on constituency participation, has emerged in cities that can set new and far-reaching agendas for local governments. Finally, Hobbs finds that as urban development has proceeded, the cities themselves have changed. With suburban flight and the influx of service industries with their well paying jobs for professionals, the poor are further isolated with the lack of low-skill jobs, and a new citizenry has come to dominate the politics of cities. (1994, p. 8)

They are confronted with new challenges and opportunities either of little concern to them or that were previously handled by the federal government. Together these forces have combined to create an environment at the local level for international issues. (Hobbs, 1994, p. 8)

As a result of these three new dynamics evident in local communities a "... new progressive movement has actively encouraged local activism" that has promoted grass-roots activist development and the establishment of more responsive local governments and prompted actions on international issues. "Progressive elements at the local level have brought international issues to the forefront in their push for greater government accountability." (Hobbs, 1994, pp. 12, 13; see also Kirby & Marston, 1995, p. 268-269) This change in the local environment, manifested as local activism in foreign affairs, has been due in part to "... increasing global interdependence, a shifting international political economy, and growing sensitivity to international concerns." (Hobbs, 1994, p. 13)

International political actions on the part of municipalities and their officials frequently have been contrary to federal foreign policy positions. The divergent issues involved include trade (e.g., GATT, NAFTA, WTO, Japan), international institutions (e.g., the U.N.), peacekeeping/relief operations (e.g., Bosnia, Haiti, Somalia), financial relief/payment (e.g., Mexico, the U.N.). Others have included the comprehensive test ban movement, nuclear free zone declarations, financial divestment from South Africa and now Burma, and provisions of sanctuary for Central American refugees.

The U.S. nuclear freeze movement was unable to get a national resolution passed, but it gained the support of over 900 communities. Its products were the comprehensive test ban movement and the nuclear free zone movements. The latter seeks to restrict the construction, operation, and transportation of nuclear materials in or through local communities. By the early 1990s, over 150 municipalities and 30 counties had declared themselves as nuclear free zones.

Disinvestment in South Africa and Myanmar grew out of the academic and religious communities dissatisfaction over the U.S. government's response to the apartheid regime and human rights violations, respectively. As reported earlier, 130 cities participated in South African divestment. The list of municipalities reacting to Myanmar's human rights abuses is growing.

The religious community's sanctuary orientation was translated to the Central American refugees (principally from El Salvador, Guatemala, and Nicaragua), but had much more limited success due to

federal prosecution of violators and lost its attractiveness when municipalities and states began to assess the costs involved in providing social services, medical care, and education to illegal immigrants. As of 1988, only 28 cities and two states had sanctuary resolutions, but by 1994, there were almost none as California's Proposition 187 was enacted to eliminate social services benefits to illegal aliens and states were pressuring the federal government to crack down on illegals. (Fry, 1998, p. 93; GLOBECON, 1997b, p. 2; Hobbs, 1994, pp. 3-4, 20; Research Recommendations, 1994, p. 3)

Various special interest group movements find outlets at the local level, versus the state and federal echelons, because municipalities afford accessibility to local officials and media, and more responsive local governments. These, plus the infusion of the '60s generation in positions of leadership, have encouraged local activism and have prompted local officials to be more open to broader political demands, including international issues. "The result is not only a strengthening of national lobby effort at the local level but the promotion of grassroots development as well" (Hobbs, 1994, p. 13). (Hobbs, 1994, pp. 12-13, 37) Accordingly, many local leaders have believed that it has been their responsibility to respond to international issues. According to former mayor Tom Bradley of Los Angeles in an address to the National League of Cities annual congress in 1985,

... cities have the right, indeed, even the obligation, to be part of the great national debate in these weighty issues. From foreign trade policies to opposing South African apartheid, from immigration policies to the proliferation of nuclear weapons. The right of cities to be heard on these critical issues derives from two fundamental principles.

First, local government is closest to the people. In fact, one of the few ways citizens can register their dissent is through locally elected representatives [Second,] many of our national policies are felt first-and in the end most profoundly-in America's cities. (1987, p. 4)

Public opinion and the influence of special interest groups' impact are limited, however, by the responsiveness of the constituency and their officials. This is the principal reason why some municipalities have been very active in international politics while other have not though they are deeply involved in global economic, technological, and sociocultural activities. Hobbs (1994, ch. 3) analyzed a total of 353 cities in 44 states nationwide that have participated in test ban, nuclear free zone, divestment, and sanctuary pursuits. She found that they have commonalities based on location, demographic, socioeconomic, and form of government characteristics.

Various regions and states are particularly active with 47 percent located in the Northeast. Massachusetts and New Jersey predominate, followed by New York and Connecticut. The far western region is next with 23 percent and California accounting for 56 percent of that total. The South-Sun Belt region is the least active. Concentrations of activist cities are both a regional and a state specific phenomenon. Reasons for this have not been validated, but may relate to "me-tooism," favorable political climates, and relative nongrowth economic status (except perhaps, California). (Hobbs, 1994, pp.45-46)

Large physical size and populations were common to municipalities involved in foreign policy statements. Active

cities were significantly larger in size and population than nonactive cities. The same could be said for minority representation. Minority representation (i.e., the percentage of African-Americans and Hispanics) was higher for all foreign issue cities than the national data sets for both 1980 and 1990. (Hobbs, 1994, pp. 47-50)

Socioeconomic measures include education level, economic status, income, and housing. In general, active cities have a greater population percentage below the poverty line and are economically less well off relative to median household income. These municipalities also have almost double the number of renters and have extremely high housing costs. (Hobbs, 1994, pp. 50-55)

The governmental structures predomination for those cities on which data was available (264 cases or 75 percent), the mayor-council and council-manager forms predominated with 43 percent and 42 percent, respectively. The first type is more likely to be responsive to groups and various interests in the community while the latter is viewed as more participatory; both factors are conducive to politically active communities. Individual activists are drawn to locales based on the opportunities available there. It has been found that the presence of a college or university in the municipality enhances the prospect of activists locating in the community.

Hobbs (1994, p. 61) found that 53 percent of the active cities (i.e., involved in one political issue) had institutions of higher education located there or nearby. Of those cities that were

considered activists (i.e., involved in more than one political issue), 90 percent had one , and in many cases more than one, college and/or university. Only 14 percent of nonactive cities, however, had colleges or universities. (Hobbs, 1994, pp. 55-61)

The above profiles indicate a degree of commonality among the active cities, but say little about the consequences of such activity. Hobbs observes that this question is not easily answered. Since the federal government has taken only limited action, primarily on sanctuary issues, it may be said that there is tolerance at the national level for local activism. To the extent that national policies have been modified supporting local positions (i.e., divestment initiatives), a positive benefit for local foreign policy initiatives is indicated. Since municipalities do not exist in a vacuum, the increasing interdependence of the world and the effects of globalization should enhance opportunities for internationally oriented political activism. It also accentuates the central role played by communities in experiencing the adverse effects of globalization. One such effect is international terrorism, financed and directed from foreign shores, cultivated in the U.S., with Americans as targets at home.

"At this moment, militant Islamic groups labeled by the State Department as terrorist organizations-Hezbollah, Palestine Islamic Jihad, Hamas and others-operate quietly within U.S. Borders from New York to San Diego" (Cole, 1997, p. A1). Bruce Hoffman (1998), in his book Inside Terrorism, maintains that in the business of terror the United States has become the target of choice for political and

religious terrorists striving for media attention. They collect U.S. dollars to send to their overseas headquarters and have used American addresses to buy U.S. equipment, U.S. Internet sites to communicate, and U.S. universities to meet and plan their activities. While nearly all of this nation's estimated 6 million Muslims are law-abiding citizens, there is a very small minority that wish to impose their ideas by suicidal force. They are driven by a hatred of America and all it symbolizes. But they are not the only threat. Terrorist attacks by religious groups, such as the chemical attack on the Tokyo subway system, and philosophically motivated attacks by "militia" groups and the Oklahoma City Federal Building explosion leads one to believe that terrorists are well equipped and supported. The possibility of a nuclear, biological, or chemical weapon in the hands of a terrorist cell in the U.S. is both plausible and real.

Bruce Hoffman is the director for the Center for the Study of Terrorism and Political Violence at the University of St. Andrews in Scotland. He has produced a, in-depth work which traces the trends in terrorist tactics and places current terrorist initiatives in context. Hoffman (1998) believes that terrorism is manifested in violence or the threat of violence, which is directed in pursuit of, or in the service of, a political aim. It is an act that is planned in detail, and executed systematically and calculatedly, with no regard for human life or property. The use of terrorism is not limited to subnation-state groups, but also employed in support of national objectives. Its aim is to erode the people's confidence

in the government, regardless of whether the attacker comes from the Middle East or America's Middle West. Significantly,

The bombings of the American Embassies in Kenya and Tanzania in 1998 ... may well form part of a new, even more frightening type of terrorism. In its latest mutation, politically motivated violence is vague about its long-term aims but utterly ruthless in its short-term intentions. ... the new variety of killers apparently see destruction as an end in itself [as was evidenced in the Tokyo subway attack]. (The New Terrorism, 1998, p. 17).

Therefore, the new terrorism appears to be a weapon to be used by the powerless against all-powerful entities such as the United States. It is thought that the 1993 World Trade Center and 1995 Oklahoma City bombings were the products this nihilist brand of fanaticism. All of these threats reflect a search for America's Achilles' heel "... a way to strike at the vulnerable points of a country whose preponderance in almost every kind of weapon is too great to be worth challenging" except through attacks on its civilian communities. (Adapted from The New Terrorism, 1998, pp. 18-19.)

The terrorist cells in the U.S. and their parent international organizations are financed by sympathizers in America and from abroad. The U.S. is a haven and base of operations because the freedom democracy affords and "... the sophistication and easy availability of technology compared too much of the world makes the United States an ideal corporate headquarters for terrorists" (Cole, 1997, p. A12).

In the past, the more traditional terrorist organizations used the U.S. as a base for financing, procuring equipment, training, and staging operations. Islamic terrorists differ from those belonging

to other older extremist organizations in that they also bear an open hostility toward the U.S. government and the American society as a whole, which they label the "Great Satan" who must be punished. (Cole, 1997, p. A12)

The 1993 World Trade Center bombing preceded plans to bomb other New York landmarks and blow up a dozen U.S. airliners in a single day. (Cole, 1997, pp. A1, A12) Two months later, police arrested three men who had the equipment and explosives ready to plant bombs in a busy subway system and commuter buses to inflict maximum casualties. (The Virginian Pilot, 1997a, p. A1)

It is a fact that, "There is nothing that can be done which will make America [or its municipalities] invincible to terrorism" (Fry, Taylor, & Wood, 1994, p. 236). International terrorism is an problem that accentuates the vulnerability and interdependence of all nations and their subnational entities. Historically, regardless of what has been done to combat it, from passive careful vigilance to the extreme of reprisals in kind, it will come and go with the times and the problems they present. While it is a global problem that faces nations' police and national defense systems, its immediate impact is felt in the local community and by that community's municipal government. As one effect of globalization, "Dissident individuals and groups anywhere in the world will continue to vent their anger and frustration against America through terrorism" (Fry, Taylor, & Wood, 1994, p. 236). For additional information, see Fry, Taylor, and Wood's chapter on national defense and the challenge of terrorism in their book America the Vincible:

U.S. Foreign Policy for the Twenty-First Century. From a more pragmatic local standpoint, the effects of terrorism on tourism demonstrate that service industries can be as volatile to the new global economy as manufacturing has been (Thompson, 1995, p. 7).

International terrorism and its potential negative impact on communities is not dead, but neither is municipal foreign policy activism and its potential for positive results even though its potential for negative outcomes exists. "It remains a vital way for communities to pursue international issues of concern to them and articulate those concerns nationally and internationally" (Hobbs, 1994, p. 105). However, as Fry (1998, p. 131) observes,

... there is one area where Washington cannot afford to compromise with state and local governments, and this is linked to those "foreign policies" of subnational governments that directly contravene official policies of the federal government. [They] ... cast doubt on the integrity of U.S. foreign policy, blatantly interfere with international and interstate commerce, openly violate the supremacy clause of the U.S. Constitution, and invite retaliatory actions by foreign governments.

Summation

The domestication of foreign policy in America began in the 1960s with local wide-spread opposition to the Vietnam War. The following decades saw the emergence of test ban municipalities, nuclear free zones, divestment cities and states, and sanctuary cities, based on grassroots activism on international issues. Interest groups, who were frustrated at achieving their goals the national level, turned their efforts to local activism.

Special interest groups form the basis for the pluralist approach to international relations. The competition and conflict

in which they engage is seen as the main balancing force in American politics. It should be noted, however, that pluralists do not see local and state governments as special interest groups, even if they act like them.

Constituency demands have been raised by increasing global awareness. With the advent of instant replay of international news, accompanied with the ease to communicate and travel worldwide, international focus has descended to communities previously buffered from foreign issues. More importantly, special interest groups have been instrumental in getting international issues into local play. Lobbying by these groups has precipitated many of the more controversial stands taken independently by states and municipalities. Two trends are likely to push state and local governments even farther into non-economic foreign policy. The first is the widening scope of global trade negotiations to encompass value-laden issues, such as safety standards and the environment. The increasing personal interest of state and local leaders in human rights forms the second trend as exemplified by disinvestment initiatives directed at apartheid South Africa and Myanmar.

At the state level only limited efforts had been made to coordinate state initiatives with federal policy and potential problems exist between policy goals at both levels. At the local level, the involvement of municipalities, primarily cities, in international politics has not rivaled economic, technological or sociocultural international activities, but political issues represent the greatest departure from cities' traditional policy

boundaries. Various special interest group movements find outlets at the local level, versus the state and federal echelons, because municipalities afford accessibility to local officials and media, and more responsive local governments. Many local leaders also have reciprocated by voicing their belief that it is their responsibility to respond to international issues.

Public opinion and the influence of special interest groups' impact are limited, however, by the responsiveness of the constituency and their officials. This is the principal reason why some municipalities have been very active in international politics while others have not though they are deeply involved in global economic, technological, and sociocultural activities. Since municipalities do not exist in a vacuum, the increasing interdependence of the world and the effects of globalization should enhance opportunities for internationally oriented political activism. It also accentuates the central role played by communities in experiencing the adverse effects of globalization such as international terrorism.

The impact of municipal level international political activism has been demonstrated and it is likely to be used in the future in various ways still to be developed. This impacts on formal international relations as defined by academic scholars, discussed in the next section.

International Relations Perspectives

Theory and Practice

In the global context, three dominant "theories" or approaches exist from the international relations (IR) theorists' perspectives (Dougherty and Pfaltzgraff 1990, Viotti and Kauppi 1987, Czempiel and Rosenau 1989, Haugland and Hawes 1991). The traditional (or realism) approach has been to treat nations as principal, unitary, rational actors with national security issues predominant. Subnational (e.g., U.S. states) actors, other transnational organizations (e.g., multinational corporations), and international entities (e.g., the U.N.) "are decidedly less important. In short, the realist focus is on states [i.e., nations] and interstate (or international) relations" (Viotti & Kauppi, 1987, p. 32).

The second approach to IR, pluralism (or interdependence), recognizes that nation and non-nation actors (e.g., multinational corporations, the U.N., but not U.S. state and local governments) are involved in IR. The proponents of pluralism support the proposition that socioeconomic or welfare issues are as, or more important than, national security questions. They are concerned with economic, social, and ecological issues arising from the growth of interdependence among nations and societies. (Viotti & Kauppi, 1987, pp. 292, 293) Pluralism was discussed in greater detail in the preceding section of this study.

Structuralism (or globalism) is the third approach to IR. Supporters of structuralism believe that classes, nations, and non-nation actors operate as part of a continually developing "world

capitalist system." Structuralism, focuses on dependence or patterns of dominance within and among societies and views economic issues as paramount. The structuralist approach further maintains that international relations between the industrialized and non-industrialized nations are predictable based on the "world capitalist system." The paradigm is based on four assumptions. The first is that it is necessary to understand the global context within which nations and other entities interact. Second, history and historical analysis are important to comprehending the international system. Third, they believe that mechanisms of domination exist that contribute to uneven development of nations. Lastly, they see economic factors as critical to the functioning of the capitalist world and the regulation of Third World nations to positions of subordination. (Viotti & Kauppi, 1987, pp. 399-400)

Pluralists and structuralists share at least three commonalities that may be considered criticisms of the realist perspective. They both stress a political economy approach to IR. They are much more cognizant of events, processes, institutions, and actors operating both within and between nations. Additionally, they both emphasize socioeconomic and welfare issues. (Viotti & Kauppi, 1987, pp. 400-401)

The traditional approach has dominated U.S. IR policy, with many federal agencies recognizing pluralism (Bloomfield 1982, and Dougherty & Pfaltzgraff 1990). The environment, weather, food supply, population shifts, energy, trade, and poverty, however, have crosscutting effects and are placing a stronger claim on priorities

at all levels of U.S. government. Accordingly, many nations and international organizations are placing more emphasis on pluralism and structuralism. In the United States, states and municipalities appear to have found their niche in some form of these latter two approaches, but the American pluralist school has heavily influenced their perspective.

At the same time, two relevant trends have been emerging. First, the traditional nation-centric structure of international relations is giving way to the multicentric pressures. The nation-centric world, which existed for more than 300 years is being subsumed by a multicentric world in which nations and both governmental and nongovernmental transnational actors with decentralized structures and processes create a highly pluralistic system where there is no dominant actor or group of actors. (Czempiel and Rosenau 1989, p. 8). For Rosenau's summary of the structure and the interactive process of change of the two worlds of world politics, see Figure 18 on the next page, derived from his original model (1989, p. 8). The emergence of global economic interdependence played a very important role in replacing military issues with socio-economic ones, because international commerce was playing an increasingly important role in the local U.S. and other nations' economies. (See Keohane and Nye (1977), and Kline (1993).)

Second, the United States is experiencing the combination of a decline in intergovernmental aid and a diversification of federal program implementation (Wright, 1992; Kincaid, 1993). Interacting with these trends has been the late 1980s to early 1990s slump in

FIGURE 18

THE TWO WORLDS OF WORLD POLITICS

Structure/Process	State-centric	Multi-centric
Number of Essential actors	Fewer than 200	Hundreds of thousands
Prime dilemma of actors	Security	Autonomy
Principal goals of actors	Preservation of territorial integrity and Physical security	Increase in world market shares and maintenance of integration of systems
Ultimate resort for realizing goals	Armed force	Withholding of cooperation or compliance
Normative priorities	Processes, especially those that preserve sovereignty and the rule of law	Outcomes, especially those that explain human rights, justice, and wealth
Modes of collaboration	Formal alliances whenever possible	Temporary coalitions
Scope of agenda	Limited	Unlimited
Rules governing interactions among actors	Diplomatic practices	Ad hoc, situational
Distribution of power among actors	Hierarchical by amount of power	Relative equity as far as initiating action is concerned
Interaction patterns among actors	Symmetrical	Asymmetrical
Locus of leadership	Great powers	Innovative actors with extensive resources
Institutionalization	Well established	Emergent
Susceptibility to change	Relatively low	Relatively high
Control over outcomes	Concentrated	Diffused
Bases of decisional structures	Formal authority, law	Various types of authority, effective leadership

Figure 18. Structure and process in the two worlds of world politics.

Source: Rosenau, 1990, p. 250.

the world economic situation and most national and local economies (Rosow, Inayatullah & Rupert, 1994). The same may be said of the economic cycles of the 1970s and '80s, and the possible emergence of another cycle in the late 1990s.

The foregoing national and local issues have taken place in a world that has become increasingly interdependent and is creating a global society and global economy. This has created theoretical anomalies in each of the three approaches to international relations. No longer are the theories able to withstand the implications of change occurring in the international and domestic arenas.

The strong allied heads of state developed summit diplomacy during World War Two. Since then, other departments and agencies at the national level have become involved in foreign policy and international relations. Globally, national agencies associated with finance, trade, immigration, space, energy, and the environment, to name a few, are involved. "The rise in importance of international assemblies, the substitution of open diplomacy for secrecy, and the inexperience on the part of the superpowers contributed to the decline of diplomacy during much of the twentieth century" (Dougherty and Pfaltzgraff, 1990, p. 99). Additionally, Welch and Wong (1998, p. 45) see three global pressures affecting national governments in today's world, more specifically the global changes affecting national bureaucracies. These are information technology (previously discussed), global institutions that exert pressure on national governments, and efficiency and productivity

to cut waste and improve governmental efficiency.

Nongovernmental participation in international relations evolved during the late 1940s and expanded exponentially in the 1950s. The Marshall Plan, implemented in 1948, fostered transnational interactions and coalitions that continue to involve diverse nongovernmental participants. "The very benevolent occupation of Germany and Japan, the Marshall Plan, GATT [General Agreement on Trade and Tariffs], and the formation of the International Monetary Fund and the World Bank had the effect of restoring damaged economies and facilitating the resumption and acceleration of world trade" (Levy 1990, p. 27). These dynamics aided in the emergence of a new class of international actors, which are the 40,000 or so multinational corporations that account for the bulk of FDI, much of global trade, and millions of jobs. Additionally, tens of thousands of nongovernmental organizations have appeared, such as Rotary Clubs that facilitate international partnerships and student exchanges and Amnesty International that monitors human rights violations. Other actors include religious groups, labor unions, professional societies, and other activities that participate in a complex network of global interactions that transcend the purview and control of national governments. Add to these the subnational cleavages that exist linked to ethnic, religious, race, language, economic, or territorial disputes that create unforeseen effects on citizens at the grass-root level of not one but many groups within one nation and in related groups in different nations. And, "... these citizens demand that their

interests be protected and enhanced not only by their national governments but also by the subnational governments closest to where they live" (Fry, 1998, p. 15). These local issues are exacerbated by the information revolution in technology that is clearly impacting on local governance, as discussed throughout this study, and have resulted in the perceptions that nations are not well equipped to cope with these challenges and brings to question the status of the nation-state. (Adapted from Fry, 1998, p. 13-17)

It is assumed that nation-state sovereignty is viewed as a strength in the international arena. Sovereignty, however, has some major limitations as a result of the proliferation of international agencies, but more importantly, subnational nongovernmental and governmental actors. The responsibilities of central governments after World War II increased as the number of global issues and actors multiplied dramatically.

Today [1995], a nation-state's sovereign responsibilities can overwhelm its capacities and prevent the state [i.e., nation] from concentrating its energies on specific policy objectives. Sovereignty-free collectivities [sic] such as subnational governments, by contrast, need not disperse their responsibilities as widely and can direct more resources to a select group of preferred goals. The declining problem-solving capability of nation-states (although not of their formal constitutional authority) has induced subnational governments to adopt increased responsibilities and functions. (Cohn & Smith, 1995, p. 258)

As a result of the problems besetting national governments, local communities have turned to their municipal and state governments to help meet their needs and interests. This is called "subgroupism," and when coupled with the effects of global interdependence causes some analysts to believe that these are important elements in

explaining the growth of municipal involvement in international relations. (Cohn & Smith, 1995, p. 258) "Traditional boundaries between countries ... [have] become increasingly meaningless ... cities [have] become independent of their countries and deal directly with other parts of the world, [and] city, ..." (Seeling & Artibise, 1991, p. 75).

Although the foregoing both implies that national governments are facing insurmountable problems and serves to make intergovernmental relations more problematical, nation-state governments "... continue to have legitimacy as international actors and substantial material resources, which can be useful to municipal governments in promoting their own international activities" (Cohn & Smith, 1995, p. 259).

The Status of the Nation-State

In the 1980s, it appeared that the nation-state was being eclipsed by a unifying form of amalgamation. An upward evolution seemed to be taking place from city-state to nation-state to "supra-national" unit as exemplified by the United States, Canada, the Soviet Union, and the formation of the European Union and regional trade blocs. Recognition was dawning that many of the economic and non-economic (e.g., ecology, drugs, terrorism, and even defense) problems facing nations can best be handled collectively internationally. (The Economist, 1990, pp. 11-12) Conversely, Cleveland (1993) noted that the lines of power and control are blurring among nation-states with the power of national governments shifting in to a globally borderless realm. He shows that there is

a leakage of power from national governments to international agreements, arrangements, and agencies that may result in a loss of national discretion and control.

Alternatively, Guehenno approached the end of the nation-state from a geographically political perspective. He argued in 1993 that there is room for an entity, somewhere

... between the providential state (which claims to do everything and does it badly) and the libertarians (who are convinced that the state can do nothing well) ... that redistributes responsibility on different levels, according to the nature of the problem at hand (p. 16).

That entity will not be rooted in a location defined by space, neither in a city nor nation. Because of the physical and telecommunication mobility of populations, space will not be a pertinent criterion thereby eliminating the need for politics; i.e., the art of governing a collection of people in a location. In an epilogue (1995) to the 1993 publication, Guehenno saw the resurgence of nationalism as weakening nation-states as demonstrated in Africa, Europe (including Russia), and the United States. All are "...experiencing the same difficulty: that of redefining their identity" (pp. 131-132). Special interest groups will temporarily take the place of territorial communities and the world will evolve into a new age of imperial interests based on the idea of freedom (pp. xiii & 17).

Apart from the issue of increasing interdependence, at midpoint in the decade of the '90s it may appear that the status of the nation-state is in question from a different perspective; that globalization of the world economy is emasculating the modern state.

As a proponent of this approach, Ohmae's (1995a & b) observations are driven by the new world economic order and are covered in detail in other sections of this study. His focus has been on nation-states forfeiting their role as critical participants in the global economy because they have lost their ability to control exchange rates, protect their currencies, or generate real economic activity.

By heritage and by experience, nation-states are comfortable with the market's invisible hand only when they can control or regulate it. By orientation and by skill, they cannot help but make economic choices primarily in terms of their political, not economic, consequences. By electoral logic and by popular expectation, they must always sacrifice general, indirect, long-term benefits in favor of immediate, tangible, focused payoffs. They are willing hostage to the past because the future is a constituency that casts no vote. (Ohmae 1995a, 120.)

The Economist (1995c) argues to the contrary pointing out that government spending is a significant fraction of gross domestic product (GDP) of most countries; from 20 percent to 68 percent, with the U.S. at 33 percent.

Despite differing rhetoric (e.g., Guehenno 1993 & 1995, Ohmae 1995a & b, Strange 1996), governments are not shrinking. In fact, the public spending ratio is increasing on an average from 36 to 40 percent of GDP. Additionally, "National governments not only retain wide discretion over the extent to which they control resources, but after 15 years of accelerating integration are tending to control more, not less." (The Economist, 1995c, p. 15)

While global integration has dramatically changed the rules of macroeconomic policy and is altering the outlook of individuals world wide, it has not altered the underlying constraints on economic or political policy on the part of national governments.

This is a complex subject beyond the scope of this study. For additional information, see The Economist (1995c, 1995e, & 1997e). National governments perform functions that cannot be subsumed entirely by subnational entities. As has been found in various sections of this study, the nation does have an influential role to play.

Given the foregoing, according to the Organization for Economic Co-operation and Development (OECD) Secretary General, a world is unfolding that "should allow us to touch each neighborhood through the magic of global information systems, technologies whose frontiers are just being explored" (Johnston, 1997, p.3). While experience demonstrates that most forecasts are unreliable, the OECD report, Towards a New Global Age: Challenges and Opportunities (1997a), takes an extrapolation of current trends and sketches out two scenarios in the window of opportunity presented during the decades to the year 2020. The scenarios depict nations in a world if it moves slowly with a business-as-usual approach as opposed to one that takes a high performance approach.

The business-as-usual approach runs the risk of feeding on reactions against globalization as sources of unemployment, income inequity, de-industrialization, environment deregulation, and the marginalization of many developing countries. It could produce global fragmentation with prosperity and political stability adversely effected. The high performance "New Global Age" envisions lower unemployment and greater prosperity for both OECD and non-OECD countries.

It would ... boost living standards the world over and contribute to spreading democracy and the respect for human rights: in addition, it would enhance the capacity to deal effectively with a host of problems, notably in the areas of environment, urbanization and social policy. (OECD, 1997a, p. 8)

The challenges facing all concerned at every level for realizing the opportunity for a "New Global Age" include; strengthening the free and open multilateral system, pushing ahead with domestic policy reform, and ensuring sustainable development. "International co-operation will have an even greater role to play in realizing a 'New Global Age'" (OECD, 1997a, p. 9). As will become evident throughout the remainder of this study, it will take both countries and their subnational entities down to the individual to make the "New Golden Age" a reality through meeting and capitalizing on the challenges just mentioned. Looking at America, by the mid 1990s, Americans as individuals had become more insular and suspicious of internationalism, as will be discussed in the following subsection.

Differing U.S. Perspectives

It must be recognized that there are two ends to the spectrum of involvement in international relations. The foregoing provided an overview of how the United States and its components have moved toward interdependence in the global arena; i.e., growing involvement in international relations at all levels. There are, however two contradictory attitudes in the United States toward international relations.

The first is that America serves its values best by perfecting democracy at home, thereby acting as a beacon for the rest of mankind; the second, that America's values impose on it an obligation to crusade for them around the world. Torn between nostalgia for a pristine past and yearning for a

perfect future, American thought has oscillated between isolationism and commitment, though, since the end of the Second World War, the realities of interdependence have predominated. (Kissinger, 1994, p. 18)

Despite the reality of interdependence that Henry Kissinger addresses, in 1989 then Governor Gerald L. Baliles of Virginia observed that,

Study after study has demonstrated a sad irony: that America, a nation of immigrants, has become culturally isolated. ... in general, Americans know neither the world or the cultures of the people who inhabit it; ... our language skills have deteriorated; ... our students do not understand the significance of geography. (1989, p. C1)

In the municipalities context, Monroe (1992, p. 42) observed, "American cities have to date largely faced problems in a vacuum and paid little attention to world issues."

A U.S. Advisory Commission on Intergovernmental Relations (ACIR) survey (1988) found that Americans were divided on whether state funds should be spent to set up full-time offices in foreign countries to promote foreign trade, tourism, and investment for their states; with 49 percent in favor, 41 percent against, and 10 percent undecided or did not respond. The survey also asked Americans to consider whether governors and mayors were putting public funds to good use when they went on foreign trips to promote trade, tourism, and investment for their states and cities. They responded with 49 percent saying that the trips are a good use of public funds, 45 percent saying they were not, and six percent with no response. "Although pluralities of respondents supported both foreign offices and foreign trips, respondents were not markedly more supportive of one than the other" (ACIR, 1988, p. 8). The

public responded negatively (59 percent against) to the idea of city councils passing resolutions on foreign policy matters, traditionally reserved to the federal government.

Pluralities of most of the demographic groups described foreign resolutions as 'not very proper'--with some significant exceptions. Groups particularly like to call local foreign policy resolutions "very proper" included professionals/managers/owners (17 percent) and respondents in the West (17 percent). (ACIR, 1988, p. 8)

Another ACIR report (1993-1994) revealed that many Americans do not appreciate the realities of the new global economy, while "Public awareness of the global economy is growing, the level of attentiveness remains insufficient ..." (p. 34), with many citizens insufficiently aware of the meaning and consequences of globalization (p. 35). Additionally, "the public is ambivalent about state and local initiatives in international matters" (p. 34). And, ACIR found that state and local governmental initiatives to attract foreign investment sometimes produce "destructive interjurisdictional competition, especially when tax abatements and other public incentives are used to attract investment" (1993-94, p. 37).

The position of the ultra-conservative Republican presidential candidates, who contended for the 1996 elections, would bring back a greater degree of protectionism and isolationism (The Economist, 1995a, p. 37), "... some dismayingly widespread and long-lived American opinions" (Voice of America?, 1996, p. 15). Yet, as Governor Baliles warned,

A casual reading of 19th or 20th century American history reveals more than one occasion when isolationism--the ostrich syndrome--has taken hold of America. ... there have been too

many times when Americans have looked at the world, found it too complicated and said to themselves, I don't know these people, I'll not likely meet them and besides, they don't even speak English. Well, if this happens again ... I believe that we will all regret it. (Baliles, 1989, p. C3)

There are indications that the public mood may be shifting toward a more favorable international outlook. A very limited survey conducted by the Atlantic Rim Network (ARN) in 1995 under the auspices of the U.S. Conference of Mayors found that 65 percent of the respondents rated public support for a city's taking an active role in the international marketplace as six or better on a ten point scale, 85 percent with a five or better rating, none below five, and 15 percent undecided or did not respond. (ARN, 1995.) A year later, a survey under the auspices of the National League of Cities with 476 respondents nationwide found that most survey respondents were receptive to globalization and more often see benefits from a more competitive global economy having positive impacts on their city by 59 percent. Large city respondents (89 percent) and central city respondents (67 percent) most often reported positive results. Regarding foreign policy issues, however, only a few reported their city as having passed a resolution or taking other action on: South Africa (11 percent); immigration (9 percent); the United Nations (8 percent); Northern Ireland, Israel, Nicaragua, El Salvador, or GATT (3 percent each), Haiti (2 percent); U.S. troops in Bosnia (2 percent) and Somalia (1 percent). (Kincaid, 1997, pp. 1 & 3.)

The views of the American people must be taken into account, even as they may be changing; from running contrary to the evidence

of increased global interdependence and initiatives supporting state and local involvement in international relations, to a more favorable outlook. But it is unclear whether isolationist and protectionist views stem from historical and immediate economic perceptions respectively of individuals, from the impact of media campaigns, or from informed opinion. These issues were examined in the section earlier in this study on economic perspectives. There has been some pervasive information provided which may indicate that the nation has lost some, if not much of its influence. The fact is, it has not. More to the point, subnational entities have gained more influence in the globalization process.

Summation

Municipal involvement in international relations is filling the void created by the federal government dealing with the complex issues of the environment, weather, food supply, population shifts, energy, trade, and poverty and their crosscutting effects. In the United States, states and municipalities appear to have found their niche in some form of pluralism and structuralism, but their perspective has been heavily influenced by the American pluralist school. During the past several decades, two relevant trends have been emerging. First, the traditional nation-centric structure of international relations is giving way to the multi-centric pressures. Second, the United States is experiencing the combination of a decline in intergovernmental aid and a diversification of federal program implementation. Interacting with these trends has been the late 1980s to early 1990s slump in the

world economic situation and most national and local economies, and the possible emergence of another cycle in the late 1990s.

The foregoing national and local issues have taken place in a world that has become increasingly interdependent and is creating a global society and global economy. There has been a huge increase in the number of international actors who are involved in international relations during the past 50 years and these coupled with the complex issues facing national governments have put a new face on international relations. Increasingly, local communities have turned to their municipal and state governments to help meet their needs and interests and has fostered the growth of municipal involvement in international relations. Additionally, these dynamics have brought to question the viability of the nation-state. As Hobbs (1994, p. 8) observed, "The debate in international relations today is concerned with the decline of the state in its ability to conduct foreign affairs and the growing network of nonstate actors in the international arena."

The changing views of the American people must be taken into account. Though they may be running contrary to the evidence of increased global interdependence and initiatives supporting state and local involvement in international relations, indications are that citizens' opinions are turning to a more favorable stance on globalism and municipal international involvement. There are strong indications that America has lost some of its influence. The fact is, it has not. More to the point, subnational entities, states and localities, have gained more influence in the globalization process.

Worldwide interaction patterns tie together the global economic-political system that fosters municipal involvement in international relations. In this context, trade and capital flows are the most important global exchanges, with capital and technology flows predominating over trade, and with service trade out distancing merchandise trade, as mentioned in earlier sections of this study. Regardless, both capital and trade flows are increasing exponentially. Noncommercial interaction is dominated by people.

Ultimately, global interactions occur among people, not among corporations and [nation-] states. Another component of interpersonal contact ... is membership in nongovernmental organizations (NGOs), especially the transnational social movements that have become global interest groups. (Hughes, 1996, pp. 523, 525)

A dramatic example of interactions between people is found in international tourism, which includes business and other nonpleasure trips, and reportedly has become the world's biggest industry. NGOs have elevated environmental issues from a status of low politics to the status of global politics where the number of global organizations, conferences, and agreements probably exceeds those in trade according to Hughes (1996, p. 525). "NGO growth has greatly exceeded that of either states and international organizations during the post-World War II era. This trend will continue and is closely tied to global democratization" (Hughes, 1996, p. 525). The interactions among people are the basis for subnational interactions characterized by intergovernmental relations, discussed in the next section of this study.

Intergovernmental Relations Perspectives

Background

The United States Constitution provides the basic structure of distributive authority among the various levels of national (federal), state, and local government, although in imprecise and unclear terms. The roots of federalism, or distinct but coordinate governments, are found in the Federalist Papers. Many of the details are contained in congressional legislation and implementing directives, executive regulations, and judicial opinions.

Some commentators believe that federalism, termed "dual" federalism (Elazar, 1991, p. 67), only extends down to the state level, as explicitly recognized in the U.S. Constitution (e.g., Derthick, 1987; Wright, 1988) and as amplified in the Dillon Rule, discussed later in this section. Leading intergovernmental relations (IGR) authority Deil Wright (1988, p. 15) sees federalism emphasizing national-state relationships with some occasional attention paid to interstate relations, and intergovernmental relations (IGR) going beyond federalism to national-local, state-local, and interlocal relationships to encompass "... all the permutations and combinations of relations among the units of governments in our system." Wright relies on William Anderson's (1960, p. 3) definition of IGR as being "an important body of activities or interactions occurring between governmental units of all types and levels within the U.S. federal system."

Deil Wright (1988) devotes the third edition of his book Understanding Intergovernmental Relations to expanding the answers

to the who, what, when, and where (but not explicitly the why) questions of IGR. In his brief answers to these four questions (p. 12), the what? is embodied in Anderson's definition, the when? is now and includes the past issues that lead to current and future situations, the where? is everywhere in the U.S. political and administrative systems, and the who? involves "... both citizens and public officials as well as government entities of all sizes, types and locations." He sees U.S. citizens as actors giving consent to a "republican" form of government embodied in the U.S. Constitution (p.33). Wright (1988, pp. 31-39) expands on the differences between federalism and IGR.

Others (e.g., Stillman, 1992; Hughes, 1996), however, see federalism extending to the local level, even to the individual as recognized in the Constitution's Tenth Amendment: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people." This supports the operational theory of "cooperative" federalism, which derives from the concept of a noncentralized, democratic system that is responsive to the public (Elazar, 1991, p. 67). The focus on the individual (i.e., individual-centric) is based in liberalism and conforms with the pluralist approach to international relations discussed in the preceding section of this study. According to Hughes (1996, 512),

Empowered modern citizens pursue their interests through a wide range of secondary and tertiary agents, including MNCs [multinational corporations], domestic and transnational interest groups (nongovernmental organizations), domestic governments [this researcher's emphasis], international organizations, and international regimes. In so doing,

citizens seek to create and sustain an environment in which they are simultaneously (1) protected from the predations of others in that environment; (2) supplied with material goods adequate to guarantee not only survival but some comfort; (3) free of substantial coercion, repression, and limits to action; and (4) sufficiently connected to others to allow mutually beneficial interaction.

Modern technology and its future promise provide the capability to meet some of these goals, but to substantially satisfy the foregoing demands of liberalism, a global political economy made up of peaceful, active, interacting democracies is required. (Hughes, 1996, pp. 518, 512) "In addition, in an era of unprecedented economic and technological change, citizens are demanding that their state and local governments do more to protect and enhance their interests" (Fry, 1998, p. 7) Individual liberalism provides the dynamic upon which the broad perspective of federalism and IGR is based. This is not to imply that conflict will disappear.

The diverse sources of governmental authority (e.g., coordinate, inclusive, overlapping; see Wright, 1988) and conceptualizations of federalism (e.g., dual, cooperative, coercive, fiscal, competitive; see Kenyon & Kincaid, 1991b), coupled with differing interests, lead to inevitable conflicts, particularly over the distribution of resources. These conflicts, which are not necessarily bad per se and can be constructive under the cooperative and competitive federalism paradigms, lead to the study of IGR that involves analysis of the mutual interdependence, shared functions, and intertwined influence in the federal system (Derthick, 1987; Elazar, 1991; Kenyon & Kincaid, 1991a; Stillman, 1992).

Over the past few decades, however, IGR has been characterized by one "singular, prominent (if not dominant) motif" (Wright, 1992, p. 1). Basically, it focused on the increasing federal fiscal role in state and local government. It "involved the increasing centralization of government at the national level..." and "...fiscal policy issues." (Hahn & Levine, 1980, p. 28). Deil Wright, stated that he has started to question the "single scene, prominent/dominant-motif premise" and provides examples of federal aid decline, increased national preemption statutes in diverse areas, and local government involvement in international relations (Wright, 1992, pp. 1-2).

The effects of decreasing federal support coupled with increased centralization of policy making are problematic. Resource allocation is a particularly relevant concern since federal fiscal support issues apparently are losing their relevance to local decision making. The preponderance of evidence suggests that there has been a considerable reduction in federal responsibilities during the 1980s. At the same time that nationally imposed solutions to local problems are being recognized as barriers to sensible policy making and to satisfying local needs, national boundaries also are being recognized as barriers to the satisfaction of individual, business, and constituency needs (McDowell, 1992, p. 46). Kline's 1984 observation (p. 94) remains relevant, that the development of international trade, investments, and other relationships will offer many challenges and opportunities for sub-national governments and for federal relationships, internationally and nationally.

The aforementioned problems had not abated as indicated by John Kincaid (1993, p. 3), the then Executive Director of the Advisory Commission on Intergovernmental Relations. In a letter to President Clinton, he outlined IGR challenges. The challenges included an increase in federal mandates, preemption, regulation, policy fragmentation, grant fragmentation and multiple conditions, along with a shift in federal aid from future investment to current consumption, the decline of cooperative programs, and federal intrusions upon state and local tax bases.

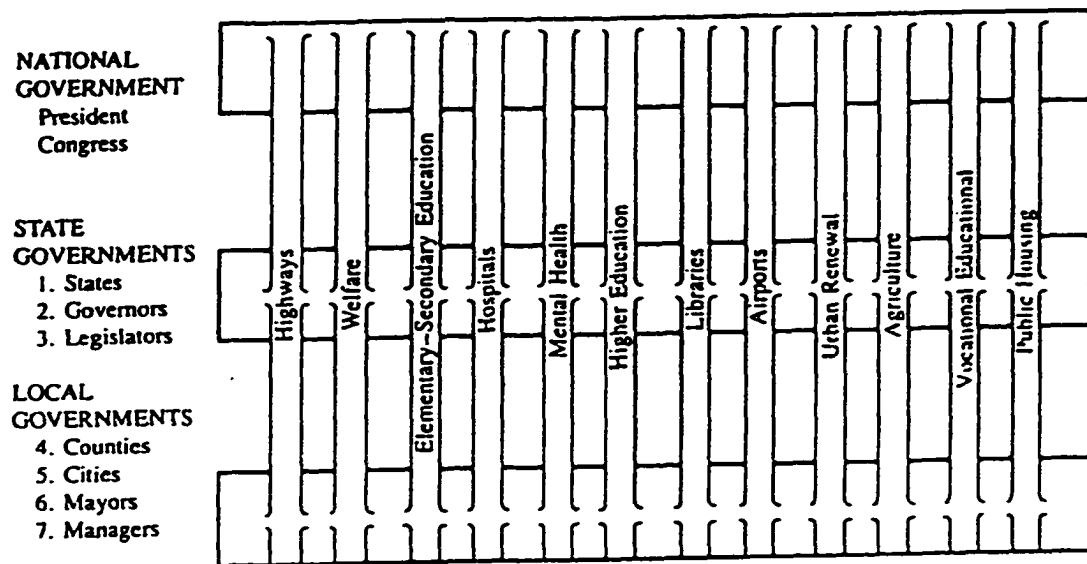
From Deil Wright's perspective (personal communication, 4 May 1992), municipal involvement in international relations could add another "picket" (i.e., international relations) to the "Picket-Fence of Federalism" along with education, welfare, urban renewal, highways, and airports. Wright (1988, p. 83) attributes the origin of picket-fence federalism to ex-governor Terry Stanford of North Carolina. According to Wright (1988, p. 83), the picket-fence metaphor illuminates the friction between the vertical functional alliances of administrators to their specialized programs and the horizontal coordination intentions of the policy generalists, either appointed or elected, which has produced great friction in IGR.

Each picket represents an alliance among like-minded program specialists ..., regardless of the level of government in which they serve. The seven public interest groups, often called the PIGS, or the Big Seven, parted company from the program of functional specialists. [Nevertheless,] ... they reasserted the executive-leadership doctrine and challenged the program professionals' doctrine of neutral competence. (Wright, 1988, p. 83)

See Figure 19 on the next page for a graphic description and Wright (1988, pp. 83-86) for amplifying information on the metaphor.

FIGURE 19

PICKET-FENCE FEDERALISM



The Big Seven Public Interest Groups

1. Council of State Governments
2. National Governors' Association
3. National Conference of State Legislatures
4. National Association of County Officials
5. National League of Cities
6. U.S. Conference of Mayors
7. International City Management Association

Figure 19. Picket-fence Federalism: a schematic representation.

Source: Wright, 1988, p. 83.

National Imperatives

It could be argued that the new internationally oriented activities of the states and cities are beneficial but are still subject to the dictates of Washington that handles "high-level" issues. Traditionally, from the federal perspective, economic issues and state and municipal activities are considered "low-level" issues. On the other hand, at a time when the need for coping with change is a national imperative, the State Department is continuing to lose enormous ground to other agencies at all levels of government. The problem is that the Department is no longer able to distinguish between high and low policy issues (Stemple, 1991, p. 124).

The U.S. Constitution explicitly excludes states from entering into treaties, alliances, confederations, or any agreement or compact with a foreign power, without congressional consent (Currie, 1988). While the Constitutional granting of foreign policy authority only to the President and the Senate has not changed, "the content of foreign policy itself has evolved, creating a different overlay effect on the federal structure, which alters the practical reality of foreign policy making and interpretation as it occurs in the U.S. federal system" (Kline, 1993, pp. 203-204).

Additionally, even though the U.S. Constitution is specific in authorizing only the federal government the right to declare war, make treaties, and regulate international commerce (Currie, 1988), much latitude has been extended to individuals, businesses, local and state governments to become involved in international

activities. In fact, "... over the past quarter of a century, state and local governments have entered into thousands of accords, compacts, and agreements (but not "treaties") with national and subnational governments around the world" (Fry, 1998, p. 5). Additionally, state and local governments' combined influence "... is likely to grow in the decades ahead, especially if Washington continues to slash foreign affairs-related budgets and increasingly shies away from foreign aid, U.N. dues, or more free trade agreements" (Fry, 1998, p. 4). As Kline (1993, p. 202) points out, "... national responsiveness to international change can depend heavily on the responsiveness of subnational governments, which in turn operate within the framework of the nation's federal structure." Further, in support of the foregoing, "Federal relationships are generally characterized by practical accommodations reached in the context of applied programmatic needs" (Kline, 1993, p. 201). And, Kincaid (1990, p. 6) sees the situation, "The U.S. Constitution makes states direct partners in foreign policymaking through their representation in the Congress, particularly the Senate."

As previously mentioned, concurrently, court decisions were diluting the Tenth Amendment to the U.S. Constitution, once the bastion of states' rights (Kincaid, 1989b, p. 245; G. Brown, 1987, p. 26) and the forces of change were removing the traditional shields held by the nation and its states which protected localities from global economic and technological forces, not to mention related ecological and environmental issues. After the increases

in federal authority implemented during the depression of the 1930s, previously referred to in this study, the 1960s and '70s saw federal regulatory controls over state and local governments increase dramatically. Changes in the national political process, such as senators and congressmen increasingly viewing themselves as national political officials, weakened any processes which previously protected whatever sovereignty the states might have had (Kaden, 1979).

Also mentioned earlier was the fact that the decade of the '80s witnessed "President Reagan's version of new federalism," actually begun during the Carter Administration in the late 1970s and accelerated under Reagan, with more autonomy granted to state and local governments and less federal funding at those same levels (Luke, Ventriss, B.J. Reed & C.M. Reed, 1988, p. 4). State and substate governments became more responsible for generating funds for federally mandated education, health and various social welfare programs (Kotler, Haider & Rein, 1993, p. 14). As an example of the federal government's changing role in providing aid to state and local governments, the aid, reflected as a percent of total federal expenditures, that stood at almost 16 percent in 1978 dropped to 14.5 in 1980 and on down to a low of 9.8 in 1989. In the 1990s, it rose to 12.5 percent for both 1994 and '95 (Economic Report of the President, 1997, p. 393). While health related federal aid increased dramatically (p. 391), nonhealth aid continued to decline into the 1990s, but the situation was exacerbated by the dramatic increase in federal regulations, often called "unfunded mandates,"

that affected state and local governments.

Ray and Conlan, using regulatory impact analysis prepared by federal agencies, conservatively estimate that state and local governments were "required to spend at least \$10.85 billion on federally mandated activities during the period between 1983 and 1994, and they were committed to a projected total of \$30.2 billion by the year 2019" (1996, pp. 13-14). This falls short of the crushing burden claimed, but remains a substantial sum even by conservative estimates. The 1995 Unfunded Mandates Reform Act, enacted to reduce the practice of unfunded mandates, will not eliminate them altogether (Fry, 1998, p. 42). Further, local governments also have faced a relative drop in their transfer payments from their states. "State and local governments anticipate that federal transfer payments will continue to decrease in the foreseeable future as a percentage of their own outlays, ..., while costs related to health care, social welfare, and corrections will increase at a robust rate" (Fry, 1998, p. 42). Fry (pp. 42-43) also believes that these trends will force state and local governments to generate their own revenue sources in the future, one major source of which will be taxes drawn from business involvement in international transactions.

"New federalism," also called "fend-for-yourself federalism" (e.g., Archer & Morici 1993; Shannon 1989), represents a departure from tradition, the results of which are producing great fiscal and structural problems in the United States at all levels. It is, however, arguable whether "new federalism" is a departure from

increasing federal centralism according to Scheiber (1993). In any case, "The variety and diversity, and the competitiveness, of the states in their economic policy role, is entirely consistent with historical tendencies" (Scheiber, 1993, p. 73), as previously noted by Fosler (1988) and discussed later in this section. It is only relatively recently, however, that states have switched from intervention in international economic matters to being direct players in the international arena. "Increasingly, state and local governments are involving themselves in foreign commercial activity and selected foreign affairs issues, with this urge to be engaged beyond the "water's edge" expected to intensify in the new millennium" (Fry, 1998, p. 9). This "urge" is not necessarily self generated. For example, the GATT and NAFTA trade agreements are forcing state and local governments to be involved in international relations because they contain provisions that require these governments to comply with their trade and investment regulations (Fry, 1998, 54).

In conclusion, according to Luke, Ventriss, B.J. Reed and C.M. Reed (1988, p. 142), the enthusiasm about state and local involvement in international affairs has not been without its critics. For example, The U.S. Trade Representative and the Treasury Department have been alarmed regarding state powers of taxation. The potential uses of taxation to help state export and trade investment could lead to trouble with GATT and its standards. Furthermore, the State Department worries that states' various commercial activities, such as Kentucky's one time desire to trade

with South Africa, will take on disturbing political overtones as covered in the political perspectives section of this study. Moreover, U.S. negotiators will have to consider that any multilateral agreement with other countries must also address the issue of state government investment agencies (Kline 1984). This could force the federal government to maintain control over state policies in this area.

Further, Fosler's 1988 (p. 18) observations are pertinent in the late 1990s. He commented that whatever its strengths and potential, the federal government's ability to initiate new programs has been constrained by massive debt and budget deficits. Having accepted that they could expect little help from Washington, state leaders began to recognize and test the potential of their own substantial powers. Additionally, "The federal retrenchment in domestic policy, begun in the Carter Administration and accelerated in the Reagan Administration, has not so much given economic powers back to the states as revealed the substantial power the states already had to affect economic performance" (Fosler, 1988, p. 17).

State Activism

State international economic development initiatives, previously discussed in this study, indicate a new found arena in which states can function with relative freedom from federal control. Fosler (1988) believes, however, that current state economic activism is not a departure from American political traditions, but very much in keeping with those traditions. For example, Shuman (1990) believes that the U.S. Constitution does not

inhibit state engagement in international relations and that the framers of the document intended to give states a central role in foreign affairs and foreign policy through their representation in the U.S. Senate.

As in the past history of the United States, therefore, states are responding to those political pressures related to economic change. The states' role "... is more salient now than in the previous half-century, because many contemporary economic challenges are more amenable to public action at the regional and local levels" (Fosler, 1988, p. 311). To put states' roles in perspective,

States cannot control all of the powerful forces that are transforming the world economy; nor can they be expected to compensate for inadequacies of the federal government or the private sector. However, they can play a marginal but significant role in promoting a private sector that is innovative, adaptable, and market driven. (Fosler, 1988, p. 329)

The role states play is becoming less and less marginal, according to Scheiber (1993, p. 70), and that, "By contrast, many analysts portraying the role of the state government and their leaders today, in the realm of foreign affairs [sic] and especially economic and trade policy, make the case for truly 'major' influence in the international scheme of things."

The "major" role of states has and will create problems, or perhaps greater creative and productive challenges depending on one's perspective, in intergovernmental and international relations. In the intergovernmental arena under "new federalism," two issues are relevant. First, there can be duplication of policy efforts in foreign market research and buyer/seller networking, and other types

of market research and dissemination, which can be inherently wasteful, if not coordinated by a central authority (Shannon 1989, Archer & Maser 1989, and Archer & Morici 1993). Second, the wide variation in individual state's capabilities to compete equally on financial, institutional, and resource bases exacerbates regional differences in economic development opportunities (Archer & Morici, 1993, p. 199)

Accordingly, it may be predicted that, "... state promotional activities will raise issues of equity among states as Washington's 'hands-off' policy allows wealthy states to take the lead in the U.S. struggle for economic competitiveness" (Brown, Fry, & Groen, 1993, p. 5, commenting on the Archer & Morici conclusion). On the international playing field, state activities, which verge on signing trade treaties or issuing foreign policy statements, cause consternation in nation-states regarding who is speaking for the U.S., as pointed out during the discussions on trade and politics in this study. These issues are yet to be resolved, but it is evident that U.S. states have a significant role in both intergovernmental and international relations and the Tenth Amendment to the U.S. Constitution is not dead despite continued efforts at centralization by the federal government, as indicated in part by Scheiber (1993, pp.83-85).

Taking a more sobering view, Harry Scheiber (1993, pp. 74-78) finds that: the private sector dwarfs state and local governments in providing coordination and infrastructure of foreign trade promotion; the most ambitious state and local trade or FDI

initiatives represent adjustments or extensions of long-standing, existing programs; the significant bargaining costs of state and local economic initiatives tend to be ignored when striving for competitiveness; and, perhaps there is an unwarranted excess of optimism regarding subnational cooperation as each participating cooperative partner angles for their own particular interests.

Scheiber (1993) concludes that state direct international activity is insignificant compared with the economic role of states in taxation, antitrust, environments, resource management, and other policy fields. He further warns that state intervention in the foreign economic policy of the nation is lacking in constitutional authority and, more importantly, there is a greater danger of the federal government imposing regulatory uniformity on broad state policies in the name of competitiveness (pp. 78-83).

In retrospect it is ironic as Blaine Liner (1990, p. 14) observed, "Back in the 1930's and 1940's, most astute observers had decided to ignore state governments. They were dead. Over. Through. None other than Luther Gulick proclaimed them at a desirable end." They only were seen as adjuncts to the federal system and formed a pool of candidates for federal elected or appointed offices. In 1965, Everett M. Dirkson stated "In the future the only people interested in state government will be Rand McNally" (New York Times, 1995, p. 1). But almost 25 years later, the Tolchins demonstrated that states led the nation in shaping foreign investment policy (Tolchin & Tolchin, 1988). They were hampered neither by executive branch leadership nor congressional oversight.

Others had come to the same conclusion in export promotion. "... few state leaders would let much stand in their way of their trade and investment and promotion efforts, federal or otherwise. The sea of change in the capability and performance of state governments over the past 25 years is easily observed in the international arena" (Liner, 1990, pp. 14-15).

Prior to the advent of "new federalism," in 1973 a three-day workshop was held in Columbia, South Carolina on international trade by the Southern Growth Policies Board. It was probably the first meeting of state and local officials to discuss the topic and involved 13 southern states. Despite equal proportions of enthusiasm and skepticism, the arguments for going overseas were met with relative skepticism. Over the following years, however, states' officials, along with representatives from their local governments and the private sector, moved aggressively to help establish a presence in the global marketplace. They did this by working not only with overseas prospects, but with local municipalities, neighboring city governments, and local and statewide special interest and civic groups. In the meantime, "the federal government toiled over macro-economic issues that were of great moment and of concern only inside Washington's Beltway." (Liner, 1990, pp. 11-12)

In the same vein, Fry (1998, p. 90) observes that despite the many federal programs provided to facilitate intergovernmental cooperation, many state officials believe that they have minimal input in the formulation of U.S. policy affecting the multilateral

issues that they face and that federal cooperation has been sporadic, inept, and sometimes disappointing. Additionally, some state officials have complained about the lack of assistance coming from domestic and foreign based federal trade officials (Fry, 1998, p. 114), despite the local assistance programs mentioned in the trade section of this study, and commercial officers in Europe located in U.S. consulates and embassies (Levine, 1993-1994, pp. 43-45). In spite of this state of affairs, there has been growing interaction between state, local, and federal authorities, but state officials consider this collaboration to be ad hoc and lacking institutionalization, and place most of the blame on Washington (National Governors' Association, 1995). Local government officials, according to Fry (1998, p. 90), also have expressed similar observations regarding their relations, not only with Washington, but with their state governments.

Fosler (1988) further observed that, in the federal system, states are geographically defined by state boundaries and politically defined by the key power centers where public action is taken, but their economic and sociocultural definitions rarely are circumscribed by their boundaries. They correspond to the contours of regional economies and regional sociocultural conditions. Any definition of a state economy or state culture, therefore is a contrived artificial measure because these activities in any given state or sets of states are the aggregation of all or part of the various regional economies or sociocultural activities within its borders and that transcend its borders. "It is the vitality of

those regions that matters" (Fosler, 1988, P. 5).

