

# U. S. Corporate Reaction to GATT: An Analysis of Management's Public Disclosures

John L. Haverty, (jhaverty@sju.edu), St. Joseph's University  
Waqar I. Ghani, (wghani@sju.edu), St. Joseph's University

## Abstract

*The authors performed a computerized search of recent public financial disclosures in Management Discussion and Analyses and President's Letters to Shareholders concerning the reaction of multinational firms to the General Agreement on Tariffs and Trade (GATT). The intent of the search was to explore 1) the extent of GATT disclosures made by multinational firms, 2) the tenor of these disclosures (i.e., favorable, neutral or unfavorable), 3) the location of the GATT disclosure (i.e., the Management Discussion and Analysis or the President's Letter, and 4) the nature of the corporate response to GATT indicated by the disclosure. A total of 76 disclosures were examined, and the majority were overwhelmingly favorable toward GATT. These responses cited the general positive effect on their firm of increased world trade. Approximately ten percent of the firms with a favorable response to GATT discussed some specific strategic reaction such as a restructuring or increased international manufacturing. Favorable reactions to GATT were more likely to be found in the President's Letter, and negative or neutral reactions to GATT were more likely to be found in the Management Discussion and Analysis, perhaps due to the increased legal scrutiny given to the Management Discussion and Analysis. Negative and neutral GATT disclosures were mainly from the textile and agricultural sectors of the economy, and cited the negative effect of increased and/or unfair competition from imports.*

## Introduction

**I**n the first section, the basics of the General Agreement on Tariffs and Trade (GATT) are outlined, followed by a brief presentation of the areas of corporate disclosure in which GATT is most likely to be discussed: the Man-

agement Discussion and Analysis (MD&A), and the President's Letter (PL). The second section discusses the specific research questions addressed in this study. The third section presents our research methodology and data analysis. A discussion of our findings is presented in the fourth section, and a summary of our conclusions is presented in the fifth section. The paper con-

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cludes with some suggestions for future research.

### *The General Agreement on Tariffs and Trade (GATT)*

On December 15, 1993, in Punta del Este, Uruguay, a process that began in 1947 involving 100 nations reached a significant milestone. On that date, delegates from those 100 nations concluded negotiations for what has been called "...the most ambitious and comprehensive global commercial arrangement in history" (Murphy, 1994). This agreement marked the conclusion of the Uruguay Round of GATT multilateral negotiations, which built upon seven previous rounds of negotiations. On that same date, President Clinton informed Congress of his intent to enter into the Uruguay Round Agreements, invoking the "fast track" for ultimate Congressional approval. On December 1, 1994, the U.S. Congress enacted legislation to implement GATT.

The negotiations giving birth to GATT were of necessity highly complex, with participating nations each trying to gain advantage given their own particular industrial situation. Countries with strong exports attempted to lower the import barriers of other nations; countries with industries needing protection from foreign competition attempted to maintain their barriers to foreign competition in those particular industries. GATT involves nothing less than a re-making of the institutional framework surrounding international trade. On a worldwide basis, tariffs were to be reduced and gradually phased out, and a whole series of other issues such as restrictions on investment and intellectual property rights were addressed as potential barriers to trade. Many specifics still need to be worked out. Most significantly, GATT established a World Trade Organization (WTO) which will act as a dispute-settling mechanism and a trade policy review mechanism. Membership in the WTO will be limited to those nations that accept all the results of the Uruguay Round without exception (GATT Secretariat, 1994).

The GATT Agreement is primarily in-

dustry and nation-specific. Certain countries negotiated agreements to protect some industries, but left the domestic market open to others. As a result of these negotiations, U.S. exporters will face lower tariffs in major foreign markets on a wide variety of goods, but importers will also face reduced barriers in the U.S. Ten industrial sectors considered vital to the U.S. will face no duties at all in many lucrative markets. In addition, GATT was extended to include comprehensive multilateral procedures involving trade and investment in services. GATT also established the principle that investment restrictions can be major trade inhibitors, and established strong intellectual property protection. In the agricultural area, GATT fostered a reduction in export subsidies, internal supports, and various import barriers. In the textiles area, GATT provides a ten-year phaseout (as opposed to the standard five-year phaseout) of our import quotas governed by the Multifiber Agreement.

