

**International Conference on Federalism
Mont-Tremblant, October 1999**

**Session 3A) IGR Theme Plenary: The Challenges of Intergovernmental
Relations**

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Thank you. I'd like to commend the Forum of Federations for hosting such a crucial dialogue, and for serving as a bridge between countries in the sharing of best practices and ideas on how to further the spread of federalism in the 21st century.

And I'd like to extend my sincere gratitude to my fellow panel members for joining in this very important discussion. I'm looking forward to hearing about all of your experiences, and bringing back many of your successful ideas to America, and in particular, the state great of Wisconsin.

As a young boy in Wisconsin, my father sat me down and gave me some sage advice.

He said, "Tommy, you have two ears and one mouth. Use them in that proportion and you'll do just fine."

It is the simplicity of my father's words that make them so profound. And as a young boy growing up in that small town, I took his common sense words very much to heart.

My father owned and operated the corner grocery store. Each week, Elroy's civic leaders would gather in the back of his store to debate the issues that affected the people of our community. Others in the community would make their opinions known when they stopped in for groceries or just some conversation.

It was in my father's store that I witnessed the very essence of democracy in action.

Sitting on a Gold Medal Flour crate, I listened intently as the people of our community worked together to solve the problems of the day – soaking in every word. I was impressed by how much my neighbors cared about Elroy and their willingness to give back to the community.

Each individual that passed through my father's store brought to the table their

own definition of public service. They sat and talked, and often argued, but they all wanted the best for the community.

They didn't ask what the government should be doing for Elroy. Instead, they rolled up their sleeves and developed common sense ideas on how they could build Elroy stronger with their own hands and their own resourcefulness. Power resting with the people, not the government.

Throughout my career in public service, I have attempted to incorporate those same common sense values and pragmatic philosophies of a "government by and for the people" into the decisions I make on a daily basis.

A common sense approach to the common problems of the common American has been the impetus behind American ingenuity for more than 200 years...and it continues to be the driving force behind Wisconsin's innovations and successes during the past decade.

But, before I delve into the great successes we've made in our Midwestern corner of the United States when the federal government gives us the freedom to innovate, I'd like to share a bit of the history of devolution that has brought us to today.

In 1776, the Declaration of Independence made each new state in America a separate and independent sovereignty and there was no other government of superior power or jurisdiction. However, the original 13 states recognized a strong national government was necessary to support common needs such as a strong defense. After several attempts to unify the states, a federal system was established to create a strong union while preserving the diversity reflected in individual states.

With great strength and vision, our forefathers added the 10th amendment to the constitution to relieve the fear that the federal government would become too powerful.

In the beginning, the 10th amendment performed this function quite well but over time it has been gradually dismantled and weakened, releasing the national government from virtually all restraint.

Fast forward to the year 1987. Since the day that I took the oath of office, I pledged to the people of Wisconsin that I would help to create a place that is not only the envy of other states, but other nations. And I knew the only way I could accomplish my goals was to be unshackled from the chains of the federal government.

My philosophy has always been one of devolution and power to the states.

Throughout our history, state and local governments have acted as the laboratories of democracy. Think of it, in the United States we're blessed with 50 laboratories of democracy, each one so many bright minds working inside. It's hard to believe the federal government would be so shortsighted as to think its ideas are closer to the people.

State and local governments continually amaze the American people with innovative and decisive action when they are allowed to flourish unfettered by excessive federal restraint.

It is critical we closely examine the relationship and responsibilities respective to our governing bodies, and review the impact the federal restrictions have on states' ability to govern effectively. More importantly, as we enter a new millennium, we must reinvigorate the partnerships among federal, state and local governments to ensure the American people, and people throughout the world, are the benefactors of a strong, united effort to address and solve the problems facing all of our countries.

The election of the 104th congress in 1994 furthered my push toward power to the states, as the contract with America emphasized the need for devolution as a common sense shift of selected responsibilities from Washington to the states – the place where its people live, work and raise their families.

But for all of the talk, there has been little action.

As governor, I have dealt with a wide variety of federal restrictions that prevent my state from reaching its full potential and advancing the best interests of our citizens.

From welfare reform to health care innovations, Wisconsin has become America's premier laboratory of reform, instituting dozens of innovative initiatives that have made our programs models for the nation. Yet, I continue to travel to Washington on bended knee to solicit the permission to implement our landmark reforms.

To further illustrate my point, I want to tell you a story that gets to the heart of the need for greater states' rights. It is a story where the last chapter has yet to be written.

The story is about a very talented individual in my home state. He is a proactive businessman, creating jobs and contributing to the quality of life by being active in his community. He is also severely disabled.

Here is man who wants to be, and is, working. But he is the exception, not the norm.

