

Canada – United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada – États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation respecting
its participation at the 71st Annual Meeting of the Council of
State Governments - West (CSG West)**

Canada–United States Inter-Parliamentary Group

**Snowbird, Utah, United States of America
11–15 September 2018**

Report

DELEGATION MEMBERS AND STAFF

From 11–15 September 2018, the Honourable Wayne Easter, P.C., M.P., Co-Chair of the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG), led a delegation to the 71st annual meeting of the Council of State Governments - West (CSG West) in Snowbird, Utah. The other members of the delegation were Senators Terry Mercer and David Wells, Vice-Chair, as well as Mr. Ziad Aboultaif, M.P. and Mr. Kerry Diotte, M.P., Vice-Chair. The delegation was accompanied by Ms. Miriam Burke, Executive Secretary to the Canadian Section, and Ms. June Dewetering, the Canadian Section's Senior Advisor.

THE EVENT

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

CSG West has eight standing committees, as well as Westrends, the Western Legislative Academy, the Border Legislative Conference and the Legislative Council on River Governance. The standing committees are:

- Agriculture & Water
- Canada Relations
- Education & Workforce Development
- Energy & Environment
- Finance & Economic Development
- Health & Human Services
- State & Federal Relations
- Transportation & Infrastructure.

DELEGATION OBJECTIVES FOR THE EVENT

Canada and the 13 U.S. states represented in CSG West share a mutually beneficial relationship, and the Canada Relations Committee provides a focused opportunity to examine topics of joint Canada–U.S. interest. The North American Summit enables a targeted discussion of issues that are relevant for Canada, the United States and Mexico collectively.

The interaction with state legislators allows members of the IPG's Canadian Section to achieve better the aims of finding points of convergence in respective national policies,

initiating dialogue on points of divergence, encouraging exchanges of information and promoting better understanding on shared issues of concern. Moreover, the meetings with state legislators provide members of the Canadian Section with an important means to provide input to, and gather information about, state-level issues that affect Canada.

During the meeting of the Canada Relations Committee, Mr. Easter spoke to participants about ways in which Canada and the United States cooperate in three areas: trade and investment; defence and security; and energy and the environment. As well, the delegation had a private meeting with Utah Governor Gary Herbert.

ACTIVITIES AT THE EVENT

At CSG West's 2018 annual meeting, the following plenary sessions occurred:

- Keynote Address: Kristen Cox
- Keynote Address: Joshua Schiffman
- Keynote Address: Mike Walsh.

The standing committee sessions were focused on the following topics:

- Agriculture & Water: the National Integrated Drought Information System and efforts to help western states prepare for drought; and international agricultural trade and prospects for the future.
- Canada Relations: the current state of relations between the United States and Canada; and the impact of both existing and potential new tariffs on the United States and Canada.
- Education & Workforce Development: shortages in the direct care workforce; the national State Exchange on Employment and Disability; and the community school model.
- Energy & Environment: Superfund sites in the West and the impacts on states of the cost of clean-up efforts; and finding the skilled labour needed to meet the energy sector's future high-tech labour force.
- Finance & Economic Development: opportunities and known successes regarding options for enhancing citizens' saving efforts; economic development incentives to attract businesses and ensure the accountability of recipient businesses; states' successes and challenges regarding economic development incentives.
- Health & Human Services: best practices relating to behavioural health issues; and value-based versus fee-for-service health care payment models and their impact on care, premiums and access to care.
- State & Federal Relations: Hawaii as a case study for the state consultation process for both natural and non-natural crises, with a focus on the eruption of the Kilauea volcano and citizen notification that Hawaii was under a missile attack.

- Transportation & Infrastructure: seismic safety; road usage charges; and the intersection between federal and state regulations relating to autonomous vehicles.

As well, presentations were made during the following non-committee sessions:

- Women in Politics: The Benefits of Diversity in Government and Politics
- International Program: The Meaning of Brexit
- U.S. Supreme Court: Assessing the Implications for the Western States
- States Leading the Way: Occupational Licensure Compacts and Reform
- Private Sector Forum: CSG West programs and services; and marshalling private-sector support for CSG West's mission
- North American Summit: Status of the Ongoing *North American Free Trade Agreement* negotiations; and Atlanticism
- Westrends: Blockchain Technology; and Public Pension Trends
- Shared State Legislation: States Addressing the Most Pressing Policy Concerns of the Day
- Annual Legislative Training Assembly: Interpersonal Conflict and Difficult Conversations.

At the conclusion of the meeting, the CSG West's executive committee adopted a resolution affirming the *North American Free Trade Agreement* (NAFTA) as a trilateral agreement.

This report summarizes the discussions that occurred at selected sessions.

