

Canada - United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada - États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation respecting
its participation at the 67th Annual Meeting of the Council of
State Government's Midwestern Legislative Conference**

Canada-United States Inter-Parliamentary Group

Cleveland, Ohio

July 15-18, 2012

Report

DELEGATION MEMBERS AND STAFF

From July 15-18, 2012, Mr. Rick Dystra, M.P., Vice-Chair, led a delegation from the Canadian Section of the Canada-United States Inter-Parliamentary Group to the 67th Annual Meeting of the Council of State Government's Midwestern Legislative Conference (MLC) in Cleveland, Ohio. The other delegate was the Honourable Jean-Guy Dagenais, Senator, and the delegation was accompanied by Mr. Mohamed Zakzouk, Advisor to the Canadian Section.

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.

DELEGATION OBJECTIVES FOR THE EVENT

Canada and the 11 MLC states share a mutually beneficial relationship. According to recent figures, more than 1.6 million jobs in the 11 MLC states rely on Canada-U.S. trade. Annual merchandise trade between Canada and these states was recently valued at about US\$197 billion: about US\$81 billion was exported from these states to Canada, while they imported more than US\$116 billion from Canada. Recent data suggest that, in a recent 12-month period, Canadians made more than 4.4 million visits to the MLC states and spent more than US\$1.3 billion, while residents of these states made more than 2.9 million visits to Canada and spent more than US\$1.4 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, in recent years, have attended 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 2012 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. Furthermore,

members of the Canadian Section benefited from presentations focused on a variety of policy areas, including trade, border security and education. Feeling that members of the Canadian Section were able to achieve their objectives for the event, the Canadian Section intends to attend future annual meetings of the MLC to continue its work in advocating Canadian interests in the U.S. Midwest.

ACTIVITIES DURING THE EVENT

During the MLC's 2012 Annual Meeting, the following plenary and concurrent sessions took place:

- Impact of Scientific Innovations in Animal Agriculture
- Defining and Taxing Agricultural Land
- Update on the Farm Bill
- Enhancing State Economies through Technology-led and Innovation-based Economic Development
- Update from the Subcommittee on Growth through Regional Collaboration
- Regional Collaboration for a Competitive Midwest
- Next-Generation Energy Technologies: Converting Waste to Oil and Advances in Clean Coal Technologies
- Roundtable Discussion on State and Provincial Energy Policies and Planning
- Breaking Down Silos: How States Can Better Coordinate Care
- State Implementation of Health Care Reform: What Happens Next?
- Beyond the Border: How Far Have We Come in Implementing the Bilateral Initiatives to Promote Economic Competitiveness, Security and Regulatory Cooperation - and What Happens Next?
- Update on Efforts to Build a New Bridge between Detroit and Windsor
- The Opportunities and Challenges of Moving Toward Closer North American Integration
- Developments in Cross-Border Energy Trade and an Update on the Keystone XL Pipeline, Enbridge Pipeline Expansions and Other Proposed Projects
- Energy from Shale: What It Means for State Economies, Regulation and Communities
- Agricultural Land Taxation
- Looking Toward the Future: Transportation Infrastructure Needs and How to Pay for Them
- Horse Processing as Part of the Solution to the Growing U.S. Horse Population

- Converting Non-Recycled Plastics to Fuel
- Economic Reinvention: A Framework for Creating Jobs and Prosperity
- Economic Reinvention in the Midwest
- Economic Reinvention: Creating and Growing Rural Wealth
- State Efforts to Curb Prescription Drug Abuse
- State Trends in Teacher Evaluation and Effectiveness Requirements
- Mental Health in the Criminal Justice System
- Fiscal Leaders Roundtable
- Restoring the Republic Through Article V
- Entitlement Reform: State Drug Testing of Beneficiaries
- The Future and Potential of Cellulosic Ethanol
- Reforming Higher Education for Global Competitiveness
- The Infrastructure Imperative
- From Bleeding Kansas to the Bloodless Toledo War: The Shaping of the Midwest and Its States
- 2012 Elections Preview
- Midwestern Higher Education Compact Report
- Leadership: Why Humility Works.

