Canada - United States
Inter-Parliamentary Group
Canadian Section

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Section canadienne

Report of the Canadian Parliamentary Delegation respecting its participation at the 68th Annual Meeting of the Council of States Governments Midwestern Legislative Conference

Canada-United States Inter-Parliamentary Group

St. Paul, Minnesota, United States of America
July 14-17, 2013

Report

A. DELEGATION MEMBERS AND STAFF

From July 14-17, 2013, the Honourable Wilfred P. Moore, Q.C., Senator, Vice-Chair, led a delegation from the Canadian Section of the Canada-United States Inter-Parliamentary Group to the 68th Annual Meeting of the Council of State Governments' Midwestern Legislative Conference (MLC) in St. Paul, Minnesota. The other delegates were the Honourable Jean-Guy Dagenais, Senator, and Mr. Merv Tweed, M.P. Ms. Martha Butler accompanied the delegation as Advisor to the Canadian Section.

B. THE EVENT

The MLC, which meets annually, is a regional association of state legislators from 11 U.S. states; it also includes provincial legislators from four affiliate Canadian provinces (see the Appendix). The purpose of the MLC is to foster regional intergovernmental cooperation in the U.S. Midwest through the consideration of common problems, the exchange of information and ideas, the sharing of knowledge and experience, and – as appropriate – the pursuit of collaborative efforts to improve state government.

C. DELEGATION OBJECTIVES FOR THE EVENT

Canada and the 11 MLC states share a mutually beneficial relationship. More than 1.5 million jobs in the 11 MLC states rely on Canada–U.S. trade, and Canada is the largest trading partner for all Midwestern states. In 2012, trade between Canada and the United States was valued at US$572 billion, of which more than US$210 billion was between the MLC states and affiliated provinces. Data suggest that, in 2012, Canadians made more than 7.9 million visits to the MLC states and spent more than US$1.6 billion, while residents of these states made more than 6 million visits to Canada and also spent approximately US$1.6 billion.

The IPG aims to find points of convergence in respective national policies, to initiate dialogue on points of divergence, to encourage the exchange of information and to promote better understanding among legislators on shared issues of concern. Members of the Canadian Section of the IPG meet regularly with their federal counterparts, and also attend meetings of governors and state legislators. At these events, Canadian delegates engage in conversations that help the Canadian Section to achieve its objectives, and that explain the nature and scope of the bilateral relationship.

Members of the Canadian Section found the MLC's 2013 annual meeting to be a valuable opportunity to discuss the numerous opportunities for Canada and the U.S. Midwest to collaborate on improving regional economic development. As well, members benefited from presentations focused on a variety of policy areas that are important in both Canada and the United States, including trade, agriculture and border modernization. Of particular importance at the meeting were discussions – and the resulting resolutions in relation to – the U.S. requirement for country-of-origin labelling, which is having a range of negative effects in the United States and Canada, the new international crossing at Detroit-Windsor, which would support bilateral trade and tourism, and regional water quality, which would benefit from common goals and shared targets. Feeling that members of the Canadian Section were able to achieve their objectives for the event, the Canadian Section plans to attend future annual meetings of the MLC to continue its work in advocating Canadian interests in the U.S. Midwest.

D. ACTIVITIES DURING THE EVENT

During the MLC's 68th Annual Meeting, the following plenary and concurrent sessions took place:

- Reviewing State and Provincial Issues [Agriculture]
- Federal Review [Agriculture]
- The Importance and Future of Agriculture Research
- Invasive Species
- Impact of Biofuels on the Economy and Environment
- Regional Competitiveness and Growth: Business Clusters and Supply Chain Strategies
- The Role and Impact of Incentives and Regulations on Economic Growth
    - The State of Business Incentives in the Midwest
    - Restoring Balance to State Regulatory Frameworks
- Trends in Education Funding
- Strategies to Promote College and Career Readiness
- Digital Education
- The Cost of Health Care: Strategies for Bending the Curve
- Mental Health Systems: How States Can Better Serve Those in Need
- Autism: The Latest Science and the Role for States in Providing Support
- The Value of Cross-Border Trade to State and Provincial Economies
- Beyond the Border and Regulatory Cooperation Agreements: A Review of Successes and Challenges
- Managing our Shared Waters
- Upgrading Gateways and Border Infrastructure
- The Righteous Mind: Why Good People Are Divided by Politics and Religion
- Civil Discourse in the Legislative Arena
- The Mayo Clinic Success Story
- Financing Transportation for the 21st Century

- Emerging Trends in State Higher Education Policy: Program Delivery, Regulation and Financial Aid
- Efforts to Protect the Integrity of the Medicaid System
- State Policies to Promote Water Conservation and Efficiency
- Fiscal Leaders Roundtable
- Passenger Rail Development in the Midwest
- Future States
- Workforce Development in the Post-Recession Economy: Challenges and Opportunities for the Midwestern States
- Powering our Future: Energizing the Midwest
- Leadership Lessons from America's Past.

