

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 National Governors Association  
Annual Meeting 2011**

**Canada-United States Inter-Parliamentary Group**

**Salt Lake City, Utah, United States of America  
July 15-17, 2011**

# Report

## **DELEGATION MEMBERS AND STAFF**

From July 15-17, 2011, the Honourable Michael L. MacDonald, Senator, Vice-Chair led a delegation from the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) to the annual meeting of the National Governors Association (NGA) in Salt Lake City, Utah. The other member of the delegation was the Honourable Wilfred Moore, Q.C., Senator. The delegation was accompanied by Ms. Angela Crandall, the Canadian Section's Executive Secretary, and Mr. James Lee, Advisor to the Canadian Section.

## **THE EVENT**

Founded more than a century ago when President Theodore Roosevelt gathered state governors in order to discuss the nation's resources, the NGA is the collective voice of US governors from the 50 states, three territories and two commonwealths. It is also a public policy organization that represents the governors on Capitol Hill and before the US Administration on federal issues that affect them, and that develops and implements solutions to public policy challenges.

The NGA, which meets in the winter and summer each year, is supervised by a chair, vice-chair and nine-person executive committee, and governors participate on four standing committees – Economic Development and Commerce; Education, Early Childhood and Workforce; Health and Human Services; and Natural Resources – as well as on special *ad hoc* bipartisan committees and task forces. At the 2011 Annual Meeting each of the four standing committees held a session, the Special Committee on Homeland Security and Public Safety met, and there were a number of plenary and other sessions. In particular, the event marked the first joint meeting of the US-China Governors Forum.

The theme for the NGA's activities in 2011 – including the winter and summer meetings – was "Complete to Compete," which was selected by former West Virginia Governor Joe Manchin before he was elected to the US Senate and was continued by Washington Governor Christine Gregoire when she succeeded him as NGA Chair for 2010-2011.

## **DELEGATION OBJECTIVES FOR THE EVENT**

Members of the Canadian Section of the IPG have been attending the winter and summer meetings of the NGA for several years. At this annual meeting, Canadian delegates were able to continue their dialogue with governors on issues of Canadian

and/or joint interest. In particular, they spoke with more than a dozen governors, as well as a range of business leaders and others from across the United States.

Their interactions with governors and others enable Canadian members of the IPG 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 NGA meetings provide the Canadian Section of the IPG with an important means by which to provide input to, and gather information about, state-level issues that affect Canada. It is anticipated that the Canadian Section's attendance at the winter and summer meetings will continue.

## **ACTIVITIES DURING THE EVENT**

The 2011 Annual Meeting of the NGA included the following sessions:

- Opening Plenary Session: Higher Education: Catalyst for Economic Growth
- US-China Governors Forum
- Economic Development and Commerce Committee Plenary Session: Governors' Perspective on International Trade and Investment
- Health and Human Services Committee: Health Insurance Exchanges Implementation
- Natural Resources Committee: Job Creation in the Energy Sector
- Education, Early Childhood and Workforce Committee: Leveraging Higher Education to Increase U.S. Competitiveness
- Special Committee on Homeland Security and Public Safety: Remembering September 11<sup>th</sup> – Protecting Our Borders and Communities
- Closing Plenary Session: Advancing Competitiveness.

This report summarizes key points that were made at the plenary as well as at selected standing committee sessions.

## **OPENING PLENARY SESSION: HIGHER EDUCATION: CATALYST FOR ECONOMIC GROWTH**

The plenary session began with opening remarks by Governor Gregoire, which included announcement of the first joint meeting of the US-China Governors Forum later that day, and acknowledgement of the attendance at the annual meeting of Canadian members of the Canada-US IPG.

**Susan Hockfield, *Massachusetts Institute of Technology***

- In light of the economy, there is a sobering unity of concern regarding challenges for governors, such as joblessness
- How can we restart the job creation machine and retool the innovation system that has driven wave after wave of economic growth after World War II?
- Many innovations – such as real-time network computing, PET scans, lasers, coronary stents, GPS, eBooks, etc. – grew out of advanced research paid for by federal dollars
- World War II saw significant research and technology, and President's Truman and Eisenhower invested in research after the war, resulting in gross domestic product and productivity growth
- Information technology grew in the 1990s; more than half of US growth since 1945 has been based on technology
- Technology companies “pack a tremendous economic punch”
- *New* companies produce jobs

What to do? Five rules:

