



An Agenda for Jobs and Economic Transformation in the Great Lakes Region



A Collaborative Initiative of Metropolitan Chambers of Commerce from:
New York, Pennsylvania, Ohio, West Virginia, Kentucky, Michigan,
Indiana, Illinois, Missouri, Iowa, Wisconsin and Minnesota

Key Findings:

With one-fifth of the world's fresh water, one-third of the U.S. population, nearly 39% of all U.S./Canadian trade to the world, nineteen of the world's best research universities and much of its inventive power, the binational Great Lakes Region is the world's most important economic engine – in GDP terms, the second largest economy in the world. Federal investment in the region's infrastructure will stimulate additional economic development and create significant numbers of jobs, both in the short run and long run, which in turn will multiply even more jobs at the national level.

Leading metropolitan chambers of commerce in the Great Lakes, in collaboration with the Brookings Institution, have crafted an agenda aimed at jump-starting the Great Lakes region's stalled economy and restoring the region's economic competitiveness and performance by building on its incumbent assets of vital importance in the 21st Century economy. This agenda calls for change and a new approach that will both transform the Great Lakes regional economy and, in the process, power our nation's competitiveness in the new world economy.

The agenda recommends five federal economic policy priorities for job-creating investment in the Great Lakes region. Four of them point directly to immediate opportunities for job-creating investment; the fifth is a policy stance that will help quickly rebuild the region's talent base:



Create federal transportation infrastructure policy and funding that seizes the opportunity to create jobs now, as well as supports the unique needs of inland metropolitan regions that today operate as global gateways and centers of trade and commerce. Strategically target funds to encourage projects with significant regional potential and national impact to enhance the federal government's return on investment. Put the emphasis on the development of trade corridors.



Create a 21st century northern border with Canada that balances national security with economic security through identifying and accelerating projects and technologies that will enhance the movement of both goods and people.



Renew and leverage the Great Lakes and our natural attributes to transform the economic region by improving both the supply and the quality of water for use in our region without diversion, as well as by supporting business development and research opportunities compatible with fresh water technology and water-based development. Complete the proposed Great Lakes Restoration plans recommended by the Great Lakes Commission and the Healing Our Waters-Great Lakes Coalition.



Build a Great Lakes innovation strategy that fuels research, development and commercialization activity in the Great Lakes economic region in key sectors that reflect our comparative advantage and are pivotal to our economic competitiveness.



Establish federal immigration policy that facilitates significant international talent attraction, integration and retention throughout the nation. In the short term, respond to the particular and pressing need for deeper pools of talent in Great Lakes metropolitan areas through the creation of High Skill Immigration Zones.

The Importance of the Great Lakes

The binational Great Lakes Region is the most important economic region in North America, and indeed, the world. Holding twenty percent of the world's fresh water, it is also home to the second largest economy in the world, combining all or part of twelve U.S. states and Canada's two largest provinces.

The twelve states in the Great Lakes region include all or parts of New York, Pennsylvania, Ohio, West Virginia, Kentucky, Michigan, Indiana, Illinois, Missouri, Iowa, Wisconsin and Minnesota. They account for 33% of the nation's population, 32% of its GDP, 30% of its merchandise exports, and 28% of its patents, even in the face of a significant re-ordering of the world's economy.

This region is a cradle of innovation, ingenuity and productivity. It is the center of advanced manufacturing in many sectors. It hosts many of the best regarded higher education institutions in the world and is an international hub for research and development. It is home to a number of the world's most renowned centers for health care. It is richly-endowed with natural resources, with fresh water the most important.

The Great Lakes states account for the largest regional share of the nation's exports. They are the center of the longest undefended border and represent well over half of the largest bilateral trade relationship in the world - the U.S. and Canada - which dwarfs any other binational trade relationship.

