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Canadian Section

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Section canadienne

Report of the Canadian Parliamentary Delegation respecting its participation at the National Conference of State Legislatures (NCSL)

Canada-United States Inter-Parliamentary Group

Chicago, Illinois, United States of America
August 6-9, 2012

Report

DELEGATION MEMBERS AND STAFF

From August 6-9, 2012, members of the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) attended the annual legislative summit of the National Conference of State Legislatures (NCSL), which was held in Chicago, Illinois. The delegation included four Vice-Chairs of the Canadian Section – the Honourable Wayne Easter, P.C., M.P., Senator Michael L. MacDonald, Mr. Rick Dykstra, M.P. and Mr. Brian Masse, M.P. – as well as Senator Jim Munson and Mr. Merv Tweed, M.P. The delegation was accompanied by Ms. Angela Crandall, the Canadian Section's Executive Secretary, and Ms. June Dewetering, the Canadian Section's Senior Advisor.

THE EVENT

Founded in 1975, NCSL is a bipartisan organization serving the legislators and legislative staff of the 50 U.S. states as well as its commonwealths and territories. It provides research, technical assistance and a venue for the exchange of ideas on state issues. As well, it advocates state interests before the U.S. Congress and federal agencies.

NCSL is governed by a 61-member Executive Committee, and has 12 standing committees comprised of legislators and legislative staff. These committees are:

- Agriculture and Energy
- Budgets and Revenue
- Communications, Financial Services and Interstate Commerce
- Education
- Environment
- Health
- Human Services and Welfare
- Labor and Economic Development
- Law and Criminal Justice
- Legislative Effectiveness
- Redistricting and Elections
- Transportation.

As well, NCSL has a number of task forces:

- Energy Supply
- Federal Education Policy
- Homeland Security and Emergency Preparedness
- Immigration and the States
- Military and Veterans Affairs
- School Dropout Prevention
- State and Local Taxation of Telecommunications and Electronic Commerce
- Sustainable Energy.

ACTIVITIES AT THE EVENT

At the legislative summit, presentations were made on a variety of subjects, many of which have relevance for Canada; at these meetings, IPG delegates benefitted from information that will inform their legislative work in Canada.

Specifically, the subjects of the sessions were: agriculture and rural development; banking and financial services; budget and tax; economic development and trade; education; elections and redistricting; energy and electric utilities; environmental protection; government; health; health reform; human services and welfare; immigration; insurance; international; jobs; juvenile justice; labor and employment; law and criminal justice; leadership; legislatures; natural resources; pensions; telecommunications and information technology; and transportation.

The sessions involved meetings of the NCSL standing committees and task forces, as well as a number of plenary meetings. This report summarizes the discussions that occurred at the plenary and selected committee sessions.

DELEGATION OBJECTIVES FOR THE EVENT

The Canadian Section was pleased to have the opportunity to participate in a meeting of the Labor and Economic Development Standing Committee, with the Honourable Wayne Easter speaking at a session entitled “Fostering International Trade in Today’s Global Economy.”

The interaction with state legislators enables members of the Canadian Section of the IPG to achieve better the aim of finding points of convergence in respective 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 give input to, and gather information about, state-level issues that affect Canada.

SUMMARY OF THE PRESENTATIONS

LEADERSHIP IS A TEAM SPORT

Representative Jay Kaufman, *Massachusetts General Court*

- An adaptive leadership culture can be measured by:
  - visions/goals are articulated, aligned and alive: does the team dedicate time to reflecting, taking stock and learning about how to identify and fulfil a shared vision and mission?
  - shared accountability and responsibility: to what extent do team members share a concern for the team's overall effectiveness and results, rather than just attending to their own territory, department or division?
  - private conversations are brought into leadership/team meetings: to what extent do the "real issues" come into the "centre of the room" and get discussed explicitly, and to what extent are there structures and discreet invitations to bring these "real issues" into "the light"?
  - smart risk-taking is rewarded: is there a culture of "playing it safe" or are employees encouraged to experiment with new ideas and approaches as well as rewarded for a worthwhile effort, even if it fails?
  - diversity and voices of dissent are honoured: to what extent do those who raise the issues that are uncomfortable for everyone to talk about supported and "given space," rather than being marginalized and "silenced," and to what extent is the behaviour of raising tough issues on behalf of the organization rewarded?
  - individual personal and professional growth is nurtured: is personal and professional growth nurtured and encouraged, is there encouragement to develop new skills and to advance within the organization, and is the development of future leadership encouraged?
- There is a difference between authority and leadership; the former is related to a power relationship, while the latter may be exhibited by people who do not have the former.
- People may be uncomfortable when they are asked to change; people tend to resist change and are not always very adaptable.
- Leadership entails taking people out of their comfort zone; it is an activity that involves changing hearts and minds.
- Political leadership is very rare.

- In the absence of team-building exercises, there is no team.

OPPORTUNITY AND RISK IN AN EVOLVING ENERGY MARKET

Stuart Dalton, *Electric Power Research Institute*

- The price of natural gas is driving many of the opportunities and risks today.
- There are storage options for gas.
- Many U.S. states have renewable energy standards.
- There is no “silver bullet,” but there is a promising outlook for natural gas.
- Wind and solar power are growing rapidly, with lots of installation and some tax credits; that said, the wind blows less when it is very hot or very cold, and the costs of solar power are falling but are still high.
- Germany is producing solar energy.
- Nuclear power tends to be base load.
- Unlike the United States, China and Korea are building nuclear plants.
- In the United States, some coal plants are being constructed; such plants are facing new requirements regarding pollutants, water use and carbon dioxide emissions.
- Policy “trumps” finance, which “trumps” technology.
- The United States will be exporting liquefied natural gas.
- It is not windy in all parts of the United States.
- Tax credits incent behaviour.