- 1) Attract brilliant strivers, help them get education, and dramatically increase science and technology education
    - The Massachusetts Institute of Technology (MIT) has open “courseware,” including a special set called Highlights for High School; half of the users are independent learners
    - 40% of MIT’s current faculty was born outside the United States; immigration laws should be reformed so that scientists can stay in the United States
  - 2) An entrepreneurial culture helps scientists and engineers flourish
    - License technology seamlessly
    - Arrange for entrepreneurial mentors, etc.
  - 3) Growing new ideas takes money from the right source at the right time
    - There is no substitute for strong, sustained federal funding at the development phase; thus, research funding should be continued
  - 4) Innovation clusters are powerful, and get stronger as they grow
    - Bring together universities, businesses and government, such as in North Carolina’s Research Triangle Park; government has a role to play
  - 5) If we want to create US jobs, we have to make *products* – and not just ideas – in the United States
    - There is a new industry/government taskforce on advanced manufacturing – process innovation – composed of six universities and eight companies
- Change cultural assumptions:
    - In today’s world, entrepreneurs *can* benefit from advanced education
    - Get children to realize that science and technology is responsible for the technology they want

- *Celebrate* inventors and entrepreneurs

**John Seely Brown, *University of Southern California***

- “The big shift”: In the 20<sup>th</sup> century, changes happened quickly within long periods of stability; in the last 10 years, as with exponential advances in computing, change has been happening almost continually and, since this trend will continue for the next three to four decades, the question becomes how to leverage it
- On an individual level, the half-life of many skills is constantly shrinking, and we will probably have to reinvent ourselves every five years; we need a mindset of openness and listening with humility
- North Carolina had a significant textile industry, which has been decimated; North Carolina State University has attempted, over the last 10 years, to reinvent the land grant university for the 21<sup>st</sup> century, cooperating with the private sector and government to reinvent textiles around nano material and non-woven textiles
- Coupling with universities is not easy; business sees “ROI” as “return on investment,” universities see “ROI” as “research of interest,” and government sees “ROI” as “results of interest”
- There is a university/industry barrier; the key is to find the “sweet spot” between universities and industries, and find new ways to build connections at every level

“Carlson’s Law”:

“In a world where so many people now have access to education and cheap tools of innovation, innovation that happens from the bottom up tends to be chaotic but smart. Innovation that happens from the top down tends to be orderly but dumb.”

- The “sweet spot” for innovation is moving down and thereby closer to the people, not up; all people now have the tools to collaborate and innovate
- Cloud computing changes the costs and dynamics of innovation; start-up companies do not need to spend on computer infrastructure early on, when financing is most expensive for them
- As well as social networks, etc., cloud computing is now being used for material sciences.
- In addition to “deep science,” innovation also turns on an older concept of *craft*; tinkering is a large part of many start-up businesses
- Tinkering with new technologies opens new possibilities, such as technology shops where access to sophisticated tools and machines can be rented for \$1.000 per year or less, and also often receive mentorship
- The “bigger picture” includes things such as MIT OPENCOURSEWARE, which can be used to refurbish skills; MIT OPENCOURSEWARE is a high-leverage, low-cost “scaffolding” for “arc of life learning”

- In terms of research universities, Secretary of Energy Chu has said: “We seek solutions. We don’t seek, dare I say, just scientific papers anymore.”
- If you are searching for solutions, you cannot remain in a silo; almost all problems today require cross-disciplinary work to find solutions
- Think more about pulling people together rather than pushing people apart as the United States moves forward
- Process research – how to build things – is not as “sexy” as technology research, but it is important as well
- Like an iceberg, do not just focus on the “stuff above the water,” but on the important 80-90% “below the water”
- Connect and augment local capabilities to interest children, both in school and in after-school programs, such as museums, libraries, etc.
- Industry must redesign work so that retraining is continual

## **US-CHINA GOVERNORS FORUM**

During Chinese President Hu Jintao’s visit to the United States in January 2011, the governments of the United States and China signed a Memorandum of Understanding supporting the establishment of a US-China Governors Forum. The first meeting of this forum took place in Salt Lake City during the NGA Annual Meeting. The governors of Zhejiang, Qinghai, Yunnan and Anhui provinces and a delegation of more than 300 individuals travelled to meet with US governors and to discuss issues of mutual concern, such as trade and investment, cooperation on energy and the environment, and educational exchanges.

Following videos introducing the four Chinese provinces represented at the Forum, American and Chinese participants made statements on four topics: trade and investment, energy, the environment and education.

