

Subnational Meets Supranational: The Influence of Local Government on US-EU Relations

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Abstract

Studies of relations between the United States (US) and European Union (EU) tend to take US foreign policy as a given, and proceed to examine those areas in which the US and EU have found common ground or are in disagreement. However, the inputs to these US foreign policy outcomes have received relatively little attention. This paper focuses on one foreign policy input in the US side of US-EU relations: the role of state and local governments in shaping US foreign policies in areas that are of concern to the EU. The objective is to answer three questions. Which aspects of US-EU relations have an important local government dimension? How do local governments try to influence US-EU relations? In which policy areas do key local governments share views that are more closely aligned with an EU position than with US foreign policy? The results will provide insight into two broad international relations themes. The first is the extent to which non-state actors (like subnational governments and international organizations) are eroding the sovereignty of nation-states. The second is to add the US-EU case to the growing body of literature on the influence of state and local governments in US foreign affairs.

INTRODUCTION

Studies of relations between the United States (US) and European Union (EU) tend to take US foreign policy as a given, and proceed to examine those areas in which the US and EU have found common ground or are in disagreement. However, the inputs to these US foreign policy outcomes have received relatively little attention. This paper focuses on one foreign policy input in the US side of US-EU relations: the role of local governments in shaping US foreign policies in areas that are of concern to the EU.¹ Subnational governments are an often-neglected non-state international actor. This paper will begin by briefly surveying the range of foreign policy activities of subnational governments in the US. We will then examine specific aspects of US-EU relations having an important local government dimension, with the aim of understanding how the interests of local governments affect US-EU relations. We will also try to identify those policy areas in which local governments share views that are more closely aligned with an EU position than with US foreign policy. The results will provide insight into two broad international relations themes. The first is the extent to which non-state actors (like subnational governments and international organizations) are eroding the sovereignty of nation-states. The second is to add the US-EU case to the growing body of literature on the influence of state and local governments in US foreign affairs.

¹ We will use “local government” and “subnational government” interchangeably to refer to the 50 US states and some 7,000 city and municipal governments.

LOCAL GOVERNMENT AND FOREIGN AFFAIRS

The politics of local government is increasingly internationalized.² As trade, technology, and information have become more international, local governments have found reasons to make policies with international implications. In the economic realm these include courting foreign firms in the hopes that they will set up operations within their state and municipal borders, thereby providing jobs for local residents and contributing to economic growth. At the same time, many states and cities have developed international trade expertise to help local businesses increase exports. Immigration also shapes the international dimension of local governments as economic and cultural ties are developed with migrants' former home countries.

From a normative perspective, the growth of international activity at the local level is subject to differing interpretations.³ For some it represents a highly desirable democratization of the foreign policy process, traditionally the domain of the executive branch of the national government. Further, such actions could be an opportunity to restructure the international order towards the pursuit of more ethical goals, such as democratization and respect for human rights. For others, localization is a dangerous derogation from national governments' power to conduct a coherent foreign policy, providing the opportunity for other local governments and non-state actors (not to mention other countries) to profit from internal divisions.

²Earl H. Fry. (1998) *The Expanding Role of State and Local Governments in U.S. Foreign Affairs* (New York: Council on Foreign Relations Press); Heidi Hobbs. (1994) *City Hall Goes Abroad: The Foreign Policy of Local Politics* (Thousand Oaks, CA: Sage); John M. Kline. (1983) *State Government Influence in U.S. International Economic Policy* (Lexington, MA: D.C. Heath and Company); Hocking, *Localizing Foreign Policy*.

³Brian Hocking. (1993) *Localizing Foreign Policy: Non-Central Governments and Multilayered Diplomacy* (New York: St. Martin's Press).

Subnational government involvement in foreign policy matters raises the federalism question: do states have the legal authority, as established in the US Constitution, to make such laws? The Constitution forbids local governments from assembling their own armies or navies, declaring war, entering into treaties, violating national treaty commitments, and levying duties on imports or exports.⁴ However, the current foreign policy activities of local governments do not fit neatly into these categories. Activities such as courting foreign investment, lobbying on behalf of local business, divesting, and meeting with foreign government officials are not barred by the Constitution. Nonetheless, such actions, as will be shown below, can have an impact on the shaping of national foreign policies.