This discussion points out, as Fosler observes, "that one of the greatest institutional challenges to states is to integrate their economic programs in specific geographic regions..." (1988, p. 375). This is required to assure that various disparate but related activities (e.g., business incubators, research, product commercialization, financing, training, and export promotion programs) are brought together in a practical way. Fosler indicates that this should happen in specific locales, but modern information technology may alleviate this requirement. To create this synergy "... will require not only better integration of programs at the state level but between state and local governments at the substate regional level. (Fosler, 1988, p. 325.)

States may be constrained at times by aggressive federal policies or encouraged by a relaxation of those policies. State economic activism is not considered a departure from American political traditions. It is becoming increasingly appropriate in this era of dynamic change through entrepreneurial promotion of a private sector that is innovative, adaptable, and market driven. One of the greatest challenges is for states to integrate their economic programs in various specific geographic regions as pointed out by Fosler (1988) and reinforced by Elkins, Bingham, and Bowen (1996), without overstepping constitutional authority. Apart from multistate regional integration problems and constitutional problems addressed by Scheiber (1993), states must recognize the value of local participation at the grass-roots level involving

municipalities and their communities and substate regions.

Substate Regions

From the state perspective, state governments are becoming more and more involved in the governance of metropolitan regions. According to Fosler (1988, p. 327), there are several reasons for state involvement: responsibility for major highways, mass transit, health, environmental regulation/protection, education, and some tax revenues, to mention a few. States also, to a great extent, establish the legal, administrative, and fiscal framework in which local governments operate. Additionally, metropolitan areas have spread way beyond traditional local government boundaries, or are made up of a fragmented pattern of local governments such as found in Boston and New York, and their economies have grown far more complex; calling for much greater state coordination throughout. The requirement for state coordination is most evident in those instances where several municipalities form a metropolitan region. It also is in regions where competition between communities for economic development prizes can be the most intense.

In the context of this study, the regions of greatest import are those that overlap one or a few states or are located within a single state. Regions are important as economic, cultural, and political entities that exert varying levels of power or are dissipating their power potential through factionalism. They possess the capability to make or break a state's economic development program as will be discussed in this section.

On the local level, regions such as greater Boston, New York, or greater Los Angeles are more than just the sum of their parts and their economic growth is affected not only by what is happening globally, but is happening in the cities, towns and counties that make up the whole in each of the greater areas. As noted by Fosler,

They are important economic assets in and of themselves. Wealth is generated not just through the solitary actions manufacturing firms, business services, individual workers, financial institutions, universities or entrepreneurs but by the interaction and synergy among them. (1988, p. 324)

Fragmented regions with multiple governmental jurisdictions are not conducive to meeting regional needs or solving regional problems, even if public choice theory concludes that fragmentation is not a problem. (Wallis, 1994b, p. 165; but also see Kenyon & Kincaid, 1991a) As noted by the International City Management Association (ICMA) Committee on Problems in Regionalism (1973, p. 25), "their scope has been increased greatly, expanding far beyond single jurisdiction boundaries" and do not lend themselves to resolution on a "geographically piecemeal basis." Problems such as water supply, air quality, and transportation issues, require a regional approach because they are not confined within a single governmental jurisdiction (B. Jones, 1983, p. 406). Economic development initiatives possess the potential for creating regional problems and are equally amenable to being solved on a regional basis. Additionally, economies of scale may be achieved in such technical but standardized services as area wide pollution control, sewage disposal, and public transportation, through a regional approach (ACIR, 1974, p. 46). Economic development agencies also

are candidates for economies of scale. Unfortunately, individual jurisdictions do not see the issues in the same light and it falls to the state to attempt to handle these potentially divisive and destructive situations.

Miles Friedman, Executive Director of the National Association of State Development Agencies, has emphasized that more cooperation is needed between regional communities, because there are issues which are beyond the state's control. Regarding economic development, each municipality must stop having the majority of its economic development pitch directed at why the firm being wooed should not locate in a city's neighboring cities. There is enough mutual benefit for all, therefore, cities should concentrate on what is positive about their individual communities and the region as a whole. (Friedman, personal communication, September 12, 1995)

In the past, regionalism was directed at maintaining the central city's hegemony in the region's economy, but currently "the challenge is to make the interconnected economies of all communities in the metropolis competitive in the global marketplace" (Wallis, 1994a, pp. 40-41). A region's political economy serves to shape its political institutions and makes regionalism (i.e., regional cooperation) possible. Accordingly, regional institutions can facilitate economic vitality. These institutions appear in various forms, which range from formal cooperation to loosely organized partnerships. (Savitch & Vogel, 1996, pp. 4-5) These institutions primarily reside in urban areas, but there has been a substantial growth in the cities' suburban surroundings along with some

adjoining rural areas.

The urban region is a basic unit of economic geography, comprising common labor, commuter, advertising, communications, supplier, producer, and consumer markets. But urban regions today rarely correspond to the conventional concept of a metropolitan area made up of a central city surrounded by suburbs and sharply encompassed by a rural countryside. (Fosler, 1991b, pp. xxiv-xxv)

Additionally Lucy and Phillips (1994) have observed that local governments cannot act alone successfully in enhancing the quality of interstate (and state) highways, airports, universities and colleges, military bases, and seaport facilities. At a minimum, substantial intergovernmental capacity is required to accomplish intergovernmental objectives. Accordingly, "healthy local governmental units and a framework for effective regional action contribute to regional economic performance" (Lucy & Phillips, 1994, p. 3).

From the local perspective of both urban centers and rural areas, the development of the suburbs in the 1950s made the governing both of each in their own contexts and in the metropolitan whole, problematical. Cities were transformed into metropolises and new political and economic structures emerged to deal with the area-wide and localized phenomena presented. On the political scene, small-town forms of government were created in the metropolis, leading to a proliferation of municipalities and single-purpose governments that fragmented authority, made it difficult to alleviate cleavages, and deal with growth problems affecting the entire metropolitan region. (Harrigan, 1976, chap. 6) Economically, population and job growth occurred increasingly in the suburbs,

particularly in Garreau's (1991) "Edge City" clusters.

The principle distinctive feature of suburban politics has been autonomy, which is the signal political token of their distinctiveness. Suburbia is in essence an attempt to bring back Jeffersonian democracy, according to Robert Wood (1958, p. 14). Metropolitan sprawl could have occurred with central-city annexation and without independent suburbs, but that did not happen, nationwide. According to Kenneth Jackson (1972) the fact that this did not occur reflects the strength of the political motivation to keep new settlements separate from the old central cities.

Accordingly, one of the key themes that has prevailed in the many specific issues of suburban politics has been that of defending local autonomy from encroachment by big-city or metropolitan government. ... Politically, then, suburbia is distinct in that there is no overall suburban or metropolitan government; there are many governments. Governmentally and politically, the metropolis has become multicentered. (Harrigan, 1993, pp. 288-289).

There were, however, consequences of unrestricted suburban growth. The diverse number of suburbs creating a multicentered metropolis precludes any coherent approach to controlling metropolitan sprawl, and the more it continues the more suburban gridlock it produces and the greater proliferation of individual municipalities' economic problems vis-a-vie state and federal financial support or lack thereof.

As the proliferation of governments continues, the basic problem of getting regional or collective action to gain overall public good becomes increasingly difficult. (Harrigan, 1993, pp. 306-308) Nowak (1997) reinforces Harrington's observation through placing the stark problem of inner city poverty within the

metropolitan region context. Harrigan also points out that there are some biases connected with uncontrolled metropolitan growth, in favor

of those who profit from sprawl--particularly land speculators, real estate developers, and large retailing enterprises. It is biased against the conservationist and environmentalist vision of the public good. It is biased against effective citizen input. (1993, p. 310)

The foregoing biases evoked considerable disputes involving a wide spectrum of options, with the centralized general-purpose government at one extreme and decentralized governance without a metropolitan government at the other. The biases of the latter approach predominated (Harrigan, 1976, chap. 7). But, "Seldom has it been concluded that the Jeffersonian ideal of small-town democracy ought to be scrapped in suburbia and replaced with a general-purpose metropolitan government" (Harrigan, 1993, p. 344). Further, that

... rather than making sweeping changes in governmental structures, local officials generally prefer to make incremental changes when they become necessary in order to deal with specific problems that arise. These incremental changes tend to protect and preserve the status quo and avoid any fundamental alterations in the governmental apparatus. (Harrigan, 1993, p. 344)

The hopes of attaining metropolitan government, as observed by Harrigan (1976, chap. 10) were "pretty well dashed by the mid 1970s, but the problems of the multicentered metropolis did not disappear" (Harrigan, 1993, p. 370). The few attempts at metropolitan government reform (e.g., Toronto, Miami, and the Twin Cities) have had mixed results due to public mistrust of metropolitan government.

Observers of metropolitan politics argued, and continue to argue (Davis, 1996), that metropolitan areas should have single legislative bodies to ensure regional authority. "What was seen as unacceptable by most urbanologists was a multiplicity of governments in the same region. That gave an effective veto to each jurisdiction, eliminating the possibility of a rational and effective solution for regional problems" (Edwards, 1992, p. 5).

David Rusk (Baltimore Unbounded, 1996) finds that solutions are not possible by any one level of government, but the key to finding a solution is the state government. It must play a key role and metropolitan institutions must be flexible to adapt. Rusk (Cities Without Suburbs, 1995, 2nd ed.) sees the promotion of region-wide economic development as a strategy for reunifying metropolitan areas. Anthony Downs (New Visions for Metropolitan America, 1994) provides some alternatives to formal metropolitan area government: voluntary cooperation among local governments; state government departments/agencies; private-public coordination; functionally-specialized regional agencies; and federally-rooted federal agencies (e.g., ISTE). He recommends three methods for implementing regional governance: federal incentives for regional institutions; state requirement for coordination of local land-use decisions; and creating/identifying social crisis to galvanize a regional effort. However, he points out political issues/obstacles associated therewith: winners versus losers in adapting regional governance, and resistance to structural change from local, state and federal governments. There have been some successes based on

public-private sector imperatives as found in the Silicon Valley example.

Tom McEnery, the former mayor of San Jose, California (The New City-State, 1994) and Annalee Saxenian (Regional Advantage, 1994) explore entrepreneurial cities and regions, with focus on the Silicon Valley, which prospered while Boston's Route 128 declined. Saxenian notes that the trick was to develop regional policies that "help companies to learn and respond quickly to changing conditions--rather than policies that either protect or isolate them from competition or external change." The goal then was to foster the development of flexible communities of interest through local private and public networks (Ohmae, 1995b, p.96) Saxenian, in her comparison of Silicon Valley and Route 128, the engines of the microelectronics industry in the U.S., notes that the Valley prospered because of its laid-back, freewheeling style, which attracted top-flight people, ideas, and venture capitalists and allowed them combine and continuously restructure in other combinations in a "networked" industrial model. "By providing an open local point of connection to the fast-moving, worldwide universe of technology and technologists, it quickly outpaced its Massachusetts rival" Ohmae, 1995b, p. 94). Route 128, however, went to Washington, DC seeking federal funds for research and development by lobbying for "competitiveness," and grew protectionist. In the latter vain, it began to discourage, even bar, FDI and foreign takeovers. As a result, the protectionist "subsidies" for the U.S. semiconductor market are the highest, the

costliest, of any protectionist trade subsidies in America and where Route 128 had over twice as many employees as the Valley in the late 1950s, the Valley had three times as many employees in 1980.

Tom McEnery (1994) reinforces Saxenian's study when discussing San Jose, considered part of Silicon Valley, in the regional context of global competition and found that flexible, entrepreneurial cities are the winners with minimal reliance on federal funds. He sees one of the keys to financial survival to be privatization of city and regional services that cannot be efficiently provided by the public sector, with public-private partnerships forming the basis of privatization arrangements. He does not support the forming of a regional government because it is "an attempt to decrease the power of cities..." to think locally and act globally, which would dilute the flexible entrepreneurial arrangement existing in the Santa Clara Valley (i.e., Silicon Valley).

Regions, however, have become extremely important units in the make up of domestic and global economic geography, in many cases eclipsing the cities, suburbs, and rural areas of which they are comprised,

... in part because globalization renders boundaries less significant in determining market boundaries. Thus the greater St. Louis region today is competing with Kita Kyushu and Emilia Romagna as well as with Puget Sound and eastern Massachusetts. (Fosler, 1991b, p. xx)

Unfortunately however, "Most American metropolitan areas lack the institutional base to develop and implement regional economic strategy. Rather than work cooperatively to develop the economy of the region, local jurisdictions typically compete with one another

to attract business" (Fosler, 1991b, p. xxv).

There have been various attempts to cope with or solve the issue of regionalism. Regional problem solving at first was mandated by nationally driven regional planning organizations during the 1960s due to the expansion of urban issues into the surrounding suburban areas. These were seen as a "necessary evil" by local officials, to be tolerated if they were to receive federal financial aid. The '70s were characterized by top-down governmental consolidation and bottom-up voluntary cooperation. The numerous attempts at consolidation resulted in seven that were successful in the '70s, and suburban fears resulted in only one each in the 1980' and '90s. Though bottom-up informal voluntary arrangements received little publicity, they accomplished a great deal. These arrangements for the delivery of local governmental services were instigated by the prohibitive costs of providing services alone. In the 1980s, with the withdrawal of federal funding and influence, communities become more independent in pursuing economic development, but crosscutting issues such as illegal drugs and solid waste management required communities to enter into intercommunity partnerships. These relationships took many shapes and involved leaders from all sectors of the community. This latter trend appears destined to continue into the 1990s. (Dodge, 1990, pp.354-362) For a more in depth discussion, see William R. Dodge's book, Regional Excellence: Governing Together to Compete Globally and Flourish Locally (1996).

It appears that intercommunity partnerships have extended into the 1990s, supplemented with a resurgence of voluntary arrangements and the implementation of public-private partnerships (Cisneros, 1993; Dodge, 1996; McEnery, 1994; Peirce, 1993; Rusk, 1995 & 1996). Gone are the top-down approaches pushed by higher levels of government because, as in the past, they will be rejected, thwarted, or subverted (Wallis, 1993, p. 130). Wallis believes that regionalism will succeed if a sense of regional citizenship is cultivated through: building consensus and resolving disputes, enhancing identity and environmental stewardship; creating neighborhood identities and governance; creating new forms of public-private and public-nonprofit partnerships; and ensuring that the citizens and media identify with the region. The foregoing requires promotion through regional leadership forums and training to raise the awareness of regional issues. (Wallis, 1993, pp. 133-36)

In brief, "Regionalism must emerge from a regional civic community if it is to be effective. Viewed in a global context, those regions that fail to learn how to function as units are very likely to face accelerated decline" (Wallis, 1993, p. 137). Regionalism, regions, and local economies must survive in the realm of politically contrived and managed jurisdictions that are under the cognizance of American states, but interact at the local level.

Municipal Imperatives

Fry (1998, p. 9) makes the point that "Arguably, the future competitiveness of the nation as a whole is rooted in local politics and economics." His point has been substantiated by a number of authorities as covered in this study. Fry (1998, p. 53) further points out that local officials believe they are best suited to assist the small business community and implement the strategy of thinking globally and acting locally, in the spirit of former House of Representatives Speaker, Tip O'Neill's statement that "all politics is local politics" and Samuel Huntington's observation that "all power is local power" (1996, p. 42).

The basis for local dynamics originated in the rugged conditions where American town and country dwellers were individually responsible for their own subsistence, unlike the towns and cities of Europe where many of the necessities of life came from the country.

This gave American Towns an independence of spirit, but also reinforced the general assumption that urban self-sufficiency was the normal state of affairs. This was fine in good times, but proved to be a problem when cities encountered difficulties, not always of their own making. This attitude persists today; whether it relates to immigration, poverty, or industrial unemployment, cities are expected to solve their problems themselves. (Rybczynski, 1995, p. 78)

At the local level, the form of government may be important to the way basic and IGR issues are handled, both in the good and bad times described above. The old style municipal government of a mayor and council system with partisan elections and wards would be prone to be responsive to citizen interests and special interest groups. Reformed municipal governments, however, with a city

manager system, nonpartisan elections, and large constituencies may be less responsive to controversial issues. (Lineberry & Sharkansky, 1978) There are various mixtures of the two types of systems and their responsiveness would vary in accordance with their location on the continuum between unreformed and reformed systems of local government. "In addition, the personal beliefs of key decision makers, their partisanship, their tenure in office, and their personal ambition may be important as well" (Hobbs, 1994, p. 16). Therefore, as Hobbs (1994, p. 17) points out, it is important to know about the composition of the local government to understand where they will stand on municipal involvement in international relations, or more specifically whether they will take positions on politically controversial foreign policy issues.

The composition of local government also affects the degree of institutionalization of their involvement abroad. The interest of one mayor in international linkages may not be carried over into the next regime with the inevitable demise of any international initiatives that may have been consummated while the longevity of a similar program may be greater in a reform government. One elected mayor who strongly believes in institutionalization of the international process in city hall and the community is Mayor Ron Loveridge of Riverside, California. His checklist to facilitate institutionalization is listed in Figure 20 on the next page. Institutionalization also involves committing funds in the form of budgets and personnel to handle the functions. Though budgets can be changed and people redirected to other jobs, these two elements

FIGURE 20

**CHECKLIST TO FACILITATE INSTITUTIONALIZING
THE INTERNATIONAL PROCESS**

1. Educate and inspire; read Rosebeth Moss Kanter's book World Class: Thriving Locally in a Global Economy.
2. Focus on the Region as Well as Your City; read William R. Dodge's book Regional Excellence: Governing Together to Compete Globally and Flourish Locally.
3. Inventory Resources and Assets.
4. Set Up a Task Force.
5. Prepare and Adopt a Strategic Plan.
6. Secure Funding and Staffing.
7. Develop a Mayor's International Cabinet, or a similar activity that is a part of the city government.
8. Have an Active Sister City International Program. Also, Host International Visitors.
9. Work Closely With Colleges and Universities.
10. Benchmark Progress and Trade.

Figure 20. Ron Loveridge's checklist to facilitate institutionalizing the internationalization process at city hall and in the community.

Source: Mayor Ron Loveridge's presentation to the National League of Cities Leadership Skills For Economic Development Forum, December 2, 1997.

assist in the institutionalization process. Relating to institutionalization, both within local governments and with their contacts with other jurisdictions, Fry (1998, p. 88) observes that "Although cities have significantly increased their involvement abroad, institutional linkages are still very tenuous, with the possible exception of Sister City networks." Further, the National League of Cities 1996 survey indicates that most smaller cities, which focus on local or regional markets, are only beginning to appreciate the opportunities available in the international economy.

Another consideration in local IGR dynamics involves the structural definition of the locality. The city in a multi-municipality structure, normally, is well defined politically and geographically, but its economy and socioculture are not necessarily as well defined and usually transcend not only its boundaries, but those of the surrounding suburbs and country side. "It is not unusual today for the suburban portion of the metropolitan area to have surpassed the central [or core] city in total jobs as well as population" (Fosler, 1991b, p. xxiv).

Ledebur and Barnes (1993), analyzing 1990 census data, found that in metropolitan areas with the most rapidly growing suburbs, measured by changes in median household income, central cities incomes also increased; "No suburbs in the high growth set experienced income without corresponding growth in their central city. This indicates that cities and suburbs are interdependent" (p. 1) Further, where central cities incomes decreased, so did those of their suburbs (p. 5). This relationship is not diminishing,

but becoming stronger and is critical to the debate about whether suburbs can, on their own, prosper and succeed regardless of what happens to the central city.

The internal indicators of the integration of local economies have demonstrated that the prosperity of cities and suburbs are interdependent (Cisnaros, 1993; Downs, 1994; Ledebur & Barnes, 1993; Peirce, 1993; Rusk, 1995; Savitch, Collins, Sanders, & Markham, 1993). As Downs (1994, p. 52) notes, it is a "delusion" for suburban residents to think that they are independent of central cities, but their welfare is linked to how well central cities perform. The converse of this proposition also has been demonstrated (Barnes & Ledebur, 1994, chap. 4). This, however, does not imply causation, but that the relationship is mutual, interactive, and interdependent (Barnes & Ledebur, 1994, p. 11). In short, cities and suburbs are inextricably intertwined as a single regional economy. (Ledebur & Barnes, 1993, p. 1)

Additionally, as pointed out by D. Allen Ablowich (1996), there can be several regions within one municipality or metropolitan geographic region. Each of these regions also may not have the same or contiguous boundaries. Economic regions may differ from political or sociocultural and all three may have different boundaries. Technological centers may be a part of the economic region or form their own separate region in the vicinity (e.g., suburbs), but within the metropolitan region.

A metropolitan region may have, and most often does have, several economic, sociocultural, and political regions. The central

issue is how institutions can shape regional interests to make them more competitive in the global marketplace when success most likely lies in addressing numerous issues with individually small but cumulatively significant impact, economically. (Adapted from Fosler, 1988, p. 5.) "Designing strategies that take into account that geographic reality is one of the keys to effective local economic strategy. The absence of such regional definition is one of the principal deficiencies in American economic policy" (Fosler, 1991b, p. xxiv).

Barnes and Ledebur (1994, p. 1) argue that confusing governmental or political jurisdictions with economies conveys an incomplete and incorrect picture. The jurisdiction of the federal government (i.e., the nation) is not an economy, and neither are state and local governments. They are polities and they distort the true U.S. economy, which is the linked, interdependent system of local economic regions. The nation oriented economic paradigm creates the illusion that the economy is beyond the control of local citizens and officials. The local economic region paradigm challenges local citizens and officials,

... to find ways of working collaboratively for the economic future of their region, and to develop new partnerships with states and the federal government [not to mention neighboring local political jurisdictions] to promote the economic welfare of individual regions and the common market [in which they exist]. (Adapted from Barnes & Ledebur, 1994, p. 3)

"In the United States of the late twentieth century, the real economies are mainly metropolitan-centered regions. They are not congruent with the nation's boundaries, nor states', nor municipalities' [sic]" (Barnes & Ledebur, 1994, p. 5). Evidence of

this is found in the variation in performance across individual local economies, both the variation and internal coherence over time in the form of differentiated local industry cycles, and the indicators of internal integration of local economies. Barnes and Ledebur (1994, p. 17) further observe that,

Non congruence of the economic and political federalisms ... constitutes a major obstacle to economic policymaking and policy implementation. Local political jurisdictions are unable to identify their real economic interests because their view is incomplete or incoherent vis-a-vis the LER [local economic region]. State and federal governments mistakenly believe their boundaries constitute "economies," and they have no rationale for treating LERs distinctly. The resulting jurisdiction focused economic policies are ineffective in promoting the nation's real economic interests and, in many cases, may be as harmful as they are productive.

Barnes and Ledebur (1994) conclude that no options exist to changing tiers of jurisdictional government or to altering their boundaries, both sanctioned by the U.S. Constitution at the state and federal levels. At the local level, a limited degree of flexibility exists, but this disappears in the heat of tradition and competition. The only alternative centers around some form of intergovernmental vertical and horizontal collaboration, along with public-private-nonprofit partnerships, as discussed in the previous subsection of this study. (Adapted from Barnes and Ledebur, 1994, p. 17) Regardless of the solutions to be pursued to ameliorate greater metropolitan problems, the relative degree of freedom of action each locality has, or lack thereof, is determined by their political relations with their respective states as each state interprets the Dillon Rule.

The Dillon Rule

It remains unquestioned that states possess Constitutional authority and exercise direct regulatory control over counties, municipalities, and the citizenry. They also have a great deal of responsibility for infrastructure maintenance, education, social welfare, and a number of other services that are beyond the capabilities of local counties and municipalities to provide. But, as many scholars have pointed out previously in this study, if cities are the key to participation in the global economy what happens, to paraphrase Canadian economist Tom Courchene (1990, pp. 14-15), to the ultimate sovereignty of those states and provinces in Canada that do not have such an international or domestic economic engine within their territory? In the same frame of reference, if only one such entity exists in the state it probably could capture state sovereignty, for better or worse depending where one resides.

The following narrative regarding the status of municipalities and counties in the federal system is derived from Chapter 2 of Roscoe C. Martin's 1965 book, The Cities and the Federal System. At independence, the former colonies, now states and their communities had won the autonomy for which they had fought. The winning of independence was considered to be that of local freedom for the immediate community. "Local rights and privileges, and in particular the privilege of freedom from government, was a hard-won and dearly-held possession" (Martin 1965, p. 22). It was recognized that some form of union was necessary, and the one that offered the

least threat to local independence was confederation, but it resulted in local anarchy and state factionalism. A compromise was created between diversity and unity, which was the federal system that established the middle ground between the two extremes of local autonomy and central government. The Constitution was the result that recognized state supremacy over local government and reversed the traditions of colonial history. (Martin, 1965, p. 28-9)

Local governments, particularly cities were not prepared to accept state control over their affairs and continued to attempt to assert their prior rights. Local rights were finally set in their "proper context" by the Supreme Court of Iowa in 1868 in a historic decision: Municipal corporations owe their origin to, and derive their powers and rights wholly from, the legislature. " They are, so to phrase it, the mere tenants at will of the legislature." (City of Clinton V. Cedar Rapids and Missouri River Railroad Company, 24 Iowa 455 (1868), p. 475) The decision, known as Dillon's Rule or the Dillon Rule from the name of the presiding judge, subsequently was upheld by the Supreme Court of the United States. It remains the ruling principal regarding the legal status of cities; i.e., "the city has no rights apart from or above those granted by state law. Legally it is a creature of and totally dependent on the state" (Martin, 1965, p. 30).

In practice, however, cities have been able to enjoy a considerable measure of independence, depending on the state in which they are located. Many states have granted their cities certain rights. This is called "home rule," by which a state

concedes to its cities (or counties) some autonomy over local affairs. These rights of autonomy may be either broad or limited. States of the southwest are the most prevalent in this practice, but liberal measures also exist in Missouri and Michigan. New York state has granted a degree of home rule, but this is eclipsed by the sheer power that New York City exerts. There are other examples, such as Chicago in Illinois. (Martin, 1965, pp. 30-31)

Just because cities are not expressly recognized in the Constitution and have been relegated to subordinates of state legislatures under the Dillon Rule, does not mean that they are not members of the federal partnership. "Cities have played a significant part in the functioning of the federal system for many years. ...the practice of cooperative federalism has long since brought the cities--indeed all local governments--within the orbit of the federal system (Martin, 1965, pp. 32-33). "It is the common sharing of public responsibilities by two or more levels of government; i.e., "national-with-state (or the reverse), national-with-state-with-local, state-with-local (though technically this is an intrastate rather than a federal matter), or federal-with-local" (Martin, 1965, p. 37). In conclusion, as Knight (1989b, p. 329) points out,

In order to remain viable in a global society, cities have to change the constraints placed on them by virtue of their being bound by the laws of the state. After defining their role in global society through the civic process, cities must then secure whatever support is needed from national [and state] governments to reach their goals.

While it is true that a city's powers are greatly circumscribed by the 14th Amendment to the U.S. Constitution, and there has been no

serious challenge to the status of cities since the Dillon Rule was decided and upheld by the U.S. Supreme Court, cities and counties are finding renewed power in lobbying efforts at the state and national level. Efforts to increase local government relevance, relating to the Dillon Rule and other regulative restrictions, have resulted in lobbying in state legislatures and in Congress. This political tactic has recently added a new dimension to local governmental activities. Lobbying provides a venue for local activism in the state and national arenas.

Summation

The U.S. Constitution contains the basic structure and distributive authority among various levels of national, state and local government, but many of the details can be found in the Federalist Papers, congressional legislation, and implementing directives, regulations, and judicial opinions. Intergovernmental relations spans these and encompasses all of the changing arrangements, and combinations thereof, among various units of government in the U.S. system. Some believe that federalism and intergovernmental relations extend to the individual citizen and that individual liberalism provides the dynamic upon which the broad perspective of federalism and IGR is based. Most of the IGR focus in the past has been on federal fiscal relations with state and local governments, but much of that is changing with new federalism, federal devolution, and other dynamics such as state and municipal involvement in international relations.

New federalism represents a departure from the traditional role of the federal government and the results have been producing great fiscal and structural challenges at all levels of government in the United States. It also has generated a spirit of entrepreneurship among the state and local levels of government. This entrepreneurial approach has been manifested in states and municipalities becoming direct, active players in the international commercial arena seeking trade and investment.

State international economic development initiatives represent a new area in which states can function with relative freedom from federal control. This initiative is not without controversy, however. Analysts see several possible areas of conflict, including duplication in research policy efforts between state and federal agencies, issues of equity between rich and poor states' abilities to compete, confusion as to who is speaking for the U.S. on the international playing field, and intra nation turmoil as each participating element angles for their own particular interests. Over the years, however, states have sought cooperation and coordination through working with local municipalities, neighboring city governments, and both local and statewide special interest and civic groups. They also have endeavored to obtain federal assistance, coordination, and cooperation with mixed results. Local officials report similar observations, not only with Washington, but with their state governments as well. Fry (1995, p. 35) maintains, however, that "Municipal representatives should network with federal, state, county, and neighboring municipal officials to

ensure that the interests of their local business communities are adequately represented by these other levels of government."

Substate regions create one of the greatest institutional challenges to state governments and their economic programs because they do not conform to any established political jurisdictional boundaries at the local level. Regions are important as economic, cultural, and political entities that exert varying levels of power. They possess the capability to make or break a state's economic development program because of the fragmentation of jurisdictional authority. Multiple governmental jurisdictions are not conducive to meeting regional needs or solving regional problems, particularly if they are in direct competition with each other over, among other things, economic development initiatives. It therefore falls on the state to handle these potentially divisive and destructive situations because the challenge is to make the interconnected economies of all communities competitive in the global marketplace. A region's political economy serves to shape its political institutions and makes regionalism (i.e., regional cooperation) possible. Accordingly, these political institutions can facilitate economic vitality or break it. These institutions primarily reside in urban areas, but there has been a substantial growth in the cities' suburban surroundings along with some adjoining rural areas. As Lucy & Phillips (1994, p. 3) point out, "healthy local governmental units and a framework for effective regional action contribute to regional economic performance" from both a state and a local perspective.

"Arguably, the future competitiveness of the nation as a whole is rooted in local politics and economics" (Fry, 1998, p. 9). The form of local government may play an important role in the dynamics of regional action and in the institutionalization of local international initiatives. Another consideration in local IGR dynamics involves the structural definition of the locality. The city in a multimunicipality structure, normally, is well defined politically and geographically, but its economy and socioculture are not necessarily as well defined and usually transcend not only its boundaries, but those of the surrounding suburbs and country side. Metropolitan areas with the most rapidly growing suburbs or decline also have commensurate growth or decline in their central cities, indicating that cities and suburbs are interdependent. Additionally, a metropolitan region most often does have several economic, sociocultural, and political regions whose boundaries are overlapping and not contiguous. The central issue is how institutions can shape differing regional interests to make them more competitive in the global market place when success most likely lies in addressing numerous issues with individually small but cumulatively significant impact, economically.

Capitalizing on differing regional interests is possible, as those who participated in the entrepreneurial blooming of cities and regions in Silicon Valley experienced. The Valley prospered because of the ability of the varying actors to develop policies that assist all concerned learn and respond to changing conditions rather than protect or isolate them from competition or external change. In the

regional context of global competition, the flexible, entrepreneurial municipalities involved in Silicon Valley therefore excelled with minimal reliance on federal funds. Intercommunity partnerships have extended into the 1990s, supplemented with a resurgence of voluntary arrangements and the implementation of public-private partnerships. Regionalism, regions, and local economies must survive in the realm of politically contrived and managed jurisdictions which are under the cognizance of American states. The relative degree of freedom of action each locality has, or lack thereof, is determined by their political relations with their respective states as each state interprets the Dillon Rule. In those states where it is liberally interpreted have reaped the benefits of having world-class municipalities in the form of cities and metropolitan areas emerge to the mutual benefit of all concerned. These global or international cities are the subject of the next and final exploratory section of this study.

International Cities Perspectives

Globalization and Municipalities

To place municipalities and "international cities" in their environment, some observations on globalism pertain. According to Rosebeth Moss Kanter (1995, p. 11), "Globalization is surely one of the most powerful and pervasive influences on nations, businesses, workplaces, communities, and lives at the end of the twentieth century. Information Technology, communication, travel, and trade that link the world are revolutionary in their impact." Further, as Knight (1989a, p. 12) had earlier observed,

With the advent of the global economy, nation building is becoming more and more synonymous with city building. Cities serve as the nexus of the global society. As the global society expands, a nation's welfare will be determined increasingly by the roles its cities play in the global society.

Two points are relevant from the municipal perspective. First, globalization presents a powerful urban influence based in economic restructuring with complex social, political, and spatial dimensions. Second, cities cannot be passive in the face of globalization because they must deal with it through mediation and negotiation in complex ways. "In this sense, cities are unpredictable landscapes that shape globalization's character as they also reflect it" (Wilson, 1997, p. 12). As Knox (1997, p. 23) aptly put it, "the world economy has been inscribed into local economies almost everywhere in one way or another, and in some cases local economies have shaped the world economy."

The municipal outlook has been dramatically affected because globalization has separated business enterprises from their place-

based employees. The new highly mobile business environment has resulted in an uneven inter-urban effect within each industrial sector where people in different occupational categories unevenly benefit. At the municipal level, "Cities become victims, beneficiaries, or survivors in this new reality" (Wilson, 1997, p. 8). Some of the impacts cited by Wilson (1997, pp. 9-12) are: a new fractured and fragmented city; intensifying residential segregation; a changing political and social fabric characterized by both a larger sphere of influence and greater emphasis on economic development and city growth; and increased attraction versus distribution of city resources. These impacts as a whole cannot necessarily be viewed as either positive or negative. For example, the edge cities are benefitting from the positive effects of economic restructuring as nodes of commercial development (Knox, 1997, p. 25). The cities, however, retain the age-old problems of poverty, substandard housing, crumbling infrastructure, and crime, but their sources are difficult to pinpoint.

Others see globalization as changing the city's business production from local to global to meet worldwide economic imperatives thereby altering the character of labor forces, political currents, and structural environments. It also has escalated the stakes involved in economic development (Knox, 1997, pp. 23-25). The new urban politics, of different groups and organizations, is oriented to attracting external investment and jobs and is impacting on the everyday life of the public. "Local politics in a global era are best understood in terms of the ideas,

institutions, and interests in shaping local policy processes rather than assuming that they simply reflect aggregations of interests-global or otherwise" (Clarke & Gaile, 1997, p. 29).

Globalization also is accelerating outer suburban growth in business complexes (Knox, 1997; Muller, 1997). Discussion of the suburbs brings metropolitan characteristics and issues to the forefront of and discussion at the local level. The issue of suburbs and regionalism have been touched on before in this study, but the implications of globalization's impact on them needs some amplification because as Muller (1997, p.50) points out, "all of the criteria that define a world city can now either be met or substantially exceeded at certain locations in the vast outer city surrounding[s]...." The interdependence of central cities and suburbs was discussed in the subsection of this study on substate regions, but Sassen (1995) sees an urban structure that combines the central cities with their suburbs to constitute a spatial base for cities in the global hierarchy. Basically, the central business district is not the only metropolitan center but is part of a grid of electronically interconnected business activity centers that are directly linked to the global network in which the metropolis can be a primary control unit. (Sassen, 1995, pp. 70-73) Sassen's observations are reinforced by Castells (1989, 1996) and Castells and Hall (1994). For additional information, see Muller (1997).

As indicated, the entire process, including the breaking down of traditional boundaries, is forcing the rethinking of the theories of economic change and concepts of people, place, and culture;

creating vexing questions for the traditional disciplinary approaches. "In a globalizing world, systems of cities are coming into their own as the natural frameworks for the circulation and reproduction of capital" (Knox, 1997, p.18).

The recent globalization of the world economy was initiated through advances in technology, particularly in information and communications, which fueled the explosion in transnational business activity, which, in turn, has effected local patterns of economic development as the processes of business restructuring, reorganization and redeployment evolve. This is particularly true as a result of the globalization of finance and its self generation of profit making from speculation and manipulation. It also has sparked an international division of labor as a result of changes in transnational corporate activity. The technological innovations have changed the constraints on distance and location and opened new space economies that provide newer economic opportunities in the globalization process. The process has reduced the influence of central governments in the orchestration of the conditions of production and the flow of capital and commerce, as previously discussed. The globalization process also has given local economies unprecedented access to markets and the markets the same access to locales producing a new "localism." (Adapted from Clarke & Gaile, 1997, pp. 30-31)

With its greater salience, local government acts as a catalyst of processes of innovation and cooperation, [assuming]... that global integration will bring a convergence in growth prospects and that cities can upgrade their position in a global urban hierarchy by their strategic interventions. (Clarke & Gaile, 1997, p. 31)

These positive outcomes of globalization must be reconciled with what has been called the dark side of globalization and the new localism that accompanies it. John Kincaid (1995) demonstrates that the positive effects of globalization may undermine local autonomy more than it will liberate it and expose regions and municipalities to the excesses and constraints of global competition. The GATT and NAFTA agreements, for example, "... allow preemptions of state and local government powers in economic development, environmental regulation, and other areas if they appear to privilege local firms or producers" (Clarke & Gaile, 1997, p. 32; see also Colgan, 1995).

Kanter (1995) and Kincaid (1995) show that globalization can produce a class of globalist people who have no loyalty to place since their interests and resources transcend communities. This could create an erosion in the linkages between people, place, and identity, the essential ingredients in civic cohesion. The erosion could take place because there are fewer incentives for these globalist cosmopolitans to invest in a community's civic society and likewise the locals, who see little value in globalism, may have fewer incentives to contribute to their civic society. (Adapted from Clarke & Gaile, 1997, p. 32; see also Kincaid, 1995) This lack of contribution to civic society, as a result of the globalization process, has several effects.

Globalization practices at the local level often bring about social polarization, job displacement, wage compression, intensified property speculation, informal economies, immigration pressures, and the continued economic and social isolation of the poor in the central city. (Clarke & Gaile, 1997, p.32)

This creates the dilemma often confronting locales; whether to take a long-range approach to become a world class community with its apparent advantages or take care of the immediate local citizenship issues confronting the constituency on a daily basis.

The positive aspects of globalization, however, add up to an "... intensification of global connectedness and the beginnings of the world as one place." Additionally, "The new mobility of money, labor, products, and ideas actually increases the significance of place" because it allows multinational corporations to respond to place-to-place variations in labor and consumer markets, and "the more universal the diffusion of material culture and life styles, the more valuable local identities become. In the process, cities are modified and reconstructed, rather than being effaced or homogenized" (Knox, 1997, pp. 19-21). The few cities that have fully been able to become centers of authority, with a critical mass of knowledge, have come to occupy key strategic roles within the globalizing economy. These places have become world cities (Knox, 1997, p. 21).

World and Global Cities

World Cities are considered single cities that dominate the world economy in which they operate (Braudel, 1984). World cities have three most important characteristics or "criteria" in common according to Simon (1995, pp. 141-142): a sophisticated financial and service complex serving a global clientele, a hub of international networks of capital, information, and communication flows, and a quality of life conducive to attracting and retaining

skilled international migrants. Simon (1995, pp. 152-153) believes, however, that other criteria exist and that there is a need "... to be conscious of the boundedness of our constructs in every sense." Friedmann (1995a) considers world cities and global cities to be synonymous and uses the two designations interchangeably.

King (1990) and Shachar (1995) mention that "world cities" is a revival of an old term applied to European cities that either controlled imperial economies (e.g., London, Madrid, Vienna), or were distinct cultural religious centers (e.g., Rome, Paris). According to Shachar (1995), the new interest in world cities stems directly from Friedmann's research and publications in the 1980s (e.g., Friedmann, 1986, Friedmann and Wolff, 1982). Since then there have been several studies on the subject (e.g., Fry, Radenbaugh, & Soldatos, 1989; Lo & Yeung, 1996; King, 1990; Knight & Gappert, 1989; Knox & Taylor, 1995; Sassen, 1991, 1994; Soldatos, 1989, 1993), and other studies have, in part, discussed the subject (e.g., Kanter, 1995; Kresl & Gappert, 1995; Ohmae, 1995a & 1995b). Globalization also has prompted studies of its effect on cities (e.g., Clarke & Gaile, 1997; Kincaid, 1995; M.P. Smith, 1992; Wilson (i.e., *The Annals of the American Academy of Political and Social Science*), 1997). These subjects also have produced a host of journal articles, which are listed in the preceding references.

World cities today are not the traditional cities, metropolises, or megalopolises that were the products of nationally oriented imperialistic or hegemonic economic and social processes and that have been characterized by very large populations and

deteriorating urban conditions. World or global cities have evolved as a result of new economic restructuring, enhanced economic interdependence, and social dynamics, operating at the global level among nations, which have been derived from technology advances and the emergence of service industries. Global restructuring has been characterized by a relative decline in the role of material resources and the commensurate advance in the technological internationalization and mobility of capital, which has created an interconnected global network of multinational firms and cities. (Friedmann & Wolff, 1982; King, 1990) Friedmann related urban development to the global restructuring process with the world city being identified as the territorial expression of the emerging global economy (Shachar, 1995, p. 150).

Sassen (1991) found that the main function of these new world cities was to efficiently manage the new economic system of global reach as worldwide economy command and control centers for the production of financial and producer services. Sassen (1991) first looked at New York, London, and Tokyo, then included (1994) Paris, Frankfurt, Zurich, Amsterdam, Sao Paulo, Hong Kong, Toronto, and Sydney among others that have evolved from international business centers into "transnational market spaces." She calls them "global cities," that are characterized by being:

- (1) command points in the organization of the world economy;
- (2) key locations and marketplaces for the leading industries of the current period, which are finance and specialized services for firms;
- (3) major sites of production for these industries, including the production of innovations. (Sassen, 1994, p. 4)

Sassen (1994, p. 4) notes that other cities, on smaller geographic scales, also perform equivalent functions for both transnational and subnational regions. Additionally, King (1990, p. 17) observed,

Internationalization of production and finance has meant the internationalization of administration and control It is this that has extensively changed the employment structure in the "advanced" capitalist countries and it is the growth of such activities and employment that [is] ... intrinsic to the formation of world cities.

To King's mention of and Sassen's focus on producer and financial services, Friedmann (1995a) argued that cultural services must be considered as a separate category. He believed that cultural services "... are crucial for ensuring the hegemony of transnational capitalism through ... [the] culture-ideology of consumerism [Friedmann's emphasis] (Sklair, 1991): major news services, television, the motion picture industry, major newspapers, publishing, communications consultants, and advertising agencies" (Friedmann, 1995a, pp. 31-32). Thompson (1995, pp. 1-2) believed that consumerism, in the realm of social stratification, "commands the field."

Shachar (1995, p. 154), in line with Friedmann's approach, provided an operational definition of a world city "... as a large urban agglomeration specializing in international control capabilities, expressed in the urban milieu by three strongly related components: a management and financial center of global reach, an extremely high concentration of producer services, and a rich physical and social infrastructure," which parallels Simon's (1995) criteria for a world city. Shachar further observed that

almost all large metropolitan areas have exhibited some elements of his three defining characteristics mentioned above. However, he believed that only a few cities have all three components developed to a high level and it is only these that are world cities.

The other cities of an urban system can be placed on a continuum of world city characteristics, according to their score on this continuum. The concept of world city is thus moving from a dichotomous one to a continuum of world city characteristics, along which each city scores according to its defining features. (Shachar, 1995, p. 154)

The three characteristics of Shachar (1995, p. 154) could be split into five by differentiating in the first component between the spatial concentration of management, financial, and producer services, and in the third component between physical infrastructure, and sociocultural infrastructure. (See Robertson, 1992, and Shachar, 1995, pp. 154-157 for further discussion.)

Friedmann and his followers emphasize the command and control aspects of world cities, but others (Kirby & Marston, 1995) find that the grass-roots activities of popular politics, as discussed in this study under political perspectives, to be another way of exploring the construction of world cities. In other words, the construction consists of a localization of social and political forces within the city, where the city is an entity in the world capitalist system and a place where the symbolic economy of new cultural meanings takes place (Zukin, 1980, 1995; Kirby & Marston, 1995). This provides a humanistic approach to the mechanistic and economic aspects of world cities, as does King (1996) in his analysis of cultural theory and social practice.

Friedmann, at a conference on World Cities in a World System in Sterling, Virginia (1993, April 1-3), discussed the status of research in world cities and believes that the world city hypothesis (Friedmann, 1986) has become a paradigm as a result of the intellectual force the idea has generated (see Friedmann, 1995a). His hypothesis is set forth in seven interrelated theses which reflect that "We could expect cities to differ among themselves according to not only the mode of their integration with the global economy, but also their historical past, national policies, and cultural influences" in a hierarchy based on distinctive and convergent characteristics. (Friedmann, 1995b, p. 317, 319) Additionally, he saw the economic variable as likely to be the decisive explanation, of all explanations attempted. Friedmann's hierarchy was a divergence from the traditional rank-ordering of cities according to population size, which was the norm because it was assumed that their level of specialization would be determined by the size of the local market. (Knight, 1989a, p. 40)

Paul Knox (1995) found Friedmann's heuristic hypothesis of a hierarchy of world cities problematic, but not because of its deviation from the population standard. Knox believed that the contemporary world system, characterized by mobile, flexible corporations' networks and "... the warpage [sic] of new telecommunications media constantly revising the role of 'lower-order' world cities, makes the hierarchical classification of world cities less and less satisfactory" (Knox, 1995, p. 9). This is very relevant when viewed from the perspective of lower world cities and

others, who are excelling in international competition, and may be recategorized (i.e., reversed) in accordance with the types of functions each performs; e.g., corporate management versus transnational nongovernmental, organizations versus cultural leadership, according to Knox (p. 9). This is particularly true of what are considered "secondary" world cities, both those in the "... core and the regionally dominant world cities in semi-peripheral and peripheral areas" (Knox, 1995, p. 9). Knox further believed that it is more useful to view these cities from the slant of functional classifications to reflect the nature (Knox' emphasis) of metropolitan dominance within the world-system.

Knox (1997, p. 22) believes that "the chief significance of world cities is their role as centers of authority and as settings conducive to the transaction of transnational business [and that they] ... also provide an interface between the global and the local." Knox (1997, pp. 22-23) set forth six functional classifications or characteristics of world cities. They are the sites of: (1) most of the leading global markets for commodities and finance; (2) clusters of specialized, high order, international business services; (3) dense clusters of corporate headquarters; (4) concentrations national and international headquarters of trade and professional associations; (5) most of the national and international nongovernmental and intergovernmental organizations; and (6) the most powerful and internationally influential media organizations.

Though Knox had professed concern over Friedmann's hierarchy of world cities, Knox (1997, p. 23) recognized four tiers of the global urban system. At the top, the system is dominated by London, New York and Tokyo, that have truly global influence. Next are the world cities that have influence over large regions of the world economy, such as Brussels, Frankfurt, Los Angeles, Paris, Singapore, and Zurich. The third tier is occupied by important international cities that have more limited or specialized international functions; e.g., Amsterdam, Madrid, Seoul, Sidney, and in North America, Houston, Mexico City, Miami, San Francisco, Toronto, and Vancouver. The cities that have significant national importance and perform some transnational functions include Barcelona, Manchester, Munich, and Melbourne, with those in North America being Boston, Dallas, Montreal, and Philadelphia. Knox conceded that there may be a fifth tier that would include those cities that have carved out distinctive niches in the global marketplace. These will be discussed in the next subsection of this study.

Addressing the singularity of world and global cities, Knight believes that they are unlike the historic cities, capital cities, port cities, and industrial metropolises that preceded them. Classification as a world city will not be determined by locational or geographic considerations. It will rest in the city's "capacity to accommodate change and provide continuity and order in a turbulent environment. The process is basically a matter of self-selection, vision and local initiative" (Knight, 1989b, p. 326). This presents a significant challenge because, according to

Knight, changing a city's vision from a local, regional, state, or even a national perspective takes time. However, it is important to all involved that cities accomplish this change, not only for their own sake, but for their hinterlands, their region and related territories (e.g., state or states and the nation). This change is necessary because the role of cities is increasing with globalization. "Power comes from global economies that are realized by integrating national economies into the global economy, and cities provide strategic linkage functions" (Knight, 1989b, p. 326).

Taking another view, the last quarter of this century has witnessed, what Soldatos (1993, p. 53) called, a new era of international urban actors (e.g., cities, urban communities, counties, etc.) with new or renewed international profiles. Soldatos has been a part of a group calling themselves "The New International Cities Era" (NICE) project participants. They have grouped world cities and identified significant leaders. These world leaders exhibit a typology of traits of an international city and are able to influence the direction of international relations in the area of "low politics." The NICE group called these cities "directional world cities" and the group's typology of the traits of such directional cities includes the following key ingredients, according to Soldatos (1993, p. 53):

- presence of a critical mass of major international traits (head offices or international divisions of multinational corporations, strategic support services to firms);
- central position in the national system;

- central position in the regional system;
- international activity integrated with that of the national society;
- international activity that is multifunctional and succeeds in creating links between the various international functions of the city;
- significant retention of the wealth created through international deployment [arranging, placing, moving, or spreading out strategically or appropriately];
- central position of the city (alone or in coalition-alliances) in international networks;
- integrated relations between the decision-making centers of the city and those of other levels government and the national society;
- and, in some cases, a larger role within the international system than within the national system.

These key ingredients are more detailed than those set forth by Simon (1995) or Shachar (1995) or the functions detailed by Knox (1997), but translate into a set of criteria of a city's international status used by the NICE group as discussed below.

The NICE group uses the term *paradiplomacy* to refer to the cities' involvement in international relations. *Paradiplomacy*, refers to direct international activity by subnational actors (e.g., states or provinces, regions, urban communities, cities) "... supporting, complementing, correcting, duplicating, or challenging the nation-state's diplomacy; the prefix 'para' indicates the use of diplomacy outside of the traditional nation-state framework" (Soldatos, 1993, p. 46). Figure 21, on the next page, provides a more complete picture of the determinants of urban paradiplomacy, according to Soldatos (1993, p. 54).

FIGURE 21

THE PRINCIPAL CAUSES OF A CITY'S INTERNATIONALISM

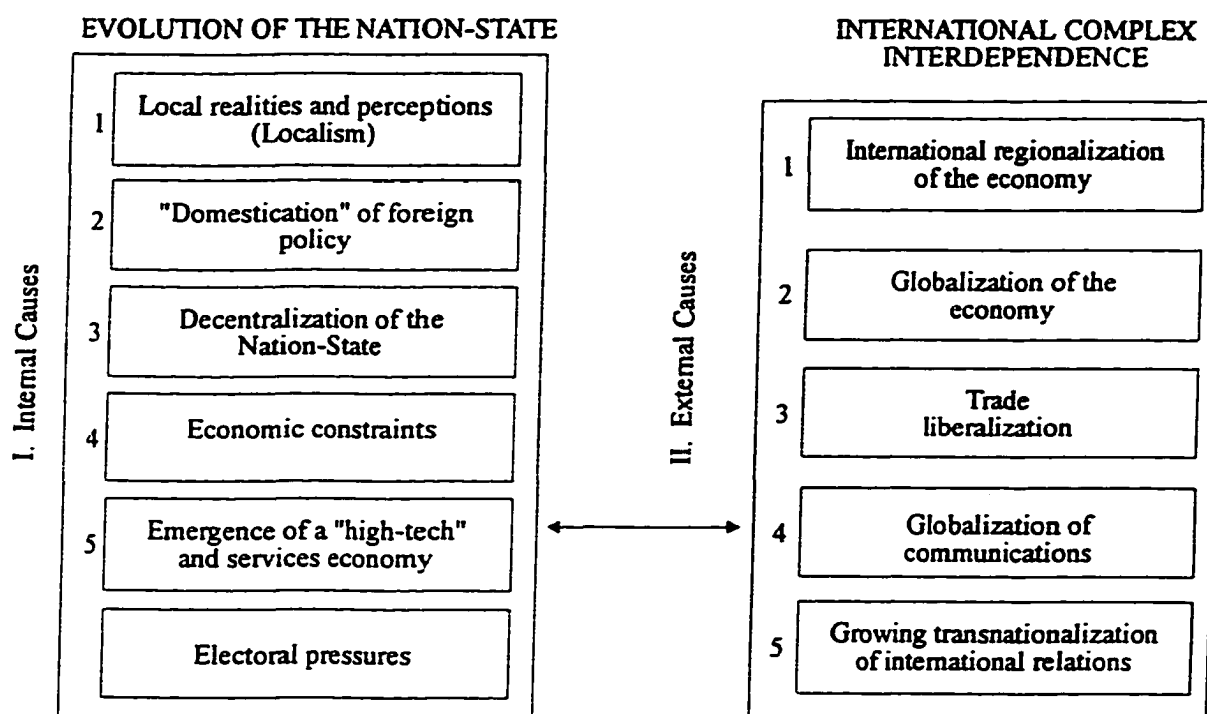


Figure 21. The determinants of urban paradiplomacy presented as the principal causes of a city's internationalization.

Source: Soldatos, 1993, p, 56.

Soldatos (1993, p. 54), believes that "... the international deployment of urban actors is forcing superior levels of government ... to reconsider their own paradiplomatic strategies and action, especially in light of recent trends of urban paradiplomacy."

Soldatos lists the following as examples of this trend:

- public and private urban paradiplomacy is increasing its international involvement in scope ("high politics" and "low politics") and relationships;
- cities are starting to interact in international matters directly with the federal government and , thus, to bypass federated authorities [i.e., provinces and states] ...;
- strategic cities alliances and networks are creating a paradiplomatic tissue [i.e., an interwoven or interconnected series or mass] parallel to the ones established by sovereign and federated units;
- regional (economic) international integration (... Canada-U.S. free trade zone) as well as globalization of the economy are limiting sovereign or federated units' roles and perforating national borders, thus, bringing close transgovernmental and transnational relations between urban actors. (Soldatos, 1993, p. 54)

Figure 2-17, on the next page, presents a more complete picture of the determinants or criteria of urban paradiplomacy (Soldatos, 1993, p. 55), as amplified earlier by NICE group members Anne Francis and Pierre-Paul Proulx (1989, pp. 119-160). Soldatos (1993, p. 55) points out that the information in the figure is "presented in a cumulative fashion [Soldatos' italics] (i.e., not every city has all of these ingredients of international profile), [as] our typology of traits of a modern international city." Accordingly, a degree of participation is implied. Relating to the traits listed in Figure 22, Soldatos (1993, p. 55) cautions that, "Our [NICE contributors] theoretical knowledge and empirical

Figure 22**CRITERIA OF A CITY'S INTERNATIONAL STATUS**

- The city has geographically international exposure (border city, port city).
- It imports factors of production, such as capital, labor, and services, from abroad and is engaged in economic transactions such as trade.
- It hosts foreign and/or international institutions and their representatives (e.g., multinational corporations, foreign banks, consulates, foreign or binational chambers of commerce, foreign trade or tourist offices, and trade commissioners, etc.).
- It has firms and other economic institutions abroad.
- It has direct transportation links with other foreign countries.
- It is significantly engaged in social communication activities with foreign countries (e.g., tourism, mail, students exchange, trade missions, etc.).
- It has an outward-looking network of support services such as convention halls, exhibition halls, hotel facilities, office parks, research parks, teleports, and professional services.
- Its mass media have an international presence and/or audience abroad.
- It regularly hosts major international events.
- It is the locus of national, regional, or even local institutions with an international scope, reputation, or impact (e.g., international relations clubs and associations, international divisions of local chambers of commerce, foreign universities, international research centers, etc.).
- Its public or private institutions have cooperative agreements with foreign or international institutions (e.g., sister-cities agreements, economic cooperation agreements) and are members of international networks.
- Its local government has the requisite administrative apparatus to conduct paradiplomacy in a systematic manner.
- Its population make-up has an international composition.

Figure 22. Traits of a modern international city.

Source: Soldatos, 1993, p. 55, previously published in Fry, Radenbaugh, & Soldatos, 1989, p. 39.

observation of the process of urban internationalization are not conclusive enough to allow us to define all the variables of the relationship between urban international deployment and regional development”

World and global cities are considered to be central, unique entities in the spectrum of cities in the world according to some observers. Others see them as part of either a hierarchy of cities or individual entities in the family of cities of the world. The term, international cities, has been used interchangeably with world and global cities by many writers as noted above. This usage, while appropriate, does not fully convey another aspect of the global cities concept. International cities may be considered as an even more inclusive term that addresses the entire family of cities in the world from the perspective of the scope of their activities versus their position in the international arena, the latter as exemplified by the NICE criteria and discussed in the next subsection.

International, World, and Global Cities

The term, international cities, has been used synonymously with world and global cities, as noted above, but it can be considered to be a more inclusive designation of cities participating in the international arena. As set forth by Soldatos (1991) for example, the “international cities” concept primarily is concerned with determining “...the degree to which a city is in fact international in its connections with the rest of the world economy and with designing strategies to enhance that internationality”

(Kresl, 1995, p. 52). Kresl believes that a city may effect a significant increase its competitiveness, internationally, without meeting the criteria at any currently recognized level or tier to be an international city in the eyes of the commentators mentioned in the preceding subsection. Therefore, a city may be very internationally competitive without necessarily being classified as a world, global, or international city. Therefore, they exist as potential international cities in the strict sense, but are international cities of some degree as amplified in the following paragraphs. Additionally, although the term, "cities" rather than municipalities or metropolitan areas, is often used as a generic term for municipal elements throughout the works of many commentators, Knight (1989a, p. 12) and others have pointed out a new reality of economic life,

Global society is basically an open society: multipolar, multicultural, self-governing and competitive. Any city [this researcher's emphasis] may play a role in the global society if it understands the nature of forces, the principles and processes by which they are governed, and the way these forces are linked to or transformed into local development.

This reference to any city has implications for the findings of Friedmann (1995b), Knox (1997), Shachar (1995), Sassen (1994), and even Soldatos (1993), who respectively indicate that international cities exist in or on a hierarchy, a tier, a continuum, relative equivalent levels, or possess cumulative ingredients.