NAFTA THEN, NAFTA NOW: INTERCONNECTED REGIONAL ECONOMIES

Sherman Robinson, *Peterson Institute for International Economics*

- The United States is involved in a number of real and potential trade wars, including because of imposed and potential tariffs, and has threatened to withdraw the country from the global trade system, which would damage the United States because the rest of the world would adjust and divert trade around the country.
- The United States pulled out of the Trans-Pacific Partnership within days of President Donald Trump assuming office, and the country is renegotiating both NAFTA, as well as the free trade agreement between the United States and South Korea.
- The United States is using sections 201, 232 and 301 of the *Trade Expansion Act of 1962* to justify widespread use of import tariffs and quotas; section 201 provides

temporary import relief in the form of tariffs or non-tariff barriers to trade, section 232 is linked to national security considerations, and section 310 tariffs are applied in response to unfair trade practices, of which anti-dumping is the most common.

- In the post-war period, global trade grew much more quickly than did global gross domestic product; as well, productivity grew rapidly because of the growth in trade.
- In the early post-war period, the global economy was dominated by the United States.
- An interconnected regional economy can be defined as a collection of countries with a deep network of trade relations and higher trade shares within that regional economy than outside the region.
- The world's three interconnected regional economies – Europe, North America, and East and Southeast Asia – pre-date any explicit regional trade agreement.
- Europe accounts for 37% of global trade, followed by East and Southeast Asia, at 28%, and North America, at 14%.
- Within East and Southeast Asia, China is an “anchor country,” with 30% of its trade occurring within the region; the within-region trade of other countries in the region exceeds 50%.
- Recent trade data suggest that the interconnected regional economy in Europe is expanding to include the Middle East and North Africa countries, as well as the former Soviet Union countries, while India may be in the process of joining the interconnected regional economy in East and Southeast Asia.
- Regarding the renegotiation of NAFTA, the Trump Administration appears to want separate bilateral agreements with Canada and Mexico; the U.S. Congress is authorized to approve a trilateral trade agreement, not two bilateral agreements.
- The “sticking points” in the NAFTA negotiations include automobiles and their parts, Mexican wage requirements, Canada's dairy support program and dispute-resolution provisions.
- The renegotiation of NAFTA is not deepening North American integration, but instead is undoing it, to the detriment to the United States.
- A requirement that NAFTA be reviewed in six years would make integration uncertain and investment unlikely.
- Post-war, the United States' auto sector was inward-looking and very slow to respond to foreign competition; in the 1970s, auto trade was managed, consistent with protectionism.

- From an automotive perspective, NAFTA has been enormously beneficial to the United States, leading to an integrated North American auto sector, specialization across the three countries, and a globally competitive sector.
- U.S. tariffs on automobiles and their parts would increase the cost of all cars in the United States, both imported and domestic; “low-end” cars could be \$2,000 to \$3,000 higher in cost, while the cost increase for “high-end” cars could be \$5,000 to \$7,000.
- The United States is a net importer of automobiles and their parts, and is likely to remain so even if NAFTA is changed dramatically.

NAFTA: THE CANADIAN PERSPECTIVE

Stéphane Lessard, *Government of Canada*

- NAFTA, which eliminated most tariffs on goods traded among Canada, the United States and Mexico, created what is today a regional market of 478 million consumers valued at US\$20.7 trillion.
- NAFTA’s outcomes include the following:
 - lower prices;
 - increased choice;
 - higher economic output;
 - export markets that are more open;
 - reduced energy dependency;
 - increased foreign investment; and
 - integrated production platforms.
- In 2017, the total value of goods and services traded between Canada and the United States was almost US\$674 billion; the two countries trade an average of \$1.3 million in bilateral goods and services every minute of every day.
- Canada is the United States’ primary foreign export market, and is the country’s second most important source of foreign direct investment.
- Nearly 9 million U.S. jobs depend on trade and investment with Canada; an additional 5 million U.S. jobs depend on trade and investment with Mexico.
- According to one estimate, Canadian travellers spend \$16 billion in the United States each year.
- Integrated supply chains keep the North American economy operating; the three countries build things together.
- During the renegotiation of NAFTA, Canada’s objective is to make a good agreement even better, to align NAFTA with current realities and to reach a win-win-win agreement for the three countries.

- Without NAFTA, Canada, the United States and Mexico would experience a real decline in their gross domestic product growth rate, and foreign and domestic investment would also decrease; as well, duties would result in higher costs for consumers, and job losses would occur.
- At present, there are some challenges in the Canada–U.S. relationship, including the U.S. tariffs on imports of certain steel and aluminum products, in respect of which Canada has taken appropriate responsive countermeasures to defend its trade interests.