This report summarizes the plenary and selected concurrent discussions that occurred at the meeting.

THE VALUE OF CROSS-BORDER TRADE TO STATE AND PROVINCIAL ECONOMIES

Laura Dawson, *Dawson Strategic*

- The *North American Free Trade Agreement* (NAFTA) is a "declining and shrivelling instrument" that is no longer achieving what it was meant to do. Many of the important elements of trade policy are now happening at the provincial/state or municipal – rather than at the national – level.
- Emerging countries are taking advantage of "jurisdictional squabbles" between Canada and the United States.
- The 11 Midwest states sell more goods to Canada than to any other country, and about 36% of all goods produced in the U.S. Midwest are sold to Canada.
- Canada and the United States have the largest bilateral trading relationship in the world; while the relationship between the United States and the European Union (EU) is larger, and the United States buys more from China than from Canada, Canada buys more from the United States than China does.
- Seventy-six percent of foreign content in Canadian supply chains comes from the United States, and Canadian products represent 32% of U.S. supply chains.
- The presence of duplicative regulations and the burden of administering rules of origin make the North American market more expensive than it should be.
- The "border effect" is a barrier to international trade; countries are 10-20 times more likely to trade within a country than across a border.

- NAFTA promised “just in time production,” which meant that fluid border crossings would allow production to be completed on time; when security measures were implemented following the terrorist attacks of 11 September 2001, the result was something closer to “just in case” production, where stockpiles are created in case the shared border closes.
- Vehicles that are built in North America cross the border multiple times as different parts are created and assembled in different areas of the continent; a car may have to “clear customs” at the shared border 15 times before it is ready for sale, while vehicles imported from Asia only have to “clear customs” once.
- In order to remain competitive, North America needs to do better; the “buy local, think national” mentality can damage North America’s international competitiveness.
- North America cannot compete against emerging countries from the perspective of labour costs or currency values, but it is possible to introduce efficiencies and to reduce some costs.
- Eighty-seven percent of Canadian exports go to countries with a gross domestic product growth rate below 2%, while about 4% of the country’s exports go to countries with growth rates between 4% and 8%; there are opportunities for Canada to export to countries with rapidly growing economies.
- Every time a business exports to a new country, it must identify the country-of-origin requirements, which may account for up to 5% of the cost of a product; an additional 2% to 10% of a product’s cost may be due to the cost of inspections and border tariffs.
- Border issues are “tough” and “intractable”; in particular, Canadian issues are difficult to advance in the United States unless American constituents are interested.
- It may take 17 separate documents to move a cow between Canada and the United States; this excessive paperwork is an administrative burden.
- Inconsistent regulations can create unnecessary transaction costs; footwear safety certification symbols differ in Ontario and Michigan – a green triangle versus a green circle – but this minor difference in symbols is enough to create barriers.
- Unless Canada and the United States can work together, they will have no chance of maintaining international competitiveness.

Lora Klenke, *Wisconsin Economic Development Corporation*

- Wisconsin’s exports are ranked 18th in the United States.
- Although Wisconsin is known as “the dairy state,” its top exports are not agricultural products, but rather machinery, instruments and vehicles.

- Until recently, Wisconsin's three largest export markets had always been Canada, Mexico and Japan; now, China, India and Australia are becoming the most significant markets.
- Generally, about one third of Wisconsin's exports are to Canada, and this proportion seems to be stable over time; for now, it is easier to ship products to Canada than to China.
- China is currently Wisconsin's third-largest export market, and may soon surpass Mexico as the state's second-largest export market; in 2000, China was not among Wisconsin's top 10 export markets.
- Currently, Wisconsin has a trade surplus with Canada.
- Some key areas present opportunities to increase trade between Wisconsin and Canada, including broadband, infrastructure and procurement.
- Eighty-eight percent of Wisconsin's exports are from small companies with fewer than 100 employees, but there are not a lot of exports from rural and remote businesses; in rural and remote areas, companies need broadband in order to compete.
- Canada has addressed broadband issues well, with an investment of more than $225 million in 2010 leading to expanded broadband access in many remote areas.
- Maintaining the Port of Milwaukee, which is a major transportation and distribution centre in Wisconsin, is very expensive.
- Addressing the issue of truck weights, and harmonizing these weights with other North American jurisdictions, would facilitate trade.
- Shipbuilding and defence present growth opportunities for Wisconsin and Canada, particularly urban shipbuilding in Vancouver and Halifax.
- Wisconsin's Industrial Regional Benefit Policy presents investment opportunities, although companies may have to work cooperatively, as most companies operating on their own do not have the resources to run a whole office in Canada.