### *Trade and Investment*

- US intervention:
  - The Chinese market is important to the United States in a number of ways
  - Efforts must be directed to the development of mutually beneficial long-term relationships between US states and territories and Chinese provinces, including business, travel, tourism and cultural exchanges
  - A predictable market environment improves depth and builds trust in our bilateral business relationships
- Chinese intervention:
  - More cooperation is needed, including people-to-people links
  - Implementation is key
  - China will be “holistic” as it balances trade with the United States

## *Energy*

- US intervention:
  - Energy is the key to the agenda of both countries, and both want less expensive and cleaner energy
  - The United States uses coal for 50% of its electricity, while China uses it for nearly 75% of its electricity
  - Both the United States and China import oil from other countries, and need energy reform and diversification
  - The United States and China are beginning to work together on energy issues at the federal and state levels, and look forward to greater partnership in the future
- Chinese intervention:
  - Crisis entails new opportunity
  - Green energy and low carbon technology are leading the trend
  - “New energy,” such as solar, wind, etc., is needed
  - Some cooperation is occurring – including with the state of Utah – but more is needed

## *Environment*

- US intervention:
  - Agriculture is important to both the United States and China, and new technology increases agricultural productivity and allows the development of new opportunities in biosciences
  - Both China and the United States have energy security needs
  - Biofuels and wind energy are mutually important and beneficial areas for cooperation between our two countries
- Chinese intervention:
  - Industrialization has meant that people are no longer close enough to nature, and this trend should be reversed
  - A strong and sustainable environment should be made an important force for development
  - Our lifestyles should be changed
  - Common but differentiated responsibilities, with developing countries getting more support from developed ones in the process of environmental protection

## *Education*

- US intervention:
  - Educated citizens are the basis of a strong and prosperous economy

- Primary responsibility for education in the US rests with governors and states
- The NGA has adopted state-developed common educational standards, and are focusing on college completion and productivity
- Student exchanges are important
- Chinese intervention:
  - Education is important, and affects the destiny of a nation
  - Education helps us to understand each other better
  - China hopes that more American students will come to China, in part to understand Chinese and Asian civilizations

## **ECONOMIC DEVELOPMENT AND COMMERCE COMMITTEE PLENARY SESSION: GOVERNORS' PERSPECTIVE ON INTERNATIONAL TRADE AND INVESTMENT**

### **Lew W. Cramer, *Utah World Trade Center***

- To paraphrase Peter Drucker, “be international, or be unemployed”
- Despite being small and landlocked, Utah is the only US state that has doubled its exports in the last five years
- There are three recommendations that can be made based on Utah’s experience:
  - Success starts at the top – the governor is the “Exporter in Chief”
  - Be unified – use partnerships, legislator travel, etc.
  - Be focused both inside and outside “the international box” – do the standard things, but do others as well; for example, in Utah, primary and secondary school students are taught Mandarin, and the Utah Jazz basketball team are used as goodwill ambassadors
- Peter Drucker also said: “The best way to predict the future is to create it.”

### **J. Keith Crisco, *North Carolina Department of Commerce***

- Trade and investment have to be ongoing priorities; there are no shortcuts or magic wands
- The promotion of trade and investment means jobs
- The quickest way to create jobs is to increase exports; because of globalization, exports are more important today than they used to be
- As the Johnny Cash song said: “Build it one piece at a time.”
- “Play” on your success stories

### **Fred Lampropoulos, *Merit Medical***



- Merit Medical started in Utah 24 years ago as a “one-man shop” with \$2.4 million. The company currently has more than \$90 million in contracts, and it has hired 700 new employees in recent years
- What allows Merit Medical to expand like this is the environment in Utah and exports to about 120 countries; these exports account for 40% of the company’s revenue
- Long-term investments should be made to teach foreign languages in schools
- Aggressive research and development tax credits are needed
- Governments should undertake outreach to busy firms that may not know about tax credits, etc.
- Challenges for businesses include complex regulatory environments in various countries
- Overall, vision and leadership are needed, and there should be a focus on exports, languages, attitude and long-term investments

**Jeff Frazier, CISCO Systems Inc.**

- Resilience is the ability to bounce back and to bounce forward, both of which depend on productivity and innovation
- Productivity is *doing things better*
- Innovation is *doing better things*
- The United States is weak in many respects related to trade and investment
- In North Carolina, CISCO Systems Inc. has a healthy relationship with government, non-governmental organizations, etc.
- Peter Drucker said that the key is to ask the right questions. In that context, consider:
  - How does the expansion of export by small and medium-sized firms fit into the strategy of your state?
  - What are the lessons you should learn from the experience of your state?

