



# Daniels' book of speeches: Policy seeds

### 'Aiming Higher' begins the governor's legacy assessment with his own words

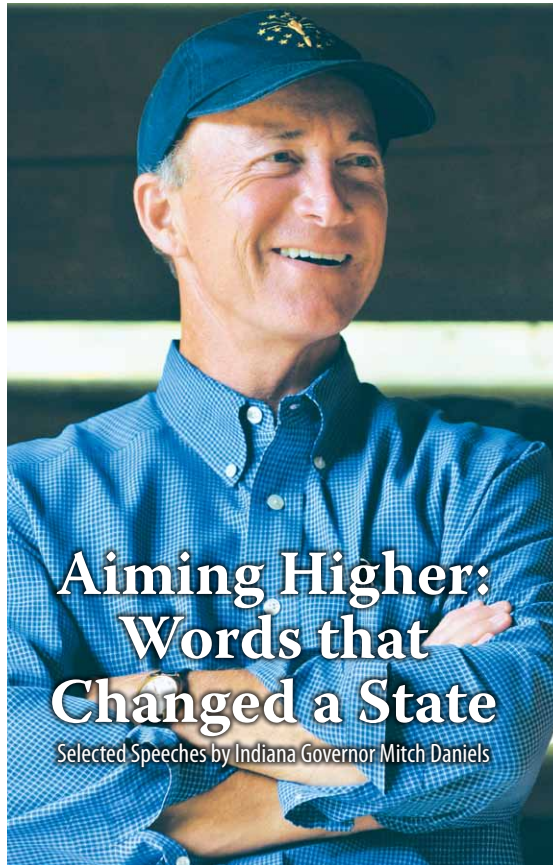
By **BRIAN A. HOWEY**

NASHVILLE, Ind. — We are now down to the final six weeks of the two scintillating terms of Gov. Mitch Daniels. Between now and Jan. 14, 2013, when Gov.-elect Mike Pence is sworn into office, there will be an array of articles and TV news stories revisiting his eight years on the second floor of the Statehouse.

At times, Daniels has brushed off questions of his "legacy" as an uninteresting topic.

But to the rest of us, it isn't. It presents a poignant case study of how power is attained and used. We've seen governorships constructed around a single issue. Others have evolved. We've watched governors rule with an eye on bigger prizes.

We've seen others fail to spend the political capital at hand, accepting much of the status quo.



Some of the more fascinating aspects of the Daniels governorship will soon be conveyed in a new book "Aiming Higher: Words That Changed a State."

The book, published by the Indianapolis Business Journal, is a compilation of Daniels' speeches ranging from 1989 to 2012, in what he calls his "arc" of public service. In 1989, Daniels would tell a Hanover College event in Louisville that "public education in America is still failing" and added that "I think the education system is in need of some anti-trust action. We think the public education system should fund students, not buildings."

He called for "fair accounting" of performance, the measuring of "inputs" of achievement, and a reduction of bureaucracy. "We're looking for school systems in which the administration is a service cen-

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# Missing the indispensable man

By **BRIAN A. HOWEY**

INDIANAPOLIS — President Obama's reelection victory has been sliced and dissected relentlessly since Nov. 6 and as HPI analyzed last week, part of it came down to the "female vote" and another centered on the various Republican demographic and personality dilemmas.



Washington Post columnist George Will zeroed in on some obvious points: The election's outcome was foreshadowed by Mitt Romney struggling as long as he did to surmount a notably weak field of Republican rivals. His salient deficiency was not of charac-



**"I have expressed caution to those who think it's time to cut our income tax because it throws us more out of balance."**

- House Speaker Brian C. Bosma



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ter but of chemistry, that indefinable something suggested by the term empathy. Many voters who thought he lacked this did not trust him to employ on their behalf what he does not lack, economic understanding. On Feb. 11, 2011, the person who should have been the Republican nominee laconically warned conservatives about a prerequisite for persuading people to make painful adjustments to a rickety entitlement state. Said Indiana's Gov. Mitch Daniels: "A more affirmative, 'better angels' approach to voters is really less an aesthetic than a practical one. With apologies for the banality, I submit that, as we ask Americans to join us on such a boldly different course, it would help if they liked us, just a bit." Romney was a diligent warrior. Next time, Republicans need a more likable one.

