

## LEAVING THE MIDDLE BEHIND— WISCONSIN'S TURNING POINT

—BY JOHN GURDA—

*We sent historian John Gurda across the state to size up where Wisconsin is today, what it is thinking and what it wants. The answer to that last question resonates loud and clear from the people he talked to...it's an answer you will hear throughout Refocus Wisconsin.*

Twenty-five years is not a particularly long time, even by American standards. A quarter-century is barely enough for a single generation to grow from infancy to adulthood—hardly an epoch in the annals of the republic. And yet in that blink of an eye, that snap of the fingers, the world can change on a multitude of levels.

Consider the shifts of the most recent quarter-century. In 1985, unless you were in the military, there were no cell phones, much less cell phones that took pictures. There were no iPods, no DVDs, and the first minivans were still under warranty. Some fixtures of American life have slipped beneath the waves since 1985—typewriters, card catalogs, long-distance bills—and we have grown accustomed to such new features as Google, bar codes, and Viagra.

From the technological to the pharmaceutical, these innovations are global in nature, but there have been equally impressive developments on the state level. Wisconsin has experienced transformative changes in the

last quarter-century, tectonic shifts that have moved the state materially from its traditional base. Even 25 or 30 years ago, it was possible, if you didn't look too closely, to maintain an image of Wisconsin rooted in the 19th century. For decades there were nearly as many cows as people in the state, and the standard postcard of America's Dairyland was a bucolic scene of contented Holsteins grazing in spring-fed pastures under a clear blue sky.

But the Dairy State was also a factory state, a capital of enterprise and innovation that gave a waiting world the outboard motor, the all-steel automobile frame, the rubber-tired tractor, the NESCO roaster, and enough beer to float a fleet of battleships. Wisconsin's industrial stronghold was Milwaukee, a quaintly Socialist enclave of "Old World charm and New World vigor," with cozy corner taverns serving as communal living rooms for an army of skilled workers who delivered an honest day's work for an honest day's pay.

Wisconsin's ethnic heritage seemed just as

well defined. In the popular imagination, the Norwegians were safely ensconced in Westby and Stoughton, the Swiss in New Glarus, the Germans in a hundred communities throughout the state, and the resident Indian tribes dwelt in picturesque isolation on their reservations. There were minorities in the larger cities, to be sure, but they seldom traveled beyond their home communities. The state's European imprint was unmistakable.

In the political arena, we prided ourselves on a tradition of fierce independence and legislative innovation. Wisconsin was a much-watched and rarely predictable laboratory of social change, the birthplace of such concepts as the direct primary and worker's compensation, school choice and welfare reform—and the Republican Party. We were the home of Joe McCarthy but also of Gaylord Nelson, a state whose voters have embraced mavericks from Bill Proxmire to Russ Feingold.

Wisconsin was, in short, a state that worked: a stalwart member of the Union with a solid economy, a solid citizenry, and a solidly distinctive political tradition.

Wishful thinking and a generous dose of hyperbole shaped the popular image of Wisconsin, but whatever kernel of truth underlay the prevailing stereotypes has eroded almost beyond recognition. There is not the slightest doubt that the Badger State has undergone a sea change in the last 25 or 30 years—agriculturally, economically, demographically, and politically. On a potentially overwhelming number of fronts, Wisconsin is in such a different state today that a resident returning after a few decades away might mistake it for a different state.

Some of the changes are evident in the

landscape itself. No one who travels Wisconsin can fail to notice how commerce has migrated from Main Street to the edge of town, generally coalescing around big-box retailers oriented to the nearest four-lane highway. The national retailers offer more goods under a single roof than small-city downtowns can under dozens, and the state's historic retail districts are reduced to a mix of antique shops, real estate firms, and the occasional restaurant. The pattern extends far beyond places like Plymouth and Richland Center. Most of the business once done in the center of Green Bay has migrated to suburban Ashwaubenon, just as much of Stevens Point's commerce takes place in neighboring Plover. The same scenario plays out from Racine to Wausau.

Other changes in the landscape are more subtle. Wisconsin is as large today as it was at statehood in 1848, and corn, soybeans, and alfalfa are still ubiquitous in most counties, but less and less land is devoted to agriculture—18 percent less between 1980 and 2008 alone. The number of farms supported by that land has dropped just as fast, falling from 93,000 in 1980 to 78,000 in 2008. Although Wisconsin still leads the nation in cheese production, California became America's largest supplier of milk in 1993. Ironically, more and more Wisconsin dairy farms are assuming California-scale dimensions. The average dairy herd has soared from 40 head in 1980 to 99 in 2010, and a growing number of farms are classified as Confined Animal Feeding Operations, or CAFOs—industrial-sized enterprises that milk thousands of cows around the clock in facilities as large as airplane hangars. CAFOs are technically still farms, but not in any sense that Thomas Jefferson would recog-

nize: The yeomen have become hired men. As the transformation continues, the iconic red dairy barn of tradition is gradually becoming an architectural antique, filled with horses, boats, or nothing at all.

Commercial sprawl and a new era of agribusiness have both dramatically altered the landscape of Wisconsin, but they are by no means the dominant developments of the last quarter-century. Other changes are so broad that they rise to the level of social trends, remaking not only the landscape of the state but our common life as a people.

Three trends stand out from the rest: the catastrophic decline of manufacturing, the globalization of Wisconsin's populace, and the growing gap between government and the governed. What they have in common is the loss of a shared center, a departure from common experience and civic consensus. Any of the major trends would alter the fundamental character of the state, but together they amount to a quiet revolution. Each merits fuller explanation.

**THE DECLINE OF MANUFACTURING**

Walk with me along Milwaukee's North Thirtieth Street industrial corridor. A single railroad track threads its way from Highland Boulevard to Congress Street, running through a concrete canyon at first and then at street level for nearly four miles. With the exception of the nearby Menomonee Valley, there was once no greater concentration of industry in

the city and perhaps the state. The Thirtieth Street corridor and its multiple sidetracks formed a sort of horizontal trellis on which scores of enterprises took root and grew. Some were national or even global in scope: Miller Brewing, Harley-Davidson, A.O. Smith (car frames), Evinrude (outboard motors), Cutler-Hammer (electrical controls), Master Lock

(padlocks), Fuller-Warren (stoves), Koehring (concrete mixers), and Interstate Drop Forge (industrial forgings). Other companies on the corridor manufactured everyday necessities like chairs, luggage, ink, doors, bedsprings, light bulbs, rope, and paint. Still others turned out what might be considered specialties: church statuary, potato chips, casket trim, pipe

organs, pool tables, and even burial shoes—slippers, essentially, that were not built for heavy wear. Together these industries, large and small, employed tens of thousands of workers.

Those workers would not recognize the Thirtieth Street corridor today. Miller Brewing and Harley-Davidson still anchor the south end, but Miller, the last major brewer in the city, has merged with Coors and moved its headquarters to Chicago. As you travel north of this historic pair, the scene becomes progressively bleaker. Ghost signs in various stages of decay proclaim "Cabinet Makers," "Plate Glass," and "Dies, Jigs, Molds and Fixtures." Graffiti cover every bridge abutment, and the banks are strewn with garbage: TVs, bicycles,

mattresses, tires, and enough bottles and cans to fill a hundred Dumpsters. A handful of the old establishments, notably Master Lock at Center Street, are still operating, but the padlock plant employs only a fraction of the 1,300 workers who once labored there. Some of the corridor's smaller shops have been converted to day care centers or churches, while their larger neighbors have been vacant for years, windows gone and roofs collapsing. You might be surprised to encounter deer and songbirds in this urban no-man's-land as nature quietly reasserts its dominion.