BEYOND THE BORDER AND REGULATORY COOPERATION AGREEMENTS: A REVIEW OF SUCCESSES AND CHALLENGES

Adam C. Schlosser, *U.S. Chamber of Commerce*

- It is imperative that Canada and the United States strengthen their relationship in order to counteract the "tyranny of small differences" that has become accepted as part of the cost of doing business in North America; there are significant non-tariff barriers.
- The multiple tests necessary to meet certification requirements across North American jurisdictions are an example of the "tyranny of small differences,"

and the difference between data sets that are metric or imperial can create unnecessary costs.

- True harmonization of regulations would require common data sets and common standards; although achieving harmonization may seem like a big endeavour, even incremental steps could help to eliminate costs while increasing safety.
- Regulatory cooperation presents tactical challenges, as well as strategic opportunities.
- In 2011, Prime Minister Harper and President Obama announced the release of action plans on 29 initiatives developed through the Regulatory Cooperation Council (RCC); two work plans were released in 2012.
- The RCC released an update in June 2013 that set out a clear path forward for the next five years.
- The RCC created a federal register for ideas and alignment on the "next wave" of regulatory initiatives.
- Going forward, an important notion to consider is the manner in which states and provinces could become involved in an initiative similar to that of the RCC; although the RCC was established at the federal level, this type of cooperation could be of great value between provinces and states as well.

Eric Miller, *Canadian Council of Chief Executives*

- The first phase of the Entry/Exit Information System established as part of the Beyond the Border Declaration and Action Plan is complete; the system provides useful information on who enters and exits Canada and the United States, and – as the information can be shared between the two countries – there is less duplication of effort.
- The Port of Prince Rupert has been the site of a pilot project dealing with cargo inspection that is based on the principle of "cleared once, accepted twice"; as a remote location, Prince Rupert is an ideal site for the pilot because it can provide a controlled environment.
- The inspection of agricultural products in North America has increased substantially in recent years; North American carriers need to offer special training to address this increase in inspections.
- The NEXUS program has improved border fluidity and this type of program could be used with other countries.
- It is not clear how innovations such as NEXUS and the Port of Prince Rupert pilot project will affect border efficiency; the Canadian Council of Chief Executives is undertaking a report on intelligent border systems to be released next fall.

- States and provinces can help improve border efficiency through investments in infrastructure.
- A significant dispute over infrastructure improvements needed for the Peace Bridge between Buffalo and Fort Erie was resolved not at the federal level, but rather at the state/provincial level; there were similar achievements with the Ontario-Michigan border crossings.
- The states and provinces have lived up to their reputation as laboratories of innovation in relation to finding ways to improve border efficiency.

MANAGING OUR SHARED WATERS

Bradley C. Karkkainen, *University of Minnesota*

- Increasingly, international water boundaries are a source of conflict.
- Countries often adopt an "out of sight, out of mind" approach to water shortages.
- Under customary international law, which is law that is derived from accepted practices rather than from treaties, it is generally held that nations need to share their water resources fairly and equitably; the meaning that should be given to the term "equitable" is often a matter of dispute, however.
- A famous example of a dispute over water resources was the Trail Smelter dispute relating to pollution emanating from a smelter in Trail, British Columbia; this dispute is known for having established the "polluter pays" principle in environmental law.
- While there are some points of friction between Canada and the United States in relation to water use and pollution in the Great Lakes, the reality that resources are fairly abundant leads to reduced friction.
- The first major agreement on the Great Lakes and other transboundary waters was the 1909 *Water Boundary Treaty*; another significant development was the 1972 *Agreement on Great Lakes Water Qualit*y, which was intended to restore the integrity of the Great Lakes and the St. Lawrence River, as well as to maintain ecosystem health.
- Despite the existence of some effective agreements that address transboundary waters, problems remain; for instance, promises to take action have no legal force, and progress on issues of concern with respect to shared waters can be slow.
- States and provinces are often not parties to Canada–U.S. agreements on shared waters; Ottawa and Washington, D.C. often act as though the debate should be exclusive to them, but failing to include states and provinces in discussions on shared waters is a very short-sighted approach.
- States and provinces need to ensure that their positions on water issues are heard.