**I'm going to assert** a different angle here: Obama won and Romney lost on the female vote, in one inconspicuous setting in Carmel, Ind. By a 75% to 25% margin, Gov. Daniels lost the Daniels family female caucus. And with that, I'll agree with George Will: It may have cost Republicans the presidency.

It's easy for a journalist to become a "homer," deep inside pulling for an in-state candidate well known to the scribe, with a personal affinity, and a deep understanding of the motivators and turnoffs.

I truly believe that President Obama's biggest threat was Daniels.

Mitt Romney tried to become something he really wasn't, which was a true believing conservative. He had to churn into a variety of contortions during the Republican primary sequence and it left him damaged in the eyes of independents and moderates who tend to settle elections. Romney allowed the Obama campaign to define him through the lens of Bain Capital, with what we now know was a devastating element in his defeat.

**In watching the** two gubernatorial campaigns Daniels ran and won, the way he cleared the primary field prior, along with his legacy as political director of the Reagan White House, his successful tenure with the Republican Senatorial Committee, and his 1982 management of Sen. Dick Lugar's first reelection campaign during Reagan's first mid-term against the backdrop of a deep economic trough, Daniels displayed uncanny political ability, instinct and timing.

The one word I would never use to describe Mitch Daniels is "fake." The guy is not only an intellectual powerhouse, he is a master writer, strategist and tactician. I'll agree with Will in his assessment of Daniels' CPAC speech - which I attended - that he not only emerged as the Republican adult, but one who wouldn't have to change his skin. And as most Hoosiers



will agree, Daniels steered a steady course. You don't have to agree with him in a political or policy sense to at least acknowledge that the governor had complete command of the wheel. His logic and powers of persuasion allowed him to win friends and clip detractors.

**Daniels has been viewed** as an "economic" conservative, but in his book "Aiming Higher: Words That Changed a State," some of his most inspirational oratory came before the Indiana Family Institute and the First Baptist Church in Hammond, where he said, "I will not, and I cannot seek to lead a government that will itself be the advocate of our faith. That is not our system. But I will seek to lead a government that is the protector of our faith and all those who will advocate it and that's as it should be, because the rest is up to us."

In Daniels, you had a Republican who won 22% of the African-American vote in 2008 (while Obama won Indiana), who could speak fluent Spanish, whose administration was gender inclusive, who refused to campaign negatively but was adroit in contrast, avoided the denigration of demographic subgroups, and was poised to act on the greatest threat to America, the "red menace" of our sprawling and unsustainable entitlements.

Does Daniels agree with Will's assessment of the 2012 GOP disaster? "He and some others have said that sort of thing," Daniels told me. "No, I don't think so. No one

can know. Many things can go wrong with any such effort and something probably would. We would have brought in a very broad coalition of allies. I can give you 37 reasons why it probably wouldn't have worked out in the end."

"I haven't spent a minute second guessing my decision," Daniels added.

No, that is territory for pundits.

If you could have plotted a resume for 2012, the Daniels version or the Romney, I'd have taken the former over the latter any day.

And here's a great reason why. I asked Daniels if he was on the verge of a "legacy lap" around the state.

No, he said, he was content on reminding people of what was accomplished and he wanted to push the reformers. But there was room for some sentimentality.

**"I'm going back to Stroh,** Indiana, one of my favorite stops that we made," Daniels said. "There was a family with a little boy who was four when he signed the RV. So now he's 13. His name is Mitch, by the way. A lot of people remember him. In the TV show, they watched him painstakingly print his name."

Over past decade, Daniels had spent 125 nights in the homes of Hoosiers. You have to wonder if Mitt Romney had done that, he might have come off as more grounded and in tune with the voters who actually decide elections.



## Daniels, from page 1

ter and not a control center, in which decisions are made by principals and teachers in the buildings who are dealing with the problems every day."

And Daniels called for a "decertification in the teaching profession," explaining, "By that I mean opening up the profession to people who did not necessarily go to education school."

The debate on education transformation had been pushed forward by President Reagan's "A Nation At Risk" report in 1983 and in 1987, by Gov. Robert D. Orr's "A Plus" initiative. "I'm a little weary with the debate that has gone on a long time, and I think it's been very enlightening in many ways, but I regret to

say, produced too few results."