The earlier discussion on functions (Knox, 1995, 1997) raises the issue of "scale," an issue with which geographers have grappled. Knox (1995, p. 11) indicates a conventional sequence of scales (e.g., community, city, region, nation, world-region, global) and

finds that global cities cut across several of them. In addressing world cities, Knox (pp. 11-12) sees four pertinent scales: the global urban system of networks and interdependencies; the regional interface between world cities and nation-states that constitute core, semi-peripheral, or peripheral regions; the placelessness of world cities in cyberspace; and the metropolitan scale of traditional metropolitan functions (e.g., labor, environment). He emphasizes that "... the interdependence between scales is an important dimension of the world city phenomenon" (p. 12). Regardless, hierarchies will inevitably exist among global cities, with the scale predicated on whatever factors are involved in the analysis, and the old nationally oriented "... central place theory is alive and well, although living in a bigger house," (Thompson, 1995, p. 7) globally.

The preceding has, in turn, led Lo and Yeung (1996) to demonstrate a "functional city system" in Asia. In this system, it is not so much the city's location and spatial relation to its hinterland, raw materials (excluding the proper level of labor), or transportation capabilities. It is the linkages developed by the internationalization of services and finance, along with the devolution of power of multinational head offices to their overseas subsidiaries, that creates the interdependence that characterizes world cities and their functional system. (Proulx, 1995, p. 172) observed that some scholars have noted that the notion of multinationals as single organizations was giving way to each multinational as an organization of firms. The interdependence of

firms these in functional cities "... tends to strengthen the external economic, social, and political relations of a given city within the network of more than one city outside of the network.

Further,

As the processes of globalization of production, capital markets, telecommunications systems, airlines and tourism, networks of transnational corporations, flows of new technology, investment and labor force are interwoven and superimposed one over another on major cities across the nations at the world regional level, the accumulation of different functions by a given city forms a foundation for its external linkage and economic strength of growth under the world economic system. (Lo & Yeung, 1996, p. 33)

The central thesis of the study by Lo and Yeung (1996) is a new concept, that cities form a functional system (their emphasis) in which cities are linked in a network of cities, "often in a hierarchical manner based on a given economic or socio-political function at the global or regional level" (p. 2). They further note that,

A city grows in importance if it performs effectively and efficiently a number of key functions that another city does not. It is submitted that this functional city system may more accurately depict the present evolving relations between cities in dynamic and interdependent interactions in a changing global economy, in preference to the hitherto popular formulation of cities in core-periphery, dependency, and linear relations. (Lo & Yeung, 1996, p. 2)

Accordingly, Lo and Yeung point out that population size is no longer a relevant definition, and therefore cities should be defined by the operation of their externally linked functions. "In the present borderless economy, it is the acquisition and accumulation of functions that can determine the centrality and role of a city in the world economy" (Lo & Yeung, 1996, p. 3).

The relative importance of a city's centrality and role in the context of acquisition and accumulation of functions in the world economy is determined by its range and the quality of contacts which it has with the rest of the world; i.e., "Cities are primarily focal points of power based on communication; their power reflects their accessibility" to world contacts (Knight, 1989a, p. 40).

As cities' private and nonprofit organizations develop their worldwide networks and operations, their communications channels, skills, and human resources develop commensurately. It cannot be over emphasized that as the city's global linkages develop and increase, so does the role of knowledge in city development increase. "These linkages, like global society, are more open and more public than those controlled by national governments, private corporations, financial institutions and the like" (Knight, 1989a, pp. 40-41).

Cities serve as nodes in global networks of international arrangements between governmental, commercial, and cultural organizations. The multiple centers of the global system are bound together in a civilized network forming the global society. It does not appear that global society will form a hierarchy of cities with one dominant center but rather a decentralized system of differentiated and pluralistic powers. (Knight, 1989a, pp. 41-42)

Knight (1989a, p. 42) concludes that with the expansion of the global economy and diffusion of international activities, increasing numbers of cities will "... focus their development efforts on expanding their international activities because the global economy is creating so many new opportunities." Coffey (1994) supports Knight's observations and, further, that metropolitan economies serve as links or relay points in national economic space and

therefore assure connectivity between the national and the global economies and the national and global economies and the regions.

In keeping with the foregoing, Knox (1997, p. 22) recognizes that "some commentators, recognizing the increasing interdependence of the global and the local, would add a fifth tier [to the tiers of world cities]." The cities that Knox includes in this tier are "the likes of Atlanta, Georgia; Rochester, New York; Columbus, Ohio; and Charlotte, North Carolina, places where an imaginative and aggressive local leadership has sought to carve out distinctive niches in the global marketplace." Among other things: Atlanta is an international transportation hub and media capital; Rochester has extensive Canadian connections; Charlotte is the third most important banking center in the U.S. and a leading research location, both with international connections; and Columbus has a substantial information infrastructure and is a U.S. Department of Commerce InfoPort fostering international trade through computer networks and electronic data interchange.

To the fifth tier of world cities, other municipalities might be added. One such is Orlando, Florida. It is a major international tourist center, ranks just behind Los Angeles and New York in television and film production, and is a world-class center for electro-optics and laser research. Another could be Provo, Utah. It has the second largest concentration of computer software jobs in the U.S., after Silicon Valley in Santa Clara County, California. (Knox, 1997, pp. 22, 25) To these may be added countless others, depending on the extent of their involvement in these and

other aspects of paradiplomacy or international relations.

Another new reality of international economic life involves cities or metropolitan areas that are composites of several cities that span two or more nations. Ohmae (1995a, 1995b) provided examples such cross-border linkages. In North America, many examples can be found; e.g., Vancouver and Seattle, Windsor and Detroit, Matamoros and Brownsville, Nuevo Laredo and Laredo, Ciudad Juarez and El Paso, Tijuana and San Diego.

An example of these cross-border linkages or associations was prompted by NAFTA. It happened in 1995 when a delegation from Baja California went to Korea to entice the Daewoo Corporation to build a plant in Tijuana. Accompanying the Mexican delegation was the Secretary of Trade and Commerce of California. California's interest stemmed from the fact that San Diego and Tijuana combined are a contiguous virtual metropolitan area with four million people and Tijuana has more manufacturing jobs than all of San Diego County. While no California city could compete with Tijuana's low wages, Southern California communities could benefit economically from having the Daewoo plant in Tijuana as opposed to another location outside of their area in North America. (Fry, 1998, p. 75)

The examples of cross-border associations are neither, unique, confined to a geographical proximity, nor autonomous entities or free standing independent economies that are cooperating for convenience. They represent local economic regions in a dynamic, highly interdependent global system.

This system ... is interdependent in such a way that significant changes in economic activities of one component of

the system will directly bring about modifications in related activities or characteristics of one or more other parts of the system." (Barnes & Ledebur, 1994, p. 15)

The preceding discussion brings the focus back the role of competitiveness. As Porter (1990, p. 622) pointed out, "The process of creating skills and the important influences on the rate of improvement and innovation are intensely local" as opposed to state or national governments. As the decisive agent in determining competitive advantage, domestically and internationally, cities exhibit several indicators that will be increasingly present as cities become more competitive (Kresl, 1995, pp. 49-50). Kresl sets forth the elements that are the determinants of competitiveness, which can be used to assess the relative degree of an individual city's competitiveness, while identifying the municipality's strengths and weakness. He also notes that the determinates of urban competitiveness equal the sum of both economically quantitative and strategically qualitative measures. The economic determinants stem from the sum of the factors of production, infrastructure, location, economic structure, and urban amenities. The strategic determinants equal the sum of government effectiveness, urban strategy, public-private sector cooperation, and institutional flexibility. (Kresl, 1995, pp. 50-51) For a detailed explanation of these determinants, see Kresl (1995, pp. 52-66). As Kresl concludes,

This is a challenge that must be met in the increasingly competitive and internationalized economic environment in which individual cities now exist. The cities that fail to address this issue will in all probability be regulated to lower growth of output and employment and to marginality. (1995, p. 66)

In amplification of Kresl's determinants, Fry (1995, pp. 33-39) lists and discusses ten conclusions that form a coherent set of factors "... city planners should seriously consider when formulating their strategic responses to the challenges posed by economic internationalization." These factors are listed in Figure 23 on the next page.

Accordingly, it has been found that municipalities who consider themselves to be international cities, are becoming more and more resilient, locally, regionally, statewide, nationally, and internationally. "Their resilience is based on new forms of power derived from the forging of global relationships not on the devolution or decentralization of national powers." (Knight, 1989b, p. 327) As Ohmae (1995b, p. 96) pointed out, "The heart of the challenge ... is not to solve all problems locally, but rather make it possible to solve them by harnessing global resources."

Summation

Globalization is one of the most powerful and pervasive influences at work at all levels of government in the world. Globalization presents a powerful urban influence based in economic restructuring with complex social, political, and spatial dimensions. Additionally, cities cannot be passive in the face of globalization because they must deal with it through mediation and negotiation in complex ways.

The municipal outlook has been dramatically affected because globalization has separated business enterprises from their place-based employees, where people in different occupational categories

Figure 23
STRATEGIC COMPETITIVENESS FACTORS
IN
ECONOMIC INTERNATIONALIZATION

1. The key role of small and midsize businesses.
2. Emphasis on creating an attractive fiscal and regulatory climate for the existing business community.
3. A candid assessment of comparative advantages and disadvantages at the local level.
4. Intergovernmental cooperation.
5. Public-private sector linkages.
6. A strong educational base and worker training.
7. Investment incentive trap avoidance.
8. International tourism as an economic development tool.
9. Identification of the internationalization process at the municipal level.*
10. Institutionalization of the internationalization process.

* See the guidelines and checklists in this subsection.

Figure 23. Factors that city planners should seriously consider when formulating their strategic responses to the challenges of economic internationalization.

Source: Adapted from Fry, 1995, pp. 33-39.

unevenly benefit. At the municipal level, there are found: a new fractured and fragmented city; intensifying residential segregation; a changing political and social fabric characterized by both a larger sphere of influence and greater emphasis on economic development and city growth; and increased attraction versus distribution of city resources. It also has escalated the stakes involved in economic development.

The positive outcomes of globalization must be reconciled with the dark side of globalization which may undermine local autonomy more than it will liberate it and expose regions and municipalities to the excesses and constraints of global competition. It also could create an erosion in the linkages between people, place, and identity, the essential ingredients in cohesion through civic involvement. The lack of civic involvement at the local level may bring about social polarization, job displacement, wage compression, intensified property speculation, informal economies, immigration pressures, and the continued economic and social isolation of the poor in the central city. Capitalizing on the positive aspects of globalization, however, cities are modified and reconstructed, rather than being effaced or homogenized according to Knox (1997).

World Cities are cities that dominate the world economy in which they operate and have three most important characteristics among other criteria: (1) a sophisticated financial and service complex serving a global clientele; (2) a hub of international networks of capital, information, and communication flows, and (3) a quality of life conducive to attracting and retaining skilled

international migrants. World or global cities have evolved as a result of new economic restructuring, enhanced economic interdependence, and social dynamics, operating at the global level among nations, which have been derived from technology advances and the emergence of service industries.

Sassen (1991) found that the main function of these new world cities was to efficiently manage the new economic system of global reach as worldwide economy command and control centers for the production of financial and producer services. Sassen also (1994) noted that other cities, on smaller geographic scales, also perform equivalent functions for both transnational and subnational regions. Friedmann (1995a) argued that cultural services must be considered as part of the globalization equation. Kirby & Marston's (1995) grass-roots activities of popular politics and the findings of King (1990) provide a humanistic approach to the mechanistic and economic aspects of world cities.

While almost all large metropolitan areas have exhibited some elements of the defining characteristics of world or global cities, Shachar (1995) believed that only a few cities have developed to the level of world cities. The other cities, however, can be placed on a continuum of world city characteristics, according to their score on this continuum. Friedmann (1995b) had also ranked cities on a hierarchy. This was a divergence from the traditional rank-ordering of cities according to population size, which had assumed that their level of specialization would be determined by the size of the local market. Knox (1995) believed, however, that the

hierarchical classification of world cities did not fit other cities, who are excelling in international competition, and could be recategorized by the types of functions each performs; e.g., corporate management versus transnational nongovernmental management, organizational versus cultural leadership. Knox' (1997), therefore, detailed a set of functional classifications or characteristics of world cities.

In accordance with city functions, Knox (1997) recognized four tiers of the global urban system, with the possibility of a fifth. At the top, the system is dominated by London, New York and Tokyo; cities that have truly global influence. Next are the world cities that have influence over large regions of the world economy followed by the third tier, occupied by important international cities that have more limited or specialized international functions. The fourth tier consists of cities that have significant national importance and perform some transnational functions and Knox conceded that there may be a fifth tier that would include those cities that have carved out distinctive niches in the global marketplace.

Soldatos (1993) commented on a new era of international urban actors, such as cities and urban communities. Soldatos has been one of the participants in "The New International Cities Era" (NICE) project. They have grouped world cities and identified significant leaders by a list of characteristics that are more detailed than those set forth by Simon (1995) or Shachar (1995) or the functions detailed by Knox (1997). The NICE characteristics translate into

a set of cumulative criteria of a city's international status, because not every city has all of the ingredients of international profile. Accordingly, a degree of participation is implied, however, Soldatos (1993, p. 55) cautions that, theoretical knowledge and empirical observation of urban internationalization are not conclusive enough to define all the variables in the relationship between urban international development and regional development.

International cities may be considered as an even more inclusive term that addresses the entire family of cities in the world from the perspective of the scope of their activities versus their position in the international arena, the latter exemplified by the NICE criteria. The term, international cities, has been used synonymously with world and global cities. The international cities concept, in the context of Friedmann, et al, and as set forth by Soldatos (1991) for example, primarily is concerned with determining the degree to which a city is in fact international in its connections with the rest of the world economy. A city, however, may effect a significant increase its competitiveness, internationally, without meeting the criteria, at any currently recognized level or tier, to be a world, global, or international city in the eyes of many commentators. Therefore, a city may be very internationally competitive without necessarily being classified as a world or international city. This is in line with Lo and Yeung's belief (1996, p. 2) that cities form a functional system in which they are linked in inter city networks, often in a global hierarchical manner based economic or sociopolitical

functions. They also note that cities should be defined by the operation of their externally linked functions and not by population size.

The examples of cities in either a functional system, a fifth tier of world cities, and cross-border associations are neither, unique, confined to a geographical proximity, nor autonomous entities or free standing independent economies that are cooperating for convenience. They represent municipalities in economic regions in a dynamic, highly interdependent global system where significant changes in economic activities of one component of the system will directly bring about modifications in related activities or characteristics of one or more other parts of the system, according to Barnes and Ledebur (1994).

Accordingly, it has been found that municipalities who consider themselves to be international cities, are becoming more and more resilient, locally, regionally, statewide, nationally, and internationally. Their resilience is based on new forms of power derived from the forging of global relationships, to solve problems through global resources, as appropriate.

Conclusion

Introduction

Although a qualitative study never really is concluded (Wolcott, 1990), this section contains an abridged version of this chapter, reviewing what municipalities have done in the global arena and furnishing some indications of why municipalities are involved in international relations. It is the second step in the qualitative analysis portion of this study that leads to providing the qualitative results contained in the final section of this chapter, following this one.

It has been shown that municipalities play a pivotal role in the nation's economy; providing work for millions, housing major private employers, acting as ports of entry for foreign goods, capital, and skilled and unskilled workers. They also host ports of exit for American goods, services and tourists. They benefit when they encourage development and investment, and expand their service industries. (Cisnaros, 1993, pp. 21, 25) Metropolitan areas are being propelled into international competition with each other, using their own resources due to the diversification of national and local economies. (Drucker, 1991)

While the withdrawal of the U.S. government from funding local projects may have driven locales to go international, other factors have contributed; e.g., international interdependence in all sectors; the technological explosion in general and enhanced information technology in particular; sophistication and diversification of municipal staffs beyond just the provision of

services to enhancing the quality of community life; and the change in focus of competition from nations to locales, particularly municipalities. Interestingly, those localities with large concentrations of military personnel have a direct exposure to the international arena through those military commands and have a propensity to seek solutions externally, internationally. With scarce resources at all levels, however, the attraction of the international flow of investment capital has been pursued as one alternative to the lack of funding from federal, state, and local sources. Additionally, affluent cities are no different from poor cities in innovation and strategy selection in the face of needs and demands (Clark, 1994, p. 236).

Economic Dynamics

The health of the American economy at every level is based on the vitality of businesses in the consumer market, in brief, U.S. economic competitiveness at all levels. This market is expanding locally, regionally, nationally, and most importantly, internationally. The new international business opportunities that are presenting themselves in emerging sectors are: jobs (most important in the 21st century), communications software (U.S. has the advantage and small-to-medium enterprises (SMEs) in size have the initiative), services, environmental technologies (U.S. is a world leader), health technology, transportation (air and automotive, and related infrastructures), power generation/energy infrastructure, other infrastructure projects, and financial resources. These are all elements of the enhanced U.S. national

export strategy and will play a significant role in local economies (Sacks, 1995).

Competitiveness at the international level involves such factors as domestic industrial strength, technological infrastructure, workforce skill levels and attitudes, unemployment levels in various sectors, quality of life standards, governmental pro-trade and business friendly policies, scientific research, and entrepreneurship. Also of significance in implementation are: the openness and organization of free trade, open financial markets, small government, corruption free and sophisticated civil service, superb infrastructure, highly educated labor force, and deregulation with rule of law. (WEF, 1997, p. 20)

To be competitive internationally, American corporations, for their own health and vitality, must be based on the concept of innovative enterprise that emphasizes organizational control, not strictly stockholder, managerial, or stakeholder control (Lazonick & O'Sullivan, 1997). That is, U.S. businesses must get away from value extraction in the allocation of resources that provide high returns to owners or stockholders and into innovative investment strategies for development. This can be facilitated through the interaction of public-private partnerships, the principal ingredient in economic development.

Other programs to improve American competitiveness were ones that would: create financial conditions for capital investment; advance and commercialize technology; enhance worker skills; emphasize product quality; and, target product and service markets

as a focus for economic development of geographic locales. (Marshall, 1993). Added to these, (McDowell, 1990, p. 29) have been programs that would lead to understanding export markets, favorable business climates, and adequate patent protection. These imperatives have resulted in significant pressures being placed on state and local governments with competitiveness becoming a prominent factor in state and local economic development programs in support of business sector programs to enhance competitiveness such as those listed here.

With the demand for U.S. goods remaining high, as evidenced by America being the world's largest exporter, the generation of U.S. exports needs impetus. Exports and their revenues create sales, jobs, and taxes and many state and local trade programs are based on this factor alone (State International Policy Network, 1995d, p. 1). Because of the imperatives confronting a firm, Beliveau (1987, p. 160) concluded that:

It appears that if small firms are now to grow internationally, governments need to provide more than information on markets, technical assistance and financial aid. They need to provide more guidance concerning specific market opportunities that exist within particular foreign countries and an initial judgement of the appropriateness of these markets for the firm interested in foreign trade.

The United States Department of Commerce has identified a wide variety of services and assistance available to and through the federal, state, and local levels of government. The volume of material available is overwhelming and agencies which provide counseling and direction are needed as points of departure. Among the assets available are the multilateral development banks.

Development banks have co-financed a large number of projects with the U.S. Export-Import or "Ex-Im" Bank. For more information, see the Department of the Treasury (1994) report and Barovick (1997). The Department Commerce indicates that state governments can and do provide export education (e.g., seminars or individual counseling), trade missions, and trade shows. Additionally, many small businesses are turning to local colleges and universities for exporting assistance.

Exporting and importing involve more than local businesses. Both international businesses and international labor organizations operate in this environment and have headquarters in municipalities. On the labor side, Blakely (1994, p. 38) notes that unions and some communities see import quotas and high tariffs as the only mechanism for saving jobs. They may grant a short-term relief and, therefore, are attractive to members of Congress eager to get reelected. Export controls also have been attempted to curtail inflation in the belief that by increasing supplies available for domestic consumption inflation levels will drop. This has not been borne out in practice because many other variables affect inflation. (Walters & Blake, 1992, pp. 30-35) According to The World Bank (1997, p. 3), private costs of trade liberalization for specific groups can be large and concentrated for a few groups, as opposed to the larger more widely diffused gains from liberalized trade. The opposition groups' factions are principally located in municipalities, particularly cities. Municipalities, which see trade development as a component of their economic development programs, can play a

role in the trade liberalization process.

In the long term it has been shown that trade deregulation brings increased productivity, lower prices, and shortage elimination, along with stimulation of innovation and consumer choice that ultimately boosts GDP. These benefits are increased by opening and expanding opportunities for trade and investment, and the enhancement of public interests through increased governmental effectiveness at all levels. (OECD, 1997c)

While virtually all economists and political economists concur that international trade and economic integration lift a nation's peoples', including Americans', living standards overall while increasing the economic well being of other countries, politicians are less inclined to agree for a multitude of reasons. Perhaps the greatest reason is reelection by their constituents, each of whom through their special interest groups have individual focuses on employment and perceive free trade as bringing unemployment. Additionally William Roberts (1998) observes, "So long as the U.S. economy is working well, the trade deficit is of lesser concern. If the economy turns downward, then the politics of the trade deficit take on higher intensity."

Peter Kresl (1992) explores the role of cities in international competitiveness and the trade liberalization process (e.g., NAFTA and GATT) in the global economy. He finds that cities have become principal actors in the trade liberalization process in both North America and Europe. Kresl believes that it is through the efforts of cities to design strategic responses, to create city

networks, to influence priorities for public expenditures, and to enhance their own competitiveness that the cities are vital to the realization of the potential for increased efficiency and higher incomes that free trade offers.

Kresl concludes that, "... the city emerges as an important, in many cases decisive, agent in the determination of competitive advantage" (1992, p. 49). Municipalities benefit from the dramatic changes in technology affecting production, distribution, transportation and communication enabling municipalities to form linkages and networks with others that here-to-fore had been considered remote. (Kresl, 1995, pp. 49-50)

Municipalities must make choices regarding their economic futures, regardless of whether they are faced with providing any type of employment to unemployed workers from firms that are not competitive, or whether they are in a position to restructure their economies to improve the lives of their constituencies. The latter communities are better positioned, however, to create a competitive advantage. (Kresl, 1995, p. 50) A municipality may be competitive within its own region, state, or nation without being competitive internationally, and vice versa. Therefore, as Kresl points out, there is a "... growing need for research on the international competitiveness of cities" (p. 50). This is particularly true because, while cities have been and are the principal actors in the competitive free trade process, not all have benefitted therefrom.

U.S. Department of Commerce April 1996 data indicate that metropolitan areas account for the sale of about 80 percent of the

country's exports. Municipalities affected by international trade, however, have both winners and losers within their domains, and some entire municipalities may be considered winners or losers. Consumers may be winners or losers depending on the cost of protectionism. Producers and the labor force (i.e., industries and occupations) may be winners if they are on the supply side of exports or losers if imports drowned out their products. Regardless, Petty (1997) found that export sales intensity provides an indication of a community's international interest and international trade development is an important component of a municipality's global competitiveness and economic development strategy.

Noponen, Markusen, and Driessen (1997) demonstrate that cities do vary widely in relative comparative advantages because they possess diverse industrial mixes and their strategies for responding to different trade opportunities will differ. Further, they found that those metropolitan areas that can better serve domestic market demands should do so and build on their capabilities to keep their market share. The study results suggest that city-tailored policies are superior to state-based ones and that containerization has reduced the comparative advantage that port or gateway cities have had over interior cities as locations for manufacturing (p. 67-68). The gateway cities are not limited to maritime ports. Dallas and Atlanta, for example, consider themselves to be gateway cities. The U.S. Customs Service maintains a list of gateway cities, which may or may not match individual municipalities' perceptions.

Regardless, many municipalities fund for world trade centers.

On the trade scene, Earl Fry (1995, p. 25) reported that many mayors of big cities in North America have headed international trade missions. Municipal leaders can participate in periodic trade, cultural, and other missions sponsored by the National League of Cities and the U.S. Conference of Mayors. A 1996 survey conducted by the National League of Cities and professor John Kincaid at Lafayette College revealed that 48 percent of the mayors who responded "said that they are active or very active in promoting exports of local products" (GLOBEACON, Winter 1996-1997a, p. 1).

Oliva (1997, pp. 1C & 23C) indicates that U.S. city and county governments must aggressively assist small businesses to sell to foreign markets because it is estimated that more than 95 percent of an American firm's potential sales are located in foreign countries. Small business export strategies must be included in city and county governments' economic development strategies because exporting firms see 20 percent faster job growth and are nine percent less likely to go out of business. Additionally, export industry jobs pay from 13 to 18 percent more in average salaries and 11 percent more in benefits. For those cities and counties that lack the resources, regional alliances exist to support trade initiatives as do the opportunity for establishing, where appropriate, free trade zones.

At the local level, the attraction of the international flow of investment capital has been pursued as one alternative to the lack of funding from federal, state, and local sources. National

governments played a significant role in the world economy when trade was the dominant form of international transaction. The rapid flow of capital coupled with the monetary value of financial flows exceeding the value of international trade and FDI, however, has altered the playing field (Sassen, 1994, p. 19). Sassen further, reveals that cities are the key sites for advanced services and telecommunications facilities required for global economic operations, therefore, they tend to have concentrations of business headquarters, particularly those operating in more than one country. Those cities that become command and control sites for transnational/multinational corporations (TNC) and financial flows contribute to the strategic role of cities and themselves become what are called "world" or "global" cities, as discussed below under international cities.

International production, which is affected by FDI stock growth, will not only become a more significant element in the world economy, it will also affect state and local economies. As Porter (1990, pp. 158, 622) observed, internationally, successful industries frequently congregate in a city or region, thereby making the bases for advantage intensely local. Further, that local governments' potential for influencing the rates of skill improvement and innovation are great and should remain so as international production expands; i.e, with increases in FDI stock, international production grows from local roots.

Though Sassen discusses FDI flows to countries, as just indicated, the real recipients of the benefits of FDI are the states

and metropolitan areas where investments are made; benefits in the form of job creation, increased revenue and tax sources, and enhanced marketing for other sources of FDI (adapted from Blair, 1995, chap. 5 & Levy, 1990, pp. 35-37). Closely tied to FDI are TNCs, who have a closer affiliation with metropolitan areas and states than distant national governments, despite the fact the national government sets the corporate climate to a great extent through appropriate regulations, or lack thereof. These corporations are primarily headquartered in metropolitan areas, but not necessarily in a nation's capitol. In order for TNCs to function, they establish international linkages. It is these linkages that form "... different types of economic linkages that bind cities across national borders" (Sassen, 1994, p. 47).

As post-industrial production sites and marketplaces for services, cities are the focal points for the dynamic changes associated with the explosion of service industries, domestically and internationally. Municipalities also are the locus of the transformation of service management that is taking place in highly developed economies; e.g., America, Canada, Japan.

In addition to manufacturing production, producer services include high skill jobs such as accounting, advertising, consulting, financial, and legal services. Producer services also cover administration, communications, design, development, general management, innovation, maintenance, personnel, product storage and distribution, security, and transportation. These services are growing internationally in municipalities at faster rates than

manufacturing, which in many countries is in a relative decline or slowdown. This is not to imply that manufacturing has become unimportant. It remains a crucial sector in all developed and developing economies and feeds growth in the demand for producer services. (Sassen, 1994, pp. 55-65)

To assist in American and local competitiveness, public education must be enhanced and the marketer must be educated in the sociocultural perspectives of target audiences. High schools can provide the basics, including linguistics and instruction in foreign languages. State and private universities are sources of advanced language training, entrepreneurship, and professional talent and their presence helps attract international firms. They also provide very powerful marketing incentives (Levy, 1990, 43-44).

Marketing permeates the traditional arena of economics; e.g., trade, finance, and sales. Marketing is of particular importance to local economic development and it is an essential element of the technological, sociocultural, and political perspectives of municipal involvement in international relations as well as the intergovernmental relations and international cities' outlooks. It is a management function that requires leadership and participation at the top-level of government to succeed.

As a part of the city's marketing plan, a presence is sought overseas. States appreciate this need and have numbers of offices in foreign countries. In 1997, 38 states had 162 offices in foreign countries. Puerto Rico, not included in the above totals, has one office each in Costa Rica, Dominican Republic, Mexico, and Panama.

Most of these overseas state offices (i.e., 111 offices) are operated by foreign nationals on a contract basis while 40 are staffed by state employees and seven by a combination of both. While the remainder of the states share offices, it is not known how many municipalities use state offices overseas. (James Brooks, Manager International Programs, National League of Cities, personal communication, December 17, 1997).

Alternatively, Fry (1998, p. 48) sees a time in the future when "... all states and many cities and counties will be conveying their economic development message via the Internet and interacting with interested parties around the globe" in several languages with promotional pictures and videos to enhance the promotion of commercial initiatives. The Internet already is in use to cultivate a number of state level educational, cultural, and outreach programs as covered in the sociocultural section of this study.

Municipal international marketing activities parallel, in part, state initiatives. Municipalities engage in overseas marketing by top level officials (e.g., primarily the mayor and the city's economic development officials), participation in trade missions to promote international commercial initiatives, and a diverse array of outreach programs. Most, however do not maintain offices overseas. The few that do either co-locate with their state office or have foreign personnel represent their interests. A 1996 survey by John Kincaid (1997, p. 38) found that, of those municipalities responding, 70 percent are involved in promoting exports, 37 percent in advertising their municipality abroad, 30

percent in trade mission participation, and 12 percent maintain some form of foreign office. Central cities take the lead in these activities. The survey also revealed that outreach programs involve sister city activities (62 percent), cultural exchanges (53 percent), idea exchanges about municipal government and management (48 percent), and a protocol expert to help with foreign visitors (29 percent). Other areas of international marketing included luring foreign investment (60 percent) and attracting international tourists (47 percent). (Kincaid, 1997, pp. 59, 60)

Fry (1998, pp. 84-85) states that mayors of larger cities lead international missions on a fairly regular basis and that leaders of smaller cities can participate in their own state sponsored missions and those organized by various umbrella organizations such as the National League of Cities and the U.S. Conference of Mayors. Additionally, many cities and metropolitan regions have established offices of international affairs within the city's executive department or with some regional authority. Almost all include some form of public-private sector cooperation. Municipal international marketing activities include public relations, advertising, and promotion through trade and cultural missions, sister city linkages, local educational and governmental exchanges, overseas offices or representatives, dedicated local governmental departments or offices at the top level, and working with other organizations locally and internationally.

Local economic development involves many players, but the two principal actors are the private and public sectors. Often not

mentioned, but very much a player in economic development is the civil society at large and its various special interest groups who may consider themselves winners or more often losers. The public-private dichotomy and involvement of the public work together to promote a favorable business climate and improve their competitive position globally. That climate is built on what Fosler (1988, pp. 313-314) identifies as seven foundations critical to the process of economic development. They are considerations concerning human resources, physical infrastructure, natural resources, knowledge and technology, quality of life, fiscal management, and enterprise development. Most are evident, self explanatory, and are applicable to municipalities' economic development programs.

Most local economic development plans seek financial (i.e., incentives and export financing) and technical (e.g., strategy, contact, and skill development) assistance from the state and include export promotion strategies. The latter can be placed in three broad categories that overlap financial and technical assistance: technical support, information brokering, and export finance (Clarke, 1986). Technical support from the state includes helping exporters with documentation, dealing with people who handle export-related tasks, and assisting with licensing. It also includes providing detailed information on economic data, potential market demand, financing, political, and cultural factors of targeted countries, along with how to promote products for foreign markets. Closely related to technical support is information brokering. It includes identifying trading companies in the state

and distributing comprehensive lists to the states' manufacturers specifying products that each company handles; serving as a referral service for information on continuing and higher education activities in international trade and legal assistance in export-related activities; and coordinating overseas marketing visits by state businesses. State involvement in export financing varies. Typically states support loan guarantees and, at times, direct loans or subsidies such as tax incentives, trade insurance, travel subsidies, financing booths at trade fairs and export credit insurance. Export financing is critical to small businesses engaging in international trade and most state programs are directed to assist small-to-medium sized enterprises. (Levy, 1990, chap. 11)

Eisinger (1988) identified two general types of economic development incentives; supply and demand. The supply side, often called "locational," emphasizes programs such as tax incentive systems, debt financing mechanisms, infrastructure investment, labor incentives, regulatory policies, enterprise zones, land and site development, and similar activities that are directed at the reduction of costs of production in a specific locale. These tend to increase competition between localities and raises the cost thereof borne by the players. The other type of incentive is the demand side that involves the promotion of business incubators, venture capital financing, research and development support, small business enhancement, and job creation strategies that are aimed at promoting growth throughout the locality. Most observers use an a priori categorization by purpose or strategic intention; e.g.,

incentives, financial and nonfinancial assistance, economic revitalization, project coordination, capacity building (Wolman, 1996). Regardless of the classification by means or outcomes, all economic development policies involve some form of incentive or group of incentives that are designed to fit either domestic or foreign targets.

Over the years incentives have become more innovative and complex in their content, based on strategies to meet industry needs and local asset availability which dictates the types of incentives offered (Kenyon, 1988, 1990) as summarized in Figure 9 in this chapter. A compendium amounted to 800 pages in 1996 and it is now available on a compact disk (Pool, Bodziak & McCrea, 1996).

A state survey of all states, conducted in 1987 by the National Governors Association, found that they had high percentages of participation in the following areas of international involvement: export conferences and seminars; trade missions; dissemination of sales leads to potential exporting firms; individual export counseling sessions; trade shows; provision of referrals to local export services; exporter awards; foreign office representatives; international market studies preparation; publication of international market newsletters and handbooks for international trade and export. Information provided by the National Association of State Development Agencies in their CD-ROM State Export Program Database for the 1990s indicates that the information in the 1987 survey has remained consistent for this decade.

Detailed descriptions of the functions, including marketing, provided to clients by state economic development offices focusing on the international arena have been provided by many researchers. Liner (1990, p. 13) displays a breakdown of these services in Figure 11 in this chapter. State supported educational and outreach programs overlap the services provided by state agencies, but extend to state supported educational exchanges, sister-state programs, and support of various subordinate programs at the municipal and community levels.

Sociocultural activities, such as Sister city type programs, have the potential for enhancing mutual economic development. The City Clerk of Norfolk, Virginia, R. Breckenridge Daughtrey (1991, p.6), underscored the potential of incorporating international business opportunities in sister city programs. He pointed out that,

The cornerstone of a sister city program rests on the opportunities it provides for citizens to learn about people and cultures from other countries. ..., but, in financial austerity, what makes that so important? The answer ... is tied to the growing impact of the global economy on national, state and local economies.

Robert Wolfgang, Director of the Office of International Business for Boston, Massachusetts finds that sister city relationships can produce valuable business alliances.

John Kincaid (1997), based on a 1996 survey, believes that mayors see more opportunities than disadvantages in the competitiveness of the global economy. High percentages of mayors see foreign tourists as a benefit and FDI as a positive force in their communities. Additionally, almost half of the mayors were

engaged in the promotion of exporting local products, many through programs such as Sister Cities. Of the local decision makers responding almost two-thirds believe that a more competitive global economy has a positive impact on their communities, including increased employment and overall economic competitiveness of their regions.

To James Brooks (1997, p. 40), it is evident that each municipality is engaged in seeking and developing a niche role it can play successfully. Additionally, for the majority, there is no desire to duplicate the functions provided by local community business services such as Chambers of Commerce, World Trade Centers, or economic development corporations. The common themes that Brooks sees running through the body of work developed by the National League of Cities since 1983 are that international connections matter and municipal officials have a necessary and significant leadership role to play in their communities through directing them to meet the goal of economic competitiveness. Additionally, central cities along with suburbs and edge cities form the operational unit of economic management and growth; the local economic region. Lastly, the keys to success are the partnerships that cut across city and state boundaries linking governments and businesses in order to foster economic opportunity for all concerned. (Brooks, 1997, p. 41)

To ensure both beneficial outcomes and, hopefully, long-range impacts result amid the complexity of planning and implementing local economic development programs, strategic planning is a vital

necessity. Strategic planning helps, but proper program implementation and feedback also are critical to success, as pointed out in the discussion of state programs.

Conway and Nothdurft (1996, p. 60) observe that trade is a means for a city's leaders to make inroads to international markets, and that many cities are combining the forces of city hall, chambers of commerce, and other interested organizations in considering trade in economic development initiatives. Chambers of commerce in several instances have begun to go beyond traditional social and political activities to explore the delivery of trade to their members; even to establishing full-time staff positions for international development. City halls, large and small, are responding to the 1993 "internationalize city hall" promotion of the National League of Cities (Brooks, personal communication, December 2, 1997).

Significant elements, that have brought together the public and private sectors in pursuit of economic development, are state and private universities. Both are commonly associated with the public and private sectors and these institutions are located in municipalities where they tend to contribute the most. Institutions of higher education are sources of theory building, entrepreneurship and professional talent, and their presence helps attract national and international firms. (Levy, 1990, pp. 43-44)

Local economic development theory and practice have experienced change as they have developed. Evolving are the theories supporting the economic, sociological and political

perspectives and paradigms supporting them. Change is particularly evident in practice at the municipal level where sustained development goals to retain and build existing programs have been recognized and implemented. Implementation has occurred while creating a positive business climate to attract foreign firms that are looking to move from overseas. Institutions of higher education play an important role, but local public-private partnerships are an essential ingredient in the equation leading to success.

Economic development results traditionally are measured in terms of increasing employment or income or both. The response to both the outcome and impact results reported, if any, may rest critically on the outcomes expected and the extent to which such expectations are fulfilled. In any case, local officials are driven to engage in economic development activities, regardless of the results of local economic development initiatives. These activities are generally categorized under the broad factors of marketing, financial, land and property management, governance/infrastructure, and include business attraction activities, financial incentives, development land management, regulatory reform, historic preservation, and revitalization programs.

Operating within national and international constraints local governments, working with businesses in partnerships to improve their position in the global economy in the long term, can make public decisions that affect the kinds of goods and services that are produced locally and can make the area a more attractive locale for economic activity. This affects the business climate and the

viability of business attraction, development, and retention. Institutions of higher learning, the availability of modern technology, and the skilled labor force needed to effectively employ advanced technology are elements that also affect the business climate.

Technology Dynamics

Technology and its innovations have made the world a global society and allowed the surmounting of the time and place barriers. "Technology enables man to communicate more easily, helps to improve living standards, promotes fuller relationships, material and social advance" (Biasini, 1992, p. 20). "Technology is vital for achieving economic development and sustaining competitiveness" (UNCTAD, 1995b, p. 7).

In viewing technological changes since the mid 1980s, the telecommunications industries have experienced: "the ending of government monopolies around the world; the deregulation and liberalization of services; the continuing globalization and intensification of competition; the ascendancy of the personal computer and the rise of the Internet; and the revolution in mobility, broadband, and online communications" (Northern Telecom, 1997, p. 6). Additionally, information-related industries have converged as evidenced by the worldwide trend of cross-investments, mergers, and alliances. The technological revolution is not limited to information-related industries. The revolution is taking place in other vital industrial sectors such as biotechnology, microelectronics, aviation, robotics and machine tools, and the new

materials-science industries. (Goddard, Passe-Smith, Conklin, 1996, p. 130)

Cities have enhanced diffusion of innovation and analyses showed that the larger the city, the faster innovations have been adopted and that while the flow of innovations has been an important factor in urban growth, a slowdown in that growth has been commensurate with a slowdown in innovations. Bairoch (1988, p. 336) cites five reasons why cities foster innovation and economic development.

First, the higher population density in cities facilitates human contacts, thereby accelerating the flow of information. Second, the diversity of urban activities ... encourages attempts to apply or adopt ... technological solutions found in another sector. Third, cities tend to concentrate educational ... and ... research [activities]. Fourth, the urban milieu provides a natural refuge [for better or worse] for original spirits ill at ease in rural areas, where the pressure to conform is as a rule stronger. Last ... the city is, par excellence, the point of contact with other cities
....

Additionally, it has been demonstrated in the section of this study on international monetary relations that cities attract foreign direct investment (FDI). The revolution in technology is fueled by investment. The firms, located in municipalities, bring a new international dimension to the locale as does the transfer of technology regionally, nationally, and internationally.

Technology transfer relates to the passing of technological information from one country to another. The receiving country benefits from technical knowledge previously available only in another country. Technology transfer takes place through numerous modes, including exported goods and services, turnkey factories,

FDI, license agreements, patent transfers, technical assistance, trade exhibits, educational exchanges, published literature, academic and applied seminars, consulting, and theft (Walters & Blake, 1992, p. 167). Regardless of the means, transfer involves people, locations, and things, with institutions of higher education in the lead.

Colleges and universities form the crux of higher education, research, and professional advancement opportunities in the United States. They also are the international mixing pots of cultures, talents, and innovations in the U.S. at the local level. Additionally, they have the capacity to provide enhanced international cross cultural education and language training for business and cultural activities, which are still required in the global arena. The municipality with a major university establishes special relationships with the peoples of many nations, particularly through local student internships for international students. These relationships often endure to provide international academic and practitioner innovation linkages.

Foreign students, however, are not the only source of international influence at the local level. U.S. students studying abroad come home with capabilities, based on overseas experience, "... to access foreign capital, technology, and know-how, as well as listen and communicate well with foreigners" (State International Policy Network, 1998b, p. 3). These students provide, at the local level, a degree of overseas experience that better positions those localities to compete in the next century. The same may be said of

the international human resources talent that foreign firms bring to American communities. Those municipalities that provide a hospitable environment will enjoy the benefits of enhanced cultural and technological exchanges.

Municipalities house most major research institutions with many major universities acting as innovation incubators for small research and development firms, which are engines of economic growth. Colleges and universities provide the primary sources of highly skilled human capital. Accordingly, more attention must be paid to continuous skill upgrading within the institutional organizations involved. This means that institutions must be organized to facilitate continuous training and education in technological, communication (i.e., language), cultural, and other critical skills in demand in a global economy. This is the primary responsibility of university administrations, but it cannot be accomplished in public institutions without state and local support.

Universities are one example of what is considered to be an important factor in fostering local economic development and the promotion of technological innovation. The existence of such an institution, however, does not guarantee that firms will be attracted to form a technology intense region. Only if universities are willing to provide an extra level of services and possess the desire to provide specialized courses and other services to the involved industries, both national and international, will there be any interest. More proactively, universities must take the initiative in recruiting national and international research

consortia, redefining research parks, commercializing technology, and participating in regional development activities. (Henton, Melville, & Walesh, 1997, pp. 27-28)

Closely related to universities are so-called research parks. A research park is a high-quality, low-density physical development in a park-like setting. It provides a location that fosters interaction between academics, researchers, and commercial organizations and entrepreneurs. (Blakely, 1994, p. 310) There are other related specialized development areas that include science parks, technology parks, business parks, and high-quality industrial estates. They span the spectrum from academic intense to practitioner intense or from concentrated research to concentrated commercial activities, respectively. The biggest factor in attracting high-technology firms, both national and international, is the presence of similar firms.

International technology partnerships are established to gain mutual advantage and benefit in the global competitiveness arena. They involve alliances between firms that result in the pooling of resources that could not be furnished by one firm alone. This is done to gain an edge to achieve a breakthrough and innovation in a particular product or process. The characteristics of a technology partnership are that they are: long term arrangements; mutually beneficial; committed to cooperate; set up in a system of technology and economic relations; and mutually enhance the partners' technological level and depth. These partnerships also have as one of their central goals the learning process of both partners, which

is a condition for their mutual success. This involves corporate learning as well as the enhancement of their human resources. (UNCTAD, 1996b)

The information economy is at the heart of the challenges faced by local authorities. "The cities are the obvious place where technology growth is exerting its most direct influence" (Biasini, 1992, p. 20). Technology is at the base of many of the sweeping economic and social global changes that are taking place and it offers cities both new opportunities for development and raises problems. Additionally, information and communications technology has transformed traditional manufacturing and logistics concepts, along with service industries' methods and means of doing daily business, to the point where the private, nonprofit, and public sectors are increasingly directing policy initiatives toward improving the innovative capacity and information intensity of the locale and its economy. (Hepworth, 1992, pp. 130-131) Moss (1992, p. 147) notes, "Telecommunications technologies present challenges and opportunities to cities and local governments concerned with fostering economic development," nationally and internationally.

While urban growth, historically, has been closely associated with public infrastructure such as public markets, industrial parks, air and maritime ports, and surface transportation links, the rise of information intensive activities in, through, and out of cities has become a vital element of the urban community economic and social system. In any case, major municipalities are experiencing increased international exposure if they happen to be a gateway

community at a border crossing, a hub or international airport, or a load center port with the exponential increase in all modes of commerce and business and tourist air travel. Vastly decreased air travel times and fares, plus express transportation of cargo, in most cases have brought cities across the world closer together and increased their exposure to international elements, particularly tourists, immigrants, but also international illegal drug carriers and terrorists.

Pollution comes in many forms and is not limited to transportation created environmental hazards. Cities find themselves in a predicament in the energy versus pollution conundrum. They are faced with a growing need for energy and services that produce pollution, but they have a vested interest in protecting an environment that is increasingly threatened. (Cassitto, 1992, p. 202) International ecological exchanges assist in problem identification and alleviation.

Transnational corporations, located in municipalities, do their share of environmental damage, but also participate in programs that can mitigate the damage and prevent future destruction. The effect of transnational corporations on the climate, ozone depletion, and global warming is a problem of extreme complexity. Briefly, however, academic studies have found that environmental regulations are not a major consideration relating to foreign direct investment, location/relocation issues, or competitiveness of industries. Quality of life, however is a major factor contributing to foreign direct investment and sociocultural

factors exert a great deal of influence.

Sociocultural Dynamics

The artistic, aesthetic, educational, and scientific life of the United States is focused principally in the cities. Cities have created symphony halls, art districts, film complexes, sports arenas, performing arts theaters, public parks, municipal centers, museums, libraries, university campuses, philanthropic foundations, and historic districts in which are contained nationally important creative and educational processes (Cisneros 1993, p. 26).

The locales that are notable for their ability to enhance cultural enrichment, however, are the cities, particularly the central cities with their unique attractions that only cities can afford. These attractions include major performing theaters, museums, architectural triumphs, and entertainment centers. Cities, therefore are the principal locations where sociocultural and artistic exchanges take place on a national and international scale. These attractions, along with historic settings, draw residents and tourists alike into sociocultural exchanges.

Many of the nation's universities, foundations, and other educational and cultural institutions, work toward long-term and short-term sociocultural goals. International academic and cultural exchanges, cultural center and library establishment, and language instruction improve knowledge and understanding enhancing both long and short term goals. Media operations, however, tend to focus more on the short-term explanation of current policies. The end product should be the reciprocal idea, the learning experience.

International cultural exchanges, sponsored by national, state, and local activities are worthy of both taxpayer's and foundation's considerable investment. All levels of education are involved, from elementary school through post-graduate university, many civic groups support cross-cultural events, and these events span the spectrum from the arts to technology to sports. Municipalities who are directly benefitting from the international sociocultural education efforts of these activities are obligated to their success. To this end, municipalities have been establishing international affairs offices and/or appointing a protocol expert in their government organizations to assist the mayor and other officials with foreign visitors, delegations, and other forms of sociocultural exchange. (Bullington, 1993)

Many sociocultural exchanges, to be effective, require preparation. At one extreme, preparation may involve a cursory review of the visitors' list. At the other extreme, to be effective, it may involve months of language study, readings and seminars, sensitivity training, case studies, and other training. The costs and potential benefits of the degree of training intensity must be carefully examined. It is possible for a simple cultural blunder "...to cost a city or state a foreign direct investment worth hundreds of jobs and millions of dollars in tax revenues" (Chadwin, Rogers, & Kim, 1995, p. 518). Regardless of what type of foreign representative the city or other officials find they must interact with, cross-cultural preparation is necessary.

Sister City relationships, discussed earlier, provide a major vehicle for cross-cultural activities and both public and private sector exchange of ideas and information. Sister city organizations at the local level include the top members of government and there exist opportunities for the exchange of ideas about city government and management with their sister city counterparts abroad (Daughtrey, 1991). In the private sector, business people deal with counterparts in other countries they know and trust. While the business principles of price, quality, and reliability are important, the decision to partner with a foreign supplier or investor most often hinges on the personality, character, and cultural adaptability of the counterpart. To establish this relationship takes time, networking, and personal contact, in addition to skill and tact. The process can be expensive for small or medium size businesses, therefore, it is important that state and local organizations find ways to reduce travel and other costs to the individual businesses. (Sister Cities International 1996 and 1997 Membership Directories) The goals of SCI are fivefold:

- to develop municipal partnerships between U.S. towns, cities, counties, states and similar jurisdictions in other nations;
 - to create opportunities for the citizens of member cities to experience and explore other cultures through long-term municipal partnerships;
 - to create an atmosphere in which economic development and trade can be developed, implemented and strengthened;
 - to stimulate environments through which municipal partnerships can creatively learn, work, and solve problems together; and
 - to collaborate with organizations in the United States and other countries that have similar goals.
- (Sister Cities International 1997 Membership Directory, p. 1)

Sociocultural exchanges take many forms and are not limited to those that are sponsored by the federal, state, or local governments. Tourism may be considered a form of sociocultural exchange. It is distinguished, however, by its commercial return, ranking as the nations third largest retail industry. Attraction of foreign tourists has been a top priority with states and municipalities since the disestablishment of the U.S. Travel and Tourism Administration in 1996. The tourism sector is expected to create more jobs in America than any other industry in the next decade. (Fry, 1998, p. 84)

International tourism is one of the United States' chief sources of export income. Communities have favored tourism as an economic development initiative. "To be successful, a tourism program of any kind must be well planned and managed. It must have specific objectives, such as business development, as well as active support of all local parties with an interest in and effect on tourism." (Blakely 1994, p. 189) Tourism also must specifically be organized as a total community effort. This must be ensured so that special interest groups and the citizens at large are accommodated to preclude disruption of the daily lives of the community's residents, as for example, beach residents seasonally face; although this disruption was to be expected when they settled in a area that would be a tourist attraction.

Relating to convention centers as focal points to attract tourists and conventions, Fenich (1994, p. 254) found that factors other than the convention center itself were given as major reasons

for choosing a given city to host its conventions and trade shows. They are the city's attractiveness in terms of global travel connections, first-class hotel rooms, numerous restaurants, and significant cultural sites.

As an element of a city's recovery plan to offset the effects of deindustrialization, tourism has become one of principal components of economic growth. Tourism and associated arts and sports development have been favored in cities versus suburbs because office property development and economic development growth are not synonymous; government sponsored tourist facilities can generate revenue; cities are dynamic places compared with suburbs; tourism is an expanding industry offering opportunity for all; and tourism is an export industry and therefore contributes directly to the economic base. Despite critiques to the contrary, it has been shown that tourism is a viable strategy for urban regeneration because it is not a zero-sum game because: tourism is an elastic industry; government investment in facilities can result in justifiable returns if properly planned; and it provides those jobs most in need in the central city, i.e., low-skill jobs at relatively low capital costs. (Fainstein & Stokes, 1998, pp. 150-152)

The State International Policy Network (1998c) believes that, given the significance of the tourist industry and its potential, it is necessary to educate the public about the role of foreign tourists in the local economy and consider implementing programs that would encourage young people to learn a foreign language. In addition to fostering a welcoming attitude, language training should

make attractive career opportunities available. Further, tourism supports quality life styles for the community through investments in museums, historical sites, entertainment centers, and parks while playing an important role in educating people about American history and culture. "As such, tourism may need to be viewed with greater seriousness--and pride" (State International Policy Network, 1998c, p. 3).

One of the factors contributing to the perception of an avalanche of foreign immigrants has been the explosion in the number of nonimmigrant visitors. Nonimmigrants include tourists (which account for 79 percent of all nonimmigrants), business people, foreign students, temporary workers (including agricultural workers, skilled professionals, athletes and entertainers), industrial trainees, diplomats, the foreign media, religious workers, plus the family members that accompany the visitor. (State International Policy Network, 1995e, p. 3) Many nonimmigrant skilled professionals belong to multinational corporations. Several communities, recognizing the value of these skilled workers and their sociocultural sensitivities, have supported cultural schools for ethnic Japanese, Taiwanese, and other groups of foreign children where they can be educated in their mother languages and traditions. In fact, most states and localities "... might do better to focus their energies on devising ways to take best advantage of what few immigrants and foreign visitors they have" and attracting others who can make a positive contribution to the community (State International Policy Network, 1995e, p. 3).

Political Dynamics

The domestication of foreign policy in America began in the 1960s with widespread localized opposition to the Vietnam War. Subsequent decades witnessed the emergence of nuclear free zones, comprehensive test ban cities, sanctuary cities, and divestment cities. City councils passed resolutions supporting countries such as Israel and sanctioning others; e.g., Northern Ireland and South Africa. "The 1980s witnessed an unprecedented growth in grassroots activism on international issues. For a detailed list of such activities, see Fry (1998, pp. 92-99), Hobbs (1994), and Kirby & Marston (1995, p. 273).

"Interest groups frustrated at the national level ... turned their efforts to the public" (Hobbs, 1994, p. 1). "Politics at all levels involves the interplay and clash of various interests, usually reflected, if they are to be effective, through organized groups and institutions" (Wolman, 1996, p. 136). More importantly, special interest groups have been instrumental in getting international issues into local play. Lobbying by these groups has precipitated many of the more controversial stands taken independently by states and municipalities. The essential ingredient in this local activism is the degree to which state and local officials respond to international issues being brought to their attention by the various sources involved. Leaders in state and local governments have found that it is to their advantage to include foreign policy issues in their campaign platforms and policy statements. They do so because they are able to satisfy their

constituencies, special interest groups, and get recognition beyond the immediate boundaries of their domains; i.e. recognition nationally and internationally.

An example of grass-roots activism involving constituencies, special interest groups and state and local officials, was the state and local revolt against investment in South Africa during apartheid. "During the 1980s [and early '90s], a total of 130 cities and 28 states enacted selective purchasing laws targeting South Africa." (GLOBECON, 1997b, May, p. 2)

Two trends are likely to push state and local governments even farther into noneconomic foreign policy. The first is the widening scope of global trade negotiations to encompass value-laden issues, such as health and safety standards and the environment. The successful initiatives by the International Standards Organization (ISO) to gain worldwide acceptance of ISO regulations 9,000 and 14,000 are examples of this trend of legislation at all levels being subject to international scrutiny and challenge. (State International Policy Network, 1995a) The increasing personal interest of state and local leaders in human rights forms the second trend. Regarding this trend, a potential conflict exists where state and local legislation has been passed pressuring U.S. investors to divest in Myanmar (i.e., Burma), which is under intense scrutiny for human rights violations. Initiatives contrary to U.S. policy include: resolutions supporting the seating of Communist China in the U.N.; objections to the Arab League boycott of Israel in the '70s; trade missions to Lybia contrary to U.S. policy;

refusal to send state National Guard units to Honduras for training in 1986; according Taiwan the same treatment as other nation-states; South African divestment of the '80s and early '90s; and positions on issues involving Northern Ireland. (Fry, 1998, pp. 92-95) Other local international political actions, contrary to federal foreign policy positions, include: support of human rights in Angola; support for or against a Palestinian homeland; trade (e.g., GATT, NAFTA, WTO, Japan); international institutions (e.g., the U.N.); peacekeeping/relief operations (e.g., Bosnia, Haiti, Somalia); financial relief/payment (e.g., Mexico, the U.N.); immigration sanctuaries (for El Salvador, Guatemala, and Nicaragua illegal immigrants); Mideast peace initiatives. (Kirby & Marston, 1995)

Hobbs (1994) offers three explanations for municipal involvement in international relations, specifically foreign affairs. First, she believes that the international system has changed in the way nations and subnational elements relate to one another with cities becoming actors in this new environment. In this context, there has been a decreased ability of the federal government, representing the nation, to cope with complex issues that have local sources but transcend national boundaries. This has often resulted in public frustration with politics at the national level. (Hobbs, 1994, p. 8-9)

Second, Hobbs believes that the forces that govern municipalities have changed. A new leadership, born and bred in the 1960s and '70s social movements and based on constituency participation, has emerged in cities that can set new and far-

reaching agendas for local governments. Finally, Hobbs finds that as urban development has proceeded, the cities themselves have changed. With suburban flight and the influx of service industries with their well paying jobs for professionals, the poor are further isolated with the lack of low-skill jobs, and a new citizenry has come to dominate the politics of cities. (1994, p. 8)

As a result of these three new dynamics evident in local communities a "... new progressive movement has actively encouraged local activism" (Hobbs, 1994, p. 12). This has promoted grass-roots activist development and the establishment of more responsive local governments and prompted actions on international issues. "Progressive elements at the local level have brought international issues to the forefront in their push for greater government accountability." (Hobbs, 1994, p. 13) Kirby & Marston (1995, p. 268-269) substantiate Hobbs' observations and demonstrate that, "... our cities' residents can [their emphasis] participate in the political arenas that extend beyond their literal jurisdictions" (p. 269). This change in the local environment, manifested as local activism in foreign affairs, has been due in part to "... increasing global interdependence, a shifting international political economy, and growing sensitivity to international concerns." (Hobbs, 1994, p. 13)

Various special interest group movements find outlets at the local level because municipalities afford accessibility to local officials and media, and more responsive local governments. These, plus the '60s generation acquiring positions of leadership, have

encouraged local activism and have prompted local officials to open to political demands. "The result is not only a strengthening of national lobby effort at the local level but the promotion of grassroots development as well" (Hobbs, 1994, p. 13). (Hobbs, 1994, pp. 12-13, 37) Accordingly, many local leaders have believed that it has been their responsibility to respond to international issues. Since the federal government has taken only limited action, primarily on sanctuary issues, it may be said that there is tolerance at the national level for local activism. To the extent that national policies have been modified supporting local positions (i.e., divestment initiatives), a positive benefit for local foreign policy initiatives is indicated. Since municipalities do not exist in a vacuum, the increasing interdependence of the world and the effects of globalization should enhance opportunities for internationally oriented political activism. It also accentuates the central role played by communities in experiencing the adverse effects of globalization. One such effect is international terrorism, financed and directed from foreign shores, cultivated in the U.S., with Americans as targets at home.