Ron Binz, *Public Policy Consulting*

- Regulators are better at estimating costs than they are at estimating risks.
- The U.S. power industry is in a “build cycle” and will grow rapidly over the next 20 years.
- Utility challenges include aging infrastructure, new transmission requirements, and stronger air and water quality regulations.
- There are several essential strategies for risk-aware regulation:
  - diversify utility supply
  - use robust planning processes
  - use transparent rate-making practices
  - use financial and physical hedges
  - hold utilities accountable

   - practise active, “legislative” regulation
   - reform and reinvent rate-making policies.
- Rewards for sound decision making include:
   - for consumers, higher quality and a lower price
   - for utilities, improved corporate health and predictability
   - for investors, safety and value
   - for utility employees, safety as well as welfare and pride
   - for society, higher quality and safety.

Dan Mullen, *Ceres*

- The costs for nuclear power may be higher because of the nuclear disaster that occurred in Japan.
- There are cost- and time-related risks.
- There are several main categories of risk:
   - construction costs
   - fuel and operating costs
   - new regulations
   - the price of carbon
   - water constraints
   - capital
   - planning.
- Renewable energy sources have lower risk exposure.

FOOD SAFETY MODERNIZATION ACT

Joe Reardon, *U.S. Food and Drug Administration*

- A national, integrated food safety system is needed, with more consistency across the nation, an increased ability to identify risks and enhanced public health protection as it pertains to food safety.
- According to the *Food Safety Modernization Act*, the federal government can rely on inspections done at the state level.
- It is important to be able to respond to, and to recover quickly from, food-borne and food-related illnesses.
- There is nothing more important than the safety of the food that people consume every day.

SMART GRID, DEMAND MANAGEMENT AND ENERGY SECURITY

Mike Jung, *Silver Springs Network*

- Today's electricity grid is like the telephone switchboard of bygone years: manually operated.
- With a smart grid, manual operations are replaced with digital operations.
- Today, everything is being networked, including the electricity grid.
- A smart meter permits consumption to be "time stamped."
- An informed marketplace makes better decisions, and a smart grid "liberates" information.

Mike McMahon, *ComEd*

- Networks need to be secure and "scaleable."
- Smart meters need to:
  - have an open architecture
  - be intellectual-property based
  - have "scaleability" for cybersecurity.
- With smart meters, there is no reason to have an "estimated" bill.
- Smart meters enable the creation of a peak-time rebate program.

Mike Oldak, *Utilities Telecom Council*

- Some people have concerns about the safety of smart meters.
- Some people believe that it should be possible to opt out of smart metering; however, the decision by anyone to opt out affects everyone else.
- With smart meters, it is possible to see, in real time, what is happening with the network, as well as to avoid problems and restore the network more quickly when problems occur.
- There are some privacy issues with smart meters.

NATURAL GAS FOR THE FUTURE

Don McClure, *EnCana Oil & Gas (USA) Inc.*

- The current drilling techniques in the oil and gas market are game-changing.
- In the United States, the natural gas supply is equivalent to 85-149 years.

- Because of the economic recession, the supply of gas has exceeded the demand for gas in the United States.
- In the United States, natural gas is abundant and affordable.
- There are a number of challenges in relation to natural gas:
  - oil and gas ratios, since the price of oil relative to the price of gas should be 6:1 and it is currently 30:1
  - public perceptions
  - community impacts
  - regulatory certainty and predictability.
- In order to address challenges, it is important to:
  - engage in discussions about concerns
  - educate
  - execute.

Tom Hassenboehler, *America's Natural Gas Alliance*

- The economic impacts of shale gas are significant.
- With lots of supply, attention is being paid to identifying new and innovative ways to use it.

NAVIGATING AN UNCERTAIN ECONOMY

Diane Swonk, *Mesirow Financial*

- Unlike Europe, the United States still has "an open window" in which to make needed changes.
- Hesitation has a cost and is dangerous to the United States' economy at this point in time.
- There is a cost to Washington's impotence, and the United States could enter another recession; some businesses are not hiring because of the paralysis in Washington.
- In the United States, the unemployment rate has been about 8% for 42 months.
- It is not possible to have capitalism without capital.
- The United States needs a future to grow upon rather than a future from which to shrink.
- A downgrade of the United States' sovereign credit rating is unlikely to be averted; a downgrade would have ripple effects.

- State legislators have made difficult choices, and federal legislators should do the same.
- The U.S. economy is surviving, but it is not thriving.

IDENTITY THEFT AND PRIVACY IN AN ONLINE AGE

Jim Halpert, *DLA Piper*

- Identity theft is among the most serious consumer issues; it damages credit, harms reputations, and is hard and time-consuming to resolve.
- State responses to identity theft vary; some states restrict the use of social security numbers, some have criminalized identity theft and some have instituted security breach notification requirements.
- Privacy legislation can “get in the way” of preventing identity theft; for example, social security numbers may be used to authenticate identity.
- Information is both a risk factor and a tool to prevent wrongdoing.
- Privacy legislation has been somewhat sector-specific.
- States have been active in a number of legislative areas:
  - security breach notification requirements
  - data security
  - social security privacy
  - marketing
  - financial privacy
  - pharmacy privacy
  - employee privacy.

Senator Charleta Tavares, *Ohio General Assembly*

- In the past, telephones were “the” technology for communicating.
- Phone calls are supposed to be private; increasingly, such “private” activities as banking, shopping and paying bills are occurring online.
- Employees should not have to give away their privacy rights in order to obtain or retain employment.
- Technology may change more rapidly than can be imagined.

Representative James Durkin, *Illinois General Assembly*

- There is a need to respect privacy and the rights of both employees and employers.

- It is possible that privacy rights may impede the investigation of incidents related to occupational health and safety.

Senator Ellen Roberts, *Colorado General Assembly*

- Identity theft occurs when someone knowingly uses a social security number that is not his/her own.

Senator Delores Kelley, *Maryland General Assembly*

- Mail that is taken from someone's mailbox could lead to identity theft.
- Identities that are stolen are used to access new credit and to cover up crimes, among other uses.