And the region is North America's biggest producer of talent, conferring 41% of all bachelor's and higher education degrees in the U.S. and Canada. It has educated many of the world's leading scientists, engineers and doctors – and continues to supply the global market with STEM talent of all levels, although not always to the benefit of the region given the significant out-migration of talent.

This great region, self-reliant in the past and now looking to an interdependent future, has been buffeted by the winds of international change in a rapidly globalizing economy. The combination of many new economic competitors, domestic and international demographic shifts, and pressures from natural resources and climate change, coupled with inadequate policy response, has left the region with many unresolved challenges that mask its enormous potential contribution to the nation and the world. The region has begun to make the transition, but the road ahead is long, and much remains to be done.

This agenda, crafted by U.S. metropolitan chambers in the Great Lakes region in collaboration with the Brookings Institution, is aimed at restoring the Great Lakes/Midwest region's economic competitiveness and performance, as a result, significantly strengthening the U.S.' position and security in the emerging new world order.

Federal investment in major infrastructure projects that are part of significant national transportation and trade corridors will have both an immediate effect of putting thousands of people back to work and a long term impact of creating a platform for additional private and public investment that will drive even more substantial, sustainable job creation.

Introduction to the Agenda

The initial Summit of Metropolitan Chambers of Commerce in the Great Lakes states, held in February, 2008, and the first of its kind in the region, was motivated by the desire of leaders of business communities in the Great Lakes region to develop a shared economic policy and advocacy agenda that reflects the common economic interests of the Great Lakes/Midwest region and addresses the job-creating investment opportunities that lie ahead. More than 45 CEOs and staff from 30 chambers attended the summit, as did key staff from the Brookings Institution Metropolitan Policy Program.

The primary goal was to articulate federal policy priorities that best serve the region's transition and integration into a competitive global economy, building upon its core strengths and developing additional advantages. The group has since met to develop criteria that identify projects in individual communities that, when taken together, will have the opportunity to create thousands of immediate jobs and to provide a significant long term economic advantage to the region and the nation. Chambers have listed many of those key projects in an addendum to these recommendations.

Five Great Lakes regional economic public policy priorities emerged around which to organize regional advocacy and to encourage specific proposals. Those priorities are:

- Federal transportation infrastructure funding and policy
- A 21st century border with Canada
- Investment in the Great Lakes to transform our economic region
- Great Lakes innovation strategy
- Federal immigration policy

Each of the five areas is depicted by a summary statement below. More specific recommendations follow each summary statement and discussion.

Great Lakes Region Federal Economic Policy Priorities



Create federal transportation infrastructure policy and funding that seizes the opportunity to create jobs now, as well as supports the unique needs of inland metropolitan regions that today operate as global gateways and centers of trade and commerce. Strategically target funds to encourage projects with significant regional potential and national impact to enhance the federal government's return on investment. Put the emphasis on the development of trade corridors.

Our nation has no strategy for the maintenance and development of transportation assets in an increasingly competitive global economy based on mobility. Developing and implementing a transport strategy that enhances our nation's and the Great Lakes region's competitiveness is an imperative. There are many opportunities for immediate federal job-creating leadership in areas such as freight hubs, borders issues and inter-metropolitan connections. There are opportunities for federal empowerment of the states and metro regions, encouraging them to take an intermodal view. In an era of more scarce resources, there will also be demands for innovative new approaches, creativity and performance.

The Great Lakes region itself faces many infrastructure investment challenges, ranging from the maintenance and rebuilding of existing systems to the design and development of new systems to meet emerging needs. These challenges span the watersheds of the Great Lakes themselves, as well as those of the Ohio and Mississippi Rivers. These challenges are opportunities for significant job-creating infrastructure investment.

As the leading goods-producing and exporting region in the nation, with some of the largest international ports of freight and passenger entry, with one of the highest levels of economic integration and interdependence, and with significant potential to improve the United States' competitive position in the world economy, the Great Lakes Region must be a prime factor in the allocation of resources to improve transportation assets and in the longer term development of federal transportation strategy.