During his Hudson Institute tenure, Daniels oversaw education researchers like Denis Doyle and Lew Perelman reach the conclusion that public education was a "failed monopoly." The course was plotted in a report called "Workforce 2000" that laid out a plan of action Gov. Daniels was able to achieve almost a quarter century later.

Those were some of the seeds that were sown and produced the emphatic education reforms that occurred between 2007 when he worked administratively around B. Patrick Bauer's Democratic Indiana House, to 2011 when the governor achieved some of his most profound - and controversial - reforms with the Republican majorities he helped induce in the 2010 elections.

I was selected by Gov. Daniels to write the book's forward and came up with this observation: By definition, the word "transformation" is a thorough or dramatic change in form or appearance. In a political or policy context, the word is often used in association with war, revolution or economic crisis. And in the Hoosier experi-



**Gov. Daniels returned to Hudson Institute - now located in Washington - to receive the Herman Kahn Award. Daniels presided over Hudson education research while the institute was located in Indianapolis and it helped shape his education reforms a quarter century later.**



ence, the word clashes with 196 years of stereotype: We are a conservative people, cautious, suspicious, resistant to change. Interrupting this history in key moments has been the transformational governor, almost always thrust into that role by the churning events of the day. As Hoosiers at the turn of this century, we have witnessed such a governor in Mitch Daniels Jr. Whether you regard him as a hero or adversary, few Hoosiers will dispute the notion that his eight years at the Indiana Statehouse have been impactful and have altered the trajectory of the state at a time when just about everything is changing on a global scale.

### A select list of transformational governors

Fewer than 10 Indiana governors merit the notation of "transformation." For Governors James Whitcomb and Joseph Wright in the middle of Indiana's first century, it resulted from the bankruptcies of public works projects gone awry, the empty coffers and loans they sought to send Hoosier soldiers into battle, and the new Constitution of 1851. For Gov. Oliver P. Morton, it was the breach of the American Civil War, a Copperhead General Assembly that was dispersed, while tens of thousands of young men streamed from the farms and small towns toward the bloody battlefields in the South.

War and innovation prompted Gov. James Putnam Goodrich to plan Indiana's highway system in 1917. Scandal and bigotry brought along Gov. Harry G. Leslie in 1928 to clean up the Ku Klux Klan flotsam, extending into the Great Depression when he pioneered what would become FDR's Work Progress Administration. Two governors – Thomas A. Marshall in 1909 and Paul McNutt in 1933 – tried to come to terms with the sprawl of bureaucracy over decades and challenged the status quo with a reform agenda. In Marshall's case it was an unsuccessful attempt to write a third Constitution that was eventually thwarted by the U.S. Supreme Court, while McNutt used the thrust of the New Deal election juggernaut in 1932 that

resulted in vast legislative majorities to winnow and reorganize the bureaucracy on his first day in office.

The portraits of Marshall, Goodrich and Leslie adorn the walls of the cavernous Statehouse office occupied over the past eight years by Daniels.

With "Aiming Higher," we find Daniels' own words, crafted without a speechwriter or framed by polling cross-tabs. Many of his speeches were delivered extemporaneously, and captured either by video or audio.

In fact, the Daniels administration is the most digitally recorded governorship in history. "Basically, it's a fairly complete digital record of most public appearances, either video, or audio," Daniels explained a few days after the November election. "I believe we have as complete a set of printed material, digitized, as probably anyone has. For the gubernatorial years, pretty much the digital revolution was underway at that time. So a lot of it was captured that way. A lot of the '04 stuff was at the end of the VHS era. We had a lot of that transferred. It won't be completely perfect, but it will be closer than anybody was able to do before because of the advance of technology. I'm pretty sure that as of some point, '06, or '07, somewhere in there, we didn't miss too much."

### A decade with Daniels

In the past, when a gubernatorial term winds down after eight years, the sentiment in the press corps is "good riddance." Time for new blood.

It's different this time. Daniels used RV1 and the 16 months he campaigned in 2003 and 2004 to visit just about every community in the state. He developed a rapport with the press and opinion shapers. He was accessible.