DEVELOPMENTS IN CROSS-BORDER ENERGY TRADE AND AN UPDATE ON THE KEYSTONE XL PIPELINE, ENBRIDGE PIPELINE EXPANSIONS AND OTHER PROPOSED PROJECTS

Dale Eisler, *Natural Resources Canada*

- The world is experiencing rapid change as a result of globalization, including increased economic integration, dislocation, and contact among different values and belief systems; these changes are bringing societies and cultures closer together.
- The world is becoming increasingly volatile and less predictable; conflict and insecurity are rising.
- Canada and the United States are immigrant societies that offer opportunities to people from around the world.
- Canada and the United States share similar cultures and political values.
- Canada and the United States have the world's largest and deepest economic partnership, and Canada is the largest export destination for the United States.

- According to one projection by the International Energy Agency, energy demand is expected to grow by 33% by 2035, and – among energy sources – the demand for oil will remain the largest.
- Canada is the largest supplier of energy to the United States; the United States imports about 2.5 million barrels of oil per day from Canada.
- Canada and the United States have a highly integrated energy system.
- In 2010, Canada exported 44 terawatt-hours of electricity to the United States, which was valued at CA\$2 billion; in that year, Canada supplied about 10% of Minnesota’s electricity needs, 6% of Michigan’s needs, 7% of New York’s needs and more than 33% of Vermont’s needs.
- U.S. renewable electricity policies should include Canadian renewable electricity.
- Canada is a global energy superpower, and is open for investment.
- About 60% of the world’s oil that is open to market development is located in Canada; states or national oil companies control 80% of the world’s oil reserves.
- Canada’s oil reserves are the third largest in the world, and are expected to grow as extraction technologies advance.
- According to recent polls, many Americans support the Keystone XL pipeline project, and see Canada as a secure and trusted source of energy.
- The intensity of greenhouse gas emissions from oil sands development has decreased by 26% from 1990 to 2010.

Stephen Brick, *Chicago Council on Global Affairs*

- North America has a large demand for energy that must be met in order to maintain current standards of living; despite large investments in alternative energy, there will be an enormous need for traditional fossil fuel resources in the future.
- The global demand for oil is expected to continue to grow at a much faster rate than the rate for North America; as a result, competition for energy resources is expected to rise.
- Canadian crude oil is a source of energy security and employment for the United States.
- In the last three decades, North America has become more electrified than ever, a trend that is expected to persist; the North American electricity grid is highly integrated.
- Canadian hydropower is an important source of electricity supply for the northern U.S. states; Manitoba and Quebec have additional hydroelectric resources that can be developed cost-effectively in order to meet the growing electricity demands of U.S. markets.
- Natural gas will continue to dominate the U.S. electrical generation sector.

- Continuing natural gas trade with Canada will provide energy security and stability for the United States.
- Canada is the most politically stable supplier of uranium to the U.S. nuclear power sector.
- The Keystone XL project will lead to a wide range of economic and social benefits for both Canada and the United States.
- Energy interdependence, rather than independence, is a favourable way to think about North America's energy problems.

John Kerekes, *American Petroleum Institute*

- According to projections by the International Energy Agency, oil consumption in developing countries will exceed that of developed countries by 2013.
- There is substantial uncertainty regarding the future of oil production around the world.
- The United States will require 10% more energy in 2035, more than one half of which is expected to be met by oil and gas supplies.
- Shale resources are widely dispersed across the United States, with potential for increased domestic production; unconventional gas is expected to create nearly 270,000 jobs in the U.S. Midwest by 2015.
- Oil and gas production in the United States is increasing as a result of technological innovations.
- The majority of Americans supports increased domestic oil and gas development.
- Recoverable oil resources are much more substantial than current proven reserves; the exploitation of the former will depend on the future development of energy policy as well as oil and gas technologies, and – at present – 87% of the federal U.S. offshore acreage is off-limits to development as a result of government policy.
- The assessment of oil and gas pipelines, such as the Keystone XL project, must include considerations regarding potential job creation and tax revenue.
- The development of Canada's oil sands benefits the U.S. economy; for every two jobs created in Canada, one job is created in the United States.