The following statements of priority are provided within the context of the need for the development of an integrated, intermodal long term federal transportation infrastructure strategy that recognizes the critical role the Great Lakes states play in the global trading economy as the nation's most significant exporting region. They are dependent on U.S. transportation infrastructure policy and investment addressing the maintenance and development of transportation systems in an intermodal fashion – highway, rail, water and air.

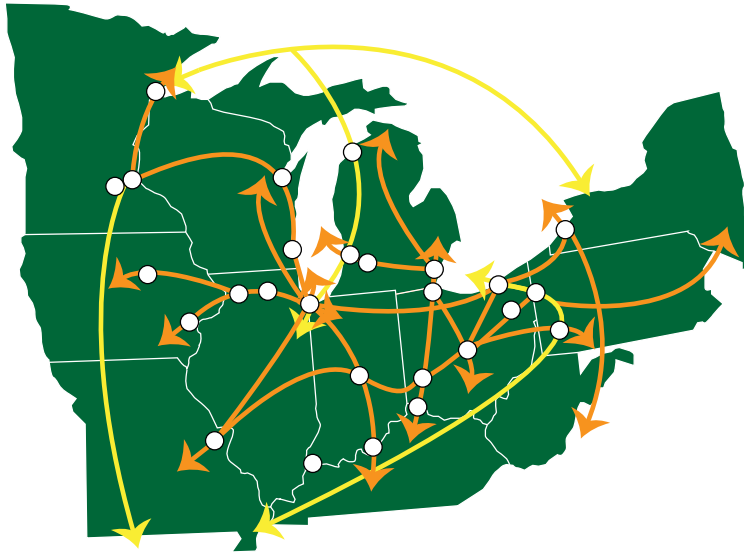
Specifically:

The federal government must lead the development of an intermodal transportation strategy focused on the competitiveness of the U.S. economy.

Consistent with that policy, the federal government must adopt an intermodal funding strategy to support:

- The maintenance of the Great Lakes region's transportation assets
- The development of new transportation assets that facilitate international and regional trade and commerce
- The development of the Great Lakes region's public and private ports of entry
- The interconnection of the Great Lakes region's metropolitan centers

Specific projects for immediate consideration and related to trade corridors are listed in the addendum, and longer term projects are also included. Many of the key corridors are highlighted on the regional map on the following page. Particular opportunities are available in investments to improve shipping, expand trade corridors, and develop an inter-regional high speed passenger rail network. These projects will facilitate the movement of both goods and people, and also bring our region's major markets closer together, providing greater mobility throughout the regional supply chain and a significant global competitive edge for the nation.



The federal government's new strategic approach would include matching funds for state, local and private investment for additional leverage.

Over the long haul, the federal government should provide commensurate resources for the transport needs in the Great Lakes region within its strategy. A good starting point would be investment equivalent to the revenues received from the Great Lakes region. Meanwhile, until the current approach is changed, there should be a more relevant formula for investing in the Great Lakes states' transportation infrastructure. Senator Levin's borders formula allocation language is a significant starting point.

Federal financing policy should provide additional resources to support the development of the region's interior public and private ports and hubs, again providing matching funds for state, local and private investment with an intermodal point of view.

In an era of limited financial resources compared to need, federal policy should also encourage and accommodate public/private financial and management partnerships for new and existing infrastructure projects and programs. Federal policy should also look ahead to the adoption of innovative new technologies to help the Great Lakes region retain and build upon its international logistics advantages.

Highway, bridge and rail infrastructure currently support the largest volumes of freight and likely will move the largest volumes in the future. Federal policy should assure adequate investment in these modes with a view to relieving congestion, optimizing fuel consumption, and making efficient interconnections.

The federal government should facilitate the development of high speed passenger rail services connecting major urban centers in the Great Lakes as a way to mitigate the growth in highway traffic, minimize congestion and make the best use of energy.

