

Canada - United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada - États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
to the National Conference of State Legislatures - 2008
Legislative Summit**

**Canada-United States Inter-Parliamentary Group
New Orleans, Louisiana, United States of America
July 22-26, 2008**

Report

From 22-26 July 2008, Mr. Rob Merrifield, M.P., Co-Chair of the Canada-United States Inter-Parliamentary Group (IPG), led a delegation to the 2008 Legislative Summit of the National Conference of State Legislatures (NCSL) in New Orleans, Louisiana. The Honourable Wayne Easter, P.C., M.P. and Mr. Guy André, M.P. also attended the Summit. While in New Orleans, the delegation also met with Louisiana's Lieutenant Governor, Mitch Landrieu, as well as with representatives of local government, the business and academic communities, and the US Department of Commerce.

Founded in 1975, the National Conference of State Legislatures is a bipartisan organization serving the legislators and legislative staff of the 50 US states as well as its commonwealths and territories. The NCSL provides research, technical assistance and a venue for the exchange of ideas on state issues. It also advocates state interests before the US Congress and federal agencies. The NCSL is governed by a 60-member Executive Committee, and has 11 standing committees comprised of legislators and legislative staff. These committees, which held meetings during the 2008 Legislative Summit, are:

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

In addition to committee meetings, the following plenary sessions were held:

- Energy, Economic and Environmental Sustainability
- A Conversation About Solving America's Challenges
- The Changing Face of America

- Election 2008.

The interaction with state legislators enables members of the IPG to better achieve 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 the members of the IPG with an important means to provide input to, and gather information about, state-level issues that affect Canada. From this perspective, it is important to note recent data indicating that annual bilateral merchandise trade totals about \$535 billion. As well, an estimated 7.1 million US jobs, and 3 million Canadian jobs, depend on Canada-US trade.

This report summarizes the discussions that occurred at the plenary and selected committee sessions.

INTERNATIONAL DELEGATES PROGRAM:

New Ways to Communicate with Constituents

Delegate Kristen Amundson, *State of Virginia House of Delegates*

- the number of Americans citing the internet as the source of most of their political news doubled between 2002 to 2006, and an additional doubling is expected by 2008; this result is particularly the case for voters under the age of 36
- Web 1.0 is a great way in which to get your message out; Web 2.0 is interactive and is preferred by people who want to hear what you have to say and who want you to listen to them
- considerations before starting a blog include:
 - establish clear policies about what you will and will not allow
 - remember that anonymity emboldens people
 - assume responsibility for the blog, and do not delegate postings – which should be frequent – to subordinates
- the internet is a wonderful way to:
 - sharpen your political thinking
 - reach out to voters
 - get involved, and in touch, with youth

Martin Chungong, *Inter-Parliamentary Union, Switzerland*

- Parliaments do not guarantee democracy, but democracy requires democratic Parliaments

- email has certain challenges, including with respect to overload, monitoring email traffic, etc.
- Parliamentary websites, which are a one-way means of communication, are not interactive
- online discussion groups allow citizens to comment and provide input while issues are being discussed in Parliament
- social networking tools are very useful for reaching the younger generation, which is the most disenchanted with the political process
- email and websites can be expensive forms of interaction, particularly in certain parts of the world
- keys to success include:
 - interactivity
 - email management
 - the prevention of Internet abuse
 - rapid Parliamentary response to citizen emails
- the appropriate balance must be struck between, on the one hand, keeping in touch with and informing constituents and, on the other hand, legislating and overseeing
- in harnessing technology, care should be taken to ensure that the use of technology does not exacerbate the "digital divide"
- open houses, town hall meetings and other more traditional forms of communication should be continued in addition to electronic communication
- a coherent, strategic approach to technology that contributes to a more inclusive society is needed

Vasilis Koulolias, GovZu

- efforts should be made to engage citizens with their legislators, and technology can be used to enhance that engagement
- information and communications technology provides legislators with:
 - easy access to information at any time
 - increased engagement on issues
 - multilevel collaboration

- access to constituents
- for legislative institutions, information and communications technology requires:
 - increased administration
 - investments in infrastructure
 - training
 - efforts directed to public awareness and advocacy
- for constituents, information and communications technology can lead to:
 - inclusion in decision making
 - an increased sense of trust and transparency
 - an enhanced knowledge of legislative work
 - increased legislative engagement
- legislative bodies differ in their level of technological advancement as well as in their level of democratic involvement

COMMUNICATIONS, FINANCIAL SERVICES AND INTERSTATE COMMERCE COMMITTEE:

Protecting Americans from ID Theft

Michael Barrett, *PayPal*

- phishing is an entirely solvable crime
- consumer education is the ultimate weapon in protecting people from ID theft and privacy violations
- a uniform regulatory framework is needed in order to protect consumers from e-crimes

Michael Smith, *VISA Inc.*

- the "payment landscape" is complex, and a variety of stakeholders are concerned about securing the payment systems
- a great many entities "touch" cardholder information
- industry has increased its focus on security as a result of high-profile data compromises, and some jurisdictions have introduced or amended their regulations and legislation