Bruce Hoffman (1998), in his book Inside Terrorism, maintains that in the business of terror the United States has become the target of choice for political and religious terrorists striving for media attention. They collect U.S. dollars to send to their overseas headquarters and have used American addresses to buy U.S. equipment, U.S. Internet sites to communicate, and U.S. universities to meet and plan their activities. The possibility of a nuclear,

biological, or chemical weapon in the hands of a terrorist cell in the U.S. is both plausible and real.

It is a fact that, "There is nothing that can be done which will make America [or its municipalities] invincible to terrorism" (Fry, Taylor, & Wood, 1994, p. 236). While it is a global problem that faces nations' police and national defense systems, its immediate impact is felt in the local community and by that community's municipal government. From a more pragmatic local standpoint, the effects of terrorism on tourism demonstrate that service industries can be as volatile to the new global economy as manufacturing has been (Thompson, 1995, p. 7).

International terrorism and its potential negative impact on communities is not dead, but neither is municipal foreign policy activism and its potential for positive results even though its potential for negative outcomes exists. "It remains a vital way for communities to pursue international issues of concern to them and articulate those concerns nationally and internationally" (Hobbs, 1994, p. 105). However, as Fry (1998, p. 131) observes,

... there is one area where Washington cannot afford to compromise with state and local governments, and this is linked to those "foreign policies" of subnational governments that directly contravene official policies of the federal government. [They] ... cast doubt on the integrity of U.S. foreign policy, blatantly interfere with international and interstate commerce, openly violate the supremacy clause of the U.S. Constitution, and invite retaliatory actions by foreign governments.

International Relations Dynamics

Pluralists and structuralists, representing two approaches to international relations, share at least three commonalities that

may be considered criticisms of the realist or nation-state perspective. They both stress a political economy approach to international relations. They are much more cognizant of events, processes, institutions, and actors operating both within and between nations. Additionally, they both emphasize socioeconomic and welfare issues. (Viotti & Kauppi, 1987, pp. 400-401)

Many nations and international organizations are placing more emphasis on pluralism and structuralism. In the United States, states and municipalities appear to have found their niche in some form of these latter two approaches, but the American pluralist school has heavily influenced their perspective.

At the same time, two relevant trends have been emerging. First, the traditional nation-centric structure of international relations is giving way to the multicentric pressures. The nation-centric world, which existed for more than 300 years is being subsumed by a multicentric world in which nations and both governmental and nongovernmental transnational actors with decentralized structures and processes create a highly pluralistic system where there is no dominant actor or group of actors. (Czempiel and Rosenau 1989, p. 8). For Rosenau's 1990 summary of the structure and the interactive process of change of the two worlds of world politics, see Figure 18 in this chapter.

Second, the United States is experiencing the combination of a decline in intergovernmental aid and a diversification of federal program implementation (Wright, 1992; Kincaid, 1993). Interacting with these trends has been the late 1980s to early 1990s slump in

the world economic situation and most national and local economies (Rosow, Inayatullah & Rupert, 1994). The same may be said of the economic cycles of the 1970s and '80s, and the possible emergence of another cycle in the late 1990s.

Intergovernmental Relations Dynamics

Since the late 1970s states' officials, along with representatives from their local governments and the private sector, moved aggressively to help establish a presence in the global marketplace. They did this by working not only with overseas prospects, but with local municipalities, neighboring city governments, and local and statewide special interest and civic groups. In the meantime, "the federal government toiled over macro-economic issues that were of great moment and of concern only inside Washington's Beltway." (Liner, 1990, pp. 11-12)

In the same vein, Fry (1998, p. 90) observes that despite the many federal programs provided to facilitate intergovernmental cooperation, many state officials believe that they have minimal input in the formulation of U.S. policy affecting the multilateral issues that they face and that federal cooperation has been sporadic, inept, and sometimes disappointing. Additionally, some state officials have complained about the lack of assistance coming from domestic and foreign based federal trade officials (Fry, 1998, p. 114), despite the local assistance programs mentioned in the trade section of this study, and commercial officers in Europe located in U.S. consulates and embassies (Levine, 1993-1994, pp. 43-45). In spite of this state of affairs, there has been growing

interaction between state, local, and federal authorities, but state officials consider this collaboration to be ad hoc and lacking institutionalization, and place most of the blame on Washington (National Governors' Association, 1995). Local government officials, according to Fry (1998, p. 90), also have expressed similar observations regarding their relations, not only with Washington, but with their state governments. Fry (1995, p. 35) maintains, however, that "Municipal representatives should network with federal, state, county, and neighboring municipal officials to ensure that the interests of their local business communities are adequately represented by these other levels of government."

From the state perspective, state governments are becoming more and more involved in the governance of metropolitan regions. According to Fosler (1988, p. 327), there are several reasons for state involvement: responsibility for major highways, mass transit, health, environmental regulation/protection, education, and some tax revenues, to mention a few. States also, to a great extent, establish the legal, administrative, and fiscal framework in which local governments operate. Additionally, metropolitan areas have spread way beyond traditional local government boundaries, or are made up of a fragmented pattern of local governments and their economies have grown far more complex; calling for much greater state coordination throughout. There have been some success stories regarding metropolitan or substate regionalism. One such is Silicon Valley in Northern California.

Saxenian, in her comparison of Silicon Valley and Route 128, the engines of the microelectronics industry in the U.S., notes that the Valley prospered because of its laid-back, freewheeling style, which attracted top-flight people, ideas, and venture capitalists and allowed them combine and continuously restructure in other combinations in a "networked" industrial model. "By providing an open local point of connection to the fast-moving, worldwide universe of technology and technologists, it quickly outpaced its Massachusetts rival" (Ohmae, 1995b, p. 94). Route 128, however, went to Washington, DC seeking federal funds for research and development by lobbying for "competitiveness," and grew protectionist. In the latter vein, it began to discourage, even bar, FDI and foreign takeovers. As a result, the protectionist "subsidies" for the U.S. semiconductor market are the highest and the costliest of any protectionist trade subsidies in America and where Route 128 had over twice as many employees as the Valley in the late 1950s, the Valley had three times as many employees in 1980.

Tom McEnery (1994) reinforces Saxenian's study when discussing San Jose, considered part of Silicon Valley, in the regional context of global competition and found that flexible, entrepreneurial cities are the winners, with minimal reliance on federal funds. He sees one of the keys to financial survival to be privatization of city and regional services that cannot be efficiently provided by the public sector, with public-private partnerships forming the basis of privatization arrangements. He does not support the

forming of a regional government because it is "an attempt to decrease the power of cities..." to think locally and act globally, which would dilute the flexible entrepreneurial arrangement existing in the Santa Clara Valley (i.e., Silicon Valley). Unfortunately however, "Most American metropolitan areas lack the institutional base to develop and implement regional economic strategy. Rather than work cooperatively to develop the economy of the region, local jurisdictions typically compete with one another to attract business" (Fosler, 1991b, p. xxv).

It appears that intercommunity partnerships have extended into the 1990s, supplemented with a resurgence of voluntary arrangements and the implementation of public-private partnerships. Gone are the top-down approaches pushed by higher levels of government because, as in the past, they will be rejected, thwarted, or subverted (Wallis, 1993, p. 130). Wallis believes that regionalism will succeed if a sense of regional citizenship is cultivated through: building consensus and resolving disputes, enhancing identity and environmental stewardship; creating neighborhood identities and governance; creating new forms of public-private and public-nonprofit partnerships; and ensuring that the citizens and media identify with the region.

Fry (1998, p. 9) makes the point that "Arguably, the future competitiveness of the nation as a whole is rooted in local politics and economics." His point has been substantiated by a number of authorities as covered in this study. Fry further points out that local officials believe they are best suited to assist the small

business community and implement the strategy of thinking globally and acting locally, in the spirit of all politics and power reside at the local level(1998, p. 53).

The composition of local government also affects the degree of institutionalization of their involvement abroad. The interest of one mayor in international linkages may not be carried over into the next regime with the inevitable demise of any international initiatives that may have been consummated while the longevity of a similar program may be greater in a reform government. One elected mayor who strongly believes in institutionalization of the international process in city hall and the community is Mayor Ron Loveridge of Riverside, California. His checklist to facilitate institutionalization is listed in Figure 20 in this chapter. Institutionalization also involves committing funds in the form of budgets and personnel to handle the functions. Though budgets can be changed and people redirected to other jobs, these two elements assist in the institutionalization process. Relating to institutionalization, both within local governments and with their contacts with other jurisdictions, Fry (1998, p. 88) observes that "Although cities have significantly increased their involvement abroad, institutional linkages are still very tenuous, with the possible exception of Sister City networks." Further, the National League of Cities 1996 survey indicates that most smaller cities, which focus on local or regional markets, are only beginning to appreciate the opportunities available in the international economy. This has a direct affect on the imperative of institutionalization

and the internationalization of city hall initiative of the National League of cities.

Another consideration in local intergovernmental relations dynamics involves the structural definition of the locality. The city in a multi-municipality structure, normally, is well defined politically and geographically, but its economy and socioculture are not necessarily as well defined and usually transcend city boundaries. Accordingly, the solutions to ameliorate greater metropolitan problems depend on the relative degree of freedom of action that each locality has, is determined by their relations with their respective states as each state interprets the Dillon Rule. Efforts to increase local government relevance, relating to the Dillon Rule and other regulative restrictions, have resulted in lobbying in state legislatures and in Congress. This political tactic has recently added a new dimension to local governmental activities.

International Cities Dynamics

Addressing municipalities in the global context requires a look first at the effects of globalization. Two points are relevant from the municipal perspective. First, globalization presents a powerful urban influence based in economic restructuring with complex social, political, and spatial dimensions. Second, cities cannot be passive in the face of globalization because they must deal with it through mediation and negotiation in complex ways.

The municipal outlook has been dramatically affected because globalization has separated business enterprises from their place-

based employees. The new highly mobile business environment has resulted in an uneven inter-urban effect within each industrial sector where people in different occupational categories unevenly benefit. Some of the impacts cited by Wilson (1997, pp. 9-12) are: a new fractured and fragmented city; intensifying residential segregation; a changing political and social fabric characterized by both a larger sphere of influence and greater emphasis on economic development and city growth; and increased attraction versus distribution of city resources. These impacts as a whole cannot necessarily be viewed as either positive or negative.

The recent globalization of the world economy was initiated through advances in technology, particularly in information and communications, which fueled the explosion in transnational business activity, which, in turn, has effected local patterns of economic development as the processes of business restructuring, reorganization and redeployment evolve. This is particularly true as a result of the globalization of finance and its self generation of profit making from speculation and manipulation. It also has sparked an international division of labor as a result of changes in transnational corporate activity. The technological innovations have changed the constraints on distance and location and opened new space economies that provide newer economic opportunities in the globalization process. The process has reduced the influence of central governments in the orchestration of the conditions of production and the flow of capital and commerce, as previously discussed. The globalization process also has given local economies

unprecedented access to markets and the markets the same access to locales producing a new "localism." (Adapted from Clarke & Gaile, 1997, pp. 30-31)

With its greater salience, local government acts as a catalyst of processes of innovation and cooperation, [assuming]... that global integration will bring a convergence in growth prospects and that cities can upgrade their position in a global urban hierarchy by their strategic interventions. (Clarke & Gaile, 1997, p. 31)

These positive outcomes of globalization must be reconciled with what has been called the dark side of globalization and the new localism that accompanies it. John Kincaid (1995) demonstrates that the positive effects of globalization may undermine local autonomy more than it will liberate it and expose regions and municipalities to the excesses and constraints of global competition. The GATT and NAFTA agreements, for example, "... allow preemptions of state and local government powers in economic development, environmental regulation, and other areas if they appear to privilege local firms or producers" (Clarke & Gaile, 1997, p. 32; see also Colgan, 1995).

Kanter (1995) and Kincaid (1995) show that globalization can produce a class of globalist people who have no loyalty to place since their interests and resources transcend communities. This could create an erosion in the linkages between people, place, and identity, the essential ingredients in civic cohesion. The erosion could take place because there are fewer incentives for these globalist cosmopolitans to invest in a community's civic society and likewise the locals, who see little value in globalism, may have fewer incentives to contribute to their civic society. (Adapted from

Clarke & Gaile, 1997, p. 32; see also Kincaid, 1995) This lack of contribution to civic society, as a result of the globalization process, has several effects at the local level. Social polarization, job displacement, wage compression, intensified property speculation, informal economies, immigration pressures, and the continued economic and social isolation of the poor in the central city, are brought about locally. (Clarke & Gaile, 1997, p.32)

World or global cities are cities that dominate the world economy in which they operate and have three most important characteristics among other criteria: (1) a sophisticated financial and service complex serving a global clientele; (2) a hub of international networks of capital, information, and communication flows, and (3) a quality of life conducive to attracting and retaining skilled international migrants. World or global cities have evolved as a result of new economic restructuring, enhanced economic interdependence, and social dynamics, operating at the global level among nations, which have been derived from technology advances and the emergence of service industries. The NICE group called these cities "directional world cities" and the group's typology of the traits of such directional cities includes the following key ingredients, according to Soldatos (1993, p. 53):

- presence of a critical mass of major international traits (head offices or international divisions of multinational corporations, strategic support services to firms);
- central position in the national system;
- central position in the regional system;

- international activity integrated with that of the national society;
- international activity that is multifunctional and succeeds in creating links between the various international functions of the city;
- significant retention of the wealth created through international deployment [arranging, placing, moving, or spreading out strategically or appropriately];
- central position of the city (alone or in coalition-alliances) in international networks;
- integrated relations between the decision-making centers of the city and those of other levels government and the national society;
- and, in some cases, a larger role within the international system than within the national system.

These key ingredients are more detailed than those set forth by Simon (1995) or Shachar (1995) or the functions detailed by Knox (1997), but translate into a set of criteria of a city's international status used by the NICE group as further discussed below.

Sassen (1991) found that the main function of these new world cities was to efficiently manage the new economic system of global reach as worldwide economy command and control centers for the production of financial and producer services. Sassen also (1994) noted that other cities, on smaller geographic scales, also perform equivalent functions for both transnational and subnational regions. Friedmann (1995a) argued that cultural services must be considered as part of the globalization equation. Kirby & Marston's (1995) grass-roots activities of popular politics and the findings of King (1990) provide a humanistic approach to the mechanistic and economic

aspects of world cities.

While almost all large metropolitan areas have exhibited some elements of the defining characteristics of world or global cities, Shachar (1995) believed that only a few cities have developed to the level of world cities. The other cities, however, can be placed on a continuum of world city characteristics, according to their score on this continuum. Friedmann (1995b) had also ranked cities on a hierarchy. This was a divergence from the traditional rank-ordering of cities according to population size, which had assumed that their level of specialization would be determined by the size of the local market. Knox (1995) believed, however, that the hierarchical classification of world cities did not fit other cities, who are excelling in international competition, and could be recategorized by the types of functions each performs; e.g., corporate management versus transnational nongovernmental management, organizational leadership versus cultural leadership. Knox' (1997), therefore, detailed a set of functional characteristics of world cities.

In accordance with city functions, Knox (1997) recognized four tiers of the global urban system, with the possibility of a fifth. At the top, the system is dominated by London, New York and Tokyo, that have truly global influence. Next are the world cities that have influence over large regions of the world economy followed by the third tier, occupied by important international cities that have more limited or specialized international functions. The fourth tier consists of cities that have significant national importance

and perform some transnational functions and Knox conceded that there may be a fifth tier that would include those cities that have carved out distinctive niches in the global marketplace.

Soldatos (1993) commented on a new era of international urban actors, such as cities and urban communities. Soldatos has been one of the participants in "The New International Cities Era" (NICE) project. They have grouped world cities and identified significant leaders by a list of characteristics that are more detailed than those set forth by Simon (1995) or Shachar (1995) or the functions detailed by Knox (1997). The NICE characteristics translate into a set of cumulative criteria of a city's international status, because not every city has all of the ingredients of international profile. Accordingly, a degree of participation is implied, however, Soldatos (1993, p. 55) cautions that, theoretical knowledge and empirical observation of urban internationalization are not conclusive enough to define all the variables in the relationship between urban international development and regional development.

International cities may be considered as an even more inclusive term that addresses the entire family of cities in the world from the perspective of the scope of their activities versus their position in the international arena, the latter exemplified by the NICE criteria. The term, international cities, has been used synonymously with world and global cities. International cities, in the context of Friedmann, et al, and as set forth by Soldatos (1991) for example, primarily is concerned with determining the degree to which a city is in fact international in its connections

with the rest of the world economy. A city, however, may effect a significant increase in its competitiveness, internationally. It should be able to do this without meeting the world, global, or "international" city criteria, at any currently recognized level or tier. Therefore, a city may be very internationally competitive without necessarily being classified as a world or international city. This is in line with Lo and Yeung's belief (1996, p. 2) that cities form a functional system in which they are linked in inter city network, often in a global hierarchical manner based economic or sociopolitical functions. They also note that cities should be defined by the operation of their externally linked functions and not by population size.

The examples of cities in either a functional system, a fifth tier of world cities, and cross-border associations are neither, unique, confined to a geographical proximity, nor autonomous entities or free standing independent economies that are cooperating for convenience. They represent municipalities in economic regions in a dynamic, highly interdependent global system where significant changes in economic activities of one component of the system will directly bring about modifications in related activities or characteristics of one or more other parts of the system, according to Barnes and Ledebur (1994).

Accordingly, it has been found that municipalities who consider themselves to be international cities, are becoming more and more resilient, locally, regionally, statewide, nationally, and internationally. Their resilience is based on new forms of power

derived from the forging of global relationships, not to solve all problems locally, but solve them through global resources as appropriate.

Concluding Observation

Municipal involvement in international relations appears to be predicated both on a combination of self-interest/self-preservation as a possible result of "new federalism," but more on economic imperatives created by the national and world economies impacted by globalism, and on a desire to effect sustainable economic development. Conflict/competition, ever present, may or may not be increasing between federal and local agencies in the international arena as a result of the distribution of power and power relationships, dependent on one's perspective. Intergovernmental relations are becoming more complex. There is, however, an apparent lack of interaction, let alone networking in intergovernmental relations. Power relationships may shift in accordance with the need to: control scarce resources; control boundaries; interpret governmental structure, regulations, and rules; control of the decision process; and tighten loosely coupled systems from either the realist, pluralist, or structuralist frames of reference. Regardless of the outcome, it is evident that municipal involvement in international relations will be a viable force in the future. The detailed aspects of the nature of that participation are outlined in the following final section of this qualitative analysis.

Qualitative Research Results

Introduction

This section details the specifics of what municipalities have done in the global arena. It is the last step in the qualitative analysis portion of this study. This chapter, less the "conclusion" section and this section, represents Straus and Corbin's (1990) conditional matrix of municipal involvement in international relations. The bulk of the chapter is devoted to the both the gestalt and local views of municipal involvement. It provides the background for developing an understanding of the context in which municipal international relations is located and its connection with the interaction/action dynamic of involvement. This is accomplished through exploring why this phenomenon is manifesting itself and identifying indicators of the nature of that involvement.

The preceding "conclusion" section of this chapter, while duplicating the material contained in earlier sections of the chapter, forms the second essential qualitative step to refine the conditional matrix. This refinement was accomplished through a review of the essential elements involved in the dynamic of municipal involvement in international relations. Since this is not a causal study, however, the investigation of the why question, through the tracing of conditional paths, stops with the second step; i.e., the "conclusion" section.

The purpose of this section is to identify the basic conceptual constructs which form indicators contributing to municipal involvement. These indicators have been identified in

accordance with the procedures set forth in Chapter II of this study. They have been arbitrarily placed into relevant composite factor groupings, tentatively formed in the a priori categories identified earlier in the study; e.g., economic, technological, sociocultural, political, and other perspectives. The placement into categories is relatively arbitrary and some may support more than one category; e.g., cultural missions can support both sociocultural and economic initiatives, tourism is both a sociocultural and an economic initiative as is attracting immigrants, and technological advances can enhance economic, sociocultural, and political initiatives. In each case where duplications were found in different categories, the indicator was arbitrarily placed in the category that provided the best subjective fit. These categories and the placement of indicators will be subject to confirmation through factor analysis in Chapter IV of this study.

It should be noted that many indicators can be both internationally and domestically oriented. They include, for example, public-private partnerships, favorable conditions for investment and technical development, enhanced business climates, and economic development incentives. These dual function indicators, which generally are related to economic development will not be considered for inclusion in the list of indicators, unless some international focus is evident.

Qualitative Results

The results of the qualitative analysis show that there are a set of 121 indicators that describe the activities pursued internationally by municipal governments. The indicators are presented in Figures 24 through 28. They provide an indication of the presence of the concept being studied and establish one or more specifiable "dimensions" (i.e., groupings) of the concept. (See Babbie, 1989, p. 110.)

Figure 24, on the next page, contains the economic related indicators of municipal involvement in international relations. They have been identified from the conclusion section of this chapter. The primary source pages are identified in parentheses with each indicator, though confirming sources may exist on other pages. Figure 25, on page 555, lists the technological indicators. The sociocultural indicators are shown in Figure 26 on page 556, followed by the political indicators in Figure 27 on page 557. The intergovernmental relations indicators of municipal involvement in international relations are to be found in Figure 28 on page 558. No international relations or international cities indicators could be identified beyond those which make world or global cities unique. These later constructs do not necessarily apply to the construct of municipal involvement as explained in the subsection on international cities. In each indicator, an international approach is inherent, if not specifically identified.

There are 46 economic indicators, nominally divided into trade with 22 indicators, finance with two, marketing with seven, and

economic development having 15. Technological indicators number 19, as do sociocultural. There are 27 political indicators and 10 intergovernmental relations indicators. Some of the indicators may be too closely associated to be discreet or vary statistically; e.g., networking with civic versus special interest groups, or having sister city agreements and supporting sister city activities. Undoubtedly others have been missed, because like the explosion of economic development incentives, new activities are being launched all of the time. Additionally, as mentioned earlier, each indicator is not necessarily unique to the category in which it has been placed and may support several categories simultaneously. The significance of these problematic issues will be discussed in the conclusions and recommendations chapter of this study.

FIGURE 24

**RESULTS: ECONOMIC INDICATORS OF MUNICIPAL
INVOLVEMENT IN INTERNATIONAL RELATIONS**

Trade

Understanding export markets (494)

Supporting export sales of local products (494)

Providing foreign market information (494)

Providing technical assistance (494)

Providing financial aid (494)

Deriving export revenues (494)

Providing guidance on foreign market opportunities (494)

Using Commerce Department services/assistance (494)

Using state government supported services/assistance (494)

Using Colleges and Universities for export assistance (495)

Playing a role in the trade liberalization process (495)

Having a trade strategy for strategic responses (496)

Participating in city trade networks (496)

Prioritizing public expenditures in support of trade (496)

Participating in trade missions (499)

Using umbrella organizations to promote trade (499)

Providing small business assistance for trade (499)

Supporting a Free Trade Zone (499)

Including small business export strategies in economic development strategies (499)

Seeking exporting technical support (505)

Seeking trade insurance (506)

Providing exporter awards (507)

Note: The numbers in parentheses are page numbers from the text for cross reference.

FIGURE 24 (Continued)**Finance**

- Attracting foreign direct investment (499)
- Having international businesses located in the community (501)

Marketing

- Providing funding for world trade centers (498)
- Having offices or representatives overseas (502)
- Using the Internet for international marketing (503)
- Having top-level participation in trade missions (503)
- Having top-level participation in outreach programs (503)
- Advertising overseas (503)
- Working with other local organizations to promote marketing (504)

Economic Development

- Working with the private sector on global competitiveness (505)
- Seeking export financing (505)
- Seeking internationally oriented incentives (505)
- Seeking export promotion assistance (505)
- Pursuing information brokering on trading partnerships (505)
- Pursuing referral services for professional training (505)
- Coordinating overseas visits (505)
- Coordinating foreign business and government visitors (505)
- Offering local incentives to foreign businesses (407)
- Using international sociocultural activities to enhance economic development opportunities (508)
- Supporting the international activities of chambers of commerce world trade centers, economic development corporations (509)
- Responding to the "internationalize city hall" initiative of the National League of cities (510)

FIGURE 24 (Continued)**Economic Development (Continued)**

Engaging in public-private sector partnerships to enhance global competitiveness (511)

Promoting an entrepreneurial atmosphere that fosters a networking atmosphere conducive to the development of a regional community to capitalize on global competition (534)

Supporting regional initiatives to form intercommunity partnerships in order to position the regional economy to become a competitive entity in the global market (535)

Figure 24. A list of economic indicators of municipal involvement in international relations.

FIGURE 25

**RESULTS: TECHNOLOGICAL INDICATORS OF MUNICIPAL
INVOLVEMENT IN INTERNATIONAL RELATIONS**

International Technology Transfer Participation

- Assisting with exported goods and services (513)
- Supporting the provision of turnkey factories (513)
- Supporting licensing agreements (513)
- Assisting in patent transfers (513)
- Supporting technical assistance (513)
- Supporting educational exchanges (514)
- Providing student internships (514)
- Exchanging published literature (514)
- Supporting academic and applied seminars (514)
- Assisting international consulting activities (514)
- Supporting colleges and/or universities providing cross-cultural and language education for business activities (514)
- Encouraging foreign students participation in both college/ university and community activities (514)
- Assisting local students, who have studied abroad, find positions of benefit to industry and the community (514)
- Supporting the upgrading of academic skills in local colleges and universities, to meet the demands of a global economy (515)
- Supporting colleges and universities provision of the extra level of services that will attract technological innovation (515)
- Assisting colleges and universities attract international and national research consortia, redefining research parks (515)
- Promoting of research/science/technology/business parks to attract international high technology firms (516)
- Supporting international technology partnerships (516)
- Supporting international ecological exchanges (518)

Figure 25. A list of technological indicators of municipal involvement in international relations.

FIGURE 26

**RESULTS: SOCIOCULTURAL INDICATORS OF MUNICIPAL
INVOLVEMENT IN INTERNATIONAL RELATIONS**

Participating in cultural missions (499)

Having public education support language training (502)

Having colleges and Universities provide skills for international relations (502)

Having a protocol expert for international visitors (504)

Supporting colleges and/or universities providing cross-cultural education and language training for cultural activities (514)

Supporting international academic exchanges (519)

Fostering international cultural exchanges (519)

Supporting international cultural centers (519)

Supporting international libraries (519)

Supporting international events (520)

Having an international affairs office in city hall (520)

Supporting cross-cultural training in the public sector (520)

Having active Sister City agreements (520)

Supporting Sister City activities (520)

Exchanging information about city government and management with Sister City counterparts abroad (521)

Attracting foreign tourists (521)

Providing programs to educate the public about the role of foreign tourists in the economy. (523)

Supporting cultural schools for ethnic foreign business visitors' children (524)

Attracting immigrants who can contribute to the community (524)

Figure 26. A list of sociocultural indicators of municipal involvement in international relations.

FIGURE 27

RESULTS: POLITICAL INDICATORS OF MUNICIPAL

INVOLVEMENT IN INTERNATIONAL RELATIONS

Having passed a resolution on, among others:

The Vietnam War (524)

Nuclear Free Zones (524)

Comprehensive Test Ban (524)

Sanctuary for Illegal Immigrants (524)

Israel (525)

Northern Ireland (525)

South Africa Apartheid (525)

International Standards Organization Regulations (526)

Myanmar (Burma) Human Rights Abuses(526)

Communist China Seating in the U.N. (526)

Arab League Boycott of Israel (526)

Relations with Lybia (526)

National Guard Training in Honduras (526)

Recognition of Taiwan (526)

Angola Human Rights Abuses(526)

Palestinian Homeland (526)

Liberalization of Trade; i.e., GATT, NAFTA (526-527)

Bosnia Peacekeeping (527)

Haiti Intervention/Relief (527)

Somalia Peacekeeping/Relief (527)

Mexico Economic Bailout (527)

U.N. Support Payments (527)

FIGURE 27 (Continued)**Having passed a resolution on, among others: (Continued)**

El Salvador Refugees (527)

Guatemala Refugees (527)

Nicaragua Refugees (527)

Mideast Peace Initiatives (527)

Acting on international terrorism (529)

Figure 27. A list of political indicators of municipal involvement in international relations.

FIGURE 28**RESULTS: INTERGOVERNMENTAL RELATIONS' INDICATORS OF
MUNICIPAL INVOLVEMENT IN INTERNATIONAL RELATIONS**

- Networking with federal officials to support international activities (532-533)
- Networking with state officials to support international activities (532-533)
- Networking with county officials to support international activities (532-533)
- Networking with neighboring municipal officials to support international activities (532-533)
- Networking with special interest groups, including professional associations, to support international activities 532-533)
- Networking with civic groups to support international activities (532-533)
- Taking steps to institutionalize the internationalization process in city hall (536)
- Having an international budget (536)
- Having personnel engaged in internationalization of city hall (536)
- Lobbying in the state arena for liberalization of the Dillon Rule and other regulatory restrictions as they pertain to international initiatives (537)

Figure 28. A list of intergovernmental indicators of municipal involvement in international relations.

CHAPTER IV

QUANTITATIVE RESEARCH RESULTS

Introduction

This chapter quantitatively develops the qualitative indicators identified in Chapter III and their notional groupings, and examines the degree of municipal involvement in international relations. In the latter respect, this chapter seeks to answer the second research question; what is the extent of municipal international involvement based on the data from the National League of Cities 1996 survey. The survey instrument is in Appendix B of this study. While relevant parts of the survey and the data base from this survey are statistically analyzed in this chapter, it is not the intent of this researcher to repeat the survey results reported by Kincaid (1997). The objectives are to use the Kincaid/NLC data for exploratory analysis as it pertains to the qualitative portion of this study and to develop additional information not reported by Kincaid.

This chapter commences with a review of the survey instrument as it relates to the indicators developed in the qualitative results section of the last chapter. Following the instrumentation review, data collection is briefly discussed. The major section of this chapter proceeds with the results of the data analysis. This is presented in five subsections; i.e., exploratory statistical analysis, basic descriptive analysis, limited bivariate descriptive

statistics, factor/principal components analysis where indicators are collapsed into indices and composite constructs to provide a picture of commonalities among the indicators, and multivariate analysis using multiple regression for elaboration of the foregoing statistical findings of this study.

Conceptual Indicators and Survey Instrumentation

This section reviews the NLC survey instrument as it relates to its appropriateness for determining the extent of municipal international involvement. The review involves a discussion of the empirically grounded indicators (Chapter III) that are observable as they relate to the variables set forth in the questionnaire as questions. Survey question analysis also evaluates the reliability safeguards for question construction mentioned in Chapter II of this study and the survey's internal validity through a review of two similar instruments. Construct validity of the instrument is discussed in the subsection on exploratory statistical analysis, below.

An examination of the survey (Appendix B), shows that it consists of background, activity, and personal opinion questions. In the latter case, the questions regarding one's opinion on the effects of globalization (i.e., questions 1, 5, 6, and 7) do not directly relate to what municipalities are doing, therefore, their results are not relevant to this study.

There are several sets of questions presented to obtain comparative background information (i.e., questions 10 through 16). The categorical and continuous background questions, pre se, are

relevant to most studies. The responses relating to population levels (question 10) and residential real estate values (question 16) were combined as an index of municipalities. This was done to avoid the problems that the use of population levels present as representative measures of municipalities, discussed in Chapter III under international cities perspectives.

The NLC survey questions on which this study focuses are those that serve to ascertain the nature of municipal international involvement or describe what each city is doing in the international arena. They are critical to answering the research question regarding the extent of municipal involvement. These are closed-end questions numbered: 2, relating to approval of NAFTA; 3, regarding support for GATT/WTO Uruguay Round; 4 (with 18 subquestions), the degree that specific international activities are carried out by the public and private sectors on behalf of the community; 8, requesting the frequency of city officials' stands on foreign affairs issues; and 9 (with 13 subquestions), on passing resolutions or taking a stand on each issue on a list of international matters. Questions 2, 3, 8, and 9 have categorical responses and question 4 has a Likert-like response scale (Babbie, 1989), which was converted to a categorical set when necessary for statistical analysis purposes.

The categorical questions are contained in Appendix B and repeated in Figure 29, on the next page. They match their counterparts in Figure 27 (political perspectives) pertaining to indicators relating to municipal international political involvement. While not all of the indicators listed in Figure 27

FIGURE 29

CITIES IN THE GLOBAL ECONOMY SURVEY CATEGORICAL QUESTIONS

RELATING TO WHAT CITIES HAVE DONE INTERNATIONALLY

2. When the Congress considered approving NAFTA in 1993, did your city officials
- 1 ☐ urge the Congress and/or the President to support NAFTA
- 2 ☐ urge the Congress and/or the President to oppose NAFTA
- 3 ☐ take no position on NAFTA
- 4 ☐ don't know
3. When the Congress considered the GATT/WTO Uruguay Round in 1994, did your city officials
- 1 ☐ urge the Congress and/or the President to support GATT/WTO
- 2 ☐ urge the Congress and/or the President to oppose GATT/WTO
- 3 ☐ take no position on GATT/WTO
- 4 ☐ don't know
8. In recent years, how often have individual citizens, civic groups, ethnic groups, and/or unions in your city urged the mayor and/or city council to take public stands on issues of foreign trade, foreign investment, foreign affairs, or foreign policy more generally?
- 1 ☐ Very often 2 ☐ Not very often 3 ☐ Hardly ever 4 ☐ Never
9. Has your city council ever passed a resolution or taken other action on matters involving
- | | | | |
|--------------------------------------|--------------------------------|-------------------------------|---------------------------------------|
| A. NAFTA | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| B. GATT | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| C. Immigration
(Legal or illegal) | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| D. the United Nations | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| E. Haiti | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| F. Israel | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| G. Japan | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| H. Mexico | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| I. Nicaragua or
El Salvador | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| J. Northern Ireland | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| K. South Africa | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| L. U.S. troops
in Bosnia | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |
| L. U.S. troops
in Somalia | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No | 3 <input type="checkbox"/> Don't know |

Figure 29. Categorical questions relating to what cities have done internationally taken from the Cities in the Global Economy Survey.

Source: See Appendix B.

are reflected in the NLC survey, a representative cross-section of nearly half (13 of 27 indicators listed in Figure 27) are included.

The 18 closed-end Likert-type questions from the NLC survey are displayed in Figure 30 on the following page. They match some of the indicators listed in Figure 24 (six out of a possible 46 economic indicators), Figure 26 (eight out of a possible 19 sociocultural indicators), and Figure 28 (four out of 10 intergovernmental relations indicators). Using notional categories for Figure 30, there were six economic focused subquestions (4a, 4b, 4d, 4h, 4i, and 4n), four socio-economic (4c, 4e, 4f, 4g), four sociocultural (4j, 4k, 4l, and 4m), and four on intergovernmental relations regarding the global economy (4o, 4p, 4q, and 4r). The eighteen subquestions cover a number of aspects of municipal involvement, except technology. No specific technological indicators were included in the survey questions. Whether the 18 questions cover each aspect, except technology, adequately is open to conjecture in light of the number and variety of indicators developed in the qualitative portion of this study.

Only two surveys addressing municipalities' international activities could be located to assist in validating the contents of the NLC survey. One was the New International Cities Era (NICE) late 1980s questionnaire regarding international cities' activities (Fry, Radebaugh, & Soldatos, 1989, pp. 194-195). The NICE survey, used as the basis for case studies, targeted twelve cities, eleven of them in North America and was ambitiously focused on, among other things; identifying the critical mass of the internationalization

FIGURE 30

CITIES IN THE GLOBAL ECONOMY SURVEY INDEXED QUESTIONS

RELATING TO WHAT CITIES HAVE DONE INTERNATIONALLY

4. For each of the following international activities, please circle the number that best describes the degree of activity carried out by public and private actors of [sic] behalf of your city:
- | | | | | | | | |
|--|-------------|---|---|---|---|---|------------|
| a. Attracting foreign investment | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| b. Promoting exports of local products | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| c. Attracting foreign immigrants | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| d. Advertising your city abroad | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| e. Attracting foreign tourists | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| f. Engaging in sister-city relations | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| g. Recruiting a protocol person to help with foreign visitors | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| h. Conducting trade missions abroad/overseas | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| i. Having a foreign office or contract representative abroad | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| j. Engaging in cultural exchanges with foreign Cities/counties | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| k. Exchanging ideas about city government and management with foreign cities | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |

FIGURE 30 (Continued)

l. Increasing international education in your schools	Very Active	5	4	3	2	1	Not Active
m. Enhancing foreign language education	Very Active	5	4	3	2	1	Not Active
n. Working with business in partnerships to improve your position in the global economy	Very Active	5	4	3	2	1	Not Active
o. Working with civic groups in partnerships to improve our [sic] position in the global economy	Very Active	5	4	3	2	1	Not Active
p. Working with neighboring communities to improve your position in the global economy	Very Active	5	4	3	2	1	Not Active
q. Working with state officials to improve your position in the global economy	Very Active	5	4	3	2	1	Not Active
r. Working with state officials to improve your position in the global economy	Very Active	5	4	3	2	1	Not Active

Figure 30. Indexed questions relating to what cities have done internationally taken from the Cities in the Global Economy Survey.

Source: See Appendix B.

of a city, and establishing effective models of international development strategies and municipal paradiplomacy (i.e., international involvement). The NICE project found this to be no easy task, but they offered paths of "thought and action leading to enhanced international development" (Fry, Radebaugh, & Soldatos, 1989, p. 4) in the comparative analysis of pairs of cities. Their survey consisted of 24 open-end questions that attempted to determine the scope of a city's international activities in the economic, sociocultural, and intergovernmental relations fields, the benefits and problems associated therewith, and future projections. The NLC survey, with closed-end questions, included the specific economic, sociocultural, and intergovernmental relations activities identified by the NICE project group, and added questions related to political activities. It did not specifically address problems associated with international activities, apart from asking the respondent's opinion on whether certain activities had a positive or negative impact on their city. The NLC survey did cover whether various groups benefitted and the effects of global competition, which this study does not address.

The other survey available for validation purposes was an unpublished Atlantic Rim Network (ARN) 1995 survey, conducted in conjunction with the U.S. Conference of Mayors and the National League of Cities. The survey was sent to 1050 municipalities, from which only 26 responses were received for a host of reasons. This survey consisted of the equivalent of ten closed-end and 13 open-end questions. It was more general than the NICE survey and attempted

to approach international involvement in the global economy from a strategic planning approach to amplify the need for network coordination among the various activities involved. The ARN survey included nine economic, four sociocultural, six intergovernmental relations questions, and four others related to public and media support, and ARN services and structure. Many of the ARN questions are open to interpretation of where they fit categorically because each often covers two or more categories. The ARN survey asked no politically oriented questions and only alluded to technological and intergovernmental issues. The NLC survey included the relevant economic, sociocultural, and intergovernmental relations questions.

Due to the open-end questions and the very limited number of responses to each of the surveys used, in contrast with the NLC survey, a comparison of the results of each survey is not likely to produce statistically valid results. The above comparisons are provided to form an independent basis for the face and content validity of the NLC instrument. The reliability safeguards for question construction, shown in Figure 4 in Chapter II, were used to evaluate the NLC instrument. The NLC instrument met most of the reliability safeguards, with two exceptions. One part of a question was open-ended and specified a response of "Other Activities," which reportedly drew no responses. The other problem relates to the use of clear and unambiguous terminology. While the terms NAFTA, and WTO were spelled out, GATT (General Agreement on Tariffs and Trade) was not. Additionally, these two questions, numbers 2 and 3, plus question 8 on public stands on foreign issues could have been

interpreted as relating to either political or economic issues. Questions 2 and 3 also appear to be very similar to questions 9a and 9b, only differentiated by the reference to "city officials" in the first instance and "city council" in the second (see Figure 29). Another question, 4h, uses the term "conducted" relating to trade missions abroad/overseas versus the more encompassing words "participated in" thereby narrowing the responses to this question, either intentionally or unintentionally. One other question, 4g, uses the term "recruiting" instead of "having" with the same possible response results. This lack of specification is reflected in the results as indicated in the data analysis section of this chapter.

In sum, the NLC instrument sections on municipal international activities served to cover the construct of municipal international involvement. The only exceptions were the failure to address technological issues and a lack of specificity in seven questions.

Data Collection

NLC survey data collection involved a random sample of American municipalities from which over a third responded to the mail delivered instrument. The National League of Cities furnished a sample of 1,334 municipalities that were to be respondents. The sample was derived from a database of 2,050 municipalities with populations between 10,000 and 50,000, from which a random sample of 774 was drawn using the random numbers generator program in SPSS/PC+. Added to this random sample were all 560 municipalities in the database having a population of more than 50,000. While not

all U.S. cities are in the database because they are not members of the National League of Cities, the few that are not should not affect the overall results because they are randomly distributed.

The survey was mailed during June 1996, with a follow-up mailing in early August 1996. According to Kincaid (1997, p. 53), there were a total of 476 usable responses received. This amounted to a 35.68 percent response rate. While generalizations about response rates are problematic (Miller, 1991, pp. 145-152) and this response rate is not "adequate" by the criteria set forth by Babbie (1989, p. 242), it meets the expectation of returns from leaders in local governments (Leslie, 1972; Miller, 1975, p. 380). The response rate also meets the threshold of replies required for correlational studies to be statistically significant at .15 level of α , as set forth in Table 1 in Chapter II, even with the subsequent deletion of four cases, for a total of 472 usable responses, due to excess missing values as discussed in the next subsection.

Data Analysis

Data analysis was accomplished by employing several mutually supporting statistical methods. The process included several steps to provide results that substantiate the relevance of the indicators of municipal international involvement as measures of the extent of that involvement, the categorization of these indicators, and their relevance to further investigation of this phenomenon. The five steps involved in the analysis of the NLC cross-sectional survey data were: (1) exploratory statistical analysis; (2) basic

descriptive analysis; (3) bivariate descriptive statistics; (4) factor/principal components analysis; and (5) multivariate regression. These steps are not mutually exclusive because the information gained from one step in the process will relate to subsequent steps and in the case of factor analysis, it will relate to the reliability and validity of the data set retrospectively.

Exploratory Statistical Analysis

Following the guidelines set forth in Figure 5 of Chapter II for the exploratory statistical analysis of the data, the data set was screened using SPSS Base 8. Due to the limited range of the variable values, no out of range values or outliers were detected, except those that were coded as missing values. The evaluation of missing values found that they were randomly distributed, except in four cases. The four exceptions (case numbers 112, 166, 321, 329) had in excess of 30 percent missing values and were deleted from analysis, bringing the total number of cases to 472 from 476.

Inspection of specific questions revealed that questions numbered 2 and 3, regarding city officials' support for NAFTA in 1993 and the GATT/WTO Uruguay Round in 1994 respectively, had almost four percent (18 responses) of the answers coded as no answer, though there was an "I don't know" answer. Conversely, in question 9, two similar questions regarding the city council passing a resolution or taking other action on NAFTA and GATT, which also had an "I don't know" answer, only registered one missing value (0.002 percent) each, after deleting three question 9 cases for excess missing values. While there is some qualitative discrimination

between the two sets of questions (i.e., city officials versus city council) questions 2 and 3 were not found to be multicollinear with questions 9a and 9b respectively. Questions 4, 8, and 9 had no "I don't know" answers, but were coded as "no answer" by Kincaid's staff and were accepted in this analysis because they were randomly distributed. All exhibit normally distributed means, standard deviations, and coefficients of variation.

The normality of the distributions was questioned because the skewness and kurtosis of many of the variables deviated from zero, in some cases considerably. However, with large samples the impact of departure from zero diminishes (Tabachnick & Fidell, 1996, p. 87) as demonstrated in the histograms. Additionally, because the Kincaid/NLC (1997) results are published, no deletion or transformation of variables was deemed necessary.

Skewness and kurtosis posed a problem of linearity for some pairs of variables, but with 34 variables it was impractical to check all pairwise combinations (i.e., about 600). As a result, however, five of the variables with high negative skewing (4c, 4d, 4g, 4h, and 4i) were subject to further analysis for linearity. A spot check of these revealed a departure from linearity, but little evidence of heteroscedasticity and no true curvilinearity.

Multicollinearity and singularity were examined and the conditioning index of greater than .30 was not met, except for question 9 (59.0). However, with principal components analysis, multicollinearity is not a problem because there is no need to invert a matrix. With factor analysis, extreme multicollinearity

and singularity is a problem, the extent of which was appraised by the closeness to zero of the determinant of \mathbf{R} and/or the eigenvalues associated with the factors. Each of the foregoing indicators did not reveal extreme violations of either multicollinearity and singularity, as covered in the next paragraph and in the sections dealing with bivariate analysis and forming composites of the variables. To determine if there are any outliers among variables, the squared multiple correlations (SMC) were checked and there were no evident outlying cases identified, though questions 4a (attracting foreign investment) and 4b (promoting exports of local products) were marginal. Table 4, on the following five pages, provides summary data on much of the information just discussed on central tendency, normality, and collinearity. The relevant data on the evaluation of the internal consistency and reliability, which follows, are in Table 5.

Factor analysis (principal axis factoring (PAF) in SPSS), based on one factor and two factors with varimax rotation for the latter, was employed to determine the internal consistency of the survey instrument and establish its reliability based on the Kaiser-Meyer-Olkin (KMO) measures of sampling adequacy and internal validity. The KMO measures were .912 and .915 and the factor scores were .93347 and .93967 on multiple questions 4 and 9, respectively, indicating the consistency of these two composite sets of questions. The two factor analysis discriminated between questions 4 and 9, however, question 8 loaded on the factor discriminating question 4 with a low negative factor loading (-.39044), and question 2 loaded

TABLE 4
EXPLORATORY STATISTICAL ANALYSIS RESULTS

	N		Mean Statistic	Median Statistic	Mode Statistic	Std. Deviation Statistic	Variance Statistic
	Valid	Missing					
	Statistic	Statistic					
4a: Attracting Foreign Investment	472	0	2.83	3.00	4	1.30	1.70
4b: Promoting Exports of Local Products	472	0	3.15	3.00	4	1.29	1.66
4c: Attracting Foreign Immigrants	472	0	1.87	2.00	1	1.00	1.00
4d: Advertising City Abroad	472	0	2.23	2.00	1	1.26	1.58
4e: Attracting Foreign Tourists	472	0	2.45	2.00	1	1.30	1.69
4f: Sister-City Relations	472	0	3.13	3.00	5	1.57	2.48
4g: Protocol Person for Foreign Visitors	472	0	1.95	1.00	1	1.27	1.62
4h: Conducting Trade Missions (abroad)	472	0	1.97	1.00	1	1.28	1.65
4i: Foreign Office/Rep Abroad	472	0	1.43	1.00	1	.94	.89
4j: Cultural Exchanges with Foreign Cities/Countries	472	0	2.72	3.00	1	1.43	2.04
4k: Exchanging Govt Ideas with Foreign Cities	472	0	2.57	2.00	1	1.39	1.92
4l: Increasing Int. Education in Schools	472	0	2.67	3.00	3	1.32	1.73
4m: Enhancing Foreign Language Education	472	0	2.70	3.00	3	1.29	1.65
4n: Work w/Business Partners (imp. Global)	472	0	2.87	3.00	3	1.28	1.65
4o: Work w/Civic Groups (improve Global)	472	0	2.66	3.00	3	1.24	1.55
4p: Work w/Neighbors (improv Global)	472	0	2.44	2.00	1	1.24	1.54
4q: Work w/State Officials (imp. Global)	472	0	2.92	3.00	3	1.27	1.60
4r: Work w/Fed Officials (improve Global)	472	0	2.43	2.00	1	1.27	1.61

TABLE 4 (Continued)

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
4a: Attracting Foreign Investment	.025	.112	-1.077	.224
4b: Promoting Exports of Local Products	-.372	.112	-.953	.224
4c: Attracting Foreign Immigrants	.988	.112	.452	.224
4d: Advertising City Abroad	.696	.112	-.623	.224
4e: Attracting Foreign Tourists	.357	.112	-1.080	.224
4f: Sister-City Relations	-.175	.112	-1.487	.224
4g: Protocol Person for Foreign Visitors	1.058	.112	-.183	.224
4h: Conducting Trade Missions (abroad)	1.042	.112	-.214	.224
4i: Foreign Office/Rep Abroad	2.371	.112	4.921	.224
4j: Cultural Exchanges with Foreign Cities/Countries	.189	.112	-1.294	.224
4k: Exchanging Govt Ideas with Foreign Cities	.316	.112	-1.200	.224
4l: Increasing Int. Education in Schools	.339	.112	-.642	.224
4m: Enhancing Foreign Language Education	.234	.112	-.636	.224
4n: Work w/Business Partners (imp. Global)	-.013	.112	-1.088	.224
4o: Work w/Civic Groups (improve Global)	.218	.112	-.879	.224
4p: Work w/Neighbors (improv Global)	.435	.112	-.771	.224
4q: Work w/State Officials (imp. Global)	-.056	.112	-.987	.224
4r: Work w/Fed Officials (improve Global)	.497	.112	-.666	.224

TABLE 4 (Continued)

	N		Mean Statistic	Median Statistic	Mode Statistic	Std. Deviation Statistic	Variance Statistic
	Valid	Missing					
	Statistic	Statistic					
2: Position on NAFTA Congressional Approval	472	0	2.89	3.00	3	.96	.93
3: Congressional Consideration of Uruguay Round	472	0	3.07	3.00	3	.68	.46
8: Urgings of Stands in Foreign Issues	472	0	3.19	3.00	3	.90	.81

Statistics

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
2: Position on NAFTA Congressional Approval	-.569	.112	.475	.224
3: Congressional Consideration of Uruguay Round	-1.025	.112	3.529	.224
8: Urgings of Stands in Foreign Issues	-.446	.112	-.111	.224

TABLE 4 (Continued)

	N		Mean Statistic	Median Statistic	Mode Statistic	Std. Deviation Statistic
	Valid	Missing				
	Statistic	Statistic				
9a: City Resolutions--NAFTA	472	0	2.03	2.00	2	.46
9b: Resolutions--GATT	472	0	2.10	2.00	2	.38
9c: Resolutions--Immigrati on (legal or illegal)	472	0	2.03	2.00	2	.47
9d: Resolutions--United Nations	472	0	2.04	2.00	2	.45
9e: Resolutions--Haiti	472	0	2.09	2.00	2	.35
9f: Resolutions--Israel	472	0	2.07	2.00	2	.37
9g: Resolutions--Japan	472	0	2.02	2.00	2	.41
9h: Resolutions--Mexico	472	0	2.03	2.00	2	.41
9i: Resolutions--Nicaragua or El Salvador	472	0	2.08	2.00	2	.38
9j: Resolutions--Northern Ireland	472	0	2.08	2.00	2	.38
9k: Resolutions--South Africa	472	0	2.00	2.00	2	.47
9l: Resolutions--US Troops in Bosnia	472	0	2.06	2.00	2	.33
9m: Resolutions--US Troops in Somalia	472	0	2.09	2.00	2	.32

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.145	.090		12.721	.000		
	2: Position on NAFTA Congressional Approval	.146	.023	.303	6.418	.000	.762	1.313
	3: Congressional Consideration of Uruguay Round	.151	.032	.221	4.691	.000	.762	1.313

a. Dependent Variable: 9a: City Resolutions--NAFTA

TABLE 4 (Continued)

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	2: Position on NAFTA Congressional Approval	3: Congressional Consideration of Uruguay Round
1	1	2.923	1.000	.01	.01	.00
	2	5.465E-02	7.314	.24	.90	.04
	3	2.230E-02	11.448	.75	.09	.95

a. Dependent Variable: 9a: City Resolutions--NAFTA

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.358	.075		18.125	.000		
	2: Position on NAFTA Congressional Approval	6.2E-03	.019	.016	.329	.742	.762	1.313
	3: Congressional Consideration of Uruguay Round	.236	.027	.422	8.839	.000	.762	1.313

a. Dependent Variable: 9b: Resolutions--GATT

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	2: Position on NAFTA Congressional Approval	3: Congressional Consideration of Uruguay Round
1	1	2.923	1.000	.01	.01	.00
	2	5.465E-02	7.314	.24	.90	.04
	3	2.230E-02	11.448	.75	.09	.95

a. Dependent Variable: 9b: Resolutions--GATT

Table 4. The results of the exploratory statistical analysis are presented in this table.

TABLE 5
EVALUATION OF INTERNAL CONSISTENCY AND RELIABILITY
OF THE NLC SURVEY

Kaiser-Meyer-Olkin Measure of Sampling Adequacy = .90791

Bartlett Test of Sphericity = 5213.4984, Significance = .00000

Extraction 1 for analysis 1, Principal Axis Factoring (PAF)

PAF extracted 1 factors. 4 iterations required.

Factor Score Coefficient Matrix:

	Factor 1
Q4A	.08082
Q4B	.05388
Q4C	.04674
Q4D	.07205
Q4E	.10462
Q4F	.05582
Q4G	.07680
Q4H	.10567
Q4I	.05002
Q4J	.07500
Q4K	.08920
Q4L	.07355
Q4M	.05067
Q4N	.12623
Q4O	.10166
Q4P	.06012
Q4Q	.10546
Q4R	.08238

Covariance Matrix for Estimated Regression Factor Scores:

	Factor 1
Factor 1	.93191

TABLE 5 (Continued)

Bartlett Test of Sphericity = 3915.8726, Significance = .00000

Extraction 1 for analysis 1, Principal Axis Factoring (PAF)

PAF extracted 1 factors. 4 iterations required.

Skipping rotation 1 for extraction 1 in analysis 1

Factor Score Coefficient Matrix:

	Factor 1
Q9A	.06701
Q9B	.06919
Q9C	.06040
Q9D	.07555
Q9E	.23037
Q9F	.17281
Q9G	.06104
Q9H	.08009
Q9I	.15397
Q9J	.08393
Q9K	.05049
Q9L	.07644
Q9M	.08070

Covariance Matrix for Estimated Regression Factor Scores:

	Factor 1
Factor 1	.94045

TABLE 5 (Continued)

Rotated Factor Matrix:

	Factor 1	Factor 2
Q4N	.77155	
Q4O	.75179	
Q4Q	.73479	
Q4H	.70656	
Q4R	.69945	
Q4E	.68950	
Q4K	.66279	
Q4A	.65840	
Q4D	.65415	
Q4P	.64019	
Q4G	.63775	
Q4J	.61711	
Q4F	.59381	
Q4B	.59169	
Q4L	.57873	
Q4I	.54007	
Q4M	.51595	
Q4C	.46606	
Q3	-.39044	
Q9E		.88024
Q9F		.83915
Q9I		.82931
Q9J		.73623
Q9D		.68853
Q9B		.66673
Q9M	.11367	.66262
Q9H		.66025
Q9L	.10300	.65101
Q9C		.64512
Q9G		.63744
Q9K		.57718
Q9A		.57368
Q3		.37956
Q2	-.14792	.23537

Table 5. The evaluation of the internal consistency and reliability of the Kincaid survey are presented in this table.

on question 9 with a very low factor loading (.23537). Additionally, question 3 loaded on question 9 poorly (.37956), based on a .32 (10 percent overlapping variance) minimum acceptable loading, according to Tabachnick and Fidell (1996, p. 677). (See the third page of the continuation of Table 5 on the page preceding this one.) Homogeneity considerations would indicate that questions 2, 3, and possibly 8 should be measures of the factor of question 9, characterized by international political activities, but the economic aspects of the questions cannot be discounted. The three questions, however, are poor to very poor measures of the factors on which they loaded. A three factor solution (not displayed) did little to clarify the situation with questions 2 and 3 loading poorly on the political variables in question 9, question 8 loading very poorly with those variables relating to economic activities in question 4, and the remainder of question 4 forming the third factor associated with sociocultural issues.

In sum, after deleting four cases due to missing values, 472 responses were analyzed and found to exhibit normality, linearity, homoscedasticity while lacking in multicollinearity and singularity, without data transformations. Two questions (4a and 4b) were identified as potential outliers, but were not deleted from the analysis. Factor analysis, in part, indicated that the survey instrument was internally reliable and consistent, but provided information that questions 2, 3, and 8 are questionable measures of the factors on which they loaded.

Basic Descriptive Analysis

This subsection discusses the questions as variables to develop and tabulate the applicable measures of central tendency and variability. As part of the preceding step, the measures of central tendency were calculated along with the standard deviations for question 4. The categorical questions (i.e., 2, 3, 8, and 9) are summarized by frequency distributions because measures of central tendency can not appropriately be applied to categorical variables. Accordingly, the range of scores for the interval variables contained in question 4 are shown in Table 6 and the categorical variables in questions 2, 3, 8, and 9 are displayed as frequency distributions in Table 8. With a few exceptions identified as typographical errors, the results confirm those produced by Kincaid (1997), adjusted for the four cases removed for excessive missing values.

The responses to the economic, sociocultural, and intergovernmental relations activities set forth in the subquestions of question 4 are displayed in Tables 4 and 6. From the measures of central tendency displayed in Table 4, it is evident that municipalities are not very active in all categories of international involvement because half of the scores are near the center of the range another third are in the next lower 20 percent, and the remaining 16.6 percent are in the "Not Active" category. The two leading activities are the promotion of exports of local goods and engaging in sister city relations. These were followed by working with business partners to improve their mutual positions

in the global economy and attracting foreign investment. The three lowest were; having a foreign office or contact representative abroad, having a protocol person to help with foreign visitors, and conducting trade missions overseas. Close to these three was the initiative of attracting foreign immigrants.

The frequency distributions in Table 6 elicited indications of a higher level of activity than in the political arena, discussed below, even if the responses to the NAFTA and GATT questions (i.e., 2 and 3, and 9a and 9b, respectively) also relate to both a city's international and domestic economic outlook. Based on responses to the "Not active" category, over 80 percent of the cities are involved in attracting foreign investment, promoting exports, and working with businesses and state officials. The areas of least activity, or greater than 50 percent of the respondents indicating no activity, include having a foreign office or representative (77.5 percent) or a protocol person (55.9 percent), and conducting trade missions (54.9 percent). Attracting immigrants just missed the no activity 50 percent level with 47.7 percent.

