

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 Annual National Conference
of the Council of State Governments (CSG) and the
Annual Meeting of the Council of State Governments-WEST
(CSG-WEST)**

Canada–United States Inter-Parliamentary Group

**Anchorage, Alaska, United States of America
August 9 to 13, 2014**

Report

DELEGATION MEMBERS AND STAFF

From 9–13 August 2014, the Honourable Wayne Easter, P.C., M.P., Vice-Chair, led a delegation from the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG) to the annual meetings of the Council of State Governments (CSG) and the CSG’s western region (CSG-WEST). The annual meetings, which were held concurrently in Anchorage, Alaska, had “New Frontiers, Big Ideas” as their theme. The other delegates were Senator Jean-Guy Dagenais, Senator Terry Mercer, Ms. Jean Crowder, M.P. and Mr. Andrew Saxton, M.P. The delegation was accompanied by the Canadian Section’s Executive Secretary, Ms. Angela Crandall, and its Senior Advisor, Ms. June Dewetering.

THE EVENT

Founded in 1933, the CSG serves all three branches of state government and provides regional fora – the western, midwestern, southern and eastern regional conferences – through which ideas and insights are exchanged with a view to shaping public policy. Each year, the CSG convenes a national meeting, which is attended by selected governors and state legislators from throughout the United States. In addition to this annual conference, the CSG’s various regions hold an annual meeting.

In addition to its International Committee and a number of other initiatives, CSG has the following public policy committees:

- Education;
- Energy & Environment;
- Fiscal & Economic Development;
- Health; and
- Transportation.

CSG-WEST is a non-partisan organization comprised of the legislatures of the 13 western U.S. states (see the Appendix); British Columbia and Alberta are associate members. It meets annually and – with one exception to date – in the United States; in 2012, the annual meeting was held in Edmonton, Alberta.

CSG-WEST has nine standing committees, as well as WESTRENDS, the Western Legislative Academy, the Higher Education Task Force, the Border Legislative Conference and the Legislative Council on River Governance. The nine standing committees are:

- Agriculture & Rural Affairs;
- Canada Relations;
- Western Economic Development & Trade;

- Education;
- Energy & Public Lands;
- Fiscal Affairs;
- Future of Western Legislatures;
- Health; and
- Water & Environment.

DELEGATION OBJECTIVES FOR THE EVENT

The national CSG meeting provides members of the Canadian Section with an important opportunity to speak with selected governors and state legislators from throughout the United States.

In relation to CSG-WEST, Canada and the 13 U.S. states represented in CSG-WEST share a relationship that is mutually beneficial, and five of these states have Canada as their primary foreign export market. The recent establishment of the Canada Relations Committee has been an important development, as it provides a focused opportunity to discuss topics of joint interest.

The interaction with state legislators enables members of the IPG's Canadian Section to achieve better the aims of finding points of convergence in respective national policies, initiating dialogue on points of divergence, encouraging exchanges of information and promoting better understanding on shared issues of concern. Moreover, the meetings with state legislators provide members of the Canadian Section with an important means to provide input to, and gather information about, state-level issues that affect Canada.

The Canadian Section is expected to continue its attendance at the annual meetings of CSG and CSG-WEST.

ACTIVITIES AT THE EVENT

At the 2014 concurrent annual meetings of CSG and CSG-WEST, the plenary, committee, task force and other sessions that occurred had titles that included the following:

- Accounting for the State of Public Pensions;
- U.S. Workforce Development: Building Capacity at Home;
- Overview of Fiscal Trends & Federal Update;
- Budgeting to Get Results & Accountability;
- Tax Credits: Examining What Works and What Doesn't;
- Arctic Policy and the Future of Energy in the West;

- Update on the State Authorization Reciprocity Agreement;
- College- and Career-Readiness: Does it Begin in Preschool?;
- Fiscal and Economic Outlook for 2015;
- Planning for the Future in Uncertain Times;
- Smuggled Tobacco: Straining States' Bottom Lines;
- Seven Leadership and Life Lessons;
- Increasing the Success Rate of Small Business Start-Ups: A Venture Capital Program that Works;
- Economic Gardening: A "Grow From Within" Strategy Targeting Existing Growth Companies;
- Aligning Our Education Systems to Current Workforce Needs;
- Legalization of Marijuana: Medical Marijuana;
- Economic Development with a Global Mindset;
- A Closer Look at 111d;
- International Trade: Protecting Jobs & Innovation;
- Economic Development with a Global Mindset: State Examples;
- International Partners: An Update;
- Improving State Elections for Military, Overseas Voters;
- Hitting the Health Care Trifecta;
- Justice Reinvestment: Containing Costs and Increasing Public Safety;
- School Discipline: How State Officials Can Support School Discipline Reform;
- Understanding and Promoting High-Quality Civic Education;
- A Look at Issues Facing the Obama Administration, Congress and the Future of the Republican Party;
- Agricultural Water Conservation;
- Women in Politics, Next Level Leadership: Promoting Your Position;
- Protecting America's Economic Driver and Consumers – Intellectual Property;
- Solar Ready II;
- Approaches to Climate Change by Provinces and States;
- Cross-Border Emergency Management: Fires and Floods;
- Alaska Arctic Policy Commission;
- The State of Our Children;

