

**International Conference on Federalism
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**CLOSING ADDRESS TO THE INTERNATIONAL CONFERENCE ON
FEDERALISM**

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Prime Minister Chrétien; to the Prime Minister of St. Kitts and Nevis, Denzil Douglas; Premier Bouchard; Co-chairs of this conference, Bob Rae and Henning Voscherau; to distinguished visitors, governors -- I think the Lt. Governor of South Dakota, Carole Hillard, is here. And to all of you. I think it is quite an interesting thing that we have this impressive array of people to come to a conference on federalism, a topic that probably 10 or 20 years ago would have been viewed as a substitute for a sleeping pill.

But in the aftermath of the conflicts in the former Yugoslavia; the interesting debates -- at least I can say this from the point of view as your neighbor -- that has gone on in Quebec; the deepening, troubling efforts to reconcile different tribes who occupy nations with boundaries they did not draw in Africa; and any number of other issues, this topic of federalism has become very, very important.

It is fitting that the first global conference would be held here in North America, because federalism began here -- a founding principle forged in the crucible of revolution, enshrined in the Constitution of the United States, shared today by all three nations on our continent, as I'm sure President Zedillo said.

It is also especially fitting that this conference be held in Canada. A land larger than China, spanning five time zones and ten distinct provinces, it has shown the world how people of different cultures and languages can live in peace, prosperity and mutual respect.

In the United States, we have valued our relationship with a strong and united Canada. We look to you; we learn from you. The partnership you have built between people of diverse backgrounds and governments at all levels is what this conference is about -- and, ultimately, what democracy must be about, as people all over the world move around more, mix with each other more, live in close proximity more.

Today, I would like to talk briefly about the ways we in the United States are working to renew and redefine federalism for the 21st century; then, how I see the whole concept of federalism emerging internationally; and finally, how we --

how I think, anyway -- we should judge the competing claims of federalism and independence in different contexts around the world.

First let me say we are 84 days, now, from a new century and a new millennium. The currents of change in how we work and live and relate to each other, and relate to people far across the world, are changing very rapidly.

President Franklin Roosevelt once said that new conditions impose new requirements upon government and those who conduct government. We know this to be the case not only in the United States and Canada, Great Britain and Germany, Italy and France, Mexico and Brazil, but indeed, in all the countries of the world. But in all these places there is a federalist system of some form or another. We look for ways to imbue old values with new life, and old institutions with new meaning.

In 1992, when I ran for President, there was a growing sense in the United States that the compact between the people and their government, and between the states and the federal government was in severe disrepair. This was driven largely by the fact that our federal government had quadrupled the national debt in 12 years, and that had led to enormous interest rates, slow growth and grave difficulties on all the states of our land which they were powerless to overcome.

So when the Vice President and I ran for national office, we had no debate from people who said, look, this is a national priority and you have to deal with it. But we talked a lot to governors and others about the necessity to create again what our founding fathers called the laboratories of democracy. We, frankly, admitted that no one knew all the answers to America's large welfare caseload, to America's enormous crime rate, to America's incredible diversity of children and challenges in our schools. And so we said we would try to give new direction to the nation and deal with plainly national problems, but we would also try to build a new partnership that would make all of our states feel more a part of our union and more empowered and determined in their own destiny.

Now, people develop these federalist systems for different reasons. It came naturally to the United States because Great Britain set up colonies here as separate entities. And the states of our country actually created the national government. So we always had a sense that there were some things the states were supposed to do and some things the federal government was supposed to do.

Our founding fathers gave us some indication in the Constitution, but the history of the United States Supreme Court is full of cases trying to resolve the whole question of what is the role and the power of the states as opposed to what is the role and the power of the national government in ever new circumstances.

There are different examples elsewhere. For example, in the former Yugoslavia

when it existed before, federalism was at least set up to give the appearance that all the different ethnic groups could be fairly treated and could have their voices heard.