ALBERTA’S TRADE RELATIONS WITH THE U.S. AND MEXICO

Estefania Cortes-Vargas, *Legislative Assembly of Alberta*

- Alberta feels that its economic relationship with the United States and Mexico is paramount.
- The United States is Alberta’s largest trading partner, with a bilateral trading relationship valued at more than \$106 billion in 2017; this relationship supports jobs in both jurisdictions, with an estimated 700,000 jobs in Alberta and almost 1 million jobs in the United States being linked to bilateral trade.
- The economies of Alberta and the United States are integrated in relation to a number of sectors, including energy, agriculture, technology, forestry and manufacturing.
- Alberta has a history of cultural and economic cooperation with Mexico, which is the province’s fourth-largest trade partner; in 2017, bilateral trade between Alberta and Mexico totalled \$2.8 billion.
- Alberta is committed to maintaining relationships with the United States and Mexico, and continues to support negotiations designed to modernize and improve NAFTA.
- The three NAFTA countries benefit from a trade relationship that is deeply integrated, and all of the countries are stronger and more competitive as a result.
- Concerning the U.S. Administration’s decision to impose tariffs on some Canadian steel and aluminum products, Canadian steel and aluminum are not a national security threat to the United States.
- The current trade disputes in North America are slowing the progress of the three countries in preparing to compete globally with other major economic trading blocs.

THE UNITED STATES AND CANADA: FRIENDS, PARTNERS, ALLIES

Stéphane Lessard, *Government of Canada*

- Canada and the United States benefit from cross-border supply chains as the two countries make things together and sell to each other.
- Canada and the United States have the world's largest and most energy-interconnected relationship; Canada is the United States' largest and most reliable supplier of energy, and Canadian energy is critical to U.S. competitiveness and long-term energy independence.
- From a security and defence perspective, Canada and the United States built the continent together and the two countries defend it together, including through the North American Aerospace Defense Command (NORAD).
- On the topic of cannabis, Canada and the United States will learn from each other, and will reduce illegal drug trade, thereby making citizens safer.
- Regarding the softwood lumber, steel and aluminum tariffs, and potential tariffs on other goods, Canada and the United States are integral partners in one another's national security; Canada is not a threat to the United States, and tariffs threaten the relationship.
- Canada believes that the United States and Canada are "better" when the two countries work together.

ALBERTA'S CLIMATE LEADERSHIP PLAN: NEXT STEPS

Estefania Cortes-Vargas , *Legislative Assembly of Alberta*

- Alberta is resource-rich, and the energy sector is important to the province's economy.
- Alberta's Climate Leadership Plan is a demonstration of the province's understanding of its responsibility as a major energy producer; in particular, in November 2015, Alberta announced its strategy to diversify its economy, create jobs and reduce greenhouse gas emissions.
- Alberta's Climate Leadership Plan has the following four policy measures:
 - put a price on greenhouse gas emissions, which was achieved beginning in January 2017;
 - end pollution from coal-generated electricity by 2030 and develop more renewable energy;
 - cap oil sands emissions at 100 mega-tonnes annually; and
 - reduce methane emissions by 45% by 2025.
- Alberta is reducing emissions, increasing investments in innovation, improving energy efficiency and creating jobs.
- Over the next three years, Alberta will invest \$5.3 billion in carbon pricing revenue to reduce emissions and diversify the province's economy; 60% of Albertans will

receive rebates to offset carbon pricing, investments will be made in both public transit and an innovation fund, businesses will receive tax reductions through the small business tax rate reduction and the Capital Investment Tax Credit-Clean Tech Stream, health and social outcomes will be improved, the development of clean technologies will be accelerated, and Indigenous climate leadership and energy efficiency programs will be supported.

- Under its Climate Change Innovation and Technology Framework, over the next three years, Alberta Economic Development and Trade, Emissions Reduction Alberta and Alberta Innovates are collaborating to deliver programs designed to support clean technology research, innovation and commercialization.
- In Alberta, climate policy, funding and market demand are aligning in a way that has businesses, the government and investors working together in such areas as the following:
 - cleaner oil and gas development;
 - low carbon electricity “solutions”;
 - energy efficiency;
 - holistic water management;
 - “green” products and services;
 - sustainable mobility; and
 - sustainable waste management.
- Alberta is providing support through the Alberta Investor Tax Credit for investors who provide capital to the province’s small businesses that are undertaking research, development or the commercialization of new technology, products and processes.
- Alberta needs to ensure both market access for its goods and that the province’s workers share in energy-related prosperity; in that context, the completion of such pipeline projects as the TransMountain Expansion and Keystone XL are important for achieving desired climate outcomes and economic growth.
- Alberta and the United States should work together to advance shared environmental and economic goals.

