TARIFFS COULD TOPPLE STATES' TRADE

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Trade mania gripped states decades ago, partly because state officials prefer to fatten their coffers by increasing their state's economy rather than taxes.

Since the 1960s, governors have led trade missions abroad, and states have opened trade offices in many countries. They cooperate too, such as 16 foreign trade offices shared by the members of the Great Lakes St. Lawrence Governors and Premiers Association.

These efforts aim mainly to

promote exports from companies in their state

attract foreign investment to their state

attract foreign tourists to their state

President Trump's tariffs could scuttle states' efforts to promote exports and attract tourists. States will, therefore, have to ramp up efforts to attract foreign investment.

States have clout in the global economy. California has the world's fifth largest economy. Even Mississippi's per capita GDP is larger than those of France, Italy, Spain, and the U.K. But if tariffs induce recession, state and local economies will nosedive.

There are more than 230 foreign trade zones and 400 subzones in the United States. Congress authorized these zones in 1934 to offset the negative impacts of the 1930 Smoot-Hawley tariffs. Trump's tariff policies might neuter these zones.

State and local governments engage in many other international activities, such as sister-state and sister-city relations and humanitarian aid and security assistance. New York City stations police in about 11 foreign cities. Mayors of 14 big U.S. cities belong to the C40 Cities Climate Leadership Group, and 188 mayors belong to the Global Covenant of Mayors for Climate & Energy.

These activities could be damaged by today's U.S. trade and foreign policies. State and local governments should, therefore, beef up their foreign relations and provide positive counters to federal foreign policies on the world stage.

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