LOCAL GOVERNMENT AND THE EU

Trade and Investment

While foreign policy is traditionally thought of as a realm of the federal government, local governments have long been active in foreign economic relations. Many officials of US states and cities regard their “global city-regions” as important actors in the global economy, and do everything they can to bring the benefits of globalization to their constituents.⁵ As such, most states and many cities engage in international trade missions to market their region and local business around the globe, and some maintain trade representations abroad. For example, this year the Alabama Development Office has organized trade missions to Central America, China and the Bahamas. What effects do

⁴Michael H. Shuman. (1986-87) “Dateline Main Street: Local Foreign Policies,” *Foreign Policy* 65 (Winter), pp. 154-74.

the foreign trade activities of subnational governments have on the foreign policy of the United States? There are several ways to think about this in the framework of broader world politics. Economic cooperation is an important aspect of a liberal international world view that regards trade and investment as enhancing the relationships between countries. When subnational governments develop economic interests abroad, these interests may “spill up” from the local government level to the federal government, thereby influencing US foreign policy. Thus, increasing cooperation on the local level may enhance the cooperation between the US federal government and the national governments in the EU member states in economic as well as political spheres.

To analyze the effect of state and local politics and economic interests on US-EU cooperation and policy development we begin by reviewing the trends in trade and investment data in 1997 and 2000.⁶

Table I. Top ten states by the share of the state's exports to the EU

State	Exports to the EU, Thousands USD		Exports to the EU as % of total state's exports		
	1997	2000	1997	2000	Change
North Dakota	110,701	188,086	17.77%	40.52%	22.75%
Washington	8,889,080	10,281,530	28.00%	35.69%	7.69%
Massachusetts	5,889,260	6,200,056	33.91%	35.69%	1.78%
Delaware	1,536,609	1,704,371	30.11%	34.19%	4.09%
New Hampshire	580,110	652,572	30.04%	31.38%	1.33%
Alabama	864,637	1,326,424	19.06%	30.97%	11.91%
DC	1,177,800	1,148,606	24.13%	30.65%	6.51%
Maryland	1,077,478	1,199,990	27.91%	30.61%	2.70%

⁵ Scott, Allen J. (2001) *Global City-Regions: Trends, Theory, Policy* (Oxford: Oxford University Press).

⁶ U.S. Government Export Portal <http://www.ita.doc.gov/td/industry/otea/state/>

Colorado	3,693,065	3,905,413	32.60%	30.44%	-2.16%
New Jersey	5,268,993	5,700,743	25.31%	30.29%	4.97%
US Total	140,803,150	164,825,302	20.48%	21.12%	0.64%

The data show that approximately one-third of these states' exports goes to EU member countries, with the states most dependent on economic relations with the EU clustered in the northeast and mid-Atlantic regions. The growth of total US exports to the EU increased only slightly (0.64%) between 1997 and 2000. We also assess the relative importance of exports to a state's total economy in terms of jobs generated. The approximation we use is jobs generated by exports to the EU and investment in the US states by EU firms.

Table II. Jobs supported by the exports to the EU and the EU investment

States	Jobs supported by the EU investment, percentage of total private employment	Jobs supported by exports to the EU, percentage of total private employment	Jobs supported by exports to the EU and the EU investment
	1999	2000	1999/2000
North Dakota	1.79%	0.60%	2.39%
Washington	1.96%	4.35%	6.30%
Massachusetts	4.15%	2.38%	6.53%
Delaware	5.59%	1.23%	6.82%
New Hampshire	4.01%	1.45%	5.46%
Alabama	2.71%	1.32%	4.03%
DC	2.64%	0.58%	3.22%
Maryland	3.67%	0.71%	4.38%
Colorado	2.54%	1.05%	3.60%
New Jersey	4.35%	1.59%	5.94%

The data show that the share of jobs supported by economic relations with the EU is 5.46 percent or higher for five of the same ten states. The largest share of jobs supported by EU investments and trade are in South Carolina (8.16 percent), Delaware (6.82 percent), North Carolina (6.77 percent), Connecticut (6.69 percent), and Massachusetts (6.53 percent).