- merchant compliance with the Payment Card Industry Data Security Standard is growing among large merchants; incentives and fines might accelerate compliance
- although both are fraud, data theft is not equivalent to identity theft
- a three-pronged strategy might be used:
 - prevent – keep data out of the hands of criminals
 - protect – prevent thieves from using stolen data
 - respond – monitor and manage incidents in order to reduce their impact
- maintaining trust in the payment system is important, and protecting the system is a responsibility that is shared among all payment system stakeholders

Maureen Riehl, *National Retail Federation*

- identity theft is not equivalent to credit card fraud
- with a 2-4% profit margin, retailers cannot afford to have consumers shifting among them as a result of security concerns in relation to a particular retailer
- credit card information should not be co-mingled with other personal consumer information
- the interchange fee is about 2-3%, which is similar to retailers' profit margin; while credit cards historically were the payment method for perhaps 10% of transactions, that figure is now 60-70%
- the interchange fee paid by retailers may be paid by consumers in the form of higher retail prices
- about 44% of the funds collected in interchange fees are returned to consumers in the form of loyalty programs

COMMUNICATIONS, FINANCIAL SERVICES AND INTERSTATE COMMERCE COMMITTEE:

Will This Purchase Be on Your Card?

Jason Kratovil, *Independent Community Bankers of America*

- the community-bank model relies on trust and on an ongoing relationship
- community banks cannot afford to harm their customers through fraudulent practices
- community banks are small businesses themselves, and they understand their small business customers

- legislating in order to address issues related to a small number of card issuers would likely have significant unintended consequences
- community banks would face a disproportionately high share of the cost or burden associated with regulation, thereby harming their profitability and their ability to attract capital; moreover, the cost or burden faced by them would be greater than their risk
- consumers should be properly informed about their credit choices

Mathew Street, *American Bankers Association*

- every use of a credit card is a loan, and is – in fact – the riskiest type of loan since it is an unsecured personal loan
- every use of a credit or debit card carries with it a guarantee that the retailer will be paid
- 42-56% of cardholders pay, s off their balance in full every month; student cardholders more frequently pay off their monthly balance in full than do other cardholders
- issuers deny applications on the basis of their assessment of risk
- 50% of US states have deregulated card rates
- in May 2008, the average interest rate for card accounts where interest is charged was 13.48%
- the card business is anything but a monopoly; in act, it is fiercely competitive

Norma Garcia, *Consumers Union*

- consumers need to be protected from unfair credit card practices
- the time that is given to cardholders to make payments should be 30 days
- the practice of two-cycle billing should end
- payments should be considered to be on time if they are received by 5 p.m., and by the next business day when the payment day falls on a holiday
- the fees that are charged when a credit card is paid by phone or on the Internet should be prohibited

REDISTRICTING AND ELECTIONS COMMITTEE:

The Post-November Political Landscape

Charlie Cook, *The Cook Political Report*

- one year ago, Senator John McCain's candidacy for President was dead; since then, he has had a "Lazarus-like" comeback and was able to secure the Republican nomination before the Democratic candidate was able to do so
- a "dead man" – Senator McCain – "came back to life" as, one by one, the other Republican Presidential candidates "crashed and burned"
- some questioned why Senator McCain remained in the Presidential race last summer, when "he was so very clearly dead;" possible reasons include:
 - genetics, since he is the son of a stubborn mother
 - his creativity under pressure
- to win the Republican nomination, a candidate needed to be pro-life, and sceptical of gay rights and gun control legislation
- to win the Democratic nomination, a candidate needed to be pro-choice, and somewhat supportive of gay rights and gun control legislation
- former Senator Fred Thompson walks and talks slowly, which some view as inconsistent with "running" for President
- former Governor Mitt Romney's Mormon faith was a challenge, although the other candidates had challenges as well in terms of age, the number of marriages, etc.; given his status as a "rock star" in the business world, former Governor Romney had been expected to do better
- even in the states that he won, former Governor Mike Huckabee lacked support beyond his religious base
- the Democratic core value is compassion rather than competence
- the Republican core value is competence rather than compassion
- six years ago, who could have predicted that the junior Senator from Illinois would win the Democratic nomination over Senators Christopher Dodd, Joe Biden and Hillary Clinton?
- in what is a bad political environment for Republicans, it is odd to see a Presidential race that is so close; the Democrats are ahead in eight of ten issues, yet Senator McCain is running very competitively
- Senator Barack Obama is unexpected on so many levels

