

Great Lakes Authority Proposal

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Summary

The eight states that comprise the U.S. portion of the Great Lakes watershed contain the core of America's commercial and defense industrial base.

The Department of Homeland Security defines these industries as "America's Critical Manufacturing Sector". Failure or disruption within these industries would result in cascading disruptions in other critical sectors of the economy, in multiple regions, and have significant national economic impact.

This existing industrial base contains the nation's largest pool of skilled and experienced production workers. The Region has an almost inexhaustible supply of fresh water. These 8 States do 25 percent of all U.S. trade with Canada, which is this nation's largest export market. In 2020, Canada imported more than \$255 billion of U.S. goods and services.

This base provides a solid foundation for creating a unique 21st Century regional development strategy – one that can enable the United States to (1) build back its manufacturing base, (2) create millions of new and better jobs within the Region, and (3) restore an assured, U.S.

defense industrial sector and a resilient energy platform sufficient to power U.S.-based production.

Franklin D. Roosevelt created the model for such a strategy in 1933 with the Tennessee Valley Authority (TVA) – a unique institution brought into being to control the raging waters of the Tennessee River, provide low-cost electricity, and advance the economic development of the under-invested seven states in that Basin.

Our times require a 21st Century version of such an Authority in the Great Lakes Region – one that can protect and wisely use the fresh waters of the Great Lakes, build back better the Region's economy and be a necessary exemplar for climate change remediation.

The Great Lakes Authority (GLA) mission would be to:

- Restore and protect America's principal source of fresh water.
- Foster innovation, commercialize it, and by that create more and better jobs.
- Strengthen and expand the core U.S. manufacturing and defense industrial base, and the required energy systems to sustain/power production.
- Create world-class worker education, training, and adjustment institutions.
- Work with the government and provinces of Canada on our mutual Great Lakes challenges including the Great Lakes – Saint Lawrence Seaway Corporation.

The Chair of the GLA would be a Cabinet level official appointed by the President and confirmed by the U.S. Senate. The Chair would represent the U.S. Government. A five-person board lead by the Chair would be joined by four bipartisan board members appointed by the U.S. House and Senate leadership.

Governance

The GLA would be governed by a five-person, bipartisan Board, each of whom serves for a five-year term. The Chair would be a Cabinet level official appointed by the President, confirmed by the U.S. Senate and be a full-time position. The other four members of the Board would be appointed by the Majority and Minority Leaders of the U.S. House of Representatives and the U.S. Senate. Each would be confirmed by the U.S. Senate. Eligible appointees would be limited to residents of the Region who are currently active as a corporate manufacturing CEO, head of a major financial institution, President of a Land Grant University, or CEO of a major distribution company. These four positions would be part-time and compensated as is normal with private corporations.

The GLA would be funded by the same ways and means as was, and is now, the Tennessee Valley Authority (TVA) and include both federally appropriated funds and revenues generated by GLA projects, with the same annual financing similar to that of the Bureau of Reclamation.

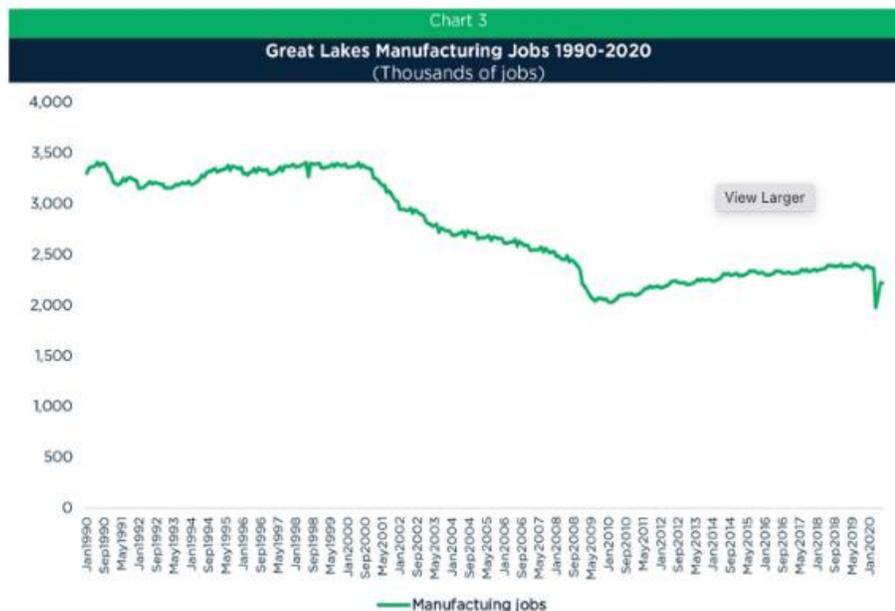
The GLA would be authorized and funded to:

- Create and administer a regional infrastructure bank that could finance domestic civil works that have a dedicated revenue stream such as water and wastewater systems,
- Create and finance other domestic civil works from appropriated funds,
- Create and operate a business development fund to assist in the establishment and expansion of regional-based manufacturers,
- Create university-based research, development, and technical consortiums,
- Create the 18th National Laboratory, with satellites as necessary in GLA states, and dedicate it to advancing applied science, the manufacturing arts, and the commercialization of advanced technology products,
- Create a patent hub that will aggressively invest and develop new clean energy inventions, technologies, and industries, and
- Create and fund world-class remedial, transition and advanced education and training institutions and programs that invest in the workers of the Region.