BEYOND THE BORDER: HOW FAR HAVE WE COME IN IMPLEMENTING THE BILATERAL INITIATIVES TO PROMOTE ECONOMIC COMPETITIVENESS, SECURITY AND REGULATORY COOPERATION - AND WHAT HAPPENS NEXT?

Christopher Sands, *The Hudson Institute*

- As tariffs were reduced in North America as a result of the *North American Free Trade Agreement*, government regulation became the main barrier to trade; following the terrorist attacks in September 2001, national security became a barrier to trade as well.
- In February 2011, Prime Minister Harper and President Obama issued a declaration on a bilateral vision for perimeter security and economic competitiveness; the declaration gave rise to two major initiatives: the Beyond the Border Working Group and subsequent Action Plan, and the Regulatory Cooperation Council and subsequent Action Plan.
- The Beyond the Border Action Plan has five key areas:
 - addressing threats early;
 - trade facilitation, economic growth and jobs;
 - cross-border law enforcement;
 - critical infrastructure and cybersecurity; and
 - partnership management.
- The Regulatory Cooperation Council Action Plan has five key areas:
 - agriculture and food;
 - transportation;
 - health;
 - the environment; and
 - cross-sectoral issues in such areas as small businesses and the regulatory approach to nano-materials.
- Progress on both the Beyond the Border Action Plan and the Regulatory Cooperation Council Action Plan has been slow, in part because:
 - Congressional interest or engagement has been limited;
 - stakeholder engagement in the United States has generally been limited to local, rather than national, engagement;
 - Canada-U.S. issues are generally not high-profile issues within U.S. civil society;
 - the Action Plans have faced competition from U.S. negotiations with other international governments, including Mexico as well as partners in Asia, Europe and Latin America; and
 - there is a strong reliance on the U.S. President and the Canadian Prime Minister to push the Action Plans forward, with the result that political events – such as the upcoming U.S. elections – tend to slow down progress.
- History suggests that the Canada-U.S. shared vision will continue, regardless of the outcome of the upcoming U.S. elections.

Kelly Johnson, *Campbell Soup Company*

- Campbell Soup Company's North American supply chain is highly integrated:
 - Canadian Campbell Soup Company's products contain U.S. ingredients and vice versa;
 - about 25% of the Campbell Soup Company's products that are manufactured in Toronto, Ontario are exported to the United States; and
 - about 75% of the Campbell Soup Company's shipments between Canada and the United States cross the Ambassador Bridge.
- Crossing the Canada-U.S. border is becoming more complicated and costly, with:
 - in the absence of expanded infrastructure to facilitate border crossing, wait times that have increased as traffic returns to pre-2008 levels;
 - the ability to ship food by rail hindered by the lack of inspection facilities at rail ports of entry;
 - inspection times that have increased for both personal and commercial border crossings; and
 - 10 minutes of wasted time per day aggregating to one week of wasted time per year.
- If the Beyond the Border initiative is to succeed, it needs to achieve a number of outcomes, including:
 - a well defined and "implementable" North American security "perimeter" that will help thin, rather than thicken, the Canada-U.S. land border;
 - a way forward to harmonize and expand trusted traveler programs, including the elimination of border fees for trusted travelers;
 - a new structure for joint border infrastructure investment, such as NORAD or the International Joint Commission, that expands the use of rail for cross-border food shipments; and
 - recognition that many, if not most, Canadian and U.S. food safety systems are equivalent.
- Canadian manufacturing should be defined as a "domestic" industry under the U.S. *Food Safety Modernization Act* and "Buy America" laws.

UPDATE ON EFFORTS TO BUILD A NEW BRIDGE BETWEEN DETROIT AND WINDSOR

William P. Anderson, *University of Windsor*

- The Detroit River International Crossing is the largest crossing in the largest bilateral trade relationship in the world; 25% of Canada-U.S. trade crosses the border at this point.