- while women tend to gravitate toward the Democrats and men toward the Republicans, this trend is not really occurring in the current Presidential race
- Senator Clinton had strong support among women, people over the age of 50, high-school graduates and the middle-class
- Senator Obama had strong support among men, people under age 50, college graduates and those with high incomes
- given Senator Clinton's base of support, some wonder why Senator Obama was able to secure the Democratic nomination for President; possible reasons include:
 - rather than being issue-specific or ideological, Senator Obama's candidacy focused on the future, change and new ideas
 - some Democratic voters support aspirational politics and are searching for a new icon and a charismatic leader
 - generational change, since for young women who have never faced discrimination, an African-American President is a "bigger deal" than a female President
 - Senator Obama is the "anti-Bush" candidate
 - we are in a post-partisan era, and there is a constituency of people who want some sort of "new politics"
 - in this election year, the Democratic party wanted what Senator Obama is offering
- the Democrats are expected to win an additional 5-7 Senate seats and 10-20 House of Representatives seats
- the answer to the question of who will win the Presidency may well turn on events that have not yet happened and on dynamics that have not yet developed
- the race between Senators McCain and Obama is close, and while the latter has a small and sustained lead, he has not yet "closed the sale;" Senator McCain will be the next President if Senator Obama is unable to close the sale
- the election really is about Senator Obama rather than Senator McCain, and an important question is whether enough voters – including those who are white and over the age of 50 – will be able to reach a comfort level with the former
- the danger for Senator Obama is that he will go into the debates with high expectations; voters judge debates on the basis of who exceeds their expectations

PLENARY SESSION:

Energy, Economic and Environmental Sustainability

Question One: What does sustainability mean?

Marvin Odum, *Shell Oil*

- sustainability means meeting the world's energy needs in a way that is economically, socially and environmentally responsible

Fred Krupp, *Environmental Defense Fund*

- sustainability means making things better than the way they were when we found them
- sustainability means integrating what is good for people and the economy with the natural world

Question Two: What is the trade-off between profitability on the one hand and social and environmental responsibility on the other hand?

Marvin Odum, *Shell Oil*

- there is no trade-off between profitability, and social and environmental responsibility
- if a company operates in a sustainable manner, it is a more sustainable company
- the "sustainability bar" is continually rising
- people expect sustainability
- the sustainability of a company can be viewed as a competitive advantage
- government policy has a great deal to do with the pace of change

Fred Krupp, *Environmental Defense Fund*

- in the information age, a company's actions increasingly are its reputation, in part because information is more accessible
- since the economic system does not always account for environmental damage, there is a need for government intervention in respect of externalities, but this intervention should occur in a smart, minimalist and sensible way

Question Three: Does the notion of sustainability change as we address the energy imperative?

Fred Krupp, *Environmental Defense Fund*

- the environment is vulnerable; consequently, there is a need for smart policies, including by governments

- it is important to "get it right" and to take the right actions in respect of our energy and environmental future; there is a great deal at stake

Marvin Odum, *Shell Oil*

- sustainability and energy challenges are inextricably linked
- the world defines what it wants and how it wants it
- we need more energy but less carbon dioxide
- there is an increasing demand for energy, especially from developing countries
- conventional energy production is declining, in part because "easy to find" oil and gas is declining

Question Four: Why is there an increasing focus on wetlands?

Fred Krupp, *Environmental Defense Fund*

- one reason for an increased focus on wetlands is the damage done by Hurricane Katrina
- ground sediment is being lost off the continental shelf, which is bad for wetlands
- cooperative efforts are important

Marvin Odum, *Shell Oil*

- wetlands are important as species habitat
- research and preservation are important

Question Five: How can offshore drilling occur in an environmentally sustainable manner?

Fred Krupp, *Environmental Defense Fund*

- while President Bush has lifted the Executive Order in respect of offshore drilling, US Congressional action is still required; ultimately, the US Congress will decide
- most of America's oil resources are not offshore

Marvin Odum, *Shell Oil*

- President Bush's decision in respect of offshore drilling is symbolic in nature, and puts the decision firmly in the hands of the US Congress
- the United States and the rest of the world will go through an energy transition over the course of decades
- it takes years to find and get new production online and into the system

- oil produced in the US keeps money and jobs in the US

Question Six: What actions need to be taken in respect of alternatives to meet energy demand?

Marvin Odum, *Shell Oil*

- the demand for energy could double over the next 40 years
- alternative fuels have public support, and government policies are supportive
- while there has been phenomenal growth in alternative fuels, hydrocarbons will still be required and nuclear energy is also likely to play a role
- what is needed is a national approach with uniform rules, rather than individual states with individual rules

Fred Krupp, *Environmental Defense Fund*

- the states have been leading in respect of renewable energy
- people and governments need to be open-minded about every possible solution given the scope of the climate change challenge that we are facing
- nuclear waste, and what to do with it, is partially a political problem and partially a technical problem
- "green" is a huge job creator

Question Seven: How do we protect the environment in the face of unforeseen consequences?

Fred Krupp, *Environmental Defense Fund*

- when solutions are being developed for one problem, intended and unintended consequences as well as the broader picture must be kept in mind
- all new technologies have downsides as well as upsides
- a cap-and-trade system could work well
- carbon dioxide offsets could be used as a partial solution to global warming

Marvin Odum, *Shell Oil*

- it is prudent to be worried about unintended consequences
- concern about unintended consequences could be used as an argument for giving careful consideration to the pace of change

Question Eight: Where do we go from here?