- Diplomacy in the 21st Century;
- Linking Education and Workforce Development for More Competitive States; and
- Opening Borders to Health Care Providers.

This report summarizes the discussions that occurred at selected sessions.

OVERVIEW OF FISCAL TRENDS & FEDERAL UPDATE

Mary Murphy, *The Pew Charitable Trusts*

- When a recession occurs, state tax revenue recovers slowly, and the recovery is uneven across states.
- State tax collection peaked in 2008, fell for five quarters, then grew for nine quarters; now, state tax collection is 2.2% higher than the preceding peak, which is leading to greater demands on state budgets, including for health and education spending.
- The United States' states vary in terms of the size of their reserve funds; while Alaska could cover its operating expenses for more than two years, Illinois could cover such expenses for 1.8 days.
- There is no optimal amount for a state's "rainy day fund," and the "optimal amount" would vary across states; that said, it is probably the case that, in general, states are not saving enough.
- The states should build strong "stabilization funds" that recognize volatility within the state, including in respect of state tax revenue; the degree of volatility varies substantially across the states, and there is no single source of volatility.
- North Dakota is "riding" an oil boom to a "remarkable" high for state revenue, while Alaska is at the "other end of the spectrum."

Andy Karellas, *Council of State Governments*

- At present, the U.S. Congress has a 7% approval rating.
- "All eyes" are on the November 2014 mid-term elections, and post-election control of the U.S. Senate and House of Representatives.

BUDGETING TO GET RESULTS & ACCOUNTABILITY

Ken Ivory, *Utah House of Representatives*

- A key question is: what would you do if you knew that 30-40% of your total revenue came from a single source and you knew that this single source was unsustainable?
- Many states are dependent on federally sourced funds, and this funding source is not sustainable.
- The federal government's next funding crisis is the states' next funding crisis.
- Legislators often play the "tax me later" game: a choice to overspend in the present is essentially a choice to increase taxes in the future.
- Taxing more is a tax, spending less is a tax on the standard of living, borrowing is equivalent to deferred taxation, and printing money represents a tax on the value of the currency, as well as on the earnings and savings of residents.
- Governments need to educate children, care for the sick and invest in infrastructure.
- At present, hundreds of programs are vulnerable and thousands of U.S. jobs are at stake.
- Legislators should explore whether there are options for broadening the tax base and/or shifting responsibility for certain expenditures.
- Federal sovereignty should not "interfere" with the jurisdiction of the states, and the independent power of the states is supposed to be a "check" on the power of the federal government.

Michael Mazerov, *Center on Budget and Policy Priorities*

- "Rainy day funds" are reserves that are deliberately and statutorily set aside to "balance" unanticipated declines in revenue or major unanticipated spending requirements; unanticipated events include a disaster, a court decision, a recession and/or the uncertainty of federal funds.
- "Rainy day funds" are designed to achieve the following three objectives:
 - minimize the need for temporary tax increases;
 - minimize the need for temporary spending reductions; and
 - reduce the negative impact on a state's economy of reducing the state's spending.
- A key question is: when should states replenish their "rainy day fund"?

- A state should consider replenishing its “rainy day fund” when the inflation-adjusted amount of tax revenue returns to its pre-recession level, or when the annual growth rate in revenue is similar to the earlier period of economic growth; that said, it is more urgent to begin replenishing a “rainy day fund” that has fallen to a “dangerously low” level and to begin replenishing sooner if the state has a particularly vulnerable tax base.
- Some states have started to replenish their “rainy day fund,” but this action may be premature, as many states should still be reversing many of the reductions that occurred during the recent recession.
- One-time fiscal “windfalls” are a prudent source of funding for “rainy day funds”; these windfalls include tax amnesties, major legal settlements, underestimation of revenue and unanticipated stock market gains.
- In seeking to improve the design of their “rainy day fund,” states might do the following:
 - create a fund if one does not exist;
 - reduce the funding cap and consider a cap of zero;
 - enact rules to require deposits into the fund during “good economic times”; and
 - eliminate “unwise” restrictions on accumulation into – and use of – the fund, including requirements to use the fund within a prescribed period of time, to replenish the fund within a prescribed period of time and/or to use only a certain percentage in a given year.