CANADA–U.S. COOPERATION: A PERSPECTIVE FROM THE CANADA–UNITED STATES INTER-PARLIAMENTARY GROUP’S CANADIAN SECTION

Honourable Wayne Easter, P.C., M.P., *House of Commons of Canada and Canada–United States Inter-Parliamentary Group*

- For almost 60 years, Canadian and U.S. federal legislators participating in the Canada–United States Inter-Parliamentary Group have had the following four basic goals:
 - find points of convergence in respective national policies;

- initiate dialogue on points of divergence;
 - encourage the exchange of information; and
 - promote better understanding on shared issues of concern.
- The Canada–United States Inter-Parliamentary Group’s Canadian Section pursues its goals primarily through the following activities:
 - an annual meeting with Congressional counterparts, which was held most recently in June 2018 in Ottawa;
 - annual or more frequent meetings with members of the U.S. Senate and House of Representatives on Capitol Hill, the most recent of which occurred in May 2018; and
 - meetings of governors and of state legislators, including CSG West’s annual meeting.
- Realistically, any bilateral partnership having the depth and scope of the Canada–U.S. relationship is bound to have both good times and bad, and to perhaps experience both at the same time, depending on the issue.
 - With far too much time and energy being spent on the “downside” of the Canada–U.S. relationship, perhaps it is appropriate to take some time to focus on bilateral “good news stories,” including with a focus on trade and investment, defence and security, and energy and the environment.
 - Despite some current challenges, the Canada–U.S. trade and investment relationship is a “good news story,” and is fundamentally strong.
 - The “anchor” for the Canada–U.S. economic relationship is NAFTA, which is a model that has been copied at various locations and times, and to varying extents, throughout the world.
 - On balance, NAFTA has had positive consequences for Canada, the United States and Mexico; in 2017, the value of trilateral trade exceeded US\$1 trillion, which is a more than threefold increase since 1993, and investment has increased substantially too.
 - In 2017, the United States continued to be Canada’s largest merchandise and services trade partner, an estimated 9 million U.S. jobs depend on trade with Canada, and Canada is the primary foreign export market for most of the U.S. states.
 - In essence, within the world’s largest economic zone, Canada, the United States and Mexico build things together, and they sell things to each other and to other countries throughout the world.
 - Together, the three NAFTA countries account for more than 25% of the world’s gross domestic product, have a market valued at US\$22 trillion and comprise more than 480 million consumers.

- Many are hopeful that the NAFTA negotiations will conclude soon, and will result in a win-win-win agreement that enables the three countries – as a North American bloc – to compete with other countries and regions throughout the world.
- Since NAFTA's implementation, economic growth has occurred in all three countries, economies and supply chains have become increasingly integrated, and jobs have been created and lost.
- Since 1994, job losses have occurred not just because of trade, but also because of technological change and the rise of China, among other factors; with the ability to focus on areas of competitive advantage and with the rise of automation, job losses are somewhat inevitable.
- Key to integrated supply chains and to economic growth in Canada and the United States is the ability to move goods and people, whether business people or tourists, across a shared border that is as seamless as possible while ensuring an appropriate level of security.
- Canada and the United States have joint “architecture” to ensure the existence of a common border that functions in a way that meets the needs of both countries, and their businesses and travellers.
- Shared efforts relating to the Canada–U.S. border increased following the terrorist attacks of 11 September 2001, and they continue to this day.
- In February 2017, Prime Minister Justin Trudeau and President Trump reaffirmed the importance of bilateral cooperation on borders and regulations, and recognized that the security of the common border is a top priority.
- Concerning the common border, the joint Beyond the Border initiative led to improvements in such areas as preclearance, the sharing of entry/exit information and border-related infrastructure.
- With Integrated Border Enforcement Teams, a number of federal entities in Canada and the United States – the Royal Canadian Mounted Police, the Canada Border Services Agency, U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement and the U.S. Coast Guard – work together to identify, investigate and interdict persons, organizations and goods that threaten the national security of one or both countries, or that are involved in organized criminal activity.
- Canada and the United States are working together on regulatory cooperation, which is also a bilateral “good news story”; in February 2017, Prime Minister Trudeau and President Trump committed to continue dialogue on regulatory issues and to pursue shared regulatory outcomes.

- Canada and the United States are both members of the World Trade Organization and of the G20, the latter of which has – since the most recent global recession – become an increasingly important economic policy forum.
- Canada and U.S. cooperation regarding North American and international defence and security is strong, with a number of mechanisms serving as the “architecture” that provides the foundation for this cooperation.
- The United States is Canada’s closest security partner and defence ally; the bilateral defence partnership is both long-standing and multidimensional, and comprises numerous bilateral institutions, agreements and arrangements.
- Canada and the United States have extensive military-to-military cooperation, including through joint training and exercises, and the two countries collaborate in a number of policy areas, including continental defence, border security, the Arctic, the security of critical infrastructure, cybersecurity and information sharing.
- A key, and perhaps the most visible, example of Canada–U.S. defence cooperation is NORAD, which is celebrating its 60th anniversary in 2018; NORAD has a U.S. commander, a Canadian deputy commander and a unified staff, and the commander is appointed by – and responsible to – both the Prime Minister of Canada and the President of the United States.
- In addition to NORAD, there are a number of other examples of Canada–U.S. bilateral and multilateral defence and security collaboration, including the following:
 - the Permanent Joint Board on Defence, which has met continuously since 1940, is the oldest and most significant bilateral defence forum shared by Canada and the United States, and has examined virtually every important joint defence measure undertaken since 1945;
 - the Military Cooperation Committee, which was established in 1946 and is the primary strategic link between Canadian and U.S. military staffs;
 - the Tri-Command Framework, which was established in 2009 and brings together the Canadian Joint Operations Command, NORAD and U.S. Northern Command;
 - the North Atlantic Treaty Organization, which is one of the most significant defence organizations in which Canada and the United States – founding members and the sole non-European countries – participate; and
 - the Global Coalition against Daesh, which is led by the United States and in which Canada is participating through Operation IMPACT.
- Canada and the United States cooperate, and have an established “architecture” of institutions, agreements and arrangements, concerning energy and the environment.
- Energy cooperation between and among Canada, the United States and Mexico is long-standing, and has evolved over time; the continent’s energy systems are