Finally, Table III shows those states with the most exports to the EU and with the most jobs dependent upon EU trade and investment.

Table III. Top 10 States - Exports to the EU, \$ thousands, and jobs supported by exports to the EU and EU investment

	Exports to the EU, Thousands USD		Jobs supported by exports to the EU and EU investment
States	2000	States	1999/2000
California	28,492,183	California	509,200
New York	14,155,118	New York	335,400
Washington	11,904,665	Texas	324,500
New Jersey	8,716,310	Illinois	221,300
Illinois	7,893,600	North Carolina	217,800
Texas	7,233,496	Pennsylvania	210,300
Massachusetts	7,047,815	Michigan	206,600
Michigan	5,448,304	New Jersey	193,100
Pennsylvania	5,323,783	Massachusetts	182,200
Minnesota	4,836,443	Florida	181,400

What these statistics do not show is whether state and local officials are conscious of their economic interdependence with the EU. Does cooperation and interdependence in the economic field shape the political perceptions and processes in the states and, even

more importantly, are these perceptions and processes then transferred to the federal level through intergovernmental channels? It is not easy to answer these questions, and we offer some tentative propositions in the conclusion of this paper. However, we now look at several issue areas where state and local politics may leave an influence on foreign policy and examine the extent to which the foreign policies of the EU and the US converge over time. We may also analyze the extent to which state and local governments directly maintain cooperation with the EU, and the extent to which the EU addresses US state and local governments in its foreign (and in the case of capital punishment, domestic) policy. We now sketch some of the ways these issues have manifested themselves in recent years.

Subnational Barriers to Trade

While the economic relations between the US and the EU are extensive, conflicts and disagreements affect only a minor (but high-profile) part of these relations. Nevertheless, some of the contentious issues involve state and local governments in the US. From the perspective of the EU, state and local politics have occasionally been a barrier to EU goods. Each year, in its annual report on the US barriers to trade and investment, the European Commission devotes a section to the state level impediments to trade. The 2002 report, however, only mentions state level impediments of trade in wine and other spirits as direct barriers to exports from the EU.⁷ Still, further complications arise through indirect measures – significant differences in state and local regulations,

⁷ European Commission 2002 Report on US Barriers to Trade and Investment
http://europa.eu.int/comm/trade/mk_access/ustbr2002.pdf, p. 18

particularly regarding safety certifications and environmental requirements, as well as selective purchasing laws and “Buy America” regulations at the state and local level.⁸

One of the most controversial examples of state-level obstruction of trade was the Massachusetts “Burma Law.”⁹ Signed into law in 1996, this law virtually prohibited any company (US or foreign) with investments in Burma from bidding on state contracts. The law was intended to put pressure on the military junta in Burma (now known as Myanmar) to restore democracy by recognizing the results of a 1990 election. Many major companies, including Apple Computer, Eastman Kodak, and Philips Electronics complied with the law, calculating that they did more business with Massachusetts than with Burma. However, the EU, Japan, and other US trading partners filing a complaint with the World Trade Organization (WTO) charging the Massachusetts law violated international trade laws, specifically the Government Procurement Agreement. The EU agreed to put the case on hold in the WTO pending the outcome of legal challenges to the Burma Law within the US courts. The US Supreme Court ruled the Burma Law unconstitutional in June 1999. However, it did so on very narrow grounds, ruling that the Massachusetts law was preempted by a 1996 federal statute imposing sanctions on Burma. The EU specifically cited the Massachusetts law as an obstacle to transatlantic trade in earlier annual reports on US barriers to trade.

While the Supreme Court’s decision means that subnational governments cannot enact legislation imposing sanctions on companies doing business in Burma, it left the door open to the imposition of local government sanctions on other countries (although,

⁸ Ibid., p. 23, 34-35.