**NATURAL RESOURCES COMMITTEE: JOB CREATION IN THE ENERGY SECTOR**

**Colette D. Honorable, Arkansas Public Service Commission**

- The richest wind resources in the United States are in the southwest; while Arkansas has no wind resources, the state recognizes the benefits of replacing expensive energy resources with less costly wind power
- Arkansas has focused on wind power; in that context, the state is involved in component manufacturing, regional wind planning and transmission through the Southwest Power Pool
- The cost of producing wind power is falling

- Incentives and subsidies can be tools to attract companies and jobs
- Lessons from the experience of Arkansas:
  - Utility regulators should work with economic development agencies
  - Regulators must work together regionally in order to be successful
  - Renewable energy generation requires additional transmission
  - Renewable energy generation positively impacts state economies, with jobs and other economic benefits

**Matt Rogers, *McKinsey & Company***

- Rapid energy technology innovation plus good policy design could mean a 1% increase in employment over the next decade
- Most energy technologies we use today – the rail system, the highway system, etc. – were invented more than 100 years ago and were put in place over the last century
- Today, energy technologies are among the greatest employers in the United States, but the *rate* of energy growth is declining
- China is trying to do now what the United States did over the course of 100 years
- Energy technology is moving quickly
- Renewable power, such as wind and solar, is now catching up in terms of affordability
- Regarding solar power, the most sun in the United States is in the southwest, while the demand is in the northeast
- A home retrofit program, such as that in Germany, would increase jobs
- The US could be a global leader in energy and clean technology
- Key policy levers include:
  - accelerate innovation
  - rebuild manufacturing
  - streamline project siting and permitting
  - review utility capital plans
  - establish a price for pollution
  - set clear and more rigorous codes and standards
- Hydroelectricity is a source of both energy and storage, and should be integrated into the grid
- The United States and Canada need to work closely on issues related to electricity the grids are tightly integrated; cooperation between the countries should be seamless
- Cooperation should realistically be driven on a regional basis; a lot of the economic interests are regional rather than national

- Europeans spend more on energy than Americans, and some potential unconventional resources in Europe could change some aspects of the energy picture there
- China subsidizes power to a significant extent; the country uses a large amount of coal, and has closed a lot of old plants and built new super-efficient ones
- The cost of new technology – car batteries, solar, LED bulbs, fuel cell technologies – is falling rapidly
- The larger the market, the lower the cost

## **EDUCATION, EARLY CHILDHOOD WORKFORCE COMMITTEE**

### **Jamie P. Merisotis, *Lumina Foundation for Education (ECW)***

- More Americans must enrol in and graduate from educational institutions
- There is a need to tighten the link between education and economic competitiveness
- There is a need to find ways to provide high-quality programs more broadly, including to non-traditional students
- The governor's office is the "sweet spot" for higher education
- Governors can wield tremendous power
- Efforts should focus on *students* rather than on institutions; such a focus would reorient institutions
- Our higher education system must be more productive through four steps:
  - Performance funding, with institutions funded on the basis of graduates rather than enrollment
  - Student incentives,
  - New delivery models
  - Business efficiencies
- Questions include:
  - Is higher education funding truly aligned with results?
  - What proportion of students complete their education?
  - How many students have excess credits?
  - How many students attend school with no credits or other result?
  - How are education funds being spent?
- First be clear about your goals
- The most difficult issue with metrics is quality

### Governors roundtable:

- Governor Herbert of Utah:
  - Educational attainment is needed for long-term economic growth

- The state of Utah wants two thirds of adults to have post-secondary certification by 2020
- Western Governors University, which is offered online, requires no taxpayer support
- The state of Utah has a webpage to show the real-time job market and to do online student counseling
- Governor Gregoire of Washington
  - Microsoft, Amazon and other companies are located in Washington, and they want graduates; at the present time, these graduates must be recruited from outside the state
  - The state of Washington gave tuition-setting authority to institutions as long as the tuition fees stay within norms
  - The group most hurt by the situation is the middle class, therefore our goal is to increase scholarships co-financed by the state and companies
  - Mechanisms should exist to make it easier to transfer credits from one educational institution to another
- Governor Nixon of Missouri
  - In Missouri, many individuals have earned credits, but they do not have degrees
- Governor McDonnell of Virginia
  - Universities want predictable revenues