FRESH FOOD: A RECIPE FOR HEALTHY SCHOOLS AND COMMUNITIES

Helen Binns, *Ann and Robert H. Lurie Children's Hospital of Chicago* and *Northwestern University*

- Nutritional exposures influence lifelong disease risks.
- Good nutrition promotes brain development, growth and immune function.
- Fruits and vegetables provide essential vitamins and trace minerals, play an antioxidant role in that they fight "free radicals" and "reactive oxygen species," and provide colour, flavour, texture, bulk, fibre and satiety without adding lots of calories.
- About 20% of oxygen breaks down into free radicals and reactive oxygen species, and stressors can increase that proportion to 80%.
- "Child" factors associated with higher weight include:
  - a rapid rate of eating
  - high food-cue responsiveness
  - a greater focus on food
  - more impulsive behaviour when making food choices
  - more motivated when provided with immediate rewards, such as good taste
  - low satiety responsiveness.
- The "child" factors associated with higher weight can be affected by environmental influences, such as parenting practices, that can turn the behaviours "on" or "off."
- Health habits developed early can last for a lifetime.
- The modeling of healthy eating by parents and peers influences the eating patterns of children.

- Children should be provided with an array of healthy food options at home and at school.

Erika Allen, *Growing Power*

- It is not possible to have a safe community without healthy food.
- Several actions ensure that schools and communities can access local food, including:
  - farmers who grow food
  - infrastructure related to food production
  - access to capital
  - nutrition education
  - community-based initiatives.

Rochelle Davis, *Healthy Schools Campaign*

- Healthy students are better learners; there is an important link between health and/or wellness and academic achievement.
- Schools should include health and wellness throughout the school experience.
- The federal government has been involved in feeding hungry children since the 1940s, when the focus was calories; now, the focus is nutrient-dense foods.

Tricia Kovacs, *Washington State Department of Agriculture*

- Washington State's 2008 *Local Farms-Healthy Kids Act* sought to support and strengthen:
  - the health of children
  - agricultural economies
  - environmental conservation through the preservation of farmland and open spaces
  - access to healthy food for vulnerable individuals.
- The *Local Farms-Healthy Kids Act* eliminated low-cost bidding requirements in school food purchases and encouraged school gardens as a means of growing food for education and for consumption in school food programs.
- Policies and procedures were developed to encourage purchases of food grown in Washington, to assist producers and others to market Washington State-grown food to schools, to help schools to "connect" with local producers, to support such efforts as school gardens and farm visits, to seek additional funds to leverage state

expenditures, and to share educational resources on the nutritional, environmental and economic benefits of locally grown foods.

- The *Local Farms-Healthy Kids Act* provided Washington State with a variety of benefits; for example, it:
  - supported emerging agricultural markets
  - reduced regulatory barriers
  - raised awareness of food and farming in Washington State
  - ensured cost-effective delivery of service through partnerships
  - built healthy eating habits for children and families
  - leveraged state funding to obtain federal grants and other funds.
- The “current landscape” includes:
  - strong local food networks
  - state budget challenges
  - federal interest in local food systems
  - new school nutrition standards
  - partnerships
  - specialty crop funding in the Farm Bill.
- Schools value:
  - high-quality, fresh produce
  - good community relations
  - support for the local economy and the local community.
- Farmers value:
  - having a positive impact on the health of children
  - raising public awareness about food and farming
  - strengthening community relationships.

WHAT AMERICANS REALLY THINK

Peter Hart, *Peter D. Hart Research Associates*

- Elections are about the mood of the nation; at this point, 30% of the nation believes that the United States is on the right track, while 60% of the nation believes that the United States is seriously on the wrong track.
- Elections are about what is happening in 12 states, rather than in the nation as a whole.
- Elections are about the voters who go to the polls.

- The 2012 election campaign is likely to be the most expensive and negative campaign ever.
- This election is likely to be difficult for President Obama.
- The election is likely to be very close.
- Most Americans would vote to replace every member of the U.S. Congress if they could.
- President Obama has an advantage with women and youth, but is behind with the elderly and is losing support among males.

Neil Newhouse, *Public Opinion Strategies*

- On average, an incumbent President gets a 7-point "bounce" following the nomination at the convention; the challenger's "bounce" is higher because he/she is relatively less well-known.
- During the 2012 election campaign, President Obama's challenge will be his record.
- The 2012 election is likely to be decided in 14 states.

A PENNY SAVED: KEEPING PEOPLE HEALTHY, MANAGING DISEASES AND CONTROLLING COSTS

James Sheeran, *MillerCoors LLC*

- The term "wellness" can be defined as "an active process through which people become aware of, and make choices towards, a more successful existence."
- It is a myth that people want to be healthy; the reality is that people do not want to be sick.
- It is a myth that "if you build it, they will come"; the reality is that people need to be "led" to wellness and they need to be made to "drink," again and again.
- A 2011 Gallup poll of 11,000 employees estimated that unhealthy workers cost U.S. employers about $153 billion each year in lost productivity.
- There are compelling reasons for employers to seek innovative solutions to engage employees in their health care.
- The aging workforce is increasingly less healthy.
- Shortages in primary care physicians will increase as 33 million people enter the insured system.
- There is a correlation between health and financial stability and security, especially as people age.

Lee Francis, *Erie Family Health Center*

- In 2011, America's Health Centers had:
  - 20.2 million patients
  - 80 million patient visits
  - more than 138,000 staff.