The United States has long dealt with regional challenges with regional solutions. The TVA is an example. The purpose of this proposal is to outline why a GLA is needed and identify how it can make a major contribution to building back better this vital region of the United States. Today, alone of the U.S.'s major economic regions, the Great Lakes states do not have such a vital development institution.

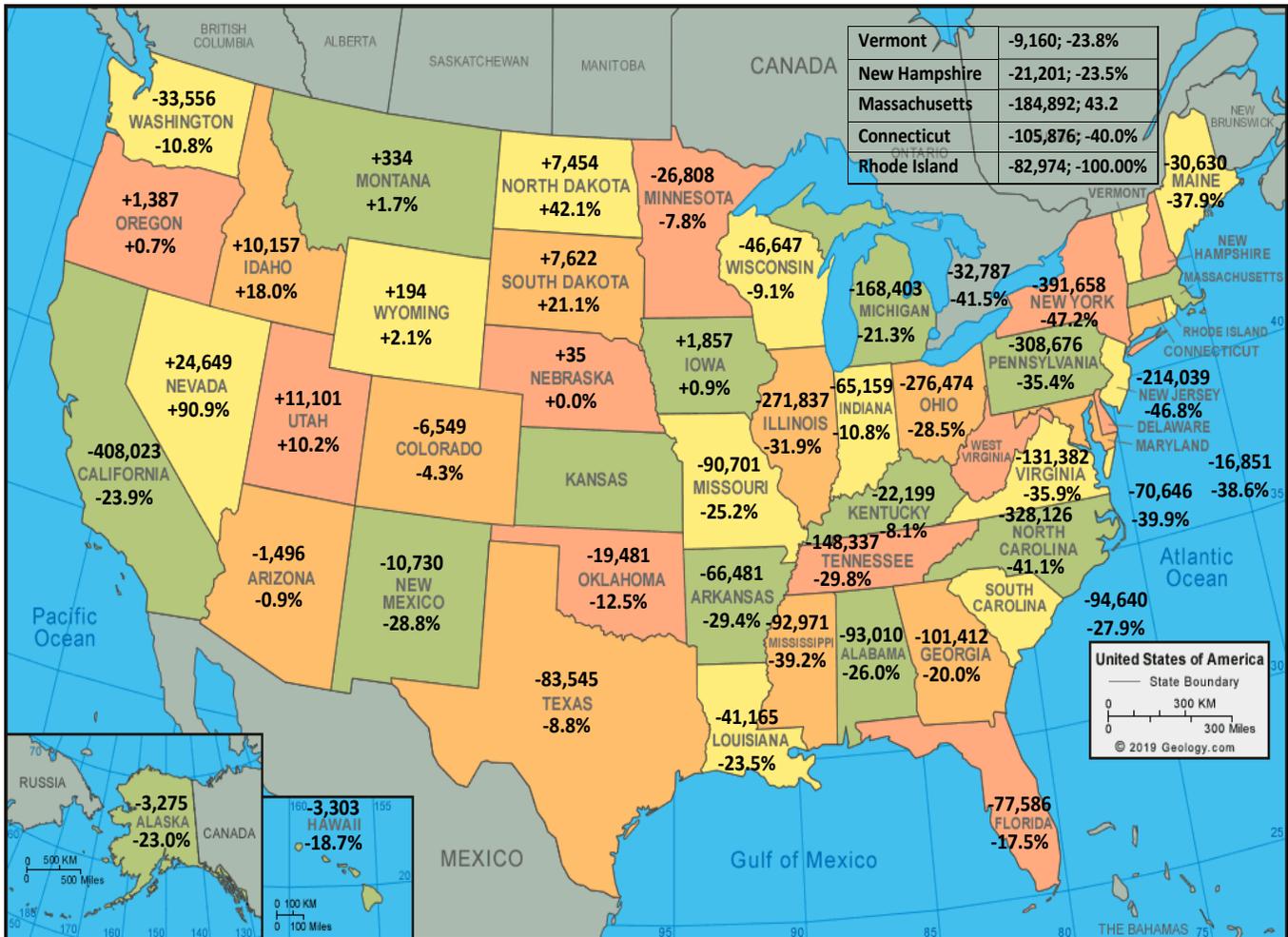
The Challenge

Manufacturing and Job Losses - The United States has closed 91,000 factories and lost 5 million manufacturing jobs since NAFTA was enacted in 1993 and China joined the World Trade Organization in 2000. The 8-state Great Lakes Region lost 1.5 millions of those jobs – that is, 30 percent. Many of the Region's people were unable to adapt and have responded with addiction, suicide, conspiracy fantasies, and political radicalization.