highly integrated, and are supported by critical energy infrastructure, including pipelines and electricity transmission lines.

- In February 2017, Prime Minister Trudeau and President Trump underscored shared goals for energy security, a robust and secure energy grid, and strong and resilient energy infrastructure.
- Current areas of bilateral energy involvement include the following:
 - the ENERGY STAR Program, although an exchange of letters between Natural Resources Canada and the U.S. Environmental Protection Agency expires in March 2019 and the 2018 White House budget blueprint recommended that the program be defunded;
 - a regulatory partnership statement and annual work plan designed to improve alignment between the two countries' energy efficiency standards and test procedures for energy-using equipment, as well as to develop standards and the sharing of best practices for the use of natural gas as a transportation fuel; and
 - a memorandum of understanding between Natural Resources Canada and the U.S. Department of Energy concerning enhanced energy collaboration.
- Regarding the environment, although Canada, the United States and Mexico have been cooperating through the Commission for Environmental Cooperation, perhaps one of the most notable examples of Canada–U.S. cooperation is the International Joint Commission (IJC).
- Through the 1909 *Boundary Waters Treaty*, Canada and the United States created the IJC more than a century ago; this treaty is still relevant today, and provides principles for the two countries to follow in using waters that are shared, including the Great Lakes and the Columbia River.
- Canada and the United States have more than 25 bilateral agreements regarding environmental cooperation, including in relation to fish stocks that migrate between the two countries, air quality, wildlife and parks.
- Until President Trump's withdrawal of the United States from the Paris Agreement on climate change, Canada and the United States were both signatories to this United Nations framework.
- There are a number of other forums in which Canada and the United States cooperate internationally, including the following:
 - the United Nations;
 - the G7;
 - the Organization for Security and Co-operation in Europe;
 - the Organisation for Economic Co-operation and Development;
 - the Financial Action Task Force;
 - the Organization of American States;

- the Asia-Pacific Economic Cooperation forum; and
 - the World Health Organization.
- While the future is uncertain, the relationship between Canada and the United States need not be; decision makers in both countries can influence the future.
 - Canada and the United States should continue to focus on ensuring a North American future in which the first collective priority is to compete effectively with other countries and regions throughout the world, work together within North America and internationally in efforts to ensure security for people throughout the world, and protect shared natural resources.

WHY TARIFFS ARE NOT THE ANSWER

Gary Doer, *Dentons*

- It is important to have a good working relationship with your best customers.
- Canada is not a national security risk to the United States, and U.S. tariffs should not be applied; more generally, tariffs should not be applied on the basis of a “false narrative.”
- President Trump campaigned on a “major change” agenda, and has followed through with such decisions as withdrawing from the Trans-Pacific Partnership and the Paris Agreement, and threatening to withdraw from NAFTA, depending on the outcome of the current negotiations.
- Canada and the United States continue to disagree on a number of NAFTA-related issues.
- Canada and the United States need to conclude a new agreement concerning bilateral trade in softwood lumber products.
- Trade is always “the villain,” even when it is not.
- China’s state-owned enterprises are “problematic.”

HOW AN INLAND STATE BECAME A GLOBAL COMPETITOR

Derek Miller, *Salt Lake Chamber and Downtown Alliance*

- International trade is an important contributor to the success of Utah’s economy; Utah is a “trade state” and is “globally engaged.”
- Regarding the way in which an inland state became a global competitor, three important principles are the following:
 - being a state that has small businesses that are not afraid to “act big” on the global stage;

- being a state that has an international focus; and
- being a state that supports free trade, free markets and free enterprise.
- Regarding NAFTA, there is too much rhetoric about trade “killing” the United States; in fact, while NAFTA does require modernization, it is important to have predictable “rules of the game” regarding trade.