In the United States, certain industries are expected to be beneficiaries of this agreement, while others may be placed at a competitive disadvantage as a result of GATT's provisions. Some broad "winners and losers" have been identified in a recent article in *Fortune* (Richman 1994): **Agriculture**--Europe will gradually reduce farm subsidies, opening up opportunities for U.S. wheat and corn, but growers of U.S. sugar, citrus fruit, and peanuts will have their subsidies reduced; **Automotive Products**--GATT allows the U.S. to protect one industry with a "voluntary" agreement that limits imports, and the automotive industry fears that it will not be that one industry; **Entertainment**--France has so far successfully refused to liberalize market access for U.S. films; **Pharmaceuticals**--New rules protect intellectual property, but many developing nations will have a decade to phase in patent protection for drugs; **Software**--New rules protect intellectual property; **Services**--Free trade in services comes under the umbrella of GATT, creating a vast opportunity for these competitive U.S. industries; and **Textile Manufacturing**--Strict U.S. quotas limiting imports will be phased out over 10 years.

### *Management Discussion and Analysis and the President's Letter*

In addition to a firm's financial statements, a firm often includes a Management Discussion and Analysis (MD&A) and a President's Letter to the Shareholders (PL). These items are intended to supplement a firm's financial statements, and to offer the firm the opportunity to communicate to shareholders and potential shareholders in a much more flexible format. We chose to utilize the MD&A and the PL as a tool to measure a firm's view of GATT since it would be unlikely that GATT would be mentioned in a firm's financial statements or the accompanying footnotes.

The MD&A is required by the Securities and Exchange Commission to be part of a firm's reporting package. Requirements governing the content of the MD&A have increased over time, but a great deal of flexibility still remains. The MD&A has been the subject of the Securities and Exchange Commission's Financial Reporting Release 36 (SEC 1989) which requires that companies disclose presently known trends, events, and uncertainties that have had or are reasonably expected to have material effects on a company's financial position and results of operations. In addition, FASB's Statement of Financial Accounting Concepts 1 suggests the usefulness of financial information can be enhanced by identifying certain transactions, other events, and circumstances that affect the enterprise, and explaining their financial impact on it.

The President's Letter (PL) is subject to much less regulatory scrutiny. Despite this lack of regulation, Kohut and Segars (1992) cite research showing that the PL is the most widely read part of a firm's annual report. It is considered to be a major form of communication about a firm's past performance and future strategies to many of a firm's constituencies.

### **Research Questions**

Our research is intended to address the following questions: (1) What was the extent of the discus-

sion of GATT in firms' MD&A or PL?; (2) What was the tenor of these discussions, i.e. were they favorable, neutral, or unfavorable?; (3) What was the location of the discussions of GATT, i.e. did they occur in a firm's MD&A, or did it occur in the firm's PL?; and (4) What strategic response to GATT did multinational firms disclose to their shareholders in their MD&A and PL?

### *Extent of Discussions of GATT*

The potential significance of GATT to the United States' economy would cause one to expect a large number of firms to mention GATT in either their MD&A or their PL. On the other hand, the fact that the MD&A requirements only include events that are expected to have a material impact on a firm's financial statements would certainly mitigate the number of mentions of GATT in MD&A's. Also, the industry-specific nature of GATT would tend to limit the number of firms with a strong positive or negative reaction to GATT.

### *Tenor of Discussions of GATT*

Pava and Epstein (1993) studied a sample of 25 randomly selected MD&A's and concluded that companies were far more likely to project favorable events in their MD&A's than they were to project unfavorable events. Apparently, firms have much more incentive to disclose good news in their MD&A's than they have to disclose bad news. Thus, we would expect that the majority of the firms that mention GATT in their MD&A's or their PL's will state it as a positive development. Given the industry-specific nature of GATT, we would expect that those firms with negative or neutral opinions of GATT to be dominated by certain industries.

### *Location of discussions of GATT*

Firms could mention GATT in either their President's Letter or in the Management Discussion and Analysis. The most significant difference between these two components of the Annual Report is that the Management Discus-

sion and Analysis is subject to much more regulatory scrutiny (SEC 1989). This regulatory scrutiny undoubtedly influenced the results of a recent comparison of the readability of the MD&A and the PL (Schroeder and Gibson 1990). The study concluded that the readability of the MD&A was more similar to the footnote disclosures than it was to the PL. The PL was found to be much more readable. Fear of being accused of misleading stockholders might temper management's optimism about trumpeting the potential benefits of GATT to the investing public in the MD&A. Thus we feel firms would be much more conservative in the MD&A than in the PL, and tend to place their good news in the PL as opposed to the MD&A.