Source: Bureau of Labor Statistics, Current Labor Statistics monthly January 1990-July 2020

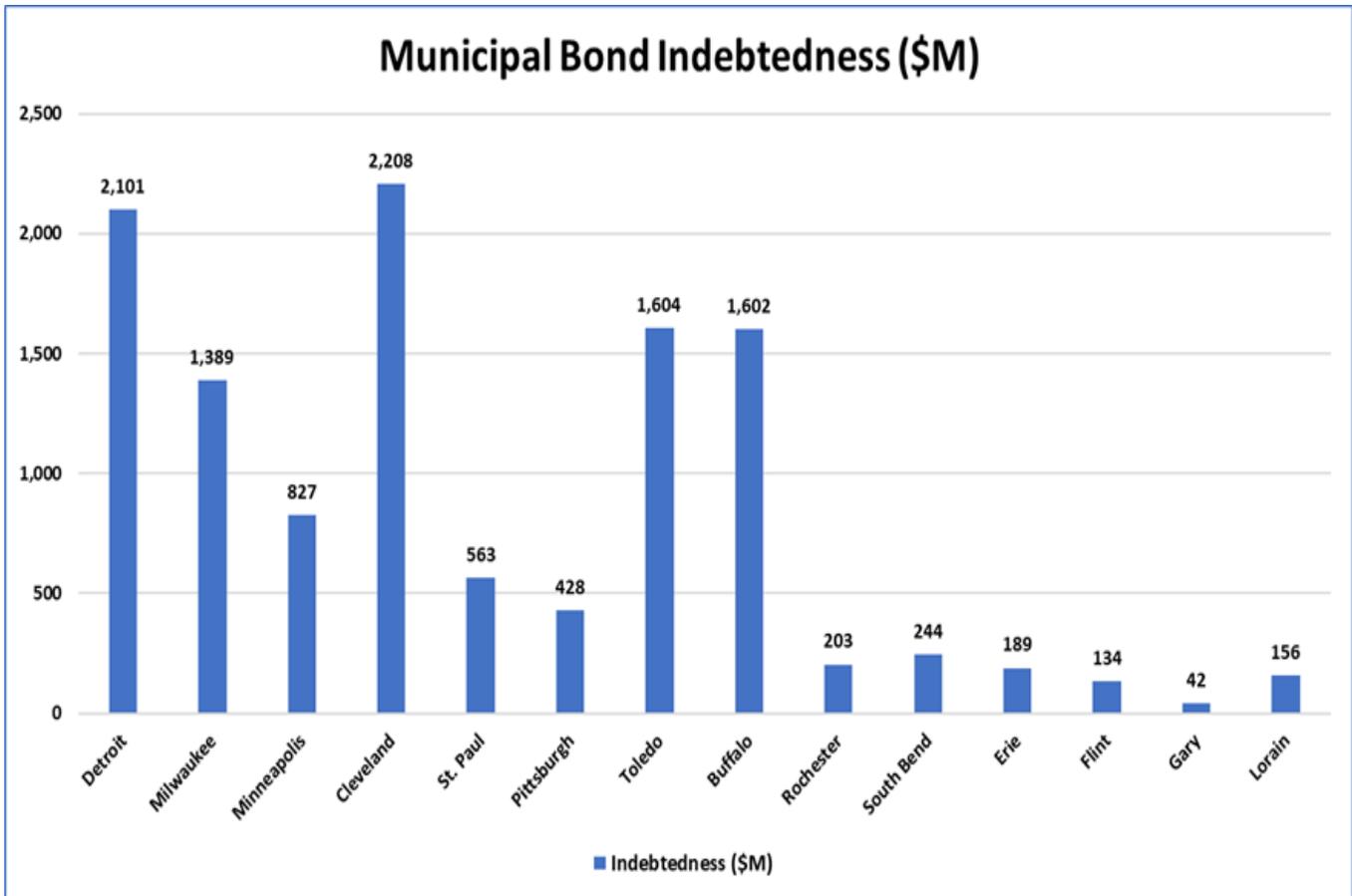
Manufacturing Jobs Lost Since NAFTA and China Entered the WTO (1Q 1993-1Q 2018)



Figures reflect number of manufacturing jobs lost per state and the correlating percentage job loss. This figure is for total manufacturing employment, so it takes into account both jobs created by exports and jobs displaced by imports, among other causes of net job change.
<https://www.citizen.org/article/rhode-island-job-loss-during-the-nafta-wto-period/>

Weakened Finances – These losses of factories and jobs, in turn, have greatly weakened the fiscal capacity of the Region’s state and local governments.

A measure of this fiscal crisis is found in the high municipal indebtedness of the region’s cities. Detroit and Cleveland each have a municipal bonded indebtedness of more than two billion dollars. Toledo owes \$1.6 billion and Milwaukee almost \$1.4 billion. Faced with the high costs of operation, repairs, rehabilitation, and replacement, coupled with unavoidable federal mandates that come with only 50 percent funding, these municipalities are forced to increase utility rates on customers who are already in economic trouble.