TAX CREDITS: EXAMINING WHAT WORKS AND WHAT DOESN'T

Joseph Henchman, *Tax Policy Foundation*

- The word “incentives” has a “sliding scale” of meaning in relation to economic development.
- The term “incentive” can mean the following:
 - inherent state advantages, including weather and transportation networks;
 - state decisions that affect the regulatory and/or legal environment for businesses;
 - the overall tax structure;
 - broadly available incentives, such as a new jobs credit;
 - industry- or geography-specific incentives, such as research and development credits; and
 - company-specific incentive packages.

- Although tax policy can be a “powerful” tool for economic development and growth, it cannot “change everything”; broader trends affecting economic growth include the following:
 - demographic shifts;
 - the degree to which activities are knowledge-intensive;
 - shortened product cycles;
 - the fragmentation of production; and
 - economic interdependence.
- The vast majority of U.S. states have incentives.
- It is hard to know whether a particular incentive attained the goal(s) envisioned for it, including because of the following considerations:
 - It is generally not possible to compare what did happen with what would have happened in the absence of the incentive.
 - Everyone, including recipients and legislators, is motivated to say that the incentive was important.
 - An incentive often leads to “activity,” such as a ribbon-cutting ceremony, that has “positive optics.”
 - Evaluation of a particular incentive often ignores opportunity costs and diminishing returns.
- Most tax expenditure reports are ineffective evaluation tools, and many do not distinguish among tax structures, social policy incentives and business incentives; as well, they may not include the number of recipients and the impacts on local governments.
- There are a number of questions that could be asked when designing incentives, including the following:
 - What is the problem that the incentive is seeking to resolve?
 - What will be created with the incentive?
 - Will the incentive create a competitive advantage?
 - How will the impact of the incentive be measured?
 - Who or what will collect and report data about the incentive?
 - How will the incentive “fit into” the “larger mix”?

INCREASING THE SUCCESS RATE OF SMALL BUSINESS START-UPS: A VENTURE CAPITAL PROGRAM THAT WORKS

Scott Meacham, *i2e*

- A “healthy economy” is similar to a “healthy forest.”
- Often, a few large employers have a disproportionate impact; over time, these companies move around, merge, etc.
- Currently, a state may have to provide “crazy” incentives in order to induce large employers to locate in that state.
- Nearly all of the net new jobs that have been created over the last 20 years have been created by new companies.
- The high failure rate of new companies may reflect an absence of proper planning and a lack of capitalization.
- The participation of angel investors increases the survival rate of new companies by 27%.
- The five-year survival rate for companies that receive both capital and business advice is 90%.
- Innovation “drives” the number and “quality” of new companies, and a healthy “new company ecosystem” requires capital and innovation.

ECONOMIC GARDENING: A “GROW FROM WITHIN” STRATEGY TARGETING EXISTING GROWTH COMPANIES

Penny Lewandowski, *Edward Lowe Foundation*

- Everyone wants results immediately, and – to use a baseball analogy – they may be so focused on the “home run” that they forget about the value of “single, double and triple” hits; continuing the analogy, it is important to realize that – as a home run is hit only 2% of the time – games are won by “getting on base.”
- Not all businesses are created equal, and businesses require different services at the various stages of their development.
- Business growth is challenging if the only market is local; that said, if local companies are high-growth, they can be the source of jobs and wealth.
- About 1% of U.S. companies are responsible for 72% of job growth.
- “The road less travelled” is not always “a piece of cake,” but it can lead to results.
- Growth is not “caused” by a particular industry or location; rather, growth is a function of what occurs within a company.
- People get “excited” about new companies and large companies, but not about “second-stage” companies.

- “Economic gardening,” which is a program for “second-stage” companies, provides critical information that helps these companies make informed decisions about strategic issues.

ALIGNING OUR EDUCATION SYSTEMS TO CURRENT WORKFORCE NEEDS

Scott Jenkins, *National Governors Association*

- From an academic perspective, American students are underperforming.
- The American workforce is not “keeping up with” international competition.
- The skill demands in the U.S. labour market are changing; middle-skill occupations have been “taken over” by technology and innovation, and both high- and low-skill occupations are growing in number.
- A post-secondary certificate or degree is the “new minimum” that is required to have a “middle-class life.”
- A “system” that prepares more students and adults for success in the workforce is needed.
- States should have a goal or vision, and should identify the actions that are needed to reach that goal or realize that vision.
- Improved data and data systems contribute to better policy decisions.
- Resources and incentives should be aligned.