## **CLOSING PLENARY SESSION: ADVANCING COMPETITIVENESS**

### **Thomas Freidman, *Author and New York Times Columnist***

- The fate, future and vitality of America is the biggest foreign policy issue in the world
- The American dream of every generation living better than the previous generation is now in peril
- The American dream is vital to US domestic stability and status in the world; America is the “tent pole” that holds up the world
- It is not inevitable that China will “own” the 21<sup>st</sup> century
- The United States, a country with enormous potential, is falling into slow decline
- Four great challenges exist today:
  - adapting to the information technology (IT) revolution
  - adapting to globalization
  - entitlements and deficits
  - energy and climate
- The IT revolution and globalization merge to create a “flat world”
- The world now is not just connected, but *hyper-connected*. Examples include:

- India is adding 18 million cell phones per month
- There is 3G mobile network service at the summit of Mount Everest
- Syria has banned international news organizations, but a website created overnight –SHAAM TV – is now sending video footage out of Syria everyday
- The whole global curve everyone is “graded on” is being raised, which threatens any job that can be “killed” by technology or less costly labour
- Workers may come back to find other employment, but their old jobs will be gone for good
- The situation is not comparable to fears of Japan in the 1980s; Japan challenged cars and electronics in Detroit, while globalization – as represented by China – challenges everything
- A “sustainable” job is a job that cannot be “killed”; creative people create value
- The current “great depression” is driving productivity tools even faster
- This pressure applies to *everyone* – the internet is full of competitors
- The world works for those who do either high-skilled or low-skilled, non-routine work; those who do routine work that is neither high nor low-skilled get “crushed”
- Employers want people who have critical reasoning and technical skills as well as people who can adapt and reinvent the job as necessary
- A Dupont executive says that every worker should be *present* and paying attention
- The new US Chief of the Joint Chiefs of Staff, General Martin Dempsey, says that a captain in Afghanistan now has access to more intelligence and firepower than he had when he captured Baghdad in 2003; the army now gives iPhones to troops at boot camp
- More education, to bring the bottom up to the average quickly, and also better education, to raise the average, are needed
- “Average” is no longer enough
- Everyone has to find his/her own unique value proposition, and use this information to focus on the education that is needed
- Many Americans are being educated for \$12, not \$40, jobs
- Education must become more creative; educators need to get children to think like immigrants: nothing is owed to you
- Everyone should think like an artisan: make things with personal pride, and try to do something extra
- Students should be educated not just to take good jobs, but to create them
- The old world of “developed” and “developing” countries is over
- Be a hyper high-immigration enabler
- Overall, begin with an understanding of how we collectively got to where we are.

- The United States should reduce spending, raise revenue and invest, all in accordance with a plan
- The United States had a great public/private partnership and a formula for success in five areas, all of which are – at present – eroding or in peril:
  - education
  - infrastructure
  - immigration
  - the right rules for capital formation
  - government-funded research
- The United States should reinvest in reinvigorate its formula for success
- Many Americans still do what they do without being defeatist; as someone said about the surge in Iraq, “we were just too dumb to quit.”
- The history books that should be read today are America’s own; the country that Americans need to discover is America
- Education is the key issue, and the solution must be collective, involving neighbours, parents, politicians, etc.
- Highly effective teachers can make a real impact, and consideration must be given to how teachers are evaluated, “weeded out,” retrained and compensated
- Everyone must take ownership of things, and develop a new set of ideas about moving forward

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

<b>ASSOCIATION</b>	Canada-United States Inter-Parliamentary Group
<b>ACTIVITY</b>	National Governors Association Annual Meeting 2011
<b>DESTINATION</b>	Salt Lake City, Utah, United States of America
<b>DATES</b>	July 15-17, 2011
<b>DELEGATION</b>	
SENATE	Hon. Michael L. MacDonald, Senator, Vice-Chair Hon. Wilfred P. Moore, Q.C., Senator
HOUSE OF COMMONS	
STAFF	Mrs. Angela Crandall, Executive Secretary Mr. James Lee, Advisor
<b>TRANSPORTATION</b>	<b>\$5,099.03</b>
<b>ACCOMMODATION</b>	<b>\$4,024.01</b>
<b>HOSPITALITY</b>	<b>\$Ø</b>
<b>PER DIEMS</b>	<b>\$4,912.06</b>
<b>OFFICIAL GIFTS</b>	<b>\$Ø</b>
<b>MISCELLANEOUS/REGISTRATION FEES</b>	<b>\$3,081.72</b>
<b>TOTAL</b>	<b>\$17,116.82</b>