KEYNOTE ADDRESS

Joshua Schiffman, *Huntsman Cancer Institute and Intermountain Primary Children’s Hospital*

- The human body has more than 22,000 different genes, and each plays a different role in our bodies.
- The TP53 gene, which is known as the “Guardian of the Genome” or the “DNA police,” stops mutant cells from replicating or causes a cell to die; it “instructs” the creation of a protein called tumour protein p53, which acts as a tumour suppressor.
- Elephants, which have 40 copies of the TP53 gene, rarely get cancer, and elephant P53 works better than human P53.
- Research is under way to determine if putting elephant P53 into human cancer cells will have positive outcomes.

BLOCKCHAIN AND ITS IMPLICATIONS FOR WESTERN POLICY-MAKERS

Hannah Parsons, *Exponential Impact*

- Blockchain is a series of records that are linked and secured using cryptography; the records, which are permanent and can be updated but not erased, are distributed simultaneously on thousands of computers around the world, with these computers validating transactions.
- Mining is a process in which transactions are verified and added to the blockchain’s digital ledger; miners compete to solve complicated mathematical problems, and are rewarded with a small amount of cryptocurrency.
- Regarding blockchain as an emerging technology, it should be recognized that laws intended to protect consumers can have unintended consequences.
- For legislators, it is important to find the correct balance between protecting constituents and fostering innovation.
- Because blockchain is decentralized, there is no single point of failure.

Nathan Trail, *Consumer Technology Association*

- To date, the U.S. Congress has not introduced any legislation regarding blockchain, although the Congressional Blockchain Caucus was formed in 2016; it assesses blockchain's implications for government applications, data ownership, health care, etc.
- A number of U.S. states have recognized the benefits of blockchain.
- It is important to foster blockchain technology, and not to stifle it with “knee-jerk” regulations.

INTERNATIONAL AGRICULTURAL TRADE

Sherman Robinson, *Peterson Institute for International Economics*

- After the Second World War, global trade grew much more quickly than global gross domestic product; productivity growth was rapid too.
- The three NAFTA countries form an integrated economy.
- Three “big” regions – Europe, the NAFTA countries and Asia – are dominating global trade.
- The *General Agreement on Tariffs and Trade*, which evolved into the World Trade Organization, has been an important framework for establishing a rules-based trading system and adjudicating trade disputes; that said, that rules-based system is now under threat.
- With tariffs that are already quite low, the United States has been focused on non-tariff policies and programs that distort trade, including in relation to agricultural products.
- There are no winners in a trade war, and agriculture is a particularly easy target in such wars; when markets are lost, they are hard to “re-capture,” and the United States is likely to have a reduction in the number of family farms and consolidation in the agricultural sector.

Brian Kuehl, *KCoe Isom and Farmers for Free Trade*

- International trade “underpins” the United States’ agricultural sector.
- Although there are always “winners” and “losers” with trade agreements, trade has – on balance – been beneficial for the United States’ agricultural sector, including because of NAFTA; NAFTA is important for the United States’ agricultural sector.
- The Trans-Pacific Partnership agreement would have been a “counterweight” to China and a “boon” to U.S. agriculture; from that perspective, President Trump’s withdrawal of the United States from the Trans-Pacific Partnership was bad for the country’s agricultural sector, and the United States should re-engage with the

Comprehensive and Progressive Agreement for Trans-Pacific Partnership countries.

- Trade is particularly critical at a time of declining agricultural incomes.
- The United States' agricultural sector consistently has a trade surplus with other countries.
- From the perspective of such issues as product labelling, multilateral agreements are preferred to bilateral agreements.
- There is a need to avoid simplistic protectionist rhetoric.
- Efforts need to be directed to informing citizens about the benefits of trade.
- Trade is never free or fair; rather, with trade agreements, it becomes freer and fairer.
- Trade should not be considered a "zero-sum game"; this view is archaic and, in reality, global trade "increases the size of the pie."
- Regarding section 232 of the *Trade Expansion Act of 1962*, it is important for the United States to have a national security exemption; however, at present, the investigations occurring pursuant to section 232 are not related to U.S. security, the evidence being the application of tariffs in relation to Canada and some other countries that are not a national security threat.
- U.S. tariffs have given rise to an escalating trade war with a range of retaliatory actions by affected countries, including Canada, Mexico, the European Union and China, which have applied countermeasures on products that are "politically sensitive" in the United States.
- Trade is not a "light switch"; for every day that the United States' agricultural sector is "out of the game," it becomes increasingly difficult to regain markets.
- From the perspective of the United States' agricultural sector, the country's trade wars are putting downward pressure on commodity prices at the same time that there is upward pressure on input costs.
- China is a "bad actor," including in relation to intellectual property, and there should be a global effort to "push against" China; because of the United States' section 232 tariffs, a global effort is unlikely.

KEYNOTE ADDRESS

Mike Walsh, *Futurist and Author*

- Algorithms, data and artificial intelligence are already shaping our lives, including in a number of small but meaningful ways.