Honourable Gord Macintosh, *Manitoba Minister of Conservation and Water Stewardship*

- Phosphorus and nitrogen in Lake Winnipeg flood waters have a very significant effect on the lake, and both flooding and climate change can affect phosphorus and nitrogen levels.
- The Lake Winnipeg watershed, which is very large, spans nine jurisdictions; many of these jurisdictions have very different legal traditions.
- Too often, jurisdictional boundaries do not accord with natural waterways, with the result that multiple jurisdictions must share access to and resources from a single waterway.
- In June 2012, a multiyear negotiation process resulted in a “Lake Friendly Accord” that brought together the nine jurisdictions that Lake Winnipeg spans.
- Although the parties to the Lake Friendly Accord were all within the Lake Winnipeg watershed, the Accord was drafted to focus not just on Lake Winnipeg, but rather on all waterways, so that it would have relevance for a larger number of people.
- The motivation underlying the drafting of a “broad” Lake Friendly Accord that could apply to any watershed was that if everyone takes care of the water “at their feet,” Lake Winnipeg will be “healthier.”
- Terminology was problematic in relation to the Lake Friendly Accord; phosphorus and nitrogen are often referred to as “nutrients,” which did not convey the right message, as nutrients generally sound like helpful in the context of an ecosystem, while phosphorus and nitrogen may actually be pollutants in waterways.
- Drafters of the Lake Friendly Accord settled on the term “excess pH loading” to describe phosphorus and nitrogen pollution; this characterization is thought to reduce the chances of misinterpreting the role that these two elements may play in waterway ecosystems.
- A barrier that parties noted in drafting the Lake Friendly Accord was that there is often little public support for wetlands.
- It is important to educate the public about the importance of wetlands to ecosystems.
- Improvements to wastewater facilities may not be high priorities among the public, but they are critical to ecosystem health.
- At times, there are unrealistic expectations about how quickly the effects of lake pollution may be eliminated; a commonly cited example of a significant turnaround in lake health is Lake Constance in Switzerland, where the effects of pollution were addressed and resolved in 10 years, but Lake Winnipeg is 40 times the size of Lake Constance and spans nine jurisdictions, so it will likely take much longer to see meaningful changes in Lake Winnipeg’s health.

- Farmers, homeowners, school divisions, businesses, municipalities and others need to know what they can do to help their waters, and everyone should treat water as though they will be drinking it; this critical component of the Lake Friendly Accord approach agreed to by the nine jurisdictions that Lake Winnipeg spans could apply to all watersheds.
- Regulatory barriers can affect water quality; for example, detergents, such as those used in dishwashers, may be a source of water pollution but – although a detergentless dishwasher has been developed – regulations that explicitly require detergent in dishwashers may mean that detergentless dishwashers cannot be sold in many jurisdictions.

UPGRADING GATEWAYS AND BORDER INFRASTRUCTURE

Daniel D. Ujczo, *Dickinson Wright PLLC*

- There are three “weeds” that are thriving in the Canada–U.S. relationship:
  - protectionism, as seen in the “Buy America” philosophy and in country-of-origin labelling (COOL) requirements;
  - regulatory disharmony, which can reduce competitiveness and productivity for existing organizations that rely on frequent border crossings and can “scare off” new exporters that might be interested in the Canada–U.S. market; and
  - aging border infrastructure, which can lead to disputes about responsibility for the cost of repairs.
- North America is a continent of regions; the state of Washington and British Columbia are much more closely aligned than are Ontario and British Columbia.
- Security measures have been “trumping trade” at the Canada–U.S. border; the border was already “broken” before the terrorist attacks of 11 September 2001, as border crossings were understaffed and the infrastructure dated from the 1920s and 1930s, but – since the attacks – security measures at the border are now a greater focus than is improving infrastructure to facilitate trade.
- There are effective non-NAFTA trade initiatives, including the Transportation Border Working Group.
- Canada has made significant progress in implementing its commitment to border modernization; with considerable investments in infrastructure, Canada is strategically positioning itself as the gateway into North America.
- One of the newer Canadian initiatives addressing infrastructure is the 2007 *International Bridges and Tunnels Act*; a five-year statutory review of the legislation was undertaken in 2012.

- Border wait times can range from about 30 minutes to more than two hours, and can slow down travelers and cargo.
- Long lineups of idling trucks at border crossings present challenges for the health of local residents – particularly residents with asthma and other health conditions – and create serious traffic problems, particularly given that a single snowstorm can create a 50-mile traffic jam at the border.
- Innovative approaches, such as the public-private partnership (P3) funding model, may be particularly useful in alleviating existing infrastructure and congestion challenges at Canada–U.S. border crossings; the Council of State Governments has been very effective as a leader on border issues over the years, and it may want to consider proposing P3 models.