- Cross-border supply chains involve the movement of materials and components among facilities on either side of the Canada-U.S. border; border delays and their associated costs reduce the efficiency and competitiveness of firms engaging in cross-border supply chains.
- Cross-border supply chains are often time-sensitive, with little “tolerance” for delays, disruptions and high transfer costs.
- There are incomplete highway connections between Canada and the United States, which present challenges to cross-border trade.
- The Detroit River International Crossing is a partnership of four governments: the United States and Canadian federal governments, the Government of Ontario and the Government of Michigan; the project is expected to facilitate the movement of people and goods across the Canada-U.S. border, and improve access by U.S. businesses to the Greater Toronto Area, which is the most rapidly growing major market in the Great Lakes region.
- The Detroit River International Crossing could potentially turn the region of southeastern Michigan and southwestern Ontario into a global logistics hub.
- A highway connecting the Detroit River International Crossing to Highway 401 is currently under construction, at an estimated cost of \$1.6 billion; the highway connection is expected to improve further the efficiency of cross-border trade.
- The environmental assessments for the Detroit River International Crossing and the highway connection to Highway 401 are complete.
- Despite support from the Governments of Ontario and Canada, the Detroit River International Crossing faces legislative resistance in Michigan, largely due to lobbying efforts by the owners of the Ambassador Bridge; enabling legislation for the project failed to pass the relevant committee in the Michigan House of Representatives Committee in October 2011.
- The Government of Canada has offered to increase its contribution to the Detroit River International Crossing by \$550 million, with the result that Michigan would not have to make any financial contribution.
- In mid-June 2012, Michigan entered into an inter-local agreement with the Government of Canada, according to which no appropriation of funds is required from the Michigan Legislature for the construction of the Detroit River International Crossing; Canada will collect tolls at the Crossing and bear any potential risk of failure on the part of private-sector partners.

THE OPPORTUNITIES AND CHALLENGES OF MOVING TOWARD CLOSER NORTH AMERICAN INTEGRATION

Robert Pastor, *American University*

- Both Canada and Mexico are important to the United States; that said, considering that about one third of all immigrants living in the United States is

from Mexico, Mexico-U.S. relations are of particular importance to the United States.

- In the future, the degree of integration of the North American economies will depend on the ability of the United States to perceive its two neighbouring countries as “no longer foreign.”
- It is unlikely that the U.S. Congress and Americans would accept separate partnerships with Canada and with Mexico.
- There is a need for continental planning that recognizes the interdependence of Canada, Mexico and the United States; for example, instead of focusing on individual bilateral projects, such as the Detroit River International Crossing, greater efforts should be directed to the development of a North American transportation strategy.
- Deepening the economic integration among Canada, Mexico and the United States will benefit North America as a whole; from that perspective, there is a need for trilateral institutions to advance such integration and for regular trilateral meetings among North American legislators.
- Mexico has been transformed significantly in the past decade; it has evolved into a full democracy and is becoming one of the fastest-growing markets for Canadian goods.

ECONOMIC REINVENTION: A FRAMEWORK FOR CREATING JOBS AND PROSPERITY

Charles Wheelan, *Author and University of Chicago*

- The U.S. Midwest is well equipped to take advantage of future economic opportunities; political stability, high-quality education, energy security, well developed transportation infrastructure and access to clean water are among the factors that give the U.S. Midwest an economic advantage over many regions around the world.
- While technology has improved the overall productivity of the U.S. Midwestern economy, it has made low-skilled workers largely redundant; technology increases the wages of high-skilled workers and decreases those of low-skilled workers.
- Technology, trade and outsourcing are among the factors contributing to unemployment in the U.S. Midwest; a large number of low-skilled workers are available in emerging economies, such as those of India and China, which provide competitive advantages that cannot be paralleled in North America.
- The future success of the U.S. Midwestern economy will depend on how well governments and institutions promote the acquisition of skills.

