



PO BOX 8453, COLUMBIA, SC, 29202, (803) 636-0431, WWW.LWVSC.ORG

TESTIMONY: S. 33, 133, 141, AND 363 BEFORE A SUBCOMMITTEE OF THE SENATE JUDICIARY  
COMMITTEE

April 15, 2021

The League of Women Voters of South Carolina opposes S. 33, 133, 141, and 363. Any one of these resolutions would put our nation and our state at grave risk because it puts the United States Constitution at extreme risk.<sup>1</sup> We will not treat them separately because constitutional experts agree that states do not set the scope or processes of such a convention under the terms of Article V. A convention could follow the guidance of any of these bills, or none of them. Further, we do not consider the need for a convention to return amendments to the states reassuring. Unwise amendments have been successful in the past, as in the case of Prohibition. Any step along this path is dangerous.

Rather than review all of the reasons that these resolutions would be a catastrophic mistake, which have been outlined over years of testimony on similar resolutions, today I would like to focus on the economic implications if the supporters of these resolutions get what they want.

The central goal of the Convention of States supporters is to greatly “limit the power and jurisdiction of the federal government” and to send most governing authority to the states. As an economist, I have some serious concerns about calling such a convention. Last time it happened, in 1787, delegates trashed the Articles of Confederation and wrote a brand new constitution. Faced with hostile forces at home and abroad, they recognized the need to speak with a single voice to the rest of the world, Large nations—Russia, China, India, and the United States all have strong central governments that can speak with a single voice on issues of trade, war and peace, arms control, climate change, and other issues that affect the entire world. In fact, the driving force behind the creation of the European Union 64 years ago was to give the nations of Western Europe a similar single powerful voice in world affairs. A strong central government can promote internal commerce as well, with a free flow of labor, capital, and marketing under a consistent set of rules. That was the second reason for creating the European Union. Both of those reasons were central to the work of the nation’s 1787 Constitutional Convention. If the United States want to retain or rebuild its role as a major world power, it needs to retain that kind of unity and consistency.

The proposals offered by the Convention of States would reduce the United States to a fractious, incoherent, and ineffective coalition of 50 states, a huge step backward in a global economy. These proposals would significantly weaken the economic role of the federal government in regulation, stabilization, and trade policy.

Business firms would not necessarily benefit from having to lobby in 50 state capitals to address regulatory policies, which would differ from state to state and create a major headache for multistate corporations. Those regulations include health and safety, environmental, consumer protection, banking, and interstate commerce protections that benefit business firms as well as households. Just ask the trucking industry about the

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<sup>1</sup> [https://my.lwv.org/sites/default/files/constitutional\\_convention\\_resolutions.pdf](https://my.lwv.org/sites/default/files/constitutional_convention_resolutions.pdf)

advantages of dealing with a single regulatory agency instead of a maze of regulations in the 50 states. Businesses would have to devote a lot of resources to dealing with regulatory diversity. If consumers want clean air, clean water, consumer product safety, pension guarantees, food safety and inspection, and banking regulation to protect households and small businesses, the federal government needs to set and enforce national standards rather than relying on underfunded and sometimes easily co-opted state regulatory agencies.

A second economic issue is stabilization. One economist described the federal government as “an insurance company with an army.” Citizens are often unaware of how much they rely on the federal government as an insurance company to come to the rescue in emergencies—not just earthquakes, wildfires, hurricanes, and pandemics, but also recessions and financial crises. Constrained by balanced budget requirements, states turn to the federal government as the insurer of last resort. From the Great Depression to disaster relief, financial crises and the pandemic, the federal government has been the “backup generator” when there is power failure at the state and local level. In a recession, the Federal Reserve and the US Treasury have the ability to stabilize economic activity. Among the major pieces of emergency legislation in the last 15 years that would have been impossible under a balanced budget requirement are the Bush-Obama TARP relief after the 2008 housing collapse, the Trump tax cut, and three COVID relief bills, two under Trump and one under Biden.

Finally, the federal government plays an important role in international trade. Already Some U.S. agricultural products cannot be exported to the EU because they are produced with Roundup which is banned in the EU, or fail to meet other standards. Other environmental and health and safety issues have affected exports to other major markets, especially China. Imagine how much more challenging it would be if that regulatory authority were to be delegated to the fifty states. Trade also depends on negotiations, now handled by the federal government. Dispersing that role to the 50 states would greatly weaken U.S. negotiating power that is grounded in our status as a large source of products and an affluent consumer market.

We need to explore other ways to make our shared, if imperfect, national government work more effectively in those three areas of economic policy that impact the lives of every American household and business firm. A constitutional convention could undermine the power that can be exerted by wealthy, prosperous nation if regulatory authority, trade policy, and response to national emergencies is delegated to states, which are not equipped to take on those responsibilities. Perhaps the successful Article by Article revision of South Carolina’s state constitution in the 1970s might offer the nation an alternative path.

The League of Women Voters of South Carolina respectfully requests that this subcommittee vote against all of these resolutions.

Contact: Lynn Shuler Teague, Vice President for Issues and Action, LWVSC  
803 556-9802 TeagueLynn@gmail.com