THE RIGHTEOUS MIND: WHY GOOD PEOPLE ARE DIVIDED BY POLITICS AND RELIGION

Jonathan Haight, *New York University*

- Humans have a lot to celebrate; when compared with historical levels, wealth is "skyrocketing," extreme poverty is declining, democracies far outnumber autocracies and anocracies, and genocide is nearly non-existent.
- Despite considerable improvements in the quality of life of most people in the world, there has been significant polarization in politics in the United States, with the most partisan members of each political party becoming increasingly mistrustful of the other party, and trust in government is decreasing, particularly among Republicans.
- The United States has seen a marked rise in incivility in the political sphere.
- Civility is the ability to disagree with others while respecting their sincerity and decency.
- Some reasons for the polarization of political thought in the United States and the rise of incivility include the following:
    - generational and cultural changes;
    - procedural reforms in the U.S. Congress in 1995;
    - media polarization;
    - increasing immigration and ethnic/racial diversity;
    - the increasing role of money in political campaigns and negative advertising;
    - the end of the Cold War, with the loss of a common enemy;
    - residential homogeneity, with the result that people with similar political beliefs live near each other and there is less exposure to new ideas; and

    - increasing education levels, which means that more voters are able to understand policy, and may be more likely to vote in a way that supports their overall political outlook.

- The field of moral psychology suggests that intuition comes first and strategic reasoning comes later, or that people tend to be very willing to accept claims that accord with their own partisan prejudices but will use all of their powers of reasoning to dismiss evidence to the contrary; this way of processing information means that people at opposite ends of the political spectrum essentially live in two differently constructed worlds, each with its own set of historical, scientific and constitutional facts.
- There is more to morality than harm and fairness; these two values are often very highly prized by individuals tending to the left of the political spectrum, sometimes to the near exclusion of other values that are highly prized by individuals on the right of the political spectrum, including liberty, loyalty, respect for authority and sanctity, or the belief that some ideas or objects are sacred in one's society.
- Morality binds and blinds, keeping like-minded people together and reducing their ability to see other perspectives.
- The states are generally even more politically polarized than is Washington, D.C.; Louisiana is the least polarized state, while California is the most polarized.
- Some changes that could improve civility and decrease political polarization include running open primaries to reduce the likelihood that ultra-partisan candidates are elected and restructuring the legislative calendar to allow more cross-party relationships to develop.
- Individual politicians can counteract political polarization by committing to civility, avoiding the demonization of opponents and committing to preservation of the integrity of the political process, with reforms made for the sake of governance rather than for political advantage.
- Politicians should consider building relationships "across the aisle" to improve their reasoning and their ability to see others' perspectives.

CIVIL DISCOURSE IN THE LEGISLATIVE ARENA

Representative Peter Barca, *Wisconsin State Legislature*

- Society's growing political polarization influences legislatures, which then become more polarized in turn.
- One way to address the problem of incivility would be to slow down the legislative process to allow for more public debate, deliberation and time to consider bills.

Peverill Squire, *University of Missouri*

- Rules of procedure are designed to keep passions in parliamentary institutions from “boiling over”; legislatures are “fragile” organizations, it is often hard for them to come to decisions, and a “win at any costs” mentality can be damaging to them in the long term.
- Civility in the legislative sphere is not about who wins today, but rather about whether the institution can continue functioning the way it needs to in the future.
- Although tendencies toward incivility and abusive procedures “wax and wane,” there have been some significant changes that make this current tendency harder to reverse.
- Today, many legislators appear to be more devoted to the institution than they are to particular policies.

Christopher Cochrane, *University of Toronto*

- Canada does not have a long history of political polarization or of incivility; for example, until quite recently, there were no attack advertisements in Canadian politics.
- While Canadians may disagree on major social issues, their stance on a particular social issue is not necessarily an indicator of their political party affiliation, although the association between policy position and party affiliation appears to be growing stronger.
- The Canadian political system is not based on consensus; the government leads and the opposition parties oppose.
- In Canada, while political polarization is not – in and of itself – a problem, incivility is; Canada’s political system operates essentially as a gentleman’s agreement.
- A famous example of civility in Canadian government occurred in 1968, when – following a non-confidence vote – Robert Stanfield, Leader of the Official Opposition, could have demanded the dissolution of Parliament; instead, he discussed the situation with Prime Minister Lester Pearson, and agreed not to use the vote to his political advantage because an election would not have been in Canada’s best interests at that time.
- Canada is dependent on having leaders who are more willing to lose political advantage than to disgrace the political process.

Paul Hillegonds, *Former Member of the Michigan House of Representatives*

- With more incivility and less debate about policy, legislatures pass budgets with little input from the opposition party or parties.

- A solution to the problem of incivility would be to encourage collaboration when new individuals are elected; new legislators should be encouraged to work together on shared goals and to build a relationship of trust.
- Term limits may be damaging to legislative relationships and to constituents, as turnover requires frequent re-establishment of trust; long-term relationships create a system that rewards long-term strategies over short-term seeking of an advantage.