APPROACHES TO CLIMATE CHANGE BY PROVINCES AND STATES

Minister Cal Dallas, *Government of Alberta*

- Environmental responsibility is important, and economic growth needs to be balanced with environmental protection.
- Economic growth is possible because of energy.
- The demand for energy will continue to grow, and it is important that energy be produced responsibly.
- Climate change must be mitigated while recognizing that we live in an energy-dependent world.
- There is no “silver bullet” regarding the challenge of minimizing a carbon footprint.
- We are all citizens of the same world; as greenhouse gas emissions know no borders, solutions must cross borders.
- The province of Alberta was the first jurisdiction in Canada to legislate targets for reducing greenhouse gas emissions, and carbon is “priced,” with the monies that are collected put into a fund; the province is a responsible “global citizen.”

- Perceptions about carbon must shift; there is a need to see carbon as a production input, rather than as a waste product.
- Carbon capture and storage is a tool to reduce emissions; a number of jurisdictions and countries are adopting this tool.
- It is important to “harness” our collective skills in order to build a better, safer world.

Alain Houde, *Government of Quebec*

- The “climate change fight” requires concerted and immediate actions; the cost of inaction is too high for future generations.
- Floods, ice storms, fires, wind storms, etc. are manifestations of climate change, and the impact of carbon emissions is clear.
- Quebec’s cap-and-trade system is the province’s primary strategic tool for combatting climate change.
- A cap-and-trade system is a flexible economic tool for reducing greenhouse gas emissions; the cap sets a limit on emissions, and trading creates a market for carbon allowances or credits.
- A cap-and-trade system results in the cost of carbon being integrated into business decisions, and generates revenue that can be used to fund a variety of initiatives.
- On 1 January 2014, the cap-and-trade systems of Quebec and California were linked; the laws and regulations have been harmonized, and emission allowances are recognized by both jurisdictions.

CROSS-BORDER EMERGENCY MANAGEMENT: FIRES AND FLOODS

Tom Kurth, *Alaska Department of Natural Resources*

- Cross-border agreements between states and provinces, between states and between provinces help to manage fires on a short-term basis.
- Since 1998, an agreement for sharing firefighting resources has existed among Montana, Oregon, Idaho, Washington, Yukon, the Northwest Territories, British Columbia, Alberta and Saskatchewan.
- The sharing of firefighting and other resources on a regional basis can have positive results.
- The state of Alaska’s fire season has increased by 30 days since the 1940s.

Honourable Wayne Easter, P.C., M.P., *Canadian House of Commons*

- Such circumstances as urban density, global trade, international travel and cyberspace have affected the speed with which emergencies escalate, both in scope and in severity; social media can be a useful tool in emergency situations, or they can add to the panic.
- There are a number of examples of emergency responders – firefighters, those in law enforcement and other emergency responders – crossing provincial/territorial or state lines, or the border between Canada and the United States, to help those in need; for example, law enforcement personnel from Prince Edward Island crossed into New Brunswick in June 2014 to assist in the search for Justin Bourque, Ottawa paramedics regularly assist their counterparts in Gatineau, firefighters from a variety of provinces travel to Western Canada and Canada's north to fight fires, Canadian Forces personnel helped in Alberta and Manitoba in flood situations in recent years, and firefighters from seven Maine fire departments travelled to Lac-Mégantic, Quebec in summer 2013 to help fight the fire resulting from the rail disaster.
- A range of situations could be considered to be emergencies, and might require collaborative efforts across municipal, provincial/territorial, state and federal boundaries, including the outbreaks of H1N1, Severe Acute Respiratory Syndrome and avian influenza, ice storms, the power blackout on North America's eastern seaboard in 2003, listeriosis, bovine spongiform encephalopathy, and ongoing concerns about terrorist conspiracies and chemical, biological, radiological and nuclear attacks.
- In Canada, the federal government has certain responsibilities in relation to emergency preparedness and response, while the provincial/territorial governments have other responsibilities.
- Canada's constitution gives the provinces/territories primary responsibility for emergency management within their boundaries, which is appropriate for emergencies that are local in nature and can be addressed completely using local and – perhaps – provincial/territorial resources.
- Canada's federal government assists in emergency situations when assistance is requested, when the emergency crosses jurisdictional boundaries or occurs on federal lands, or when such assistance would be in the national interest; in these types of situations, the probability of an emergency occurring may be small, but the potential impact could be significant.