### *Strategic Response to GATT*

The importance of GATT will clearly vary by industry and firm. Some firms in certain industries will be "winners" as a result of GATT, and some will be "losers". The largest winners in the United States will be those firms positioned to compete aggressively in markets that were previously closed or restricted in some way. The largest losers in the United States will be those firms that were protected from foreign competition in some way.

The industry-specific nature of the GATT agreement leads us to believe that any strategic response to the agreement would depend on the industry involved. This research intends to explore these responses to GATT as disclosed in a firm's MD&A or PL. We would expect firms favoring GATT to indicate a strategic response in terms of penetrating new markets, or perhaps invest in overseas manufacturing facilities. In the short run, we would expect to see U.S. firms trying to increase their export sales in the short run, and establish additional manufacturing facilities abroad only in the long run. In addition, we are attempting to explore the reasons expressed by certain firms that were classified as neutral or unfavorable to GATT.

## **Research Methodology**

### *Sampling Frame*

In order to explore the above research questions we utilized the Compact Disclosure database consisting of 12,000 public companies containing data that is extracted from annual and periodic reports filed with the United States Securities and Exchange Commission. To be included in this data base firms must have at least 500 shareholders of any 1 class of stock, have at least \$5 million in assets and filed a 10K, 20F or appropriate registration statement with the SEC in the last 18 months.

### *Methodology and Data Analysis*

We searched the February and the May, 1995 Compact Disclosure databases using the keywords GATT or General Agreement on Tariffs and Trade. We extracted the text in which either of the above keywords were mentioned, noted the primary Standard Industrial Classification (SIC) of the firm making the disclosure, and we categorized the discussion of GATT as having a favorable effect on the firm, a neutral or unknown effect on the firm, or a negative effect on the firm. Two judges were used in this process, and we noted a high degree of inter-judge reliability.

Bethlehem Steel's President's Letter to the Stockholders provides an example of a GATT disclosure we classified as positive: "GATT and NAFTA will produce opportunities both for our customers to export manufactured products and for us to export steel products." An example of a negative GATT disclosure is extracted from Allegheny Ludlum's President's Letter: "While complete details of the new GATT agreement are still not available, we are troubled with some aspects reported." An example of a neutral GATT disclosure comes from the Management Discussion and Analysis of Conso Products Company: "The company does not expect to be significantly affected by NAFTA or GATT."

**Findings And Discussion**

*Extent of Discussions of GATT*

Searches of the February, 1995 Compact Disclosure database revealed 61 specific mentions of GATT or the General Agreement on Tariffs and Trade in either the MD&A or the PL. Searches of the May 1995 Compact Disclosure database revealed 11 additional mentions of GATT or the General Agreement on Tariffs and Trade, resulting in a total of 72 firms mentioning GATT in their MD&A or PL. Three of these firms mentioned GATT in both their MD&A and PL, resulting in a total of 75 GATT disclosures.

*Tenor of Discussions of GATT*

Management’s assessments of GATT are summarized in Table 1. Of the 75 GATT disclosures, 66.7% stated that GATT was a favorable development for their firms, 12.0% stated that they were uncertain as to the effects of GATT or that there would be no material effect one way or the other, and only 21.3% stated that GATT was an unfavorable development for their firm. Thus, the firms that mentioned GATT in their MD&A or their PL had an overwhelmingly positive or at least a neutral view of the effect of GATT on their operations. This may support the Pava and Epstein (1993) hypothesis that firms have more incentive to disclose good news than bad.

Table 2 lists the companies that made GATT disclosures we classified as favorable. The table also includes the primary SIC code of the firm making the disclosure.

Table 3 lists the companies that made GATT disclosures we classified as neutral along with the appropriate SIC code. Textile companies appear to have the largest number of neutral GATT disclosures (4 of 9).

Table 4 lists the companies that made GATT disclosures we classified as negative. It appears that textile companies also have the greatest number of negative GATT disclosures (5 of 14) with agriculture-related firms with the next highest number of negative GATT disclosures (3 of 14).