THE MAYO CLINIC SUCCESS STORY

Patricia Simmons, *Mayo Clinic*

- The Mayo Clinic is known internationally for the quality of its care and its primary focus on patients.
- The Mayo Clinic is located in Rochester, Minnesota, a town of about 100,000 residents; it was established about 150 years ago, now serves about 1 million people annually and employs 60,000 people.
- Patients come from all over the United States and people from 145 countries have travelled to the Mayo Clinic to receive care.
- Staff are highly committed to the Mayo Clinic's patient-focused philosophy; for example, when CNN recently visited the clinic and a reporter asked a man who was washing doorknobs what he was doing, the man replied: saving lives.
- Research informs everything that the Mayo Clinic's team does; doctors listen to, and learn from, patients and from each other.
- Some of the challenges that are facing the Mayo Clinic in particular, and the health care sector more broadly, include the aging population, the shrinking of the segment of the population that provides tax revenue and the increasing costs of medical discovery.
- There are unknowns in the U.S. health care system, including the implementation of the *Affordable Care Act* and the associated changes in access to insurance.
- The Mayo Clinic's founder, Charles Mayo, firmly believed that the only thing that is constant is change; by tracking change and always putting the needs of patients first, he shaped the clinic's philosophy.
- The Mayo Clinic has developed three new centres:
    - the Center for Individualized Medicine, which works with patients who have been given a poor prognosis or who have been on a "diagnostic odyssey" and have not been able to find a diagnosis for their condition;

    - the Center for Regenerative Medicine, which focuses on improving transplant medicine and innovating in the area of regenerating tissues; and
    - the Center for the Science of Health Care, which studies the development of affordable outcomes, the achievement of optimal results and the application of knowledge broadly.

- The Mayo Clinic's patients select the clinic as their health care provider, as do the medical staff who work at the clinic.
- For decades, the number of patients who want to be treated at the Mayo Clinic has exceeded the number that the clinic has been able to treat, with the result that the clinic has screened its patients carefully; the Mayo Clinic attempts to triage patients by treating those who would be most likely to benefit from the clinic's services.
- One component of the triage process the Mayo Clinic uses in determining whether it will treat a patient is determining whether the medical services that the patient is seeking are available in that person's home state.
- In order to facilitate the treatment of patients in their home communities, the Mayo Clinic focuses on sharing and disseminating knowledge, as well as identifying best practices adopted in other jurisdictions.
- One reason for the Mayo Clinic's reputation for cost-effective care is that the clinic focuses on accurate diagnosis; using a less expensive diagnostic tool may initially seem like an effective means of containing costs, but if it is less sensitive or accurate, an inferior diagnostic tool may be more costly in the long run because of the potential for misdiagnosis.
- The Mayo Clinic relies on distance medicine; for example, it has a telestroke program that permits remote diagnosis by skilled neurologists, it relies on many types of e-consultations and it works on knowledge diffusion through its AskMayoExpert program.

EFFORTS TO PROTECT THE INTEGRITY OF THE MEDICAID SYSTEM

Maria Schiff and Matt McKillop, *The Pew Charitable Trusts*

- Health care spending in the United States is growing quickly, particularly at the state and local levels; given this increase, it is particularly important to know the services for which governments are paying and how they can control health care costs.
- Controlling fraud and abuse of the Medicaid system may be a way to control health care costs, particularly given data suggesting that as much as 10% of spending is on improper payments.
- Improper Medicaid payments may include fraud and abuse, as well as mistakes, such as sending payments to the wrong recipient; under federal

Medicaid regulations, “fraud” is intentional deception knowing that the deception could result in some unauthorized benefit, while “abuse” is a practice that is inconsistent with sound fiscal, business or medical practices and results in unnecessary costs or reimbursement for unnecessary services.

- Medicaid fraud and abuse may result either from health care providers or from patients; it is generally easier to recover funds from providers than from patients, and some data suggest that 90% of fraud and abuse are perpetrated by providers.
- Three steps may be particularly effective in reducing Medicaid fraud and abuse by providers:
  - Perform background checks on health care providers to ensure that they do not have a record of fraudulent claims.
  - Review Medicaid claims to ensure that what is being claimed actually occurred.
  - Review claims before they are sent out, as it is much easier to avert fraud than it is to recover money after fraud has occurred.
- In Michigan, Medicaid fraud and abuse are reduced through linking enrolment in the Medicaid system to physician licensing; partly because failure to renew licences might be an indicator of a higher propensity to commit fraud and abuse or that physicians are not operating “above board,” if physicians have not renewed their licence, they are “frozen out” of the Medicaid system.
- Preventing Medicaid fraud may be a challenging “balancing act”; while it is important to reduce unnecessary costs resulting from fraud and abuse, any measures taken to combat fraud and abuse should not overburden honest health care providers.