So in 1992, it appeared that the major crisis in federalism was that the states had been disempowered from doing their jobs because the national economy was so weak and the fabric of the national society was fraying in America. But underneath that I knew that once we began to build things again we would have to resolve some very substantial questions, some of which may be present in your countries, as well.

As we set about to work, the Vice President and I, in an effort that I put him in charge of, made an attempt to redefine the mission of the federal government. And we told the people of the United States that we actually thought the federal government was too large in size, that it should be smaller, but more active; and that we should do more in partnerships with state and local governments and the private sector, with the ultimate goal of empowering the American people to solve their own problems in whatever unit was most appropriate, whether it was an individual citizen, the family, the community, the state or the nation.

And we have worked at that quite steadily. Like Canada, we turned our deficit around and produced a surplus. We also shrank the size of the federal government. The size of the United States federal government today is the same as it was in 1962, when John Kennedy was President, and our country was much, much smaller.

In the economic expansion we have been enjoying since 1993, the overwhelming majority of the jobs that were created were created in the private sector. It's the largest percentage of private sector job creation of any economic expansion in America since the end of World War II.

Meanwhile, many of our state and local governments have continued to grow in size, to meet the day-to-day demands of a lot of the domestic issues that we face in our country. And I think that is a good thing.

In addition to shrinking the size of government, we've tried to empower the states to make more of their own decisions. For example, the Department of Education has gotten rid of two-thirds of the rules that it imposed on states and school districts when I became President. Instead, we say, here are our national objectives; here is the money you can have; you have to make a report on the progress at meeting these national objectives, but we're not going to tell you how to do it anymore.

And it's amazing what you can do if you get people to buy into national objectives with which they agree, and you stop trying to micromanage every instance of their lives and their daily activities. So we found some good success

there.

We've also tried to give the states just blanket freedom to try more new ideas in areas where we think we don't have all the answers now, from health policy to welfare reform, to education to fighting crime.

We have always felt -- this has been easy in the United States, though, compared to a lot of places because we've had this history of believing from the time of our founders that the national government would never have all the answers, and that the states should be seen as our friends and our partners because they could be laboratories for democracy. They could always be out there pushing the envelope of change. And certain things would be possible politically in some places that would not be possible in others.

And we have been very well served by that. It has encouraged a lot of innovation and experimentation. Here is the problem we have with the basic business of government and federalism today. In the 21st century world, when we find an answer to a problem, very often we don't have time to wait for every state to agree that that's the answer. So we try to jump-start the federalist experience by looking for ideas that are working and then embodying them in federal legislation and giving all the states the funds and other support they need to do it.

Why do we do this? Well, let me give you one example. In 1787, in the United States, the founding fathers declared that all the new territories would have to set aside land for public schools, and then gave the responsibility for public education to the states. Now, then, in the next few years, a handful of states mandated education. But it took more than 100 years for all of our states to mandate free public education for all of our children. That was 19th century pace of change. It's inadequate in the 21st century.

So I have tried to do what I did as a governor -- if something is working in a state I try to steal it, put it into federal law, and at least give all the states the opportunity and the money necessary to influence the same change. But it's very, very important.

Since our Ambassador is a native of Georgia, I'll give you one example. One of my goals is to make universal access to colleges and universities in America, and we now have something called the HOPE Scholarship, modeled on Ambassador Giffin's home state program, which gives all students enough of a tax subsidy to at least afford the first two years of college in America, because we found in a census that no matter where you come from in the United States, people with at least two years of education after high school tended to get jobs where their incomes grew and they did better. People with less than that tended to get jobs where their incomes stayed level or declined in the global economy.