All across America there are thousands of disabled people willing and able to work, but are bound to a life in a wheelchair not only by their physical disability, but the federal government's inflexibility on Medicaid and Medicare rules that prohibit the disabled from entering the workforce without losing their health benefits.

Disabled Americans can contribute if given the chance. We just need to give them the opportunity.

I'm proud to say that Wisconsin is taking a lead through a revolutionary new program that would allow people with disabilities to work without losing their health benefits.

Its called Pathways to Independence, a Wisconsin program that can not be implemented without federal approval. Not surprisingly, shortly after we announced this landmark initiative the White House thought it was such a good idea they announced their intention to copy it at the federal level.

I've been told that imitation is the sincerest form of flattery. And I truly don't mind someone stealing the idea. But all I ask is that the federal government grant us the waivers to move forward with this program. Each day we wait, hundreds of jobs go unfilled.

That's just one example.

On April 25th, 1996, I signed into law Wisconsin Works, the nation's first welfare replacement program. And with the passage of Wisconsin Works, commonly called W-2, we sparked worldwide reform and opened a new door to unlimited opportunities.

Concurrent with our state efforts, Congress was looking to Wisconsin to help shape the federal legislation, which was to become the 1996 landmark Personal Responsibility and Work Opportunity Reconciliation Act. The day President Clinton signed the new federal welfare reform legislation, I personally submitted W-2 for federal approval.

Perhaps the power of welfare reform and importance of state's rights is best illustrated by the story of Michelle Crawford.

I first met Michelle as she was making the transition from receiving cash assistance under the old AFDC program into the self-sufficiency of W-2. She was a woman with little education who had been on welfare all of her life.

She was first hired as a janitor, which she didn't like, so she approached her supervisor about becoming a machinist. Her dad had been a machinist and it was something she always wanted to do. Her supervisor gave her the chance.

I asked Michelle to share her story of hope and determination during my state of the state address before the legislature and the people of Wisconsin. She told everyone a heartwarming story about how she was able to finally buy a Christmas tree and presents for her children.

She was so proud that she pointed to her children in the balcony and said, "I tell my kids, this is what happens when you do your homework."

Michelle closed her comments by pumping her fist in the air and saying, "I ask others to take a chance on W-2 workers. We won't let you down."

There wasn't a dry eye in the legislative chambers. That, my friends, embodies the power and the will that can be returned to the people who were once trapped in a cycle of welfare.

And at the same time as Michelle and thousands others like her rise out of the doldrums of poverty into meaningful work and a life of new beginnings, the state is realizing the tremendous benefits as well.

Our welfare rolls in Wisconsin have declined by more than 92 percent since 1987. Once there were 100,000 people like Michelle receiving cash assistance in Wisconsin. Today, that number has dwindled to less than 8,000.

W-2 was born out of a state's determination to break the status quo and the one size fits all mentality that permeates in Washington. The only way we will reach those remaining on cash assistance is to continue to think outside of the box, free from the federal government's marching orders.

One of the most important cornerstones of W-2 is health care. We realized that if we were encouraging individuals with children to enter the workforce, we needed to provide quality, affordable health care for children and their parents. But again, we couldn't do it without the permission of the federal government.

We waited and waited for the federal waivers, and our patience finally paid off. Today, we are signing up low-income working families for health care coverage under a new, first-of-its-kind program called BadgerCare.

This innovative program may reach as many as 64,000 parents and their children as they make a remarkable leap into self-sufficiency and success in the 21st century. Another great example of a state's ability to effectively determine the needs of its residents and deliver a program that is getting results.

It's with a similar self-sufficiency that states must be allowed to pave their own way in the new millennium free of a "you can't do that" attitude from the federal government.

We can do it. We are doing it. And I'd invite you to look at Wisconsin as the example.

The states have shown with limited experimentation the federal government has allowed that we can manage complex problems and put our ideas to work, perhaps doing the most important job of all – reconnecting people with their government.

Devolution will have a profoundly positive effect on the delivery of government programs and services as states compete with one another to devise the best systems. Its impact on the political process, however, will be equally profound as the effect restores people's confidence in their government.

Competition is just one part of allowing states to be innovative. Flexibility will also allow for the creation of new ideas that can be shared between states through "best practices".

Perhaps President Ronald Reagan said it best when he said, "Growth, prosperity and ultimately human fulfillment are created from the bottom up, not the government down. Trust the people.'

Quite clearly, the ideas that work are the ideas closest to the people – the ideas of the states.

The new century will present new challenges, each one unique to our respective states. Quite clearly, the best way to address these challenges is by implementing ideas that work, the ideas closest to the people, the ideas of the states.

Thank you.