Marvin Odum, *Shell Oil*

- efficiency and conservation are the best short-term options or solutions
- alternative energy projects are often delayed unnecessarily because of issues such as permitting

Fred Krupp, *Environmental Defense Fund*

- the environmental lobby must be a constructive participant in the debate
- the US has the ability, as a nation, to move forward with a cap-and-trade system, which has broadly based support, including with the Democratic and Republican Presidential nominees

COMMUNICATIONS, FINANCIAL SERVICES AND INTERSTATE COMMERCE COMMITTEE:

How States Protect Consumers of Financial Services

Andrew Beal, *National Association of Insurance Commissioners*

- the cost of health care is increasing much more rapidly than the rate of inflation
- the incidence of "grandfamilies" – grandparents raising grandchildren – is rising

Russ Iculano, *North American Securities Administrators Association*

- knowledge and security can be built through education and awareness
- education and awareness are the first line of defence against investment fraud
- state security laws should be enforced, dealers should be licensed, investors should be educated and fraud should be investigated
- ongoing examination should occur in order to ensure an adequate level and type of consumer protection

John Ryan, *Conference of State Bank Supervisors*

- at its core, banking regulation is about consumer protection; regulation to ensure safety and soundness is consumer protection
- uniform rules at the state and federal levels are needed
- the current problems in the mortgage system are not related simply to a lack of regulation
- "understandable" information is important

HUMAN SERVICES AND WELFARE COMMITTEE:

Three Ways for States to Address Child and Family Poverty

Harry Holzer, *Georgetown University*

- there is a difference between the working poor and the hard to employ; different problems require different solutions
- the working poor often have stagnant wages and few opportunities for advancement, while the hard to employ are out of the labour force
- problems include:
 - limited skills and credentials
 - a lack of access to "good" jobs
 - instability and challenges in relation to family circumstances
 - a criminal record
 - child support obligations
 - weak basic skills that diminish the effectiveness of education and training
 - low motivation
 - employer doubts
- the workforce system is underfunded and fragmented, with little connection among employers, those who provide training, low-wage workers and those who provide supports
- the working poor need:
 - educational credentials
 - work experience, ideally with employers in key economic sectors
 - work supports, including child care, transportation, and stipends during education and training periods
- youth need:
 - education and paid work experience
 - more intensive services for those at high-risk
- those who are hard to employ need:
 - re-entry programs

- arrears management assistance in respect of child support

Angela Duran, *Southern Good Faith Fund*

- rural Arkansas and Mississippi are characterized by high rates of poverty and unemployment, and low levels of education
- connections with employers in high-demand industries should be strengthened
- additional partnerships at the local level should be leveraged, especially with economic development partners
- job placement and retention efforts should be improved

Dana Alfred, *Independent Consultant*

- there are a variety of reasons why fathers should be a focus:
 - the financial contribution of fathers can make a measurable difference in the living standard of low-income children
 - the involvement of fathers helps to increase positive outcomes for children in terms of reducing juvenile justice and teen pregnancies, and increasing educational attainment, among others
 - children want and need their fathers
- there are a variety of myths that should be terminated:
 - children born out of wedlock are the result of casual sexual liaisons – in fact, about 80% of children born outside of marriage are born to parents in committed relationships
 - fathers are uninterested/uninvolved with their children – in fact, a majority of fathers contribute financially or spend time with their children, particularly when the children are young
 - mothers do not want fathers around – in fact, even mothers whose romantic relationship with the fathers has ended report wanting the father to be involved with their child
- discoveries about fathers include:
 - fathers care about their children
 - the presence of fathers matters
 - joblessness affects the involvement of fathers
 - systematic barriers affect the involvement of fathers

- unmarried fathers and mothers need help in learning how to work together to raise children
- men struggle with the transition from biological father to committed parent
- family culture can affect a man's beliefs about self and social expectations
- fathers can be:
 - deadbeats – they are able to provide support for their child but do not do so
 - deadbroke – they have the desire but not the means to provide for their child
 - underground dads – they provide informal support for their child
 - fragile family dads – they are in committed relationships and are providing informal support for their child
- reasons why it is difficult for fathers include:
 - fathers may be low-income themselves
 - fathers may have strong labour market attachment but have trouble maintaining employment
 - systemic barriers may make it difficult for fathers to stay "legitimate"
- legislators should help fathers in order to increase the standard of living for children and provide positive outcomes for them; policymakers have several options:
 - facilitate programmatic support – develop and fund programs that target the needs of fathers, and create access points for services
 - identify areas for systemic change – focus on when and how to engage fathers in child support, review and revise formulae and procedures that set child support amounts, and create father-friendly environments in employment offices, hospitals and community/technical colleges
 - grow champions – convene leaders to facilitate solutions and build collaborations

BUDGETS AND REVENUE COMMITTEE and NATIONAL LEGISLATIVE PROGRAM EVALUATION SOCIETY and TRANSPORTATION COMMITTEE:

Overseeing Public-Private Partnerships

Jeffrey Buxbaum, *Cambridge Systematics Inc.*

- we are on the cusp of change: funds are scarce, infrastructure is aging and requires restoration, and some immediate construction is needed