- Moving forward, the competitive challenge for the U.S. Midwest is to anticipate the future demands of consumers around the world, and to maximize the region's competitive advantages to meet such demands.
- There are numerous benefits to high-density urban centres; for example, resources are more easily and more efficiently used in denser environments, and high-population regions tend to have a greater economic potential than lower-population regions.
- The U.S. Midwest needs to promote an environment in which jobs are easily created; from that perspective, there is a need to:
 - establish a coherent federal transportation policy with specific goals, recognizing that the U.S. Midwest has a strong but deteriorating transportation network and that it would be better to reinvest in modernizing the network than to build new infrastructure;
 - increase investments in human capital, especially through education, in order to promote a more productive workforce, with particular attention paid to early childhood education in order to enhance the non-cognitive skills that play a role in all aspects of living and to improve the productivity of every subsequent level of education;
 - improve labour relations by directing collective interest towards capturing a bigger market share, and therefore raising profits, for the benefit of everyone in a given organization;
 - ensure simple, transparent and predictable taxation and regulatory structures, and harmonize government policies across the U.S. Midwestern region; and
 - establish a global brand for the "Midwest" by highlighting a set of regional characteristics to maximize on the global attractiveness of the region.
- The U.S. Midwest should benefit from the experiences of countries around the world; in that regard, in the area of job training, the experiences of Germany and of Scandinavian countries can be of particular benefit.

ECONOMIC REINVENTION IN THE MIDWEST

Donna Cansfield, *Legislative Assembly of Ontario*

- Academic institutions are not always good at integrating their research with the practical needs of industry; for that reason, the Government of Ontario has worked to improve the collaboration between and among industry, academia and governments in order to promote economic development.
- All sectors of society have a responsibility towards unemployed, underemployed and/or marginalized individuals; a productive, fully employed and appropriately employed workforce benefits society as a whole.
- Investments in early childhood education are essential for economic development.

- Jurisdictions in the Great Lakes region work together effectively on issues related to the Great Lakes; the entire region has a stake in protecting the Great Lakes' waters and fisheries from threats, such as invasive species and climate change.
- Cultural diversity is one of Ontario's greatest economic strengths; a multicultural and multilingual workforce is a great asset for global business.

Ned Hill, *Cleveland State University*

- Economic development must establish short-, medium- and long-term priorities; in particular:
 - in the short term, it is important to sell current assets and work on lowering the costs faced by businesses wishing to enter markets;
 - in the medium term, it is important to improve assets, for example, through programs that promote skill-building and entrepreneurship; and
 - in the long term, it is important to create new assets to improve the overall potential for economic development.
- Employees are often resistant to additional professional education; in addition to creating incentives for additional training, it is important to create a working environment that fosters a work culture where workers are motivated to pursue professional development opportunities.

Thom Ruhe, *The Ewing Marion Kauffman Foundation*

- The establishment and growth of firms are influenced by the intellectual capital in a given region.
- Academia is often "out of touch" with the needs of the business community; in order to improve the overall productivity of a given economy, community colleges and businesses must work collaboratively.
- Businesses should be more vocal about their workforce needs; statistically, a lack of skilled labour is the biggest factor hindering the growth of businesses.
- Workforce redevelopment involves reinvestment in the education process of middle-aged workers; regions that understand and embrace opportunities for a second career are likely to achieve resilient economic growth.

Whitney Smith, *The Joyce Foundation*

- Most of the workers that are going to "fuel" the U.S. Midwestern economy in the next decade are currently in the workforce; as a result, the issues and limitations of the current workforce cannot be ignored.
- Generally, the careers that are experiencing the fastest growth require some form of post-secondary education.

- There are a number of professional barriers facing the current workforce, including insufficient credentials and foreign language training.
- There is a need for “second-chance” systems that improve the employment opportunities of marginalized individuals, such as high school drop-outs and some immigrants.
- For many people, learning “in context” is one of the fastest ways to learn; by partnering with community colleges, businesses can play a major role in workforce development.