In the mile north of Townsend Street, you traverse a land of fallen giants. The former Evinrude plant is sealed up as tight as a medieval fort, and likewise the Interstate Forge shop. Cutler-Hammer (Eaton) still does research and development work in its office tower, but the firm's sprawling factory complex now houses a smaller manufacturer. The saddest sight of all is the former A.O. Smith factory south of Capitol Drive. In the years after World War II, soaring demand for car frames and other products swelled the Smith complex to more than 100 buildings on 140 acres of land; the fence tracing the plant's circumference was more than two miles long. The company's payroll swelled accordingly, rising to a peak of nearly 9,000 workers who kept the plant humming 24 hours a day. Many of them were African-Americans earning, for the first time, union wages in a union town.

The end came with surprising speed. A.O.

Smith was rocked by the recession of the early 1980s and practically capsized by the automotive industry's switch from steel frames to unibody construction. In 1997, the frame business and the entire North Side plant were sold to Tower Automotive, whose efforts to resuscitate the enterprise proved unsuccessful. After the all-too-familiar progression from layoffs to

wage cuts to bankruptcy, the plant was shuttered in 2006—the largest in a long line of fatalities along Thirtieth Street.

Some valiant attempts at redevelopment are under way, both within the Smith

complex and along the corridor as a whole. The programs, most involving sizable outlays of public funds, have generated some results, but no one is predicting a return to the glory days of A.O. Smith, Evinrude, and Cutler-Hammer. As the buildings decay and the garbage accumulates, the Thirtieth Street industrial corridor has a post-apocalyptic feel. An old order has vanished; a new one has yet to materialize.

**"AVAILABLE"**

Thirtieth Street is hardly an isolated case. Its story, in fact, is a microcosm of what is occurring elsewhere in Milwaukee and indeed throughout the state. The most accurate poster for Wisconsin's current manufacturing climate would feature a closed industrial plant with a sign out front declaring the property "AVAILABLE." Weeds now sprout in the acres of asphalt surrounding the massive General Motors

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complex in Janesville—a factory that once employed 7,000 area residents—and the parking lots around the Delphi plant in the Milwaukee suburb of Oak Creek are just as overgrown. But the job losses are by no means confined to the larger cities. From the Crepaco plant in Lake Mills to the Cummins factory in Wautoma to the NewPage paper mill in tiny Niagara, the decline of industry has been general and generally disruptive, if not disastrous. In 1979, before a recession that ravaged the industrial sector, 583,000 of Wisconsin’s workers were engaged in manufacturing—27 percent of the total. By 1983, the state had shed 123,000 of those jobs, a drop of 21 percent in just four years. Despite an encouraging rebound that lasted through most of the 1990s, employment began to fall again in 2000. By 2008, the manufacturing sector provided 476,000 Wisconsinites with jobs, and their share of total employment had fallen to 16.3 percent.

Metropolitan Milwaukee, the state’s industrial pacesetter for generations, has set the pace for its decline as well. The number of Milwaukee manufacturing jobs plummeted from its historic high of 220,200 in 1979 to 115,100 in 2009—a drop of 48 percent in three decades. The proportion of the metropolitan workforce employed in manufacturing sank to 14.2 percent during the same period—a cataclysmic fall from its peak of 56.9 percent in 1951.

**Offshore Winds**

The roots of the devolution are not difficult to trace. Wisconsin’s economy came of age with the wind at its back. The currents of enterprise and ingenuity flowed directly through the Midwest in the late 1800s, drawing people with little to lose and everything to gain. By 1900, as hundreds of shops turned promising ideas

into prosperous realities, metal-bending had become Milwaukee’s most important industry, and manufacturers from Beloit to Green Bay to Superior were hiring workers by the thousands. Milwaukee proclaimed itself the “Machine Shop of the World,” and Wisconsin became the western province of an industrial heartland stretching east through Chicago to Detroit,

Cleveland, Buffalo, and Pittsburgh.

That pattern held, through booms and busts, for the next eight decades. Then, not many years ago, the wind began to blow in a different direction: offshore. Since the late 1970s, local jobs and local dollars have been migrating to lower-wage producers all over the globe, most recently and most notably to China. Once the stuff of think-tank papers and economic summits, the “global economy” became an established reality. As China sought to become the world’s factory floor, even the oldest of old-line manufacturers were drawn to its promise of comparable quality at sharply lower costs. The Actuant Corporation, formerly Applied Power, was once a hydraulic-tools

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giant owned by the Brumder family, a pillar of Milwaukee’s German aristocracy. All of Applied Power’s production took place in a single factory in West Allis. Today’s Actuant is a multi-national, multi-line conglomerate whose sourcing staff in China outnumbers its entire corporate staff in Milwaukee.

The wonder is that, even after years of steady attrition, Wisconsin still retains a strong manufacturing base—relatively speaking. The state has lost industrial jobs, but other states have lost them much faster. Although payrolls are a fraction of their former size, Wisconsin had America’s highest concentration of manufacturing jobs (15.8 percent) in 2009, and Milwaukee (14.2

percent) is second only to San Jose among the nation’s largest metropolitan areas. Globalization, to coin a phrase, is a global phenomenon. As the world develops a single central nervous system, geography has lost much of its relevance, and Wisconsin and Milwaukee are left with larger portions of a shrinking pie.

The fact that the dislocations are so widespread makes them no less painful. As a maker of place, nothing trumps the economy. A community’s setting might be glorious and its weather grand, but no one—with the exception of the exceptionally affluent—settles there without some means of financial support. For countless Wisconsinites, manufacturing supplied that means. It was their surest and often their only route to the middle class: the source of down payments for their homes, cash for

their cars, and tuition checks for their children. Generations of workers grew up and grew old working for the same employer, starting as apprentices fresh out of high school and staying until retirement.

Absolutely no one has those expectations today. It has taken only three or four decades for the possibility of lifetime employment to vanish, but it has vanished forever, and nothing, really, has replaced it. What the last generation of Wisconsinites took for granted seems as distant today as the era of spinning wheels and kerosene lanterns. Even 25 years ago, some state residents were at least mildly uncomfortable with the beer-and-brats image rooted in our

blue-collar ethnic heritage; it was too lowbrow for comfort, too déclassé. Now they’d give anything to have those industrial jobs back. Legions of dislocated workers have struggled to land lower-paying employment, and prevailing wages for the manufacturing jobs that remain have fallen steadily. In constant dollars, the average annual wage for Wisconsin production workers dropped from \$44,669 in 1978 to \$38,007 in 2008—a decline of 15 percent during a period when white-collar jobs were posting impressive gains.