- while some people distrust the manner in which governments spend tax dollars, there is public demand for more services
- some saw/see public-private partnerships (PPPs) as a "silver bullet;" however, there has been some backlash, some political supporters of PPPs have failed to get re-elected, and some states have imposed a moratorium on PPPs
- there are a number of important questions:
 - should users pay for improvements – some believe that the answer is "yes," although non-users also benefit from transportation systems, for example
 - how should decisions about what to build be made – often, the public believes that there is a lack of transparency regarding the selection process, and that the market alone should not be the deciding factor, since there are environmental, equity and other considerations
 - should the private sector be involved and, if so, how – perhaps the toll versus tax decision should be made first, and then a decision should be made about PPPs
- PPPs are a risk-transfer proposition
- with PPPs, there should be monetary and ethical obligations for the private sector to protect the public interest, and performance should be monitored in order to ensure that standards are met
- for success, the following are needed:
 - public involvement
 - public perception that a problem exists
 - positive outcomes
 - transparency

Betsey Daley, *Senate Finance Committee of the State of Virginia*

- it should be remembered that PPPs still involve the expenditure of public funds
- in selecting a partner, the public sector should look for a private-sector partner that understands government, the legislative timetable, budget issues, etc.
- budget flexibility may be lost if a long-term contract is signed

Harold Greer, *Joint Legislative Audit and Review Commission of the State of Virginia*

- at times, PPPs can be used to expedite a project

- PPPs can be used to assist with regional projects that may lack sufficient state support
- in respect of PPPs, data should be collected and analyzed in order to assess cost effectiveness and performance; it is important to know what the public cost would have been without private-sector involvement

COMMUNICATIONS, FINANCIAL SERVICES AND INTERSTATE COMMERCE COMMITTEE:

A Vision for Government in a Digital World

Frieda Yueh, *IBM Corporation*

- much of the world is connected and connecting
- while we take our connectivity for granted, there are millions who are not connected; for them, the darkness is exploding
- some communities without sewer systems, electricity, televisions, etc. have cell service despite there being no easy way to recharge cell phones; some are harnessing wind power to establish recharging stations
- connections are creating new pressures on governments worldwide; considerations include:
 - changing demographics
 - accelerating globalization
 - environmental concerns
 - societal expectations
 - threats to stability
 - the impact of technology

BUDGETS AND REVENUE COMMITTEE and LABOR AND ECONOMIC DEVELOPMENT COMMITTEE:

The World and the US Economies – No Country Is an Island

David Wyss, *Standard & Poor's*

- world financial markets are undergoing enormous relative shifts, with significant global flows of capital
- despite the economic slowdown in the US, world economic growth remains strong; although it is slowing somewhat; much of the slowdown is related to rising commodity prices rather than US economic difficulties

- the developing countries are doing relatively better than the developed countries, with implications that include a rising demand for energy
- most of the emerging markets are growing rapidly
- incomes in the developed world are rising slowly
- wealth is accumulating in commodity-producing countries, although high commodity prices are slowing growth in the United States, Japan and Western Europe
- financial problems, which started in the US sub-prime mortgage market, have spread throughout the world, and the resulting imbalances are a threat to stability
- housing problems are the genesis of global financial turmoil for reasons that include:
 - too many houses were built at too high a price
 - home prices that were sustainable at one interest rate were not sustainable at a higher interest rate
- the housing bubble was not unique to the United States; a bubble occurred in almost every industrial country, although not in Germany, Japan or Hong Kong
- many foreclosures are occurring on homes that are not owner-occupied, although they may have been when the mortgage was signed; this reality changes how you look at the problem
- the US Federal Reserve Board responded to the housing crisis by reducing the interest rate sharply; this action stimulated the economy and provided relief to the housing/mortgage market
- the Federal Reserve Board actions had little impact on long-term interest rates, and 80% of mortgages have long-term rates; bond markets have become global, with the result that long-term interest rates will not respond to Federal Reserve Board policy
- with the decline in the relative value of the US dollar, foreigners are buying bonds and equities as well as real assets
- last year, the US housing problems reduced economic growth by one percentage point, but the decline in the relative value of the US dollar made exports more competitive
- merger and acquisition activity is expected to remain relatively strong, with an increase in transnational activity and much activity in the commodity and technology sectors