Short sea shipping is an idea whose time has come as an alternative to overland hauling via rail or truck. Federal policy should encourage the development of short sea shipping as a way to efficiently distribute freight from outside the region within the Great Lakes. Encouragement of this technique would include:

- Prompt passage of the Great Lakes Short Sea Shipping Enhancement Act of 2007
- Revisions to the Harbor Maintenance Tax to encourage short sea shipping while providing funding for necessary navigation improvements
- Funding for the improvement of capacity and capabilities at Great Lakes ports, examples of which are included in the addendum on transportation infrastructure

The federal government should work with the states and with Canadian organizations to expand, update, and continually assess the capabilities of the St. Lawrence Seaway.



Create a 21st century northern border with Canada that balances national security with economic security through identifying and accelerating projects and technologies that will enhance the movement of both goods and people.

The federal government should distinguish northern border issues from southern border issues. Nowhere are border crossing issues more important than between the world's two largest trading partners, the U.S. and Canada. Every day, thousands of people and \$1.75 billion of goods traverse the borders of the two countries.

The issues on the northern border are different from the southern border. U.S. and Canadian business interests are vitally concerned with the efficient movement of employees, visitors, and freight back and forth across the border. This is not an issue of illegal immigration. This is an issue of trade and economic prosperity. The federal government must balance the need for national security with the need for economic security, which is in fact, in the national security interest. The advantages of this new, textured approach will accrue to the economic performance of the Great Lakes region.

Specifically:

The federal approach should integrate policy, technology and procedures to deliver outcomes that will result in the efficient movement of people and goods across the northern border with no more than a fifteen-minute wait, the just-in-time standard. Examples of actions which will help meet that standard are streamlining existing programs and regulations to further improve uptake among individual and commercial crossers. Programs that facilitate the movement of trusted travelers such as CTPAT, ACE, NEXUS, PassCard and Enhanced Drivers Licenses should be expanded to as many travelers as possible.

The Chambers oppose one-size-fits-all regulations that do not take into consideration the unique needs of northern border crossings and the just-in-time delivery environment. For example, the so called "10 + 2" proposed rule would severely handicap just-in-time manufacturing by significantly delaying the movement of freight.

Federal resources for policy implementation, new technologies and new approaches at the northern borders should be part of a federal-level strategic transportation strategy that addresses the Great Lakes states' unique and compelling transportation infrastructure needs, coupled with appropriate levels of funding. Those resources should be significantly increased, and they should be allocated according to the formula proposed by Senator Levin.

Federal policy should provide for adequate resources to deal with both long term northern border traffic trends and estimates of future growth of movements of people and freight.

The federal government should reopen binational discussions with Canada on border crossing policy, technology, procedures and infrastructure. The Obama administration should commit to continue the work and act on the recommendations of the Security and Prosperity Partnership collaborative among Canada, the United States, and Mexico.



Renew and leverage the Great Lakes and our natural attributes to transform the economic region by improving both the supply and the quality of water for use in our region without diversion, as well as by supporting business development and research opportunities compatible with fresh water technology and water-based development. Complete the proposed Great Lakes Restoration plans recommended by the Great Lakes Commission and the Healing Our Waters-Great Lakes Coalition.

The Great Lakes themselves represent an enormous competitive and quality of life asset, for both our nation and the Great Lakes binational region. Historically, they have helped connect people and enterprises and have served as both pathway and playscape, resulting in the most economically integrated trading region in the world. Much progress has been made in restoring the Great Lakes over the past thirty years – it is one of the major environmental success stories of our time - but much more remains to be done. If appropriate investments are made, the lakes themselves have the potential to help drive the revitalization of the region, and there will be significant increases in employment from the projects themselves as well as from their long term impact on the economy.

The recent ratification of the Great Lakes Compact and passage of the Great Lakes Legacy Act are major milestones in the life of the lakes and recognition of the vital role they will play in the region's future. However, there is more to do, which can create an advantage in the form of employment-generating projects with long term impacts on overall economic renewal.