FUTURE STATES

Peter Harkness, *GOVERNING Magazine*

- Recent economic changes in the United States have presented particular challenges for legislators; these changes include a rise in both public and personal debt, high unemployment and the “Great Recession.”
- Although there are some indications that the worst of the economic downturn may be over, it will be important to make the right “political moves” to respond appropriately to the recovering economy.
- Some positive indicators for the U.S. economy include the increase in consumer spending, the global leadership role of U.S. universities in relation to research, and the financial benefits for some states from the recent energy boom related to natural gas and shale deposits.
- Legislators will face challenges in the area of education, including both kindergarten through grade 12 where there has been significant financial

investment but little improvement in outcomes, and university education, where flagship state universities are essentially being forced to privatize because of high costs.

- Like education, immigration reform is a policy challenge; according to Bill Gates, under the current policy, it appears that “being smart” is a major disqualifier for emigrating to the United States.
- Legislators must consider demographic variables when considering policy directions; for example, the “silver tsunami,” or rapidly aging population, will require a major shift in policy focus, and baby boomers will soon be at high risk of poverty and, with their growing divorce rates, their accumulated retirement savings are relatively smaller.
- “Millennials” took a “huge hit” in the recent recession, as they accumulated record levels of college loan debt – totalling about $1 trillion – but have a limited ability to pay off their loans; one half of new lawyers in the United States are unable to find a job.
- Following decades in which suburbs were the most popular choice for residential living, inner cities are again becoming highly desirable, which creates challenges in urban planning due to space restrictions.
- Between the increasing popularity of downtown living and inner cities as “magnets” for growing immigrant communities, demand for urban housing will greatly exceed supply as the economy recovers.
- Increasing political tensions at the federal level have led to some impasses and challenges in passing legislation, which may create opportunities for the states to innovate on their own; for example, California “grew tired” of waiting for a federal cap-and-trade system, and implemented its own system.
- One third of state revenue still comes from the federal government.
- The United States is a splintered nation; there is single-party control in 43 states, and one half of state legislatures have veto-proof majorities, but there are complex issues to tackle, including climate change, the health of waterways, gay marriage, legalization of marijuana, gun control and prison reform.

Susan Brower, *Minnesota State Demographer*

- The retirement of baby boomers has begun and will progress rapidly; the shift of this significant group out of the work force places stress on budgets for health care and long-term care.
- One half of residents in Minnesota either expect government assistance throughout their retirement or have no financial plans for retirement.
- Budgetary challenges make succession planning difficult for businesses; there is a tremendous opportunity to establish equitable hiring practices and

representative workplaces as organizations decide how to replace baby boomers.

- Labour force growth is expected to slow in the United States as baby boomers retire, which will mean slower economic growth; in order to counter this trend, businesses will need to increase productivity by finding efficiencies and by providing goods and services of higher value.

Michael Brown, *Wells Fargo*

- Data suggest that the current rate of economic growth in the United States is about 2.5%, which is lower than the 3% to 3.5% growth rates of the last decade.
- Employment is an important factor in the health of economies; unemployment is linked to education, with higher levels of education associated with lower levels of unemployment.
- Income inequality continues to exist in the United States, and incomes have not yet reached their pre-recession levels.
- States' economies have rebounded somewhat since the recession of 2009, but sales tax revenue continues to be low because of lower consumer spending.
- The current pace of economic growth is likely to continue for some time.
- Federal sequestration can have negative economic effects because it means decreased income tax collection and a decrease in sales tax collection due to reduced personal incomes; it also means a reduction in grants to state governments.

Larry Jacobs, *University of Minnesota*

- Small changes in electoral percentages can have significant effects on policy; many legislatures are engaging in high-risk, high-reward bets – such as lowering taxes and underinvesting in education – based on single-digit percentage differences in election results.
- Data suggest that legislatures are not "scared centre," meaning that a government's fear of losing its majority does not lead it to seek common ground.
- Political parties have essentially two strategies from which to choose: try to lure centrist voters by campaigning on moderate policies, or campaign on more extreme policies in order to maintain the support of party loyalists; the former approach leads to political convergence, while the latter approach leads to divergence and antipathy to compromise.

- Demographic factors that are likely to play a role in the outcome of future elections include the increasing number of seniors, the decreasing number of white voters, and the rapid growth rate within certain immigrant communities.

POWERING OUR FUTURE: ENERGIZING THE MIDWEST

Ellen Gilmer, *EnergyWire*

- Hydraulic fracturing, or “fracking,” is a technique through which highly pressurized liquids are mixed with sand and injected into rock to allow for the collection of substances, such as gas.
- In the U.S. Midwest, among other regions, the fracking process has been used to access natural gas in shale deposits, which has led to an energy boom in the Midwest.
- While several U.S. states have adopted renewable energy mandates, there is pressure to weaken those mandates in Kansas, Minnesota and Ohio.