Now, we've also tried to make dealing with Washington less of a problem. We've

ended something that was very controversial, at least prospectively, called unfunded mandates, where the federal government would tell the states they had to do something and give them about 5 percent of the money it cost to do it. That, I think, is a problem in every national federal system. We continue to give the states greater freedom and flexibility. And this summer I signed a new executive order on federalism which would reaffirm in very specific ways how we would work in partnership and greater consultation with state and local officials. Federalism is not a fixed system; it, by definition, has to be an evolving system. For more than 200 years the pendulum of powers have swung back and forth one way or the other. And I do want to say -- for those of you who may be looking outside in, thinking the Americans could never understand our problems, they don't have any problems like this -- it is true that, by and large, in our state units we don't have people who are of just one racial or ethnic or religious groups. But, to be sure, we have some of that. I'll give you one example that we're dealing with today.

The United States Supreme Court has to decide a case from the state of Hawaii in which the state has given native Hawaiians, Pacific Islanders, the right to vote in a certain kind of election, and only native Hawaiians. And someone in Hawaii has sued them, saying that violates the equal protection clause of the United States Constitution. We disagree because of the purpose of the election.

But you can see this is a federalist issue. We basically said the national government would give that to the states, the states want to do it this way; then a citizen says no, you can't do that under national law.

Another example that causes us a lot of problems in the West -- what happens when the federal government actually owns a lot of the land and the resources of a state? The national government is most unpopular in America in states like Wyoming, or Idaho, where there aren't very many people, there's a lot of natural resources. Cattlemen, ranchers have to use land that belongs to the federal government, and we feel that we have to protect the land for multiple uses, including environmental preservation as well as grazing or mining or whatever. And so it's an impossible situation.

It's very funny -- in these states, when we started, the federal government was most popular in the areas where we owned most of the land, because we built dams and channeled rivers, and provided land for people to graze their cattle. And within 50 years, the federal government has become the most unpopular thing imaginable. Now, I used to go to Wyoming on vacation just to listen to people tell me how terrible the job I had was. But it's a problem we have to face.

And let me say -- one other thing I think might be interesting to you is that the Democratic Party and the Republican Party in the United States tend to have different ideas about federalism depending on what the issue is -- which is why it's always good to have a dynamic system.

For example, we Democrats, once we find something working at the local level that advances our social policy, or our economic policy, we want to at least make it a national option, if not a national mandate. When I became President, crime was going up, but there were cities where crime was going down. I went there and found out why it was going down. And it was obvious to me we didn't have enough police officers preventing crime in the first place, so I said we're going to create 100,000 police at the national level, and give them to the cities.

The conservatives were against that. They said, you're interfering with state and local rights, telling them how to fight crime. Of course, I wasn't; I was giving them police. They didn't have to take them if they didn't want them. And it turned out they liked it quite well and we have the lowest crime rate in 26 years. But there was a genuine federalism dispute.

Now we're having the same dispute over teachers. We have the largest number of children in our schools in history; lots of evidence that smaller classes in the early grades yield permanent learning gains to children. So I said, now let's put 100,000 teachers out there. And they say I'm trying to impose this terrible burden on state and local government, sticking my nose in where it doesn't belong.

On the other hand, in the whole history of the country, personal injury law, including economic injuries, commercial law has always been the province of state and local government except for things like securities, stocks, bonds, things that required a national securities market. But many people in the Republican Party believe that since there is essentially a national economy and an international economic environment, that we should take away from the states all their states' rights when it comes to determining the rules under which people can sue businesses. And they really believe it.

And I have agreed with them as it applies to securities litigation because we need a national securities market. But I have disagreed with them as it applies to other areas of tort reform where they think it's a bad thing that there is state rights.

And I say this not to attack the other party, but only to illustrate to all of you that in whatever context you operate, there will always be differences of opinion about what should be done nationally and what should be done at the state level. That cannot be eliminated. The purpose of federalism, it seems to me, is to, number one, take account of the genuinely local feelings which may be, in the United States, a result of economic activities and ties to the land and history; or it may be in another country the result of the general segregation of people of various racial, ethnic or religious groups into the provinces in the federal system.