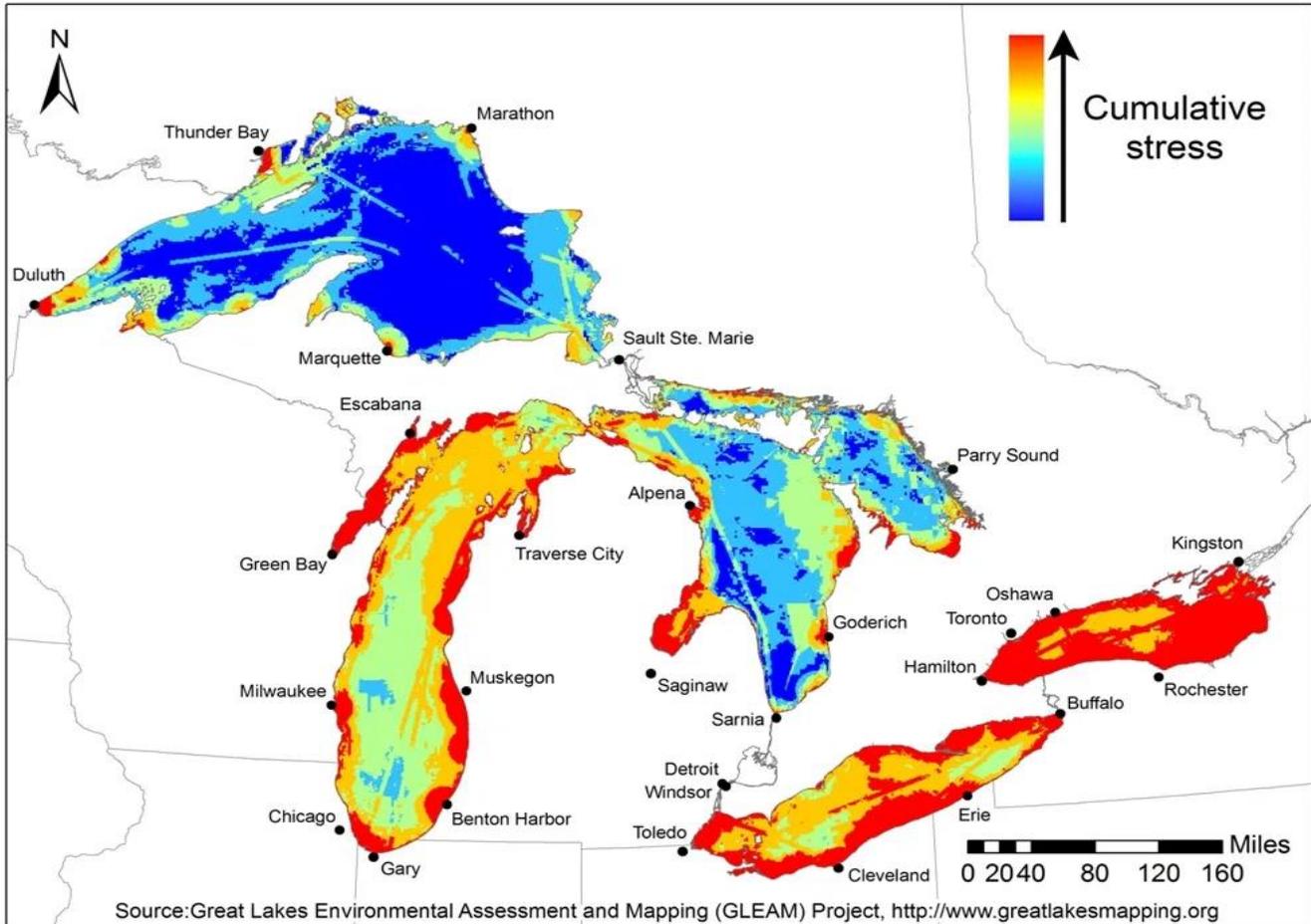
The On-Going, Great Lakes' Ecological Catastrophe – The Region's five Great Lakes – Erie, Huron, Michigan, Ontario, and Superior – are the source of 21% of the world's surface freshwater and 84% of North America's. These Lakes undergird life, work, and recreation for tens of millions of people. Yet, before our eyes they are succumbing to an ecological disaster of epic proportions. Dan Egan in *The Death and Life of the Great Lakes* writes:

“The Great Lakes are now home to 186 non-native species. None has been more devastating than the Junior Mint-sized zebra and quagga mussels... leaving trillions upon trillions of filter-feeding quagga mussels sucking the life out of the lake itself....native fish populations have been decimated. Bird- killing botulism outbreaks plague lakeshores. Poisonous algae slick capable of shutting down public water supplies have become a routine summertime threat. A virus that causes deadly hemorrhaging in dozens of species of fish, dubbed by some scientists the “fish Ebola” has become endemic in the lakes and threatens to spread across the continent.”

