

July 18, 1994

A FREE TRADE PARTNERSHIP: WHY THE GOVERNORS WANT THE GATT AND MORE

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Legislation to implement the Uruguay Round of trade talks of the General Agreement on Tariffs and Trade (GATT) is being developed on Capitol Hill and a bill will soon be presented to Congress for an up-or-down vote. Despite its many trade-liberalizing provisions and strong backing by U.S. businesses, the agreement has encountered heavy resistance on Capitol Hill, with opponents citing arguments ranging from its alleged undermining of U.S. sovereignty to unhappiness over its market-opening effects on heavily protected sectors of the economy such as textiles and agriculture. What was once viewed as a relatively uncontroversial trade agreement now is facing considerable opposition, with many arguing for substantial revisions or outright rejection. As a result, its passage is far from certain.

As with last year's debate over the North American Free Trade Agreement (NAFTA), the often bitter divisions in Congress over the GATT agreement stand in sharp contrast to the broad support for it beyond the Washington Beltway. Most prominently, the nation's governors have expressed their strong backing for passage of the agreement. In a recent survey conducted by The Governors' Forum at The Heritage Foundation, all of the 36 governors who have taken a position on the GATT agreement favor its passage and none are opposed. The remainder either are not responding or are taking no position. This support is bipartisan and represents every region of the country, including all of the major exporting states.

Governors More Attentive

The reasons for the governors' solid support of the GATT agreement parallel those for their support of the NAFTA: because the governors interact more broadly with their constituencies and work far more closely with businesses in their states than do Members of Congress, they are much less influenced by special interests lobbying for protection and thus are much more supportive of free trade. Further, far more than Members of Congress, their po-

Top Exporters Support the GATT	
	1993 Exports (billions)
California	68.1
New York	40.7
Texas	35.6
Washington	27.4
Michigan	25.3
Illinois	20.4
Ohio	17.5
Florida	14.7
New Jersey	14.5

Source: U.S. Commerce Department, International Trade Administration.

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litical fortunes are linked closely to economic conditions in their states especially regarding job growth. Thus, the governors have considerable incentive to identify and promote policies that produce results in these key areas. As a result, virtually all are strong advocates of free trade and the expanded economic opportunities it provides.

Support Not Unqualified

The governors' support for the GATT agreement is not unqualified; several have voiced concerns in a number of areas. Unlike the objections of many of the agreement's opponents in Congress, however, these reservations generally derive not from the agreement's removal of too much protection from favored sectors, but from its leaving too much in place, especially in foreign markets. For example, Governor Pete Wilson (R-California) has expressed disappointment that there was not greater progress in liberalizing trade in the entertainment and telecommunications industries, among others. Governor Thomas Carper (D-Delaware) believes that much more headway should have been made in opening foreign markets to the U.S. banking, insurance, and financial service industries. And Governor Terry Branstad (R-Iowa) believes that the European Community was treated far too leniently in being allowed to continue to heavily subsidize its agricultural production and exports.

Several governors also have expressed concern that the interests of their states will not be represented adequately in the deliberations of the World Trade Organization (WTO) that the GATT agreement will establish to monitor compliance with the agreement and to resolve trade disputes. Their concerns in this area stem less from the operations of the WTO itself than from doubts about the commitment of the U.S. government to representing and protecting state interests in the WTO's deliberations. For example, Governor Cecil Andrus (D-Idaho) fears that the WTO may prove to be a mechanism by which Washington expands its interference into state matters. Several governors worry that their taxing authority will be constrained further by Washington, ostensibly in compliance with WTO rulings. Governor Mario Cuomo (D-New York) has expressed concern that the states may not be able to protect their higher standards regarding health, food, and safety.

None of the concerns expressed by the governors, however, is sufficient to undermine their support for passage of the overall agreement; many of these issues can be addressed by Congress in its implementing legislation without necessitating modifications in the agreement itself. To this end, several of the governors have provided Congress with a set of clear recommendations to address these concerns.