And while there were some surprises along the way, Daniels shaped much of his first term from a campaign "roadmap" and used it as a scorecard when seeking a second term in 2008.

It's been more than a decade since Daniels returned to Indiana after his second



The Indianapolis Star once polled, and in 2006 came to the conclusion that Gov. Mitch Daniels was moving too fast. In the recent October Howey/De-Pauw Indiana Battleground Poll, Daniels had a 58% approval rating.



stint in the White House. Standing outside of Hinkle Fieldhouse and a boxy recreational vehicle in July 2003, Daniels was prepared to take on an incumbent governor who was a former Notre Dame catcher, a Navy pilot who was shot down over North Vietnam and held prisoner for years. "Today we begin a 16-month job interview," Daniels said of a day that would trace back Bobby Plump's all-star path to tiny Milan, a town with a legendary sporting chapter that will span epochs. By the time he addressed the 2004 Indiana Republican Convention, the gathering steam would be described as a "freight train of change."

Anyone doubting this would be dazed by the scope of the agenda Gov. Daniels conveyed before a statewide TV audience and the Indiana General Assembly on Jan. 18, 2005, a mere eight days following his inaugural and a week after he ended collective bargaining rights for state employees by executive order. The governor was prepared to write checks on his political capital to install Daylight Saving Time, transform the Bureau of Motor Vehicles, spread charter schools, move ISTEP, reorganize the Commerce Department into what would become the Indiana Economic Development Corporation, expand full-day kindergarten, boost classroom spending along with a 120-day moratorium on the issuance of any new school bonds.

In an era when any tax increase was perceived as virtually heretical, the new governor would call for a one-time, 1% income tax hike "for the most fortunate among us" to help end the state's fiscally bankrupt ways. There would be 50,000 new acres of protected wildlife habitat, 3,000 miles of new bike paths, and his administration's blackest eye - the first reform of the Family Social Services Administration - gave way to a "hybrid" system that restored confidence in the safety net.

"The wolf is not at the door," Daniels intoned in 2005 in the House Chambers. "He is inside the cabin." And he resorted to legendary CBS news pioneer Edward R. Murrow to help make his case: "Difficulty is the one excuse history never accepts."

As his governorship entered twilight, neighboring states were roiled in labor controversies that he had negated with the stroke of a pen in its earliest hours. He would advise other leaders at Mackinac: "Do it early, do it fast, do it swiftly, and do it decisively. In the wisdom of the old country song, 'if I'd shot you when I should've I'd be out of jail by now.'"

As he leaves office, a key ally - Supt. of Instruction Tony Bennett - was defeated for reelection as teachers mobilized against him in a reaction to the 2011 reforms.

"When you look back to the time we were just talking about, to all the attempts to improve education, Bob Orr's A Plus program was pretty good for its day," Daniels explained. "It was systematically dismantled over the next 10 or 15 years and we lost another generation of kids, or many of them. The reason I don't think that will happen this time is because the laws are much more sweeping. Secondly, the legislature is not going to repeal them. And third, and most important, the intellectual climate has changed dramatically."

After Democrat Glenda Ritz's victory on Nov. 6, Daniels observed, "You know there's a very significant percentage of the Democratic Party and their allies who realized they were handicapping low income kids for life. The absolutely obstructionist, reactionary position is very marginalized. If you look at all at the campaign against Tony, it wasn't based on policy.

They told thousands of parents that Tony would zero out fine arts funding. They went to Band



Gov. Robert Orr (above) during his statewide pitch for the A Plus program in 1987. Below, Gov. Daniels campaigns for Supt. Tony Bennett in 2008.



Day and handed out fliers. It was a complete falsehood. He couldn't have done it if he wanted. From the Anything Goes School of Politics, I guess you could say it was an effective campaign. What it wasn't was a reflection of the policies of reform."

### The governor's own words

This arc of change that Daniels, with the help of former aide Neil Pickett, who headed the governor's policy operations for several years, is relayed in this book by metaphors, whether it was the Amish community barn building in his first inaugural, to the Hoosier ship of state - a canoe - that would only go in circles if one paddled only on his side, or nowhere if the front and back paddled against each other. But these speeches came about without speechwriters like Peggy Noonan, Peter Rusthoven or Michael Gerson. They came from his own pen, and often extemporaneously, with only an audio recorder capturing the conveyance of idea.