REVOLUTIONIZING CARE THROUGH TELEHEALTH TECHNOLOGIES

John Blum, *Loyola University*

- Telemedicine has been in development for 20 years.
- There is a need for greater consistency in terminology and its use; a variety of terms are used, including telehealth, telemedicine, e-health and m-health.
- Telehealth should be subject to standards and guidelines.
- Telemedicine is most often used in dermatology, radiology and psychiatry.
- "Drivers" of telehealth include:
  - access
  - cost savings
  - coordination of health reform.
- Barriers to telehealth include:
  - a siloed approach
  - a lack of broadband coverage
  - adoption by health professionals and patients
  - legal and regulatory considerations, including licensure of interstate telemedicine, prescribing, credentialing, reimbursement, fraud and abuse, anti-trust, privacy and medical liability.
- The goal is to provide the right patient with the right treatment at the right time.

STRONG TOWNS: A NEW PERSPECTIVE ON ECONOMIC DEVELOPMENT AND GROWTH

Chuck Marohn, *Strong Towns*

- The United States needs financially strong, resilient towns.
- There are several big concepts to keep in mind:
  - the current path of cities is not financially sustainable
  - the future for most cities will differ from their past

- the main determinant of future prosperity for cities will be the ability of local leaders to transform their communities.

- Growth in cities leads to increased local tax revenues, but it may create an illusion of prosperity.
- The construction of infrastructure comes with an obligation to maintain it.
- The period of horizontal expansion of cities has ended.
- In the future, it will not be able to finance growth with historically low interest rates.
- A lack of innovation, rather than a lack of productivity, is a fundamental problem.
- People respond to incentives, and the property tax system punishes those who improve the value of their property.
- It is possible to have growth without new infrastructure.

FOSTERING INTERNATIONAL TRADE IN TODAY'S GLOBAL ECONOMY

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

- As a small, open economy, Canada is a nation that depends on trade to grow and prosper.
- In recent years, the value of Canada's global merchandise trade, services trade, direct investment abroad and inbound foreign direct investment have grown.
- In 2011, the value of Canada's merchandise trade with the world totalled almost $894 billion, the value of global services trade was more than $174 billion and the stock of Canadian direct investment abroad was valued at almost $685 billion.
- In 1990, Canada's merchandise exports were valued at $149 billion and imports were valued at just over $136 billion; by 2011, these merchandise exports had grown to almost $448 billion and merchandise imports had grown to $446 billion.
- In terms of Canada's services trade, exports were valued at more than $22 billion in 1990 and rose to almost $75 billion in 2011, and imports rose from $33 billion in 1990 to more than $99 billion in 2011.
- In terms of foreign direct investment, in 1990, the stock of Canadian direct investment abroad totalled more than $98 billion, an amount that grew to almost $685 billion in 2011, and the stock of foreign direct investment in Canada grew from just under $131 billion in 1990 to almost $608 billion in 2011.
- Canada's global presence is shaped by merchandise trade, services trade, and inbound and outbound foreign direct investment.
- While Canada has many trading partners, the United States continues to be the most important partner in terms of merchandise trade, services trade and foreign

investment, although its importance as a trading partner has declined somewhat over time.

- In 2011, Canada's merchandise exports to the United States were valued at just over $330 billion, accounting for almost 74% of the value of Canada's total exports, a decrease from almost 82% in 2006.
- In 2011, the value of Canada's merchandise imports from the United States totalled just under $221 billion, accounting for about 50% of the value of Canada's total imports, a decrease from about 55% in 2006.
- In 2011, Canada's services exports from the United States were valued at almost $40 billion, accounting for just under 53% of the value of Canada's total services exports, a slight decrease from about 54% in 2006.
- In 2011, the value of Canada's services imports from the United States totalled almost $57 billion, representing about 57% of the value of Canada's total services imports, about the same proportion as 5 years earlier.
- In 2011, the stock of Canadian direct investment in the United States was valued at just over $276 billion, accounting for just over 40% of the total stock of Canadian direct investment abroad, a decrease from about 43% in 2006.
- In 2011, the stock of U.S. direct investment in Canada totalled just over $326 billion, representing almost 54% of the total stock of foreign direct investment in Canada, a decrease from about 61% in 2006.
- While the importance of the bilateral relationship in terms of merchandise and services trade as well as foreign direct investment has declined somewhat in recent years, the relationship is still Canada's most significant.
- While the bilateral trade relationship between Canada and the United States occurs largely without disputes, which is thought to be remarkable in light of the size of the relationship, disputes arise from time to time.
- In recent years, disputes have arisen related to the United States' country-of-origin labelling requirements, trade in softwood lumber, the "Buy American" provisions in certain pieces of U.S. federal legislation and a $5.50 fee imposed on those entering the United States by air or sea, among others.
- It is important to remember certain facts about the bilateral relationship:
  - an estimated 8 million American jobs depend on trade with Canada
  - an estimated 2.5 million Canadian jobs depend on trade with the United States
  - in 2011, bilateral trade was valued at more than $700 billion, which is equal to more than $1.9 billion each day or $1.3 million each minute
  - 35 U.S. states have Canada as their primary foreign export market.

- Canada has signed a number of international agreements designed to promote trade and investment.
- Some of the trade agreements signed by Canada are multilateral in nature, such as the World Trade Organization (WTO), whose overarching rules frame and govern Canada's bilateral and regional trade agreements.
- Some of Canada's free trade agreements (FTAs) are regional, such as the *North American Free Trade Agreement*, and some are bilateral, such as Canada's agreement with Colombia.
- While FTAs are important to Canada, other types of agreements have also been signed or are being negotiated.
- In essence, and while the WTO's Doha Round has yet to be concluded, Canada has signed or is negotiating a number of agreements designed to promote trade further and to protect investments by Canadians abroad:
  - FTAs
  - foreign investment promotion and protection agreements (FIPAs)
  - trade and investment cooperation agreements (TICAs)
  - trade and economic cooperation agreements (TECAs)
  - other types of "comprehensive" agreements, such as economic partnership agreements (EPAs) as well as comprehensive economic and trade agreements (CETAs).
- FTAs seek to achieve economic benefits and growth in commercial relationships by facilitating an increased flow of trade and investment.
- While individual FTAs vary, they often include provisions related to the elimination of tariff or non-tariff barriers to merchandise trade, measures to promote cross-border services trade, and expanded protection for – or access to – investment.
- FIPAs are designed to protect companies from the risks involved in undertaking direct investment abroad; they are not instruments of further trade liberalization.
- FIPA partners may be selected on the basis of such criteria as economic interests, current and future prospects for direct investment, existing investor protection, the likelihood of reaching an appropriate agreement, and other trade or foreign policy factors.
- When comparing FTAs and FIPAs from the perspective of investment, it should be noted that a FIPA is not an instrument of liberalization and does not eliminate restrictions to investment in a foreign country.
- As an example of a "comprehensive" agreement, Canada and the European Union (EU) are currently negotiating a CETA that would include provisions related to goods and services trade, investment and government procurement, among other topics.

