

Canada - United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada - États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
to the National Governors Association – 2007 Annual
Meeting: Innovation America**

Canada-United States Inter-Parliamentary Group

**Traverse City, Michigan
July 20-23, 2007**

Report

From 20-23 July 2007, members of the Canada-United States Inter-Parliamentary Group attended the 2007 Annual Meeting of the National Governors Association in Traverse City, Michigan. This report summarizes some of the major themes at the plenary and select concurrent sessions of the meeting, which was focussed on innovation.

OPENING PLENARY SESSION: FOSTERING INNOVATION THROUGH EDUCATION AND INVESTMENT

Randall Stephenson, AT&T

- innovation is the key for driving productivity, which drives job growth, which drives economic growth
- there are several pillars for driving sustained economic growth, including:
 - a system of affordable and efficient communication for the masses – the velocity of commerce should be increased in order to grow the economy, and communications are needed to accelerate commerce; the greatest catalyst of communications is telecommunications
 - free, open markets where capital flows freely without unnecessary regulation or restraints – healthy capital markets are needed to ensure investments in telecommunications infrastructure; investment flows are higher where regulatory burdens are lower; the needs of rural America must be considered
 - a well-educated workforce – sustained growth requires well-educated workers; at present, there is an inadequate number of qualified workers in some fields and in some regions; the U.S. education system is not meeting the demands of the global economy, and there is a particular need to demand more from students in the areas of mathematics and science; performance-based rewards for education should be considered
- India has done well on the three pillars for driving sustained economic growth; whereas employers historically went to India for "cheap labour," they now go there for "cheap brains"

- there are two fundamental questions that must be answered:
 - are we incenting more or are we incenting less investment in telecommunications?
 - are we giving our youth the best possible chance in the global economy by requiring a lot from them?

Dr. Eric Schmidt, Google

- information technology should be thought of as a way in which people can change their views of government
- at 50-60% penetration, broadband is about to cross a “tipping point”; nevertheless, continued broadband expansion should be encouraged
- worldwide, people want the same things: a family, health, prosperity, a high standard of living and quality of life, jobs, etc.
- there is a human need for information
- building and maintaining trust in the internet is an important issue
- the next generation of children will process information differently than the current generation
- the “classroom” must be transformed into an “internet classroom,” and fundamentally different methods of teaching must be adopted
- students need to learn how to think, search, analyze and apply
- the United States is at the forefront of a revolution in education and accessing information

SPECIAL SESSION: FROM POST-SECONDARY EDUCATION TO INNOVATION

Patrick Callan, National Center for Public Policy and Higher Education

- while the baby boomers are the largest, best-educated population in the history of the United States, the rest of the world has a well-educated, *younger* population
- it is expected that, as the baby boomers retire, the average education level in the United States will decline
- it is *not* the case that the U.S. is doing worse; it *is* the case that the rest of the world is doing better

- although the United States has a disproportionate share of the best colleges and universities in the world, the education level is falling
- in the U.S., access to education has levelled off, educational completion rates are poor relative to the rest of the world, and the affordability of education is a problem
- an incentive structure, rather than an institutional maintenance structure, is needed
- there are six considerations to keep in mind:
 - the states must be prepared to articulate a “public agenda”
 - the public agenda must be connected to the appropriate funding and regulatory structures
 - the entire “education pipeline,” beginning with kindergarten through to post-secondary education, must be considered, and curricula must be developed to ensure that graduates have the skills and competencies that are needed
 - business leaders, higher education trustees and representatives of all levels in the education pipeline must be included in the dialogue
 - consideration must be given to how the system will operate during economic downturns, when state budgets may be relatively tighter
 - market signals for higher education may be inconsistent with the needs of states

Aims McGuinness, National Center for Higher Education Management Systems

- the nature of the problem must be clear, and the nature of the problem as it is specific to each state must be articulated; in particular, the future of the state, as well as its population, its quality of life and how education supports it, must be considered
- since different regional economies – with varying needs – exist within any given state, it is somewhat difficult to develop “state-level needs”
- in developing solutions, both the “demand side” – businesses, economic development agencies, etc. – and the “supply side” – educational institutions, etc. – must be consulted
- in developing an “innovation agenda,” it must be recognized that some states have regulatory frameworks that date from the 19th century
- the issue is not “regulation” *per se* but – instead – “good” regulation that supports the agenda and the goals
- the relationship among appropriations, student aid and tuition must be considered

- the most important issues are sustainability and continuity
- initiatives cannot be led by the Governor alone; other legislators and all key stakeholders must be involved

ECONOMIC DEVELOPMENT AND COMMERCE COMMITTEE: PRODUCTIVITY AND COMPETITIVENESS – CREATING CONDITIONS IN THE STATES FOR GLOBAL SUCCESS

Rey Moré, Motorola, Inc.