Specifically:

The federal government should also participate as a strong partner with the Great Lakes states in the implementation of the Great Lakes Restoration Strategy, and should provide \$13.75 billion of the estimated \$26 billion present value investment required to address Great Lakes needs in the areas of:

- Aquatic invasive species
- Habitats and conservation
- Coastal health
- Areas of concern that suffer from severe environmental degradation
- Non-point sources
- Toxic pollutants
- Sustainable development
- Indicators and information

This investment can generate long term economic benefits of more than \$80 billion.

The federal government should establish programs to protect the Great Lakes from discharges of untreated ballast water from ocean-going vessels.

The federal government should participate with the Great Lakes states to rebuild the region's water and sewer infrastructure based on a thorough assessment of regional needs and a "fix-it-first" funding strategy that prioritizes existing systems in established communities and enhances the abilities of such systems to address non-point source pollution. The federal government should also provide adequate matching resources to meet the mandates to eliminate combined sewer overflows and storm water runoff.

The projects outlined here and included in the recommendations of the Great Lakes Commission and the Healing Our Waters-Great Lakes Coalition can be powerful agents of change that bring short term and long term job creation, together with additional business and residential investment.

Looking ahead, the environmental interplay between water and air will become increasingly important. Without effective federal programs that reduce regional pollution, Great Lakes metropolitan areas will not be able to meet federal air quality standards by the deadlines specified by U.S. EPA in a cost effective and/or timely manner. Failure to meet the deadlines will retard the economic transformation of the Great Lakes region.

Congress should move quickly to provide the legal support for the Clean Air Interstate Rule program through legislation and maintain the cost effective cap and trade approach to reducing pollution from the utility sector. In addition, Congress should provide increased funding for the Diesel Emission Reduction Act to provide financial incentives to reduce pollution from diesel engines and make reasonable timelines for achieving air quality standards.



Build a Great Lakes innovation strategy that fuels research, development and commercialization activity in the Great Lakes economic region in key sectors that reflect our comparative advantage and are pivotal to our economic competitiveness.

Specifically:

The federal government must increase allocations for basic and applied research in the public and private domains and provide matching funds for state programs. These increases will provide significant opportunities to the Great Lakes region's extensive and well-established network of research institutions.

The federal government should establish a new National Innovation Foundation with the sole mission of promoting innovation through:

- Catalyzing industry-university research partnerships
- Increasing support for technology commercialization and entrepreneurial development
- Encouraging technology adoption by small and mid-size firms
- Supporting the development of regional industry clusters
- Emphasizing performance and accountability in research and development
- Championing support for innovation among the agencies of the federal government

The federal government should seek to partner with public and private research organizations in the Great Lakes.

Increased federal support of research and development in the Great Lakes states should focus on:

- Clean energy
- Sustainable transportation
- Clean and abundant fresh water
- High quality environmental conditions
- Forward-looking life sciences and health care

The federal government should build upon structures such as the manufacturing extension partnerships to help improve the performance of manufacturing support activities that are directly in the value chain of manufacturing, such as product design and transportation and logistics, thereby assisting small and mid-size manufacturers with these competitive resources.

The federal government should participate with the Great Lakes states in the creation of a Great Lakes venture fund, supported by a dedicated portion of state and private pension funds, university endowments and foundations.



Establish federal immigration policy that facilitates significant international talent attraction, integration and retention throughout the nation. In the short term, respond to the particular and pressing need for deeper pools of talent in Great Lakes metropolitan areas through creation of High Skill Immigration Zones.

The designation of a metro area as a High Skill Immigration Zone would allow for relaxation or elimination of various federal immigration quotas, provide targeted incentives to attract talented immigrants in shortage occupations, and facilitate linkages with other programs that attract immigrant entrepreneurs and highly skilled talent.