- At the federal level, Public Safety Canada – which was created in 2003 and brought together emergency preparedness, national security and policy responsibilities in a single federal department – has responsibility for the coordination and management of emergencies among federal departments and agencies; depending on the nature of the emergency, other federal entities might have particular expertise that is required, such as the Royal Canadian Mounted Police in situations involving terrorism, Natural Resources Canada where there is an earthquake or a power outage, and the Public Health Agency of Canada and Health Canada if infectious diseases are the hazard.
- Among other initiatives, Canada’s Government Operations Centre monitors threats and provides around-the-clock coordination and support to federal entities in the event of a national emergency, while the Canadian Emergency Management College – which provides an inter-jurisdictional training program for local frontline emergency personnel – is overseen by the Centre; the Centre is linked to provincial/territorial “operations centres,” and to the operations centres of other countries, including the United States.
- When help is needed to fight fires, address the effects of flooding or respond to other disasters, it is critically important that emergency responders are able to cross provincial/territorial, state and international borders with ease; equally, it is important that emergency responders are able to communicate with each other once they arrive at their destination.
- According to media reports, emergency personnel are generally able to cross provincial/territorial and state boundaries, as well as the Canada–U.S. border, with relative ease when responding to emergency situations; as well, federal officials reportedly work collaboratively, and on an ongoing basis, to ensure that personnel and vehicles are able to cross borders as quickly as possible.
- According to some reports, it is perhaps easier for American personnel to enter Canada than for Canadian personnel to enter the United States; federal decision-makers in both countries should work together to ensure that we are able to reach across the international border and support each other when emergencies occur.
- When firefighters from Maine crossed into Quebec in summer 2013 to assist with the Lac-Mégantic disaster, crossing the shared border did not appear to be a problem, as the fire trucks were waived through the port of entry; however, according to testimony presented to the U.S. Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies in April 2014, problems were encountered once those Maine firefighters arrived at the site of the disaster, as three problems arose: in relation to communications devices, the Maine firefighters’ radios were not compatible with Canadian frequencies; the couplings on the fire hoses of the Maine firefighters were incompatible with Canadian equipment; and there were language differences.

- In both Canada and the United States, there is concern about a growing number of hazards of various sorts without an increased ability of sub-national governments to address those hazards.
- While the prevention of emergencies is the preferred option, nothing is ever 100% and accidents can – and do – occur because of either natural causes or deliberate or accidental man-made actions.
- Every level of government in both Canada and the United States, and residents in both countries, need to be ready to respond – as appropriate – to emergency situations that arise.
- Regarding emergencies, there should be a focus on prevention and preparedness, ideally, and on response and recovery, as the need arises; moreover, an integrated, coordinated approach that incorporates the four key functions of emergency management – prevention and mitigation, preparedness, response and recovery – is required, and all “players” need to know – in advance – their respective roles, responsibilities and capabilities.

ALASKA ARCTIC POLICY COMMISSION

Representative Bob Herron, *Alaska House of Representatives*

- Canada currently chairs the Arctic Council, the United States will succeed Canada as Chair, and Finland will succeed the United States; the “North American chairmanship” will be successful.
- The Arctic policies of Canada, the United States and Finland share certain similarities.
- The United States’ “lower 48” states need to embrace the idea of Arctic policy and the United States as an Arctic nation in the same way that Canadians see Canada as an Arctic nation; they need to recognize that the Arctic is changing, and that the Arctic is important to the nation.
- The Arctic is part of the state of Alaska’s “DNA,” and Alaska cannot be “separated from” the Arctic.
- Alaskans, who have been developing the Arctic for 40 years, need to be involved in the development and implementation of the United States’ Arctic policy.
- The Bering Sea cannot be “separated from” Alaska, and nor can it be “separated from” Yukon.
- Russia and Norway have ports and other infrastructure to support the tourism sector in the Arctic.