- the “recipe” for achieving competitiveness in today’s global economy is elusive
- “what it takes” to be competitive is constantly changing
- the “speed” of competitiveness has doubled in the last five years
- if you measure it, you can improve it; if you do not measure it, you cannot improve it
- success should be measured objectively and against standards
- states should create an environment where businesses want to locate and grow
- three key areas where businesses should ask questions are:
 - customers – do you know who your customers are? do you know how your customers feel about your product? do you know whether your customers prefer you to your competitors and, if so, why?
 - costs – do you know what the cost of waste is in your organization?
 - the future – do you have the tools to measure how you are doing in respect of your customers and your costs? do you have a strategy to improve in respect of your customers and your costs?
- the pace of competition is quickening and the world is becoming smaller
- in the view of business, government decision-making should be characterized by speed, crispness and clarity
- businesses also need infrastructure, a stable and safe environment, and a workforce that is tailored to the future rather than to the past and that is able to work in a team
- youth need to be provided with incentives to study science, technology, engineering and mathematics; every school should have a football team as well as a robotics team

Mark Peterson, The Proctor & Gamble Company

- increasingly, firms are looking externally, since it is not possible to do everything well; organizations need to identify good ideas, whether they arise from within, or outside of, the organization
- some organizations will go anywhere in the world and will partner with another organization – even with competitors – provided it makes sense from a business perspective
- key business questions include:
 - where should you “play”?
 - how can you win?
- one of the greatest difficulties with university-private sector research is the treatment of intellectual property rights; organizations may sign collaboration agreements with domestic universities as well as with universities in other countries

Robert Heard, Cimarron Capital Partners, LLC

- investments should be made in organizations that have the capacity to grow large and be profitable; in identifying these organizations, there are several key questions to consider:
 - is the organization serving a large, or potentially large, market?
 - does the organization have a great team of managers?
 - does the organization have a strategy for solving a big problem?
- since the globe is the market, organizations should see themselves as global players
- since the globe is the lab, organizations should search worldwide for needed technologies
- since the globe is the bank, organizations should attract capital from many different sources
- every organization that wants to grow rapidly needs to have a foreign dimension to its game plan
- organizations may have difficulty accessing capital if: their quality is poor; or they are looking in the wrong place

- investment happens in communities that are rich in “the culture of entrepreneurship,” which tends to be local and is derived from family and community; people need to: feel good about taking risks; not be afraid to fail; and want to solve big problems
- strategies for mobilizing investment capital for entrepreneurs include:
 - training – provide training to entrepreneurs and to those who support them; search worldwide for applicable business development strategies
 - networking – ensure that everyone knows each other – both domestically and globally – and work peer-to-peer
 - investing – states should invest, and should import knowledge of business-building into communities, since it is possible for communities to change their culture to one of entrepreneurship; every state has wealthy individuals who have made money building companies and who want to be angel investors, and states should attract seed and venture capitalists in order that every entrepreneur with a worthwhile idea can see that idea come to the market

LUNCHEON: WORDS THAT WORK

Frank Luntz, Luntz, Maslansky Strategic Research

- politics is not just about words; politics is also about visuals, and words cause visualization
- language and labels matter
- change the label in order to change the impact
- Americans pay attention to pop culture, not to what happens in politics
- since Americans have lost faith in the ability of governments to deliver on their promises, politicians should not use such terms as “promise” or “pledge,” since voters have heard those terms before and the promises and pledges have not been realized; people want politicians to say what they mean and to mean what they say
- politicians are perceived to be out of touch, and voters want politicians to relate to, and empathize with, them
- for people, candor is the most important attribute
- standing behind a podium creates a barrier
- men want more money while women want more time