Yet, invasive species are only one of many threats to what in fact is the largest inland sea in the world. Researchers at the Universities of Wisconsin and Michigan have created a “threat map” that analyzes 34 distinct threats that affect these five lakes. The composite stresses include not

only invasive species but also toxic algae, erosion, development, waste plastics and toxic pollutants among other sources.

Cumulative Stress in the Great Lakes



Today, the state and local governments of the region are themselves so economically strapped that they are fiscally incapable of making the remediations that the Lakes require. Major fiscal help and institutional leadership from the Federal Government is essential if this ecological catastrophe is to be stopped and then reversed.

Innovation – As to Great Lakes innovation, a telling measure of the Region’s innovation decline is found by comparing whether these eight states have kept pace with the rest of the United States in devising inventions that are sufficiently new, non-obvious and useful that inventors and companies file and receive a patent from the United States Patent Office (USPTO). The Great Lakes states have not kept pace with innovation. Specifically, in 1990, 51,000 U.S. patents were issued and in 2020 the USPTO granted 188,000 – an increase of 265 percent.

State Invention Index as Measured by Patents Issued
(Patents Issued by USPTO to U.S. Residents - 1990-2020)

Entity	1990	2020	Absolute Change	Percent Change
United States	51,526	188,344	138,818	266%
<u>Great Lakes States</u>				
Illinois	2,872	6,114	3,242	113%
Indiana	1,011	2,466	1,455	144%
New York	4,319	10,827	6,508	150%
Michigan	2,644	7,901	5,275	199%
Minnesota	1,443	5,016	3,573	247%
Ohio	2,703	5,466	2,763	102%
Pennsylvania	2,756	4,817	2,061	75%
Wisconsin	1,236	2,920	1,684	136%
<u>Comparison</u>				
California	7,723	51,817	44,094	571%
Oregon	625	4,084	3,450	553%
Washington State	929	9,303	8,374	901%

Source: USPTO, Performance and Accountability Reports, 2020 and 1990

In 2020, California residents were granted 571 percent more patents than they were in 1990. Oregon residents got 553 percent more. Washington State residents were awarded a whopping 901 percent more. Not a single Great Lake State even reached the national average by 2020. All fell behind the pace of U.S. invention.

The Nuclear Power Issue – Heavy power demands across the region require a dependable baseload energy supply with a highly skilled workforce. Today, the Region has 17 nuclear reactors at 15 sites in operation. Nuclear power provides 15% of the electricity for Ohio and Wisconsin, 23% for Minnesota, 29% for Michigan, 33% for New York, 41% for Pennsylvania, and 53% for Illinois.

Competition pressures from massive, new natural gas supplies have created financial pressures that make nuclear power more expensive. These zero net carbon nuclear plants have become financially uncompetitive. Yet, thousands of companies and hundreds of thousands of workers depend on this nuclear base load. For the foreseeable future, nuclear energy must be a key segment of electricity generation or neither economic development nor climate change goals can be attained. Ways are means are required to extend the operation of these nuclear

facilities and, working with all stakeholders, increase electric production beyond what private enterprise appears to be able to facilitate in a quickly changing and uncertain market.

GREAT LAKES REGION NUCLEAR FACILITIES



The Brookings Study – A decade ago, the Great Recession and the collapse of the U.S. auto industry highlighted the manufacturing decline in the Region. Regional leaders engaged the Brookings Institute to help identify a consensus among private-sector and public stakeholders as to what to do to create the next economy. The result was a report: *The Next Economy: Economic Recovery and Transformation in the Great Lakes Region*.

The report called for the federal, state, metropolitan leaders to join with the private and philanthropic sectors to:

- Invest in the assets that matter – innovation, infrastructure, and human capital,
- Devise new public-private institutions that are market-oriented and performance-driven,

- Reimagine metros' form and governance structures to set the right conditions for economic growth.

The report was issued in September 2010. The unstated expectation was that the report and leadership consensus would guide the Obama Administration's second round of recovery actions post-2010. It never happened. In November 2010, control of the U.S. Senate and House of Representatives changed. What happened next is that the U.S. devolved into ten years of national political gridlock.

Neither the state, nor local governments, nor the industries, nor the companies, nor the people of the region could meet the magnitude of this challenge alone. Nor could they form a joint regional strategy because there was no regional institution through which the leaders of the Region could define, advocate, and create such a truly regional strategy.

What the Great Lakes Region needed then, and needs even more now, is a 21st Century GLA – an institution that can help the Region innovate, create jobs and confront the compounding environmental and climate challenges.