Regardless, the responses to these questions indicate a substantial level of international involvement by municipalities as evidenced by those that expressed that they were active or very active in international activities as displayed in Figure 31, immediately following Table 6. The responses to the subquestion dealing with public-private sector partnerships to enhance global competitiveness and the other intergovernmental related subquestions are shown in Figure 32, immediately following Figure 31. Figure 32

TABLE 6
EXTENT OF MUNICIPAL INTERNATIONAL ACTIVITIES

4a: Attracting Foreign Investment

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	103	21.8	21.8	21.8
Not Active	87	18.4	18.4	40.3
Neutral	117	24.8	24.8	65.0
Active	118	25.0	25.0	90.0
Very Active	45	9.5	9.5	99.6
No Answer	2	.4	.4	100.0
Total	472	100.0	100.0	
Total	472	100.0		

4b: Promoting Exports of Local Products

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	79	16.7	16.7	16.7
Not Active	61	12.9	12.9	29.7
Neutral	104	22.0	22.0	51.7
Active	167	35.4	35.4	87.1
Very Active	60	12.7	12.7	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	
Total	472	100.0		

4c: Attracting Foreign Immigrants

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	225	47.7	47.7	47.7
Not Active	122	25.8	25.8	73.5
Neutral	96	20.3	20.3	93.9
Active	22	4.7	4.7	98.5
Very Active	6	1.3	1.3	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	
Total	472	100.0		

TABLE 6 (Continued)

4d: Advertising City Abroad

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	184	39.0	39.0	39.0
Not Active	115	24.4	24.4	63.3
Neutral	82	17.4	17.4	80.7
Active	65	13.8	13.8	94.5
Very Active	25	5.3	5.3	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	
Total	472	100.0		

4e: Attracting Foreign Tourists

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	160	33.9	33.9	33.9
Not Active	86	18.2	18.2	52.1
Neutral	112	23.7	23.7	75.8
Active	81	17.2	17.2	93.0
Very Active	33	7.0	7.0	100.0
Total	472	100.0	100.0	
Total	472	100.0		

4f: Sister-City Relations

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	123	26.1	26.1	26.1
Not Active	54	11.4	11.4	37.5
Neutral	65	13.8	13.8	51.3
Active	100	21.2	21.2	72.5
Very Active	128	27.1	27.1	99.6
No Answer	2	.4	.4	100.0
Total	472	100.0	100.0	
Total	472	100.0		

TABLE 6 (Continued)**4g: Protocol Person for Foreign Visitors**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	264	55.9	55.9	55.9
Not Active	69	14.6	14.6	70.6
Neutral	63	13.3	13.3	83.9
Active	49	10.4	10.4	94.3
Very Active	27	5.7	5.7	100.0
Total	472	100.0	100.0	
Total	472	100.0		

4h: Conducting Trade Missions (abroad)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	259	54.9	54.9	54.9
Not Active	73	15.5	15.5	70.3
Neutral	62	13.1	13.1	83.5
Active	49	10.4	10.4	93.9
Very Active	29	6.1	6.1	100.0
Total	472	100.0	100.0	
Total	472	100.0		

4i: Foreign Office/Rep Abroad

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	366	77.5	77.5	77.5
Not Active	51	10.8	10.8	88.3
Neutral	25	5.3	5.3	93.6
Active	18	3.8	3.8	97.5
Very Active	12	2.5	2.5	100.0
Total	472	100.0	100.0	
Total	472	100.0		

TABLE 6 (Continued)

4j: Cultural Exchanges with Foreign Cities/Countries

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Not Active	139	29.4	29.4	29.4
	Not Active	81	17.2	17.2	46.6
	Neutral	91	19.3	19.3	65.9
	Active	96	20.3	20.3	86.2
	Very Active	64	13.6	13.6	99.8
	No Answer	1	.2	.2	100.0
	Total	472	100.0	100.0	
Total		472	100.0		

4k: Exchanging Govt Ideas with Foreign Cities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Not Active	153	32.4	32.4	32.4
	Not Active	89	18.9	18.9	51.3
	Neutral	88	18.6	18.6	69.9
	Active	94	19.9	19.9	89.8
	Very Active	47	10.0	10.0	99.8
	No Answer	1	.2	.2	100.0
	Total	472	100.0	100.0	
Total		472	100.0		

4l: Increasing Int. Education in Schools

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Not Active	120	25.4	25.4	25.4
	Not Active	95	20.1	20.1	45.6
	Neutral	128	27.1	27.1	72.7
	Active	88	18.6	18.6	91.3
	Very Active	34	7.2	7.2	98.5
	No Answer	6	1.3	1.3	99.8
	Don't Know	1	.2	.2	100.0
	Total	472	100.0	100.0	
Total		472	100.0		

TABLE 6 (Continued)

4m: Enhancing Foreign Language Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Not Active	117	24.8	24.8	24.8
	Not Active	77	16.3	16.3	41.1
	Neutral	154	32.6	32.6	73.7
	Active	84	17.8	17.8	91.5
	Very Active	35	7.4	7.4	98.9
	No Answer	4	.8	.8	99.8
	Don't Know	1	.2	.2	100.0
	Total	472	100.0	100.0	
Total		472	100.0		

4n: Work w/Business Partners (imp. Global)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Not Active	94	19.9	19.9	19.9
	Not Active	90	19.1	19.1	39.0
	Neutral	123	26.1	26.1	65.0
	Active	114	24.2	24.2	89.2
	Very Active	51	10.8	10.8	100.0
	Total	472	100.0	100.0	
Total		472	100.0		

4o: Work w/Civic Groups (improve Global)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Not Active	109	23.1	23.1	23.1
	Not Active	103	21.8	21.8	44.9
	Neutral	139	29.4	29.4	74.4
	Active	82	17.4	17.4	91.7
	Very Active	38	8.1	8.1	99.8
	No Answer	1	.2	.2	100.0
	Total	472	100.0	100.0	
Total		472	100.0		

TABLE 6 (Continued)**4p: Work w/Neighbors (improv Global)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	143	30.3	30.3	30.3
Not Active	108	22.9	22.9	53.2
Neutral	125	26.5	26.5	79.7
Active	65	13.8	13.8	93.4
Very Active	30	6.4	6.4	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	
Total	472	100.0		

4q: Work w/State Officials (imp. Global)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	87	18.4	18.4	18.4
Not Active	84	17.8	17.8	36.2
Neutral	133	28.2	28.2	64.4
Active	117	24.8	24.8	89.2
Very Active	50	10.6	10.6	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	
Total	472	100.0		

4r: Work w/Fed Officials (improve Global)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Not Active	150	31.8	31.8	31.8
Not Active	103	21.8	21.8	53.6
Neutral	123	26.1	26.1	79.7
Active	63	13.3	13.3	93.0
Very Active	30	6.4	6.4	99.4
No Answer	3	.6	.6	100.0
Total	472	100.0	100.0	
Total	472	100.0		

Table 6. The extent of municipal international activities derived from the responses to question 4 of the Kincaid survey.

FIGURE 31

CITY ACTIVITIES IN THE GLOBAL ARENA

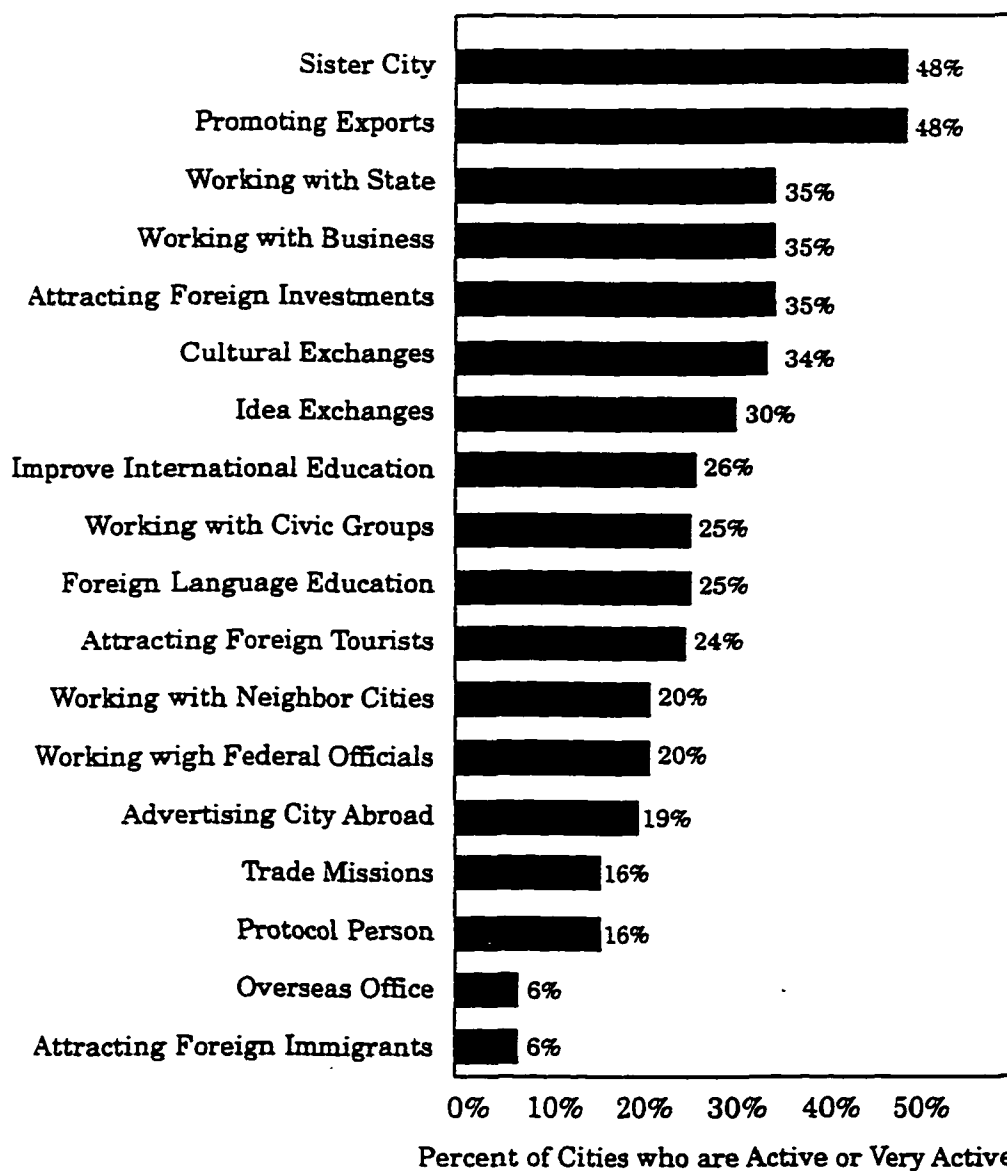


Figure 31. Relative extent of municipal activity in international relations.

Source: Kincaid, 1996, p. 36.

FIGURE 32
PARTNERSHIPS TO ENHANCE GLOBAL COMPETITIVENESS

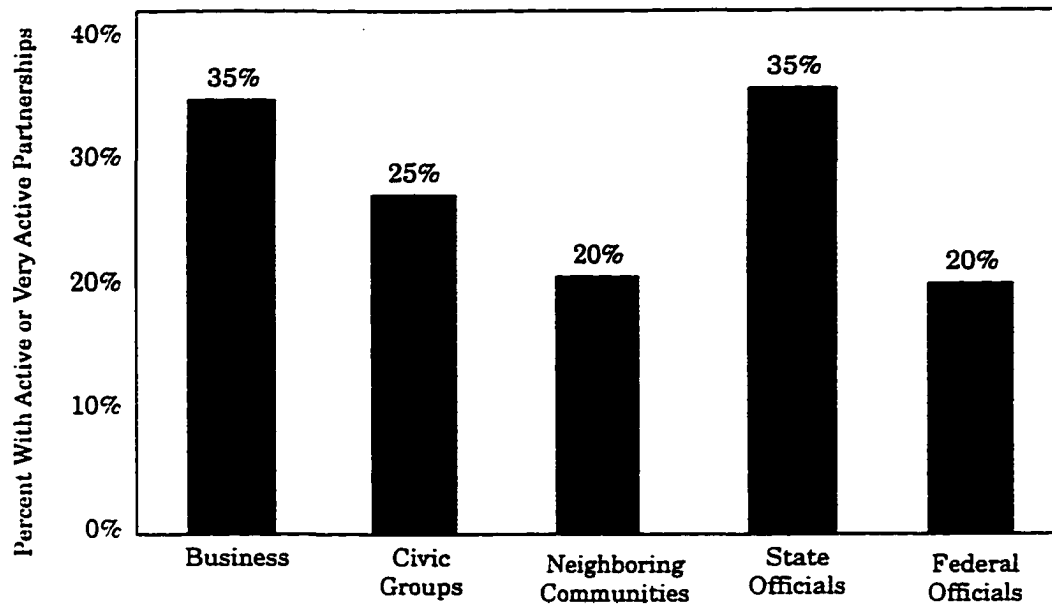


Figure 32. Working relationships between local government and the business community and other intergovernmental relations agencies to improve mutual positions in the global economy.

Source: Kincaid, 1996, p. 42.

indicates that city governments are working most actively with businesses and state officials, despite the emphasis on and need for interlocal cooperation as it relates to regional economies, local governments work less closely with civic groups and more importantly, even less with neighboring communities, as Kincaid (1997, p. 42) pointed out.

Additionally, Kincaid (1997) provided an illustration of how active cities are by their relative size on the 18 indicators of municipal international activity. He collapsed the seven population levels contained in question 10 (see Appendix B) into three; small (10,000 to 100,000), medium (100,000 to 500,000), and large (500,000 or more) and presented the responses on the 18 activities as shown in Table 7, on the next page. These responses indicate that the larger the municipality, the greater the level of involvement in internationally relevant activities. Kincaid (1997, p. 43) further states that, "... it is interesting to note that large cities engage more often than small and medium-size cities in partnerships with business and civic groups and in working with state and federal officials as well as with neighboring cities." The relative interest in attracting foreign immigrants by medium-size cities also is notable.

Overall, each of the 18 activities is actively pursued by less than half of the responding cities and on average the activities are conducted by a third or less U.S. municipalities (Kincaid, 1997, p. 44). Taking into consideration all categories reflecting some level of activity and discounting the four high nonparticipation

TABLE 7
LEVELS OF INTERNATIONALLY RELEVANT MUNICIPAL ACTIVITY
BY CITY SIZE

	Very Active / Active Responses		
	Small	Medium	Large
Attracting foreign investment	27.5%	50.6%	94.5%
Promoting exports of local products	42.8	60.5	88.9
Sister-city relations	41.4	68.2	83.4
Working with state officials	31.3	29.7	55.5
Cultural exchanges	27.2	51.7	77.8
Working with business partners	28.0	48.4	100.0
Idea and technical exchanges	22.7	49.5	77.7
Improving international education	22.4	35.2	44.4
Enhancing foreign language education	22.1	34.1	44.4
Working with civic groups	22.1	29.7	72.2
Attracting foreign tourists	18.8	37.4	61.1
Working with neighbor cities	16.4	28.6	55.6
Working with federal officials	16.4	25.3	61.1
Advertising city abroad	14.9	29.7	44.4
Recruiting protocol person	11.4	24.2	72.2
Conducting trade missions abroad	10.9	29.7	61.1
Attracting foreign immigrants	4.6	11.0	5.6
Foreign office or representative abroad	3.8	13.2	22.3

Table 7. Responses are presented to the 18 indicators of municipal involvement in international relations by city size.

Source: Kincaid, 1997, p. 43.

categories as outliers, almost three quarters of American cities are active to some degree in international activities. Regardless, without comparative data to the contrary, it is a definite indication of an interest in international involvement. For a more detailed analysis, see Kincaid (1997).

The categorical questions (i.e., 2, 3, 8, and 9), all of which have possible political overtones, were analyzed and the results are displayed in Table 8 on the next five pages. Responses to questions 2 and 3, relating to support or opposition to NAFTA and GATT/WTO, indicate that of those reporting, 64.4 percent of the respondents reported that their officials had taken no position on NAFTA compared to 74.2 on GATT. Questions 2 and 3 also drew a relatively high percent of those responding in the "I don't know" category, 14.2 and 18 percent respectively, as opposed to question 9 which drew an average of 10.6 "I don't know" responses. Those supporting NAFTA (15.7 percent) and GATT (5.9 percent) exceed those opposed (1.9 and 0.8 respectively). This compares with responses to questions 9a and 9b regarding the city councils not having taken action on NAFTA (79.0 percent) and GATT (85.2 percent) and those taking action (either way implied) on NAFTA (9.1 percent) and GATT (2.5 percent). The other responses to question 9 subquestions indicate that while there is a level of political activism in existence in cities, city councils have not reacted in excess of 10 percent on the issues, with the exception of South Africa (10.8).

In sum, the responses to the questions relating to municipal international activity in the economic, sociocultural, political,

TABLE 8
RESPONSES TO POLITICALLY ORIENTED CATEGORICAL QUESTIONS

2: Position on NAFTA Congressional Approval

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Urged to Support	74	15.7	15.7	15.7
	Urged to Oppose	9	1.9	1.9	17.6
	No Position	304	64.4	64.4	82.0
	Don't Know	67	14.2	14.2	96.2
	No Answer	18	3.8	3.8	100.0
	Total	472	100.0	100.0	
Total		472	100.0		

3: Congressional Consideration of Uruguay Round

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Urged to Support	28	5.9	5.9	5.9
	Urged to Oppose	4	.8	.8	6.8
	No Position	350	74.2	74.2	80.9
	Don't Know	85	18.0	18.0	98.9
	No Answer	5	1.1	1.1	100.0
	Total	472	100.0	100.0	
Total		472	100.0		

8: Urgings of Stands in Foreign Issues

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Often	21	4.4	4.4	4.4
	Not Very Often	75	15.9	15.9	20.3
	Hardly Ever	188	39.8	39.8	60.2
	Never	171	36.2	36.2	96.4
	No Answer	17	3.6	3.6	100.0
	Total	472	100.0	100.0	
Total		472	100.0		

TABLE 8 (Continued)

9a: City Resolutions--NAFTA

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	43	9.1	9.1	9.1
No	373	79.0	79.0	88.1
Don't Know	55	11.7	11.7	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	

9b: Resolutions--GATT

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	12	2.5	2.5	2.5
No	402	85.2	85.2	87.7
Don't Know	57	12.1	12.1	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	

9c: Resolutions--Immigration (legal or illegal)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	43	9.1	9.1	9.1
No	371	78.6	78.6	87.7
Don't Know	57	12.1	12.1	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	

9d: Resolutions--United Nations

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	39	8.3	8.3	8.3
No	377	79.9	79.9	88.1
Don't Know	55	11.7	11.7	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	

TABLE 8 (Continued)

9e: Resolutions--Haiti

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	10	2.1	2.1	2.1
No	411	87.1	87.1	89.2
Don't Know	51	10.8	10.8	100.0
Total	472	100.0	100.0	
Total	472	100.0		

9f: Resolutions--Israel

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	16	3.4	3.4	3.4
No	405	85.8	85.8	89.2
Don't Know	51	10.8	10.8	100.0
Total	472	100.0	100.0	
Total	472	100.0		

9g: Resolutions--Japan

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	35	7.4	7.4	7.4
No	392	83.1	83.1	90.5
Don't Know	45	9.5	9.5	100.0
Total	472	100.0	100.0	
Total	472	100.0		

9h: Resolutions--Mexico

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	31	6.6	6.6	6.6
No	394	83.5	83.5	90.0
Don't Know	47	10.0	10.0	100.0
Total	472	100.0	100.0	
Total	472	100.0		

TABLE 8 (Continued)**9i: Resolutions--Nicaragua or El Salvador**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	14	3.0	3.0	3.0
No	405	85.8	85.8	88.8
Don't Know	52	11.0	11.0	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	
Total	472	100.0		

9j: Resolutions--Northern Ireland

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	14	3.0	3.0	3.0
No	405	85.8	85.8	88.8
Don't Know	52	11.0	11.0	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	
Total	472	100.0		

9k: Resolutions--South Africa

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	51	10.8	10.8	10.8
No	370	78.4	78.4	89.2
Don't Know	51	10.8	10.8	100.0
Total	472	100.0	100.0	
Total	472	100.0		

9l: Resolutions--US Troops in Bosnia

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	11	2.3	2.3	2.3
No	422	89.4	89.4	91.7
Don't Know	38	8.1	8.1	99.8
No Answer	1	.2	.2	100.0
Total	472	100.0	100.0	
Total	472	100.0		

TABLE 8 (Continued)

9m: Resolutions--US Troops in Somalia

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	.8	.8	.8
	No	425	90.0	90.0	90.9
	Don't Know	41	8.7	8.7	99.6
	No Answer	2	.4	.4	100.0
	Total	472	100.0	100.0	
Total		472	100.0		

Table 8. Responses to politically oriented categorical questions in this table are derived from the responses to the NLC survey.

and intergovernmental relations fields indicates a relatively substantial level of involvement. Over 80 percent of the respondents are involved in attracting foreign investment, promoting exports, and working with businesses and state officials and more than three quarters of American cities are active to some degree in international activities. The foregoing is true even if each of the 18 international activities is pursued by less than half of the U.S. municipalities, and on average many of the activities are conducted by one third or less of the responding American cities. (See Kincaid, 1997, pp.43-44.) The leading international economic activities of U.S. cities are; promotion of exports (question 4b), working with business partners (4n), and attracting foreign investment (4a). Predominating sociocultural activities are; sister city relationships (4f), cultural exchanges (4j), and education initiatives (4l and 4m). Local-state relations are high in the intergovernmental relations domain. Additionally, the results indicate that the larger the municipality, the greater the level of involvement in internationally relevant activities.

The areas of least international activity are having a foreign office or representative (4i), having a protocol person (4g), conducting trade missions (4h), and attracting immigrants (4c). While political activism in international issues exists, it is on a very low level when compared to the economic, sociocultural and intergovernmental relations activities. Bivariate analysis serves to reinforce these observations and expand on the direction and degree of participation in international activities.

Bivariate Descriptive Statistics

Exploratory bivariate analysis of the indicator variables in the 1996 NLC survey was used to determine the degree of relationships in the indicators of international activity by various types of generically indexed municipalities. This latter entity was based on the NLC survey respondents' estimates of population levels and residential real estate values, without implying causation.

The index of generic municipalities was constructed using principal components analysis extraction to merge the responses on the population level (question 10) with the responses on the residential real estate value (question 16). The resulting index of municipal strength, had a communality of .54061 and an eigenvalue of 1.08123, with a 54.1 percent of variation and cumulative variation. The factor scores are shown in Table 9, on the next page. These scores were categorized as follows: negative, -2.0 through 0.0; low, .0001 through .999; medium, 1 through 1.999; and high 2 through the highest (i.e., 3.29408). The statistics computed for each question treated categorically were: crosstabs of the index levels by type of response; Chi-Square tests to determine if the index and the question distribution differ significantly; Lambda, Goodman and Kruskal tau for directional measures; and the contingency coefficient as symmetric measures of significance (two-tailed).

The results of the exploratory bivariate analysis are displayed in Appendix D. The number of valid cases in the analysis was 472 throughout.

TABLE 9
INDEX OF POPULATION AND RESIDENTIAL REAL ESTATE VALUES

	Frequency	Percent	Valid Percent	Cumulative Percent
-1.86036	15	3.2	3.2	3.2
-1.39590	50	10.6	10.6	13.8
-1.38682	4	.8	.8	14.6
-.93144	31	6.6	6.6	21.2
-.92236	18	3.8	3.8	25.0
-.91328	9	1.9	1.9	26.9
-.72837	2	.4	.4	27.3
-.46699	23	4.9	4.9	32.2
-.45790	16	3.4	3.4	35.6
-.44882	27	5.7	5.7	41.3
-.43973	2	.4	.4	41.7
-.25483	4	.8	.8	42.6
-.00253	15	3.2	3.2	45.8
.00655	31	6.6	6.6	52.3
.01564	24	5.1	5.1	57.4
.02472	12	2.5	2.5	60.0
.46193	10	2.1	2.1	62.1
.47101	16	3.4	3.4	65.5
.48009	27	5.7	5.7	71.2
.48918	12	2.5	2.5	73.7
.49826	6	1.3	1.3	75.0
.50735	1	.2	.2	75.2
.69225	2	.4	.4	75.6
.92638	4	.8	.8	76.5
.93547	4	.8	.8	77.3
.94455	17	3.6	3.6	80.9
.95363	16	3.4	3.4	84.3
.96272	9	1.9	1.9	86.2
.97180	3	.6	.6	86.9
.98089	1	.2	.2	87.1
1.16579	2	.4	.4	87.5
1.39992	3	.6	.6	88.1
1.40901	12	2.5	2.5	90.7
1.41809	12	2.5	2.5	93.2
1.42717	4	.8	.8	94.1
1.43626	2	.4	.4	94.5
1.44534	2	.4	.4	94.9
1.88255	7	1.5	1.5	96.4
1.89163	6	1.3	1.3	97.7
1.90071	1	.2	.2	97.9
1.90980	2	.4	.4	98.3
2.33792	1	.2	.2	98.5
2.34700	1	.2	.2	98.7
2.36517	4	.8	.8	99.6
2.83871	1	.2	.2	99.8
3.29408	1	.2	.2	100.0

Table 9. An index created by principal components extraction to form a factor representing a generic municipality.

The crosstabs for international activities in question 4 reveal that very active municipalities' percent of participation increases as the index of municipal strength increases, while at the other end of the spectrum the least active are those at the negative end of the index. Those municipalities that are in the middle of the activity index are relatively evenly distributed across all levels of municipalities. For the categorical variables, the same foregoing generalization holds true for question 8 (urging stands on foreign issues). Others differ, generally, as follows. On the NAFTA (questions 2 and 9a) and GATT (3 and 9b) issues, those holding no position or not knowing their position were fairly evenly distributed across the population. The other politically related issues evidenced no concentration noted at the negative end of the index as evidenced with international activities.

The directional measures indicate that if the independent variable (i.e., the survey questions under review) is known, the level of the dependent variable (municipal strength) may be predicted. This is measured in the magnitude of the value between zero and one, with a value of less than .3 being small. While prediction was not an objective of this study, using Lambda as a more stringent criteria, it was observed that sister-city relations (question 4f) was a fair predictor with a significance level of .03 at the low value level of .11, as was the assignment of a protocol person (question 4g; .07 significance, and .016 value level), conducting trade missions (4h; .102, .048), government exchanges (4k; .137, .008), increasing international education (4l; .156,

.006), and foreign language education (4m; .129, .033). The rest of the activities making up question 4 failed to attain an acceptable level of significance and their values were exceptionally low. Of the categorical questions, only question 9k relating to South Africa was significant at the .01 level with a value of .053. All of the other categorical questions failed to attain an acceptable level of significance or attain a value anywhere above .05.

The chi-square test results show whether the differences between the dependent variables levels of strength and degree of participation in international activities are statistically significant for each survey question under analysis. The null hypothesis is that there are no differences among the degrees of participation (i.e., extent of municipal involvement in international activities), which amounts to saying that the same proportions exist in each of the four levels of municipal strength. Eight questions (2, 3, 4a, 4b, 9a, 9b, 9d, 9h) failed to reject the null hypothesis at the .05 level, the lowest in question 4 was 4a attracting foreign investment at .162 and the lowest in 9 were 9h resolutions on Mexico (.080) and 9b resolutions on GATT (.107). Several questions rejected the null hypothesis and found that there are differences between the proportions at each of the four levels of municipal strength at the .01 and .05 levels. At the .01 level (two-tailed), the following were found to be statistically significant: question 8, relating to groups urging stands on foreign issues and all of the other question 4 subquestions (with two

exceptions) on the degree of international activity, plus questions 9i, 9j, 9k, and 9l regarding resolutions on Northern Ireland, South Africa, and Bosnia, respectively. At the .05 level were questions 4c (attracting immigrants), 4e (attracting foreign tourists), 9e (Haiti), 9f (Israel), 9g (Japan), and 9m (Somalia).

In symmetric tests of significance, questions 2, 3, 9a, and 9b on city officials' and council's positions regarding NAFTA and GATT were found not to correlate significantly with the views of the generic municipality strength. The same was true of municipal activities relating to attracting foreign investment (question 4a) and promoting exports of local products (4b). All other question 4 subquestions (with one exception) were significant at the .01 level, as were questions 8 regarding urging the taking of stands on foreign issues, and 9c, 9i, 9j, 9k, 9l, and 9m with respect to resolutions on immigration, Nicaragua/El Salvador, Northern Ireland, South Africa, Bosnia, and Somalia, respectively. Attraction of foreign immigrants (4c) was significant at the .05 level as were questions regarding resolutions on Haiti (9e), Israel (9f), and Japan (9g).

In sum, the bivariate analysis of the indicator variables as reflected on an index of municipal strength in international activities indicates that cities having high vitality tend to be very active in the international arena. Almost all of the activities listed in question 4, and the single issue in question 8, of the NLC survey discriminate in the amount of participants involved at all levels of municipal strength and degree of

participation. The main exceptions are questions 2, 3, 4a, and 4b, as they also are the only exceptions in the significance of the symmetric distributions. Most other variables under study are symmetrically significant. The best predictors of municipal strength are questions on sister-city relations (4f), having a protocol person (4g), conducting trade missions (4h), exchanging city government/management ideas (4k), increasing international education (4l), enhancing foreign language instruction (4 m), and resolutions on South Africa (9k). The next step in the statistical analysis process was to determine how the survey questions group together to form composites of the issues under study.

Form Composites of the Variables

Factor and principal components analysis were used to provide an "exploratory" description of the commonalities among the indicator variables from the NLC data set. As previously mentioned, these results were considered exploratory, in part, because of the lack of specificity in the survey questions and the omission of technological questions. Earlier, the data set was evaluated to determine its factor analysis limitations as discussed in the exploratory data analysis subsection of this chapter.

Principal components extraction with varimax rotation was used in the initial exploratory run to evaluate the data assumptions and limitations for factor analysis. The maximum number of factors according to eigenvalues is ten which is an unreasonable number, therefore the sharp break in the scree was used to determine that three factors would be appropriate. Figure 33 shows the scree plot.

FIGURE 33

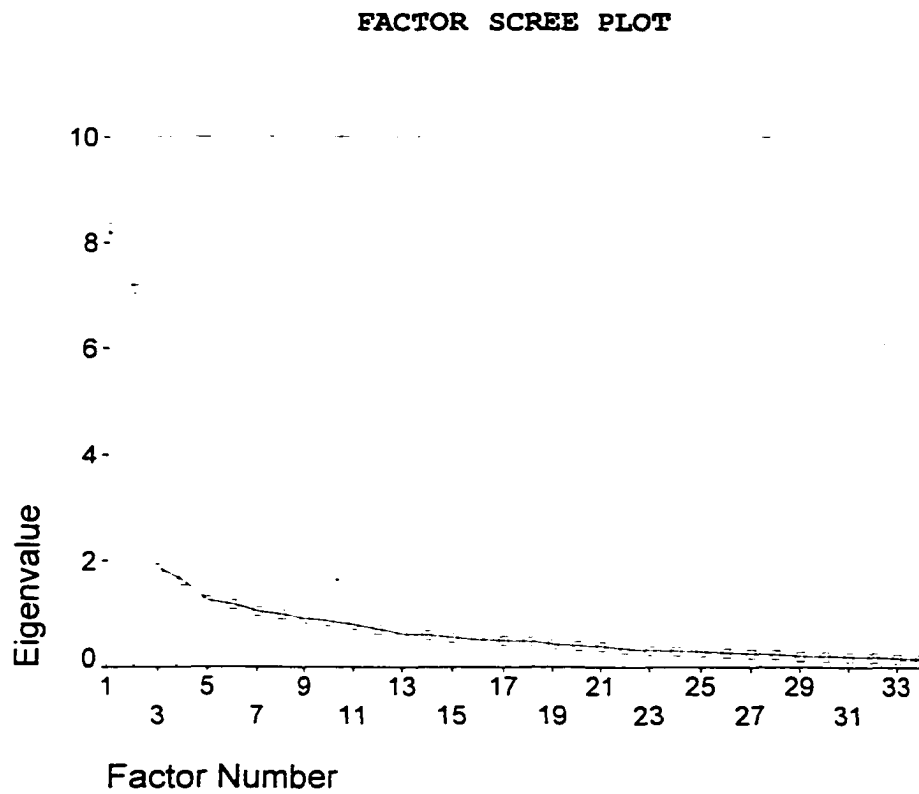


Figure 33. Depiction of the scree plot of the factors involved in the principal components analysis of the indicator variables contained in the NLC survey.

After developing the underlying structure and assessing the fit between the data and the structure, factor analysis determined that the indicators, as independent variables, closely measured each construct. In interpreting factors, those having a meaningful loading of .50 and above were selected as being above the fair cutoff of .45 and the poor cut of .32 (Tabachnick & Fidell, 1996, p.677) and Kaiser's (1974, p. 35) minimum level of acceptability (.50). Items that did not load on any factors or were equally cross-loaded on more than one factor were discarded.

The principal components analysis and the factor analysis results for a three factor and a five factor solution, both with varimax rotation, then were compared. The five factor solution was developed as an alternative because the scree plot indicated a second break at that level. As expected, the KMO measures of sampling adequacy were identical (.89431) as were the Bartlett tests of sphericity (9775.4430; significant at above the .01 level). However, the principal components results had several equally cross-loaded variables that had sound factor loadings and the five factor solution had one factor with only one variable loaded. Accordingly, the three factor analysis solution was favored for exploratory analysis.

The three factor solution, resulting from the data reduction strategy, revealed factors that are related to political involvement (Factor 1), economic involvement (Factor 2), and socicultural involvement (Factor 3). Questions 2 (NAFTA) and 3 (GATT) failed to load on political Factor 1, but 9a (NAFTA) and 9b (GATT) did.

Questions 4i (having a foreign office or representative abroad), 4c (attracting foreign immigrants), and 8 (urging public stands) failed to load on economic Factor 2 and questions 4g (recruiting a protocol person) and 4m (language education) failed to load on sociocultural Factor 3. All had factor loadings below .42 except 4g (recruiting a protocol person) which had a loading of .49623 (not shown). Additionally, question 4e (attracting foreign tourists), a qualitative sociocultural indicator loaded on the economic factor (Factor 2). (See Table 10 on the next page.)

The Cronbach alpha reliabilities of the extracted factors were .93965, .90613, and .84568 for Factors 1 through 3 respectively. These are well above the cutoff of .60 acknowledged by most researchers (DeVillis, 1991, pp. 25-32). These exploratory results also show that the resulting general factors are consistent with the conceptualized composites stated in Chapter III, as they were extracted from the NLC survey, which increases the instrument's internal validity. The intergovernmental variables and politically oriented question 8 loaded on the economic factor as a result of the relation of the former to the global economy and the latter to the leading mention of "foreign trade" and "foreign investment" in the question before the politically oriented "foreign affairs, or foreign policy" (see Appendix B).

As previously mentioned, the scree plot had a second break at the five factor level. The trial run revealed some interesting results. The KMO measure of sampling had not changed, but the Cronbach alpha reliabilities of the extracted factors were

TABLE 10

FACTOR ANALYSIS RESULTS: THREE FACTORS

	Factor 1	Factor 2	Factor 3
Q9E	.87859		
Q9F	.83784		
Q9I	.82795		
Q9J	.73476		
Q9D	.68938		
Q9M	.66769		
Q9B	.66671		
Q9H	.65930		
Q9L	.65478		
Q9C	.64321		
Q9G	.63595		
Q9K	.57773		
Q9A	.57356		
Q3			
Q2			
Q4Q		.84509	
Q4N		.81343	
Q4O		.78488	
Q4R		.75159	
Q4P		.70908	
Q4A		.64445	
Q4B		.59855	
Q4D		.55693	
Q4H		.55449	
Q4E		.54298	
Q4I			
Q4C			
Q8			
Q4J			.82910
Q4K			.72952
Q4F			.68803
Q4L			.54784
Q4G			
Q4M			

Covariance Matrix for Estimated Regression Factor Scores:

	Factor 1	Factor 2	Factor 3
Factor 1	.93965		
Factor 2	-.00357	.90613	
Factor 3	.00750	.06312	.84568

Table 10. Factor analysis results of the three factor solution based on the indicator variables from the NLC survey with Factor 1 relating to political issues, Factor 2 to economic issues, and Factor 3 to sociocultural issues.

.93579 (Factor 1), .91111 (Factor 2), .82480 (Factor 3), .70637 (Factor 4), and .83837 (Factor 5). These again were well above the .60 threshold. The results (not displayed) have Factors 1, 2, and 3 displaying political, economic, and sociocultural characteristics as in the three factor solution. In this version, however, Factor 4 is made up of the problematical questions 2 (NAFTA) and 3 (GATT), plus 4a (attracting foreign investment), with the first two coming from the three factor political grouping on which they were not loaded and 4a coming from the economic factor on which it loaded with .64445. Factor 4, in this solution, could be associated with trade and trade financing. The correlation among the three variables also may indicate that they are superfluous or that a spurious relationship exists. Questions 4l (international education) and 4m (language education) made up Factor 5 related to international education factor. Though the correlations of these two variables is high (.78 and .79, respectively) with each other, "Interpretation of factors defined by only one or two variables is hazardous, however, under even the most exploratory factor analysis" (Tabachnick & Fidell, 1996, p. 674). Additionally, this five factor solution, though interesting, does not reflect the empirical categories developed in Chapter III or employed by Kincaid (1997).

In sum, "exploratory" factor analysis refined the overall construct and created meaningful composites of the many variables involved, based on high correlations of the variables within each factor as opposed to those in other factors, while describing and defining their relative association with other like variables.

These exploratory associations were grouped around political, economic, and sociocultural factors. The very high measures of sampling adequacy and factor scores indicate that this composite construct is made up of the three aforementioned factors within which each contains variables that are highly correlated with each other but not with those resident in other factors. The one clear exception was the attraction of foreign tourists which loaded on the economic factor instead of the sociocultural factor. To further refine this construct and identify the influential variables, "exploratory" multivariate analysis was employed through the application of multiple regression.

Exploratory Multivariate Analysis

Exploratory multivariate statistical analysis was used for elaboration to clarify bivariate and multivariate relationships by introducing conditional variables necessary for the occurrence of the relationship. Again, exploratory analysis was conducted because of question specificity and the omission of technological questions. In this study, any of the 34 indicator variables and any of the three variables developed in the factor analysis portion of this study could be conditional variables. In the current situation, multiple regression allowed for the assessment of the relationship among two or more variables and identification of conditional variables.

Hierarchical (i.e. backward in SPSS) regression was used to meet two objectives; to identify the indicator variables that significantly contributed to the construct of municipal

international involvement, and to develop subsets of composite factors as independent variables. These objectives were met by identifying and eliminating those independent variables that did not provide significantly additional prediction to those variables already in the equation. The independent variables in the first instance were the indicator variable questions from the NLC survey previously discussed. The independent variables used to meet the second objective were the three factor subsets originally created to group the indicator variables into composite factors. The index of municipal strength was the dependent variable. It was created out of city population levels and residential real estate values, as discussed in the bivariate analysis section of this chapter.

The exploratory multiple regression models for each of the groups of variables and their exclusion matrices are contained in Appendix E. The criteria were the probability of **F** to enter equaled or was less than .050 while the probability of **F** to remove was equal to or greater than .100. The economic and sociocultural variables accounted for only 19.9 percent of the variability in municipal strength, which results from the factors under consideration and the correlation coefficients were not high at .446. The political variables accounted for a low .109 percent of the variability with low correlation coefficients at .330. The observed significance (.000 in both cases) of the overall regression **F** test indicates that the null hypothesis of the variables having no impact on municipal strength is rejected. The coefficients of the independent variables indicated that the predicted value of municipal strength increased

when the predicted value of each of the following economic variables increased:

- urging stands on foreign [economic] issues, question 8;
- promoting exports of local products, question 4b;
- conducting trade missions abroad, question 4h;
- attracting foreign tourists, question 4e; and
- working with state officials, question 4q.

The same is true for the sociocultural variables:

- enhancing foreign language education, question 4m;
- sister-city relations, question 4f; and
- exchanging Government ideas, question 4k.

The following political variables had increasing predictive values:

- immigration (legal or illegal), question 9c;
- South Africa, question 9k;
- officials' support/nonsupport of GATT, question 3;
- council members' support/nonsupport of GATT, question 9b;
- troops in Bosnia, question 9l; and
- Haiti, question 9e.

Due to the problematical nature of questions 3 and 9b, multiple stepwise regression was run on the set and neither came close to the probability of **F** to enter (PIN) with PINs of .902 and .630, respectively, in the last iteration. Accordingly, the coefficients of the 12 indicators, listed above (excepting the two on GATT), as independent variables, revealed that when the predicted value of municipal strength increases the predicted value increased for each of the indicator variables. The 12, therefore, were tentatively

identified as significant contributors to municipal strength as an indication of municipal international involvement in this exploratory analysis. The remaining 22 made no apparent significant contribution to the international involvement construct, for the exploratory analysis with this data set, despite qualitative evidence to the contrary.

The three factors derived from the factor analysis conducted in the last analysis step also were evaluated using exploratory multiple regression. The multiple regression model for the composite factors is displayed in Table 11 along with the excluded variables matrix. Again the criteria were the probability of F to enter equaled or was less than .050 while the probability of F to remove was equal to or greater than .100. While only 13 percent of the variability in municipal strength results from the factors under consideration and the correlation coefficients are low at .366, the observed significance (.000) of the overall regression F test indicates that the null hypothesis of the factors having no impact on municipal strength is rejected. The coefficients of the three factors as independent variables indicated that the predicted value of municipal strength increased when the predicted value of the sociocultural factor increased, the economic factor had marginal, if any significant effect, and the political factor had no significant effect. This was borne out with the exclusion of the political composite from the model indicating that only the sociocultural and economic composites contributed to the prediction of municipal strength. The strength of the economic construct

TABLE 11

EXPLORATORY HIERARCHICAL REGRESSION RESULTS:

COMPOSITE FACTORS; ECONOMICS, SOCIOCULTURAL, POLITICAL

Model Summary^{a,b,c}

Model	Variables		R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	Entered	Removed					
1	Sociocultural, Political, Economics		.366	.134	.128	.9335449	
2		Political	.363	.132	.128	.9338395	
3		Political ^d	.363	.132	.128	.9338395	1.976

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Method: Enter

c. Method: Backward (criterion: Probability of F-to-remove >= .100).

d. Independent Variables: (Constant), Sociocultural, Political, Economics

e. All requested variables entered.

f. Independent Variables: (Constant), Sociocultural, Economics

g. Probability of F-to-remove = .100 limits reached.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	63.135	3	21.045	24.148	.000 ^a
	Residual	407.865	468	.872		
	Total	471.000	471			
2	Regression	62.006	2	31.003	35.551	.000 ^c
	Residual	408.994	469	.872		
	Total	471.000	471			
3	Regression	62.006	2	31.003	35.551	.000 ^c
	Residual	408.994	469	.872		
	Total	471.000	471			

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Independent Variables: (Constant), Sociocultural, Political, Economics

c. Independent Variables: (Constant), Sociocultural, Economics

TABLE 11 (Continued)

Coefficients ^a									
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Collinearity Statistics
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance
1	(Constant)	-1.2E-16	.043		.000	1.000	-.084	.084	
	Political	5.1E-02	.044	.049	1.138	.256	-.037	.138	1.000
	Economics	8.5E-02	.045	.081	1.869	.062	-.004	.174	.995
	Sociocultural	.378	.047	.348	8.060	.000	.286	.470	.995
2	(Constant)	-1.3E-16	.043		.000	1.000	-.084	.084	
	Economics	8.4E-02	.045	.080	1.863	.063	-.005	.173	.995
	Sociocultural	.378	.047	.348	8.068	.000	.286	.471	.995
3	(Constant)	-1.3E-16	.043		.000	1.000	-.084	.084	
	Economics	8.4E-02	.045	.080	1.863	.063	-.005	.173	.995
	Sociocultural	.378	.047	.348	8.068	.000	.286	.471	.995

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		
						Tolerance	VIF	Minimum Tolerance
2	Political	.049 ^b	1.138	.256	.053	1.000	1.000	.995
3	Political	.049 ^b	1.138	.256	.053	1.000	1.000	.995

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Independent Variables in the Model: (Constant), Sociocultural, Economics

Table 11. Exploratory hierarchical regression results indicating that only the sociocultural and economic composites significantly contribute to the prediction of municipal strength.

subsequently was tested in stepwise regression and was excluded from the model indicating that the economic composite does not significantly contribute to municipal strength as defined by this data set (see Table 12 on the next page) in the exploratory analysis conducted.

In sum, according to the model for this set of data, 12 of the 34 indicator questions as independent variables, and only the sociocultural factor as a composite contributed significantly to municipal strength as an indication of international involvement. The economic factor made a marginal contribution and the political construct made little or no contribution based on the exploratory analysis of this data set and the index definition of municipal strength.

Conclusion

The objectives of this chapter were to further define the nature of municipal international involvement and to answer the second research question; what is the extent of municipal involvement in international relations based on the data from the National League of Cities 1996 survey. A review of the NLC cross-sectional survey instrument found that it covered the economic, sociocultural, political, and intergovernmental relations, but not the technological fields. While some questions appeared to be replications of others and the instrument had a strong economic bent due to a lack of specification, the evaluation of reliability safeguards found that they generally had been observed. Subsequent statistical analysis determined that the instrument was reliable and

TABLE 12

EXPLORATORY STEPWISE REGRESSION RESULTS:
COMPOSITE FACTORS; ECONOMICS, SOCIOCULTURAL, POLITICAL

Model Summary^{a,b}

Model	Variables		R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	Entered	Removed					
1	Sociocultural	.	.354	.125	.123	.9362915	
2	Sociocultural	.	.354	.125	.123	.9362915	1.967

- a. Dependent Variable: REGR factor score 1 for analysis 1
b. Method: Stepwise (Criteria: Probability-of-F-to-enter \leq .050, Probability-of-F-to-remove \geq .100).
c. Independent Variables: (Constant), Sociocultural
d. Probability of F-to-enter = .050 limits reached.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	58.978	1	58.978	67.278	.000 ^b
	Residual	412.022	470	.877		
	Total	471.000	471			
2	Regression	58.978	1	58.978	67.278	.000 ^b
	Residual	412.022	470	.877		
	Total	471.000	471			

- a. Dependent Variable: REGR factor score 1 for analysis 1
b. Independent Variables: (Constant), Sociocultural

TABLE 12 (Continued)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Collinearity Statistics
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance
1	(Constant)	-1.3E-16	.043		.000	1.000	-.085	.085	
	Sociocultural	.385	.047	.354	8.202	.000	.293	.477	1.000
2	(Constant)	-1.3E-16	.043		.000	1.000	-.085	.085	
	Sociocultural	.385	.047	.354	8.202	.000	.293	.477	1.000

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		
						Tolerance	VIF	Minimum Tolerance
1	Political	.049 ^b	1.127	.260	.052	1.000	1.000	1.000
	Economics	.080 ^b	1.863	.063	.086	.995	1.005	.995
2	Political	.049 ^b	1.127	.260	.052	1.000	1.000	1.000
	Economics	.080 ^b	1.863	.063	.086	.995	1.005	.995 ^c

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Independent Variables in the Model: (Constant), Sociocultural

c. This variable is not added to the model because PIN = .050 limits reached.

Table 12. Exploratory stepwise regression results indicating that only the sociocultural composite contributes significantly to the prediction of municipal strength.

internally valid. Basically, the NLC instrument served to cover the construct of municipal involvement, as developed in Chapter III, with the exception of technological issues.

Data collection resulted in a sample of 476 responses which were reduced to 472 due to missing values analysis. While only 35.68 percent of the random sample responded, the number of responses met the threshold of usable replies required for correlational studies to be statistically significant at the .15 level of r .

Data analysis involved exploratory analysis followed by descriptive and bivariate statistics. The data then was collapsed to form composites of the variables, which were checked to see if they contributed to municipal strength as an indication of municipal involvement in international relations. A summary of the tentative statistical and exploratory multivariate analysis is contained in Table 13 on the next page.

Exploratory statistical analysis determined that the data exhibited normality, linearity, and homoscedasticity while lacking in multicollinearity and singularity. Descriptive statistics confirmed Kincaid's (1997) results and corroborated his findings that as municipality size increases, so did its involvement in international activities in the economic, sociocultural, and intergovernmental relations realms. While over 80 percent of American cities have been involved in attracting foreign investment, promoting local exports, and working with business and state officials on global economic issues, on average, less than one third

TABLE 13

COMPARISON OF STATISTICAL RESULTS SUMMARY

Question	Descript- ive	Bivar- iate	Factor Loading	Multiple Regression
2. NAFTA				
3. GATT				
4a. FDI	Yes		Yes	
4b. Exports	Yes		Yes	Significant .Sig.
4c. Immigrants		Sig.		
4d. Advertising		Sig.	Yes	
4e. Tourists		Sig.	Yes	Sig.
4f. Sister-city	Yes	Sig.	Yes	Sig.
4g. Protocol		Sig.		
4h. Trade Missions		Sig.	Yes	Sig.
4i. Foreign Office				
4j. Cultural				
Exchanges	Yes	Sig.	Yes	
4k. Government				
Exchanges		Sig.	Yes	Sig.
4l. International				
Education	Yes	Sig.	Yes	
4m. Language				
Training	Yes	Sig.		Sig.
4n. Work w/				
Businesses	Yes	Sig.	Yes	
4o. Work w/				
Civic Groups		Sig.	Yes	
4p. Work w/Neighbors		Sig.	Yes	
4q. Work w/State	Yes	Sig.	Yes	Sig.
4r. Work w/Federal		Sig.	Yes	
8. Urging Stands		Sig.		Sig.
9a. NAFTA			Yes	
9b. GATT			Yes	
9c. Immigration		Sig.	Yes	Sig.
9d. U. N.			Yes	
9e. Haiti			Yes	Sig.
9f. Israel			Yes	
9g. Japan			Yes	
9h. Mexico			Yes	
9i. Nicaragua/				
El Salvador		Sig.	Yes	
9j. N. Ireland		Sig.	Yes	
9k. South Africa		Sig.	Yes	Sig.
9l. Bosnia		Sig.	Yes	Sig.
9m. Somalia		Sig.	Yes	

Table 13. A summary of the statistical methods employed with their results indicating whether they were significant at the .05 level, were major activities, or loaded on factors at .50.

have been active in many of the 18 international activities listed on the NLC survey. Additionally, though 75 percent were involved in some international activities, less than half of the respondents were actively pursuing each of the 18 activities listed in question 4. In general, descriptive analysis found that while international political activism exists at the municipal level, economic, sociocultural, and intergovernmental relations, as they relate to economic issues, predominate.

Bivariate descriptive statistics of the indicator variables indicated that cities having high vitality tend to be very active in the international arena, as reflected on an index of municipal strength in international activities. Almost all of the 18 international activities of the NLC survey discriminated in the amount of participants involved at all levels of municipal strength and degree of participation. The main exceptions to the 18 were questions 4a, and 4b, as they also were the only exceptions in the significance of the symmetric distributions. A few of the other categorical variables relating to political considerations under study also were symmetrically significant.

Exploratory factor analysis was used to group the commonalities among the indicator variables into composites. The composite constructs were three factors representing political, economic, and sociocultural activities. Each factor contains variables that are highly correlated with each other, but not with those of other factors.

The individual indicator questions and the three composite constructs were subjected to further analysis through exploratory multiple regression. The exploratory regression results revealed that 12 of the 34 indicator variables, in the economic, sociocultural, and political constructs contributed to municipal strength as an indication of international involvement. The exploratory regression results also indicated that only the sociocultural factor contributed significantly to municipal strength as evidence of international involvement. The economic factor made a marginal contribution and the political factor offers little to no contribution, based on the NLC data set of responses and the index definition of municipal strength.

These results are set forth with the caveat that the statistical analysis were used to provide an exploratory description of the indicator variables from the NLC data set. The findings herein indicate that there is congruence in the results of the two studies. The results could have been enhanced if the two researchers had been able to work together on a common undertaking.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

Study Findings

The findings of this study demonstrate that municipalities in the U.S. are involved in international activities and that these initiatives are consistent with the emerging literature on the subject. While many municipalities are internationally involved, a significant number of cities do not, as yet, fit the conceptualizations of any level of development as an internationally involved municipality as developed in Chapter III and as demonstrated quantitatively in Chapter IV of this study. Municipal involvement in international relations, however, is increasing both within individual cities and across America as evidenced by the increasing number and proliferation of international activities found in Chapter III. Municipal international involvement is a complex subject that involves many direct and indirect variables operating at all levels of the global dynamic as recognized in Chapter III and amplified in this chapter.

Municipalities play a pivotal role in the nation's economy and are becoming influential in the global economy as international competition increases. They enjoy the direct effects of international sociocultural relationships and, to some extent, have become globally active in the political realm that once was the sole

province of nation-states. This activism has been attributable to the technological revolution, which has compressed time and space from a transportation and communications perspective. The forces of globalization, perhaps more than the lack of federal and state revenues, have influenced many municipalities to become active on the global scene, and will result in even more city involvement in this relatively new dynamic.

Although this is not a causal study, the foregoing and other observations are inescapable. Clark (1994, and see Chapter III subsection on economics), for example, has pointed out that affluent cities are no different from poorer cities in innovation and strategy selection in the face of needs and demands. The quantitative results of this study, however, indicate that further research is needed in this area because as the strength (based on a combined index of population and residential real estate values) of a city increases, its entrepreneurial activities in the international arena also increase. Noponen, Markusen, and Driessen (1997) have pointed out that cities do vary widely in relative comparative advantages because they possess diverse industrial mixes and therefore their responses to opportunities will differ. The importance of Clark's work, however, lies in indicating that causality of municipal innovation in services areas (e.g., services cost reduction, economic development, or international activities involvement) cannot be directly attributed to the withdrawal of federal funding or fluctuation in state support alone. Other factors come into play that initiate municipal innovation.

Entrepreneurial competitiveness is an important aspect of municipal international involvement. This competitiveness extends from that practiced among municipal neighbors in the regional setting to competition with municipalities in other regions and other nations as globalization increases. Accordingly, international production is an important element in competitiveness that affects both state and local economies. International production is supported by foreign direct investment (FDI) and the real recipients of the benefits of FDI (e.g., job creation, increased revenue and tax sources, enhanced marketing) are the individual states and local areas where investments are made. Competitiveness extends to the service industries as well. These industries are growing internationally in municipalities at a faster rate than manufacturing, though manufacturing remains important because it fuels the demand for services.

Competitiveness is a significant factor in state and local economic development programs that support business sector programs to increase their competitiveness. In this vein, American cities have become principal actors in the international trade liberalization process because, as they realize, free trade is vital to the realization of the potential for increased efficiency and higher incomes. This develops despite politicians' prevalent view that the narrower interests of their constituents come first; i.e., all politics and power is local, despite regional, state, and national needs. In spite of, or perhaps because of this penchant for catering to local special interest groups, some politicians have

involved their municipalities in controversial resolutions attacking or defending international issues. These often narrowly focused resolutions frequently are at odds with national policy and cast doubt on the integrity of U.S. foreign policy, for better or worse. A positive impact would result if the resolutions cause a long overdue shift in foreign policy. Conversely, negative impacts occur if the resolutions are based on the altruistic ideals of narrowly focused special interest groups' agendas. Additionally, on the political scene, the threat of international terrorism remains a ticking time-bomb in the every municipality's midst. With the relative anonymity the larger heterogenous municipality affords, the larger the city, the greater the terrorist threat.

The foregoing, and the results of the quantitative analysis in this study indicating that international political activities make no contribution to municipal international involvement, are not meant to infer that politics does not matter. It matters very much in municipalities that attempt to adapt to their changing environments rather than let themselves be guided by Adam Smith's (1937) invisible hand of the marketplace. It is those local politicians and other officials that shape how their municipalities adapt to change. Whether they capitalize on change or cope with it determines success, survival, or failure. Accordingly, public economic development, as enhanced by international involvement, is the result of purposeful decisions undertaken selectively. (Adapted from Pango and Bowman (1995, p. 2.)

Regardless of the foregoing, cities benefit from the effects of progress in technology affecting production, distribution, transportation, and communication that allow them to form international linkages. Those municipalities that take advantage of these benefits are better positioned to create a competitive advantage domestically and internationally. It is because of these imperatives that, as Kresl (1995, p. 50) points out, there is a growing need for research on the international competitiveness of cities. This is particularly true in light of studies that indicate that cities only should focus on the domestic market (e.g., Nojonen, Markusen, & Driessen, 1997).

To improve American and local competitiveness, public education must be enhanced and the marketer must be educated in the sociocultural perspectives of target audiences. Language training remains important. Even though English is a second language in many lands, in the newly developing countries such as China, knowledge of the local language is important for marketing and sales of all types. Marketing takes place, not only in the economic arena, but in the political and sociocultural realms as well. It is a management function that demands leadership and participation at the top levels of government to succeed. Marketing fuels local economic development, which in turn is the heart of activities that improve the quality of life for all concerned. It only is effective, however, if the top levels of governmental leadership are involved.

International sociocultural activities overlap those directed at economic development and competitiveness and have been essential

to establishing economic linkages. Sociocultural sister city programs are used to attract sources of economic growth. This growth can be bolstered by sociocultural tourism, which ranks third in world industries. International tourism is of particular import because foreign visitors spend more locally than domestic tourists and a high percentage of mayors see foreign tourists as a benefit to their communities. Immigrants are another source of community benefit in the skills, knowledge, and work ethic that they bring with them. Additionally, many nonimmigrant professionals belonging to multinational corporations provide both cultural diversity and revenue to the community in which they reside. Institutions of higher education perform a valuable local service through international academic and cultural exchanges, plus language and international educational services.