⁹ Guay, Terrence. (2000) “Local Government and Global Politics: The Implications of Massachusetts’ ‘Burma Law,’” *Political Science Quarterly*, 115 (3), Fall, pp. 353-76.

to date, none has done so). A more common approach used by local governments to show their displeasure with another country is divestment, whereby publicly-owned investment funds (often pension funds) are directed to sell any stock they may hold in unapproved businesses. This was very common in the 1980s when many states and cities adopted divestment laws aimed at companies (US and foreign) doing business in South Africa. The EU does not cite local government divestment laws as an obstacle to trade with and investment in the US, perhaps because divestment laws are not viewed as a major impediment to raising capital.

Needless to say, removal of non-tariff barriers in the EU is also on the agenda of US states. The EU has policies on genetically modified food and the use of biotechnology in agricultural production that are less-favorable than the approach taken in the US. Officials of several states (particularly those with a large agricultural sector) have raised these issues at the federal level, as well as during their visits to the EU member states. The fact that the latter mechanism is used by the states indicates that there may indeed be attempts by state and local government to solve contentious issues directly – instead of using federal channels. For example, in 2002 Nebraska’s Governor Mike Johanns led a trade mission to Brussels with a discussion on the safety of biotechnology with the European authorities a primary objective.¹⁰

EU Sanctions Targeted on US States

¹⁰ Tysver, Robynn. (2002) “Johanns Puts Forth Best Biotech Pitch European Restrictions Are Unfair to Nebraska Agriculture Producers,” *Omaha World-Herald*, 23 May, p. 9b.

Both sides of the Atlantic use sanctions, and the EU's imposition of sanctions against the US also has a dimension that involves state and local politics. Here the issue is not how and what activities are undertaken by state and local governments. State and local governments are 'targeted' by the EU with a potential aim of influencing the policy decision of the federal government. Thus, the EU countermeasures against a 2001 decision by the US federal government to impose steel tariffs or quotas were targeted to create economic pressure on state and local governments that are important to politicians on the federal level. Recently, EU sanctions have targeted states like Florida and Virginia which have important political implications for the Bush administration.

OPPORTUNITIES FOR COOPERATION

While the discussion to this point has focused on those areas of controversy between the EU and subnational governments in the US, there are several key policy areas with the potential for these political entities to work together. The opportunities discussed here are those instances when the EU and key US local governments appear to have more in common with each other, than either do with Washington.

President Bill Clinton signed the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act ('Helms-Burton') on 12 March 1996. The act was a response to the Cuban government's shooting down of two US Cessna aircraft around Cuban airspace on 24 February 1996. Immediately, the legislation touched off a storm of international controversy subjecting the US to condemnation from all its major trading partners, including the EU, Canada, and Mexico. At the center of the controversy was the notion

of extra-territoriality, a violation of international law that attempted to impose US foreign policy on other nations.

The most vexing provisions of the Act are Title III and IV. Title III permits US nationals with claims on property expropriated by Cuba to bring suit in US courts against persons who buy or use such property. Title IV provides for the exclusion from the US of third country nationals if they are associated with economic exchanges of expropriated Cuban property. If an individual or foreign company engages in such exchanges after 12 March 1996, then that individual, or persons associated with that company, could be barred from the US. A strict reading of the Act bars nearly all economic exchange with Cuba, and excludes any corporation with ties to Cuba from conducting business in the US.

The opposition from the EU was immediate and firm. On 13 March 1996, the EU stated that, 'Even if we understand American frustrations with Cuba, we believe this bill risks going well beyond the Cuba question and inflicting damage on America's major partners, as well as encouraging other less responsible countries to export their policies and principles in a similar way.'¹¹ Shortly thereafter, the EU and Canada passed separate legislation making adherence to the Helms-Burton provisions a crime.¹² If the US did not amend the legislation, the Commission vowed to convene a WTO panel to decide on the international legal standing of the Helms-Burton Act.