- To understand the future, attention should be paid to those who are now eight years of age; in particular, it is important to observe the ways in which they think, communicate and “grasp things.”
- It is hard to know today what the future impact on electronic devices on children will be.
- Social media have been “weaponized.”
- The best way to prepare for 2030 is to focus on the algorithmic experiences that children of today have daily, such as:
 - the ability to anticipate what people want without having them indicate their needs or desires, an example of which might be anticipatory shipping by Amazon;
 - no need for individuals to adjust their behaviour when interacting with machines, an example of which might be communicating without being able to tell whether communication is occurring with a person or a machine; and
 - a person’s platform becoming an extension of their senses, an example of which might be a smartwatch that tells people to walk, hydrate, etc.
- The next generation, which will be “shaped” by artificial intelligence, will expect people to be able to anticipate their intentions, make their interactions more natural, and help shape and extend their identity in meaningful ways; in essence, this expectation should serve as a “wake-up call” for leaders to reinvent, redesign and reimagine what they do and how they do it.
- The format of new economic activity is not as important as its dynamism and connectivity; in that context, three considerations are the following:
 - how we think about people;
 - how we think about productivity; and
 - how the transformation process should be managed.
- The education system needs to change so that children will have the skills needed for the future, such as computational thinking; the “algorithmic age” is coming.
- Regarding productivity, significant investments in automation are required; once the maximum amount of automation that is possible has occurred, the next “wave” of productivity will come from humans.
- Once “obvious tasks” have been automated to the greatest extent possible, the great ideas will come from people getting together to solve problems; as an indication of the importance of human collaboration, IBM no longer permits employees to work at home because people need to be co-located to maximize collaboration.

- Concerning the transformation process, the best way in which to get people to do the things that they do not want to do is to use data and evidence; data and evidence are the tools that can be used to change behaviour.
- In the future, it will be important to find and nurture agile thinkers, and to challenge traditional ideas about productivity.
- It is a myth that there is a simple relationship between automation and job loss; in fact, jobs change as people look after the machines associated with automation.
- The jobs of the future will not be “to work,” but instead to “design work,” and technology should be leveraged to reinvent work itself.
- The question is not which jobs will be replaced by artificial intelligence, but rather how artificial intelligence will change our jobs and the responsibilities of leaders.
- The “algorithmic leader of the future” will need to combine a deep understanding of human complexity with a “flair” for computational thinking.
- In the future, the focus should be prioritizing the decisions that really matter, and determining what is actually creating value.
- Organizations may wish to conduct a “decision audit,” with a focus on the types of decisions that might better be made by machines and the decisions that might benefit from human insight.

INTERPERSONAL CONFLICT AND DIFFICULT CONVERSATIONS

Danny Miller, *New Heights Learning*

- Conflict is a condition in which people’s concerns – the things that are important to them and about which they care – appear to be incompatible.
- Conflict will always exist; from that perspective, it is important to manage it so that it has positive outcomes and in order to avoid “false harmony.”
- Conflict can be beneficial in that it can lead to healthy debate.

OVERVIEW: BEHAVIORAL HEALTH IN THE WEST

Chuck Ingolia, *National Council for Behavioral Health*

- In 2016, almost 64,000 drug overdose deaths occurred in the United States, more than 66% of which were linked to opioids; the drugs involved in the overdose deaths include methadone, synthetic opioids other than methadone, heroin, natural and semi-synthetic opioids, cocaine and methamphetamine.

- The U.S. states can take various actions in an effort to address the opioid crisis, including legislation to limit the over-prescribing of opioids and improved “recovery housing” infrastructure
- Certified community behavioural health clinics directly provide, or contract with partner organizations to provide, services; the focus is the provision of 24-hour crisis care, the use of evidence-based practices, care coordination and integration with physical health care.
- In 2016, almost 45,000 U.S. individuals died by suicide; since 2005, there has been a 38% increase in death by suicide, and the rate of suicide continues to grow across the United States.
- U.S. states can address the suicide crisis through public education and improved access to treatment, among other options.

INNOVATIONS IN UTAH BEHAVIORAL HEALTH TREATMENT

Adam Cohen, *Odyssey House*

- Addiction is not a moral failing, and it is not a choice; it reflects underlying issues that have not been treated, and needs to be addressed in a holistic manner.
- When people with an addiction are willing to be treated, is it important to “act fast” before the “window closes.”
- It is important to meet needs, regardless of where people live, including in rural areas.
- When untreated, underlying medical conditions may have behavioural consequences; for example, people with untreated diabetes may be lethargic.
- Once an individual has a criminal record, it can be difficult to find employment and housing.