- The negotiating agenda for a Canada-EU CETA includes trade liberalization, as well as a number of forms of economic integration, such as mutual recognition of professional qualifications, regulatory cooperation, agreements on sanitary and phytosanitary measures, reduced barriers to labour mobility and provisions related to sustainable development.
- Canada and India are negotiating an agreement that could cover substantially all trade in goods and services, investment, trade facilitation and other areas of economic cooperation, leading to additional trade flows and economic gains; while the term that is being used in reference to the Canada-India agreement is an EPA, these negotiations could result in an agreement that is similar to a traditional FTA.
- In Canada's EPA negotiations with Japan, the terms FTA and EPA are being used interchangeably, reflecting the terminology used in these two countries for such agreements.
- Canada has also negotiated TICAs and TECAs.
- Until relatively recently, the scope of trade agreements negotiated by the Canadian federal government did not extend to provincial, territorial and municipal governments or to Crown corporations.
- A number of measures help Canadian suppliers in terms of access to the government procurement market, including:
    - the WTO's Agreement on Government Procurement
    - Chapter 10 in the North American Free Trade Agreement (NAFTA)
    - provisions in bilateral agreements with Chile and Peru
    - the February 2010 Canada-U.S. Agreement on Government Procurement (AGP), which allowed Canadian companies to participate in U.S. infrastructure projects financed under the American Recovery and Reinvestment Act (ARRA).
- According to some commentators, the AGP was – in some ways – a turning point, since provinces, territories and certain Canadian municipalities agreed, for the first time, to temporary commitments allowing U.S. corporations to bid on Canadian government contracts.
- One part of the AGP addressed provincial and territorial procurement commitments under the WTO's *Agreement on Government Procurement* for all Canadian provinces and territories – with the exception of Nunavut – in exchange for U.S. sub-national AGP commitments.
- Another part of the AGP makes provision for temporary Canadian procurement commitments for construction projects for some provincial and territorial agencies not included in the WTO's *Agreement on Government Procurement* and a number of municipalities in exchange for the United States exempting Canada from the "Buy

American” provisions of the ARRA for 7 programs of interest that received funding under the ARRA.

- In the context of involvement by sub-national governments, government procurement seems to be the area of greatest importance.
- According to some sources, opening up government procurement markets in Canada – particularly at the provincial, territorial and municipal levels – is one of the priorities for European negotiators in the context of a Canada-EU CETA, and it appears that European negotiators will have to gain concessions from Canadian provinces, territories and municipalities in order for the CETA negotiations to succeed; in that context, Canada’s chief negotiator has said that, while some markets are likely to be opened to the EU, Canada’s procurement system is largely open to begin with, and municipalities, provinces and the federal government often have contracts with foreign suppliers.
- By all accounts, Canada’s sub-national governments are now engaged in consultations with the federal government when issues that affect them are being negotiated.
- NAFTA is one of Canada’s most comprehensive FTAs; signed by Canada, the United States and Mexico and into force in 1994, NAFTA led to the elimination of most tariff and non-tariff barriers to trade and investment among the three signatory countries.
- NAFTA is broad in its scope, encompassing provisions related to market access for goods and services, protection for investments and intellectual property, the facilitation of travel for business persons, access to government procurement, and provisions regarding rules of origin.
- NAFTA includes dispute-resolution provisions administered by the NAFTA Secretariat, and the NAFTA partners have negotiated side agreements related to environmental and labour cooperation.
- In June 2012, Canada and Mexico were invited to join 9 countries – Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, the United States and Vietnam – participating in the Trans-Pacific Partnership (TPP) negotiations; the first round of negotiations in which Canada would be able to participate is the 15th round, which will be held in December 2012.
- Since all NAFTA partners will be participating in the TPP negotiations relatively soon, there are some who hope that the TPP will be a catalyst for a closer and more prosperous relationship that results in greater North American prosperity, growth and jobs; some hope that the NAFTA countries – using the TPP negotiations as a vehicle – will be able to advance interests that were either not addressed in the NAFTA or that were addressed but require change or refinement.

- The NAFTA countries share a common "economic space," and the enhanced trade, investment and job growth since 1994 is a testament to what can be accomplished together.
- Because of integrated supply chains and other linkages among the people and businesses in the NAFTA countries, the prosperity of any of the countries has positive results for the other countries.
- Going forward, the NAFTA countries – trilaterally and bilaterally – must find ways to work together cooperatively and with common cause to ensure global competitiveness and growth; the countries must treat each other as economic friends and allies, and must work together with a singular focus in the global marketplace, particularly as trading blocs continue to emerge and new countries become economic forces.

Eduardo Arnal, *Mexican Consulate in Chicago*

- In January 2012, NAFTA had been in existence for 18 years; the agreement had positive results, with increased competitiveness in each of the NAFTA countries and North America generally.
- Each NAFTA country is expected to increase its global trade in the future.
- Mexico has a global strategic plan.
- Since 1994, the value of U.S.-Mexico trade has increased more than 5 times; nearly 35% of Texas exports are destined for Mexico, and 22 U.S. states have Mexico as their first or second most important foreign export market.
- It is important to keep shared borders open in order to facilitate the flow of goods and people.
- Mexico is happy to have been invited to participate in the TPP negotiations; the TPP's agenda is Mexico's agenda.