In his 2007 State of the State address, with newly installed House Speaker B. Patrick Bauer seated behind him, he would observe that the state went from one ethanol plant to 21 biofuel manufacturing sites, producing 1.7 billion gallons. In the coming years, the nation's largest biodiesel plant would produce energy in Claypool, the second largest wind farm sprouted along I-65 between Lafayette and Lowell, 5,000 state employees would be cut, 2,000 state employee vehicles (and 12 rocking chairs) would be jettisoned, and with the new property tax system in place, a kid could go to any public school in the state while his or her teacher could come from any sector of the economy.

When this governor said, as he did in 2007, "Let me then submit an agenda for greatness, built on items that might unite those who have recently found too little common ground," few would question his audacity. Two years later, at his second inaugural, he would report with few taking issue, "A new mentality has taken root, a new

boldness born of risks successfully run and change successfully delivered. In overwhelming numbers, Hoosiers have declared that we are unafraid to lead, to try the new before others do, and that we like the results of doing so."

### The compelling voices of others

Along the way, Daniels employed the compelling voices of others - Winston Churchill, Mark Twain, Henry Clay, Louis Brandeis, Lincoln, Washington and Adams, C.S. Lewis, Mayor Daley (the first), William Bradford, Oscar Schindler, Michelle Obama, George Carlin and Ken Kesey - to help make his points.

He was adept at making real-time observations, telling the IU Law School in 2006, "By any measure, Indiana is a ripe state. Nearing our third century, we are constitutionally, economically and demographically showing our age. Our basic law pre-dates the Civil War. Our economic base remains heavily dependent on the manufacturing base of the last century. Not coincidentally, population growth itself is nearly stagnant and the average age has risen. So the question for Indiana going forward is, will we ripen to the point of rot, or see a new spring of rejuvenation and revival? We can

plant the right seeds, but the size of the ultimate harvest will not be up to us."

In these speeches of Mitch Daniels, the listener - now the reader - finds a self-effacing messenger, rooted in Hoosier common sense, a folksy manner that belies what George Will described as "never has there been a higher ratio between mind and mass" in one public servant. He set big goals and in his earlier commencement speeches, urged students to go "make babies," something he refrained from doing before the Indiana General Assembly.

There were the poignant reminders of service and sacrifice, when he recalled during a 2008 Indianapolis 500 Festival Memorial Service, World War II era Gen. Luke Trescot turning his back on an audience, addressing the cemetery and the soldiers resting there. "He said he apologized to them that their lives had been taken," Daniels



Gov. Daniels chats with Hoosier basketball legend Bobby Plump in Milan, Ind., during the last campaign cruise of RV1 in October 2008. (HPI Photo by Brian A. Howey)



said as he remembered the fallen Hoosiers under his watch - Pfc. Brian Leonhardt, Sgt. Robert Blakely, SSG. Michael Heister, and Joe Proctor. "He said that he knew one might pretend the mistakes of leadership never do lead to such losses but that wasn't true. He said if any mistake he had made had led to their loss, he apologized for it . . ."

Gov. Daniels always had a savvy grip on history, and he reached for it often, whether it was Lincoln's "mystic cords of memory" or China's Chou En-Lai being asked if the French Revolution was a success. "Too soon to tell," the Communist leader said.

As the Daniels governorship comes to a close, such

a sentiment could be expressed on how enduring and successful this locomotive of public policy and a new brand of politics will be. It will take at least a decade for an honest assessment to form. And it's all too reasonable to expect that in the decades following that, historians will be reaching for this very collection of speeches to probe the mind and soul of one Mitchell Elias Daniels Jr. ❖

**Note:** The book can be ordered in the bookstore section at [www.IBJ.com](http://www.IBJ.com). The cost is \$10. Proceeds will be donated to Mitch's Kids program at the Boys and Girls Clubs.

## Princeton Study: A new approach to the managing at the center of government

By **MICHAEL SCHARFF**  
Princeton University

PRINCETON, N.J. – When Indiana Gov. Mitch Daniels took office in January 2005, he sought to change the performance and culture of state government. The state's economy was stagnant, and the accumulated budget deficit was topping \$600 million on a total budget of \$22.7 billion for 2003–05. (The state legislature passed a new budget every other year.)