The EU and US then became embroiled in legal maneuvers at the WTO. The EU filed suit against the US for international trade violations. The US countered by invoking

¹¹ *European Union in Canada, The.* (1996) 'Cuba: EU Statement on US Helms-Burton Bill,' March 13, <http://www.eudelcan.org/english/15-2-27.cfm/>.

a 'national security provision,' claiming that the WTO had no jurisdiction over US foreign policy toward Cuba. If the US were to argue the national security exception case before the WTO seriously, however, it would pose a significant threat to the credibility of the multilateral trading system as it exists today. For that reason, both the US and the EU found themselves in a quandary. Neither side wanted the WTO to render a decision. The EU knew that it would win, but also knew that the US would refuse to acknowledge WTO jurisdiction. Invocation of the 'national security provision' by the US in this matter would set a dangerous precedent for the WTO, and undercut much of its strength in resolving trade disputes.¹³ The US, which has won more times than it lost at the WTO, did not want to damage the credibility of the organization.¹⁴

The result was an elegant dance across the international stage. Clinton, in the face of much domestic opposition from a vociferous Congress, bowed to growing international pressure and suspended the right to file a claim under Title III of the Act for six months.¹⁵ The EU, for its part, did not press its case before the WTO and let it lapse after one year. The *quid pro quo* was that as long as Clinton kept waiving the onerous Title III provisions, the EU would not pursue the matter before the WTO.

The *quid pro quo* was tenuous, however. The US Congress, particularly Senate Foreign Relations Committee Chairman Jesse Helms, wished to see Title III strongly

¹² Smis, S. and Van der Borght, K. (1999) 'The EU-US Compromise on the Helms-Burton and D'Amato Acts,' *American Journal of International Law*, Vol. 93, No. 1, pp. 227-36.

¹³ Smis and Van der Borght.

¹⁴ Roy, J. (1999) 'Europe: Cuba, the US Embargo, and the Helms-Burton Law,' in *Transatlantic Tensions: The United States, Europe and Problem Countries*, Haass, R. (Ed.), (Washington, DC: Brookings Institute Press), pp. 29-47.

¹⁵ According to the Act, the president can waive the right to file a claim under Title III if he determines that 'suspension is necessary to the national interests of the United States and will

enforced, and the EU wanted its own waiver against any future extra-territorial laws that Congress might pass. This circle was seemingly squared on 18 May 1998. In exchange for an understanding on deterring investment in illegally expropriated property worldwide, and subject to congressional approval, European firms were to be exempted from US laws prohibiting trade with Iran, Libya and the provisions of Title III and IV of the Helms-Burton Act.¹⁶ In a press conference to announce the understanding, Clinton argued that the accord on Cuba would protect American interests ‘far more effectively than the US could have done alone.’ British Prime Minister Tony Blair observed that what the US called sanctions policy the Europeans called interfering with the internal affairs of other nations.

However, any change to the provisions of Helms-Burton would need congressional approval, and that, given the configuration of Congress, is highly doubtful. To date, Congress has refused to amend Helms-Burton, and the EU has delayed official implementation of the May 1998 understanding until the Act is changed. US Presidents Clinton and Bush, however, have continued to waive the right of redress granted under Title III every six months.

US policy toward Cuba is also of interest to many states. An agricultural trade exposition, held in Havana in October 2002, drew companies from 33 US states as well as state government officials.¹⁷ Many of these companies and elected officials want to lay the groundwork for trade opportunities if and when the US embargo is repealed.

expedite a transition to democracy in Cuba’ (*Libertad Act*, 1996, Title III, Section 306). The waiver must be renewed every six months.

¹⁶ Smis and Van der Borgh.

¹⁷ Cuba Policy Foundation Press Release. (2002) “At Least 104 U.S. Congressional Districts, 66 Senate Seats Represented at Havana Trade Expo,” 10 October, <http://www.cubafoundation.org/>

There are signs that the US is softening its policy toward Cuba.¹⁸ Since 2000, American companies have been allowed to sell food to Cuba. In 2002, they shipped food worth around \$165 million, helping to turn the US into Cuba's tenth-biggest trading partner. One European diplomat says that "the [US] embargo is becoming a sieve." Pressure from the EU and US states may be showing signs of success with respect to US policy toward Cuba.