Honourable Wayne Easter, P.C., M.P., *Canadian House of Commons*

- Canada is now at the midpoint of its two-year chairmanship of the Arctic Council, and will be followed in this role by the United States for a two-year period.
- With more than 4 million people living in the eight Arctic nations that comprise the Arctic Council, Canada is proud of the theme it selected for its chairmanship: development for the people of the North.
- This theme was identified following broad-based consultations, including with northern Canadians, the other Arctic nations and the Arctic Council's six indigenous permanent participant organizations.
- Canada's theme of development for the people of the North has three sub-themes:
 - responsible Arctic resource development;
 - safe Arctic shipping; and
 - sustainable circumpolar communities.
- Regarding responsible Arctic resource development, both Canada and the United States believe that natural resources should be developed in a responsible manner for the benefit of residents, communities and businesses; one organization that is important in this context is the Arctic Economic Council, which is a circumpolar business forum that provides a link between business and the Arctic Council, and one agreement of importance is the May 2013 Agreement on Cooperation on Marine Oil Pollution Preparedness and Response in the Arctic.
- While emergency preparedness in the context of floods and fires is important, so too is such preparedness in the context of oil pollution and related disasters, and the principles are the same: prevention if possible, and recovery and response if accidents occur.
- Shipping in the Arctic will evolve as the effects of climate change continue, new shipping lanes open up, and current and future tourism activities in the Arctic create both challenges and opportunities; two related priorities might be the establishment of guidelines for sustainable tourism and cruise-ship operations, and the development of a mandatory polar code for the Arctic Ocean.
- The Arctic peoples should be able to live a self-reliant life in healthy communities, and traditional ways of life and local knowledge should be protected; sustainable Arctic communities will benefit Arctic residents and businesses, as well as non-Arctic peoples and businesses.
- With Canada and the United States sharing similar values in relation to responsible resource development, safe shipping and sustainable communities, it is possible that the United States will continue with some of the work started by Canada when the United States becomes chair of the Arctic Council.

SEVEN LEADERSHIP AND LIFE LESSONS

Susan O'Malley, *Former President of Washington Sports and Entertainment*

- There are eight “life lessons” to consider:
 - Make your bed every day, as – once accomplished – it sets the momentum for the day, and little things become big things.
 - Plan your work and “work” your plan.
 - Set the example and outwork everyone.
 - Set expectations, and recognize that much in life is about miscommunication.
 - When you “mess up,” make it right.
 - Do the right thing, including when nobody is looking.
 - Life is short, so have fun.
 - Recognize that people make a difference.

INTERNATIONAL TRADE: PROTECTING JOBS & INNOVATION

Jean Davis, *Economic Leadership, LLC*

- International trade and investment “move state economies forward,” and create jobs; most “new” economic growth is the result of bilateral trade.
- Small and medium-sized enterprises (SMEs) need a great deal of support in order to become exporters.
- Free trade agreements provide market access.
- States can help companies to access international opportunities by doing the following:
 - “vetting” overseas partners;
 - ensuring that intellectual property rights are protected; and
 - facilitating face-to-face interactions.
- A global mindset will ensure future success.

Patrick Rosenstiel, *Trade Alliance to Promote Prosperity*

- The Trans-Pacific Partnership (TPP) negotiations are expected to result in a modern, “robust” free trade agreement (FTA).
- Intellectual property protection is a key issue in the TPP negotiations.
- In addition to the TPP negotiations, the United States is involved in negotiations for other FTAs; for example, negotiations with the European Union are ongoing.

- When the U.S. president has trade promotion authority (TPA), the U.S. Congress votes “up” or “down” on a negotiated FTA; with the exception of President Obama, every president since President Franklin Roosevelt has had TPA, and a lack of such authority could threaten ratification of the TPP agreement.
- The United States’ economy is export-led, and FTAs lead to jobs.

Patrick Kilbride, *U.S. Chamber of Commerce*

- The United States is at an inflection point; the country can become the global trade leader, or it can cede that role to China.
- Since World War II, the United States has been the leader in terms of establishing the global trade “architecture”; however, the country’s influence is waning.
- The United States has not done a very good job of putting itself in a position to compete.
- The United States is open to trade and foreign investment, as well as FTAs that help to ensure international market access.
- Rules-based trade is fair trade.
- The United States “leads the way” in terms of innovation, which gives rise to a need to protect intellectual property rights.
- The United States and Canada need to “come together” on an “innovation dialogue”; that said, Canada’s intellectual property rights regime needs to be improved.
- North America should be the best destination in the world for research and development.
- The United States’ “Buy American” rules have disadvantaged cross-border supply chains.
- The TPP agreement can be the trade agreement that “sets the standard” for new FTAs.
- A fair, rules-based trading system that reflects U.S. values is needed.

ECONOMIC DEVELOPMENT WITH A GLOBAL MINDSET: STATE EXAMPLES

Representative John Barnes, Jr., *Ohio House of Representatives*

- A state’s global leadership can promote economic growth.
- SMEs should be assisted as they attempt to “tap” global opportunities.
- State business consulates may be a tool for identifying global opportunities; as well, state ambassadors for international relations should be established.