**The Story of Willie Boston, Jr.**

Return with me to the Thirtieth Street industrial corridor. If you walk the blocks east of the old A.O. Smith plant, you might see Willie Boston, Jr. sitting on the front porch of his



tidy bungalow. Born in Oxford, Mississippi, Boston is a sharecropper's son who moved with his family to Milwaukee when he was 10. His father worked in construction, but Boston got a job at A.O. Smith in 1968, beginning as a laborer but spending most of his career as a welder. By the time he retired in 2003, Boston was earning \$23 an hour, with full health insurance benefits, a solid pension plan, and six weeks of vacation. His children have not fared as well. Willie Boston's son was passed over by Smith's hiring department because he lacked a high school diploma. He became a long-haul trucker, earning far less than his father. Boston's daughter is a child-care worker making \$7.50 an hour.

A father's opportunities are not passed on to his children. The ladder to the middle class loses its lower rungs. "Entry level" is redefined as low-wage, dead-end employment, and, in the lengthening gaps between jobs, a permanent underclass grows. What is Willie Boston's prognosis for the younger generation? "I feel sorry for 'em," he says. "You can't make it on \$7.50."

### THE CHANGING FACE OF WISCONSIN

When Shoua Thao came to Wisconsin from Southeast Asia in 1979, he was a 15-year-old refugee who spoke very little English, had never experienced winter, and had no idea who the Green Bay Packers were. Thao had, in fact, never heard of American football; soccer was the game of choice in the Hmong refugee camp where he had lived previously. During the Vietnam War, his father, a farmer in the northern highlands of Laos, was recruited by CIA operatives to fight on America's side. He rose to the rank of lieutenant, leading other

Hmong soldiers into battle against the Communist forces. When the United States pulled out of the region in 1975, Hmong partisans who had fought in the "secret war" were left behind and singled out for persecution by the victorious Communist regime. Shoua Thao and his family were forced to live in the jungles of Laos for months at a time, subsisting on rice and, when the rice ran out, wild plants. In 1978, Thao and an uncle struck out on their own, crossing the dangerous Mekong River at night to the relative safety of a camp in Thailand.

America finally acknowledged its debt to these endangered allies. After varying lengths of time in the crowded camps, most Hmong refugees were resettled in the United States. Catholic and Lutheran agencies, traditionally strong in the upper Midwest, took the lead in resettlement efforts. As a direct result, Minnesota and Wisconsin today trail only California in the size of their Hmong populations. Shoua Thao and a brother were sponsored by a Beaver Dam church group in 1979. They moved to Madison, where Shoua graduated from high school, and then to Green Bay, which has become the home of their parents and siblings as well. As a member of the first wave, Thao has spent his career helping later arrivals adjust to life in Wisconsin, first as an employment specialist for a state-sponsored refugee program and currently as a bilingual aide for the Green Bay school district.

Shoua Thao is one of an estimated 5,000 Hmong residents in the Green Bay area, but Titledown is hardly the group's only settlement in Wisconsin. His story, or a variant of it, is repeated all across the state. Although Milwaukee has the largest concentration, there are

significant Hmong communities in Wausau, Madison, Sheboygan, Appleton, La Crosse, Eau Claire, and a number of smaller cities—all established by refugees who helped American forces in Southeast Asia and suffered exile as a consequence. More than 50,000 strong—enough people to fill La Crosse and then some—the Hmong have become the largest Asian group in the state.



The Hmong also illustrate a larger point. Just as globalization has remade the Wisconsin economy, it is remaking the state's population as well. In the last 25 or 30 years, newcomers have arrived from all over the world, updating and transforming our inherited ideas of ancestry. As might be expected, the trend is most pronounced in Milwaukee. Large cities have always been major points of entry for new arrivals, and few cities have received more, in proportional terms, than Wisconsin's metropolis. In 1890, immigrants and their children accounted for 86.4 percent of Milwaukee's population, making it the most "foreign" city in America. In recent decades, the city has resumed that tradition with an entirely different cast of characters.

South Sixteenth Street provides a perfect example. In the 1970s, fresh out of college, I worked at a youth center on the street called

Journey House. The near South Side in those years was what a later generation would describe as "Anglo"—filled with non-Hispanic whites from a variety of European backgrounds. The families who used our center were uniformly blue-collar, and many of them had moved from elsewhere in Wisconsin—Two Rivers, Cascade, Sturgeon Bay, Phillips—to take advantage of Milwaukee's abundant factory jobs.

### Burgers to Tacos

More than 30 years later, Sixteenth Street bears almost no resemblance to its earlier incarnation. The Driftwood Restaurant, where we used to gather for greasy burgers and chocolate shakes, is now Taqueria Jalisco. Karpek's Accordion Store has become Super Mercado La Hacienda. Schupp's Radio Shop—an antique even in the 1970s—is now El Tianguis clothing store. Between Pierce Street and Greenfield Avenue, Sixteenth is lined with restaurants, money-order shops, and other businesses with names like El Pollo Feliz, El Punto, Los Comales, La Ley, Las Reynas, El Charro, and the biggest, Mercado El Rey—a grocery store and restaurant whose new quarters cover most of a block. From The Happy Chicken to The King, the blocks I knew in the '70s have become the Main Street of Latino Milwaukee. A stroll down Sixteenth today is like a visit to the Mexican border. Spanish is the dominant language, and local stores offer a daunting variety of peppers, piñatas, soccer shirts, and cowboy hats. In 1996, the street's name was officially changed to Cesar Chavez Drive, in honor of the Mexican-American labor leader.

Although its Latino imprint is most obvious, Milwaukee's near South Side is hardly monolithic. There is a Hmong store on Chavez

Drive, and the surrounding residential areas are a cosmopolitan blend of African, Southeast Asian, Native American, and European ancestries as well as Hispanic. In 1967, protesters led by Father James Groppi marched down all-white Sixteenth Street to demand an ordinance banning residential segregation. More than 40 years later, open housing on the South Side is an accomplished fact.

The pattern of diversity has become general. Milwaukee itself became a “majority minority” city in the late 1990s. Its African-American population—a presence since the 1830s—swelled to 37 percent of the total in 2000, and other non-European groups have rounded out the majority. They include newcomers

from the Middle East and Africa as well as Latin America and Southeast Asia—groups that have broadened the area’s religious profile significantly. The Islamic Society of Milwaukee purchased an old public school on the far South Side in 1982. It has since blossomed into a full-service institution with two imams (religious leaders) and a school accommodating 700 students from kindergarten through high school. In 1968, Milwaukee’s Muslims gathered for the annual Eid prayers in an apartment. Today the services draw nearly 6,000 people, and the entire Muslim community is at least twice as large. Its members constitute a virtual league of nations, tracing their lineage to Pakistan, India, Palestine, Egypt, Iraq, Lebanon, Syria, Afghanistan, and such disparate locales as

Burma and Somalia.

The suburbs, too, have felt the cultural shift. The Hindu Temple of Wisconsin opened on a 20-acre parcel in Pewaukee in 2000. After outgrowing an old bank building in the Bay View neighborhood, the Sikh Temple of Wisconsin relocated to Oak Creek in 2007. Shorewood and its North Shore neighbors experienced

the trend even earlier. In the late 1980s, when the Soviet Union began to ease restrictions on the movement of its Jewish citizens, a flood of the disaffected reached America’s shores. They settled virtually everywhere an American Jewish community was there to receive them, including Milwaukee. Nearly 4,000 Soviet Jews started over in the metropolitan area, most

of them beginning in Shorewood. They have since spread as far north as Mequon, but Russian is still the dominant language in a number of Shorewood apartment buildings.