State agencies received funding without having to show results, and when funds were available, state workers received pay raises in some years regardless of performance. Daniels recognized that the delivery of bold reforms, including the promise to close the deficit and improve economic growth, required changing the way state gov-

ernment worked. A former corporate executive, Daniels had served as director of the Office of Management and Budget, which, among other responsibilities, helps the US government's executive branch prepare its version of the federal budget, but he had never held elected office.

To implement his agenda, Daniels needed new systems and new processes in his office, the center of Indiana state government. He created an Indiana Office of Management and Budget and established a new group within that office to set goals, monitor performance, and link budgets to outcomes. Policy teams in Daniels's office reported progress on agency-level reforms and helped unclog bottlenecks. And Daniels created a performance-based pay system to encourage state workers to focus on results.

Daniels's reforms were not without controversy. For example, he scrapped state workers' rights to collective bargaining, and he privatized services previously delivered by government, which led to employee layoffs. By 2012, the final year of his second term, Daniels's reforms

had produced marked changes, including a budget surplus every year from 2006 to 2012, and he won praise from both his own Republican Party and opposition Democrats.

**Note:** Scharff drafted this case study based on interviews conducted in Indianapolis, in July 2012. Rick Messick provided guidance, editorial suggestions, and interview support. ❖



**Read:** <http://www.princeton.edu/successfulsocieties/content/superfocusareas/traps/RT/policynotes/view.xml?id=217>

**Watch:** <http://www.princeton.edu/webmedia/>



## Time to ponder the 2013 HPI Power 50 List

By **BRIAN A. HOWEY**

INDIANAPOLIS - It's time to begin thinking about the 2013 Howey Politics Indiana Power 50 list.

It's our annual exercise to determine who will likely have the most clout in the coming year.

With a new gubernatorial administration, power realigned in the General Assembly, vast changes in the Congressional delegation and state and national budget issues on the front burner, Howey Politics Indiana's 2013 "Power 50" list will be intriguing. As we do every year at this time, we invite HPI subscribers to weigh in with nominations, observations, or submit their own list.

The new Power 50 will be published in the first week in January. It is designed to weigh who will likely have access to the levers of power and who will actually use them. Submit your nominations to us at [bhowey2@gmail.com](mailto:bhowey2@gmail.com).

Here's the 2012 Power 50 and as you can see there will be some major changes coming in the 2013 list.

### 2012 Power 50

1. U.S. Sen. Dick Lugar
2. Gov. Mitch Daniels
3. U.S. Rep. Mike Pence
4. House Speaker Brian Bosma
5. Senate President David Long
6. John Gregg
7. U.S. Rep. Joe Donnelly
8. House Minority Leader B. Patrick Bauer
9. Dean White
10. Jim Bopp Jr.
11. State Sen. Luke Kenley
12. U.S. Sen. Dan Coats
13. Ways & Means Chairman Jeff Espich
14. Republican Chairman Eric Holcomb

15. Treasurer Richard Mourdock
16. Senate Majority Leader Connie Lawson
17. Indianapolis Mayor Greg Ballard
18. Indianapolis Councilman Vop Osili
19. U.S. Rep. Todd Young
20. U.S. Rep. Todd Rokita
21. U.S. Rep. Marlin Stutzman
22. State Sen. Carlin Yoder
23. Chris Chocola
24. Democratic Chairman Dan Parker
25. Hammond Mayor Thomas McDermott Jr.
26. Supt. Tony Bennett
27. AFL-CIO President Nancy Guyott
28. Fort Wayne Mayor Tom Henry
29. Evansville Mayor Lloyd Winnecke
30. Chris Atkins
31. U.S. Rep. Larry Bucshon
32. South Bend Mayor Peter Buttigieg
33. Kokomo Mayor Greg Goodnight
34. Marion Mayor Wayne Seybold
35. Attorney General Greg Zoeller
36. State Sen. Jim Banks
37. Dan Dumezich
38. Lt. Gov. Becky Skillman
39. Gary Mayor Karen Freeman-Wilson
40. Dr. Woody Meyers
41. U.S. Rep. Pete Visclosky
42. U.S. Rep. Andre Carson
42. U.S. Rep. Dan Burton
44. Luke Messer and Jackie Walorski
45. Jennifer Hallowell
46. Evan Bayh
47. Indiana Chamber President Kevin Brinegar
48. Marty Morris
49. State Rep. Charlie Brown
50. State Sen. Mike Delph