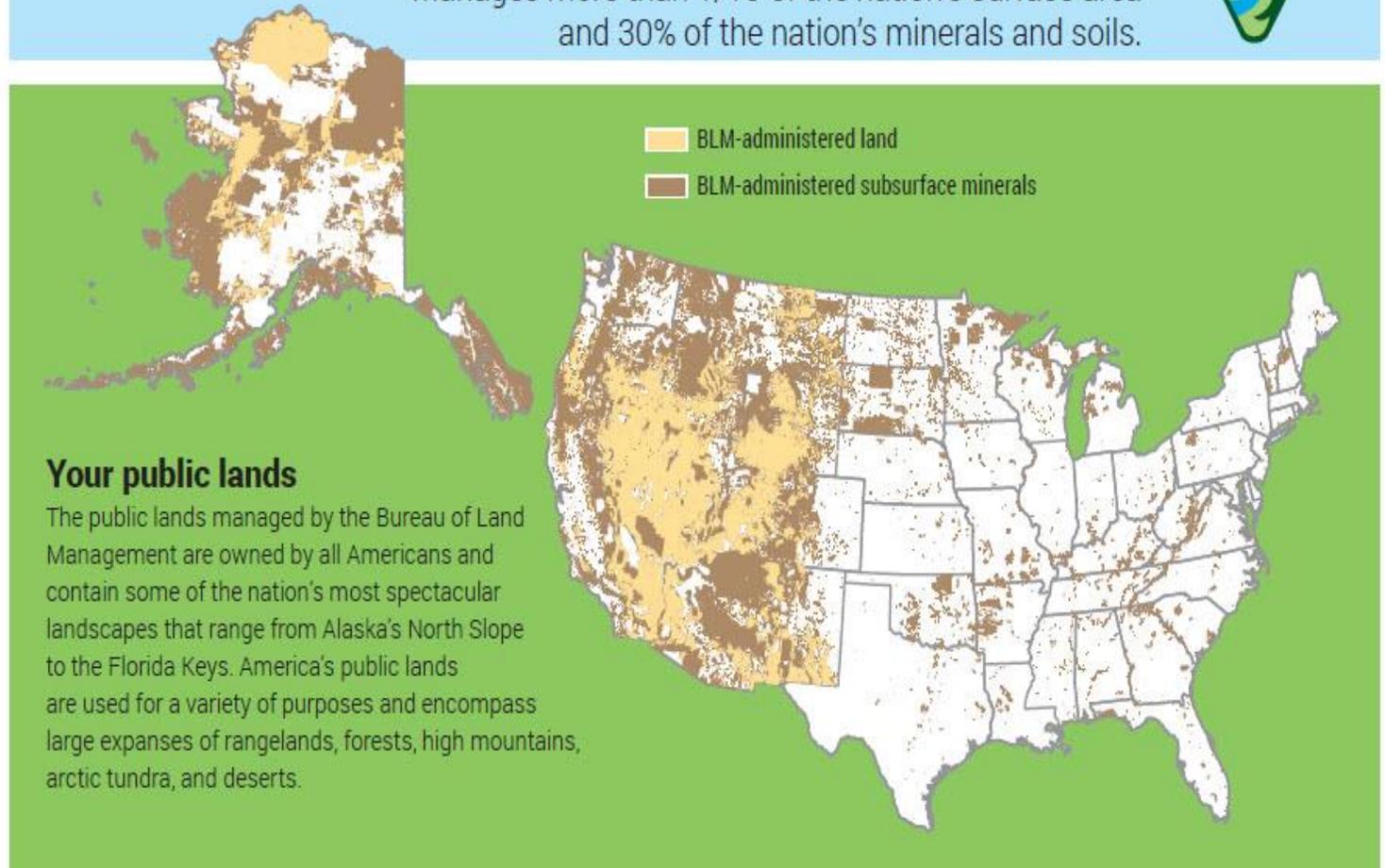
This proposed GLA can be that Institution. By its structure, focus, coherence, funding, and leadership it can help the Region and nation envision, implement, and sustain an aggressive Great Lakes strategic development agenda. This proposed Authority can be an institutional anchor to aid the Region to sustain a long-term effort through the storms, calms and vagaries of national policy making.

A Great Lakes Authority

The United States has always supported regional solutions to regional development and regional challenges. The principal of these efforts is managed by the Bureau of Land Management, which traces its roots to 1812 and was formed, in part, to serve arid parts of the nation with regional water resources and power generation. Management, which traces its roots to 1812 and was formed, in part, to serve arid parts of the nation with regional water resources and power generation.

The Bureau of Land Management

Manages more than 1/10 of the nation's surface area
and 30% of the nation's minerals and soils.