As mentioned earlier, technology and its innovations have transformed the municipality from an isolated community to a global entity by surmounting time and place barriers. Cities enhance diffusion of innovation, attract technologically oriented FDI, and facilitate technology transfer. While the latter takes place in multinational corporations, institutions of higher education are the primary venue. Colleges and universities are the mixing pots of cultures, talents, and innovations at the local level as well as important players in local economic development. Additionally, they are centers of research, which attract the best and brightest worldwide. They form a locus of local assets that fuel technological innovation through their participation in various

research oriented parks. Technology also brings with it varying environmental concerns that can have international implications. Unfortunately, technology and its impacts are neither sufficiently appreciated at the local level nor fully recognized as a significant contributor to the involvement of municipalities in international activities.

World or global cities, that are defined as the hubs of international financial, service, transportation, and communications networks, are unique. However, the evolving international municipality or "city" is a more inclusive term. It is a relatively smaller entity that performs, to a lesser degree, many of the global city functions that define the world city's position in the international arena. International municipalities, therefore, make up the entire family of cities from the perspective of the scope of their international activities, versus their position internationally. These activities define each municipality's involvement and relevance in the global system. By defining international cities based on the activities in which they are involved, one gets a clearer picture of the nature and extent of their involvement in international relations.

The qualitative results, herein, revealed that there are at least 121 indicators of involvement in international relations by U.S. municipalities. These indicators provide strong evidence of the presence of municipal international activities. There may be others related to domestic activities that either indirectly or directly relate to international involvement such as public-private

partnerships, favorable conditions for investment and technical development, enhanced business climates, and economic development incentives. It is only by taking these initiatives overseas, indirectly or directly, that municipalities involve themselves in international relations. Those initiatives that are related to "Buy America," "America First," and other product protectionist measures, while appearing to be domestically oriented, may mask international products because in today's world there are fewer and fewer truly domestic products. This study, however, focused on those activities that clearly were internationally related.

These 121 indicators of international activity define the nature of municipal international involvement. To get a better appreciation for the construct developed to represent that involvement, the indicators were notionally grouped into five categories: economic, technological, sociocultural, political, and intergovernmental relations. Technological considerations were differentiated from the economic ones because they directly affect the implementation of all fields of endeavor. It has been the technological revolution, particularly in information and communications, that has fueled the advance of globalization and the complex interrelationships associated therewith. Globalization has initiated economic restructuring that has complex sociocultural, political, and spatial dimensions that must be dealt with in increasingly complex ways at the municipal level. Intergovernmental relations was distinguished from the political category because it deals with the interactions needed to facilitate international

economic, technological, political, and to some degree, sociocultural activities. As it turned out, intergovernmental relations was associated with the economic, sociocultural, or political activity that comprised its primary reason or purpose for taking place.

The qualitative analysis was both facilitated and hampered by the explosion of information on this subject. When this project first started in 1992, there were relatively few articles or scholarly works on municipal involvement in international relations because the focus had been on nation-states and to some extent on the involvement of U.S. states in international relations. In fact, in the late 1980s and early '90s prevalent thinking seconded municipal activities to those of states because it was assumed that only the states had the resources to be involved in international relations. This earlier relative lack of information made identification of indicators, developed from causal related literature, fairly precise. However, with the dramatic increase in relevant literature not only did the list of indicators expand, but the probability of identifying all of them diminished. Additionally, as this is a dynamically growing field of endeavor, it is likely that new indicators will be developed in the future.

Exploratory quantitative analysis of the National League of Cities 1996 survey, using 31 of the 121 qualitative indicators as 34 variables, revealed that the number of international activities in which municipalities were involved were diverse in the economic, sociocultural, and political fields. Unfortunately, the survey

instrument did not contain any questions relating to technological activities. The results indicated that the activities in the NLC 1996 survey generally were relevant to the construct of international involvement. Two questions relating to city officials' support of NAFTA and GATT suffered from lack of specificity and two others (attracting foreign investment and export promotion) were apparent outliers. These problems eventually served to make all four questions as independent variables problematic in the statistical analysis, though at least the FDI and exporting questions, if not all four, were established as sound indicators qualitatively. "Exploratory" factor analysis further indicated that the responses to the two questions on NAFTA and GATT, two questions involving international education, and one question each on attracting foreign immigrants, having a foreign office or representation abroad, and taking stands on foreign issues as urged by special interest groups did not contribute to the factors with which they were associated.

In retrospect, too much specificity may have produced unanticipated results from other NLC survey questions. For example, while many cities participate in trade missions, a lot fewer "conduct" those missions. Additionally, some municipalities have one or more individuals, who may or may not be designated as a protocol "person" or more appropriately "expert," who does many protocol things besides just helping with foreign visitors, who may have primary responsibilities in other areas (e.g., the City Clerk) and is knowledgeable in foreign cultures and languages, and who was

not specifically recruited for that job. This renders responses to question 4g, "Recruiting a protocol person to help with foreign visitors," relating to the international activity that best describes the degree of that activity, suspect. Additionally, five politically worded questions (NAFTA and GATT (two questions each), and question 8 regarding urging stands on foreign affairs matters) and had economic tags which served to confound the results.

Further exploratory quantitative analysis of the complete data set found that three composites of the indicators were formed as political, sociocultural, and economic factors. One apparent political variable (urging public stands, question 8) was associated with the economic factor and two economic variables (NAFTA and GATT) were associated with the political variable. These associations may have been attributed to the lack of specificity in the questions, as mentioned above. The intergovernmental relations indicators loaded on the economic factor, perhaps because they specifically asked about these relations in conjunction with their ability to improve the city's position in the global economy.

Exploratory multivariate analysis yielded two results. The multiple regression (hierarchical, backward) solution indicated that 12 of the 34 indicator variables were significant predictors of municipal international involvement. They were distributed between the economic, sociocultural, and political constructs as expected, with one exception. Attracting foreign tourists was associated with the economic versus the sociocultural construct consistent with its economic impact. The 12 significant predictor indicator variables

are as follows:

- urging stands on foreign [economic] issues, question 8;
- promoting exports of local products, question 4b;
- conducting trade missions abroad, question 4h;
- attracting foreign tourists, question 4e;
- working with state officials, question 4q;
- enhancing foreign language education, question 4m;
- sister-city relations, question 4f;
- exchanging Government ideas, question 4k;
- immigration (legal or illegal) resolutions, question 9c;
- South Africa resolutions, question 9k;
- troops in Bosnia resolutions, question 9l; and
- Haiti resolutions, question 9e.

The foregoing 12 indicator variables are not listed in their order of significance. Further research will be required to determine the actual relative significance of each.

The second result of the exploratory multiple regression analysis indicated that the political factor made little or no contribution to the construct of international involvement, and the economic factor made a marginal contribution, at best. Only the sociocultural factor made a significant contribution to international involvement, based on this data set. According to the literature survey, however, the economic factor should have made a very significant contribution and the political factor should have fared better, therefore, there is a need for further research on this subject.

The question arises, as to the effect globalism and municipal involvement in international relations are having on U.S. municipalities. Some see the result as increased vulnerability to economic, sociocultural, and political forces, while others believe that cities are becoming more resilient, locally, regionally, statewide, nationally, and internationally. According to other researchers, this perceived resilience is based on new forms of structural versus relational power derived from the creation of global relationships that allow for the solution of problems through the availability of the broad spectrum of global resources versus the narrow field of local resources.

There is room in international relations theory, for the new dynamic of municipal international involvement, through a combination of pluralism and structuralism. This can take place, while not ignoring the realist position that the nation-state is the primary actor on the international stage. The nation-state is not "dead" or even inactive, and will not be for the foreseeable future.

Intergovernmental relations, at all levels, have been affected by the municipal involvement dynamic, resulting in an expansion of activities and an increase in the professionalism of the staffs, agencies, and leaders involved. It is apparent, however, that there is room for improvement in this area, particularly with intergovernmental cooperation and coordination, as there is in all aspects of intergovernmental relations as exemplified by the picket-fence analogy referred to in the intergovernmental relations subsection of Chapter III.

As pointed out in the concluding subsection of the qualitative survey in this study, municipal involvement in international relations appears to be predicated upon a combination of self-interest/self-preservation as a possible result of "new federalism," but more on the economic imperatives created by the national and world economies impacted by globalism, plus a desire to effect sustainable economic development. Conflict/competition, ever present, may or may not be increasing between federal, state, and local agencies in the domestic and international arenas as a result of the distribution of power and power relationships, depending on one's perspective. There is an apparent lack of interaction and general networking in intergovernmental relations. Power relationships will shift in accordance with the need to: control scarce resources; control boundaries; interpret governmental structure, regulations, and rules; control the decision process; and tighten loosely coupled systems from the realist, pluralist, or structuralist frames of reference.

Intergovernmental relations, therefore, are becoming more complex with the further refining of the concept of federalism and the international relations dynamic is creating more revenues and expenses at the local level. The redefinition of federalism does not, at this time indicate that there is an erosion of the centralization of power at the federal and state levels, but a relaxation of oversight, at least regarding international activities, despite the embarrassments caused to some aspects of U.S. foreign policy by local and state political resolutions on

international issues. Regardless of the outcome, it is evident that municipal involvement in international relations will be a viable force in the future and will warrant further study.

Recommendations

Conceptual Recommendations

Over the past two decades the literature has been inconsistent in the terminology used to describe municipal or substate governmental involvement in international relations. Duchacek (1984) used the term "micro diplomacy," Soldatos (1989, 1990, 1993) calls it "paradiplomacy," and Kincaid (1990) refers to it as "constituent diplomacy." International involvement or "external relations" consists of stated or implied objectives, strategies, institutions or agencies, processes and policy outputs. It also involves the establishment of activities and representatives overseas, agreements with foreign entities, international transactions and communications, as noted by Soldatos (1993). Clarity of terms and their usage are needed in this emerging field of study. Lacking any imperative to invent new terminology, the terms used should be kept as simple and unconfusing as possible.

Much of the speculative literature on subnational governmental international involvement presents anecdotal evidence of international activities and the forces that induce local governments to become involved in international activities. The literature also attempts to address why these activities have increased over time, the extent of political conflict between federal policy and local initiatives, and the dominance of the

multinational corporations, let alone the need for small and medium sized businesses to export. The literature is in need of a comprehensive approach to municipal international involvement beyond the anecdotal speculation mentioned above. Additionally, while there are a growing number of case-studies that either illustrate or serve to support theoretical propositions, there are few multimunicipality/multicase studies that support generalizations regarding this phenomenon.

Research Recommendations

As mentioned in Chapter I, Hahn and Levine's (1980, p. 36) research directions remain relevant, although written almost two decades ago. There is a need to develop even greater interest in intergovernmental relations, particularly the emerging field of the role of local and state governments and their influence on federal policy making. To that may be added the effects of globalization and the international involvement of subnation-state governmental entities, primarily in the United States but also globally.

Quantitative empirical research is needed to expand and validate qualitative observations of local international involvement. Particularly evident is the need to further validate the variables commonly involved, convincingly measure both the extent to which this activity is undertaken by local governments, the degree to which it is beneficial in outcomes and impacts in relation to the municipalities involved, and whether it is increasing within and across cities. Adequate research would involve additional cross-sectional measures, evaluation analysis,

and time series analysis or cross-sectional methods over two or more time periods. It is evident that it will be necessary to develop and validate operational measures of the types and extent of international involvement activities. Further, consistent appropriate data must be collected on the indicators associated with international activities and the varying levels that these activities take place over time. In addition to providing definitive information for theory building, this data also should be capable of confirming whether municipalities are viable actors on the international scene. It also should address the perception that the competition in this arena is a zero-sum game; i.e., there are only winners and losers. It has been demonstrated that competition can be win-win situation all around, but the win-lose frame of reference still persists. Both positions must be analyzed from the international involvement perspective.

Care also must be taken to not mistake a simple count of international activities in which a municipality engages or the extent to which a particular activity is pursued for evidence that they or it, respectively, are positively related to the benefits of international involvement. In other words, while the number of activities and the extent to which they are carried out may be positively related to a municipality's degree of competition in this arena with other cities, it may not be an accurate measure of the effectiveness of those activities in pursuit of economic development (i.e., socio-economic development) outputs and impacts; i.e., enhancing the quality of life of all concerned. In this respect,

additional research is warranted to clarify the relationship between municipal international involvement and economic development, regardless of how the relationship currently appears.

The measurement of municipal international involvement consists of the identification of reliable and valid indicators of the results. The indicators developed in Chapter III may be lacking in what they measure, as evidenced by the quantitative results of this study, and may be notable for what they have missed. The indication that more thorough and complex measures are desired must not be discarded, but be viewed with caution because the more thorough the measure, the more its complexity is enhanced and the more costly the research that may still produce imprecise results. This balance must be considered throughout the process.

Research in this field should not be limited to the municipalities but should address the individual actors involved both within the municipality and external thereto. The former relates to elected and appointed officials, local special interest groups, and the private sector. The latter involves state and federal officials and agencies plus multinational corporations.

The foregoing observations are not meant to disparage the value of case-studies and other qualitative research, but to encourage integrating such with quantitative methods. The theoretical richness of the qualitative approach distinguishes its value as much as the ability to generalize across cases makes quantitative methodology attractive. A combination of the two can only enhance the product developed.

Avenues for Further Research

Some areas requiring additional research have been discussed earlier and others were developed from Chapter III. They all are related to municipal involvement in international relations and include:

1. The further refinement of the indicators of international activity to determine whether they are valid variables.
2. The creation of a valid index of a city's strength or vitality as a measure of its international involvement.
3. The construction and testing an evaluation of the outcomes and impacts of international involvement.
4. The determination of whether international involvement is increasing, and if so, why, when, where, and how much.
5. The inclusion of technological activities as an element of municipal international involvement.
6. The evaluation of U.S. municipalities that are international gateway cities with others that are not, but are involved in international relations.
7. The analysis of the contributions of institutions of higher education to municipal international relations.
8. The identification of those regions and states in which cities are particularly active in international relations.
9. The refinement of the characteristics, beyond mere population levels, of municipalities that are involved in international relations.

10. The determination of the relationship between municipal international involvement and local economic development.

11. The identification of the specific individual actors engaged in municipal international relations and their relative influence thereon.

Concluding Summation

The extensive qualitative research into the nature of municipal involvement in international relations, recorded in this study, demonstrated that American municipalities are substantially involved in international activities. The complexity of the subject was displayed and 121 indicators of activities that characterize that involvement were developed. A National League of Cities 1996 cross-sectional survey contained 34 questions that were related to the 121 indicators. The responses to these questions were analyzed and this analysis validated 32 indicators as variables. Three probable categories of international involvement (i.e., economic, sociocultural, and political) were based on "exploratory" factor analysis. Subsequent exploratory multiple regression results revealed that 12 of the 34 indicator variables, divided among the economic, sociocultural, and political constructs contributed to municipal strength as an indication of international involvement. Exploratory multiple regression also indicated that only the sociocultural of the three categories contributed significantly to municipal strength as a measure of international involvement. The second factor, economic, contributed marginally, if at all, to international involvement, and the third factor, political, did not.

Additional research will be required to determine the implications of these results.

Recommendations for additional research include conceptual and research methodology considerations and listed eleven avenues of research to be pursued. Among the eleven were the further validation of the indicators as variables; the creation of a valid index of a city's strength as a measure of its international involvement; the construction and testing of an evaluation of the outcomes and impacts of international involvement; and the inclusion of technological considerations in future research.

As a result of the technological advances collapsing time and space thereby creating globalism, the dynamic of municipal involvement in international relations is on the increase within individual cities and across all municipalities nationally and worldwide. Its impact on intergovernmental and international relations is extremely substantial and far-reaching. This is precisely why a wide variety of further research into this developing phenomenon is imperative.

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APPENDIX A

TERMINOLOGY AND DEFINITIONS

A review of literature on the subject of municipal involvement in international relations reveals that there has been free use of terminology beyond its usual definition and words have been invented to fit situations where other more correct words exist. This study strives to use conventional terminology. Appropriate definitions of terms follow.

City-State: This consists of a city and its surrounding territory, which form an autonomous or sovereign political entity or unit as in the city-states of ancient Greece or Renaissance Italy (Viotti & Kauppi, 1987, p. 585). Perhaps the only true independent city-state existing in the world in the latter half of the 1990s is Singapore. Hong Kong and Macao are not independent and are subsumed or soon to be subsumed into China, respectively, despite China's agreements to respect their autonomy.

Community: This term is used in this study to denote generically the basic entity of a grouping of people residing in a specific geographic area who share government and have some greater or lesser degree of cultural and historical heritage.

Competitiveness: The U.S. policy council refers competitiveness as the national economy's ability to produce goods and services that meet the test of international markets while

citizens earn a standard of living that is both rising and sustainable over the long run. The OECD Secretariat characterizes various national initiatives regarding competitiveness as "supporting the ability of companies, industries, regions, nations or supra-national regions to generate, while being and remaining exposed to international competition, relatively high factor income and factor employment levels" (OECD, 1996b, p. 13).

Dillon Rule: The "Dillon Rule" resulted from Judge John F. Dillon's ruling on Iowa municipal corporations in 1868. Dillon argued that local governments are "creatures of the state" and that state power "is supreme and transcendent: it may erect, change, divide, and even abolish, at pleasure, as it deems the public good to require" (City of Clinton v. Cedar Rapids and Missouri River R.R. Co., 1868, p. 475).

Diplomacy: It simply is the nation's political or policy element in the conduct of its foreign relations. Diplomacy is the process or art of communication among nation-states and their statesmen in international relations. The process includes negotiation (including positive inducements or persuasive tactics), compromise, threats, or other measures understood to be part or tools of diplomacy. As a technical term, it includes the threat or imposition of punishment or sanctions as tactics that may be employed by the diplomat in addition to, or in place of, more positive inducements (Viotti & Kauppi, 1987, p. 589; also see Mookerjee, 1973, p. 100). According to Nicolson (1969, pp. 4-5), "Diplomacy is the management of international relations by

negotiation; the method by which these relations are adjusted ... ; the business or art of the diplomatist." His definition is calculated to avoid straying into foreign policy or international law and will be used in this context in this paper.

Diplomatic: This word, along with the term "diplomat," have a positive connotation and refer in common parlance to peaceful, nonthreatening approaches (Viotti & Kauppi, 1987, p. 589). It is a skill based on the creation of confidence, which only is inspired by good faith (Nicolson, 1962, p. 62). The "diplomatic process handles the complex matrix of interactions at the core of international relations and is absolutely indispensable" (Bloomfield, 1982, p. 5). Harold Nicolson (1962) provides a good concise review of the evolution of the diplomatic method and Girija K. Mookerjee (1973) a well referenced approach to diplomatic theory and history from both a Western and an Eastern perspective.

Diplomat: Officially, a person employed by a national government to conduct official negotiations and maintain political, economic, and cultural relations with another country or countries to which he or she is credited, but unofficially, a diplomat is any person who maintains positive relations with foreign or domestic entities (Freeman, 1997b, pp. 82-85).

Economic Development: "Local Economic Development," as opposed to its more common use in third world countries, is a process for achieving and maintaining the economic health of a community through the attraction, expansion, and retention of commerce and industry (Morgan, 1989, p. 296). From another

perspective, it is "the process of creating wealth through the mobilization of human, financial, capital, physical and natural resources to generate marketable goods and services" (American Economic Development Council, 1984, p. 18). In brief, it is about creating jobs and wealth.

Economic Globalization: It is "... a process in which the structures of economic markets, technologies, and communication patterns become progressively more international over time" (OECD, 1997d, p. 7).

Economics: Commonly held to be a social science concerning the production, distribution, and consumption of goods and services, or the material welfare of mankind. It usually involves the use of scarce resources and how social units, of what ever magnitude, choose to use these resources (e.g., land, labor, capital, know-how) "... to obtain the maximum satisfaction of the unlimited material wants of society" (McConnell & Brue, 1996, p. G8). See also Phillips and LeGates (1981, p. 33).

Economy: The management or regulation of resources of a community, region, nation, and now even the world, with a focus on productivity and prosperity. See McConnell & Brue (1996).

Foreign Affairs: In this study, this term is synonymous with the term, "international relations". See definition of international relations, below.

Foreign Direct Investment: Also called "reverse investment" and direct foreign investment (DFI), is defined by balance-of-payments accountants as any flow of lending to, or purchases of

ownership in, a foreign enterprise that is largely owned by residents of the investing country. DFI consists of any investment giving the investor substantial control over a foreign subsidiary. (Lindert & Kindleberger, 1982, p. 448) "It can involve an investment in a firm's equity securities large enough for the investor to exert effective control over the firm" (Asheghian, 1995, p. 413). According to Root (1994, p. 583) in the broad sense, "Unlike portfolio investment, which is pure transfer of capital, foreign direct investment is the transfer of a bundle of factor services that represent in their totality an extension of a business enterprise across national boundaries." See Root (1994, Chap. 22-24) for a comprehensive discussion of FDI. Most authorities use the term FDI instead of DFI.

Foreign Policy: This term refers to external affairs, particularly to actions taken by nation-states in their dealings with other nation-states or other external participants such as international organizations, multinational organizations and corporations, and other transnational players or "actors" (Viotti & Kauppi, 1987, p. 590).

Globalization:: It is "a combination of new technology, increased trade and mobility, increased concentration of control, and reduced welfare-oriented regulatory power of nation-states." It has a lot to do with the mobility of goods, capital, and people. (Van Kempen & Marcuse, 1997, p. 285) For a greater discussion, see Castells (1996), Marcuse (1995, 1997), and Sassen (1991).

Inmigration: Demographic change in terms both the population structure and population size within a specific area. Levy (1990, p. 9) uses the term when referring to demographic changes within cities, counties and towns.

Interdependence/Interdependent: It is a relationship between two or more units in which one is "sensitive" or "vulnerable" to the decisions or actions of the other or others. For example, the flow of capital from one country to another may be sensitive to the changes in interest rates in other countries. Likewise, direct foreign investment in a country may be sensitive to that country's perspective or other countries' interests (Viotti & Kauppi, 1987, p. 594). "Complex Interdependence" is a term developed by Robert Keohane and Joseph Nye (1977, p. 9) that refers to the multiple transnational channels that connect societies, including international-state, transgovernmental, and transnational relations. The resulting relations are extremely complex with economic interests assuming greater importance than others (Viotti & Kauppi, 1987, p. 586). In the context of this study, complex interdependence is relevant, but in most cases interdependence refers to "mutual interdependence" in which "there are reciprocal (although not necessarily symmetrical) costly effects of transactions" (Keohane & Nye, 1977, pp. 8-9).

Interest; National, State, Regional, Local: "That which is of importance to a unit (state, class, group, or individual), usually including, as a minimum, its survival" (Viotti & Kauppi, 1987, p. 594). National or Local Interest, for example, refers to matters

of importance to a nation or a municipality. Viotti and Kauppi point out that some theorists find the concept too vague and that various types of units do formulate certain objectives that can be identified more concretely, but that other theorists pragmatically view it (e.g., national interest) as little more than what the leaders say it is at any point in time.

International Activities: See "international relations," below. The terms are synonymous in this study.

International Cartel: It is an organization composed of firms in like industries or services from different countries, or a group of governments, who agree to limit their outputs and exports in order to influence prices of their products and maximize their profits. (Adapted from Asheghian, 1995, p. 164.) Examples of private cartels can be found in the maritime shipping, oil, electronics, steel, and farm products industries and to some extent in insurance and accounting services. Governmental cartels have operated in the postal and airline sectors.

International Monetary System: "The rules, procedures, customs instruments, and organizational setting that provide a workable system of international payments between different countries and facilitates international trade among them" (Asheghian, 1995, p. 496).

International Relations: There are many interpretations of what international relations encompasses and the "theorists" in the field differ according to the approach to which they subscribe; i.e., realist, pluralist, structuralist. For this study, the term

"international relations" refers generally to the realm of all international activities, but focuses on economic, social, cultural, and other activities that have transcended the traditional political field of diplomacy. This approach is supported by the definition of international relations provided by Viotti and Kauppi (1987, p. 595): "The total of political, social, economic, cultural, and other interactions among states (and even non-state) actors." International relations, as used in this study, is not national foreign policy which involves the relations between nations, empires, city-states, and other traditional transnational actors as indicated in the definition of foreign policy stated above. International relations are influenced by national foreign policy, but the latter is normally distinguished by activities and actions at the federal level and, therefore, is marginally relevant to this study.

Involvement: It is the engagement of the interests or commitment of a municipality, state, nation, or other entity in an activity to some extent that is measurable. In this study, it is the effect of an action or set of actions undertaken to promote international economic, sociocultural, political, and other interactions.

Level: References to levels of government in the U.S. federal system are used to distinguish strata of association and not a hierarchy where the top necessarily has more power or authority than the middle or bottom. Kenyon and Kincaid (1991, p. 30) note that they avoid using competition among levels of government "... because

other scholars object to the concept of levels of government in the federal system." For example,

to the extent that those involved in governance now conceive of the American federal system as a pyramid with federal, state, and local 'levels,' they have opened the door to the transformation of cooperative federalism into coercive federalism. In a hierarchy, the top is expected to have more authority and power than the middle or bottom. Such an arrangement contradicts the basic principles of federalism. (Elazar, 1991, p. 7; See Elazar, chap 4 for more information.)

Therefore, references in this study to "up" or "down" are relative and do not imply a degree or level of power or subservience. In this vein, the pyramid analogy needs clarification. The upright pyramid implies a concentration of power at the pinnacle, however, many see the U.S. system as an inverted pyramid where the power rests in the people represented by a host of jurisdictions from whence the power and authority of the federal government is derived. The pyramid analogy also fits "macro" globalism as the largest layer proceeding to the "micro" locale made up of individuals as the focal point of globalization.

Local: The term local is used in this study to refer to an identifiable municipal area containing a local government, an economic base, and residents.

Local Government: In this study, it refers to municipal-level government, regardless of whether it is a city, county, or town which is administered and governed by its inhabitants rather than by the state or nation.

Marketing: "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy

individual and organizational objectives" (American Marketing Association, 1985, p. 1). This definition differs from the earlier version with the addition of "ideas," which are considered products and reflects a new emphasis on the dissemination and exchange of ideas. (Fine, 1992, p. 1.) This applies as well to international marketing. This study uses Bailey's (1989, p. 1) adaptation of a broad definition of marketing; "the force which catalyzes a range of activities conducted for the purpose of making American cities more economically competitive."

Multinational Corporation (MNC): Also called a trans-national corporation (TNC), it is "A group of corporations operating in different countries but controlled by a headquarters in a given country" (Asheghian, 1995, p. 498).

Municipality: A municipality, as defined by the U.S. Census Bureau, is a term for general-purpose units of local government. Cities are such governments as are towns, townships, and boroughs. Other units of local government, such as school districts, other special districts, and counties are not (Phillips & LeGates, 1981, pp. 267-8).

Nation-Centric and Multi-Centric Worlds: According to noted international relations theorist James N. Rosenau (1989, p. 8) the "nation-centric" or "state-centric" world is one which has existed for about three hundred years and is dominated by the traditionalist or realist approaches to international relations where the nation-state is exclusively sovereign. The "multi-centric" world is "composed of nongovernmental and governmental transnational actors

whose decentralized structures and processes constitute a highly pluralistic system in which no single actor or groups of actors are dominant." This phenomenon has been developing predominantly during the latter half of the 20th century.

Political Economy: It is considered to be a social science dealing with political policies and economic processes, their interrelations, and their influence on social institutions. There are at least two significant ways in which political economy is used in international relations research; the view that politics and economics are inextricably linked, leading to the study of the interrelations of political and economic variables, and the use of economic models of rationality to explain political actions (Viotti & Kauppi, 1987, p. 601).

Political Power: It is the ability to influence public decisions. "Public policies quite often result from pressure placed on government by groups and individuals having interests that will be affected by those policies. To the extent that a given group or individual has influence on what a government does or does not do, that group or individual is said to possess political power." This approach to defining power is analyzed extensively by Robert A. Dahl (1970, pp. 19-25, 32-34). Dahl asserts that power is merely an extreme form of influence in which coercion is used. "Severe losses can be invoked by the power holder" (p. 32). In city government, mayors, city managers, and many other government officials and agencies are politically powerful because they have the capacity to take official action directly. Interest groups are politically

powerful to the extent they can influence what the governmental actors do. (Harrigan, 1993, p. 12)

Politics: Numerous definitions are offered including the processes that determine who gets what, when, and how (Lasswell, 1936), the authoritative allocation of values (Easton, 1965), or simply, authoritative choice. (Viotti & Kauppi, 1987, p. 601) A more general definition that applies in this study is that "Politics is the art of aggregating power and applying it to achieve desired ends. ... it rests on the capacity of statesmen to persuade others of the wisdom of their policies, to unite them in common purposes, and to inspire them to subordinate their interests to these purposes" (Freeman, 1997a, p. 33). By generalizing its use, politics is

... the basic process taking place at the local, the regional, and the national levels and characterizing within cities as well as within and between states, we shall be able to abandon the notion of the state as actor [a traditional but outmoded concept] (Czempiel & Rosenau, 1989, p. 119).

Politics, Local: Is used in the broad sense to refer to the struggle over public decisions that determine public policies and allocate values, goods, and services. (Harrigan, 1993, p. 16) It refers both to the election of government officials and the making of public decisions and the results of public policy established by those decisions. (Adapted by Harrigan, 1993, p. 11, from Easton, 1953, and Dahl, 1961) Political power also involves nondecisions which are the potential issues that are not placed on the agenda because they are not currently politically acceptable. The importance of nondecisions to the exercise of power is argued by

Barhrach and Baratz (1962).

Power: "The capacity to control the course of events, including the decisions and actions of others" (Freeman, 1997a, p. 20). It is created through the joining of capacity (i.e., strength) and potential to will and relates to the capacity combined with will of one entity relative to the capabilities of another entity. Power lies in the mind of the beholder or opponent and their perception of the consequences of the choices before them determines how the will act. "In politics, perceptions are reality. In diplomacy, perceived power is real power" (Freeman, 1997a, p. 20). Power can thus be inferred by observing the behavior of entities as they interact and the relative power of each is evidenced by the outcome of the interaction. (Adapted from Viotti & Kauppi, 1987, p. 44) Power also includes the ability to induce another to refrain from some behavior (Dougherty & Pfaltzgraff, 1990, p. 86).

Power, Relational: Relational power is described as a lever to get a desired result or the coerced entity must suffer the consequences (Strange 1989). In this context, Holsti (1967, p. 87) suggests that power is a multidimensional concept consisting of the acts by which one actor influences another actor, the capabilities utilized for this purpose, and the response solicited. Basically power is a means to an end and not an end in itself.

Power, Structural: Structural power consists of the ability of an entity to determine the way in which certain interrelated and inseparable basic social needs (i.e., production, security, credit, and knowledge (Strange, 1988)) are provided. The price of

resistance in this case is not consequences, but is determined more by the system than by any other political authority. "In short, it embraces customs, usages, and modes of operation rather than some narrow definition that stays closer to state-state agreements and state-centered institutions. Who or what provides for these needs in a society enjoys structural power through the capacity to determine the terms on which those needs are satisfied and to whom they are made available" (Strange, 1989, pp. 165-66).

Public Diplomacy: A "phrase used increasingly to describe U.S. overseas information, cultural exchange, and propaganda services" (Bloomfield, 1982, p. 149; also see Weissman, 1992 and Tuch, 1993). This phrase also connotes the communication process through which information about policy and mutual relations are conveyed from one international or transnational party or "actor" to another. Duchacek (1984) coined the term "global microdiplomacy" in which contacts are developed by state and local officials to respond to the expanding global economy. The phrase "paradiplomacy" has been used by some researchers (Fry, 1989; Soldatos, 1991) to describe not only this communication process, but all manner of international relations activities conducted by actors who are not affiliated with the nation-state government (e.g., "municipal paradiplomacy").

Region/Regional: Pertains to an area of greater extent than is normally considered local; a particular region, district, area, or part of the world. It is an identifiable area containing a number of local governments that generally share a common economic

base and where residents commonly commute for work, recreation, or shopping. In this study, because the focus is on municipalities, regional refers to an informal grouping of municipalities. Ohmae (1995a & 1995b) speaks of multi subnational regions anchored by cities like San Diego-Tijuana or Medan-Penang-Phuket. Ohmae's model is relevant to this study from the perspective of international cities and municipal involvement in international relations, but not necessarily municipal regions as viewed in the United States. A larger type of region has been created by trade activities coming together to form an entity such as the Red River Trade Region in Minnesota, the Rocky Mountain Trade Corridor stretching from Canada to New Mexico and linking with the El Camino Real Trade Region from El Paso, Texas to Chihuahua, Mexico. Another form of subnational regions may be found in informal groupings of U.S. states (e.g., the Northeast, the Mid Atlantic, the West Coast). Multinational regions are made up of nation-states and in the world of trade are commonly referred to as trading blocks or "free trade areas" such as the North American Free-Trade Agreement (NAFTA), the European Union (EU), and the Asia-Pacific Economic Cooperation (APEC) forum. (The Economist, 1995b, pp. 23-24 & 27) Subnational and multinational regions are beyond the scope of this study and will only be mentioned in the nation-state or global context. Also see the definition of "urban" in this Appendix.

Regionalism: "A mutually beneficial arrangement between two or more local governments..." (Apperson, 1992, p. 35). It is the formal or informal grouping of units (e.g., states, counties,

districts, municipalities or urban, suburban, and rural areas) to share common interests and opportunities, and meet challenges that extend beyond the normal or mandated geographical boundaries or jurisdictions of each of the units. Regionalism also refers to programs designed to promote regional cooperation without major structural reform of the units (e.g., governments) involved. For additional information on substate regionalism, one issue addressed in this study, see Bowman and Franke (1984), Dodge (1990), Kincaid (1989a), Wallis (1992).

Sister Cities Program: It encourages U.S. communities to establish and implement relations with foreign civic counterparts to create "environments in which people learn, work, and create together" on a one-to-one relationship. Accordingly, the program is limited to sister city, county or state affiliations with only one sister affiliation in the same country, though single relationships can be established in several different countries (Sister City International, 1993). The affiliations policy includes port authorities, hospital administrations, and secondary school systems, but does not preclude other kinds of links, such as between universities, chambers of commerce, service clubs, and other similar organizations. While popularly thought of as a social and cultural exchange vehicle, economic and technological relationships can be involved (K. Ross, telephone interview, October 20, 1994).

Sociocultural: Pertaining to or signifying the combination or interaction of social and cultural elements. "Because society is composed of people and their culture, it is virtually impossible to

speak of one without relating to the other. Anthropologists often use the terms interchangeably or combine them into one word--sociocultural." (Ball & McCulloch, 1990, p. 257)

State: In the study of international relations, the term "state" is used to identify a legal entity composed of territory, a population, and a government which is recognized by other states (Viotti & Kauppi, 1987, p. 604). A nation is a group of people with a common identity and a nation coterminous with state boundaries is referred to a "nation-state." In common language, the terms "nation," "state," and "nation-state" are used synonymously (Viotti & Kauppi, 1987, p. 598). To provide clarity in this study, which discusses states as part of the United States (an international "state"), the term "nation" will be used to refer international "states" and the term "state" to refer to the principal fifty sub-national units of the United States.

Technological Innovation: See Technology.

Technology: Traditionally, it was a branch of knowledge that deals with industry, applied science, engineering, and related activities. It has been broadened and there is no standard definition agreed upon by practitioners and academics, alike. For the purposes of this study, it is a body of knowledge that applies to the creation, development and diffusion of products and services, and the organizational structure, management skills, and cultural environment concerned therewith. It is synonymous with the term technological innovation." (Root, 1994; Fuhrer & Little, 1996)

Transgovernmental Relations: They are, as defined by Robert Keohane and Joseph Nye (1976, p. 4), "direct interactions between agencies (governmental subunits) of different governments where those agencies act relatively autonomously from central governmental control." For example, they encompass cross-border interactions among U.S. states and Canadian provinces, and municipal governments. They do not regularly promote either good (e.g., terrorism) or appropriate causes and can consist of at least one individual governmental official promoting their own agenda independent of national decisions or policy (Risse-Kappen, 1995, pp. 4 & 9). Essentially, "Transgovernmental [author's italics] networks among state [i.e., national] officials in sub-units of national governments, international organizations, and regimes frequently pursue their own agenda, independently from and sometimes even contrary to the declared policies of their national governments" (Risse-Kappen, 1995, p. 4). Cross-border interactions between a municipal government and a non-governmental actor are considered "transnational relations" (Cohn, Merrifield, & Smith, 1989, p. 76 & Risse-Kappen, 1995, p. 3) as discussed below.

Transnational Corporation: See "multinational corporation."

Transnational Relations: This term relates to "interactions across the border in which at least one actor is non-governmental" (Keohane & Nye, 1976, p. 4). It also refers to interactions and coalitions across nation-state boundaries that involve such diverse nongovernmental participants as multinational corporations and banks, church groups, and terrorist networks (Viotti & Kauppi, 1987,

p. 606). Bloomfield (1982, p. 15) describes nongovernmental participants as "nonstate actors" which include some national groups (e.g., Palestinians, Quebecois) and hundreds of others in the form of international trade associations, scientific associations, Rotary International (which is represented in more countries than there are members in the United Nations), and student movements, to mention a few. Many of these are affiliated with the United Nations through the Economic and Social Council. The term, however does not include municipal governments as "non-governmental," because "they are linked by various means into the network of governmental and administrative processes" (Hocking, 1986, p. 483). See the description of "transgovernmental relations" earlier in this list of terms for clarification.

Urban: This term has different meanings. For example, "an urban area, no matter how it is defined, is a region, although not all regions are urban" and the Census Bureau considers some municipalities of 2,500 to be urban (Blair, 1995, p. 15). In this study urban relates to or comprises a city or town and pertains to living in a city or being characteristic of a city or cities. (Phillips & LeGates, 1981, p. 31)

Urban Studies: "A multidisciplinary or interdisciplinary study whose focus is the city and its surrounding area. Its intellectual boundaries are not well defined, and programs of urban studies vary in content from one academic institution to another" (Phillips & LeGates, 1981, p. 49)

APPENDIX B

QUANTITATIVE SURVEY OF CITIES IN THE GLOBAL ECONOMY

The following 1996 survey, with cover letter, was conducted by John Kincaid (1997), the Robert B. and Helen S. Meyner Professor of Government and Public Service and Director of the Meyner Center for the Study of State and Local Government at Lafayette College (survey sponsor), Easton, Pennsylvania, assisted by Joshua L. Handelsman, in cooperation with the National League of Cities. The National League of Cities participated in the preparation of the survey instrument, the selection of survey respondents, and published the final report (i.e., Kincaid, 1997). The 1996 survey is referred to as the National League of Cities or "NLC" survey in this study.

Second Request: Please return survey by August ¹⁷~~10~~, 1996



National
League
of
Cities
1301 Pennsylvania Avenue N.W.
Washington, D.C.
20004
(202) 626-3000
Fax (202) 626-3043

Officers
President
Gregory S. Leshum
Mayor, Columbus, Ohio
First Vice President
Mark S. Schwartz
Council Member, Oklahoma City, Oklahoma
Second Vice President
Brian J. O'Neil
Council Member, Philadelphia, Pennsylvania
Immediate Past President
Carolyn Long Barnes
Councilwoman-at-Large, Atlanta, Georgia
Executive Director
Donald J. Borut

July 10, 1996

Dear Municipal Leader:

If you have not already returned this survey, we urge you to complete and return this survey by August 15, 1996. Please fill out the survey yourself or, if appropriate, have it completed by the person in your community best able to make a response, even if that person is not a municipal employee.


The international economy is among the most critical developments in our lifetime. It is extremely important that localities understand how they are affected by globalization.

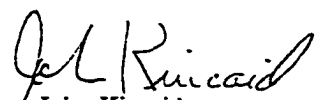
This survey of cities in the global economy is the first empirical research conducted on this topic. As one of only a small number of communities selected for the research sample, your forthright and complete response is especially important to achieve an accurate result.

The survey is being conducted by and funded through the Meyner Center for the Study of State and Local Government at Lafayette College, Easton, Pennsylvania. The center is directed by Dr. John Kincaid, former Executive Director of the U.S. Advisory Commission on Intergovernmental Relations (ACIR). The National League of Cities (NLC) is a partner in the research project as part of its work programs on local economic competitiveness, international network building, poverty reduction, and metropolitan governance. We expect to have a report of this survey ready for release at the symposium, "Achieving World Class Local Economies," on October 6-8, 1996, in Columbus, Ohio. Statistical results will be included in a book on state and local governments in the international arena being written by John Kincaid and Earl Fry with support from the Council on Foreign Relations.

We thank you for taking the time to complete this survey. When you are finished, simply fold it, insert in the business-reply envelope, and put it into the mail. Return postage is already paid. If you have any questions, please contact Jim Brooks at NLC (202) 626-3163 or John Kincaid (610) 250-5598.

Sincerely,


Donald J. Borut
Executive Director


John Kincaid
Director, Meyner Center

Past Presidents: Glenda E. Hood, Mayor, Orlando, Florida • Sharpe James, Mayor, Newark, New Jersey • Cathy Reynolds, Councilwoman-at-Large, Denver, Colorado • Directors: Karen Anderson, Mayor, Minneapolis, Minnesota • Clarence E. Anthony, Mayor, South Bay, Florida • Ken Becchus, Councilman-at-Large, Kansas City, Missouri • Geoffrey Beckwith, Executive Director, Massachusetts Municipal Association • Lara Blakely, Council Member, Monrovia, California • Eddie L. Blankenship, City Council President, Birmingham, Alabama • Lucile C. Brodgen, Council Vice President, Hyattsville, Maryland • John W. Butt, Councilman, Chesapeake, Virginia • Carol T. Clark, Councilmember, East Orange, New Jersey • Larry R. Curtis, Mayor, Ames, Iowa • Alvin P. DuPont, Mayor, Tuscaloosa, Alabama • John Ferraro, City Council President, Los Angeles, California • Patricia Figueroa, Council Member, Mountain View, California • Stan Finkelstein, Executive Director, Association of Washington Cities • Paul Helms, Mayor, Fort Wayne, Indiana • James C. Hunt, Councilmember, Clarksburg, West Virginia • Linda Lawrence, Alderman, Wausau, Wisconsin • Christopher K. McKenzie, Executive Director, League of Kansas Municipalities • Beverly Melton, Board of Aldermen President, Louisville, Kentucky • David W. Moore, Mayor, Beaumont, Texas • Kathy M. Morris, Mayor, San Marcos, Texas • William F. Murphy, Mayor, Woodridge, Illinois • Thomas C. Owens, Council President, Overland Park, Kansas • David L. Perry, Sr., Mayor Pro Tem, Plano, Texas • Michael J. Quinn, Executive Director, Indiana Association of Cities and Towns • Alice Schenker, Mayor, Lake Oswego, Oregon • Larry L. Schutts, Councilman, Rockledge, Florida • Winston Seerries, Mayor Pro Tem, Rock Hill, South Carolina • Judy Ferguson Shaw, Councilwoman, Berkeley, Missouri • Joseph F. Skillemeier, Mayor, Loves Park, Illinois • Joseph A. Sweet, Executive Director, Tennessee Municipal League • Marian B. Tapp, Councilwoman, Philadelphia, Pennsylvania • Reford C. Theobald, Council Member, Grand Junction, Colorado • William E. Thornton, Mayor, San Antonio, Texas • John R. Thune, Executive Director, South Dakota Municipal League • Marcia Weiser, Council Member, Jackson, Mississippi • Thomas L. Worth, Mayor, Rochester, Michigan • George C. Wright, Jr., Executive Director, Delaware League of Local Governments • Charles C. Yancey, Councilor, Boston, Massachusetts • Don Zimmerman, Executive Director, Arkansas Municipal League

Cities in the Global Economy Survey
 Kindly return by July 16, 1996

Name of City: _____ State: _____
 (Individual responses will not be released publicly. The following information is requested only for purposes of survey administration.)

Name of person completing this survey: _____

Office or Position: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____ Tel: _____
 (You will receive a copy of the final report.)

1. For each of the following developments, please circle the number the best reflects your view of the degree of its positive or negative impact on your city.

- | | | | | | | | |
|---|---------------|---|---|---|---|---|---------------|
| a. Foreign direct investment in your city | Very negative | 1 | 2 | 3 | 4 | 5 | Very positive |
| b. A more competitive global economy | Very negative | 1 | 2 | 3 | 4 | 5 | Very positive |
| c. NAFTA (North American Free Trade Agreement) | Very negative | 1 | 2 | 3 | 4 | 5 | Very positive |
| d. GATT / World Trade Organization (WTO) | Very negative | 1 | 2 | 3 | 4 | 5 | Very positive |
| e. <u>Legal</u> immigrants | Very negative | 1 | 2 | 3 | 4 | 5 | Very positive |
| f. Illegal immigrants | Very negative | 1 | 2 | 3 | 4 | 5 | Very positive |
| g. International drug trafficking | Very negative | 1 | 2 | 3 | 4 | 5 | Very positive |
| h. Foreign tourists | Very negative | 1 | 2 | 3 | 4 | 5 | Very positive |
| i. Social & cultural contacts with foreign cities | Very negative | 1 | 2 | 3 | 4 | 5 | Very positive |

2. When the Congress considered approving NAFTA in 1993, did your city officials

- 1 [] urge the Congress and/or the President to support NAFTA
 2 [] urge the Congress and/or the President to oppose NAFTA
 3 [] take no position on NAFTA
 4 [] don't know

-2-

3. When Congress considered the GATT/WTO Uruguay Round in 1994, did your city officials
- 1 [] urge the Congress and/or the President to support GATT/WTO
- 2 [] urge the Congress and/or the President to oppose GATT/WTO
- 3 [] take no position on GATT/WTO
- 4 [] don't know

4. For each of the following international activities, please circle the number that best describes the degree of activity carried out by public and private actors of behalf of your city:

a. Attracting foreign investment	Very Active	5	4	3	2	1	Not Active
b. Promoting exports of local products	Very Active	5	4	3	2	1	Not Active
c. Attracting foreign immigrants	Very Active	5	4	3	2	1	Not Active
d. Advertising your city abroad	Very Active	5	4	3	2	1	Not Active
e. Attracting foreign tourists	Very Active	5	4	3	2	1	Not Active
f. Engaging in sister-city relations	Very Active	5	4	3	2	1	Not Active
g. Recruiting a protocol person to help with foreign visitors	Very Active	5	4	3	2	1	Not Active
h. Conducting trade missions abroad/overseas	Very Active	5	4	3	2	1	Not Active
i. Having a foreign office or contract representative abroad	Very Active	5	4	3	2	1	Not Active
j. Engaging in cultural exchanges with foreign cities/countries	Very Active	5	4	3	2	1	Not Active
k. Exchanging ideas about city government and management with foreign cities	Very Active	5	4	3	2	1	Not Active
l. Increasing international education in your schools	Very Active	5	4	3	2	1	Not Active
m. Enhancing foreign language education	Very Active	5	4	3	2	1	Not Active

-3-

- | | | | | | | | |
|--|-------------|---|---|---|---|---|------------|
| n. Working with business in partnerships to improve your position in the global economy | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| o. Working with civic groups in the community to improve our position in the global economy | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| p. Working with neighboring communities to improve your position in the global economy | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| q. Working with state officials to improve your position in the global economy | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| r. Working with federal officials to improve your position in the global economy | Very Active | 5 | 4 | 3 | 2 | 1 | Not Active |
| s. Other Activities: _____ | | | | | | | |

5. In your city, how much do you think the following groups have, or have not, benefited from globalization and the new international economy?

- | | | | | | | | |
|------------------------------------|-----------|---|---|---|---|---|------------|
| a. All city residents | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| b. Low-income residents | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| c. Middle-income residents | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| d. High-income residents | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| e. Private business sector | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| f. Public government sector | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| g. Non-profit sector | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| h. Professional workers | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| i. Service workers | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| j. Blue-collar workers | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| k. Minority residents | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |

-4-

- | | | | | | | | |
|-------------------------|-----------|---|---|---|---|---|------------|
| l. High-skilled workers | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| m. Low-skilled workers | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
| n. Suburban residents | Very Much | 5 | 4 | 3 | 2 | 1 | Not At All |
6. How do you think the increased competition of the global economy has affected the following conditions in your city and region?
- | | | | | | | | |
|--|-----------|---|---|---|---|---|-----------|
| ✓ a. Fiscal health of your city | Decreased | 1 | 2 | 3 | 4 | 5 | Increased |
| b. Competitiveness of your city's economy | Decreased | 1 | 2 | 3 | 4 | 5 | Increased |
| c. Incomes of city residents | Decreased | 1 | 2 | 3 | 4 | 5 | Increased |
| d. Economic status of the poor | Decreased | 1 | 2 | 3 | 4 | 5 | Increased |
| ✓ e. Employment in your city | Decreased | 1 | 2 | 3 | 4 | 5 | Increased |
| f. Number of jobs in your city | Decreased | 1 | 2 | 3 | 4 | 5 | Increased |
| g. Number of jobs in suburban areas | Decreased | 1 | 2 | 3 | 4 | 5 | Increased |
| h. Worker security | Decreased | 1 | 2 | 3 | 4 | 5 | Increased |
| i. Competitiveness of the suburbs in your region | Decreased | 1 | 2 | 3 | 4 | 5 | Increased |
| j. Competitiveness of your local economic region | Decreased | 1 | 2 | 3 | 4 | 5 | Increased |
| ✓ k. Vitality of your main street/downtown | Decreased | 1 | 2 | 3 | 4 | 5 | Increased |
7. In maintaining your city's economic base and developing your economy, please circle the number that best reflects the level of competition your city feels from:
- | | | | | | | | |
|---------------------------------------|------|---|---|---|---|---|-----|
| a. parts of your immediate metro area | High | 5 | 4 | 3 | 2 | 1 | Low |
| b. the rest of your state | High | 5 | 4 | 3 | 2 | 1 | Low |
| c. next-door states | High | 5 | 4 | 3 | 2 | 1 | Low |
| d. Northeast states | High | 5 | 4 | 3 | 2 | 1 | Low |
| e. Midwest states | High | 5 | 4 | 3 | 2 | 1 | Low |

-5-

f. Southern states	High	5	4	3	2	1	Low
g. Southwestern states	High	5	4	3	2	1	Low
h. Western states	High	5	4	3	2	1	Low
i. Canada	High	5	4	3	2	1	Low
j. Mexico	High	5	4	3	2	1	Low
k. Central and South America	High	5	4	3	2	1	Low
l. Japan	High	5	4	3	2	1	Low
m. Asia (eg. China, India, Thailand)	High	5	4	3	2	1	Low
n. the Middle East	High	5	4	3	2	1	Low
o. Africa	High	5	4	3	2	1	Low
p. Western Europe (European Union)	High	5	4	3	2	1	Low
q. Eastern Europe	High	5	4	3	2	1	Low
r. former Soviet Union	High	5	4	3	2	1	Low

8. In recent years, how often have individual citizens, civic groups, ethnic groups, and/or unions in your city urged the mayor and/or city council to take public stands on issues of foreign trade, foreign investment, foreign affairs, or foreign policy more generally?

1 [] Very often 2 [] Not very often 3 [] Hardly ever 4 [] Never

9. Has your city council ever passed a resolution or taken other action on matters involving:

A. NAFTA	1 [] Yes	2 [] No	3 [] Don't know
B. GATT	1 [] Yes	2 [] No	3 [] Don't know
C. Immigration (legal or illegal)	1 [] Yes	2 [] No	3 [] Don't know
D. the United Nations	1 [] Yes	2 [] No	3 [] Don't know
E. Haiti	1 [] Yes	2 [] No	3 [] Don't know
F. Israel	1 [] Yes	2 [] No	3 [] Don't know
G. Japan	1 [] Yes	2 [] No	3 [] Don't know
H. Mexico	1 [] Yes	2 [] No	3 [] Don't know
I. Nicaragua or El Salvador	1 [] Yes	2 [] No	3 [] Don't know
J. Northern Ireland	1 [] Yes	2 [] No	3 [] Don't know
K. South Africa	1 [] Yes	2 [] No	3 [] Don't know

-6-

L. U.S. troops in Bosnia 1 [] Yes 2 [] No 3 [] Don't know
 M. U.S. troops in Somalia 1 [] Yes 2 [] No 3 [] Don't know

10. The total population of our city is:

1 [] Less than 25,000 2 [] 25,000-50,000 3 [] 50,001-100,000
 4 [] 100,001-200,000 5 [] 200,001-500,000 6 [] 500,001-1,000,000
 7 [] More than 1,000,001

11. The African-American population of our city is approximately:

1 [] 0-5% 2 [] 6-10% 3 [] 11-15% 4 [] 16-25%
 5 [] 26-50% 6 [] 51-75% 7 [] 76-100%

12. The Hispanic/Latino population of our city is approximately:

1 [] 0-5% 2 [] 6-10% 3 [] 11-15% 4 [] 16-25%
 5 [] 26-50% 6 [] 51-75% 7 [] 76-100%

13. The Asian-American population of our city is approximately:

1 [] 0-5% 2 [] 6-10% 3 [] 11-15% 4 [] 16-25%
 5 [] 26-50% 6 [] 51-75% 7 [] 76-100%

14. The white (caucasian) population of our city is approximately:

1 [] 0-5% 2 [] 6-10% 3 [] 11-15% 4 [] 16-25%
 5 [] 26-50% 6 [] 51-75% 7 [] 76-100%

15. Our city is a

1 [] central city 2 [] suburb 3 [] ex-urban community 4 [] rural community

16. The average value of residential real estate in our city is in the range of:

1 [] Less than \$50,000 2 [] \$50,001-75,000 3 [] \$75,001-100,000
 4 [] \$100,001-150,000 5 [] \$150,001-200,000 6 [] \$200,001-300,000
 7 [] \$300,001-500,000 8 [] \$500,001 and up

Thank you

APPENDIX C

STATISTICAL RELIABILITY AND VALIDITY

Reliability

Reliability is the evaluation of the degree of random error associated with a measure (O'Sullivan & Rassel, 1989, p.82). Survey research is generally strong on reliability because by presenting all of the subjects with a common stimulus, unreliability generated by researcher observations are minimized. Additionally, careful and precise wording of questions can reduce the subject's unreliability. (Babbie, 1989, p. 254.) The forgoing is concerned with internal consistency, the "concern with homogeneity of the items composing a scale. A scale is internally consistent to the extent that its items are highly intercorrelated. ... that the items all are measuring the same thing" (DeVellis, 1991, p. 25). Stability and equivalence are two of the usual dimensions of reliability. However, a refining and stabilizing process is inherent in the qualitative/ quantitative process employed and time precludes developing and testing alternate forms of the survey instrument on the same subjects for coefficient of equivalence. "The basic limitation of the alternate-form method ... is the practical difficulty of constructing alternative forms that are parallel" (Carmines & Zeller, 1979, pp. 40-41). The main problem with the split-half method is that interpretation is problematical because

"it is quite probable that different reliability estimates will be obtained---even though the same items are administered to the same individuals at the same time" (Carmines & Zeller, 1979, p. 43) Carmines and Zeller do not recommend either the retest or the split method for estimating reliability.

An alternative test for reliability is the method of rational equivalence with Cronbach's coefficient alpha. DeVellis (1991, pp. 25-32), considers the forgoing tests (i.e., test-retest, alternative forms, split-half), not primaries but, alternatives to internal consistency reliability, and Cronbach's alpha, including variations (e.g., average inter-item correlation), to be the primary. Cronbach's alpha can be computed for any multiple item scale using only a single testing, and is easy to compute, but requires that the items in the scale are parallel; e. g., having identical true scores and equal variances.

Using factor analysis to construct scales, where the assumption of parallelism can be relaxed, coefficient theta can be used with principal components as a maximized coefficient alpha. (Carmines & Zeller, 1979, p. 32, pp. 44-47 & 58-61.) "In particular, reliability coefficients derived from factor analysis models make less stringent assumptions about items than alpha-based reliability which assumes that the items are parallel items" (Carmines & Zeller, 1979, p. 69). Lastly, the reliability safeguards listed in Borg and Gall (1989, p. 263), Babbie (1989, pp. 146-8), displayed in Chapter II of this study were used in evaluating the National League of Cities 1996 survey.

Validity

Validity provides a clear explanation of the phenomenon being studied and controls possible biases or confounds that may cloud or distort the findings (Hedrick, Bickman, & Rog, 1993, p. 39). Very simply, it refers "to the best available approximation to the truth or falsity of propositions ..." (Cook & Campbell, 1979, p. 3). "Validity is inferred from the manner in which a scale was constructed, ...its relationship to measures of other constructs" (DeVellis, 1991, p. 43). However, validity relates to an "interpretation of data arising from a specified procedure," not the validation of a test, according to Cronbach (1971, p. 447). "All types of validity are important to conducting sound ... research. For descriptive questions, external and construct validity may receive greater emphasis" (Hedrick, Bickman, Rog, 1993, p.40).

Both internal and external validity are pertinent to experimental and quasi-experimental designs in determining causal relations. Internal validity is directly involved in causality and therefore is of minimal concern here. History has been an element jeopardizing internal and external validity, particularly relating to events occurring between the first and second testing with the one-shot case study and the one-group pretest-posttest design. In the cross-sectional survey, which is neither of the two previously mentioned designs, all measures are taken at virtually the same time, thus theoretically posing little problem. Guarding against the reactive effect of testing will be ensured by being selective about who takes the pre-tests. (Campbell & Stanley, 1963, pp.5-6 &

8.) Pretesting in this case did guard against the reactive effect of testing.

Perhaps a more serious problem with a self-report questionnaire like the cross-sectional survey in a correlational design is instrument reactivity. "Of particular concern is common method variance People may report attitudes and behaviors in a manner that is more consistent than they are in reality. This ... can enhance correlation coefficients" (Spector, 1981, p. 33). Common method variance then is the correlation due to bias that occurs with self-administered instruments. The use of several modes of collection or collecting data that assures noninteraction is more powerful, according to Spector (p. 33). This type of alternative was not available.

Another potential problem with cross-sectional studies, for much the same reason as instrument reactivity, is the Hawthorne effect. Respondents may bias their responses to make their municipalities look better than they are. Though some procedures are available to assist in identifying certain biases such as faking and social desirability bias to target the respondents for elimination, such action may limit generalizability of the results. (Spector, 1981, pp. 33-35.) This is a problem faced by most research designs.