As metropolitan Milwaukee assumes a broader ethnic identity, the rest of the state has begun to look more like Milwaukee. In Jefferson, the self-proclaimed “City of Gemuetlichkeit,” where the cemeteries have their share of Moldenhauers and Haubenschilds, at least 7 percent of the population—and more than 12 percent of public school enrollment—is Hispanic. The biggest restaurant on Main Street is El Chaparral, “House of Authentic Mexican Food.” In Portage County, generations of Polish farmers brought their produce to market on the public square in downtown

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Stevens Point. The farmer’s market is still going strong, but today’s vendors are more likely to be Hmong than Polish. Even Madison, a city whose diversity was once supplied by international students on the University of Wisconsin campus, has developed a demographic profile that older residents might find surprising: 6.4 percent African-American, 6.2 percent Asian, and 5.9 percent Latino in 2005. Some of the larger trends of the last quarter-century have begun to intersect. As Wisconsin’s dairy herds increase in size, there has been a corresponding increase in the immigrant labor force. Latinos make up nearly 60 percent of the dairy workers on farms with over 300 cows—a total of more than 5,000 people.

The numbers for the state as a whole are revealing. Between 1980 and 2008, African-Americans grew from 3.9 percent of Wisconsin’s population to 6.1 percent, Asians from 0.4 to 2 percent, Native Americans from 0.6 to 1 percent, and Hispanics from 1.3 to 5.1 percent. These traditionally defined minorities accounted for 14.2 percent of the state’s population in 2008—a sharp increase from 6.2 percent in 1980. You can still celebrate Syttende Mai with the Norwegians in Stoughton, observe Cesky Den with the Czechs in Hillsboro, and enjoy Oktoberfest with the Germans in Milwaukee and elsewhere, but other players have taken their place at the table.

The implications for the state—social, political, and economic—are still emerging. At the very least, the presence of so many different cultures is forcing other residents to recalibrate their ideas of what it means to be a Wisconsinite. The Badger State was once a polyglot’s paradise, but the languages its citizens spoke were practically all European. Today’s context

is global, and the state’s population, no less than its economy, reflects forces that are international in scope. How well the natives and newcomers are adjusting to each other remains open to question. There have been relatively few incidents of open conflict between the older groups and their more recently arrived neighbors, but there has also been relatively limited interaction and even less assimilation.

For their part, many of the new Wisconsinites are doing precisely what the generations before them did: getting on with the business of becoming American. Shoua Thao, the Hmong refugee who began this account, is a case in point. He now lives on 24 acres near Denmark, a small town southeast of Green Bay. The Danes who established the village could not have foreseen such a development, but Thao has adapted to his host culture with alacrity. He has become, among other things, a devout Packers fan. As a self-described “tiny little guy,” he’s too short to follow the action at regular games, but the refugee attends practices regularly, collects autographed footballs, and owns green-and-gold jerseys bearing the names of Aaron Rodgers, Donald Driver, and A.J. Hawk. Every Friday during the football season, he wears one of those jerseys to his job in the Green Bay schools. “The kids love it,” says Thao, and so, obviously, does he.

**GOVERNMENT VS. THE GOVERNED**

The veteran lobbyist has seen it all. Wisconsin’s Capitol has switched from Democratic to Republican and back again multiple times during his long career, hundreds of legislators have come and gone, and the body of statutes has grown substantially. But he has never seen anything quite like the current situation in

Madison. “The endgame,” he says, “used to be to get the job done, do your business, and go home. Now the endgame is to stay in power.” When the lobbyist began to walk the halls of the Capitol in the 1960s, legislators had other things to do. The Wisconsin Senate, for instance, met on Tuesdays, Wednesdays, and Thursdays so that its members could get back to their regular jobs. Unless they were committee chairs, the senators had no offices. Five of them shared a single secretary, and the members of this august body were paid \$300 a month.

The days of the part-time legislator are long gone, and with them the days of the \$1,000 political campaign. Getting elected—and staying elected—has become a full-time job, requiring the support of skilled staff members, a sophisticated party apparatus, and constant fund-raising. The professionalization of politics has not necessarily produced better government. The need to stay in power, in fact—the need to win at all costs—has been a major factor in the growing partisan divide of the last decade or two. Republicans and Democrats line up on either side of the ball like football players with a grudge, intent on doing maximum damage to each other. Politics has become a blood sport, with no quarter given and none asked.

In this charged partisan atmosphere, even symbolic measures take on an emotional weight that may exceed their true importance. During a recent Assembly session, Democrats

planned to introduce a resolution commemorating the fatal shooting of seven Milwaukee strikers by state militia troops during the 1886 demonstrations for the eight-hour day. Even though the marches occurred nearly 125 years ago, some Republicans took vigorous exception to the proposal. The Democrats then noted that the Assembly parlor contained a

portrait of Jeremiah Rusk, the Republican governor who ordered the militia to “fire on them” in 1886. They requested that the painting be removed from its place of honor, which drew more howls from the Republican side. Rusk remained on the wall, but Democrats received the Assembly speaker’s permission to drape the portrait in black cloth. Such political sideshows may be diverting, but they indicate a serious inability to get along.

**Toxic Partisanship**

You have to go back to the 19th century to find a climate more vituperative. In the 1830s, it was not unusual for one Wisconsin politician to blast his opponent as a “whiffling, hypocritical pimp” and to be castigated in turn for his own “impotence and imbecility.” Office-seekers questioned each other’s ancestry as well as their integrity, and disagreements sometimes escalated to the point of physical violence. Even if today’s duels are only rhetorical, the return of partisan enmity has not been a positive development for the state. There are certainly people of talent and vision in the Wisconsin

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Legislature, but even they are drawn inextricably into the us-vs.-them polarity. A political variant of Gresham’s Law begins to take hold. Just as bad money drives out good from the marketplace, the bitterly partisan tenor of state government discourages people of intelligence and equanimity from getting involved. The current environment seems to favor those with fixed ideologies and a taste for combat—and without a nuanced, patiently cultivated understanding of how government really works.

It goes without saying that these trends are not limited to the Badger State. The professionalization of politics, the rise of toxic partisanship, and the monetization of campaigns are as apparent in 49 other statehouses—and in the U.S. Capitol—as they are in Madison. But Wisconsin’s climate shows the influence of factors particular to the state. The first is a traditionally high expectation of our public servants. During the Gilded Age of the late 19th century, political corruption was as prevalent in Milwaukee and Wisconsin as it was in most other sections of the country. That changed with the rise of the Socialists in Milwaukee and the Progressives in Wisconsin.

Victor Berger, the chief architect of the city’s Socialist movement, was fond of saying that honesty was the highest quality to which a Democrat or Republican could aspire. “With us,” he crowed, “this is the first and smallest requirement.” Robert La Follette and his fellow

Progressives placed a similar emphasis on moral probity. The result was a squeaky-clean ethical climate that became normative throughout the state and persisted long after the third-party movements had lost their vigor.