- the financial markets in China and India are growing as a proportion of their Gross Domestic Product; financial markets are also rising rapidly in Asia, Latin America and parts of Europe
- less-developed countries are experiencing relatively strong productivity growth
- economic growth is good and trade is good, but trade imbalances are not good
- the US trade imbalance is "ridiculously" large, although it is beginning to close; the US needs to reduce its trade deficit, but other countries seem to be unwilling to give up their trade surplus
- a trade deficit of 1.5-2% of Gross Domestic Product is perhaps sustainable, provided that a country remains a currency reserve country
- the US tends to tolerate deficits largely because the cash is needed; since the marginal propensity to save is negative, the US borrows abroad in order to offset weak savings
- in general, while trade deficits are relatively undesirable, reducing trade deficits means a loss in export competitiveness and jobs; the result is that you need to domestic demand needs to increase, which can be relatively difficult to obtain
- emerging economies are becoming capital exporters
- the US is the wealthiest country in the world, in part because its citizens are the best educated in the world; however, other countries also understand that the way to "get rich" is to "get educated," and they are catching up with respect to education
- the changing emphasis in the economy and consumer spending, away from manufacturing and toward services, is happening in every major industrialized country; as people become wealthier, they tend to purchase services rather than manufactured goods
- a number of industrialized countries, including the US, France, Germany and Italy, have fiscal deficits; Canada has a federal budgetary surplus
- most major stock markets in the world are at new highs and are rising rapidly; emerging markets are growing relatively faster than the United States, Western Europe and Japan
- in theory, maximum return with minimum risk occurs through diversification; however, when everyone does it, diversification does not work
- commodity prices are not correlated with the stock market

Watching the Retirement Dollars

Patricia Bishop, *Joint Legislative Audit and Review Commission of the State of Virginia*

- risks need to be communicated clearly
- people take risks in order to generate returns

Aristotle Hutras, *Ohio Retirement Study Council*

- the time horizon of legislators – the next election – differs from that of pension funds – the next generation
- with term limits, legislatures lose institutional memory; consequently, there is a need for a person or agency who will provide the needed institutional memory in respect of pension funds

Matthew Smith, *Office of the State Actuary of Washington State*

- an important objective is informed decision making using information that is objective, accurate, understandable and trustworthy
- when pension plan changes are proposed, it is important to determine the impact of the proposals on pension funding; actuarial reviews should also occur on a periodic basis
- informed decision making requires the taking of a longer-term view; that is, a view that is longer than the two-year legislator or budget perspective
- it is important to monitor the reasonableness of economic and demographic assumptions used in actuarial costing

Lessons from America's Business Leaders (That You Can Use)

Susan Neely, *American Beverage Association*

- among other actions, leaders should set goals, listen actively to everyone and build teams
- regarding work-life balance, one should determine the biggest things to do for one's family and the biggest things to do for one's workplace
- leaders should foster a supportive work-life balance within the corporate culture
- employees should be provided with technological tools that will enable a better work-life balance
- key elements of leadership include:
 - leaders are always trying to solve problems and find solutions, and should reach out to others who are also eager to solve the same problems

- leaders should be innovative and creative thinkers, and should strive to "think outside the box"
- leaders should have someone or a group of people that will "keep them honest" and ask tough questions
- leaders should have partners, since the stranger the bedfellows, the better the coalition; disparate entities may need each other in order to reach common goals

Senator Don Balfour, *Georgia Senate*

- legislators should spend time with their constituents rather than in the state house office
- leaders should "think outside the box" and then "take the bull by the horns and get it done;" employees should also be encouraged to "think outside the box"
- "because we have never done it that way" is not a good reason
- it is important for leaders to be flexible and to listen to other points of view
- leaders should ensure that they consult with those who are not "yes" people
- leaders should listen to those with insights about the ripple effects and unintended consequences of decisions

Scott Howell, *IBM Corporation*

- leaders should keep the notion of change at the forefront of everything they do; to be successful, leaders should recognize and embrace change in order to make things better, more efficiently, etc.
- innovation is a driver of success, and creativity enables the solving of problems
- if you do not innovate, you do not create; if you do not create, you do not profit
- providing quality-oriented service to customers pays big dividends
- leaders should identify their core business, and should pay attention to the front-line employees who are in a position to "know the pulse" of the customers
- attitude is key, and affects whether you win or lose
- regarding work-life balance, it should be remembered that no success in life can compensate for failure in the home
- since technology enables employees to work away from the workplace, it is a tool to strengthen families

PLENARY SESSION:

A Conversation About Solving America's Challenges

Question One: How do we move forward?

Newt Gingrich, *Former Speaker of the US House of Representatives*

- the US is in big trouble, and we need to look at the very big picture
- American children need to be able to compete with children in China and India
- we need to re-think education, health care, infrastructure, energy, regulation, etc.
- we need to do smart things rather than just painful things
- governments are unable to distinguish between costs and investments

Lee Hamilton, *Woodrow Wilson International Center for Scholars*

- the US economy is under considerable strain and stress, and there are two timeframes that should be considered for solutions: right now and the longer-term
- right now, the focus should be stimulating, bailing out and passing new regulations
- in the longer-term, many painful adjustments will have to be made, and there will be a need to increase interest rates as well as to reduce spending, increase taxes or both
- the US needs to invest in education, training, research and development, and infrastructure
- the US needs to entice the right immigrants to enter the country
- individuals and governments need to spend less and save more

Question Two: What comments should be made in respect of human capital and immigrants?

Newt Gingrich, *Former Speaker of the US House of Representatives*

- we must focus on the future

Lee Hamilton, *Woodrow Wilson International Center for Scholars*

- the US immigration system is broken
- immigration is a national security matter

Question Three: What is happening in India and China that should be of concern?