*Location of Discussions of GATT*

The discussions of GATT appeared in either the President's Letter (PL) or the Management Discussion and Analysis (MD&A). Table 5 lists the source of these discussions cross-tabulated against the character of the discussion, i.e., whether it was favorable toward GATT, unfavorable toward GATT, or neutral or uncertain toward GATT.

This table clearly indicates that positive discussions of GATT are more likely to be found

**Table 1  
Management's Assessment of GATT**

	Month Appearing in Database		
	Feb. 1995 (n=64)	May 1995 (n=11)	Total (n=75)
Management's Assessment of GATT			
Reported Favorable Effect	64.0%	81.8%	66.7%
Reported Neutral or Uncertain Effect	14.0%	0.0%	12.0%
Reported Unfavorable Effect	<u>22.0%</u>	<u>22.2%</u>	<u>21.3%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**Table 2**  
**Companies Listing GATT as a Favorable Development**

Company Name		Primary SIC Code
AKZO NV	2869	Industrial Organic Chemicals
Albany International	2221	Broadwoven fabric mills, manmade
Allied Irish Banks*	6712	Bank holding companies
Alpnet Inc.	7389	Business services
American International	6331	Fire, marine, and casualty insurance
Baldor Electric	3621	Motors and generators
Bethlehem Steel	3312	Blast furnaces and steel mills
Boeing	3721	Aircraft
Breed Technologies	3714	Motor vehicle parts and accessories
British Petroleum	2911	Petroleum refining
Cadbury Schweppes	2064	Candy and other confectionery products
Canadian National Railway	4011	Railroads, linehaul operating
Central Corp. LA	6712	Bank holding companies
CMI Corp.	3531	Construction machinery
CRH PLC	3272	Concrete products
Cummins Engine	3519	Internal combustion engines
Deere Inc.**	3523	Farm machinery and equipment
Detroit Diesel	3519	Internal combustion engines
Dirbell Brothers, Inc.	5194	Tobacco and tobacco products
First Commerce Bankshares	6712	Bank holding companies
Fourth Financial Corp.	6712	Bank holding companies
Fritz Cos	4731	Freight transportation arrangement
Gehl Co.	3523	Farm machinery and equipment
Gencor Industries	3599	Industrial machinery
Global Ocean Carriers	4424	Deep sea domestic transportation of freight
Graham Corp.	3563	Air and gas compressors
Imperial Chemical Industries	2869	Industrial organic chemicals
Ipsco Inc.	3312	Blast furnaces and steel mills
Itel Inc.	5056	Electronic parts and equipment
Lewis Galoob Toys	3944	Games, toys and children's vehicles
Libbey Inc.	3229	Pressed and blown glass
Lida Inc.	2221	Broadwoven fabric mills, manmade
Magma Copper	3351	Rolling, drawing, and extruding of copper
Modine Manufacturing Co.	3714	Motor vehicle parts and accessories
Montedison SPA	2079	Edible fats and oils
Nalco Chemical	2899	Chemical preparations
Nicor Inc.	4924	Natural gas distribution
Noranda Inc.	1031	Lead and zinc ores
Occidental Petroleum	2812	Alkalis and chlorine
Royal Dutch Petroleum	1311	Crude petroleum and natural gas
RTZ Corp.	1021	Copper ores
Russell Corp.	2253	Knit outerwear mills
Salant Corp.	2325	Men's and boys trousers and slacks
Sea Containers Ltd.	4482	Ferries
Shell Transport & Trading	1311	Crude petroleum and natural gas
Stepan Co.	2843	Surface active agents
Suburban Bancorp	6712	Bank holding companies
Valmont Industries	3312	Blast furnaces and steel mills
Zeneca	2834	Pharmaceutical preparations

\*GATT mentioned in both PL & MD&A (1 favorable company)

\*\*Company reclassified from negative to positive in 5/95.

in the President's letter than in the Management Discussion and Analysis, and conversely, negative or neutral discussions of GATT are more likely to be found in the Management Discussion and Analysis. As Table 5 shows, 74.5% of the firms that felt GATT would have a positive effect on their operations discussed GATT in the President's Letter, while only 56.0% of the firms that felt GATT would have a negative effect on their operations discussed GATT in the President's Letter, and only 44.4% of the firms that were neutral about the effect of GATT on their operations discussed GATT in the President's Letter. (Our chi-square test was significant at the .001 level.) It seems that bad news or uncertainty is more likely to be discussed in the Management Discussion and Analysis than in the President's Letter, while good news is more likely to be discussed in the President's Letter than in the Management Discussion and Analysis. It appears that the regulatory attention given the MD&A versus the PL may have considerable influence on the content of the two documents.