REFORMING HIGHER EDUCATION FOR GLOBAL COMPETITIVENESS

Roy Church, *Lorain County Community College*

- One of the challenges of reforming higher education in Ohio involved getting community colleges and universities to function as a collective whole for the benefit of the overall economy; this objective was partly achieved by improving the transfer system among state universities and colleges.
- Historically, community colleges were created as a geographically proximate source of access to higher education at the community level; today, they constitute the largest single sector of higher education in the United States.
- Building talent is a continuum that includes:
 - college readiness;
 - degree or certification completion; and
 - market-driven employment.
- Larger firms are not always large generators of employment, as they often choose to invest in technologies that eliminate job opportunities; on the other hand, small and medium-sized firms are good generators of employment at the community level.
- Partnerships between industry and community colleges are essential for economic development.
- Community colleges are well positioned to facilitate job growth through: coaching, teaching and mentoring opportunities; access to capital; a working environment that fosters innovation; and specialized equipment and expertise.

James B. Milliken, *University of Nebraska*

- Many universities in the United States were founded in order to provide higher education to a broad range of people from different social classes.
- Through research, universities have created an engine for innovation and economic development; about one half of all ideas and “entrepreneurial energy” in the United States can be traced to research universities.

- It is important to ensure that innovation is successfully transferred from academia to the marketplace; numerous industries, including genetics and the internet, originated in research universities.
- Expanding access to higher education is critical for the creation of more job opportunities in the United States; in the 21st century, attaining a good job requires higher education.
- Traditional universities have been slow to embrace online education technologies, such as distance education.
- There will always be a need for U.S. policy makers to support research universities, which can continue to lead the way on innovation.
- At some point, the number of talented scientists in China and India will exceed that in the United States.
- The United States' competitive advantage lies in its culture of entrepreneurship, including the freedom to take risks and to fail.
- Universities need to be at the forefront of fostering entrepreneurship in the United States, and they need to be outward-focused by constantly assessing and responding to the need for innovation at the regional and state levels.
- Higher education is the single best area of investment for policy makers; furthermore, governments must work to reduce the barriers to partnerships between public universities and the private sector.

THE INFRASTRUCTURE IMPERATIVE

Randall Eberts, *Upjohn Institute*

- Infrastructure can accommodate, and stimulate, economic growth.
- Highways are a major aspect of the infrastructure that supports a developed market economy; the majority of U.S. commodities is shipped by highway, with 73% of the 13 billion tons of products shipped in 2007 being moved by truck.
- The use of U.S. highways has increased by 75% over the past three decades; from 1981 to 2009, vehicle miles traveled have increased by 91%, while the total lane miles have increased by 9% and the interstate system has grown by 21%.
- There are a number of potential benefits of broadband for individuals, including:
 - better and more diffuse access to information;
 - an ability to acquire skills and increased marketability; and
 - an ability to develop social networks as well as to facilitate peer-to-peer communities and their integration in the economy.
- Broadband has a number of potential benefits for firms, including:
 - reduced costs and higher revenues;
 - an ability to avoid the need for workers to commute to work;

- an ability to remove the need for proximity to customers;
 - an ability to differentiate customers;
 - an ability to enhance choice;
 - a reduced cost of international connectivity; and
 - expanded opportunities to export services.
- Broadband has had a number of regional benefits across the United States; for example, over the 1998 to 2002 period, it:
 - added 10 to 14 percentage points to the growth rate in the number of U.S. jobs;
 - added 0.5 to 1.5 percentage points to the growth rate in the number of U.S. firms;
 - increased housing rental rates where broadband was available; and
 - added 0.3 to 0.6 percentage points to the rate of new business creation in information technology-intensive sectors.
 - While a large percentage of residents in most states has access to broadband, there is still a large difference between urban and rural access in some states.
 - Smart grids, which use computer-based remote control and automation, are a class of technology that is being used to bring electricity-delivery systems into the 21st century; as well, smart grids are beginning to be used on electricity networks from the power plants and wind farms to the consumers of electricity in homes and businesses.
 - The estimated cost savings from smart grids is \$75 billion over 20 years.

