



Globalization and the States

As is widely known, countries have become increasingly engaged in the world economy over the last decade. This engagement has been manifested as, among other things, increased trade, immigration, and investment. For the United States, the trade aspect of globalization has been fueled, in part, by the North American Free Trade Agreement (NAFTA) and the Uruguay Round of the General Agreement on Trade and Tariffs (GATT). On the heels of these agreements, between 1993 and 1999, real U.S. goods and services exports grew at an average annual rate of 4.4 percent. Real U.S. goods and services imports grew even faster, rising at an average annual rate of 6.9 percent. This amounted to an average annual increase in total real goods and services trade—real exports plus real imports—of 5.7 percent.

While these trends are well known, the extent to which globalization is occurring consistently across the states and regions of the United States is much less understood. There is a sense that not all states have gone through the same globalization process as the country as a whole, with some states' trade growing rapidly and others experiencing little change. These spatial variations are particularly likely in such a large and diverse country as the United States, where regional and state differences abound. Unfortunately, though, there is little non-anecdotal information on globalization at the state level. The United States does not collect data on state-level imports, and the state-level export data is limited to merchandise only. Nonetheless, available state export data from the Census Bureau's Exporter Location series are useful for demonstrating the wide diversity of globalization at the state level, even if they provide only a partial picture. The Exporter Location series is based on the point of sale rather than the location of production.

This makes it a good reflection of the marketing or export promotion activities of exporters, thereby indicating the extent to which exporters are engaged with the rest of the world.

As the map illustrates, between 1993 and 1998 the growth rates of real merchandise exports differed a great deal across the states and regions. Over the period, the average growth rate of real U.S. merchandise exports was 5.5 percent, whereas state-level rates ranged from a low of -3.5 percent to a high of 41.5 percent. Three states actually had negative average growth rates—the District of Columbia (-3.5 percent), Alaska (-3.1 percent), and Hawaii (-1.5 percent)—and four had average growth rates that were more than twice the national rate—North Dakota (11.3 percent), Arizona (12.2 percent), Kentucky (14.8 percent), and New Mexico (41.5 percent). Regionally, the Southwest and the Southeast tended to have the highest average growth rates, whereas the central Plains, the Northwest, and the Northeast tended to have the lowest. So, although national-level trade data indicate strong upward trends in trade volume, they mask rather large state and regional level differences, suggesting that the spatial dimension of globalization bears further attention.

—Howard J. Wall