Governors' Views on GATT

State	Governor	View
Alabama	Jim Folsom (D)	Und.
Alaska	Wally Hickel (I)	Yes
Arizona	Fife Symington (R)	Und.
Arkansas	Jim Guy Tucker (D)	Yes
California	Pete Wilson (R)	Yes
Colorado	Roy R. Romer (D)	Yes
Connecticut	Lowell P. Weicker, Jr. (I)	NP
Delaware	Thomas R. Carper (D)	Yes
Florida	Lawton Chiles (D)	Yes
Georgia	Zell Miller (D)	NP
Hawaii	John D. Waihee III (D)	Yes
Idaho	Cecil D. Andrus (D)	Yes
Illinois	Jim Edgar (R)	Yes
Indiana	Evan Bayh (D)	Yes
Iowa	Terry E. Branstad (R)	Yes
Kansas	Joan Finney (D)	Yes
Kentucky	Brereton C. Jones (D)	Und.
Louisiana	Edwin Edwards (D)	Yes
Maine	John R. McKernan, Jr. (R)	Und.
Maryland	William Donald Schaefer (D)	Yes
Massachusetts	William Weld (R)	Yes
Michigan	John Engler (R)	Yes
Minnesota	Arne Carlson (R)	Yes
Mississippi	Kirk Fordice (R)	Yes
Missouri	Mei Carmahan (D)	Yes
Montana	Marc Racicot (R)	Yes
Nebraska	Ben Nelson (D)	Und.
Nevada	Robert J. Miller (D)	Yes
New Hampshire	Stephen Merrill (R)	Und.
New Jersey	Christine Todd Whitman (R)	Yes
New Mexico	Bruce King (D)	NP
New York	Mario M. Cuomo (D)	Yes
North Carolina	James B. Hunt, Jr. (D)	Und.
North Dakota	Ed Schafer (R)	Yes
Ohio	George Voinovich (R)	Yes
Oklahoma	Dave Walters (D)	Und.
Oregon	Barbara Roberts (D)	Yes
Pennsylvania	Robert P. Casey (D)	NP
Rhode Island	Bruce Sundlun (D)	Yes
South Carolina	Carroll Campbell, Jr. (R)	Yes
South Dakota	Walter D. Miller (R)	Yes
Tennessee	Ned Ray McWherter (D)	Und.
Texas	Ann Richards (D)	Yes
Utah	Michael O. Leavitt (R)	Yes
Vermont	Howard Dean (D)	NR
Virginia	George Allen (R)	Yes
Washington	Mike Lowry (D)	Yes
West Virginia	W. Gaston Caperton III (D)	Yes
Wisconsin	Tommy G. Thompson (R)	Yes
Wyoming	Michael J. Sullivan (D)	Yes

Note: Based on a Heritage Foundation survey taken in July 1994. Approvals include governors who are in favor of GATT with certain additional modifications. "NR" indicates no response to the inquiry, while "Und." means that the governor has not yet decided his position. "NP" indicates that the governor will not have an official position on the GATT.

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Greater State Involvement

Given the increasing importance of international trade to their states, most governors have stated a desire for a greater and more permanent consultative role in both the negotiation and implementation of trade agreements. They believe that only through their own participation can the interests of their states be protected adequately. The National Governors' Association (NGA) has outlined a number of specific additions to the U.S. implementing legislation to protect state interests. As summarized by Governor Tommy Thompson (R-Wisconsin) in his June 10 testimony to Congress, The most important of these declares that:

State participation in the dispute settlement process must be greatly expanded. States must be involved and represented at each stage of the development of U.S. positions in dispute settlement cases involving state measures. States must also participate in any future committees and working groups that are formed within the Uruguay Round to discuss implementation of Uruguay Round principles.

A June 14 declaration by the Western Governors' Association (WGA) supporting the GATT agreement reiterated this call for the states' inclusion and, lest the WTO become a vehicle for further undermining federalism and the powers of the states, recommended that the U.S. implementing legislation "should not permit preemption of state laws without specific federal statutory authorization, and it should not permit private rights of action against states in any case." This point is underscored with the recommendation that the U.S. "should also add a general reservation to GATT that will protect the role of states in our federal system."

A Partnership With Washington

Far from reflecting resistance to the GATT agreement, the modest modifications suggested by the governors are aimed at preventing it from being used improperly to further erode their powers. Specifically, they seek to prevent Washington from acting in their name, as their experience in this area has been an unsatisfactory one. What they are seeking is a partnership with the federal government in the negotiation and implementation of trade agreements, one which seeks to advance the goal of free trade.

As with last year's NAFTA, the overwhelming support for the GATT agreement by the nation's governors has demonstrated once again that they remain among the staunchest advocates of free trade in the U.S. Any Administration engaged in future trade negotiations should welcome their active participation, not only to address more easily their concerns as they arise, but also to bring into play a powerful political community, one certain to remain far more supportive of free trade than is the Congress. For their part, by increasing their role in the decision-making in Washington on trade issues, the governors also can bolster their role as defenders of state prerogatives and thereby strengthen the federalism that underlies the American constitutional system. This combination of free trade and federalism is one that is good not only for the individual states, but for the Republic as a whole.

Chris Adams, Ken Mahieu, and Lori Otto contributed to the research for this study.