Wisconsin’s sky-high expectations have been rudely disappointed in recent years. There had been earlier lapses, but a perfect storm hit the state between 2000 and 2002. Mayor John Norquist of Milwaukee confessed to a “consensual sexual relationship” with a female staffer. Milwaukee County Executive Tom Ament and the County Board approved a stunningly generous pension plan for non-union employees. In Madison, legislative leaders

Chuck Chvala, a Democrat, and Scott Jensen, a Republican, were indicted for putting public employees to work on behalf of candidates supported by their respective caucuses. Back in Milwaukee, one alderman faced prosecution for misappropriation of federal funds, and two more would follow. All of these misdeeds took place in a period of less than two years. The caucus and pension scandals might not have raised many eyebrows in Chicago, Providence, or Atlantic City, but they prompted a massive backlash in Wisconsin. Tom Ament and John Norquist resigned, seven Milwaukee County supervisors were recalled, and a number of politicians in Milwaukee and Madison went to jail. The normally placid waters of Wisconsin politics were roiled beyond recognition, and the ship of state seemed utterly adrift. A sense



of direction, or at least stability, finally returned, but not before many Wisconsinites had developed grave misgivings about their state's political course.

If some public officials have been major disappointments, so have some public institutions. Wisconsin has traditionally considered itself a state that works, and innovations

like the Wisconsin Idea, which brought the resources of the university to bear on matters of public policy, encouraged a widespread belief in the efficacy of government. Fewer residents share that belief today.

In the statewide poll taken for this project, 43 percent of those questioned think the state government is doing only a fair job and a full quarter rated it poor.

From exorbitant cost overruns on computer systems to a troubled child welfare system, individual units of state government are patently not working, but Exhibit A for the disenchantment is the Milwaukee Public Schools. Despite some individual successes and a number of exemplary programs, MPS as a whole has been unable to turn around its dismal record of student achievement and find a sustainable solution to the problems of urban education. The system's leaders resemble a group of mechanics watching a vehicle hopelessly mired in the mud. They can come to only one conclusion: "Yup, she's stuck, all right." As they continue to pour gas into the tank, the wheels keep spinning, and the taxpayers at the pump wonder what they're getting for their money.



Taken together, the forces shaping Wisconsin's public life have opened a distinct gap between government and the governed. The divide reflects, to an important degree, the culture of partisan competition that has seized the Capitol—the I'm-right-and-you're-nuts school of political discourse that seems endemic there. State politics in the 21st century

has come to resemble a gigantic rugby scrum, with each side pushing blindly toward its goal—total subjugation of the opponent—rather than serving the interests of the people. When you add a few players flagrantly

breaking the rules and a stadium showing signs of poor upkeep, the game becomes both grimmer and less engaging. Spectators stay away, and even the roster of participants thins to the diehard partisans.

These patterns reflect the more general disengagement from civic life so painstakingly analyzed in Robert Putnam's *Bowling Alone*, but they are particularly painful to observe in Wisconsin. Earlier generations of state residents shared a view of government as a basically collaborative "us." With the rupture of trust that has taken place in recent years, more and more Wisconsinites see government as a fundamentally predatory "them." That shift in perspective, that loss of faith, may be the most troubling trend of all.

**SEARCHING FOR THE CENTER**

Wisconsin is not on the verge of collapse. You can still find excellent Swiss cheese in Monroe

and first-rate bratwurst in Sheboygan. You can still canoe the broad Wisconsin River, stroll along the gin-clear waters of Lake Superior, and bicycle on one of America's most extensive networks of dedicated trails. The economy, too, has its share of stand-outs, from Milwaukee giants like Johnson Controls and Northwestern Mutual to the biotech firms on the west side of Madison. Wisconsin's distinctive blend of landscapes and its equally distinctive blend of cultures make the state unlike any other in the nation.

Wisconsin is not on the verge of collapse, but it is in the throes of change—pervasive and fundamental change that has forever altered our traditional understandings. The pillars of an older order have crumbled.

Our manufacturing economy has shredded, our sense of peoplehood is being transformed, and our faith in our democratic institutions and the people who lead us has eroded. What these and other trends of the last quarter-century have in common is their direction. In ways both literal and metaphorical, Wisconsin is leaving the middle behind. As commerce moves from the heart of our communities to the edges, the middle is left behind. As the state's farms become fewer and larger, mid-sized operations are disappearing. As the supply of family-supporting industrial jobs dwindles by the year, our middle class becomes a threatened species. As the state's accent shifts from a European amalgam to a broader Babel, the cultural

middle is increasingly difficult to locate. As polarization grips Wisconsin's Capitol, middle ground of any description is conspicuously absent. On a multitude of levels, the center has not held.

These matters are, or should be, of grave concern to every Wisconsinite, wherever he or she resides on the political spectrum. The economic trends endanger our very livelihoods. Our growing diversity could be enriching, but only if older groups see the presence of new cultures as an opportunity rather than a threat. The political trends imperil the continued health of our civil society. All of these shifts cry out for attention, but we have been, for generations, a state short

on urgency and light on outrage. There is a phlegmatism abroad in the land, associated by stereotype with the solid, stolid burghers of central Europe who sent their progeny to America's heartland. But ignoring the trends will not diminish their impact. In some respects, Wisconsin has come to resemble a dinosaur that's grown so large and cumbersome that its tail is half-eaten before its brain senses a problem. The result, later or sooner, could be the extinction of our economic and cultural viability, of our capacity to hold our young and look after our old.

We are left, in the end, with questions. How can Wisconsin preserve the manufacturing jobs it has and create new opportunities for the next

*“State politics in the 21st century has come to resemble a gigantic rugby scrum, with each side pushing blindly toward its goal—total subjugation of the opponent—rather than serving the interests of the people.”*

generation? As the global economy reshapes our workforce, how can we avoid the perils of a permanent underclass? As we become a state of many peoples, how can we remain one people? Will we be able to enlarge our concept of the commonwealth to embrace citizens from all over the globe? Can we forge even the most rudimentary political consensus? Will we ever again develop statesmanlike centrists like Warren Knowles and Patrick Lucey—and the climate that nurtured them? And the biggest question of all: How can Wisconsin recover its past greatness as a stronghold of innovation, a wellspring of cultural vitality, and a laboratory of democracy?

The state has indeed changed enormously in the last quarter-century. Old assumptions have been upended, and troubling new questions have been raised. Although Wisconsin’s changing ethnic profile presents definite opportunities, the major trends have been experienced by most residents as a movement downward—in their quality of life, in their satisfaction with government, and in their prospects for the future. But the gathering crisis has so far been met with a collective shrug. It is the purpose of this report to call Wisconsinites to awareness and then to action, because it is only through informed awareness and concerted action that our state can reclaim its place in the nation’s vanguard. It is only through knowledge and hard work that we can, after so many years of attrition, make our next quarter-century a time of change for the better.

In the papers that follow, one theme seems to rise above the rest: Wisconsin is in desperate need of bold, honest, and energetic leaders—leaders who will put the interests of the state above the state of their campaign funds. Party does not matter, gender does not matter, color does not matter; the essentials are a passion to serve and a long-term perspective. While many of the forces transforming our state are global in scope, it becomes clear that our politicians have been unable to shelter their constituents from the storm. Stale thinking and uninspired half-measures

have been the order of the day in Wisconsin, while leaders elsewhere have moved decisively to meet new challenges and seize new opportunities. It is still possible to build a sound future on the solid foundation of our past. The people of Wisconsin require—and deserve—no less.