Shirley Neff, *U.S. Energy Information Administration*

- The U.S. Midwest is a net consumer of energy and, among the Midwestern states, only North Dakota is a net producer; on a per capita basis, North Dakota is both the highest energy producer and the highest energy consumer.
- The U.S. Midwest is the nuclear “heartland” of the United States.
- The most prevalent renewable energy in the United States is wind power.
- There is some hydroelectric power generation in the Northeast of the United States, but the amount is small in comparison with several Canadian provinces.
- Biomass is a renewable resource in the U.S. Midwest, but the biomass sector has not met expectations; more efficient and effective methods of converting biomass into useable energy are needed.
- There is significant potential for growth in renewable energy.
- In the future, technological efficiencies should allow for some stabilization of energy consumption.
- Although coal will likely remain the largest component of energy consumption in the U.S. Midwest for the foreseeable future, its proportion will likely decrease somewhat due to efficiencies.
- Because of the significant costs associated with nuclear plants, the use of nuclear energy is likely to decrease if the energy market remains competitive.

Sharon Reishus, *IHS Energy Insight*

- North America is a significant source of crude oil; in the coming years, oil imports will decline, although it is unlikely that the United States will ever achieve oil independence.
- There has been volatility in oil markets, but prices are likely to be relatively flat in the next few decades, and natural gas prices are also expected to stabilize.
- Gas consumption is closely tied to U.S. industrial growth; gas-intensive industries have rebounded, so gas consumption has increased.
- Electrical power is closely tied to economic growth; because the economic outlook in the United States is improving, electricity demand in the United States will likely increase.
- Carbon emissions will likely stabilize over the next few decades; that said, without significant carbon legislation, this stabilization will likely not be enough to reach the international consensus on the levels needed to avoid a temperature increase of two degrees.
- The U.S. Environmental Protection Agency's pollutant rules will soon be regulating more aspects of the industrial sector, which could mean reduced productivity if regulations are particularly restrictive.

LEADERSHIP LESSONS FROM AMERICA'S PAST

Jon Meacham, *Random House*

- Politics is a constant struggle between the ideal and the real, and the perfect and the good; philosophical consistency is the first "casualty" of political reality.
- Thomas Jefferson was quintessentially a politician, building coalitions of opinion on a particular position for a particular period of time.
- The early U.S. presidents loved their country in the same way that a parent loves a child; they were highly imperfect people devoted to a principled vision of their country, but they never let qualms about the means of accomplishing their ends "get in the way."
- Partisanship is part of the "lifeblood" of the United States, but it can become corrosive when it becomes reflexive rather than thoughtful.
- The experiment of democracy that the early U.S. presidents adopted is predicated on the assumption that Americans can trust each other enough to compromise; the perfect cannot be allowed to be the enemy of the good.
- St. Augustine postulated that humans are united by concepts that they love; early Americans were united by the concept of liberty and the belief that prosperity is the key to freedom.

- The art of compromise is not a “dirty” or “cynical” exercise, but rather another way of defining governance; people are imperfect, and are often faced with situations that cannot be solved but only managed.
- The early U.S. presidents were committed to the overarching principle of doing what was best for the country; Thomas Jefferson would not let ideological purity get in the way of doing what he thought would serve his principal interest: the strength and security of the country.
- Andrew Jackson was a firm believer in states’ rights, but he saw the country as a family and would not compromise the strength of the union to protect individual states.
- Today, the United States’ founding fathers appear godlike and remote to many Americans, but they were quite human and prone to frailty; there is no option other than relying on frail and imperfect leaders.
- Americans should not think that their leaders have fallen from some historical ideal; rather, reality, pragmatism and compromise have always been important in American society and governance.

Respectfully submitted,

Hon. Janis G. Johnson, Senator Co-Chair Canada-United States Inter-Parliamentary Group	Gord Brown, M.P. Co-Chair Canada-United States Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	68th Annual Meeting of the Council of States Governments Midwestern Legislative Conference
DESTINATION	St. Paul, Minnesota, United States of America
DATES	July 14-17, 2013
DELEGATION	
SENATE	Hon. Wilfred P. Moore, Q.C. Hon. Jean-Guy Dagenais
HOUSE OF COMMONS	Merv Tweed, M.P.
STAFF	Martha Butler, Advisor
TRANSPORTATION	**$ 4,241.94**
ACCOMMODATION	**$ 2,425.92**
HOSPITALITY	
PER DIEMS	**$ 920.35**
OFFICIAL GIFTS	
MISCELLANEOUS / REGISTRATION FEES	**$ 1,499.25**
TOTAL	**$ 9,087.46**