Kathy Dunn, *Alaska Department of Commerce & Economic Development*

- People should work with partners in order to attain goals; for example, airports, ferries, railways, hotels, restaurants, etc. in the tourism sector should work together.
- Visitors from various countries like to “visit” differently; for example, Australians like to cruise and Germans like to rent a recreational vehicle.
- In Alaska, tourism facilitates discussions about international trade; in other states, the reverse is often the case.
- With Arctic shipping routes opening up, Alaska’s strategic location is growing in importance as an enabler of global opportunities.

INTERNATIONAL PARTNERS: AN UPDATE

Guy Ouellette, *National Assembly of Quebec*

- The province of Quebec and the state of Alaska have much in common, including the remoteness of some communities that can only be reached by air.
- Quebec and California are linked through their cap-and-trade systems.

David Xiao, *Legislative Assembly of Alberta*

- It is important for parties to “engage” with each other.
- More trade leads to more jobs.
- The province of Alberta has more cows than people, and is a major producer of wheat and canola.
- Alberta has the lowest income taxes in Canada, the most stable government, a large emergency fund and free health care; as well, it has no debt.
- Alberta has a great deal in common with the state of Alaska; for example, both are energy producers.
- Canada and the United States share the world’s largest trade relationship.
- The United States is the source of two thirds of Alberta’s foreign investment.

Norm Miller, *Legislative Assembly of Ontario*

- In the province of Ontario, provincial debt and the provincial deficit are issues.
- Northern Ontario has resource opportunities.

JUSTICE REINVESTMENT: CONTAINING COSTS AND INCREASING PUBLIC SAFETY

Governor Earl Ray Tomblin, *Governor of West Virginia*

- Criminal justice stakeholders, including appropriate branches of all relevant levels of government and others, need to be brought together; their resources and expertise must be “marshalled” in order to develop a research-driven plan to rehabilitate those in the prison population.
- Graduated sanctions should be considered.
- Community-based substance abuse solutions are needed.
- Efforts should be targeted to youth so that they do not become adult offenders.
- Innovative solutions can lead to reduced re-offence rates; these solutions include the following:
 - training for workplaces;
 - access to affordable housing; and
 - access to community-based substance abuse treatment options.
- At one time, high conviction and incarceration rates, with long sentences, were considered to be the only way to enhance public safety; now, new approaches are yielding results.

Michael Thompson, *CSG Justice Center*

- An increasing share of state spending is being allocated to corrections.
- As a better “return on investment” in relation to corrections spending is desired, implementation of a variety of strategies might increase that return, including the following:
 - Focus on individuals who are most likely to re-offend; distinguish between low- and high-risk re-offenders, and supervise at a level that is linked to the risk of re-offence.
 - Invest in high-performing programs, ensure accountability in relation to these programs, and target the population appropriately.
 - Strengthen the supervision of individuals who are on probation.
 - Ensure appropriate sentencing policies, and recognize that a lack of supervision following release from prison presents a public safety risk.
- At the federal level, there is bipartisan support for helping states address justice issues.

Senator John Whitmire, *Senate of Texas*

- States need to be “smart” in fighting crime, and public safety must be the focus.
- If prisons are viewed as a valuable resource, states may be less likely to waste funds.
- It may be sensible to build treatment facilities, rather than prisons, and/or to allocate resources to therapy within prisons.
- It is possible to “sell” a “tough on crime” model that is less costly than the current model.
- States should distinguish between the individuals of whom they are afraid and those at whom they are angry, and sentence and incarcerate accordingly.

Representative Richard Wills, *Idaho State Legislature*

- Decisions should be based on data.
- Probation and parole officers need to be retrained.
- People should not automatically be sent back to prison if they break a relatively minor rule.

Senator Cam Ward, *Alabama Senate*

- Key criminal justice stakeholders should work together to attain a shared goal.
- Criminal justice programs that have demonstrated success should be expanded.
- States should borrow from the “criminal justice success stories” of other states.

Senator John Coghill, *Alaska Senate*

- Many U.S. states cannot afford to build more prisons.
- A number of prisoners have mental health, behavioural and/or substance abuse issues.
- There are collateral consequences to being a felon, such as barriers to employment.

AGRICULTURAL WATER CONSERVATION

Stuart Styles, *Irrigation Training and Research Center*

- Agriculture takes “the lion’s share” of water in some regions, and is competing with urban, recreational, environmental protection and other water needs.
- It is important to use water for agricultural purposes in the best possible manner, and agricultural water conservation should be a goal.
- Ultimately, inadequate water may lead to reduced acreage.