Iraq

While the views of the EU and US states may be having some impact on US relations with Cuba, policy toward Cuba has been much more difficult to influence. The EU itself is divided, with France and Germany opposed to the war and Britain, Italy, and Spain supportive of the US position. Dozens of US cities (including Syracuse, Berkeley, Ithaca, Seattle, and San Francisco) have passed resolutions opposing unilateral military action against Iraq. One conclusion we can draw from this example is that national security policy is much more difficult for subnational governments to influence than is foreign economic policy.

Other Issues

Other issues that may provide opportunities for cooperation between the EU and subnational governments include the environment, death penalty, and the internet. The US and EU hold different views on global climate change. The EU signed the 1997 Kyoto agreement, which included a greenhouse gas reduction pact for each country and a

greenhouse gas emission trading system. The agreement required that industrialized countries bear most of the burden, but this effectively killed the treaty in the US Congress. In 2001, to the outrage of the EU, the Bush administration announced that the US would not sign the treaty. However, several US states are keen to limit the emission of greenhouse gases. California has gone the furthest in this area, passing legislation in July 2002 to curb greenhouse gas emissions by vehicles. With approximately 10 percent of the national share of the automobile market, California has is now at odds with both the automotive industry and the federal government, which have teamed up to challenge this law in the courts. While it is doubtful that US states and the EU will be successful in changing the national government's views on global climate change (particularly those of the current administration), it is possible that such pressure from above and below may persuade the US to be more accommodating in the international environmental arena.

No EU member state permits the death penalty for a crime, and countries aspiring to join the EU must repeal such laws as a precondition to joining. Twelve US states do not have a death penalty, and some of those that do (including Illinois) are placing a moratorium on its use. The EU often sends petitions on behalf of death row prisoners directly to state governors requesting the commutation of capital punishment to another penalty. With respect to the internet, both the EU and US states are concerned about the loss of revenue from internet sales. However, the US Congress is reluctant to impose a tax, and local authorities have difficulty collecting sales taxes from many internet purchases.

¹⁸ *Economist*. (2003) "The Americans have Come," 4 January, p. 28.

CONCLUSIONS

While this paper hopes to contribute to the existing literature¹⁹ on the roles of local government in international relations, it also seeks to show that local government involvement in global politics has implications for US-EU relations. As local governments (as well as other non-state actors such as grassroots activist groups and businesses), on the one hand, vie for influence against international organizations such as the EU and WTO on the other, the nation-state's influence over local government foreign policies declines significantly.

It seems clear that, to understand US-EU relations, we must go beyond national foreign policies. The realist emphasis on the structure of the international system does not help us to understand why local US governments are developing their own foreign policies. We must look at the second layer - the structure of nation states and their societies. For example, one of the reasons why local governments have been at the forefront of using sanctions policy to achieve changes in other countries' human rights records may be a perceived failure on the part of national governments to do likewise. Likewise, the national government plays a relatively passive role in attracting foreign direct investment to the US. States and cities are left to their own devices and competitive strategies to attract such investment, often at a loss to the national (and even local) economy when large financial incentives are offered to induce foreign firms to invest in particular locations.

¹⁹Douglas M. Brown and Earl H. Fry, eds. (1993) *States and Provinces in the International Economy* (Berkeley, CA: Institute of Governmental Studies Press, University of California, Berkeley); Fry, *The Expanding Role of State and Local Governments in U.S. Foreign Affairs*; Hocking, *Localizing Foreign Policy*; Kline, *State Government Influence in U.S. International Economic Policy*.

One area worthy of additional research is to understand which channels subnational governments use to advance their relations with the EU. Local governments interested in attracting foreign investment and generating jobs through exports have an incentive to court foreign firms. Given the decentralized approach to foreign investment in the US, it makes sense for local governments to engage in trade missions and, in some cases, open trade offices abroad. In other cases, it may be better to let the national government negotiate on behalf of the interests of all states, particularly in matters of trade liberalization.