Newt Gingrich, *Former Speaker of the US House of Representatives*

- the US is training American children to be lazy and irresponsible; instead, hard work and innovation should be encouraged
- human capital is as important as financial capital and infrastructure

Lee Hamilton, *Woodrow Wilson International Center for Scholars*

- we want to see the US engaged – and leading – in the world; moreover, the world wants American leadership as well as American partnership with others
- the world today might be characterized by:
 - American power
 - emerging nations, including China, India, Brazil and Latin America
 - globalization and interconnectedness
 - turmoil

Question Four: What advice would you give the incoming US President?

Newt Gingrich, *Former Speaker of the US House of Representatives*

- the next US President should listen, since the best legislators spend more time listening to their constituents than they do talking to them
- at the functional level, the US cooperates across the world

Question Five: What comments would you make in respect of grants for cities?

Lee Hamilton, *Woodrow Wilson International Center for Scholars*

- the terrorist threat is real, and al Qaeda – which is at present figuring out the next attack – is the single greatest threat to the safety and security of America
- we must change the sense of complacency to a sense of urgency

Newt Gingrich, *Former Speaker of the US House of Representatives*

- we have a very long way to go in securing the homeland
- we need to control the border more for national security reasons than for immigration reasons

Question Six: What changes are needed to address the rising cost of health care?

Newt Gingrich, *Former Speaker of the US House of Representatives*

- perhaps 40% of what is spent on health care is wasted or misdirected

- the public has a right to know the price and quality of the health care that is being received by them

Question Seven: Since Members of Congress come and go, how do we apply solutions?

Lee Hamilton, *Woodrow Wilson International Center for Scholars*

- the US Congress is an institution that is under considerable stress; it needs to be reinvigorated and reformed in order to meet its constitutional responsibilities
- the greatest skill needed in politics today is the ability to build a consensus
- the system works best when there is a strong President, a strong Congress and tension between them

Newt Gingrich, *Former Speaker of the US House of Representatives*

- we should remember the rate of change through which we are living

Question Eight: What comments should be made about American infrastructure?

Mayor Michael Bloomberg, *City of New York*

- a coalition co-chaired by Governors Rendell and Schwarzenegger and Mayor Bloomberg – Building America’s Future – has been established to focus on infrastructure
- there is nothing partisan about investments in infrastructure
- the states are responsible for \$3 of every \$4 spent on infrastructure
- we pay a high price for faltering infrastructure
- the best days for America really do lie ahead
- a vision is not worth anything unless you have resources; funds should be distributed to areas where need exists

Governor Ed Rendell, *Pennsylvania*

- infrastructure is critically important; consequently, the Building America’s Future coalition is also critically important
- the American infrastructure debt is \$1.6 trillion; there is a need to repair existing infrastructure and to build new infrastructure
- infrastructure is needed for both public safety and economic benefit

LEGISLATIVE EFFECTIVENESS COMMITTEE and NATIONAL LEGISLATIVE PROGRAM EVALUATION SOCIETY:

Public Policy Impact of Natural Disasters

James Barber, *Legislative Performance Evaluation and Expenditure Review Committee of the State of Mississippi*

- the legislative role in recovery from disasters includes:
 - taking an active role in the recovery process
 - developing a sense of the public need resulting from the crisis
 - understanding the recovery environment in which action must be taken
 - developing the full range of actions for consideration and public debate
 - identifying who will step in, at what point, to provide resources
 - developing a statement of financial needs and a list of priority actions
 - identifying the roles of emergency management and response agencies in the recovery effort
- after the immediate crisis has passed, there is a need to focus on new building code standards, business continuity plans, an online clearinghouse for information on recovery resources, etc.
- knowledge and information are critical to a successful disaster response
- in response to catastrophic situations, legislators must convey that they:
 - are involved
 - are concerned
 - are representing their constituents
 - are knowledgeable
 - are problem solvers
 - are prepared to act
 - will not rest until recovery is a reality
- to avoid partisanship and to work best with the Executive, legislators should:
 - reach out early and often

- stay focused on the definition of the problem and the development of solutions to the problem
- stay informed about Executive decisions
- share legislative thinking in the context of problem solving
- publicly give credit when, and to whom, it is due
- find common ground
- save criticisms for "private time"
- have alternatives ready
- lessons in leadership include:
 - in a crisis, people expect active, focused leadership
 - knowledge is critical
 - leaders should have a pragmatic vision
 - leaders should get "buy-in"
 - leaders should get busy
 - leaders should remember that the focus is the people

David Greer, *Office of the Legislative Auditor of the State of Louisiana*

- in 2005, as Louisiana was recovering from the biggest natural disaster in American history – Hurricane Katrina, followed by Hurricane Rita – important policy decisions had to be made in respect of:
 - how to use and allocate disaster funds
 - the allocation between rebuilding and green space
 - new building codes
 - input from the public and experts

Patrick Goldsmith, *Office of the Legislative Auditor of the State of Louisiana*

- from an audit perspective, post-Katrina was an unknown territory, since the nation had never had a disaster of this magnitude
- in light of inadequate staffing and resources to handle a disaster of this magnitude, a key question early on was: what matters today?