So the first process is to give people a sense of their identity and autonomy. And then you have to really try to make good decisions so that the system works. I

mean, in the end, all these systems only have integrity if the allocation of decision-making authority really produces results that people like living with, so they feel that they can go forward.

Now, let me just discuss a minute what is sort of the underlying tension here that you see all across the world, which is, what is the answer to the fact that on the edge of a new millennium -- where we would prefer to talk about the Internet, and the decoding of the human gene, and the discovery of billions of new galaxies in outer space -- those of us in politics have to spend so much time talking about the most primitive slaughter of people based on their ethnic or racial or religious differences.

The great irony of the turning of the millennium is that we have more modern options for technology and economic advance than ever before, but our major threat is the most primitive human failing -- the fear of the other, and the sense that we can only breathe and function and matter if we are somehow free of the necessity to associate with and deal with, and maybe even under certain circumstances subordinate our own opinions to, the feelings of them -- people who are different from us; a different race, a different religion, a different tribe.

And there is no answer to this that is easy. But let me just ask you to look in the context of the former Yugoslavia, where we are trying to preserve a Bosnian state -- Prime Minister Chrétien and I, and our friends -- which serves Croatians and Muslims, after four years of horrible slaughter, until we stopped it in 1995. Or in Kosovo, where we're exploring whether Kosovo can continue to be an autonomous part of Serbia, notwithstanding the fact that the Serbs ran all of them out of the country and we had to take them back.

Why did all this happen? Partly because it was an artificially imposed federalism. Marshal Tito was a very smart man who basically said, I'm going to create federalism out of my own head. I'm going to mandate the participation of all these groups in government. And I'm going to forbid my government from talking about ethnic superiority, or oppression, or problems. He wouldn't even let them discuss the kind of ethnic tensions that are just part of the daily life in most societies in this world. And it all worked until he died. And then it slowly began to unravel.

So one of the reasons you have all these people clamoring for the independence of ever smaller groups is that they had a kind of phony federalism imposed from the top down. So the first lesson I draw from this is every federalist system in the world today -- a world in which information is widely shared, economic possibilities are at least always, to some extent, based on global forces, certainly in terms of how much money you can get into a country -- the federalism must be real. There must be some real sense of shared authority. And people must know they have some real range of autonomy for decisions. And it must more or less correspond to what they perceive they need to accomplish.

On the other hand, it seems to me that the suggestion that a people of a given ethnic group or tribal group or religious group can only have a meaningful communal existence if they are an independent nation -- not if there is no oppression, not if they have genuine autonomy, but they must be actually independent -- is a questionable assertion in a global economy where cooperation pays greater benefits in every area of life than destructive competition.

Consider, for example, the most autonomous societies on Earth. Arguably, the tribes still living in the rain forests on the Island of New Guinea. There are -- 6,000 languages still exist in the world today. And 1,000 of them can be found in Papua New Guinea and Irian Jaya where tribes living 10, 20 miles from one another have complete self-determination. Would you like that?

On the other hand, consider the terrible problems of so many African peoples where they're saddled with national borders drawn for them at the Conference of Berlin in 1885, that took no reasonable account of the allocation of the tribes on certain lands and the history of their grazing, their farming, their moving.

So how to work it out? There is no answer. We have to provide a framework in which people can work it out. But the only point I want to make to you today -- I don't want to beat this to death, because we could stay here for a week discussing this -- is that at the end of World War I, the European powers I think -- and America sort of withdrew, so we have to share part of the blame -- but our record is not exactly spotless in how we went about carving up, for example, the aftermath of the Ottoman Empire. And so we have spent much of the 20th century trying to reconcile President Woodrow Wilson's belief that different nations had the right to be free -- nations being people with a common consciousness -- had a right to be a state, and the practical knowledge that we all have that if every racial and ethnic and religious group that occupies a significant piece of land not occupied by others became a separate nation, we might have 800 countries in the world and have a very difficult time having a functioning economy or a functioning global polity. Maybe we would have 8,000 -- how low can you go?