Isaac Faz, *Office of the U.S. Trade Representative*

- An Executive Order established the Trade Enforcement Center within the U.S. Department of Commerce.
- The goal of the TPP negotiations is the conclusion of a robust, 21st-century trade agreement, with strong labour and environment agendas.
- The United States welcomes the participation of Canada and Mexico in the TPP negotiations.

U.S. ECONOMIC OUTLOOK

Leslie McGranahan, *Federal Reserve Bank of Chicago*

- The “Great Recession” ended in June 2009; the path of the current economic recovery in the United States is relatively muted when compared to the recovery cycles of past deep recessions.
- The United States’ gross domestic product (GDP) is expected to grow near trend in 2012 and to grow slightly above trend in 2013.
- Between December 2007 and February 2010, employment in the United States fell by more than 8.7 million jobs; employment then began to rise, with just over 1.8 million jobs added in a 12-month period.
- After peaking in October 2009, the U.S. unemployment rate has fallen by 1.7 percentage points and is expected to continue to fall.
- In the United States, inflation has moderated, in large part due to changes in oil prices; inflation is expected to rise 1.7% in 2012 and 2.2% in 2013, with slackness in the economy leading to a relatively contained inflation rate.
- U.S. monetary policy has been very aggressive; the policy rate has been near 0% since December 2008; it is expected to remain very low over the forecast horizon.
- Housing starts are improving, and a very gradual recovery in housing is expected.
- Capacity utilization in the manufacturing sector has been rising since June 2009; growth in manufacturing output should be solid.
- Consumer confidence is fragile.
- The personal savings rate has fallen.
- The stock market has improved since March 2009, but remains below previous levels.
- State sales tax revenue has been improving, as has income tax revenue; that said, local government revenue has been falling.
- The federal government is under pressure.

HOW ARE THE KIDS DOING IN YOUR STATE?

Lisa Hamilton, *Annie E. Casey Foundation*

- There is a new index to measure child well-being.
- The old index of child well-being ranked states on 10 indicators of child well-being and was dominated by health indicators; the influences of education, family and community were minimized.

- The new index of child well-being ranks states on the basis of 4 domains – economic well-being, education, health, and family and community – with 16 indicators of child well-being that permit more comprehensive and nuanced views of child well-being.
- In terms of trends in economic well-being, the key indicators are:
  - children in poverty
  - children whose parents lack secure employment
  - children living in households with a high burden in relation to housing costs
  - teens not in school and not working.
- In terms of 2012 state rankings on the economic well-being domain, the top-ranked states were North Dakota, Nebraska and Iowa, while the bottom-ranked states were New Mexico, Nevada and Mississippi.
- In terms of trends in education, the key indicators are:
  - children not attending preschool
  - students in grade 4 not proficient in reading
  - students in grade 8 not proficient in math
  - students in high school not graduating on time.
- In terms of 2012 state rankings on the education domain, the top-ranked states were Massachusetts, New Jersey and Vermont, while the bottom-ranked states were Mississippi, New Mexico and Nevada.
- In terms of trends in health, the key indicators are:
  - low-birthweight babies
  - children without health insurance
  - child and teen deaths per 100,000
  - teens who abuse alcohol or drugs.
- In terms of 2012 state rankings on the health domain, the top-ranked states were Vermont, Massachusetts and Maine, while the bottom-ranked states were Mississippi, New Mexico and Montana.
- In terms of trends in family and community, the key indicators are:
  - children in single-parent families
  - children in families where the household head lacks a high school diploma
  - children living in high-poverty areas
  - teen births per 1,000.
- In terms of 2012 state rankings on the family and community domain, the top-ranked states were New Hampshire, Vermont and Utah, while the bottom-ranked states were Louisiana, New Mexico and Mississippi.

- At the national level, the education and health of children are improving, while their economic well-being is worsening; the northeast and upper Midwest continue to do well, while the southeast and southwest continue to struggle.

FINE-TUNING REGULATIONS TO STIMULATE JOB GROWTH

Katherine Schill, *Minnesota State Legislature*

- Regulations:
  - identify or constrain rights in an effort to allocate responsibilities
  - seek to produce or prevent outcomes that might not occur otherwise
  - are commonly administrative rules, but can be legislation or judicially made law
  - come in various forms, including price controls and pollution thresholds
  - are monitored by various entities, including governments and industry.
- The benefits of regulation include protections from:
  - market inefficiencies, such as collusion and externalities
  - irreversible impacts, such as outcomes affecting future generations
  - substandard professional conduct
  - "crony capitalism."
- The costs of regulation include:
  - economic impacts
  - time impacts
  - administrative confusion for those being regulated, perhaps due to a lack of clarity and/or transparency, limited coordination among agencies and failed coordination among levels of government.

Senator Jim Hughes, *Ohio General Assembly*

- In 2008, Ohio had more than 900,000 small businesses.
- According to the National Federation of Independent Business, small employers spend about 45% more time complying with government regulations than do larger companies.
- Ohio's small business rule review process reformed the way that businesses are regulated; the objective was to help employers "navigate" state regulations and reduce "red tape."
- Ohio's Regulatory Reform Task Force discussed ways in which to make the state's regulatory system more efficient and to identify duplicate or unnecessary regulations.

- Ohio’s Common Sense Initiative Office (CSIO) has helped to improve the process, with a view to ensuring that regulations are reasonable and that businesses are able to comply.
- The CSIO has helped to alleviate unnecessary regulations on small businesses, enabling the businesses to focus on the job creation that will help Ohio’s economy to prosper.
- The CSIO requires rule-making agencies to prepare a small business impact analysis report for rules that may have an adverse impact on small businesses and a regulatory flexibility impact report.
- A rule can be rejected if the state agency that has submitted it has failed to demonstrate that the regulatory intent of the rule justifies the adverse impact it would have on businesses in Ohio; a rule must meet specific criteria in order to prove that it does not adversely affect businesses.