Your public lands

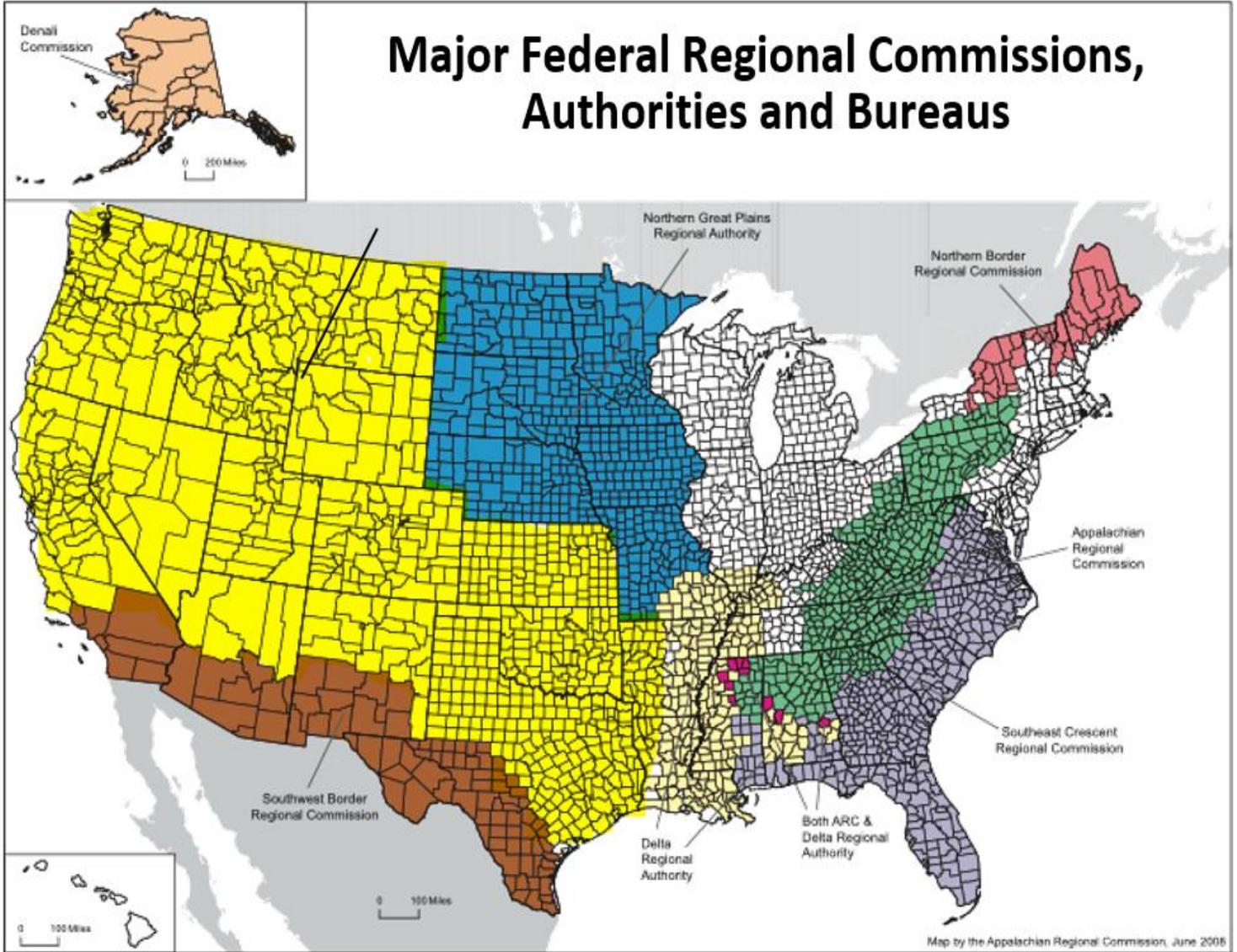
The public lands managed by the Bureau of Land Management are owned by all Americans and contain some of the nation's most spectacular landscapes that range from Alaska's North Slope to the Florida Keys. America's public lands are used for a variety of purposes and encompass large expanses of rangelands, forests, high mountains, arctic tundra, and deserts.