*“In the papers that follow, one theme seems to rise above the rest: Wisconsin is in desperate need of bold, honest and energetic leaders...”*



## *Government reform*

## THE STATE CRISIS AND NEED FOR A NEW CHARTER

— BY STEPHEN GOLDSMITH WITH JAYSON WHITE AND RYAN STREETER —

*Stephen Goldsmith, the transformative former mayor of Indianapolis and someone who studies government, offers us some truly innovative ideas on how to change and adapt our state government. Based on the polling done for this report, it could not come fast enough. Wisconsinites want bold innovation. With charter government, Mr. Goldsmith offers it.*

### OVERVIEW

The American political system—with its system of checks and balances and unique division of responsibilities among federal, state and local authorities—has created the conditions for an unprecedented expansion of personal wealth and political freedoms. However, the recent growth of government’s size, scope and impact on both the private sector and the political process threatens to weaken, and even reverse, these remarkable gains.

Despite our successful form of government, our prosperity is increasingly endangered by a public sector that has grown overly expensive, decreasingly effective, less responsive to the interests of citizens and excessively controlled by special interests. Government bureaucracies have become ossified and resistant even to marginal improvement. The types of disruptive innovation in the private sector that deliver increasingly better products at better prices have become effectively outlawed in most of

the public sector.

We have entered a new era of big, muscular government. Political leaders believe that no problem is too complex or too costly for government to address. Citizens, now more accepting of government’s rapidly expanding mission, have come to expect far more from the state than they are willing to pay.

As a result, the ability of government to execute its core tasks efficiently, alongside the size of public debt, threatens to compromise the quality of life and America’s future prosperity in a fundamental way. What is needed to reverse this is a bottom-up assessment of how government operates, agreement on the national priorities government should address in the future, and a realignment of government resources and activities to efficiently address these priorities.

But as dysfunctional as government has become, it would be a mistake to overlook political leaders, government workers and citizens

as allies and advocates of reform.

Americans understand the seriousness of the need for a new approach to government, and Wisconsin residents in particular appear to be even more clued in. Nearly two-thirds of Americans believe that the nation is on the wrong track.<sup>1</sup> And WPRI’s recent polling shows a slightly higher portion of Wisconsin’s citizens believe the state is on the wrong track and are frustrated or angry with state government.<sup>2</sup>

At the same time, public servants at all levels struggle to cope with a corresponding increase in demand for services and decrease in public resources to solve problems. In my 10 years directing the Innovations in American Government program at Harvard’s Kennedy School of Government, I saw countless examples of government innovations that effectively met critical needs. But more often than not, these innovations improved the quality or quantity of a government service but did not address the structural deficits now facing local and state governments.

Elected officials and civil servants who successfully implement innovative reforms cannot on their own overcome the systemic downward drag that special interests, government bureaucracy and counterproductive rules exert on good ideas and enterprising behavior. This should not come as a surprise; bureaucracy almost always has a stultifying effect on innovation. But to solve this dilemma, we need

to answer two fundamental questions in order to achieve widespread reform.

First, do we have the tools needed so that government can once again be “of, for, and by the people,” rather than a relentlessly growing set of activities and subsidies fueled by special interests? Make no mistake: This article is not about small government per se, nor about

whether any particular public program is appropriate. Rather, the focus of this paper is how to address the overarching problem of the unaffordable growth of government and runaway spending. *In short, this article is concerned with ending our addiction to expanding government.*

Second, how do we structure a new and better marketplace for high-impact policy ideas in the

delivery of public goods? Effective management innovations and best practices in public policy spread between jurisdictions and among divisions in individual governments far too slowly. Lack of customer pressure and competition causes governments, unlike successful private-sector enterprises, to adapt to the needs of a changing marketplace.

Though public innovators have found answers to these types of questions in isolated instances, no single government has put into practice a full package of innovative ideas that recalibrates the public sector to prioritize the general public good over special interests in a sustainable way. As a result, rather than being a provider of general public goods, government

*“...do we have the tools needed so that government can once again be ‘of, for, and by the people,’ rather than a relentlessly growing set of activities and subsidies fueled by special interests?”*

has too often become a tool of the well connected, who know how to manipulate its rules and bureaucracies for their own interests. And elections, which could be seen as the great leveler, have increasingly given more power to incumbents—at least until this year.

What we need and what we suggest is a new “charter” approach to government—one that prioritizes citizen involvement in decision-making, transparency in transactions, accountability for results, and the ability to change course when things fail to work out as planned. An opportunity exists for state and local governments to take the lead in constructing a comprehensive approach to government innovation. Wisconsin, a proven leader in reform, should capitalize on its unique human, physical, economic and political resources to put such a comprehensive package of reforms into practice.

This paper will outline the major barriers to long-term progress in the public sector, discuss a package of reforms capable of overcoming these barriers and make recommendations that could help make Wisconsin a leader in government innovation the way the state led the charge to welfare reform in the 1990s.

**INTRODUCTION: WE CANNOT AFFORD THE GOVERNMENT WE HAVE CREATED**

Government performance is profoundly threatening the conditions of future prosperity in ways previously unknown in American history. Unlike the 1970s, for instance, when high tax rates, monopolistic government behavior and unhelpful market interventions such as wage and price controls significantly contributed to

economic stagnation, our current situation is even more difficult to resolve. The growth of public debt and deficits resulting from unreformed programs with vested interests—be they public unions, privileged contractors, healthcare providers, or whatever—presents a new challenge to the future of American economic growth and opportunity. These are not the “evil” special interests that Hollywood loves to caricature, but organizations of all stripes that behave quite rationally in a system in which their success (and sometimes even their survival) depends as much, if not more, on government support as on their relevance to the private economy.

As vested interests incrementally win one battle after another, the rising cost of government becomes self-perpetuating. Ultimately, and perhaps ironically, this expansive appetite for the “goods of government” reduces the capacity of government to provide public goods.

At the federal level, expenditures on mandatory spending and entitlements *alone* (Social Security, Medicare, Medicaid and debt service) were slated to surpass all projected revenues by 2050<sup>3</sup>—even before the financial crisis that began in 2008. Without massive increases in taxes, there will be no federal dollars left for anything else—no federal money to mount a national defense, support education at any level, ensure public safety or develop or even maintain our physical and economic infrastructure. According to conservative estimates, federal debt will reach 85 percent of GDP by 2018, 100 percent by 2022, and 200 percent in 2038.<sup>4</sup> This is a severe threat to economic growth, which recent historical research shows drops on average by 2 percent annually for economies with debt loads above 90 percent.<sup>5</sup>

Constricting economic activity in this way constitutes a direct threat to the American way of life and the ability of each generation to leave to its children a better way of life than it enjoyed.

Cash-strapped states, now increasingly dependent on federal funds for local projects (and likely unable to borrow due to the decreased availability and increased cost of debt), will have nowhere to turn. States such as Wisconsin that have dramatically increased borrowing to cope with the economic troubles of the past decade have become reliant on debt as a way of life. Wisconsin’s debt nearly tripled over the past 10 years,<sup>6</sup> and the habit of paying for current obligations with future earnings has only served to delay and make more challenging the difficult choices that Wisconsin will now need to make in the near future.

The current crisis is not created simply by a lack of money but rather by a system bent to the point of breaking. Government consistently makes decisions based on the political economy rather than the market economy. Politicians’ decisions are driven more by political considerations—i.e. re-election—than because market factors have determined the best outcome. This cycle of narrowing interests and political motives plays a major role in creating government’s resource scarcity.