Representative Brent Yonts, *Kentucky General Assembly*

- Statutes beget regulations.
- Regulatory changes can be used to attract and retain businesses.
- Kentucky is focused on creating jobs through legislative changes.
- Kentucky is providing loans, grants, bonds, tax and other business incentives.

FEDERALISM AND THE STATES

Senator Joni Cutler, *South Dakota State Legislature*

- The federal government should work with the states to ensure the development of legislation and regulations that the states can implement.
- The U.S. Congress appears to be ignoring the role of states as policy laboratories.
- When the federal government establishes new mandates, the true costs that will be faced by state governments should be considered.
- The federal requirements regarding REAL ID have cost states billions of dollars to implement.
- The United States needs cooperative, rather than coercive, federalism; cooperation, compromise and civility should exist.

Alison Lacroix, *University of Chicago*

- Federalism is not just a constitutional doctrine; rather, it is the entire structure of government.

- In some cases, Congress can pre-empt the jurisdiction of states.
- In the future, conditional spending may become less of a “work around” than has historically been the case.
- Incentives may become coercive at some point.
- Cooperative federalism is not dead in the United States.

THE PUBLIC WORKS: CAN WE CREATE JOBS THROUGH INFRASTRUCTURE PROJECTS?

Andrew Herrmann, *American Society of Civil Engineers*

- According to the American Society of Civil Engineers’ 2009 report card on America’s infrastructure, the estimated 5-year investment needed to raise the grade from “D” to “B” is $2.2 trillion; since about half of this amount would be spent in any event, the actual deficit is about $1.1 trillion.
- The American Society of Civil Engineers’ report card on America’s infrastructure considers condition, capacity, operation and maintenance, funding, future need, public safety and resilience.
- If there is a failure to act, the economic impact of current investment trends in surface transportation infrastructure would be job losses, a lower standard of living for families as a consequence of lower earnings and higher spending, and a lower GDP than would otherwise be the case; there is a need to invest $94 billion.
- If there is a failure to act, the economic impact of current investment trends in water and wastewater treatment infrastructure would be increased costs for businesses and households; there is a need to invest $84 billion.
- If there is a failure to act, the economic impact of current investment trends in electricity infrastructure would be blackouts and brownouts, with implications for jobs, income, exports and GDP; there is a need to invest $11 billion per year.

Senator John Cullerton, *Illinois General Assembly*

- It can be difficult to raise revenues to finance infrastructure.
- It is possible to finance infrastructure through raising fees in relation to title transfers, vehicle registrations, drivers licences and liquor.
- Once funds for infrastructure are identified, decisions must be made about infrastructure spending priorities.

Deb Miller, *Cambridge Systematics, Inc.*

- There are links between transportation and jobs, and between transportation and the economy.
- If deployed strategically, investments in transportation create long-term jobs.
- Leadership and bipartisan support are helpful.

Geoffrey Buswick, *Standard & Poor's*

- Credit ratings are:
  - an opinion about relative credit risk
  - an opinion about the ability and willingness of an issuer to meet financial obligations in full and on time
  - forward-looking and regularly evolving
  - intended to be comparable across sectors and regions.
- Credit ratings are not:
  - investment advice
  - indications of market liquidity or price
  - guarantees of future credit risk
  - absolute measures of default probability
  - expected ultimate loss given default.
- The Standard & Poor's investment-grade rating scale, from strongest to adequate, is:
  - strongest: AAA
  - very strong: AA+, AA, AA-
  - strong: A+, A, A-
  - adequate: BBB+, BBB, BBB-.
- The Standard & Poor's speculative-grade rating scale, from least speculative to in default, is:
  - least speculative: BB+, BB, BB-
  - speculative: B+, B, B-
  - highly speculative: CCC, CC, C
  - in default: D.
- Sources of unpredictability in Washington, D.C. and in the economy include:
  - reauthorization risks
  - prolonged minimal-to-slow economic growth

    - higher fuel costs
    - drought in much of the United States
    - sequestration and deficit-reduction options.
- Typical transportation funding options include:
    - general obligation bonds
    - sales tax revenue bonds
    - gas tax revenue bonds
    - enterprise revenue bonds
    - federal grant-secured obligations
    - public-private partnerships.

WHAT AMERICANS THINK ABOUT HUNGER

Tres Bailey, *Walmart*

- Hunger is a big problem in the United States.
- Retailers that have food products can donate food, share best practices in relation to distribution and donate refrigerated trucks.
- People should not have to choose between nutritious food and food that is affordable.
- Nutrition and education about nutrition should begin at an early age.

Margie Omero, *Momentum Analysis*

- Food is salient for women.
- In the United States, food is seen as unhealthy, overwhelming and dangerous; as well, it is seen as plentiful and diverse, with "plentiful" and "overwhelming" being "sides of the same coin."
- For a number of Americans, being able to afford food is "top of mind."
- Some Americans are concerned about abuse of the Supplemental Nutrition Assistance Program.
- It is possible to be concerned about the ability to feed a family without characterizing the situation as hunger.
- There are concerns about food deserts and food accessibility.
- Like the campaign designed to encourage the use of seatbelts, a focus by children on healthy eating will have spillover effects on parents; eating healthily is "passed down" and "passed up."

- Food cost, availability and planning work in concert.
- Challenges in relation to food include:
  - cost, since healthy food is relatively more expensive
  - time and planning, since more is required with healthy food
  - taste
  - accessibility.