To help U.S. companies compete in the global marketplace for high-skilled and entrepreneurially-inclined talent, the U.S. desperately needs fundamental reform of its immigration system. U.S. businesses would strongly support movement toward a merit-based point system that expeditiously grants permanent residency status to immigrant talent, such as those systems already used in Canada, Australia, New Zealand, and proposed in the European Union. The federal government should move toward this type of national system.

Until fundamental immigration reform is enacted, the federal government should consider alternative approaches that build on the unique assets and respond to the critical and particular needs of the Great Lakes Region. Workforce demographics, coupled with the population out-migration in recent decades, have depleted the indigenous talent pools and damaged economic competitiveness in many Great Lakes metro areas, resulting in serious workforce shortages in the region's global-looking manufacturing and services industries, its world-class health care institutions, and its internationally renowned institutions of higher learning.

In order to accelerate the development of emerging industries such as clean/renewable energy technology, biomedical technology, nanotechnology and the emerging sectors listed in the Innovation section, the Great Lakes region will need to quickly build deeper pools of talent.

Specifically:

The federal government should consider establishing High Skill Immigration (HSI) Zones in metro areas.

In order to facilitate the mobile and flexible workforce that employers require, within HSI Zones, the federal government should:

- Exempt H-1B visas from national caps.
- Eliminate EB-2 and EB-3 quotas, and expedite applications for permanent resident status (Green Cards) submitted on behalf of H-1B visa holders in order to retain talented workers.
- Allow spouses of H-1B visa holders to become employed.
- Re-enact the H-1A visa program for registered nurses. Current visa programs for foreign registered nurses are insufficient to help Great Lakes hospitals and health care facilities - which play a critical role in the local economy - meet current and projected staffing needs in light of the worsening shortage of registered nurses.
- U.S. Embassies and Consulates should expedite the issuance of F-1 student and J-1 exchange visas for those attending or working at universities or colleges within the HSI, recognizing the economic and innovation contributions made by international students, scholars, and researchers at Great Lakes metro higher education institutions.

In order to stimulate higher levels of economic development in the HSI Zones through entrepreneurial ventures, HSI zones should be given preference in applications for designation as EB-5 Regional Investor Centers.

The federal government should provide matching funds to those metro areas that establish "Welcome Centers" or equivalent capacities and other integrative programs within their communities that connect and facilitate employer and community engagement with immigrants

Immigration policy should be the province of the federal government alone.

Federal immigration policy should tie to a nationally-recognized electronic employee identification system based on technologies already available.

Federal immigration policy should not penalize employers that have complied with federal standards in verifying the status of their workers.

Contributing Chambers of Commerce

The following chambers are contributors to the development of this agenda:

Ann Arbor Chamber of Commerce
Allegheny Conference
Buffalo Niagara Partnership
Chicagoland Chamber of Commerce
Cincinnati USA Regional Chamber
Columbus Chamber of Commerce
Dayton Area Chamber of Commerce
DavenportOne
Detroit Regional Chamber
Duluth Chamber of Commerce
Grand Rapids Area Chamber of Commerce
Greater Akron Chamber of Commerce
Greater Cleveland Partnership
Greater Des Moines Partnership
Greater Indianapolis Chamber of Commerce
Greater Louisville, Inc. – The Metro Chamber of Commerce
Greater Pittsburgh Chamber of Commerce
Illinois Quad City Chamber of Commerce
Kalamazoo Regional Chamber of Commerce
Lancaster Chamber of Commerce & Industry
Lansing Regional Chamber of Commerce
Metropolitan Milwaukee Association of Commerce
Minneapolis Regional Chamber of Commerce
Muskegon Area Chamber of Commerce
Northern Kentucky Chamber of Commerce
Northwest Michigan Regional Chamber Alliance
Rockford Chamber of Commerce
Saint Paul Area Chamber of Commerce
Toledo Regional Chamber of Commerce
Traverse City Area Chamber of Commerce
Youngstown/Warren Chamber of Commerce