VALUE-BASED VS FEE-FOR-SERVICE HEALTH CARE PAYMENT MODELS

Hector De La Torre, *Transamerica Center for Health Studies*

- Warren Buffet has characterized health care costs as “a tapeworm eating at [the United States’] economic body.”
- As a share of the United States’ gross domestic product, national health expenditures reached 17.9% in 2016.
- Health care costs often lead patients to postpone or refuse needed health care.
- In 2018, survey respondents identified the following as their five most important characteristics in relation to the health care system:

- being able to afford needed health care;
 - being seen by a physician without long waits;
 - being seen by health care providers who have sufficient time to treat their patients;
 - having access to specialists; and
 - ensuring a focus on preventative care.
- Most medical treatment services involve a fee-for-service payment model, whereby every consultation visit, appointment with a doctor, surgical procedure, etc. is treated as a separate payment event; this model, which has served medical specialties well, rewards physician efforts because they are paid when a patient receives service.
 - The fee-for-service payment model is thought to have a number of disadvantages, including the following:
 - a lack of direct rewards for key primary care functions;
 - inadequate incentives for health care providers for extra access, high-value services or to redesign practices to meet patient needs in a better manner;
 - lack of price transparency; and
 - inadequate compensation for health care providers, with high-quality services and appropriate care often costing more than the amount of compensation received.
 - Disruptive new health care payment models will not work unless physicians are “on board” and are actively providing input.
 - Physicians need appropriate financial rewards for helping to generate health care cost savings.
 - Alternative payment methods support more accurate diagnoses, treatment planning, care coordination and outreach to high-risk patients to ensure that they receive preventative services.
 - Value-based health care payment models provide financial incentives to coordinate care and improve patient health; data are shared, hospital stays are reduced, health care providers are evaluated on the basis of the quality of their performance, and prevention and disease management are areas of focus.
 - At present, there are the following four value-based health care payment models:
 - pay-for-coordination – a primary care physician manages a unified care plan for patients that involves multiple providers and specialists, and that ensures both efficiency and the quality of the care;
 - pay-for-performance – physician reimbursements are directly related to achieving performance measures, with an incentive to meet benchmarks regarding quality and efficiency;

- bundled payment of episode-of-care – health care providers are reimbursed at a set amount for a specific episode of care, with providers retaining any realized net savings; and
 - shared savings programs (upside and downside) – physician entity groups provide coordinated team care, with providers retaining any realized net savings.
- The barriers to value-based health care payment models include the following:
 - misaligned financial incentives;
 - time pressures;
 - imprecise measurements;
 - lack of education;
 - fragmentation of the health care system;
 - local culture;
 - fear of malpractice because of diagnostic uncertainty; and
 - patient expectations regarding high-technology care and tests.
- Disadvantages of value-based health care payment models include the following:
 - physician practices may need significant investments in data and reporting technologies;
 - care may become rationed;
 - innovation in technology and pharmaceutical drugs may be stifled; and
 - administrative burdens may exist.
- The top three needs in transitioning to value-based health care payment models are the following:
 - tools to track and evaluate the quality of care that is provided;
 - better communication between disparate health care service providers; and
 - a consistent definition of the quality of care by specific types of disease.
- Those serving an exclusively urban market are more likely to participate in an alternative payment model than those serving an exclusively rural market.
- In the United States, an estimated 93% of physicians agree that they have at least some responsibility to control health care costs.
- Avoiding unnecessary medical tests, procedures and treatments is the easiest way to reduce costs while simultaneously improving the quality and safety of health care, as well as patient experiences.
- Health care providers should take the time to explain the benefits and drawbacks of expensive testing; for example, they should talk to patients who request unnecessary tests.
- Health care providers should promote the use of equivalent generic medications and should follow conservative prescribing practices.

- Transparency concerning health care costs and quality should be promoted, and analytics should be established to capture quality and financial outcomes.
- Evidence should guide health care decision making.

Respectfully submitted,

Hon. Michael L. MacDonald,
Senator, Co-Chair
Canada–United States
Inter-Parliamentary Group

Hon. Wayne Easter, P.C., M.P.
Co-Chair
Canada–United States
Inter-Parliamentary Group

**APPENDIX: STATES REPRESENTED IN THE COUNCIL OF STATE GOVERNMENTS
- WEST**

Alaska

Arizona

California

Colorado

Hawaii

Idaho

Montana

Nevada

New Mexico

Oregon

Utah

Washington

Wyoming

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	The 71st Annual Meeting of the Council of State Governments – West (CSG West)
DESTINATION	Snowbird, Utah, United States of America
DATES	11–15 September 2018
DELEGATION	
SENATE	The Hon. Terry Mercer, Senator The Hon. David Wells, Senator
HOUSE OF COMMONS	The Hon. Wayne Easter, P.C., M.P. Mr. Ziad Aboultaif, M.P. Mr. Kerry Diotte, M.P.
STAFF	Ms. Miriam Burke, Executive Secretary Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$ 5,923.26
ACCOMMODATION	\$ 4,912.04
PER DIEMS	\$ 1,957.86
MISCELLANEOUS	\$ 1,391.53
TOTAL	\$ 14,184.79