FOOD AND FARM ISSUES

Jerry Hagstrom, *The Hagstrom Report* and *National Journal*

- Many in Washington, D.C. feel that farmers are much better lobbyists than are other groups.
- Congress typically "writes" a Farm Bill every 5 years; the current bill expires on 30 September 2012.
- In recent years, food prices have been relatively high, giving rise to pressures to reduce support for farmers.
- In Congress, the districts and states represented by members of committees are important in influencing the areas that are supported.
- Some Republicans are sceptical about some elements of the U.S. food stamp program.
- The drought in the United States has changed the entire atmosphere in relation to the Farm Bill; in general, there is a desire to help, but the form that help should take is not entirely clear.
- Agricultural legislation requires a "coalition of the middle."

THE BUSINESS OF CREATING JOBS

John Engler, *Business Roundtable*

- The primary issue facing the United States is job creation; an estimated 92% of Americans see the creation of good jobs as the most important job facing the next President.
- The states compete with each other in attracting businesses and thereby jobs; at the same time, they are competing with many other nations.

Doug Oberhelman, *Caterpillar Inc.*

- Research and development is critical for the manufacturing sector, and leads to innovation.

- Considerations when determining a location for investment include:
  - the needs and wants of customers
  - the availability of infrastructure
  - the availability of a skilled workforce and educational institutions that train people
  - the existence of a supply base or the ability to develop such a base
  - a favourable business climate, including in relation to the fiscal stability of the state and the extent to which legacy costs are under control.
- About 5% of the world's population resides in the United States; the United States must become a supplier to the remaining 95%.
- The United States needs to have an economy that is growing; growth cures many ills.
- Relative to Asian locations, the United States "wins" through education and debt.
- In the United States, revenue has to be raised and expenses have to be reduced.
- The United States should have a business-friendly environment, with low tax rates and legacy costs, among other considerations; most states have relatively similarly valued incentives although, from a global perspective, the United States taxes corporations at the highest level.
- The standards developed by the Governmental Accounting Standards Board are not sufficiently "tough."
- In the move from an agrarian to an urban civilization, many mechanical skills have been lost.
- The United States was built on entrepreneurs and businesses, yet they are now in disfavour.
- Businesses have an obligation to be ethical and to "do the right thing."

Ed Rust, Jr., *State Farm Mutual*

- A major underlying contributor to the United States' slow growth is students who graduate without having the skills that employers need, including verbal and written communication, initiative and critical thinking.
- Businesses can play a key role in creating the environment needed for job creation and long-term success.
- It is not possible to recover from a sustained recession "over night."
- Regarding mandating transparency, it is easier to say it than to do it.
- Education is critically important, and it is especially important to ensure that children are in the right learning environment from kindergarten to grade 6.
- Common core educational standards are valuable.

- The United States cannot afford remedial education, which is costly.
- Demographic change means that everyone must be performing, which requires that people have the skills that are needed.
- There is a need to be competitive in an economy that is truly global.
- Legislators and businesses should partner and should share their perspectives.

TEDDY ROOSEVELT: LEADERSHIP LESSONS FOR TODAY

Doris Kearns Goodwin, *Author*

- Theodore Roosevelt had many of the same attributes as Abraham Lincoln.
- Like now, the turn of the 20th century was a time of great unrest.
- With the dysfunction in Washington, it is up to the states to be creative in meeting the needs of citizens.
- Theodore Roosevelt had the ability to withstand adversity and to be resilient; he had life-threatening asthma, which weakened his body but focused his mind, he forced himself to do difficult and dangerous things, thereby developing courage, and his 22-year-old wife and 49-year-old mother died on the same day.
- Theodore Roosevelt recognized challenges and opportunities; he learned from his mistakes, he developed ordinary qualities to an extraordinary degree, had a strong work ethic and an array of emotional strengths, and had a legendary power of concentration.
- Theodore Roosevelt was a master communicator; he captured an agenda in a single phrase, with "square deal," and coined the terms and phrases "bully pulpit," "special interests" and "speak softly and carry a big stick."
- Theodore Roosevelt worked hard to negotiate differences, but he was prepared to walk away and he carried a big stick; he also advocated "do not hit until you have to, but when you have to, hit hard."
- Theodore Roosevelt was able to laugh at himself, and accepted criticism with grace.
- Theodore Roosevelt knew how to relax and replenish his energies; reading was a staple for him, and he typically exercised in the late afternoon.

STATES AND DEFICIT REDUCTION: SURVIVING THE BUDGET CUTS

Marcia Howard, *Federal Funds Information for States*

- The post-election "to do" list includes:
  - complete the appropriations for the 2013 fiscal year

- address sequestration resulting from the *Budget Control Act of 2011*, which – absent legislation – will begin in January 2013
- deal with the expiring tax provisions, including those initially enacted by President George W. Bush, the Alternative Minimum Tax, the payroll tax reduction and the child tax credit
- consider other expiring legislation and authorizations, including the 2008 Farm Bill, Temporary Assistance for Needy Families (TANF), and Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEU-LU).
- reassure markets and American consumers, including through addressing the debt limit.

Michael Bird, *National Conference of State Legislatures*

- Medicaid is "low hanging fruit," and federal budget savings must be realized.
- Federal tax reform of some sort will happen at some time.

Respectfully submitted,

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

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	National Conference of State Legislatures (NCSL)
DESTINATION	Chicago, Illinois, United States of America
DATES	August 6-9, 2012
DELEGATION	
SENATE	Hon. Michael L., MacDonald, Senator, Vice-Chair Hon. Jim Munson, Senator
HOUSE OF COMMONS	Hon. Wayne Easter, P.C., M.P., Vice-Chair Mr. Rick Dykstra, M.P., Vice-Chair Mr. Brian Masse, M.P., Vice-Chair Mr. Merv Tweed, M.P.
STAFF	Ms. Angela Crandall, Executive Secretary Ms. June Dewetering, Senior Advisor
TRANSPORTATION	**$6,683.00**
ACCOMMODATION	**$10,676.74**
HOSPITALITY	**$Ø**
PER DIEMS	**$3,460.74**
OFFICIAL GIFTS	**$Ø**
MISCELLANEOUS/REGISTRATION FEES	**$4,643.59**
TOTAL	**$25,464.07**