This weakness in our political system was anticipated by James Madison in

Federalist Paper No. 10, in which he warns of the emergence of “factions,” or citizen groups whose interests do not represent the general good. In Federalist 10, Madison argued that in a national government these groups would effectively cancel each other out through the workings of constitutional checks and balances and representative democracy. But today those

interests accumulate rather than providing any meaningful check on others’ increasing influence. This leads to a situation in which everyone wins—except the taxpayer.

Do we have the tools to allow government once again to be controlled “of, for, and by the people,” rather than by a relentlessly growing set of activities and subsidies that benefit

various “factions”? To some extent we have been seduced by a misunderstanding of the concept of collective goods. When government creates special programs, subsidies and policies for particular groups of people, it effectively establishes an equal-treatment principle by which any new group can claim a right to tailored services if they can find political leaders to champion their cause. Because claiming one’s “fair share” becomes the de facto principle of politics and governance, government naturally expands beyond its necessary size, cost and core mission.

A good diagnosis of the problem will help point the way to a cure. The causes of government’s resistance to reform include:

*“States such as Wisconsin that have dramatically increased borrowing to cope with the economic troubles of the past decade have become reliant on debt as a way of life.”*

**1) The growth of government programs itself creates new, vested constituencies.** Thus the very size of government creates its own momentum for more. Government agencies and programs virtually never have an incentive to work themselves into obsolescence or to make their own reduction a strategic goal.

**2) “Iron triangles” form around those who corner some particular government market which precludes the necessary transformative change that comes from introducing new partners or new ideas into the mix.**

Bureaucrats naturally tend to form a relationship with those whom they fund or regulate and with the legislative committees responsible for their programs. New entrants need to be extremely clever or strong to break through these barriers. The net result of this dynamic is that preferred providers are not forced to improve or innovate due to their lack of exposure to competition and new ideas, the twin engines of progress in a normal market economy.

**3) Government structures often give too much authority to single-interest agencies or entities.** Well-intentioned professionals will always try to maximize results in their area of responsibility, especially if the trade-offs are not important to them. I remember when a dozen fire chiefs from various jurisdictions affecting Indianapolis approached me as

mayor with a single-minded proposal to install sprinklers in every older building in the city. While this plan would have mitigated the risk of fire in some marginal way, the related costs would have rendered worthless a large number of those buildings. The economic drain on the city or related dangers simply did not touch their mission.



Similarly, across the country single-purpose taxing districts such as schools or libraries try to maximize resources in their sphere of control, not merely for parochial interests but because they are understandably convinced of the priority and importance of their work. I battled the Indianapolis Library Board, which even as the mayor I did not control, to restrain its insatiable appetite for property taxes. The library board was a single-purpose taxing district which had few real checks on its ability to raise taxes, and so it ultimately waited me out and launched a new \$100 million library and other expensive

expansions, paid for with tax increases on Indianapolis residents. The record of locally elected school boards that have the authority to raise taxes is similar: They work to maximize resources in areas that they legitimately believe are important. However, as vested interests, they tend to overpower democracy by allowing their understanding of what is needed to take precedence over more important student needs, with essentially no constitutional checks on their activity.

**4) Despite recent improvements in the public availability of government information, the lack of transparency continues to give public officials the upper hand over citizens.** Impressive gains in web-accessible data help taxpayers access the information they need to hold government accountable. Yet too often this increased visibility only provides a view into government’s hopelessly confusing systems. For example, many local officials claim they have held the line on taxes because they have not increased rates, while they allow assessed home values to increase at a rapid rate. Homeowners end up paying more in taxes without any clear idea why and with very little access to information that would help them know how to stop it.

**5) Legislative organization has grown to favor narrow interests rather than the public good it was originally established to serve.** In state assemblies, city councils and Congress the committee and subcommittee process tends to support the status quo much more rigorously than it exercises its chief responsibility to hold accountable the agencies that the committees authorize and fund. The problem starts with earmarking but does not end there. Earmarks undoubtedly send a clear message to bureaucrats that the legislative branch cares more about using public funds for constituent relationships than it does about squeezing value from each tax dollar. But the problem goes much deeper, as the legislative subcommittee insulates the agency from transformative change that even the rest of the Assembly might support. As mayor, I urged the president of the City Council to take large transformative projects through a Rules Committee or Com-

mittee of the Whole in order to inject fresh thinking about the issue and allow a broader range of perspectives about the public good to guide and inform the process.

In the early 20th century, the Progressive era, with its birthplace in Wisconsin, transformed city, state and federal governments, ending the culture of patronage, nepotism and corruption in the “spoils system” that preceded it. The progressives’ move to formalize procedures and professionalize government through rule-based bureaucracy was a critical innovation in its time. But here in the early 21st century, the very rules that proved so valuable 100 years ago have become an albatross around the neck of public leaders.

If we care about future prosperity and progress, it is clear that the time has come to move to a post-progressive era that values discretion and problem solving rather than bureaucracy.

In the 20th century, where the challenges facing government presented themselves at a slower pace, the time lost to red tape and bureaucracy was necessary to insure accountability.

In the 21st century social, economic and demographic trends create a set of public policy problems that develop much more rapidly than our outdated systems can handle. Our bureaucratic rules, processes and approvals often aggravate the problem or reduce response time, at significant cost.

However, the same technological and social changes that have dramatically altered our world in the past generation make it possible for government to achieve the accountability and professionalism that the Progressive era championed without retaining its cumbersome procedures. We no longer have to choose be-

tween accountability and flexibility, or between slow, procedural decision-making and unfettered discretion by public employees. A new post-progressive approach to government is as possible as it is overdue.<sup>7</sup>

**THE LIMITS OF A PROFESSIONALIZED REDISTRIBUTION STRATEGY**

Ironically, reforming the rigidity of progressivism in government management is a necessary condition for successfully implementing such progressive policies as narrowing the gap between the rich and poor. Our present challenges at the state and federal level stem not from problems with the goals of progressivism but from the institutions, procedures, and habits we have created to address them. In addition, progressive goals provided needed welfare supports and other assistance to those in need through a redistributive approach begun by progressives and dramatically expanded through New Deal and Great Society policies.

We now see that many of the most effective interventions relate not to mitigating market or personal failures, but rather to providing better opportunities for individuals to become self-reliant, productive citizens. Creating wealth rather than redistributing it has to be our current mantra. Without a sober commitment to reforming current government practices, wealth creation will be too slow to meet our needs, not to mention the needs of our children. Ending the connection between self-aggrandizing interests and the public purse

will go a long way toward reinvigorating the kind of environment that has made America what it is: a place where individual initiative and good ideas attract the capital necessary to generate more wealth, create jobs, and provide greater opportunity for more people. It is hypocritical to claim to care about lower income families while supporting government practices that stunt economic growth and raise the cost of living for ordinary families by making goods far more expensive than they need to be.

*“Creating wealth rather than redistributing it has to be our current mantra.”*

Because progressive policies, which were enacted to protect the rights of those without a voice, have developed into a professionalized bureaucracy too often removed from meaningful public dialogue and true accountability, they need to be reconstituted according to today’s most urgent needs, such as economic growth at the household level.