- people access the media in which they believe, rather than the media that informs
- Americans think that their standard of living is declining and that their quality of life is worse than their standard of living
- achieving financial success defines the American dream
- for most people, developing an agenda for the education, health, etc. of children is far more important than an agenda to address climate change
- people are more hostile to wasteful spending than they are to taxes
- each message should be repeated three times
- “innovation” is a powerful word, while “infrastructure” is not; instead of “infrastructure,” use “roads and highways”
- the term “capitalism” has highly negative connotations, since there are winners and losers, while the term “free market” connotes opportunities
- politicians should speak in terms of “American issues,” rather than “federal/state/local issues”
- voters want politicians to focus on results rather than on process; tell them the result that you are seeking, rather than how you will get to that result
- official flag pictures should be eliminated; people want action, not staging, and listening, not talking
- the ten commandments are:
 - use simple language
 - be brief
 - establish credibility
 - be consistent
 - be novel
 - use sound and texture
 - speak aspirationally
 - visualize
 - pose a question
 - provide context

➤ words/phrases for the 21st century include:

- imagine
- hassle-free
- lifestyle
- accountability
- results/can-do spirit
- innovation
- inspiration
- efficient and efficiency
- the right to ...
- patient-centred
- renew, revitalize, rejuvenate
- investment
- consequences
- independent
- peace of mind
- certified
- all-American
- prosperity
- spirituality
- balanced approach
- restore, rekindle, re-invent

NATURAL RESOURCES COMMITTEE: GUBERNATORIAL POLICY TOOLS TO ADDRESS CLIMATE CHANGE

Honorable Stephen Johnson, U.S. Environmental Protection Agency

- air, water and land quality are better today than they were ten years ago
- climate change is a global challenge that requires a global strategy
- India and China will soon surpass developed countries in their greenhouse gas emissions
- the U.S. is committed to being a good “global neighbour”
- the transportation sector accounts for about one-third of greenhouse gas emissions in the United States
- coal must be burned more efficiently and with fewer emissions; U.S. coal reserves are large enough to meet American energy needs for at least the next two centuries
- environmental responsibility should be seen as everyone’s responsibility
- global, national and local collaboration are essential

Thomas Peterson, Center for Climate Strategies

- the greenhouse gas problem is persistent, and is growing far more rapidly than population growth
- urgent action is needed for a sustainable future
- a portfolio approach to solutions is needed, since one size does not necessarily fit all; customization for each state is required
- states have a long history of leadership, and the federal government has adopted some state programs

Jonathan Schrag, Lenfest Center for Sustainable Energy

- climate change is a long-term problem
- costs must be assigned to private parties based on their emissions
- a main problem is that fossil fuels are super-abundant, while the ability of the atmosphere and the oceans to absorb emissions is super-limited

Robert Donkers, Delegation of the European Commission to the United States

- international actions on climate change are needed
- the European Union climate change program has existed for a number of years, but past actions are only now bearing fruit; since results often take time to become evident, urgent action is required
- energy use must be decoupled from economic growth
- developed countries must take the lead in respect of climate change; while developing countries must also act, their need to pursue economic growth must be realized
- technology transfers to developing countries should occur
- although emissions trading schemes are not a panacea, they should be part of the toolkit
- while much can be done using technology, individual action must also occur, including in such areas as energy conservation

Respectfully submitted,

Hon. Jerahmiel Grafstein, Senator
Co-Chair, Canada-United States
Inter-Parliamentary Group

Rob Merrifield, M.P.,
Co-Chair, Canada-United States
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	National Governors Association – 2007 Annual Meeting: Innovation America
DESTINATION	Traverse City, Michigan
DATES	July 20-23, 2007
DELEGATION	
SENATE	Ø
HOUSE OF COMMONS	Mr. Dean Del Mastro, M.P. Mr. Lloyd St. Amand, M.P. Mr. Brian Masse, M.P.
STAFF	Ms. Danielle Labonté Acting Executive Secretary Ms. June Dewetering Analyst
TRANSPORTATION	\$6,939.82
ACCOMMODATION	\$3,592.22
HOSPITALITY	\$Ø
PER DIEMS	\$862.84
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$3,207.90
TOTAL	\$14,602.78