The goal of external validity is relevant to most studies; i.e., the extent to which it is possible to generalize the results. It pertains to the objective of this study to develop variables and possibly hypotheses which may be applied to other settings. In

principal, theories about involvement in international relations could be the target to which the results may be later generalized. To strengthen external validity, every effort must be made to maximize the cross-sectional survey response rate from the total population under study.

Operational validity is more germane and consists of criterion validity, content validity, construct validity, and face validity.

All vary in their degree of applicability. Criterion validity is concerned with predictive and concurrent validity. The former is not applicable to this study, and with concurrent validity there are few, if any, different corresponding data available at this time with which the researcher can use to compare. "... criterion validation procedures cannot be applied to all measurement situations in the social sciences ... for many if not most measures ... there simply do not exist any relevant criterion variables" (Carmines & Zeller, 1979, p. 19). Criterion validity will not be pursued in this study.

Content validity depends upon the researcher's ability to specify the full domain of content that is relevant, then specify representative elements of the domain, and finally put data in a form that is testable. There are two problems with this. The first involves acceptance of the domain as defining the variable to be measured. This has proved exceedingly difficult with respect to measures of abstract phenomena that dominate the social sciences in general and this study in particular. Second, the criterion for determining the extent to which a measure has achieved content

validity has not been attained since it rests on appeals to reason about the adequacy of the content in terms of test items. (Carmines & Zeller, 1979, p. 22 and DeVellis, 1991, pp. 43-44) Additionally, according to Carmines and Zeller (p. 26), "Content validity ... provides no method or procedure to determine the extent to which this goal is achieved in practice." The element of content validity that involves the "systematic identification of the elements that constitute a measure" (O'Sullivan & Rassel, 1989, p. 92), nevertheless, is important to this study in the analysis of data.

Another problem with content validity rests in the inherent inability to establish the universe of the content for this phenomenon, "Therefore, typically it is not possible to sample items randomly from the universe of content. This problem is usually handled by having expert judges identify a content area" (Mason & Bramble, 1989, p. 259). A group of experts was used in the construction of the National League of Cities 1996 survey to a limited extent. Due to constraints on time and resource availability a full delphi approach as described by Isaac & Michael (1981) was not possible. Additionally, however, as Babbie (1989, p. 126) points out regarding interchangeability of indicators, previously mentioned, they permit studying and drawing conclusions about concepts even if there is no agreement on how the concepts should be defined.

Construct validity involves the extent to which a particular measure relates to others consistent with a conceptually or theoretically derived theory or hypotheses concerning constructs to

be measured. (Adapted from Carmines & Zeller, 1979, p.23.) Basically, it "concerns the degree to which a test measures the construct it was designed to measure" (Mason & Bramble, 1989, p. 260). Specifically, the theoretical relationship of one variable (e.g., a score on some scale) to other variables is what construct validity is most concerned with (Cronbach & Meehl, 1955). It is a complex subject which will be covered in the next few paragraphs.

Borg and Gall, 1989, pp. 252-55) contend that construct validity is of little initial importance in descriptive research, but is particularly important in planning a study that proposes to test a hypothesis. This general position is accepted in varying degrees by other researchers (Hedrick, Bickman, & Rog, 1993, pp. 39-40 and O'Sullivan & Rassel, 1989, pp. 94-97). However, Cronbach and Meehl (1955, p. 282) have observed that "Construct validity must be investigated whenever no criterion or universe is accepted as entirely adequate to define the quality to be measured." And while it may be impossible to validate a measure of a concept unless there is a theoretical network that encompasses the concept, "The logic of construct validation is involved whether the construct is highly systematized or loose...[in] a few simple propositions" (Cronbach & Meehl, 1955, p. 284).

It will be assumed, lacking evidence to the contrary, that the construct of municipal involvement in international relations to be measured is a meaningful one. Given that assumption, the adequacy of the instrument used to measure it must be examined according to Mason and Bramble (1989, p. 261). They set forth two basic

approaches to investigate construct validity; convergence and discriminant validity. The first involves the interpretation of data from various other sources to see if that data is convergent with interpretations from the instrument. This is not entirely possible at this time, because the primary other source is the literature survey used to construct the instrument. Unfortunately, the study cannot rely on a panel of experts before the fact, to evaluate convergence. Discriminability may be established by correlating the instrument to various controlled variables, such as background variables from which it would be hoped it could be differentiated. (Adapted from Mason & Bramble, 1989, p. 261.)

Two statistical methods of assessing construct validity are factor analysis and multitrait-multimethod analysis (Mason & Bramble, 1989, pp. 262-63). Factor analysis identifies sets of variables that correlate highly among themselves, but not with other variables. If factor analysis identifies the composite factors conceptually developed to represent the area that the instrument was designed to measure, it would demonstrate construct validity, particularly if the variables did not seem to correlate highly with more than one factor. (Mason & Bramble, 1989, p. 262.) Multitrait-multimethod analysis is based on the recognition that in measuring a trait, the scores are influenced by the characteristics of the measuring method as well as the trait. That is, "some of the covariation between two variables may be due to measurement similarity rather than construct similarity" (DeVellis, 1991, p. 48). Therefore, this analytical approach uses more than one method

to measure more than one trait. (Mason & Bramble, 1989, pp. 262-63.) DeVellis (1991, p. 48-50) finds the multitrait-multimethod matrix extremely useful for examining construct validity. At this point in the proposed study, however, economic considerations and the ready availability of alternative methods indicate that this approach may not be best for this study. This research will give due weight to construct validity based on the measurement being consistent with expectations for the particular concept under study through factor analysis.

Face validity, the degree to which a test appears to measure what it purports to measure, is important "because most people react more favorably to tests having high face validity," and it supplements information about the previously mentioned other types of validity. This is despite the fact that direct evidence is lacking that the test measures what it purports to measure. (Borg & Gall, 1989, p. 256-57.) Pre-testing of the instrument would have helped establish content and face validity and improve questions, format, and measurements.

Statistical validity is the extent to which the study has used the appropriate design and statistical methods to enable it to detect the effects that are present. Its application is limited, because criterion measures are problematical for this new concept. Borg and Gall (1989, pp. 252 & 348-49) describe criterion measures and appropriate test statistics for statistical validity.

APPENDIX D

BIVARIATE STATISTICAL ANALYSIS TABLES

The following pages contain the results of the bivariate statistical analysis of the categorical variables (questions 2, 3, 8, and 9) and the indexed variable (question 4) as independent variables, and an index of the combination of population level and residential real estate values as the dependent variable. The tables which follow display crosstabs, directional measures, chi-square tests, and symmetric measures.

Index * 2: Position on NAFTA Congressional Approval Crosstabulation

% of Index

		2: Position on NAFTA Congressional Approval					Total
		Urged to Support	Urged to Oppose	No Position	Don't Know	No Answer	
Index	Negative	15.3%	1.4%	63.4%	15.7%	4.2%	100.0%
	Low	14.4%	2.6%	66.2%	13.3%	3.6%	100.0%
	Medium	20.8%	1.9%	64.2%	11.3%	1.9%	100.0%
	High	25.0%		50.0%	12.5%	12.5%	100.0%
Total		15.7%	1.9%	64.4%	14.2%	3.8%	100.0%

Index * 3: Congressional Consideration of Uruguay Round Crosstabulation

% of Index

		3: Congressional Consideration of Uruguay Round					Total
		Urged to Support	Urged to Oppose	No Position	Don't Know	No Answer	
Index	Negative	4.2%	.9%	75.5%	18.5%	.9%	100.0%
	Low	8.2%	1.0%	72.3%	17.4%	1.0%	100.0%
	Medium	3.8%		77.4%	18.9%		100.0%
	High	12.5%		62.5%	12.5%	12.5%	100.0%
Total		5.9%	.8%	74.2%	18.0%	1.1%	100.0%

Index * 8: Urgings of Stands in Foreign Issues Crosstabulation

% of Index

		8: Urgings of Stands in Foreign Issues					Total
		Very Often	Not Very Often	Hardly Ever	Never	No Answer	
Index	Negative	2.3%	13.0%	38.4%	43.5%	2.8%	100.0%
	Low	3.1%	17.4%	41.5%	34.4%	3.6%	100.0%
	Medium	13.2%	18.9%	41.5%	18.9%	7.5%	100.0%
	High	37.5%	37.5%	25.0%			100.0%
Total		4.4%	15.9%	39.8%	36.2%	3.6%	100.0%

Index * 4a: Attracting Foreign Investment Crosstabulation

% of Index

		4a: Attracting Foreign Investment						Total
		Very Not Active	Not Active	Neutral	Active	Very Active	No Answer	
Index	Negative	25.9%	20.4%	24.5%	19.4%	8.8%	9%	100.0%
	Low	20.5%	15.4%	26.7%	28.7%	8.7%		100.0%
	Medium	13.2%	22.6%	20.8%	30.2%	13.2%		100.0%
	High		12.5%	12.5%	50.0%	25.0%		100.0%
Total		21.8%	18.4%	24.8%	25.0%	9.5%	4%	100.0%

Index * 4b: Promoting Exports of Local Products Crosstabulation

% of Index

		4b: Promoting Exports of Local Products						Total
		Very Not Active	Not Active	Neutral	Active	Very Active	No Answer	
Index	Negative	19.4%	13.0%	20.8%	33.3%	13.4%		100.0%
	Low	15.9%	11.3%	23.6%	37.9%	10.8%	.5%	100.0%
	Medium	11.3%	18.9%	20.8%	37.7%	11.3%		100.0%
	High		12.5%	25.0%	12.5%	50.0%		100.0%
Total		16.7%	12.9%	22.0%	35.4%	12.7%	.2%	100.0%

Index * 4c: Attracting Foreign Immigrants Crosstabulation

% of Index

		4c: Attracting Foreign Immigrants						Total
		Very Not Active	Not Active	Neutral	Active	Very Active	No Answer	
Index	Negative	54.2%	22.7%	20.4%	1.9%	.9%		100.0%
	Low	43.1%	27.7%	21.5%	5.6%	1.5%	.5%	100.0%
	Medium	39.6%	26.4%	18.9%	13.2%	1.9%		100.0%
	High	37.5%	62.5%					100.0%
Total		47.7%	25.8%	20.3%	4.7%	1.3%	.2%	100.0%

Index * 4d: Advertising City Abroad Crosstabulation

% of Index

		4d: Advertising City Abroad						Total
		Very Not Active	Not Active	Neutral	Active	Very Active	No Answer	
Index	Negative	46.3%	26.4%	12.5%	10.6%	3.7%	.5%	100.0%
	Low	36.4%	23.6%	21.0%	13.8%	5.1%		100.0%
	Medium	20.8%	18.9%	26.4%	24.5%	9.4%		100.0%
	High	25.0%	25.0%		25.0%	25.0%		100.0%
Total		39.0%	24.4%	17.4%	13.8%	5.3%	.2%	100.0%

Index * 4e: Attracting Foreign Tourists Crosstabulation

% of Index

		4e: Attracting Foreign Tourists					Total
		Very Not Active	Not Active	Neutral	Active	Very Active	
Index	Negative	41.7%	19.9%	19.4%	15.3%	3.7%	100.0%
	Low	31.3%	18.5%	27.7%	14.9%	7.7%	100.0%
	Medium	11.3%	13.2%	28.3%	34.0%	13.2%	100.0%
	High	37.5%		12.5%	12.5%	37.5%	100.0%
Total		33.9%	18.2%	23.7%	17.2%	7.0%	100.0%

Index * 4f: Sister-City Relations Crosstabulation

% of Index

		4f: Sister-City Relations						Total
		Very Not Active	Not Active	Neutral	Active	Very Active	No Answer	
Index	Negative	35.2%	14.8%	14.8%	17.1%	18.1%		100.0%
	Low	22.1%	9.7%	14.4%	24.1%	28.7%	1.0%	100.0%
	Medium	5.7%	5.7%	7.5%	30.2%	50.9%		100.0%
	High	12.5%		12.5%		75.0%		100.0%
Total		26.1%	11.4%	13.8%	21.2%	27.1%	4%	100.0%

Index * 4g: Protocol Person for Foreign Visitors Crosstabulation

% of Index

		4g: Protocol Person for Foreign Visitors					Total
		Very Not Active	Not Active	Neutral	Active	Very Active	
Index	Negative	61.6%	15.3%	14.4%	6.0%	2.8%	100.0%
	Low	54.4%	15.9%	11.8%	13.8%	4.1%	100.0%
	Medium	41.5%	9.4%	15.1%	15.1%	18.9%	100.0%
	High	37.5%		12.5%	12.5%	37.5%	100.0%
Total		55.9%	14.6%	13.3%	10.4%	5.7%	100.0%

Index * 4h: Conducting Trade Missions (abroad) Crosstabulation

% of Index

		4h: Conducting Trade Missions (abroad)					Total
		Very Not Active	Not Active	Neutral	Active	Very Active	
Index	Negative	65.7%	13.4%	10.6%	6.9%	3.2%	100.0%
	Low	48.7%	16.9%	14.9%	11.8%	7.7%	100.0%
	Medium	37.7%	20.8%	18.9%	15.1%	7.5%	100.0%
	High	25.0%			37.5%	37.5%	100.0%
Total		54.9%	15.5%	13.1%	10.4%	6.1%	100.0%

Index * 4i: Foreign Office/Rep Abroad Crosstabulation

% of Index

		4i: Foreign Office/Rep Abroad					Total
		Very Not Active	Not Active	Neutral	Active	Very Active	
Index	Negative	82.9%	8.8%	4.6%	3.2%	.5%	100.0%
	Low	76.4%	11.3%	5.6%	4.1%	2.6%	100.0%
	Medium	60.4%	18.9%	5.7%	5.7%	9.4%	100.0%
	High	75.0%		12.5%		12.5%	100.0%
Total		77.5%	10.8%	5.3%	3.8%	2.5%	100.0%

Index * 4j: Cultural Exchanges with Foreign Cities/Countries Crosstabulation

% of Index

		4j: Cultural Exchanges with Foreign Cities/Countries						Total
		Very Not Active	Not Active	Neutral	Active	Very Active	No Answer	
Index	Negative	39.8%	16.7%	19.9%	14.4%	9.3%		100.0%
	Low	23.6%	19.5%	20.0%	21.5%	14.9%	.5%	100.0%
	Medium	11.3%	11.3%	15.1%	39.6%	22.6%		100.0%
	High	12.5%	12.5%	12.5%	25.0%	37.5%		100.0%
Total		29.4%	17.2%	19.3%	20.3%	13.6%	.2%	100.0%

Index * 4k: Exchanging Govt Ideas with Foreign Cities Crosstabulation

% of Index

		4k: Exchanging Govt Ideas with Foreign Cities						Total
		Very Not Active	Not Active	Neutral	Active	Very Active	No Answer	
Index	Negative	45.8%	20.8%	13.4%	11.6%	8.3%		100.0%
	Low	25.1%	20.0%	25.1%	19.5%	9.7%	.5%	100.0%
	Medium	7.5%	9.4%	17.0%	52.8%	13.2%		100.0%
	High	12.5%		12.5%	37.5%	37.5%		100.0%
Total		32.4%	18.9%	18.6%	19.9%	10.0%	.2%	100.0%

Index * 4l: Increasing Int. Education in Schools Crosstabulation

% of Index

		4l: Increasing Int. Education in Schools							Total
		Very Not Active	Not Active	Neutral	Active	Very Active	No Answer	Don't Know	
Index	Negative	32.9%	26.4%	22.2%	13.0%	5.6%			100.0%
	Low	20.0%	14.9%	32.3%	22.6%	7.7%	2.6%		100.0%
	Medium	18.9%	13.2%	30.2%	24.5%	11.3%		1.9%	100.0%
	High		25.0%	12.5%	37.5%	12.5%	12.5%		100.0%
Total		25.4%	20.1%	27.1%	18.6%	7.2%	1.3%	.2%	100.0%

Index * 4m: Enhancing Foreign Language Education Crosstabulation

% of Index		4m: Enhancing Foreign Language Education							
		Very Not Active	Not Active	Neutral	Active	Very Active	No Answer	Don't Know	Total
Index	Negative	34.3%	17.6%	31.9%	10.2%	6.0%			100.0%
	Low	17.9%	12.3%	37.4%	22.1%	8.7%	1.5%		100.0%
	Medium	13.2%	26.4%	20.8%	30.2%	7.5%		1.9%	100.0%
	High	12.5%	12.5%	12.5%	37.5%	12.5%	12.5%		100.0%
Total		24.8%	16.3%	32.6%	17.8%	7.4%	8%	2%	100.0%

Index * 4q: Work w/State Officials (imp. Global) Crosstabulation

% of Index

		4q: Work w/State Officials (imp. Global)						Total
		Very Not Active	Not Active	Neutral	Active	Very Active	No Answer	
Index	Negative	19.4%	21.3%	23.1%	25.9%	10.2%		100%
	Low	18.5%	14.9%	33.3%	24.1%	8.7%	.5%	100%
	Medium	15.1%	15.1%	32.1%	26.4%	11.3%		100%
	High	12.5%	12.5%	12.5%		62.5%		100%
Total		18.4%	17.8%	28.2%	24.8%	10.6%	.2%	100%

Index * 4r: Work w/Fed Officials (improve Global) Crosstabulation

% of Index

		4r: Work w/Fed Officials (improve Global)						Total
		Very Not Active	Not Active	Neutral	Active	Very Active	No Answer	
Index	Negative	35.2%	23.6%	21.8%	13.0%	6.0%	.5%	100%
	Low	30.8%	19.5%	32.3%	10.8%	5.6%	1.0%	100%
	Medium	22.6%	24.5%	24.5%	24.5%	3.8%		100%
	High	25.0%	12.5%		12.5%	50.0%		100%
Total		31.8%	21.8%	26.1%	13.3%	6.4%	.6%	100%

Index * 9a: City Resolutions--NAFTA Crosstabulation

% of Index

		9a: City Resolutions--NAFTA				Total
		Yes	No	Don't Know	No Answer	
Index	Negative	9.7%	80.1%	10.2%		100.0%
	Low	6.7%	82.1%	10.8%	.5%	100.0%
	Medium	13.2%	66.0%	20.8%		100.0%
	High	25.0%	62.5%	12.5%		100.0%
Total		9.1%	79.0%	11.7%	.2%	100.0%

Index * 9b: Resolutions--GATT Crosstabulation

% of Index

		9b: Resolutions--GATT				Total
		Yes	No	Don't Know	No Answer	
Index	Negative	2.8%	87.0%	10.2%		100.0%
	Low	2.6%	86.2%	10.8%	.5%	100.0%
	Medium		75.5%	24.5%		100.0%
	High	12.5%	75.0%	12.5%		100.0%
Total		2.5%	85.2%	12.1%	.2%	100.0%

Index * 9c: Resolutions--Immigration (legal or illegal) Crosstabulation

% of Index

		9c: Resolutions--Immigration (legal or illegal)				Total
		Yes	No	Don't Know	No Answer	
Index	Negative	5.6%	83.8%	10.6%		100.0%
	Low	7.7%	79.5%	12.3%	.5%	100.0%
	Medium	24.5%	60.4%	15.1%		100.0%
	High	37.5%	37.5%	25.0%		100.0%
Total		9.1%	78.6%	12.1%	.2%	100.0%

Index * 9d: Resolutions--United Nations Crosstabulation

% of Index

		9d: Resolutions--United Nations				Total
		Yes	No	Don't Know	No Answer	
Index	Negative	7.4%	82.4%	9.7%	.5%	100.0%
	Low	7.7%	81.0%	11.3%		100.0%
	Medium	15.1%	67.9%	17.0%		100.0%
	High		62.5%	37.5%		100.0%
Total		8.3%	79.9%	11.7%	.2%	100.0%

Index * 9e: Resolutions--Haiti Crosstabulation

% of Index

		9e: Resolutions--Haiti			Total
		Yes	No	Don't Know	
Index	Negative	2.3%	89.4%	8.3%	100.0%
	Low	1.0%	87.7%	11.3%	100.0%
	Medium	5.7%	79.2%	15.1%	100.0%
	High		62.5%	37.5%	100.0%
Total		2.1%	87.1%	10.8%	100.0%

Index * 9f: Resolutions--Israel Crosstabulation

% of Index

		9f: Resolutions--Israel			Total
		Yes	No	Don't Know	
Index	Negative	2.3%	89.4%	8.3%	100.0%
	Low	3.1%	85.6%	11.3%	100.0%
	Medium	7.5%	77.4%	15.1%	100.0%
	High	12.5%	50.0%	37.5%	100.0%
Total		3.4%	85.8%	10.8%	100.0%

Index * 9g: Resolutions--Japan Crosstabulation

% of Index

		9g: Resolutions--Japan			Total
		Yes	No	Don't Know	
Index	Negative	5.1%	87.0%	7.9%	100.0%
	Low	8.7%	82.1%	9.2%	100.0%
	Medium	11.3%	75.5%	13.2%	100.0%
	High	12.5%	50.0%	37.5%	100.0%
Total		7.4%	83.1%	9.5%	100.0%

Index * 9h: Resolutions--Mexico Crosstabulation

% of Index

		9h: Resolutions--Mexico			Total
		Yes	No	Don't Know	
Index	Negative	6.0%	85.6%	8.3%	100.0%
	Low	5.1%	84.6%	10.3%	100.0%
	Medium	11.3%	75.5%	13.2%	100.0%
	High	25.0%	50.0%	25.0%	100.0%
Total		6.6%	83.5%	10.0%	100.0%

Index * 9i: Resolutions--Nicaragua or El Salvador Crosstabulation

% of Index

		9i: Resolutions--Nicaragua or El Salvador				Total
		Yes	No	Don't Know	No Answer	
Index	Negative	.9%	89.8%	8.8%	.5%	100.0%
	Low	3.6%	85.6%	10.8%		100.0%
	Medium	5.7%	77.4%	17.0%		100.0%
	High	25.0%	37.5%	37.5%		100.0%
Total		3.0%	85.8%	11.0%	.2%	100.0%

Index * 9j: Resolutions--Northern Ireland Crosstabulation

% of Index

		9j: Resolutions--Northern Ireland				Total
		Yes	No	Don't Know	No Answer	
Index	Negative	.5%	90.3%	9.3%		100.0%
	Low	4.6%	84.6%	10.8%		100.0%
	Medium	5.7%	77.4%	15.1%	1.9%	100.0%
	High	12.5%	50.0%	37.5%		100.0%
Total		3.0%	85.8%	11.0%	.2%	100.0%

Index * 9k: Resolutions--South Africa Crosstabulation

% of Index

		9k: Resolutions--South Africa			Total
		Yes	No	Don't Know	
Index	Negative	3.7%	86.6%	9.7%	100.0%
	Low	13.8%	75.9%	10.3%	100.0%
	Medium	24.5%	60.4%	15.1%	100.0%
	High	37.5%	37.5%	25.0%	100.0%
Total		10.8%	78.4%	10.8%	100.0%

Index * 9l: Resolutions--US Troops in Bosnia Crosstabulation

% of Index

		9l: Resolutions--US Troops in Bosnia				Total
		Yes	No	Don't Know	No Answer	
Index	Negative	5.1%	88.0%	6.5%	.5%	100.0%
	Low		92.8%	7.2%		100.0%
	Medium		86.8%	13.2%		100.0%
	High		62.5%	37.5%		100.0%
Total		2.3%	89.4%	8.1%	.2%	100.0%

Index * 9m: Resolutions--US Troops in Somalia Crosstabulation

% of Index

		9m: Resolutions--US Troops in Somalia				Total
		Yes	No	Don't Know	No Answer	
Index	Negative	1.9%	89.8%	7.4%	.9%	100.0%
	Low		92.3%	7.7%		100.0%
	Medium		86.8%	13.2%		100.0%
	High		62.5%	37.5%		100.0%
Total		.8%	90.0%	8.7%	.4%	100.0%

Index * 2: Position on NAFTA Congressional Approval

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.005	.007	.707	.479
		Index	.008	.011	.707	.479
		Dependent 2: Position on NAFTA Congressional Approval	.000	.000		
	Goodman and Kruskal tau	Index	.003	.004		.967 ^c
		Dependent 2: Position on NAFTA Congressional Approval	.003	.003		.951 ^c
		Dependent				

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 3: Congressional Consideration of Uruguay Round

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.019	.013	1.403	.161
		Index	.027	.019	1.403	.161
		Dependent 3: Congressional Consideration of Uruguay Round	.000	.000		
	Goodman and Kruskal tau	Index	.006	.005		.747 ^c
		Dependent 3: Congressional Consideration of Uruguay Round	.003	.003		.902 ^c
		Dependent				

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 8: Urgings of Stands in Foreign Issues

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.039	.030	1.283	.200
		Index	.035	.036	.966	.334
		Dependent				
	Goodman and Kruskal tau	8: Urgings of Stands in Foreign Issues Dependent	.042	.046	.890	.373
		Index Dependent	.021	.009		.003 ^c
		8: Urgings of Stands in Foreign Issues Dependent	.020	.007		.000 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4a: Attracting Foreign Investment

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.046	.027	1.678	.093
		Index	.055	.038	1.417	.156
		Dependent				
	Goodman and Kruskal tau	4a: Attracting Foreign Investment	.040	.027	1.417	.156
		Dependent				
		Index	.017	.008		.067 ^c
		Dependent				
		4a: Attracting Foreign Investment	.010	.004		.073 ^c
		Dependent				

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4b: Promoting Exports of Local Products

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.012	.028	.449	.653
		Index	.016	.060	.259	.795
		Dependent				
	Goodman and Kruskal tau	4b: Promoting Exports of Local Products	.010	.007	1.344	.179
		Dependent				
		Index	.008	.005		.698 ^c
		Dependent				
		4b: Promoting Exports of Local Products	.008	.004		.262 ^c
		Dependent				

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4c: Attracting Foreign Immigrants

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.032	.022	1.395	.163
		Index Dependent	.055	.042	1.259	.208
		4c: Attracting Foreign Immigrants Dependent	.008	.011	.707	.479
	Goodman and Kruskal tau	Index Dependent	.019	.008		.029 ^c
		4c: Attracting Foreign Immigrants Dependent	.013	.007		.009 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4d: Advertising City Abroad

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.042	.023	1.819	.069
		Index Dependent	.078	.044	1.720	.085
		4d: Advertising City Abroad Dependent	.010	.017	.600	.548
	Goodman and Kruskal tau	Index Dependent	.024	.010		.003 ^c
		4d: Advertising City Abroad Dependent	.018	.007		.000 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4e: Attracting Foreign Tourists

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.055	.020	2.611	.009
		Index	.074	.041	1.747	.081
		Dependent				
	Goodman and Kruskal tau	4e: Attracting Foreign Tourists	.038	.015	2.465	.014
		Dependent				
		Index	.028	.010		.000 ^c
		Dependent				
		4e: Attracting Foreign Tourists	.023	.007		.000 ^c
		Dependent				

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4f: Sister-City Relations

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.110	.031	3.456	.001
		Index	.113	.049	2.166	.030
		Dependent				
	Goodman and Kruskal tau	4f: Sister-City Relations	.108	.029	3.495	.000
		Dependent				
		Index	.046	.013		.000 ^c
		Dependent				
		4f: Sister-City Relations	.036	.009		.000 ^c
		Dependent				

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4g: Protocol Person for Foreign Visitors

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.039	.016	2.420	.016
		Index	.070	.028	2.420	.016
		Dependent				
	Goodman and Kruskal tau	4g: Protocol Person for Foreign Visitors Dependent	.000	.000		
		Index	.028	.011		.000 ^c
		Dependent	.018	.008		.001 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4h: Conducting Trade Missions (abroad)

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.058	.028	2.027	.043
		Index	.102	.049	1.979	.048
		Dependent				
	Goodman and Kruskal tau	4h: Conducting Trade Missions (abroad) Dependent	.005	.010	.447	.655
		Index	.027	.011		.000 ^c
		Dependent	.028	.010		.000 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4i: Foreign Office/Rep Abroad

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric Index Dependent 4i: Foreign Office/Rep Abroad Dependent	.025	.025	.989	.323
			.035	.035	.989	.323
			.000	.000		
	Goodman and Kruskal tau	Index Dependent 4i: Foreign Office/Rep Abroad Dependent	.016	.007		.036 ^c
			.018	.010		.001 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4j: Cultural Exchanges with Foreign Cities/Countries

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric Index Dependent 4j: Cultural Exchanges with Foreign Cities/Countries Dependent	.068	.025	2.669	.008
			.090	.052	1.643	.100
			.051	.016	3.084	.002
	Goodman and Kruskal tau	Index Dependent 4j: Cultural Exchanges with Foreign Cities/Countries Dependent	.039	.013		.000 ^c
			.026	.008		.000 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4k: Exchanging Govt Ideas with Foreign Cities

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.106	.024	4.239	.000
		Index	.137	.049	2.635	.008
		Dependent				
	Goodman and Kruskal tau	4k: Exchanging Govt Ideas with Foreign Cities	.082	.018	4.422	.000
		Dependent				
		Index	.068	.017		.000 ^c
		Dependent				
		4k: Exchanging Govt Ideas with Foreign Cities	.052	.012		.000 ^c

- a. Not assuming the null hypothesis
 b. Using the asymptotic standard error assuming the null hypothesis.
 c. Based on chi-square approximation

Index * 4l: Increasing Int. Education in Schools

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.108	.033	3.149	.002
		Index	.156	.053	2.743	.006
		Dependent				
	Goodman and Kruskal tau	4l: Increasing Int. Education in Schools	.073	.031	2.266	.023
		Dependent				
		Index	.052	.015		.000 ^c
		Dependent				
		4l: Increasing Int. Education in Schools	.020	.006		.000 ^c

- a. Not assuming the null hypothesis
 b. Using the asymptotic standard error assuming the null hypothesis.
 c. Based on chi-square approximation

Index * 4m: Enhancing Foreign Language Education

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric Index	.078	.040	1.921	.055
		Dependent	.129	.057	2.136	.033
		4m: Enhancing Foreign Language Education Dependent	.038	.041	.911	.363
	Goodman and Kruskal tau	Index Dependent	.053	.014		.000 ^c
		4m: Enhancing Foreign Language Education	.025	.008		.000 ^c
		Dependent				

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4n: Work w/Business Partners (imp. Global)

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric Index	.041	.030	1.349	.177
		Dependent	.047	.040	1.146	.252
		4n: Work w/Business Partners (imp. Global) Dependent	.037	.033	1.112	.266
	Goodman and Kruskal tau	Index Dependent	.013	.008		.089 ^c
		4n: Work w/Business Partners (imp. Global)	.015	.006		.004 ^c
		Dependent				

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4o: Work w/Civic Groups (improve Global)

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.058	.035	1.611	.107
		Index	.078	.052	1.447	.148
		Dependent				
	Goodman and Kruskal tau	4o: Work w/Civic Groups (improve Global) Dependent	.042	.036	1.145	.252
		Index	.025	.010		.002 ^c
		Dependent	.022	.008		.000 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4p: Work w/Neighbors (improv Global)

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.019	.016	1.181	.238
		Index	.012	.028	.412	.680
		Dependent				
	Goodman and Kruskal tau	4p: Work w/Neighbors (improv Global) Dependent	.024	.018	1.375	.169
		Index	.016	.007		.098 ^c
		Dependent	.016	.006		.001 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4q: Work w/State Officials (imp. Global)

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.044	.030	1.439	.150
		Index	.063	.041	1.489	.136
		Dependent				
	Goodman and Kruskal tau	4q: Work w/State Officials (imp. Global) Dependent	.029	.031	.946	.344
		Index	.015	.008		.149 ^c
		Dependent	.013	.006		.012 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 4r: Work w/Fed Officials (improve Global)

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.040	.034	1.162	.245
		Index	.066	.040	1.604	.109
		Dependent				
	Goodman and Kruskal tau	4r: Work w/Fed Officials (improve Global) Dependent	.019	.038	.484	.629
		Index	.016	.009		.084 ^c
		Dependent	.014	.006		.004 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9a: City Resolutions--NAFTA

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.003	.003	1.001	.317
		Index Dependent	.004	.004	1.001	.317
		9a: City Resolutions--NAFTA Dependent	.000	.000		
	Goodman and Kruskal tau	Index Dependent	.008	.004		.293 ^c
		9a: City Resolutions--NAFTA Dependent	.013	.010		.026 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9b: Resolutions--GATT

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.003	.003	1.001	.317
		Index Dependent	.004	.004	1.001	.317
		9b: Resolutions--GATT Dependent	.000	.000		
	Goodman and Kruskal tau	Index Dependent	.007	.004		.330 ^c
		9b: Resolutions--GATT Dependent	.014	.012		.018 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9c: Resolutions--Immigration (legal or illegal)

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.014	.025	.556	.578
		Index Dependent	.020	.033	.578	.564
		9c: Resolutions--Immigration (legal or illegal) Dependent	.000	.024	.000	1.000
	Goodman and Kruskal tau	Index Dependent	.016	.007		.006 ^c
		9c: Resolutions--Immigration (legal or illegal) Dependent	.036	.017		.000 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9d: Resolutions--United Nations

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.003	.019	.153	.879
		Index Dependent	.004	.026	.153	.879
		9d: Resolutions--United Nations Dependent	.000	.000		
	Goodman and Kruskal tau	Index Dependent	.006	.004		.497 ^c
		9d: Resolutions--United Nations Dependent	.014	.011		.019 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9e: Resolutions--Haiti

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.013	.020	633	.527
		Index Dependent	.016	.025	633	.527
		9e: Resolutions--Haiti Dependent	.000	.000		
	Goodman and Kruskal tau	Index Dependent	.006	.005		.209 ^c
		9e: Resolutions--Haiti Dependent	.017	.015		.014 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9f: Resolutions--Israel

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.015	.022	.701	.484
		Index Dependent	.020	.028	.701	.484
		9f: Resolutions--Israel Dependent	.000	.000		
	Goodman and Kruskal tau	Index Dependent	.006	.005		.218 ^c
		9f: Resolutions--Israel Dependent	.023	.016		.002 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9g: Resolutions--Japan

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.021	.023	.883	.377
		Index Dependent	.027	.031	.883	.377
		9g: Resolutions--Japan Dependent	.000	.000		
	Goodman and Kruskal tau	Index Dependent	.006	.005		.187 ^c
		9g: Resolutions--Japan Dependent	.018	.013		.009 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9h: Resolutions--Mexico

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.006	.018	.324	.746
		Index Dependent	.008	.024	.324	.746
		9h: Resolutions--Mexico Dependent	.000	.000		
	Goodman and Kruskal tau	Index Dependent	.004	.003		.509 ^c
		9h: Resolutions--Mexico Dependent	.015	.012		.025 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9i: Resolutions--Nicaragua or El Salvador

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.022	.021	1.001	.317
		Index Dependent	.027	.027	1.001	.317
		9i: Resolutions--Nicaragua or El Salvador Dependent	.000	.000		
	Goodman and Kruskal tau	Index Dependent	.012	.005		.058 ^c
		9i: Resolutions--Nicaragua or El Salvador Dependent	.034	.019		.000 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9j: Resolutions--Northern Ireland

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.031	.022	1.390	.165
		Index Dependent	.039	.028	1.390	.165
		9j: Resolutions--Northern Ireland Dependent	.000	.000		
	Goodman and Kruskal tau	Index Dependent	.017	.005		.004 ^c
		9j: Resolutions--Northern Ireland Dependent	.024	.016		.000 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9k: Resolutions--South Africa

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.053	.017	2.995	.003
		Index Dependent	.074	.022	3.247	.001
		9k: Resolutions--South Africa Dependent	.000	.024	.000	1.000
	Goodman and Kruskal tau	Index Dependent	.027	.009		.000 ^c
		9k: Resolutions--South Africa Dependent	.045	.017		.000 ^c

a. Not assuming the null hypothesis

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on chi-square approximation

Index * 9l: Resolutions--US Troops in Bosnia

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.000	.000	
		Index Dependent	.000	.000	
		9l: Resolutions--US Troops in Bosnia Dependent	.000	.000	
	Goodman and Kruskal tau	Index Dependent	.023	.003	.000 ^b
		9l: Resolutions--US Troops in Bosnia Dependent	.023	.017	.000 ^b

a. Not assuming the null hypothesis

b. Based on chi-square approximation

Index * 9m: Resolutions--US Troops in Somalia

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. Sig.
Nominal Measures	Lambda	Symmetric	.000	.000	
		Index Dependent	.000	.000	
		9m: Resolutions--US Troops in Somalia Dependent	.000	.000	
	Goodman and Kruskal tau	Index Dependent	.012	.002	.046 ^b
		9m: Resolutions--US Troops in Somalia Dependent	.019	.019	.001 ^b

a. Not assuming the null hypothesis

b. Based on chi-square approximation

Index * 2: Position on NAFTA Congressional Approval

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	5.820 ^a	12	.925
Likelihood Ratio	5.371	12	.944
Linear-by-Linear Association	1.192	1	.275
N of Valid Cases	472		

a. 8 cells (40.0%) have expected count less than 5. The minimum expected count is .15.

Index * 3: Congressional Consideration of Uruguay Round

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	15.504 ^a	12	.215
Likelihood Ratio	9.694	12	.643
Linear-by-Linear Association	.220	1	.639
N of Valid Cases	472		

a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is .07.

Index * 8: Urgings of Stands in Foreign Issues

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	50.300 ^a	12	.000
Likelihood Ratio	38.433	12	.000
Linear-by-Linear Association	20.178	1	.000
N of Valid Cases	472		

a. 7 cells (35.0%) have expected count less than 5. The minimum expected count is .29.

Index * 4a: Attracting Foreign Investment

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	20.274 ^a	15	.162
Likelihood Ratio	22.119	15	.105
Linear-by-Linear Association	9.251	1	.002
N of Valid Cases	472		

a. 9 cells (37.5%) have expected count less than 5. The minimum expected count is .03.

Index * 4b: Promoting Exports of Local Products

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	18.383 ^a	15	.243
Likelihood Ratio	16.642	15	.341
Linear-by-Linear Association	2.139	1	.144
N of Valid Cases	472		

a. 9 cells (37.5%) have expected count less than 5. The minimum expected count is .02.

Index * 4c: Attracting Foreign Immigrants

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	25.477 ^a	15	.044
Likelihood Ratio	25.048	15	.049
Linear-by-Linear Association	6.081	1	.014
N of Valid Cases	472		

a. 13 cells (54.2%) have expected count less than 5. The minimum expected count is .02.

Index * 4d: Advertising City Abroad

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	34.141 ^a	15	.003
Likelihood Ratio	32.798	15	.005
Linear-by-Linear Association	21.179	1	.000
N of Valid Cases	472		

a. 10 cells (41.7%) have expected count less than 5. The minimum expected count is .02.

Index * 4e: Attracting Foreign Tourists

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	45.543 ^a	12	.000
Likelihood Ratio	42.452	12	.000
Linear-by-Linear Association	27.181	1	.000
N of Valid Cases	472		

a. 6 cells (30.0%) have expected count less than 5. The minimum expected count is .56.

Index * 4f: Sister-City Relations

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	57.563 ^a	15	.000
Likelihood Ratio	61.077	15	.000
Linear-by-Linear Association	45.298	1	.000
N of Valid Cases	472		

a. 9 cells (37.5%) have expected count less than 5. The minimum expected count is .03.

Index * 4g: Protocol Person for Foreign Visitors

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	48.525 ^a	12	.000
Likelihood Ratio	37.272	12	.000
Linear-by-Linear Association	24.682	1	.000
N of Valid Cases	472		

a. 6 cells (30.0%) have expected count less than 5. The minimum expected count is .46.

Index * 4h: Conducting Trade Missions (abroad)

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	43.350 ^a	12	.000
Likelihood Ratio	37.376	12	.000
Linear-by-Linear Association	27.814	1	.000
N of Valid Cases	472		

a. 6 cells (30.0%) have expected count less than 5. The minimum expected count is .49.

Index * 4i: Foreign Office/Rep Abroad

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	26.469 ^a	12	.009
Likelihood Ratio	23.273	12	.025
Linear-by-Linear Association	13.966	1	.000
N of Valid Cases	472		

a. 8 cells (40.0%) have expected count less than 5. The minimum expected count is .20.

Index * 4j: Cultural Exchanges with Foreign Cities/Countries

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	44.358 ^a	15	.000
Likelihood Ratio	43.346	15	.000
Linear-by-Linear Association	33.910	1	.000
N of Valid Cases	472		

a. 9 cells (37.5%) have expected count less than 5. The minimum expected count is .02.

Index * 4k: Exchanging Govt Ideas with Foreign Cities

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	84.958 ^a	15	.000
Likelihood Ratio	80.518	15	.000
Linear-by-Linear Association	53.233	1	.000
N of Valid Cases	472		

a. 9 cells (37.5%) have expected count less than 5. The minimum expected count is .02.

Index * 4l: Increasing Int. Education in Schools

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	54.915 ^a	18	.000
Likelihood Ratio	50.914	18	.000
Linear-by-Linear Association	28.395	1	.000
N of Valid Cases	472		

a. 14 cells (50.0%) have expected count less than 5. The minimum expected count is .02.

Index * 4m: Enhancing Foreign Language Education

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	65.798 ^a	18	.000
Likelihood Ratio	55.424	18	.000
Linear-by-Linear Association	25.670	1	.000
N of Valid Cases	472		

a. 14 cells (50.0%) have expected count less than 5. The minimum expected count is .02.

Index * 4n: Work w/Business Partners (imp. Global)

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	35.758 ^a	12	.000
Likelihood Ratio	28.750	12	.004
Linear-by-Linear Association	12.225	1	.000
N of Valid Cases	472		

a. 5 cells (25.0%) have expected count less than 5. The minimum expected count is .86.

Index * 4o: Work w/Civic Groups (improve Global)

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	67.201 ^a	15	.000
Likelihood Ratio	42.121	15	.000
Linear-by-Linear Association	13.576	1	.000
N of Valid Cases	472		

a. 10 cells (41.7%) have expected count less than 5. The minimum expected count is .02.

Index * 4p: Work w/Neighbors (improv Global)**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	58.358 ^a	15	.000
Likelihood Ratio	35.505	15	.002
Linear-by-Linear Association	15.969	1	.000
N of Valid Cases	472		

a. 10 cells (41.7%) have expected count less than 5. The minimum expected count is .02.

Index * 4q: Work w/State Officials (imp. Global)**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	32.788 ^a	15	.005
Likelihood Ratio	24.484	15	.057
Linear-by-Linear Association	2.853	1	.091
N of Valid Cases	472		

a. 9 cells (37.5%) have expected count less than 5. The minimum expected count is .02.

Index * 4r: Work w/Fed Officials (improve Global)**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	41.892 ^a	15	.000
Likelihood Ratio	29.108	15	.016
Linear-by-Linear Association	5.994	1	.014
N of Valid Cases	472		

a. 10 cells (41.7%) have expected count less than 5. The minimum expected count is .05.

Index * 9a: City Resolutions--NAFTA

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	11.949 ^a	9	.216
Likelihood Ratio	10.975	9	.277
Linear-by-Linear Association	.522	1	.470
N of Valid Cases	472		

a. 7 cells (43.8%) have expected count less than 5. The minimum expected count is .02.

Index * 9b: Resolutions--GATT

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	14.450 ^a	9	.107
Likelihood Ratio	13.109	9	.158
Linear-by-Linear Association	3.658	1	.056
N of Valid Cases	472		

a. 8 cells (50.0%) have expected count less than 5. The minimum expected count is .02.

Index * 9c: Resolutions--Immigration (legal or illegal)

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	32.353 ^a	9	.000
Likelihood Ratio	25.982	9	.002
Linear-by-Linear Association	3.022	1	.082
N of Valid Cases	472		

a. 7 cells (43.8%) have expected count less than 5. The minimum expected count is .02.

Index * 9d: Resolutions--United Nations

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	13.156 ^a	9	.156
Likelihood Ratio	11.854	9	.222
Linear-by-Linear Association	.596	1	.440
N of Valid Cases	472		

a. 7 cells (43.8%) have expected count less than 5. The minimum expected count is .02.

Index * 9e: Resolutions--Haiti

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	12.952 ^a	6	.044
Likelihood Ratio	10.381	6	.109
Linear-by-Linear Association	3.726	1	.054
N of Valid Cases	472		

a. 5 cells (41.7%) have expected count less than 5. The minimum expected count is .17.

Index * 9f: Resolutions--Israel

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	14.848 ^a	6	.021
Likelihood Ratio	11.578	6	.072
Linear-by-Linear Association	.998	1	.318
N of Valid Cases	472		

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is .27.

Index * 9g: Resolutions--Japan

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	13.201 ^a	6	.040
Likelihood Ratio	10.492	6	.105
Linear-by-Linear Association	.103	1	.748
N of Valid Cases	472		

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is .59.

Index * 9h: Resolutions--Mexico

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	11.279 ^a	6	.080
Likelihood Ratio	8.897	6	.179
Linear-by-Linear Association	.023	1	.879
N of Valid Cases	472		

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is .53.

Index * 9i: Resolutions--Nicaragua or El Salvador

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	29.667 ^a	9	.000
Likelihood Ratio	21.228	9	.012
Linear-by-Linear Association	.059	1	.808
N of Valid Cases	472		

a. 7 cells (43.8%) have expected count less than 5. The minimum expected count is .02.

Index * 9j: Resolutions--Northern Ireland

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	26.686 ^a	9	.002
Likelihood Ratio	22.243	9	.008
Linear-by-Linear Association	.551	1	.458
N of Valid Cases	472		

a. 7 cells (43.8%) have expected count less than 5. The minimum expected count is .02.

Index * 9k: Resolutions--South Africa

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	34.847 ^a	6	.000
Likelihood Ratio	33.669	6	.000
Linear-by-Linear Association	7.237	1	.007
N of Valid Cases	472		

a. 2 cells (16.7%) have expected count less than 5. The minimum expected count is .86.

Index * 9l: Resolutions--US Troops in Bosnia

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	26.428 ^a	9	.002
Likelihood Ratio	26.711	9	.002
Linear-by-Linear Association	10.452	1	.001
N of Valid Cases	472		

a. 9 cells (56.3%) have expected count less than 5. The minimum expected count is .02.

Index * 9m: Resolutions--US Troops in Somalia

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	17.482 ^a	9	.042
Likelihood Ratio	16.209	9	.063
Linear-by-Linear Association	3.562	1	.059
N of Valid Cases	472		

a. 10 cells (62.5%) have expected count less than 5. The minimum expected count is .03.

Index * 2: Position on NAFTA Congressional Approval

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.110	.925
N of Valid Cases		472	

Index * 3: Congressional Consideration of Uruguay Round

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.178	.215
N of Valid Cases		472	

Index * 8: Urgings of Stands in Foreign Issues

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.310	.000
N of Valid Cases		472	

Index * 4a: Attracting Foreign Investment

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.203	.162
N of Valid Cases		472	

Index * 4b: Promoting Exports of Local Products

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.194	.243
N of Valid Cases		472	

Index * 4c: Attracting Foreign Immigrants

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.226	.044
N of Valid Cases		472	

Index * 4d: Advertising City Abroad

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.260	.003
N of Valid Cases		472	

Index * 4e: Attracting Foreign Tourists

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.297	.000
N of Valid Cases		472	

Index * 4f: Sister-City Relations

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.330	.000
N of Valid Cases		472	

Index * 4g: Protocol Person for Foreign Visitors

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.305	.000
N of Valid Cases		472	

Index * 4h: Conducting Trade Missions (abroad)

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.290	.000
N of Valid Cases		472	

Index * 4i: Foreign Office/Rep Abroad**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.230	.009
N of Valid Cases		472	

Index * 4j: Cultural Exchanges with Foreign Cities/Countries**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.293	.000
N of Valid Cases		472	

Index * 4k: Exchanging Govt Ideas with Foreign Cities**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.391	.000
N of Valid Cases		472	

Index * 4l: Increasing Int. Education in Schools**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.323	.000
N of Valid Cases		472	

Index * 4m: Enhancing Foreign Language Education

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.350	.000
N of Valid Cases		472	

Index * 4n: Work w/Business Partners (imp. Global)

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.265	.000
N of Valid Cases		472	

Index * 4o: Work w/Civic Groups (improve Global)

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.353	.000
N of Valid Cases		472	

Index * 4p: Work w/Neighbors (improv Global)

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.332	.000
N of Valid Cases		472	

Index * 4q: Work w/State Officials (imp. Global)

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.255	.005
N of Valid Cases		472	

Index * 4r: Work w/Fed Officials (improve Global)

Symmetric Measures

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.286	.000
N of Valid Cases		472	

Index * 9a: City Resolutions--NAFTA**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.157	.216
N of Valid Cases		472	

Index * 9b: Resolutions--GATT**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.172	.107
N of Valid Cases		472	

Index * 9c: Resolutions--Immigration (legal or illegal)**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.253	.000
N of Valid Cases		472	

Index * 9d: Resolutions--United Nations**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.165	.156
N of Valid Cases		472	

Index * 9e: Resolutions--Haiti**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.163	.044
N of Valid Cases		472	

Index * 9f: Resolutions--Israel**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.175	.021
N of Valid Cases		472	

Index * 9g: Resolutions--Japan**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.165	.040
N of Valid Cases		472	

Index * 9h: Resolutions--Mexico**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.153	.080
N of Valid Cases		472	

Index * 9i: Resolutions--Nicaragua or El Salvador**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.243	.000
N of Valid Cases		472	

Index * 9j: Resolutions--Northern Ireland**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.231	.002
N of Valid Cases		472	

Index * 9k: Resolutions--South Africa**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.262	.000
N of Valid Cases		472	

Index * 9l: Resolutions--US Troops in Bosnia**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.230	.002
N of Valid Cases		472	

Index * 9m: Resolutions--US Troops in Somalia**Symmetric Measures**

		Value	Approx. Sig.
Nominal Measures	Contingency Coefficient	.189	.042
N of Valid Cases		472	

APPENDIX E

EXPLORATORY MULTIPLE REGRESSION RESULTS TABLES

FOR INDICATOR VARIABLE ANALYSIS

The following pages contain the results of the multiple regression (hierarchical/backward and stepwise) analysis of the categorical variables (questions 2, 3, 8, and 9) and the indexed variable (question 4) as independent variables, and an index of the combination of population level and residential real estate values as the dependent variable. The tables which follow display model summaries, ANOVAs, coefficients, and excluded variables, and set forth those variables which contribute to municipal international involvement.

Regression

Regression: index with Qn 2,3 & 9s (Backward)

Model Summary^{a,b,c}

Model	Variables		R	R Square	Adjusted R Square	Std. Error of the Estimate
	Entered	Removed				
1	9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 9h: Resolutions—Mexico, 3: Congressional Consideration of Uruguay Round, 9a: City Resolutions—NAFTA, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9f: Resolutions—Israel, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti ^{a,e}		.330	.109	.079	9594315
2		f 9a: City Resolutions—NAFTA	.330	.109	.082	9583812
3		g 9h: Resolutions—Mexico	.330	.109	.084	9573379
4		h 9f: Resolutions—Israel	.330	.109	.085	9563637
5		i 9j: Resolutions—Northern Ireland	.329	.109	.087	9553875
6		j 9i: Resolutions—Nicaragua or El Salvador	.327	.107	.088	9551222
7		k 2: Position on NAFTA Congressional Approval	.326	.106	.089	9547067
8		l 9g: Resolutions—Japan	.322	.104	.088	9549576
9		m 9d: Resolutions—United Nations	.317	.101	.087	9554953
10		n 9m: Resolutions—US Troops in Somalia	.312	.097	.086	9561895
11		n 9m: Resolutions—US Troops in Somalia	.312	.097	.086	9561895

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Method: Enter

c. Method: Backward (criterion: Probability of F-to-remove >= .100).