- More efficient irrigation practices save water, as less water is pumped; when less water is pumped, less electricity is required.
- Irrigation improves agricultural yields and quality.
- Accurate and reliable water flow measurement techniques are needed.
- Science-based decision making is needed in relation to water.
- Water storage capacity should be increased.
- Water delivery systems, as well as water monitoring and measurement techniques, should be improved.

A LOOK AT ISSUES FACING THE OBAMA ADMINISTRATION, CONGRESS AND THE FUTURE OF THE REPUBLICAN PARTY

David Gergen, *Centre for Public Leadership*

- The United States and the world are “in a mess.”
- The world is complex, and domestic and international “surprises” are occurring with some regularity.
- The U.S. Congress is failing to address some domestic issues, such as immigration and entitlement reform; there is both polarization and gridlock.
- While Washington, D.C. may be “broken,” that does not mean that communities and cities are broken.
- The United States currently has the slowest economy growth since the Great Depression, and – although job creation is occurring – the jobs that are being created are not as “good” as the jobs that were lost; too many Americans are working part-time when they would prefer full-time employment, and many people are unemployed for a long time.
- Energy is a game changer, and the United States needs to partner with Canada in building the Keystone XL pipeline.
- Diversity should be seen as a source of strength.
- At present, six of the world’s 10 fastest-growing economies are in Africa.
- The White House can “do a pretty good job” if it has only one or two “balls to juggle” at any given time; recently, it has had six or seven “balls to juggle.”
- The United States appears to have a series of tactics, when a strategy is what is needed.
- Americans have lost confidence in the future; that said, they are short-term pessimists but long-term optimists, and will bounce back because they are both resilient and creative.
- Power needs to be rebalanced in the United States.

- A “big bureaucracy” cannot be relied upon to move the United States forward.
- Partnerships are key for getting things done: if you want to go fast, go alone; if you want to go far, go together.
- Now, most of the world’s population lives in cities, and many of these are mega-cities.
- In the 2014 mid-term elections, the Republicans may gain control of the U.S. Senate; the Republicans will need a “yes” agenda that outlines what they would do, rather than an anti-Democrat “no” agenda.
- “Wave” elections tend to lead to the election of people who are vulnerable when the “wave” recedes; with the Republican “wave” in 2010, Republicans will be vulnerable in 2016.
- The electorate is different in a mid-term election than it is in a general election.
- Former Secretary of State Hillary Clinton is “already running” for the Democratic nomination for president in 2016, but there is no guarantee that she will remain in the race; that said, if she decides to pursue the nomination, she will be “hard to beat.”
- From a Republican perspective, New Jersey Governor Chris Christie is “showing surprising strength” and is “probably the best political talent” within his party, but he is wavering, and those who waver generally do not pursue the presidential nomination; Senator Rand Paul is “doing remarkably well,” and his libertarian “streak” is appealing to the young.
- Both former Governor Jeb Bush and former Secretary of State Hillary Clinton are “sound.”

Respectfully submitted,

Hon. Janis Johnson,
Senator, Co-Chair,
Canada-United States
Inter-Parliamentary Group

Gord Brown, M.P.,
Co-Chair,
Canada-United States
Inter-Parliamentary Group

Appendix

STATES REPRESENTED IN THE COUNCIL OF STATE GOVERNMENTS-WEST

Alaska	Nevada
Arizona	New Mexico
California	Oregon
Colorado	Utah
Hawaii	Washington
Idaho	Wyoming
Montana	

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	Annual National Conference of the Council of State Governments (CSG) and the Annual Meeting of the Council of State Governments-WEST (CSG- WEST)
DESTINATION	Anchorage, Alaska, United States of America
DATES	9–13 August 2014
DELEGATION	
SENATE	The Hon. Jean-Guy Dagenais The Hon. Terry Mercer
HOUSE OF COMMONS	The Hon. Wayne Easter, P.C., M.P. Ms. Jean Crowder, M.P. Mr. Andrew Saxton, M.P.
STAFF	Ms. Angela Crandall, Association Secretary Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$ 8,523.38
ACCOMMODATION	\$ 8,530.65
HOSPITALITY	\$ 0.00
PER DIEM	\$ 2,639.98
OFFICIAL GIFTS	\$ 0.00
MISCELLANEOUS / REGISTRATION FEES	\$ 3,208.28
TOTAL	\$22,902.29