So that doesn't answer any specific question. It just means that I think when a people thinks it should be independent in order to have a meaningful political existence, serious questions should be asked: Is there an abuse of human rights? Is there a way people can get along if they come from different heritages? Are minority rights, as well majority rights, respected? What is in the long-term economic and security interests of our people? How are we going to cooperate with our neighbors? Will it be better or worse if we are independent, or if we have a federalist system?

I personally believe that you will see more federalism rather than less in the years ahead, and I offer as Exhibit A the European Union. It's really a new form of federalism, where the states -- in this case, the nations of Europe -- are far

more important and powerful than the federal government, but they are giving enough functions over to the federal government to sort of reinforce their mutual interests in an integrated economy, and in some integrated political circumstances.

In a way, we become more of a federalist world when the United Nations takes a more active role in stopping genocide in places in which it was not involved, and we recognize mutual responsibilities to contribute and pay for those things.

So I believe we will be looking for ways, over and over and over again -- the Prime Minister and I have endorsed the Free Trade Area of the Americas. We'll be looking for ways to integrate our operations for mutual interest, without giving up our sovereignty. And where there are dissatisfied groups in sections of countries, we should be looking for ways to satisfy anxieties and legitimate complaints without disintegration, I believe.

That's not to say that East Timor was wrong. If you look at what the people in East Timor had been through; if you look at the colonial heritage there; if you look at the fact that the Indonesians offered them a vote, they took it, and nearly 80 percent of them voted for independence -- it seems that was the right decision.

But let us never be under the illusion that those people are going to have an easy path. Assuming that those of us who are trying to support them help them; assuming we can stop all the pro-integrationist militias from oppressing the people, and we can get all the East Timorese back home, and they'll all be safe -- there will still be less than a million of them, with a per capita income among the poorest in the world, struggling to make a living for their children in an environment that is not exactly hospitable.

Now, does that mean they were wrong? No. Under the circumstances they faced, they probably made the only decision they could have. But wouldn't it have been better if they could have found their religious, their cultural, their ethnic and their economic footing -- and genuine self-government -- in the framework of a larger entity which would also have supported them economically? And reinforced their security instead of undermined it? It didn't happen; it's too bad.

But I say this because -- I don't think there are any general rules, but I think that, at the end of World War I, when President Wilson spoke, there was a general assumption, because we were seeing empires break up -- the Ottoman Empire, the Austro-Hungarian Empire; there was the memory of the Russian Empire; British colonialism was still alive in Africa, and so was French colonialism -- at that time, we all assumed, and the rhetoric of the time imposed the idea that the only way for people to feel any sovereignty or meaning was if they were independent.

And I think we've spent a lot of the 20th century minimizing the prospects of federalism. We all have recoiled now so much at the abuse of people because of their tribal, racial and religious characteristics, that we tend immediately to think that the only answer is independence.

But we must think of how we will live after the shooting stops, after the smoke clears, over the long run. And I can only say this, in closing: I think the United States and Canada are among the most fortunate countries in the world because we have such diversity -- sometimes concentrated, like the Inuits in the north, sometimes widely dispersed within a certain area, like the diversity of Vancouver.

We are fortunate -- because life is more interesting and fun when there are different people who look differently and think differently, and find their way to God differently -- it's an interesting time -- and because we all have to grow and learn when we confront people who are different than we are, and instead of looking at them in fear and hatred and dehumanization, we look at them and see a mirror of ourselves and our common humanity.

I think if we will keep this in mind -- what is most likely to advance our common humanity in a smaller world, and what is the arrangement of government most likely to give us the best of all worlds -- the integrity we need, the self-government we need, the self-advancement we need -- without pretending that we can cut all the cords that bind us to the rest of humanity -- I think more and more and more people will say, "You know, this federalism is not such a bad idea."

Thank you very much.

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