#### *Strategic Response to GATT*

The GATT disclosures are further ana-

**Table 3**  
**Companies Listing GATT as a Neutral Development**

<u>Company Name</u>		<u>Primary SIC Code</u>
Conso Products Co.	2241	Narrow fabric mills
First Banking Co. of SE GA	6712	Bank holding companies
Laclede Steel	3312	Blast furnaces and steel mills
Marion Merrell Dow	2834	Pharmaceutical preparations
Oxford Industries	2321	Men's and boy's shirts
Pfizer Co.	2834	Pharmaceutical preparations
Springs Industries Inc.	2329	House furnishings
Thomaston Mills	2211	Broadwoven fabric mills, cotton
Willis Corroon Group	6411	Insurance agents, brokers and service

**Table 4**  
**Companies Listing GATT as a Negative Development**

<u>Company Name</u>		<u>Primary SIC Code</u>
Allegheny Ludlum	3312	Blast furnaces and steel mills
Brooke Group	2111	Cigarettes
Burlington Industries Equity	2231	Broadwoven fabric mills, wool
Chiquita*	5148	Fresh fruits and vegetables
Cone Mills Corp.	2211	Broadwoven fabric mills, cotton
Deere & Co.	3523	Farm machinery and equipment
Fruit of the Loom	2322	Men's & boy's underwear & nightwear
Genesco	5661	Shoe stores
Inland Steel Inc.	3312	Blast furnaces and steel mills
JPS Textile	2221	Broadwoven fabric mills, manmade
Norsk Hydro AS	2873	Nitrogenous fertilizers
Rhone Poulenc	2834	Pharmaceutical preparations
St. Joe Paper Co.	2653	Corrugated and solid fiber boxes
Vitro SA*	3221	Glass containers

\*GATT mentioned in both PL & MDA (2 negative companies)

**Table 5**  
**Cross Tabulation of Reported Effect of GATT and Source of Comment**

	<u>Source of Comment</u>	
	President's Letter	Management Discussion and Analysis
<u>Perceived Effect of GATT</u>		
Favorable(n=51)*	74.5%	25.5%
Unfavorable(n=16)**	56.0%	44.0%
Neutral(n=9)	44.4%	55.6%

\*Two favorable firms mentioned GATT in both the MD&A and the PL

\*\*Two unfavorable firms mentioned GATT in both the MD&A and the PL

lyzed in Table 6 for two reasons: (1) to identify the strategic direction of those firms expressing a favorable opinion of GATT, and (2) to examine the motivation behind neutral or negative opinions of GATT.

Favorable GATT disclosures were made by 49 firms (66.7% of all GATT disclosures). A large portion of these firms cited either the general "...improved growth in world trade" (51.1% of all favorable GATT disclosures), or the specific "...increased demand for our product or service" (26.5% of all favorable GATT disclosures).

There were 5 firms (10.2% of all GATT disclosures) that stated GATT improved competitive conditions for their product by providing a more level playing field. Spe-

**Table 6**  
**Analysis of the Reported Effects of GATT**

	Number of <u>Disclosures</u>	Percent of <u>Disclosures</u>
<u>Reported Favorable Effect</u>		
Improved growth in world trade	25	51.1%
Increase demand for our products/services	13	26.5%
Improved competitive conditions	5	10.2%
Specific strategic response:		
Restructured our operations	2	4.1%
Additional international manufacturing	2	4.1%
Seek new patent approvals	1	2.0%
Advantageous reduction in our import costs	<u>1</u>	<u>2.0%</u>
Total Favorable Disclosures	<u>49</u>	<u>100.0%</u>
<u>Reported Neutral or Uncertain Effect</u>		
Uncertain or unable to determine the effect	5	55.6%
No material adverse effect	<u>4</u>	<u>44.4%</u>
Total Neutral Disclosures	<u>9</u>	<u>100.0%</u>
<u>Reported Unfavorable Effect</u>		
Increased or unfair competition from imports	8	57.2%
Increased uncertainty as to European agricultural policy	4	28.6%
Negative effect of domestic content rules	1	7.1%
Increase in pension funding requirements	<u>1</u>	<u>7.1%</u>
Total Unfavorable Disclosures	<u>14</u>	<u>100.0%</u>