- from an audit perspective, the legislature wanted to know how the funds were being allocated and if they were being spent wisely; the federal government similarly wanted accountability

PLENARY SESSION:

The Changing Face of America

James Johnson, *University of North Carolina*

- dramatic transformation lies ahead
- the future will see the browning and greying of America, as well as the first and second waves of globalization
- there is a need to understand the historic, current and future role of immigrants, including the role of immigration in light of US population greying
- the huge wave of baby boom employees is headed toward retirement: a "silver tsunami"
- with the labour shortages that are expected to occur, there will be fierce competition for talent
- the succession problem has two components:
 - there are not enough people to replace retiring baby boom employees
 - corporate/institutional memory and knowledge succession
- the economy is undergoing fundamental structural transformation
- in the first wave of globalization, which started in the 1980s and continues to the present, there was an offshore movement of jobs to do "hand work" rather than "head work" and manufacturing job losses resulted in retooling for the information age
- the second wave of globalization will see knowledge jobs continuing to move offshore
- the US has started to outsource innovation
- the US is in a global war and is at a competitive disadvantage in the marketplace
- competitiveness should be considered from two perspectives:
 - human resource challenges
 - strategically repositioning communities and institutions

PLENARY SESSION:

Election 2008

Kellyanne Conway, *The Polling Company Inc.*

- voters are poised to either make history, repeat history or ignore history
- voters are demanding change, and are anxious about the economy, the war in Iraq, health care and the fading American dream that is becoming harder to achieve
- voters are increasingly skeptical about the ability of governments to solve big problems, and tend to equate "government" with "politics"
- the environment is positive, yet precarious, for Democrats, although the call for change is occurring in both political parties
- an anti-incumbent mood is festering
- voter perceptions have been consistently negative over the last year, and more than three in four people believe that the US is on the wrong track; they have a decidedly negative opinion of both the Democrats and the Republicans in the US Congress
- voters are brand-loyal but are not brand-monogamous; they are increasingly independent
- the issue agenda favours Democrats; voters choose Democrats over Republicans on their top issue priorities, but they choose Senator John McCain over Senator Barack Obama on the Iraq issue
- climate change is important, but energy security is a more pressing concern for voters
- the fundamental differences among ethnic groups contribute to their political leanings
- shifting demographics will be a relatively more important influence on the electoral landscape than will shifting political beliefs
- Arkansas, Tennessee and Georgia have the fastest-growing Hispanic populations
- America is aging, and the average household head is now older than 50 years of age
- "stage of life" has replaced "age" as an important factor; consider, for example, three 48-year-old women:

- never married and no children
- grandmother
- mother with one child and pregnant
- at this point, the polls indicate a tight race between Senator McCain and Senator Obama; it appears to be difficult for either candidate to sustain, for two or three weeks, 50% support
- Americans give Senator McCain an edge on experience, leadership and values; they give Senator Obama an edge on likeability, optimism and compassion
- voters focus on their answer to two important questions when they are voting: do I like you? And are you like me?

Celinda Lake, *Lake Research Partners*

- voters think that there are huge problems on the national scene
- voters believe that the economy is in bad shape, and pessimism about the economy has become more pronounced over the last year
- four in five Americans believe that the economy is in a recession, and a plurality believe that the economy will be worse one year from now than it is today
- voters are looking for change, accountability and problem-solving as well as leadership
- people are very tax-sensitive at the moment, and cannot afford a tax increase
- in terms of economic hardship, the top concern of voters is paying for gasoline, and more than 75% of Americans expect the price of gasoline to be \$5 per gallon by the end of the summer; women are also concerned about the price of food and basic household items as well as about equal pay and having a job that pays well
- in terms of energy, voters want a little bit of everything: anti-speculation measures, renewable energy sources, drilling, etc.
- health care affordability, rather than health care access, is emerging as an issue
- voters are worried that the American dream is becoming harder to achieve
- a plurality of voters still believe that the next generation will be better off than they are now, but that number has been declining this year
- while there is no clear consensus on how to solve the problem of the war in Iraq, a solid majority wants the withdrawal of troops to begin in the near future

- there is a disconnect between what politicians say and what Americans experience

Respectfully submitted,

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

Dean Del Mastro, M.P.
Acting Co-Chair
Canada-United States
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	National Conference of State Legislatures - 2008 Legislative Summit
DESTINATION	New Orleans, Louisiana, United States of America
DATES	July 22-26, 2008
DELEGATION	
SENATE	Ø
HOUSE OF COMMONS	Mr. Rob Merrifield, M.P., Co-Chair Hon. Wayne Easter, P.C., M.P. Mr. Guy André, M.P.
STAFF	Ms. June Dewetering, Analyst Ms Émilie Thivierge, Executive Secretary
TRANSPORTATION	\$6,553.18
ACCOMMODATION	\$3,962.90
HOSPITALITY	\$308.25
PER DIEMS	\$2,055.00
OFFICIAL GIFTS	\$67.00
MISCELLANEOUS/REGISTRATION FEES	\$2,671.36
TOTAL	\$15,617.69