In addition, government has sometimes taken on the wrong things for the wrong reasons. It has tended to subsidize a specific sector of the economy (and specific entities within the sector) to achieve a wrongheaded goal. Beyond skewing markets through subsidizing the wrong behaviors, governments have also created rule-based systems that promote risk-averse behaviors among public employees. Coupled with a media culture that is often eager to expose and sensationalize government mismanagement, a bureaucratic culture focused on avoiding mistakes often makes avoiding blame a higher priority than promoting citizen wellbeing. Minimizing risk comes at a

heavy price. According to a McKinsey study:

“Data show that productivity in the public and private sectors rose at roughly the same pace until 1987, when a gap appeared. The private sector’s productivity rose by 1.5 percent annually from 1987 to 1995 and by 3.0 percent annually thereafter. In contrast, our best estimates show that the public sector’s productivity remained almost flat, rising by just 0.4 percent from 1987 to 1994, when the BLS stopped measuring it. No evidence suggests that since then it has experienced the growth spurt enjoyed by the private sector.”<sup>8</sup>

Reforming government does more than pursue an aesthetic ideal of an “empowered citizen” and save money. It provides a sound foundation for broad economic growth for individuals and local communities.

In order to bring progressive-era results into our post-progressive age, we need to directly confront the fundamental problem that prevents lasting reform.

**THE FUNDAMENTAL PROBLEM: SPECIAL INTERESTS HIJACKING THE POLICYMAKING CYCLE**

At its most basic level, the very problem that worried James Madison now should worry taxpayers about what happens in Madison and other state capitals. Highly organized factions disrupt the policymaking cycle of public institutions. Ideally and constitutionally, American public life is governed by a process in which

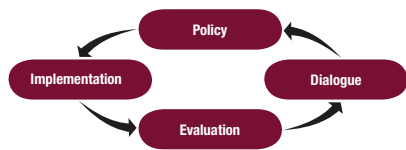
citizens elect qualified representatives who determine the best procedures necessary for promoting the common good, and an executive to ensure the actions necessary for these ideals and rules are put into practice. How all of this works out then determines the quality of the subsequent public debate.

While the United States has enjoyed remarkable constitutional success, it has also experienced the growth of a sophisticated class of special interests that succeed in elevating their interests over those of the general taxpayer. In Wisconsin we see this perhaps most notably in the disjunction between public opinion on education policy and the actual reforms (or lack thereof) that policymakers are implementing.

It took years of legal challenges by the *Milwaukee Journal Sentinel* to get the state government to identify public workers who made more than \$100,000 annually or had their driver’s licenses revoked. Madison fought the request until a court finally forced the state to comply. Achieving transparency in government operations should not be so difficult. The WPRI polling done for this report shows that citizen support in Wisconsin for education policy ideas such as vouchers, merit pay and tax credits for private donations to achievement-based scholarship programs is higher in Wisconsin than in the nation as a whole. The minority that opposes these reforms has presented these changes. On merit pay, for example, 53 percent of Wisconsin’s population supports it, compared to the 33 percent in opposition. Somewhere in the policymaking cycle, the public’s wishes were subsumed to the interests of the minority position despite significant evidence that merit pay improves

student outcomes. The failure to adopt a promising policy that is supported by a majority of Wisconsinites is evidence of the undue influence of a type of “faction” Madison had in mind when he penned Federalist Paper 10.

Ideally, however, creative ideas and high-impact policy should be established through wide public debate and then implemented competently by public institutions and subsequently evaluated. These evaluations in turn inform a policy dialogue among stakeholders, who ensure the replacement of poorly performing policies and programs.



If we consider public pension reform as one example among many, we can see the disruptive affect at each point in the cycle:

**Policy.** Elected officials involved in difficult bargaining contracts face an interesting trade-off. Union officials often represent more retired workers than active ones, and thus they often bargain earnestly for increases in pensions as much as or more than salaries. In turn, because of the short-term preoccupations and the difficult budgets they face, public officials have a nearly irresistible incentive to increase pension benefits payable by future generations as a trade-off to a more manageable hit on current budgets paid by current taxpayers.

**Implementation.** Budget officials and pension managers, in an effort to hold down public debate about unfunded liabilities, often assume

growth rates above what is actuarially sound, which in turn produces politically acceptable results but prolongs a dysfunctional (and very expensive) pension situation.

**Evaluation.** Ideally, policy related to retirement adjusts over time to match the needs (and capabilities) of an aging population. But meaningful relief comes with difficulty even for new employees. Modifying even an unaffordable benefit for future employees produces significant struggle.

**Dialogue.** Fundamentally, average citizens cannot easily translate their concern into political action. The very political system at their disposal is beset along the way by obstacles erected in large part by the very groups that benefit from the unaffordable results. It is next to impossible for citizens to find the proper forum to express their views about pensions, given the terms of the debate. We do not suggest here that this problem is limited to the union and public officials involved with pensions. Rather it remains indicative of a broader set of issues.

**GOVERNMENT THAT WORKS: MORE CHOICE AND ACCOUNTABILITY—FEWER RULES**

Charter schools provide us with an example of a publicly funded institution based on a 21st-century, post-progressive approach to governance.

Charter schools are public schools that combine the responsiveness created by enhanced parental choice with a much more relaxed regulatory environment that helps parents and school administrators balance out both the administrative bureaucracy and the

teachers unions. Given a fresh start, charter schools can set policy and use a more individualized, proven curriculum. Because of the need to attract and retain students, charters have an incentive to implement these policies effectively and evaluate their performance over time. Finally, because the interests of teachers and parents are more effectively aligned in the charter model, teachers, students and parents alike have reason to engage in meaningful dialogue about the best ways to adjust policy and practice for improved school performance and student outcomes.

Some might object that comparative studies of student achievement in charter versus public schools call into question this idealization of charter schools. A recent study shows that not all charter schools perform better than public schools—in some respects the charters do seem to perform worse. So why depict charter schools as a model for post-progressive government?

Part of the answer is the upward pressure that charters put on the public schools for performance. In principle, the competition for students and their tuition dollars improves performance in public schools.

More importantly, charter schools work when they better align the interests of the parent as consumer and the schools as producer of the public good.

For a charter school to realize its promise it must elevate the parent and child over the regulatory bureaucracy. The charter has to be

sufficiently independent and flexible that it can tailor its delivery system to the needs of the student and not the demands of the politicians, or unions or bureaucracy.

It is also important to consider that the charter approach is not designed to guarantee success but to increase the chances of success. A charter is at its

heart an attempt to create an environment in which transformative change is possible through the kinds of disruptive innovations we have seen work in the enterprise marketplace.

Finally, charter schools create value by creating a strong incentive for parental engagement in their

children’s education. This creates an impetus for localized dialogue about policy, curriculum design and the allocation of taxpayer dollars in education.

Charter schools involve citizens (e.g., parents) by granting them real responsibility and accountability in the process of establishing a public institution (a school). Charter schools encourage experimentation freed of red tape and bureaucratic status quo, and yet they do so by heightening the emphasis on results. If they fail, they get shut down. Charter schools are an example of government in which flexibility and greater accountability go hand-in-hand. For this reason, it can be said that they operate more according to market forces than bureaucratic forces.

Charter schools also offer an example of the value of citizen-centered government. Localized responses on a wide range of issues

*“Charter schools are an example of government in which flexibility and greater accountability go hand-in-hand.”*