cific strategic responses to GATT were noted by only 5 firms. Two of these (4.1% of all favorable GATT disclosures) cited a restructuring of their operations as a response to GATT, two others (4.1% of all favorable GATT disclosures) cited increased international manufacturing, and 1 firm (2.0% of all favorable GATT disclosures) indicated it would seek new patents. Thus, only a small number of firms cited increased international investment as a response to GATT. Based on this analysis, it appears that GATT is not generating a significant amount of international investment by U.S. firms.

Neutral GATT disclosures were made by 9 firms (12.0% of all GATT disclosures). Table 6 indicates 5 firms (55.6% of all neutral GATT disclosures) stated they were uncertain or unable to determine the effect of GATT on their firms.

There were 4 firms (44.4% of all neutral GATT disclosures) that stated that GATT would have no material adverse effect on their operations. Textile companies had the most neutral GATT disclosures.

Unfavorable GATT disclosures were made by 16 firms (21.3% of all GATT disclosures). Table 6 indicates 8 firms (57.2% of all negative GATT disclosures) cited increased competition from imports as a negative effect of GATT. These particular negative comments on GATT appear to be concentrated in the textile and textile-related industries. Table 6 indicates there were 4 firms that cited

increased uncertainty as to European agricultural policy. These firms are, predictably, agriculture-related firms. Thus, negative opinions on GATT are being expressed by textile-related and agriculture-related firms.

## Conclusions

### *The View of GATT*

The firms that mentioned GATT in their MD&A or their PL had an overwhelmingly positive or at least a neutral view of the effect of GATT on their operations. This certainly is a positive endorsement of GATT as good for the United States' economy. Negative and neutral views of GATT were expressed largely by textile and agriculture-related firms.

### *The MD&A Versus the PL*



It appears that good news is more likely to be contained in the PL than in the MD&A, and conversely, bad news is more likely to be contained in the MD&A than in the PL. Clearly, firms are more conservative in the MD&A. Investors and potential investors may want to consider the content of these documents in this context. For example, good news in the MD&A might be more meaningful to the investment community than the same news in the PL, since the MD&A must withstand additional legal scrutiny. Also, the increased MD&A scrutiny might actually have the effect of decreasing non-financial statement disclosure. This study presents limited evidence that firms may be reluctant to be too enthusiastic in their MD&A for fear of being accused of misleading investors.

### *Strategic Response to GATT*

The majority of the firms with favorable GATT disclosures indicated a strategic response to GATT of increasing sales instead of taking advantage of potentially lower costs by either establishing or expanding manufacturing operations abroad. The publicly disclosed information in firms' MD&A's or PL's does not indicate a trend to shifting manufacturing from the U.S. to other countries.

Most firms expressing unfavorable opinions on GATT were concentrated in the textile and agricultural sectors. The textile firms were concerned with unfair competition from abroad, and the agricultural firms were concerned with uncertainty over European agricultural policy.

### **Implications for Future Research**


This study suggests several avenues for additional research. These include an extension of the study to non-U. S. multinationals, a longitudinal study of firms included in this sample, an examination of stock market behavior around significant dates in the passage of GATT, and further content analyses of MD&A's and PL's.

A potentially valuable area for additional

research would be exploring the reaction of non-U.S. multinationals to the passage of GATT. These reactions would have clear economic and political significance as further aspects of GATT are negotiated.

A longitudinal study of the firms in this sample might show if the effects of GATT that were predicted in recent MD&A's and PL's actually came to pass: firms with positive commentary on GATT this year would be expected to have positive commentary on GATT next year. Any surprises would have implications for negotiation of additional trade agreements.

This research suggests an analysis of stock market prices of firms in this sample around significant dates in the passage of GATT. A reasonable hypothesis would be that if a firm was in favor of the passage of GATT, that firm would experience an increase in its market value as GATT was passed. Conversely, a firm negatively disposed to GATT should experience a decline in its market value as GATT was passed.

Finally, this research indicates the importance of the commentary in firms' MD&A's and PL's. The authors feel these documents offer a crucial link between accounting information and the strategic direction of firms. The availability of text-searchable databases opens up a vast and still untapped resource. 

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