Matthew Summy, *Illinois Science and Technology Coalition*

- Electricity and energy costs influence the price of all goods and services; less expensive electricity, resulting from energy efficiencies, means lower costs for consumers and businesses as well as increased competitiveness.
- Smart grid technologies enable “massive” gains in energy efficiency.
- The U.S. and global smart grid markets are expanding rapidly, and are expected to reach about \$10 billion and \$200 billion respectively by 2015.
- The most recent major design improvements to the U.S. electricity grid were made more than 50 years ago.
- Growth in demand for electricity has exceeded transmission growth by almost 25% every year since 1982.
- Non-disaster power outages in the United States have increased by 124% since the early 1980s.
- An estimated 7% of all power generated in the United States is lost in transmission and distribution; the annual cost of inefficient transmission is about \$25 billion.

- Smart grids could result in a number of benefits, including:
 - an annual reduction of \$49 billion in the cost of outages;
 - increased efficiency and reduced emissions of 12% to 18% per year;
 - a reduction of at least 4% in energy use by 2030, which is equivalent to savings of about \$20.4 billion; and
 - the creation of 27,000 direct and indirect jobs for every \$1 billion invested in smart grids.
- By 2015, \$5 billion to \$7 billion could be added to the U.S. economy as a result of widespread deployment of technology that allows consumers to control their power consumption, which could increase to \$20 billion by 2020.
- Legislators can encourage the development of smart grids in their states through a variety of means, such as:
 - engaging utilities as partners in economic development goals by providing them with incentives to invest in infrastructure development;
 - catalyzing local innovation by using infrastructure legislation to create the means and facilities for research and development activities and initiatives;
 - incentivizing entrepreneurship and new businesses formation by tying infrastructure development to capital funding support administered by stakeholders from government, business and academia; and
 - advancing the interests of consumers and citizens by introducing performance-based metrics as part of infrastructure legislation, and by tying performance to incentives for utilities.

Maureen Stapleton, *Michigan House of Representatives*

- There is a difference between access to broadband technology and the adoption of such technology; most people in the U.S. Midwest have access to broadband technology because of public and private infrastructure investments, yet the adoption of broadband technology is not nearly as great.
- The barriers to adopting broadband technology are financial, social and educational; these barriers affect economic development by decreasing the availability of information and the technology-equipped workforce required by businesses.
- Policy makers can encourage the development of state broadband technology through a number of measures, such as:
 - consideration of public-private partnerships as a way to improve the affordability and availability of broadband technology;
 - acceleration of access to high-speed broadband technology for underrepresented groups as a workforce development imperative;
 - an assurance that state appropriations include internet training;

- an assurance that kindergarten through grade twelve and workforce development programs include “appropriate-use” training;
- establishment of a goal of 100% broadband technology access in each state; and
- establishment of a means to monitor and to increase broadband technology adoption rates in each state.

Emil Frankel, *Bipartisan Policy Center*

- Transportation is a means to economic growth, improved safety and environmental sustainability.
- Nothing has a greater influence on the character and shape of urban and economic development than transportation policy and infrastructure.
- Transportation infrastructure has helped to establish and sustain major economic centres, including large metropolitan regions.
- Federal surface transportation funding has been unchanged for the past several years; with the federal Highway Trust Fund dependent on transfers from general funds, and with continuing opposition to any increases in federal transportation-related fees and taxes, states cannot look to the federal government as a source of investment capital for transportation.
- While it is not certain that a “grand bargain” on federal fiscal issues – including spending reductions, entitlement reform and increased revenues – will include increases to the federal gasoline tax and/or the implementation of new user-based revenues, a resolution to the federal transportation funding shortfall should not be expected other than in the context of such a “grand bargain.”
- While there were some changes in the laws governing the tolling of the U.S. Interstate Highway System in the *Moving Ahead for Progress in the 21st Century Act* (MAP-21), the U.S. Congress seems to be slow in providing states and localities with sufficient flexibility and discretion to innovate in the development and implementation of new funding sources for investments in transportation.
- Increasingly, states will have to use their own resources to fund investments in transportation, as they can no longer depend on federal funds.
- The growing trend toward performance management as well as the preservation and restoration of existing transportation assets in federal surface transportation programs are likely to continue.
- State transportation can be enhanced by improving transportation planning and capital programming institutions and processes, so that there is a greater emphasis on comprehensive strategic programs rather than on individual projects as well as a capacity to target scarce resources and prioritize investments.