A second important area of further research is to develop a means of measuring the impact of both subnational governments and the EU on US national policymaking. One avenue might be to examine the ways in which economic cooperation may “spill-over” to shaping political relationships. A second approach would be to devise measures of assessing the impact by various means of contact between subnational governments and the EU, including direct contact with foreign authorities (e.g., Commission, Council, Parliament, etc.) and the use of federal channels (e.g., US State Department) to influence federal policy decisions.

While the rise of international activism by local governments cannot simply be explained as a post-Cold War phenomenon, changes in the international system over the past two decades have played critical roles. Earl Fry presents six reasons for the increased international activities of state governments in the 1980s and 1990s, which can be applied to cities and local governments as well.²⁰ First, states are becoming increasingly aware of the effects of economic globalization and interdependence. Many

²⁰Fry, “The United States of America.”

governors and state legislatures are convinced that they must keep abreast of international activities, and try to maximize and protect state interests in a rapidly changing environment. Second, the growing dependence of the US on the global economy has forced state governments to look abroad for new marketing and investment opportunities. Third, electoral factors have convinced state leaders to become more actively involved abroad, particularly in attracting foreign investment and expanding trade opportunities and tourism, which will diversify their economic bases, expand tax revenues, and generate jobs. Fourth, state governments are learning to be more entrepreneurial in generating economic growth in response to the decrease in transfer payments from Washington. Fifth, advances in communications and transportation and a growing trend towards the internationalization of production have combined to bring the world closer together and to facilitate the interaction of state governments with both governmental and non-governmental actors abroad. Sixth, a constitutional ambiguity in the limits to state actions in the foreign policy area has facilitated the growth in state activities overseas.

As illustrated above, we see all six factors playing a role in US-EU relations. To these factors could be added a seventh: many local officials and citizens believe they have a duty to fulfill international norms and laws.²¹ Through selective purchasing laws, local governments assert that they are willing to pay more for goods and services if it means that this will eventually bring justice or improve human rights in a particular country. Since these moral dimensions are frequently raised by local racial, ethnic, and religious groups with close ties to oppressed groups abroad, the number of global issues that might ultimately surface in municipal forums throughout the US “melting pot” seems practically

²¹Shuman, “Dateline Main Street.”

limitless. The recent proliferation of local government sanctions seems to support this. To some, then, selective purchasing laws are a concrete maxim for the oft-heard phrase “think globally, act locally.” At the same time, the move by states such as California to pass environmental laws that are far more restrictive than national laws, suggests that environmental groups may play a more influential role in selected states (often those that are “opinion-formers”) than they do in Washington.

Strange Strange has argued that the focus of world politics on state-state relations must make room for state-firm and firm-firm diplomacy.²² Her argument could be amended to include the local government dimension as well. US foreign economic policy, especially toward the EU, must now take account of local government activities. The US and the EU have long discussed reducing trade barriers, and in March 1998 the EU proposed a New Transatlantic Marketplace. Significantly, one objective of the plan is to negotiate a single comprehensive agreement that binds US states as well as the federal government to a commitment to liberalize public procurement, as the EU has long been infuriated by national and local “Buy American” laws in the US. The EU has also strongly protested US economic sanctions against Cuba (particularly the Helms-Burton Act), which penalize European companies doing business there, and other unilateral actions, such as the D’Amato Act targeted at Iran and Libya. Initiatives by local governments, particularly Massachusetts’ “Burma Law,” are a further thorn in the side of transatlantic relations.

As state and local governments become more involved willfully or unwittingly in international affairs, there will undoubtedly be more court cases seeking Constitutional

²²Susan Strange, “States, Firms and Diplomacy,” *International Affairs* 68:1 (1992): 1-15.

answers to two interrelated questions: where does domestic policy end and foreign policy begin; and, in an increasingly globalized world, can the division of powers between federal and state governments be clearly distinguished?