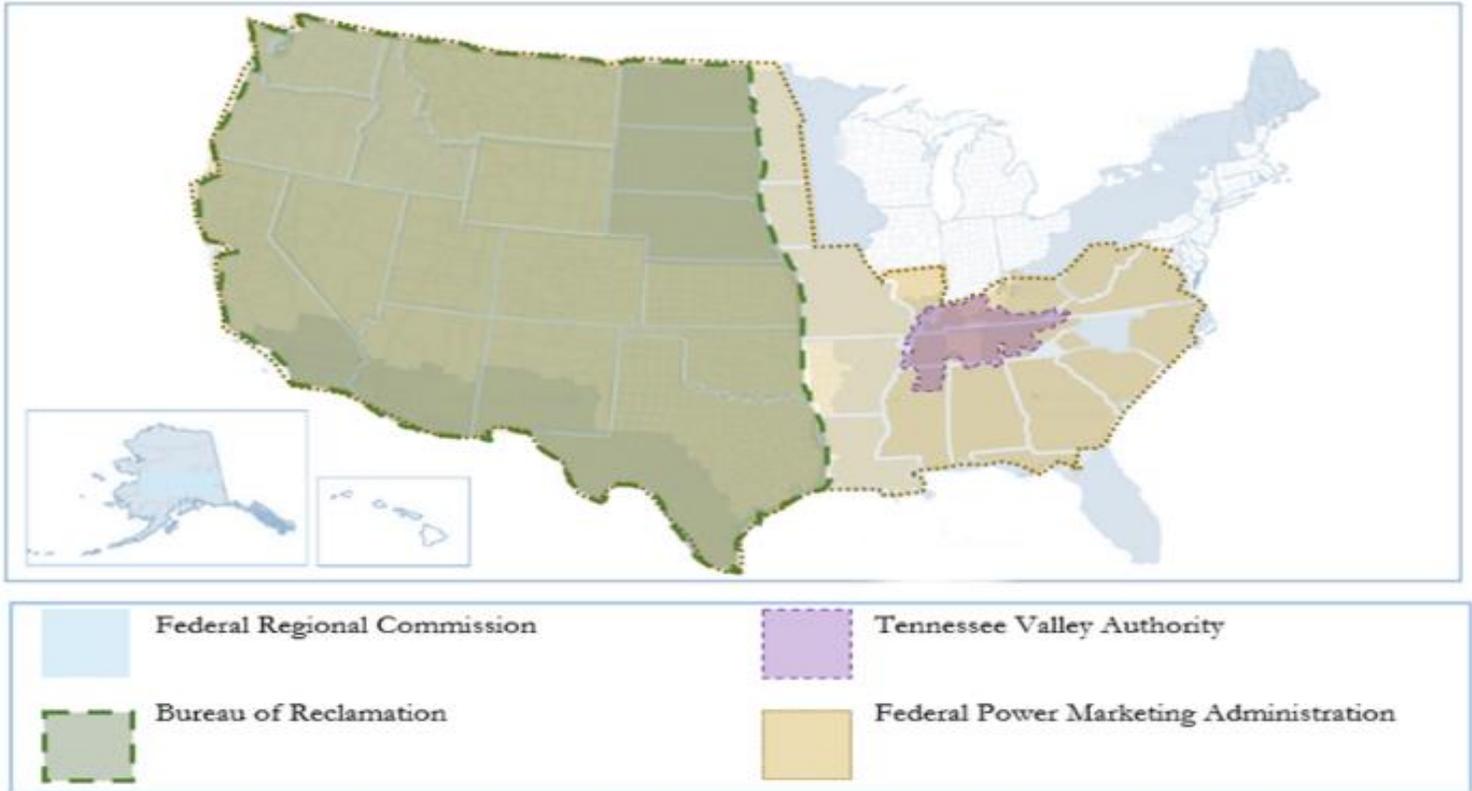
Then, in 1933 during the economic depression, FDR created the 7-state TVA. In 1965, President Lyndon Johnson created the 13-state Appalachian Regional Commission. Their successors have created regional commissions in other parts of the U.S.

These regional instrumentalities were created to strengthen the economies of these Regions and help those states achieve economic equality with the rest of the Nation. Additional regional efforts have been proposed in other states.

Two of these Regional Commissions (Delta and Northern Border) have been provided miniscule funding. The Southeast Crescent Region and Southwest Border Regional Commissions have not been activated.

Strikingly, the Great Lakes Region has neither a Regional Authority, such as a TVA, nor even a lesser-funded regional commission. Simply put, building back better the Great Lakes Region is a challenge that requires an empowered and well-financed GLA.





Lessons from TVA – Now, almost 9 decades after its founding, some lessons from TVA’s experiences provide clear guidance for this proposed GLA.

- 1) Many environmental and economic problems are not bound by state boundaries. Regional approaches are required to solve regional challenges.
- 2) The development institutions and capacities of any Region are so atomized as to be ineffectual when dealing with broader issues of mutual concern. The 2010 Brookings report highlighted that:

“The metropolitan areas of the Great Lakes are ruled by a byzantine network of cities, counties, towns, townships, villages, school boards, fire districts, library districts, workforce boards, industrial development authorities, water and sewer districts and a host of other entities.”

The Brookings scholars concluded that the metropolitan areas of the Great Lakes need to begin speaking with a unified voice on economic development and design and implement a unified strategy. A Regional Authority can facilitate such coherence.

- 3) The TVA has a 200-person unit devoted to the economic development of the 7-state TVA region. It is far larger, better funded and more effective than any of the 7 state efforts in the Region. The TVA provides; (a) an international capacity to identify and source private capital investment, (b) secure domestic finance through state, municipal, banking and venture funds, as well as (c) the guidance required to select sites and

coordinate infrastructure and agreements at low, long-term interest rates. With these capacities, TVA has created a powerful supplement to state and local efforts to attract capital investment and jobs into the Tennessee Valley. It works well. The Great Lakes basin would benefit from this TVA approach.

Conclusion

When conceiving the TVA, President Franklin D. Roosevelt focused on equity. What FDR challenged was an inequality that was out of control between capital and labor and also between the regions of the United States, particularly the Southern and Appalachian regions. FDR closed much of this inequality – both between people and between regions.

Since the early 1980s, the inequalities between the few and the many, the coasts and the interior, and the developed and underdeveloped regions of the U.S. have widened.

Now, it appears that a new era has opened with the Administration of President Joseph Biden. The new balance between economic efficiency and economic equity now appears to be once again emphasizing a more equitable distribution of economic growth and opportunities for both people and regions. The Great Lakes region has been falling behind by almost every measure and needs substantial attention to reverse economic and environmental challenges.

A GLA is as vital a development tool for the Biden-Harris Era of today as TVA was for the Roosevelt Era of the 1930s.