MENTAL HEALTH IN THE CRIMINAL JUSTICE SYSTEM

Hallie Fader-Towe, *Council of State Governments*

- Criminogenic risk includes:
 - static risk factors, such as criminal history, current charges, age at first arrest, age and gender; and
 - dynamic risk factors, such as anti-social personality patterns, anti-social friends and peers, substance abuse, family and/or marital considerations, level of education, employment history and the lack of pro-social leisure.
- Decisions in the criminal justice system should be made based on risks and needs by:
 - providing more intensive supervision and prioritizing treatment for those at the highest risk of recidivism;
 - understanding and targeting the contributing factors that can be changed; and
 - removing barriers that may prevent individuals from understanding and complying with treatment and conditions of supervision.
- Cross-agency collaboration should prioritize:
 - screening and assessment for behavioural health needs and criminogenic risk;
 - options for pretrial release, sentencing and graduated responses;
 - connections to appropriate community-based treatment and supervision resources;
 - secure, consensual information-sharing through cross-agency information technology systems;
 - training for practitioners on working effectively with certain sub-populations; and
 - research on the initiatives that are successful in reducing recidivism, protecting public safety and improving health.

LEADERSHIP: WHY HUMILITY WORKS

Evan Thomas, *Author, Journalist and Princeton University*

- While pride is a positive value, too much pride – or arrogance – can bring about negative outcomes.
- Arrogance is typically a sign of insecurity, while humility is often a sign of confidence.
- The most effective companies are run by chief executive officers who are willing to listen to the views of others, rather by those who have “big egos.”
- Humility is not a normal condition; the natural instinct for most people, especially those in public life, is not to be humble.

- Overconfidence is deeply entrenched in modern American culture; according to a recent study, 96% of college students in the United States think that they are above average and, when compared to students in other cultures, American students rank highest on self-confidence.
- Overconfidence is often an issue in U.S. universities; for example, at Princeton University, students need constant affirmation, and a large number are on some type of psychoactive medication.
- The United States – as a nation – is facing a critical disconnect; the individual sense of entitlement that emerged during the 1960s, and that continues to be prominent in modern U.S. society, often clashes with the realization that people in the United States have been living beyond their means for a long time.
- Compromise and sacrifice are difficult concepts for modern Americans to accept.
- President Eisenhower – who preferred to work “behind the scenes” rather than “in the spotlight” – is a useful example for modern U.S. politicians to contemplate; deeply nonpartisan, he was able to work with, and even “tame,” “big egos” with a steady, quiet self-confidence and a keen focus on policies that really mattered.
- Partisanship has become a real hindrance to modern U.S. politics; if politicians choose to be more honest and direct in their public discourse, constituents may respond positively rather than continue their current tendency to ignore or “tune out” partisan political distortions.

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

Appendix

STATES IN THE MIDWESTERN LEGISLATIVE CONFERENCE

Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota
Nebraska
North Dakota
Ohio
South Dakota
Wisconsin

AFFILIATE CANADIAN PROVINCES IN THE MIDWESTERN LEGISLATIVE CONFERENCE

Alberta
Manitoba
Ontario
Saskatchewan

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	67th Annual Meeting of the Council of State Government's Midwestern Legislative Conference
DESTINATION	Cleveland, Ohio, United States of America
DATES	July 15-18, 2012
DELEGATION	
SENATE	Hon. Jean-Guy Dagenais, Senator
HOUSE OF COMMONS	Mr. Rick Dykstra, M.P., Vice-Chair
STAFF	Mr. Mohamed Zakzouk, Advisor
TRANSPORTATION	\$1,674.79
ACCOMMODATION	\$2,026.56
HOSPITALITY	\$Ø
PER DIEMS	\$562.66
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$1,290.02
TOTAL	\$5,554.03