Model Summary^{a,b,c}

- d Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 9h: Resolutions—Mexico, 3: Congressional Consideration of Uruguay Round, 9a: City Resolutions—NAFTA, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9f: Resolutions—Israel, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- e All requested variables entered.
- f Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 9h: Resolutions—Mexico, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9f: Resolutions—Israel, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- g Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9f: Resolutions—Israel, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- h Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- i Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- j Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- k Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- l Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- m Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- n Independent Variables: (Constant), 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- o Probability of F-to-remove = .100 limits reached.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	51.248	15	3.417	3.712	.000 ^b
	Residual	419.752	456	.921		
	Total	471.000	471			
2	Regression	51.248	14	3.661	3.985	.000 ^c
	Residual	419.752	457	.918		
	Total	471.000	471			
3	Regression	51.245	13	3.942	4.301	.000 ^d
	Residual	419.755	458	.916		
	Total	471.000	471			
4	Regression	51.184	12	4.265	4.663	.000 ^a
	Residual	419.816	459	.915		
	Total	471.000	471			
5	Regression	51.128	11	4.648	5.092	.000 ^f
	Residual	419.872	460	.913		
	Total	471.000	471			
6	Regression	50.449	10	5.045	5.530	.000 ^g
	Residual	420.551	461	.912		
	Total	471.000	471			
7	Regression	49.903	9	5.545	6.083	.000 ^h
	Residual	421.097	462	.911		
	Total	471.000	471			
8	Regression	48.770	8	6.096	6.685	.000 ⁱ
	Residual	422.230	463	.912		
	Total	471.000	471			
9	Regression	47.381	7	6.769	7.414	.000 ^j
	Residual	423.619	464	.913		
	Total	471.000	471			
10	Regression	45.851	6	7.642	8.358	.000 ^k
	Residual	425.149	465	.914		
	Total	471.000	471			
11	Regression	45.851	6	7.642	8.358	.000 ^k
	Residual	425.149	465	.914		
	Total	471.000	471			

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 9h: Resolutions—Mexico, 3: Congressional Consideration of Uruguay Round, 9a: City Resolutions—NAFTA, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9f: Resolutions—Israel, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti

c. Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 9h: Resolutions—Mexico, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9f: Resolutions—Israel, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti

d. Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9f: Resolutions—Israel, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti

ANOVA^a

- e. Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- f. Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- g. Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- h. Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- i. Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- j. Independent Variables: (Constant), 9m: Resolutions—US Troops in Somalia, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- k. Independent Variables: (Constant), 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.401	.357		-1.123	.262
	2: Position on NAFTA Congressional Approval	-.4514E-02	.057	-.044	-.787	.432
	3: Congressional Consideration of Uruguay Round	-.134	.083	-.091	-1.616	.107
	9a: City Resolutions—NAFTA	6.244E-04	.149	.000	.004	.997
	9b: Resolutions—GATT	.380	.192	.145	1.977	.049
	9c: Resolutions—Immigration (legal or illegal)	-.408	.125	-.191	-3.270	.001
	9d: Resolutions—United Nations	.204	.138	.093	1.477	.140
	9e: Resolutions—Haiti	.710	.265	.248	2.680	.008
	9f: Resolutions—Israel	-.5845E-02	.224	-.022	-.261	.794
	9g: Resolutions—Japan	-.132	.152	-.054	-.868	.386
	9h: Resolutions—Mexico	8.629E-03	.157	.003	.055	.956
	9i: Resolutions—Nicaragua or El Salvador	-.188	.214	-.071	-.878	.381
	9j: Resolutions—Northern Ireland	5.176E-02	.182	.019	.285	.776
	9k: Resolutions—South Africa	-.446	.119	-.208	-3.734	.000
	9l: Resolutions—US Troops in Bosnia	.677	.247	.223	2.739	.006
	9m: Resolutions—US Troops in Somalia	-.370	.257	-.120	-1.437	.152

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	- .401	.356		-1.127	.260
	2: Position on NAFTA Congressional Approval	-.4505E-02	.053	-.043	-.844	.399
	3: Congressional Consideration of Uruguay Round	-.134	.082	-.091	-1.627	.104
	9b: Resolutions—GATT	.380	.156	.145	2.428	.016
	9c: Resolutions—Immigration (legal or illegal)	-.408	.125	-.191	-3.274	.001
	9d: Resolutions—United Nations	.204	.138	.093	1.482	.139
	9e: Resolutions—Haiti	.710	.264	.248	2.688	.007
	9f: Resolutions—Israel	-5.850E-02	.224	-.022	-.262	.794
	9g: Resolutions—Japan	-.132	.151	-.054	-.872	.384
	9h: Resolutions—Mexico	8.757E-03	.154	.004	.057	.955
	9i: Resolutions—Nicaragua or El Salvador	-.188	.214	-.071	-.879	.380
	9j: Resolutions—Northern Ireland	5.179E-02	.181	.019	.285	.775
	9k: Resolutions—South Africa	-.446	.119	-.208	-3.738	.000
	9l: Resolutions—US Troops in Bosnia	.677	.247	.223	2.742	.006
	9m: Resolutions—US Troops in Somalia	-.370	.257	-.120	-1.441	.150

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
3	(Constant)	-.400	.355		-1.126	.261
	2: Position on NAFTA Congressional Approval	-.482E-02	.053	-.043	-.843	.400
	3: Congressional Consideration of Uruguay Round	-.134	.082	-.091	-1.630	.104
	9b: Resolutions—GATT	.381	.156	.145	2.440	.015
	9c: Resolutions—Immigration (legal or illegal)	-.408	.124	-.191	-3.277	.001
	9d: Resolutions—United Nations	.204	.137	.093	1.483	.139
	9e: Resolutions—Haiti	.710	.264	.248	2.690	.007
	9f: Resolutions—Israel	-5.733E-02	.222	-.021	-.258	.797
	9g: Resolutions—Japan	-.128	.139	-.053	-.922	.357
	9i: Resolutions—Nicaragua or El Salvador	-.187	.212	-.070	-.880	.379
	9j: Resolutions—Northern Ireland	5.322E-02	.180	.020	.296	.767
	9k: Resolutions—South Africa	-.446	.119	-.208	-3.743	.000
	9l: Resolutions—US Troops in Bosnia	.678	.246	.224	2.761	.006
	9m: Resolutions—US Troops in Somalia	-.371	.255	-.120	-1.457	.146

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
4	(Constant)	- 399	354		-1.126	261
	2: Position on NAFTA Congressional Approval	-4.563E-02	053	-.044	-.861	390
	3: Congressional Consideration of Uruguay Round	- 133	082	-.090	-1.620	106
	9b: Resolutions—GATT	381	156	.145	2.444	015
	9c: Resolutions—Immigration (legal or illegal)	- 409	124	-.192	-3.295	001
	9d: Resolutions—United Nations	.198	.135	.090	1.462	.144
	9e: Resolutions—Haiti	.687	248	.240	2.766	006
	9g: Resolutions—Japan	- 138	134	-.057	-1.030	304
	9i: Resolutions—Nicaragua or El Salvador	- 190	212	-.071	-.896	371
	9j: Resolutions—Northern Ireland	4.343E-02	175	.016	.248	804
	9k: Resolutions—South Africa	- 449	119	-.209	-3.783	000
	9l: Resolutions—US Troops in Bosnia	.677	245	.223	2.759	006
	9m: Resolutions—US Troops in Somalia	- 373	254	-.121	-1.467	143
5	(Constant)	- 387	351		-1.103	271
	2: Position on NAFTA Congressional Approval	-4.584E-02	053	-.044	-.866	387
	3: Congressional Consideration of Uruguay Round	- 134	082	-.091	-1.642	101
	9b: Resolutions—GATT	382	156	.146	2.459	014
	9c: Resolutions—Immigration (legal or illegal)	- 407	124	-.191	-3.289	001
	9d: Resolutions—United Nations	.195	134	.088	1.447	149
	9e: Resolutions—Haiti	.701	241	.245	2.905	004
	9g: Resolutions—Japan	- 136	134	-.056	-1.020	308
	9i: Resolutions—Nicaragua or El Salvador	- 177	206	-.067	-.863	389
	9k: Resolutions—South Africa	- 442	116	-.206	-3.824	000
	9l: Resolutions—US Troops in Bosnia	.679	245	.224	2.773	006
	9m: Resolutions—US Troops in Somalia	- 371	254	-.120	-1.459	145

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
6	(Constant)	-.403	.350		-1.153	.249
	2: Position on NAFTA Congressional Approval	-.4068E-02	.053	-.039	-.773	.440
	3: Congressional Consideration of Uruguay Round	-.140	.081	-.096	-1.726	.085
	9b: Resolutions—GATT	.373	.155	.142	2.404	.017
	9c: Resolutions—Immigration (legal or illegal)	-.429	.121	-.201	-3.541	.000
	9d: Resolutions—United Nations	.177	.133	.081	1.333	.183
	9e: Resolutions—Haiti	.606	.214	.211	2.825	.005
	9g: Resolutions—Japan	-.150	.133	-.062	-1.128	.260
	9k: Resolutions—South Africa	-.453	.115	-.211	-3.935	.000
	9l: Resolutions—US Troops in Bosnia	.677	.245	.223	2.766	.006
	9m: Resolutions—US Troops in Somalia	-.370	.254	-.120	-1.456	.146
7	(Constant)	-.429	.348		-1.233	.218
	3: Congressional Consideration of Uruguay Round	-.168	.073	-.114	-2.291	.022
	9b: Resolutions—GATT	.372	.155	.142	2.399	.017
	9c: Resolutions—Immigration (legal or illegal)	-.430	.121	-.201	-3.552	.000
	9d: Resolutions—United Nations	.182	.133	.083	1.373	.170
	9e: Resolutions—Haiti	.606	.214	.211	2.826	.005
	9g: Resolutions—Japan	-.148	.133	-.061	-1.115	.265
	9k: Resolutions—South Africa	-.458	.115	-.213	-3.996	.000
	9l: Resolutions—US Troops in Bosnia	.664	.244	.219	2.720	.007
	9m: Resolutions—US Troops in Somalia	-.359	.253	-.116	-1.418	.157

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
8	(Constant)	- .485	.345		-1.408	.160
	3: Congressional Consideration of Uruguay Round	-.169	.073	-.115	-2.311	.021
	9b: Resolutions—GATT	.374	.155	.143	2.415	.016
	9c: Resolutions—Immigration (legal or illegal)	-.448	.120	-.210	-3.730	.000
	9d: Resolutions—United Nations	.162	.132	.074	1.234	.218
	9e: Resolutions—Hart	.553	.209	.193	2.645	.008
	9k: Resolutions—South Africa	-.454	.115	-.211	-3.957	.000
	9l: Resolutions—US Troops in Bosnia	.640	.243	.211	2.631	.009
	9m: Resolutions—US Troops in Somalia	-.368	.253	-.119	-1.451	.147
9	(Constant)	-.503	.345		-1.459	.145
	3: Congressional Consideration of Uruguay Round	-.159	.073	-.108	-2.182	.030
	9b: Resolutions—GATT	.382	.155	.145	2.463	.014
	9c: Resolutions—Immigration (legal or illegal)	-.428	.119	-.200	-3.594	.000
	9e: Resolutions—Hart	.618	.203	.216	3.049	.002
	9k: Resolutions—South Africa	-.418	.111	-.195	-3.766	.000
	9l: Resolutions—US Troops in Bosnia	.623	.243	.205	2.564	.011
	9m: Resolutions—US Troops in Somalia	-.325	.251	-.105	-1.295	.196

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
10	(Constant)	-.596	.337		-1.769	.078
	3: Congressional Consideration of Uruguay Round	-.151	.072	-.102	-2.076	.038
	9b: Resolutions—GATT	.380	.155	.145	2.453	.015
	9c: Resolutions—Immigration (legal or illegal)	-.430	.119	-.202	-3.613	.000
	9e: Resolutions—Haiti	.569	.199	.199	2.856	.004
	9k: Resolutions—South Africa	-.429	.111	-.200	-3.877	.000
	9l: Resolutions—US Troops in Bosnia	.391	.164	.129	2.381	.018
11	(Constant)	-.596	.337		-1.769	.078
	3: Congressional Consideration of Uruguay Round	-.151	.072	-.102	-2.076	.038
	9b: Resolutions—GATT	.380	.155	.145	2.453	.015
	9c: Resolutions—Immigration (legal or illegal)	-.430	.119	-.202	-3.613	.000
	9e: Resolutions—Haiti	.569	.199	.199	2.856	.004
	9k: Resolutions—South Africa	-.429	.111	-.200	-3.877	.000
	9l: Resolutions—US Troops in Bosnia	.391	.164	.129	2.381	.018

a. Dependent Variable: REGR factor score_1 for analysis_1

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
2	9a: City Resolutions—NAFTA	.000 ^b	.004	.997	.000	.407
3	9a: City Resolutions—NAFTA	.001 ^c	.015	.988	.001	.423
	9h: Resolutions—Mexico	.004 ^c	.057	.955	.003	.501
4	9a: City Resolutions—NAFTA	.002 ^d	.025	.980	.001	.423
	9h: Resolutions—Mexico	.002 ^d	.033	.974	.002	.505
	9f: Resolutions—Israel	-.021 ^d	-.258	.797	-.012	.287
5	9a: City Resolutions—NAFTA	.003 ^e	.042	.967	.002	.426
	9h: Resolutions—Mexico	.004 ^e	.072	.942	.003	.519
	9f: Resolutions—Israel	-.016 ^e	-.200	.842	-.009	.301
	9j: Resolutions—Northern Ireland	.016 ^e	.248	.804	.012	.447
6	9a: City Resolutions—NAFTA	-.002 ^f	-.025	.980	-.001	.428
	9h: Resolutions—Mexico	-.005 ^f	-.076	.940	-.004	.534
	9f: Resolutions—Israel	-.023 ^f	-.288	.773	-.013	.304
	9j: Resolutions—Northern Ireland	.002 ^f	.039	.969	.002	.473
	9i: Resolutions—Nicaragua or El Salvador	-.067 ^f	-.863	.389	-.040	.324
7	9a: City Resolutions—NAFTA	-.019 ^g	-.303	.762	-.014	.493
	9h: Resolutions—Mexico	-.007 ^g	-.121	.904	-.006	.536
	9f: Resolutions—Israel	-.026 ^g	-.321	.748	-.015	.305
	9j: Resolutions—Northern Ireland	.005 ^g	.071	.943	.003	.474
	9i: Resolutions—Nicaragua or El Salvador	-.059 ^g	-.770	.442	-.036	.329
	2: Position on NAFTA Congressional Approval	-.039 ^g	-.773	.440	-.036	.753
8	9a: City Resolutions—NAFTA	-.018 ^h	-.293	.770	-.014	.493
	9h: Resolutions—Mexico	-.032 ^h	-.585	.559	-.027	.656
	9f: Resolutions—Israel	-.048 ^h	-.621	.535	-.029	.331
	9j: Resolutions—Northern Ireland	-.001 ^h	-.009	.993	.000	.476
	9i: Resolutions—Nicaragua or El Salvador	-.068 ^h	-.894	.372	-.042	.333
	2: Position on NAFTA Congressional Approval	-.038 ^h	-.754	.451	-.035	.753
	9g: Resolutions—Japan	-.061 ^h	-1.115	.265	-.052	.648

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
9	9a: City Resolutions—NAFTA	-.016 ⁱ	-.260	.795	-.012	.493
	9h: Resolutions—Mexico	-.031 ⁱ	-.563	.574	-.026	.656
	9f: Resolutions—Israel	-.027 ⁱ	-.361	.718	-.017	.345
	9j: Resolutions—Northern Ireland	-.004 ⁱ	-.060	.952	-.003	.477
	9i: Resolutions—Nicaragua or El Salvador	-.051 ⁱ	-.671	.502	-.031	.343
	2: Position on NAFTA Congressional Approval	-.041 ⁱ	-.816	.415	-.038	.755
	9g: Resolutions—Japan	-.051 ⁱ	-.938	.349	-.044	.660
	9d: Resolutions—United Nations	.074 ⁱ	1.234	.218	.057	.541
10	9a: City Resolutions—NAFTA	-.018 ^j	-.291	.771	-.013	.493
	9h: Resolutions—Mexico	-.025 ^j	-.460	.645	-.021	.660
	9f: Resolutions—Israel	-.034 ^j	-.449	.653	-.021	.346
	9j: Resolutions—Northern Ireland	-.007 ^j	-.112	.911	-.005	.478
	9i: Resolutions—Nicaragua or El Salvador	-.053 ^j	-.708	.479	-.033	.343
	2: Position on NAFTA Congressional Approval	-.037 ^j	-.734	.463	-.034	.758
	9g: Resolutions—Japan	-.054 ^j	-.999	.318	-.046	.662
	9d: Resolutions—United Nations	.062 ^j	1.045	.297	.048	.552
11	9m: Resolutions—US Troops in Somalia	-.105 ^j	-1.295	.196	-.060	.293
	9a: City Resolutions—NAFTA	-.018 ^j	-.291	.771	-.013	.493
	9h: Resolutions—Mexico	-.025 ^j	-.460	.645	-.021	.660
	9f: Resolutions—Israel	-.034 ^j	-.449	.653	-.021	.346
	9j: Resolutions—Northern Ireland	-.007 ^j	-.112	.911	-.005	.478
	9i: Resolutions—Nicaragua or El Salvador	-.053 ^j	-.708	.479	-.033	.343
	2: Position on NAFTA Congressional Approval	-.037 ^j	-.734	.463	-.034	.758
	9g: Resolutions—Japan	-.054 ^j	-.999	.318	-.046	.662
12	9d: Resolutions—United Nations	.062 ^j	1.045	.297	.048	.552
	9m: Resolutions—US Troops in Somalia	-.105 ^j	-1.295	.196	-.060	.293

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Independent Variables in the Model: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 9h: Resolutions—Mexico, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9f: Resolutions—Israel, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti

Excluded Variables^a

- c Independent Variables in the Model: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9f: Resolutions—Israel, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- d Independent Variables in the Model: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9j: Resolutions—Northern Ireland, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- e Independent Variables in the Model: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9b: Resolutions—GATT, 9i: Resolutions—Nicaragua or El Salvador, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- f Independent Variables in the Model: (Constant), 9m: Resolutions—US Troops in Somalia, 2: Position on NAFTA Congressional Approval, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- g Independent Variables in the Model: (Constant), 9m: Resolutions—US Troops in Somalia, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9g: Resolutions—Japan, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- h. Independent Variables in the Model: (Constant), 9m: Resolutions—US Troops in Somalia, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9d: Resolutions—United Nations, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- i Independent Variables in the Model: (Constant), 9m: Resolutions—US Troops in Somalia, 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti
- j Independent Variables in the Model: (Constant), 9c: Resolutions—Immigration (legal or illegal), 9k: Resolutions—South Africa, 3: Congressional Consideration of Uruguay Round, 9b: Resolutions—GATT, 9l: Resolutions—US Troops in Bosnia, 9e: Resolutions—Haiti

Regression

Regression: index with Qn2,3,&9s (stepwise)

Model Summary^{a,b}

Model	Variables		R	R Square	Adjusted R Square	Std. Error of the Estimate
	Entered	Removed				
1	9l: Resolutions—US Troops in Bosnia		.139	.019	.017	9913609
2	9k: Resolutions—South Africa		.217	.047	.043	9782284
3	9e: Resolutions—Haiti ^c		.246	.061	.055	9722879
4	9c: Resolutions—Immigration (legal or illegal)		.287	.082	.074	9620603
5	9c: Resolutions—Immigration (legal or illegal)		.287	.082	.074	9620603

- a. Dependent Variable: REGR factor score 1 for analysis 1
- b. Method: Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
- c. Independent Variables: (Constant), 9l: Resolutions—US Troops in Bosnia
- d. Independent Variables: (Constant), 9l: Resolutions—US Troops in Bosnia, 9k: Resolutions—South Africa
- e. Independent Variables: (Constant), 9l: Resolutions—US Troops in Bosnia, 9k: Resolutions—South Africa, 9e: Resolutions—Haiti
- f. Independent Variables: (Constant), 9l: Resolutions—US Troops in Bosnia, 9k: Resolutions—South Africa, 9e: Resolutions—Haiti, 9c: Resolutions—Immigration (legal or illegal)
- g. Probability of F-to-enter = .050 limits reached.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.086	1	9.086	9.245	.002 ^b
	Residual	461.914	470	.983		
	Total	471.000	471			
2	Regression	22.199	2	11.100	11.599	.000 ^c
	Residual	448.801	469	.957		
	Total	471.000	471			
3	Regression	28.579	3	9.526	10.077	.000 ^d
	Residual	442.421	468	.945		
	Total	471.000	471			
4	Regression	38.763	4	9.691	10.470	.000 ^e
	Residual	432.237	467	.926		
	Total	471.000	471			
5	Regression	38.763	4	9.691	10.470	.000 ^e
	Residual	432.237	467	.926		
	Total	471.000	471			

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Independent Variables: (Constant), 9l: Resolutions—US Troops in Bosnia

c. Independent Variables: (Constant), 9l: Resolutions—US Troops in Bosnia, 9k: Resolutions—South Africa

d. Independent Variables: (Constant), 9l: Resolutions—US Troops in Bosnia, 9k: Resolutions—South Africa, 9e: Resolutions—Haiti

e. Independent Variables: (Constant), 9l: Resolutions—US Troops in Bosnia, 9k: Resolutions—South Africa, 9e: Resolutions—Haiti, 9c: Resolutions—Immigration (legal or illegal)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.868	.289		-3.002	.003
	9i: Resolutions—US Troops in Bosnia	.421	.139	.139	3.041	.002
2	(Constant)	-.475	.304		-1.561	.119
	9i: Resolutions—US Troops in Bosnia	.599	.145	.198	4.136	.000
	9k: Resolutions—South Africa	-.380	.103	-.177	-3.702	.000
3	(Constant)	-.734	.319		-2.304	.022
	9i: Resolutions—US Troops in Bosnia	.392	.165	.129	2.379	.018
	9k: Resolutions—South Africa	-.495	.111	-.230	-4.450	.000
	9e: Resolutions—Haiti	.439	.169	.153	2.598	.010
4	(Constant)	-.610	.317		-1.922	.055
	9i: Resolutions—US Troops in Bosnia	.384	.163	.127	2.357	.019
	9k: Resolutions—South Africa	-.444	.111	-.207	-3.999	.000
	9e: Resolutions—Haiti	.722	.188	.252	3.845	.000
	9c: Resolutions—Immigration (legal or illegal)	-.393	.118	-.184	-3.317	.001
5	(Constant)	-.610	.317		-1.922	.055
	9i: Resolutions—US Troops in Bosnia	.384	.163	.127	2.357	.019
	9k: Resolutions—South Africa	-.444	.111	-.207	-3.999	.000
	9e: Resolutions—Haiti	.722	.188	.252	3.845	.000
	9c: Resolutions—Immigration (legal or illegal)	-.393	.118	-.184	-3.317	.001

a. Dependent Variable: REGR factor score_1 for analysis_1

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
1	2: Position on NAFTA Congressional Approval	-.073 ^b	-1.570	.117	-.072	.971
	3: Congressional Consideration of Uruguay Round	-.076 ^b	-1.603	.110	-.074	.926
	9a: City Resolutions—NAFTA	.012 ^b	.252	.801	.012	.879
	9b: Resolutions—GATT	.071 ^b	1.430	.153	.066	.834
	9c: Resolutions—Immigration (legal or illegal)	-.134 ^b	-2.793	.005	-.128	.891
	9d: Resolutions—United Nations	-.013 ^b	-.255	.799	-.012	.832
	9e: Resolutions—Haiti	.049 ^b	.887	.375	.041	.684
	9f: Resolutions—Israel	-.032 ^b	-.606	.544	-.028	.730
	9g: Resolutions—Japan	-.055 ^b	-1.096	.274	-.051	.816
	9h: Resolutions—Mexico	-.045 ^b	-.897	.370	-.041	.842
	9i: Resolutions—Nicaragua or El Salvador	-.045 ^b	-.876	.381	-.040	.778
	9j: Resolutions—Northern Ireland	-.031 ^b	-.599	.550	-.028	.794
	9k: Resolutions—South Africa	-.177 ^b	-3.702	.000	-.168	.890
	9m: Resolutions—US Troops in Somalia	-.096 ^b	-1.187	.236	-.055	.320

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
2	2: Position on NAFTA Congressional Approval	-.057 ^c	-1.234	.218	-.057	.962
	3: Congressional Consideration of Uruguay Round	-.055 ^c	-1.154	.249	-.053	.910
	9a: City Resolutions—NAFTA	.048 ^c	.982	.327	.045	.846
	9b: Resolutions—GATT	.117 ^c	2.322	.021	.107	.794
	9c: Resolutions—Immigration (legal or illegal)	-.087 ^c	-1.739	.083	-.080	.803
	9d: Resolutions—United Nations	.079 ^c	1.456	.146	.067	.682
	9e: Resolutions—Haiti	.153 ^c	2.598	.010	.119	.576
	9f: Resolutions—Israel	.058 ^c	1.006	.315	.046	.605
	9g: Resolutions—Japan	-.022 ^c	-.435	.664	-.020	.789
	9h: Resolutions—Mexico	.001 ^c	.019	.985	.001	.789
	9i: Resolutions—Nicaragua or El Salvador	.035 ^c	.625	.532	.029	.656
	9j: Resolutions—Northern Ireland	.056 ^c	1.009	.313	.047	.659
	9m: Resolutions—US Troops in Somalia	-.046 ^c	-.570	.569	-.026	.311
3	2: Position on NAFTA Congressional Approval	-.058 ^d	-1.278	.202	-.059	.962
	3: Congressional Consideration of Uruguay Round	-.066 ^d	-1.399	.163	-.065	.903
	9a: City Resolutions—NAFTA	.015 ^d	.301	.763	.014	.785
	9b: Resolutions—GATT	.074 ^d	1.327	.185	.061	.643
	9c: Resolutions—Immigration (legal or illegal)	-.184 ^d	-3.317	.001	-.152	.638
	9d: Resolutions—United Nations	.027 ^d	.464	.643	.021	.573
	9f: Resolutions—Israel	-.065 ^d	-.864	.388	-.040	.354
	9g: Resolutions—Japan	-.083 ^d	-1.527	.127	-.070	.678
	9h: Resolutions—Mexico	-.051 ^d	-.946	.345	-.044	.693
	9i: Resolutions—Nicaragua or El Salvador	-.106 ^d	-1.439	.151	-.066	.372
	9j: Resolutions—Northern Ireland	-.022 ^d	-.345	.730	-.016	.490
	9m: Resolutions—US Troops in Somalia	-.098 ^d	-1.184	.237	-.055	.295

Excluded Variables^a

Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
4					
2: Position on NAFTA Congressional Approval	-.056 [*]	-1.237	.217	-.057	.962
3: Congressional Consideration of Uruguay Round	-.061 [*]	-1.311	.191	-.061	.902
9a: City Resolutions—NAFTA	.036 [*]	.720	.472	.033	.773
9b: Resolutions—GATT	.103 [*]	1.848	.065	.085	.630
9d: Resolutions—United Nations	.057 [*]	.962	.336	.045	.561
9f: Resolutions—Israel	-.030 [*]	-.397	.692	-.018	.347
9g: Resolutions—Japan	-.057 [*]	-1.053	.293	-.049	.662
9h: Resolutions—Mexico	-.027 [*]	-.496	.620	-.023	.680
9i: Resolutions—Nicaragua or El Salvador	-.048 [*]	-.641	.522	-.030	.348
9j: Resolutions—Northern Ireland	.007 [*]	.102	.919	.005	.481
9m: Resolutions—US Troops in Somalia	-.094 [*]	-1.148	.252	-.053	.295
5					
2: Position on NAFTA Congressional Approval	-.056 [*]	-1.237	.217	-.057	.962
3: Congressional Consideration of Uruguay Round	-.061 [*]	-1.311	.191	-.061	.902
9a: City Resolutions—NAFTA	.036 [*]	.720	.472	.033	.773
9b: Resolutions—GATT	.103 [*]	1.848	.065	.085	.630
9d: Resolutions—United Nations	.057 [*]	.962	.336	.045	.561
9f: Resolutions—Israel	-.030 [*]	-.397	.692	-.018	.347
9g: Resolutions—Japan	-.057 [*]	-1.053	.293	-.049	.662
9h: Resolutions—Mexico	-.027 [*]	-.496	.620	-.023	.680
9i: Resolutions—Nicaragua or El Salvador	-.048 [*]	-.641	.522	-.030	.348
9j: Resolutions—Northern Ireland	.007 [*]	.102	.919	.005	.481
9m: Resolutions—US Troops in Somalia	-.094 [*]	-1.148	.252	-.053	.295 ^f

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Independent Variables in the Model: (Constant), 9l: Resolutions—US Troops in Bosnia

c. Independent Variables in the Model: (Constant), 9l: Resolutions—US Troops in Bosnia, 9k: Resolutions—South Africa

d. Independent Variables in the Model: (Constant), 9l: Resolutions—US Troops in Bosnia, 9k: Resolutions—South Africa, 9e: Resolutions—Haiti

e. Independent Variables in the Model: (Constant), 9l: Resolutions—US Troops in Bosnia, 9k: Resolutions—South Africa, 9e: Resolutions—Haiti, 9c: Resolutions—Immigration (legal or illegal)

f. This variable is not added to the model because PIN = .050 limits reached.

Regression

Regression: index with Qn 4s & 8 (Backward)

Model Summary^{a,b,c}

Model	Variables		R	R Square	Adjusted R Square	Std. Error of the Estimate
	Entered	Removed				
1	8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4i: Foreign Office/Rep Abroad, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4o: Work w/Civic Groups (improve Global), 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4l: Increasing Int. Education in Schools, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp Global)		446	199	166	9134348

Model Summary^{a,b,c}

Model	Variables		R	R Square	Adjusted R Square	Std. Error of the Estimate
	Entered	Removed				
2		4o: Work w/Civic Groups (improve Global)	.446	.199	.167	9124289
3		4i: Increasing Int. Education in Schools	.446	.199	.169	9115013
4		4i: Foreign Office/Rep Abroad	.446	.199	.171	9107176
5		4r: Work w/Fed Officials (improve Global)	.445	.198	.172	9100889
6		4n: Work w/Business Partners (imp. Global)	.444	.197	.173	9095888
7		4d: Advertising City Abroad	.443	.196	.173	9093194
8		4c: Attracting Foreign Immigrants	.441	.195	.174	9090831
9		4a: Attracting Foreign Investment	.439	.193	.174	9089259
10		4g: Protocol Person for Foreign Visitors	.437	.191	.174	9089318
11		4j: Cultural Exchanges with Foreign Cities/Countries	.434	.189	.173	9095120
12		4p: Work w/Neighbors (improv Global)	.429	.184	.170	9108796
13		4p: Work w/Neighbors (improv Global) ^d	.429	.184	.170	9108796

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Method: Enter

c. Method: Backward (criterion: Probability of F-to-remove >= .100).

d. Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4i: Foreign Office/Rep Abroad, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4o: Work w/Civic Groups (improve Global), 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4l: Increasing Int. Education in Schools, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)

e. All requested variables entered.

Model Summary^{a,b,c}

- ^f Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4i: Foreign Office/Rep Abroad, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4l: Increasing Int. Education in Schools, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)
- ^g Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4i: Foreign Office/Rep Abroad, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)
- ^h Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)
- ⁱ Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)
- ^j Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- ^k Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- ^l Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- ^m Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4g: Protocol Person for Foreign Visitors, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- ⁿ Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- ^o Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- ^p Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	93.868	19	4.940	5.921	.000 ^b
	Residual	377.132	452	.834		
	Total	471.000	471			
2	Regression	93.866	18	5.215	6.264	.000 ^c
	Residual	377.134	453	.833		
	Total	471.000	471			
3	Regression	93.801	17	5.518	6.641	.000 ^d
	Residual	377.199	454	.831		
	Total	471.000	471			
4	Regression	93.620	16	5.851	7.055	.000 ^e
	Residual	377.380	455	.829		
	Total	471.000	471			
5	Regression	93.313	15	6.221	7.511	.000 ^f
	Residual	377.687	456	.828		
	Total	471.000	471			
6	Regression	92.900	14	6.636	8.020	.000 ^g
	Residual	378.100	457	.827		
	Total	471.000	471			
7	Regression	92.297	13	7.100	8.586	.000 ^h
	Residual	378.703	458	.827		
	Total	471.000	471			
8	Regression	91.668	12	7.639	9.243	.000 ⁱ
	Residual	379.332	459	.826		
	Total	471.000	471			
9	Regression	90.973	11	8.270	10.011	.000 ^j
	Residual	380.027	460	.826		
	Total	471.000	471			
10	Regression	90.142	10	9.014	10.911	.000 ^k
	Residual	380.858	461	.826		
	Total	471.000	471			
11	Regression	88.828	9	9.870	11.931	.000 ^l
	Residual	382.172	462	.827		
	Total	471.000	471			
12	Regression	86.848	8	10.856	13.084	.000 ^m
	Residual	384.152	463	.830		
	Total	471.000	471			
13	Regression	86.848	8	10.856	13.084	.000 ^m
	Residual	384.152	463	.830		
	Total	471.000	471			

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4i: Foreign Office/Rep Abroad, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4o: Work w/Civic Groups (improve Global), 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4l: Increasing Int. Education in Schools, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)

ANOVA^a

- c Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4i: Foreign Office/Rep Abroad, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tounsts, 4k: Exchanging Govt Ideas with Foreign Cities, 4l: Increasing Int. Education in Schools, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)
- d Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4i: Foreign Office/Rep Abroad, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tounsts, 4k: Exchanging Govt Ideas with Foreign Cities, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)
- e Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tounsts, 4k: Exchanging Govt Ideas with Foreign Cities, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)
- f Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tounsts, 4k: Exchanging Govt Ideas with Foreign Cities, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)
- g Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tounsts, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- h Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tounsts, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- i Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tounsts, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- j Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4g: Protocol Person for Foreign Visitors, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tounsts, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- k Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tounsts, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- l Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tounsts, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- m Independent Variables: (Constant), 8: Urgings of Stands in Foreign Issues, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tounsts, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.167	.256		-.652	.515
	4a: Attracting Foreign Investment	3.513E-02	.048	.046	.735	.463
	4b: Promoting Exports of Local Products	-.101	.045	-.130	-2.218	.027
	4c: Attracting Foreign Immigrants	-4.646E-02	.051	-.046	-.904	.366
	4d: Advertising City Abroad	3.968E-02	.052	.050	.763	.446
	4e: Attracting Foreign Tourists	5.783E-02	.051	.075	1.139	.255
	4f: Sister-City Relations	.107	.042	.168	2.521	.012
	4g: Protocol Person for Foreign Visitors	4.607E-02	.045	.059	1.026	.306
	4h: Conducting Trade Missions (abroad)	6.730E-02	.050	.086	1.335	.183
	4i: Foreign Office/Rep Abroad	2.573E-02	.060	.024	.429	.668
	4j: Cultural Exchanges with Foreign Cities/Countries	-7.354E-02	.052	-.105	-1.405	.161
	4k: Exchanging Govt Ideas with Foreign Cities	.132	.051	.182	2.568	.011
	4l: Increasing Int. Education in Schools	-1.609E-02	.058	-.021	-.279	.780
	4m: Enhancing Foreign Language Education	.123	.056	.158	2.199	.028
	4n: Work w/Business Partners (imp. Global)	4.210E-02	.061	.054	.691	.490
	4o: Work w/Civic Groups (improve Global)	-3.230E-03	.060	-.004	-.053	.957
	4p: Work w/Neighbors (improv Global)	6.646E-02	.050	.082	1.320	.187
	4q: Work w/State Officials (imp. Global)	-.208	.062	-.263	-3.349	.001
	4r: Work w/Fed Officials (improve Global)	-3.427E-02	.053	-.043	-.649	.517
	8: Urgings of Stands in Foreign Issues	-.114	.051	-.103	-2.220	.027

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	-168	.255		-658	.511
	4a: Attracting Foreign Investment	3.500E-02	.048	.046	.734	.463
	4b: Promoting Exports of Local Products	-.101	.045	-.130	-2.226	.027
	4c: Attracting Foreign Immigrants	-4.680E-02	.051	-.047	-.919	.358
	4d: Advertising City Abroad	3.954E-02	.052	.050	.763	.446
	4e: Attracting Foreign Tourists	5.780E-02	.051	.075	1.139	.255
	4f: Sister-City Relations	.107	.042	.168	2.524	.012
	4g: Protocol Person for Foreign Visitors	4.610E-02	.045	.059	1.027	.305
	4h: Conducting Trade Missions (abroad)	6.721E-02	.050	.086	1.335	.183
	4i: Foreign Office/Rep Abroad	2.606E-02	.060	.025	.438	.662
	4j: Cultural Exchanges with Foreign Cities/Countries	-7.344E-02	.052	-.105	-1.405	.161
	4k: Exchanging Govt Ideas with Foreign Cities	.131	.051	.182	2.581	.010
	4l: Increasing Int. Education in Schools	-1.603E-02	.058	-.021	-.278	.781
	4m: Enhancing Foreign Language Education	.122	.056	.157	2.201	.028
	4n: Work w/Business Partners (imp. Global)	4.058E-02	.054	.052	.753	.452
	4p: Work w/Neighbors (improv Global)	6.612E-02	.050	.082	1.326	.186
	4q: Work w/State Officials (imp. Global)	-.208	.061	-.263	-3.409	.001
	4r: Work w/Fed Officials (improve Global)	-3.443E-02	.053	-.044	-.654	.514
	8: Urgings of Stands in Foreign Issues	-.114	.051	-.102	-2.225	.027

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
3	(Constant)	- 165	255		- 647	518
	4a: Attracting Foreign Investment	3 517E-02	048	046	739	460
	4b: Promoting Exports of Local Products	- 101	045	- 130	-2.232	026
	4c: Attracting Foreign Immigrants	-4.755E-02	051	- 048	- 936	350
	4d: Advertising City Abroad	3 975E-02	052	050	767	443
	4e: Attracting Foreign Tourists	5.713E-02	051	074	1.128	260
	4f: Sister-City Relations	.106	042	.167	2.519	.012
	4g: Protocol Person for Foreign Visitors	4.526E-02	045	058	1.012	.312
	4h: Conducting Trade Missions (abroad)	6.625E-02	050	085	1.320	187
	4i: Foreign Office/Rep Abroad	2.763E-02	059	.026	467	641
	4j: Cultural Exchanges with Foreign Cities/Countries	-7 511E-02	.052	- 107	-1.448	148
	4k: Exchanging Govt Ideas with Foreign Cities	130	051	180	2.569	011
	4m: Enhancing Foreign Language Education	111	.039	143	2.874	004
	4n: Work w/Business Partners (imp. Global)	4 132E-02	054	053	769	442
	4p: Work w/Neighbors (improv Global)	6.642E-02	050	.082	1 333	183
	4q: Work w/State Officials (imp. Global)	- 209	061	-.265	-3.433	001
	4r: Work w/Fed Officials (improve Global)	-3.451E-02	.053	-.044	- 656	512
	8: Urgings of Stands in Foreign Issues	- .115	051	- 103	-2.247	025

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
4	(Constant)	-.161	.255		-.634	.526
	4a: Attracting Foreign Investment	3.632E-02	.048	.047	.764	.445
	4b: Promoting Exports of Local Products	-.102	.045	-.132	-2.271	.024
	4c: Attracting Foreign Immigrants	-4.537E-02	.051	-.045	-.898	.370
	4d: Advertising City Abroad	3.982E-02	.052	.050	.769	.442
	4e: Attracting Foreign Tourists	5.751E-02	.051	.075	1.137	.256
	4f: Sister-City Relations	.103	.042	.162	2.478	.014
	4g: Protocol Person for Foreign Visitors	4.967E-02	.044	.063	1.137	.256
	4h: Conducting Trade Missions (abroad)	7.481E-02	.047	.096	1.603	.110
	4j: Cultural Exchanges with Foreign Cities/Countries	-7.403E-02	.052	-.106	-1.430	.153
	4k: Exchanging Govt Ideas with Foreign Cities	.132	.050	.182	2.615	.009
	4m: Enhancing Foreign Language Education	.112	.039	.144	2.900	.004
	4n: Work w/Business Partners (imp. Global)	4.215E-02	.054	.054	.785	.433
	4p: Work w/Neighbors (improv Global)	6.857E-02	.050	.085	1.384	.167
	4q: Work w/State Officials (imp Global)	-.213	.060	-.270	-3.534	.000
	4r: Work w/Fed Officials (improve Global)	-3.181E-02	.052	-.040	-.609	.543
	8: Urgings of Stands in Foreign Issues	-.113	.051	-.102	-2.225	.027

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
5	(Constant)	- .169	.254		-.666	.506
	4a: Attracting Foreign Investment	3.701E-02	.047	.048	.780	.436
	4b: Promoting Exports of Local Products	-.103	.045	-.132	-2.287	.023
	4c: Attracting Foreign Immigrants	-4.538E-02	.050	-.045	-.899	.369
	4d: Advertising City Abroad	4.182E-02	.052	.053	.810	.418
	4e: Attracting Foreign Tourists	5.355E-02	.050	.070	1.068	.286
	4f: Sister-City Relations	.101	.041	.159	2.436	.015
	4g: Protocol Person for Foreign Visitors	4.877E-02	.044	.062	1.118	.264
	4h: Conducting Trade Missions (abroad)	7.351E-02	.047	.094	1.578	.115
	4j: Cultural Exchanges with Foreign Cities/Countries	-7.067E-02	.051	-.101	-1.374	.170
	4k: Exchanging Govt Ideas with Foreign Cities	.130	.050	.180	2.592	.010
	4m: Enhancing Foreign Language Education	.111	.039	.143	2.881	.004
	4n: Work w/Business Partners (imp. Global)	3.744E-02	.053	.048	.706	.481
	4p: Work w/Neighbors (improv Global)	6.428E-02	.049	.080	1.311	.190
	4q: Work w/State Officials (imp. Global)	-.227	.056	-.287	-4.075	.000
	8: Urgings of Stands in Foreign Issues	-.111	.051	-.099	-2.182	.030

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
6	(Constant)	- .165	.254		-.650	.516
	4a: Attracting Foreign Investment	4.208E-02	.047	.055	.897	.370
	4b: Promoting Exports of Local Products	-9.720E-02	.044	-.125	-2.198	.028
	4c: Attracting Foreign Immigrants	-4.881E-02	.050	-.049	-.972	.332
	4d: Advertising City Abroad	4.396E-02	.051	.055	.854	.394
	4e: Attracting Foreign Tourists	5.499E-02	.050	.072	1.099	.273
	4f: Sister-City Relations	.101	.041	.159	2.443	.015
	4g: Protocol Person for Foreign Visitors	4.950E-02	.044	.063	1.136	.257
	4h: Conducting Trade Missions (abroad)	7.443E-02	.047	.096	1.599	.110
	4j: Cultural Exchanges with Foreign Cities/Countries	-6.930E-02	.051	-.099	-1.349	.178
	4k: Exchanging Govt Ideas with Foreign Cities	.133	.050	.184	2.644	.008
	4m: Enhancing Foreign Language Education	.112	.039	.144	2.902	.004
	4p: Work w/Neighbors (improv Global)	6.993E-02	.048	.087	1.447	.149
	4q: Work w/State Officials (imp. Global)	-.212	.052	-.269	-4.109	.000
	8: Urgings of Stands in Foreign Issues	-.111	.051	-.100	-2.198	.028

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
7	(Constant)	-.174	.254		-.687	.492
	4a: Attracting Foreign Investment	4.901E-02	.046	.064	1.062	.289
	4b: Promoting Exports of Local Products	-.9845E-02	.044	-.127	-2.229	.026
	4c: Attracting Foreign Immigrants	-.4348E-02	.050	-.043	-.873	.383
	4e: Attracting Foreign Tourists	7.585E-02	.044	.099	1.737	.083
	4f: Sister-City Relations	.104	.041	.165	2.538	.011
	4g: Protocol Person for Foreign Visitors	4.490E-02	.043	.057	1.039	.300
	4h: Conducting Trade Missions (abroad)	8.341E-02	.045	.107	1.840	.066
	4j: Cultural Exchanges with Foreign Cities/Countries	-.7130E-02	.051	-.102	-1.390	.165
	4k: Exchanging Govt Ideas with Foreign Cities	.135	.050	.187	2.706	.007
	4m: Enhancing Foreign Language Education	.108	.038	.138	2.813	.005
	4p: Work w/Neighbors (improv Global)	7.241E-02	.048	.090	1.501	.134
	4q: Work w/State Officials (imp. Global)	-.210	.052	-.266	-4.076	.000
	8: Urgings of States in Foreign Issues	-.108	.050	-.097	-2.146	.032

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
8	(Constant)	- .193	.253		-.766	.444
	4a: Attracting Foreign Investment	4.160E-02	.045	.054	.917	.360
	4b: Promoting Exports of Local Products	-9.928E-02	.044	-.128	-2.248	.025
	4e: Attracting Foreign Tourists	6.525E-02	.042	.085	1.556	.120
	4f: Sister-City Relations	.104	.041	.164	2.531	.012
	4g: Protocol Person for Foreign Visitors	4.205E-02	.043	.054	.976	.330
	4h: Conducting Trade Missions (abroad)	8.439E-02	.045	.108	1.863	.063
	4j: Cultural Exchanges with Foreign Cities/Countries	-6.934E-02	.051	-.099	-1.353	.177
	4k: Exchanging Govt Ideas with Foreign Cities	.138	.050	.191	2.756	.006
	4m: Enhancing Foreign Language Education	.101	.038	.130	2.697	.007
	4p: Work w/Neighbors (improv Global)	7.140E-02	.048	.089	1.481	.139
	4q: Work w/State Officials (imp Global)	-.210	.052	-.265	-4.065	.000
	8: Urgings of Stands in Foreign Issues	-.109	.050	-.098	-2.154	.032
9	(Constant)	-.174	.252		-.690	.491
	4b: Promoting Exports of Local Products	-8.240E-02	.040	-.106	-2.053	.041
	4e: Attracting Foreign Tourists	6.717E-02	.042	.087	1.604	.109
	4f: Sister-City Relations	.102	.041	.160	2.479	.014
	4g: Protocol Person for Foreign Visitors	4.321E-02	.043	.055	1.003	.316
	4h: Conducting Trade Missions (abroad)	9.433E-02	.044	.121	2.145	.032
	4j: Cultural Exchanges with Foreign Cities/Countries	-6.767E-02	.051	-.097	-1.322	.187
	4k: Exchanging Govt Ideas with Foreign Cities	.140	.050	.194	2.808	.005
	4m: Enhancing Foreign Language Education	9.998E-02	.037	.129	2.668	.008
	4p: Work w/Neighbors (improv Global)	7.242E-02	.048	.090	1.503	.134
	4q: Work w/State Officials (imp Global)	-.203	.051	-.258	-3.979	.000
	8: Urgings of Stands in Foreign Issues	-.109	.050	-.099	-2.170	.030

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
10	(Constant)	- 171	252		- 680	497
	4b. Promoting Exports of Local Products	-8 194E-02	040	- 106	-2 042	042
	4e. Attracting Foreign Tourists	7 284E-02	041	095	1 755	080
	4f. Sister-City Relations	107	041	169	2 641	009
	4h. Conducting Trade Missions (abroad)	104	043	133	2 412	016
	4j. Cultural Exchanges with Foreign Cities/Countries	-6 444E-02	051	- 092	-1 261	208
	4k. Exchanging Govt Ideas with Foreign Cities	144	050	200	2 906	004
	4m. Enhancing Foreign Language Education	100	037	129	2 676	008
	4p. Work w/Neighbors (improv Global)	7 309E-02	048	091	1 517	130
	4q. Work w/State Officials (imp. Global)	- 198	051	- 251	-3 900	000
	8. Urgings of Stands in Foreign Issues	- 112	050	- 100	-2 213	027
11	(Constant)	- 185	251		- 737	461
	4b. Promoting Exports of Local Products	-8 417E-02	040	- 108	-2 098	036
	4e. Attracting Foreign Tourists	7 384E-02	042	096	1 779	076
	4f. Sister-City Relations	8 659E-02	037	136	2 328	020
	4h. Conducting Trade Missions (abroad)	9 466E-02	042	122	2 232	026
	4k. Exchanging Govt Ideas with Foreign Cities	115	044	159	2 620	009
	4m. Enhancing Foreign Language Education	9 085E-02	037	117	2 473	014
	4p. Work w/Neighbors (improv Global)	7 457E-02	048	092	1 547	123
	4q. Work w/State Officials (imp. Global)	- 191	051	- 242	-3 781	000
	8. Urgings of Stands in Foreign Issues	- 110	050	- 099	-2 189	029

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
12	(Constant)	- 142	250		- 568	570
	4b. Promoting Exports of Local Products	-8 387E-02	040	- 108	-2 088	037
	4e. Attracting Foreign Tourists	7 988E-02	041	104	1 930	054
	4f. Sister-City Relations	8 244E-02	037	130	2 219	027
	4h. Conducting Trade Missions (abroad)	9 328E-02	042	120	2 197	029
	4k. Exchanging Govt Ideas with Foreign Cities	124	043	171	2 844	005
	4m. Enhancing Foreign Language Education	9 248E-02	037	119	2 514	012
	4q. Work w/State Officials (imp. Global)	- 146	042	- 185	-3 527	000
	8. Urgings of Stands in Foreign Issues	- 117	050	- 105	-2 316	021
13	(Constant)	- 142	250		- 568	570
	4b. Promoting Exports of Local Products	-8 387E-02	040	- 108	-2 088	037
	4e. Attracting Foreign Tourists	7 988E-02	041	104	1 930	054
	4f. Sister-City Relations	8 244E-02	037	130	2 219	027
	4h. Conducting Trade Missions (abroad)	9 328E-02	042	120	2 197	029
	4k. Exchanging Govt Ideas with Foreign Cities	124	043	171	2 844	005
	4m. Enhancing Foreign Language Education	9 248E-02	037	119	2 514	012
	4q. Work w/State Officials (imp. Global)	- 146	042	- 185	-3 527	000
	8. Urgings of Stands in Foreign Issues	- 117	050	- 105	-2 316	021

a. Dependent Variable: REGR factor score_1 for analysis_1

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
2	4o: Work w/Civic Groups (improve Global)	- .004 ^b	- .053	.957	- .003	.314
3	4o: Work w/Civic Groups (improve Global)	- .004 ^c	- .048	.962	- .002	.314
	4i: Increasing Int. Education in Schools	- .021 ^c	- .278	.781	- .013	.307
4	4o: Work w/Civic Groups (improve Global)	- .007 ^d	- .096	.924	- .004	.318
	4i: Increasing Int. Education in Schools	- .024 ^d	- .321	.748	- .015	.310
	4r: Foreign Office/Rep Abroad	.026 ^d	.467	.641	.022	.568
5	4o: Work w/Civic Groups (improve Global)	- .009 ^e	- .123	.903	- .006	.318
	4i: Increasing Int. Education in Schools	- .024 ^e	- .319	.750	- .015	.310
	4r: Foreign Office/Rep Abroad	.022 ^e	.397	.691	.019	.575
	4r: Work w/Fed Officials (improve Global)	- .040 ^e	- .609	.543	- .029	.401
6	4o: Work w/Civic Groups (improve Global)	.015 ^f	.224	.823	.010	.409
	4i: Increasing Int. Education in Schools	- .027 ^f	- .356	.722	- .017	.311
	4r: Foreign Office/Rep Abroad	.024 ^f	.432	.666	.020	.576
	4r: Work w/Fed Officials (improve Global)	- .033 ^f	- .501	.617	- .023	.410
	4n: Work w/Business Partners (imp. Global)	.048 ^f	.706	.481	.033	.379
7	4o: Work w/Civic Groups (improve Global)	.018 ^g	.282	.778	.013	.411
	4i: Increasing Int. Education in Schools	- .028 ^g	- .371	.711	- .017	.311
	4r: Foreign Office/Rep Abroad	.024 ^g	.431	.667	.020	.576
	4r: Work w/Fed Officials (improve Global)	- .036 ^g	- .547	.585	- .026	.411
	4n: Work w/Business Partners (imp. Global)	.051 ^g	.755	.451	.035	.380
	4d: Advertising City Abroad	.055 ^g	.854	.394	.040	.420

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
8	4o: Work w/Civic Groups (improve Global)	.015 ^h	224	.823	.010	.413
	4i: Increasing Int. Education in Schools	-.031 ^h	-412	.680	-.019	.311
	4i: Foreign Office/Rep Abroad	.019 ^h	353	.724	.016	.581
	4r: Work w/Fed Officials (improve Global)	-.035 ^h	-529	.597	-.025	.411
	4n: Work w/Business Partners (imp. Global)	.056 ^h	830	.407	.039	.383
	4d: Advertising City Abroad	.047 ^h	739	.460	.034	.427
	4c: Attracting Foreign Immigrants	-.043 ^h	-873	.383	-.041	.708
9	4o: Work w/Civic Groups (improve Global)	.022 ⁱ	348	.728	.016	.420
	4i: Increasing Int. Education in Schools	-.032 ⁱ	-432	.666	-.020	.312
	4i: Foreign Office/Rep Abroad	.023 ⁱ	420	.675	.020	.584
	4r: Work w/Fed Officials (improve Global)	-.036 ⁱ	-544	.587	-.025	.411
	4n: Work w/Business Partners (imp. Global)	.064 ⁱ	958	.339	.045	.392
	4d: Advertising City Abroad	.057 ⁱ	905	.366	.042	.444
	4c: Attracting Foreign Immigrants	-.034 ⁱ	-689	.491	-.032	.732
	4a: Attracting Foreign Investment	.054 ⁱ	917	.360	.043	.501
10	4o: Work w/Civic Groups (improve Global)	.021 ^j	332	.740	.015	.421
	4i: Increasing Int. Education in Schools	-.028 ^j	-379	.705	-.018	.312
	4i: Foreign Office/Rep Abroad	.034 ^j	633	.527	.030	.614
	4r: Work w/Fed Officials (improve Global)	-.033 ^j	-501	.617	-.023	.412
	4n: Work w/Business Partners (imp. Global)	.065 ^j	972	.332	.045	.392
	4d: Advertising City Abroad	.050 ^j	794	.428	.037	.449
	4c: Attracting Foreign Immigrants	-.030 ^j	-607	.544	-.028	.737
	4a: Attracting Foreign Investment	.056 ^j	946	.345	.044	.501
	4g: Protocol Person for Foreign Visitors	.055 ^j	1.003	.316	.047	.582

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
11	4o: Work w/Civic Groups (improve Global)	.023 ^k	.362	.718	.017	.421
	4i: Increasing Int. Education in Schools	-.038 ^k	-.516	.606	-.024	.316
	4i: Foreign Office/Rep Abroad	.031 ^k	.573	.567	.027	.616
	4r: Work w/Fed Officials (improve Global)	-.025 ^k	-.379	.705	-.018	.416
	4n: Work w/Business Partners (imp. Global)	.061 ^k	.914	.361	.043	.393
	4d: Advertising City Abroad	.053 ^k	.854	.393	.040	.450
	4c: Attracting Foreign Immigrants	-.028 ^k	-.567	.571	-.026	.738
	4a: Attracting Foreign Investment	.053 ^k	.897	.370	.042	.502
	4g: Protocol Person for Foreign Visitors	.050 ^k	.921	.358	.043	.584
	4j: Cultural Exchanges with Foreign Cities/Countries	-.092 ^k	-1.261	.208	-.059	.329
12	4o: Work w/Civic Groups (improve Global)	.042 ^l	.654	.513	.030	.437
	4i: Increasing Int. Education in Schools	-.043 ^l	-.581	.561	-.027	.317
	4i: Foreign Office/Rep Abroad	.040 ^l	.753	.452	.035	.625
	4r: Work w/Fed Officials (improve Global)	-.008 ^l	-.120	.904	-.006	.427
	4n: Work w/Business Partners (imp. Global)	.076 ^l	1.155	.249	.054	.404
	4d: Advertising City Abroad	.059 ^l	.952	.342	.044	.452
	4c: Attracting Foreign Immigrants	-.025 ^l	-.520	.603	-.024	.738
	4a: Attracting Foreign Investment	.055 ^l	.931	.352	.043	.502
	4g: Protocol Person for Foreign Visitors	.052 ^l	.939	.348	.044	.584
	4j: Cultural Exchanges with Foreign Cities/Countries	-.095 ^l	-1.297	.195	-.060	.329
	4p: Work w/Neighbors (improv Global)	.092 ^l	1.547	.123	.072	.492

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
13	4o: Work w/Civic Groups (improve Global)	.042 ¹	654	.513	.030	.437
	4i: Increasing Int. Education in Schools	-.043 ¹	-581	.561	-.027	.317
	4i: Foreign Office/Rep Abroad	.040 ¹	753	.452	.035	.625
	4r: Work w/Fed Officials (improve Global)	-.008 ¹	-120	.904	-.006	.427
	4n: Work w/Business Partners (imp. Global)	.076 ¹	1.155	.249	.054	.404
	4d: Advertising City Abroad	.059 ¹	952	.342	.044	.452
	4c: Attracting Foreign Immigrants	-.025 ¹	-520	.603	-.024	.738
	4a: Attracting Foreign Investment	.055 ¹	931	.352	.043	.502
	4g: Protocol Person for Foreign Visitors	.052 ¹	939	.348	.044	.584
	4j: Cultural Exchanges with Foreign Cities/Countries	-.095 ¹	-1.297	.195	-.060	.329
	4p: Work w/Neighbors (improv Global)	.092 ¹	1.547	.123	.072	.492

a. Dependent Variable: REGR factor score 1 for analysis 1

b. Independent Variables in the Model: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4i: Foreign Office/Rep Abroad, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4l: Increasing Int. Education in Schools, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)

c. Independent Variables in the Model: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4i: Foreign Office/Rep Abroad, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)

d. Independent Variables in the Model: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4r: Work w/Fed Officials (improve Global), 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)

e. Independent Variables in the Model: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4n: Work w/Business Partners (imp. Global), 4q: Work w/State Officials (imp. Global)

Excluded Variables^a

- f. Independent Variables in the Model: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4d: Advertising City Abroad, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- g. Independent Variables in the Model: (Constant), 8: Urgings of Stands in Foreign Issues, 4c: Attracting Foreign Immigrants, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- h. Independent Variables in the Model: (Constant), 8: Urgings of Stands in Foreign Issues, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4g: Protocol Person for Foreign Visitors, 4a: Attracting Foreign Investment, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- i. Independent Variables in the Model: (Constant), 8: Urgings of Stands in Foreign Issues, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4g: Protocol Person for Foreign Visitors, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- j. Independent Variables in the Model: (Constant), 8: Urgings of Stands in Foreign Issues, 4j: Cultural Exchanges with Foreign Cities/Countries, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- k. Independent Variables in the Model: (Constant), 8: Urgings of Stands in Foreign Issues, 4p: Work w/Neighbors (improv Global), 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)
- l. Independent Variables in the Model: (Constant), 8: Urgings of Stands in Foreign Issues, 4b: Promoting Exports of Local Products, 4m: Enhancing Foreign Language Education, 4h: Conducting Trade Missions (abroad), 4f: Sister-City Relations, 4e: Attracting Foreign Tourists, 4k: Exchanging Govt Ideas with Foreign Cities, 4q: Work w/State Officials (imp. Global)

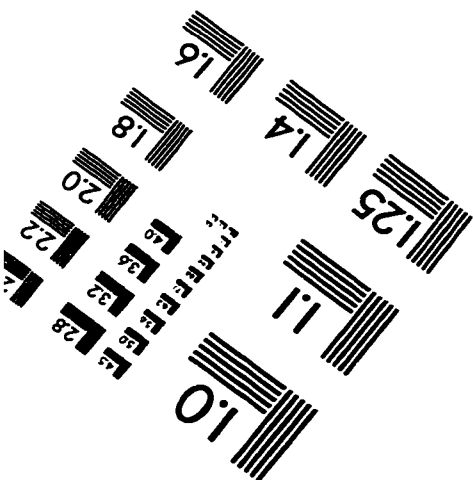
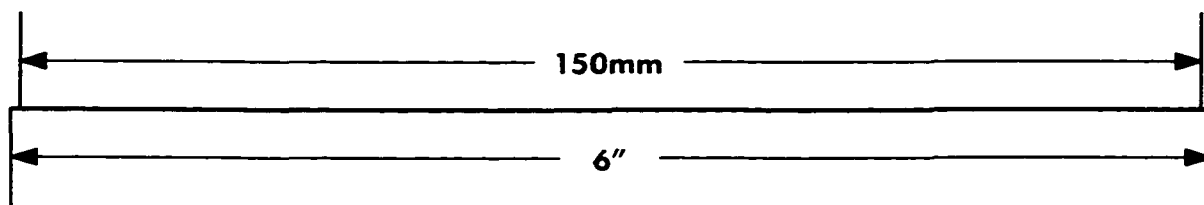
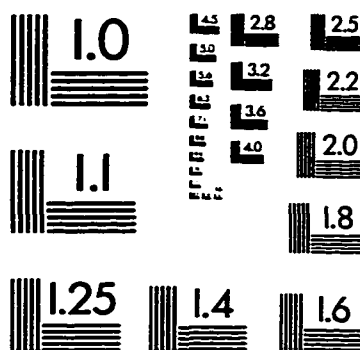
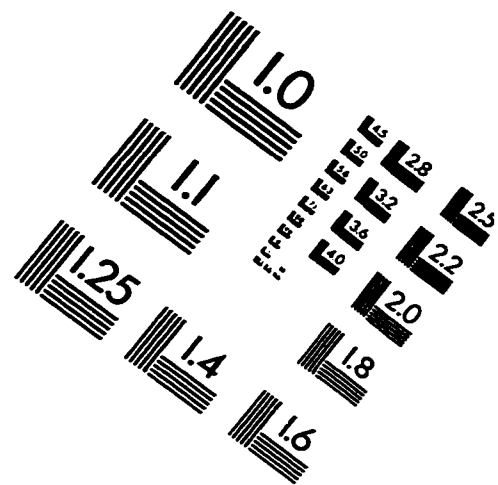
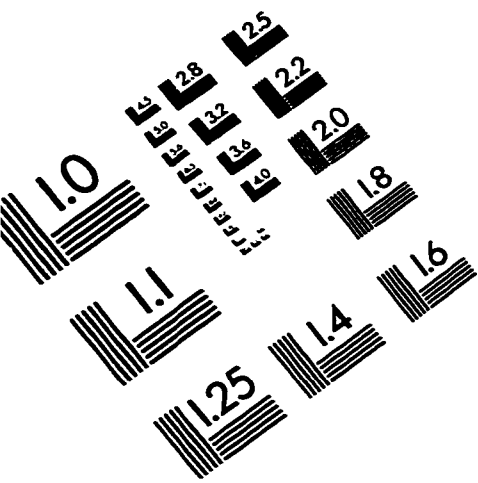
VITA

John Jack William Hilgers was the Associate Director of the International Maritime, Ports and Logistics Management Institute at Old Dominion University from 1993 to 1998 and is now a member of the Board of Visitors of the University. He is a retired colonel in the United States Marine Corps and has forty years experience in over two dozen countries in the international, maritime, and transportation fields.

Jack is or has been on the board of directors of six economic development, trade, and transportation related organizations and a member of nineteen others. Among those, he is a member of: the Executive Committee and Board of Directors of the Atlantic Rim Network; the Executive Committee of the American Society of Public Administration Section on Transportation Policy and Administration; and he is the Senior Maritime Advisor and Chair of the International Maritime Committee for the Conference of World Regions. He has been a past president of the Hampton Roads Foreign Commerce Club and the Norfolk Sunrise Rotary Club.

Jack holds bachelors degrees from San Jose State University (1956) and the University of California, Berkeley (1963), and masters degrees in Systems Management from the University of Southern California (1983) and Urban Studies from Old Dominion University (1995). He completed the requirements for a Ph.D. in Urban Services at Old Dominion University (1998) with concentrations in management and research and a cognate in international relations from the Graduate Center for Urban Studies and Public Administration. He has written over twenty articles, papers, and technical reports, including a U.S. State Department "White Paper." Jack is married to the former Sharon Ann Whitney of Worcester, Massachusetts.

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