### Honorable Mention

- Judge Rosenberg & The Supremes  
 Ken Faulk  
 Senate Minority Leader Vi Simpson  
 Jim Wallace  
 Susan Brooks  
 David McIntosh  
 Dave Crooks  
 Tim Roemer  
 Joe Loftus & Steve Goldsmith  
 Monica Boyer  
 Vanderburgh Sheriff Eric Williams  
 J. Cameron Carter  
 Robert Enlow  
 Don Villwock
- Joe Champion  
 Bill Smith  
 Curt Smith  
 Gary Welsh  
 Craig Dunn



**HPI Power 50: Can we figure it out?**  
 The 'rubber match' in 2012 comes as real doubt festers on the political process

By **BRIAN A. HOWEY** in Indianapolis and **MARK SCHOEFF JR.** in Washington

The 2012 Howey Politics Indiana Power 50 is the most troubling compilation this publication has brought into the public purview in the 38 years we've existed. The political process is an elderly broken, we are not sure the nation can survive it as we know and recognize it today. We need a steady stream of commentary — ranging from the sinner Mitch Daniels, to the wild-eyed Pat Buchanan, to the globe-trotting Thomas Friedman — warning of a financial cataclysm that will leave a very different America for our children and grandchildren. We've gone from a nation created by the "Greatest Generation" — our father and mothers, grand-

Gen. Mitch Daniels and President Obama shake hands, then talk in Ray at the Indianapolis International Airport. The two could still be on opposite sides in what could be an epic election this November.

...thers and grandmothers — to the stewardship of my p-p-g generation, the Baby Boomers.

Continued on page 4

**An open letter to Dan Parker**

By **SHAW R. FRIEDMAN**  
 LAFORTE. This is an open letter to Indiana Democratic Chairman Dan Parker.

Dear Dan:

"We close you're going to be around this year and those of us who desperately wanted a change in state party leadership and those who were satisfied with the status quo are going to have to find a way to "peacefully co-exist" if we are going to elect a Democratic governor in 2012. As Joel Miller, who was the choice to be state chairman by 12 of the 28 elected district chairs and vice-chairs put it so

**"We refuse to let the most controversial public policy bill of the decade be railroaded through and the public denied a fair and adequate input."**

- House Minority Leader B. Patrick Bauer





## Bosma, Long not on the same tax page with Pence

By **BRIAN A. HOWEY**

INDIANAPOLIS - There's a big difference between Indianapolis and Washington D.C.

For most Hoosier lawmakers making the transition - and the list has included Dan Burton, Julia Carson, Birch and Evan Bayh, Ed Pease, Todd Rokita, Marlin Stutzman and, soon, Jackie Walorski - it was a trip from the heartland to the Potomac and most never came back.

But for Gov.-elect Mike Pence, it's contra-flow. The congressman is leaving Capitol Hill for the Indiana Statehouse. And within the Indiana center of government, the widespread speculation is that Pence views four or eight years at the Hoosier helm as a logical path to the White House. With Mitt Romney's loss to President Obama on Nov. 6, the big opening comes in 2016.

Pence is already making the broad lists - as Politico included him in a photo panel of potential power seekers.

But to follow the footsteps of Govs. William McKinley, Woodrow Wilson, Calvin Coolidge, Franklin D. Roosevelt, Jimmy Carter, Ronald Reagan, Bill Clinton and George W. Bush in the past century, you have to be successful at leading the state.

Particularly when you have to transform yourself from a legislator to an executive. Contra flow on this isn't always easy. Evan Bayh vastly enjoyed being governor more than being a U.S. senator.

**The very earliest** preamble to a Pence governorship has gotten off to a fitful start. On Election Night, Pence defeated John Gregg by less than 3% and received less than 50% of the vote. He watched Supt. Tony Bennett's upset to Democrat Glenda Ritz.

And Pence will follow arguably the most popular modern Indiana governor in Mitch Daniels. He will find legislators and the press ready to make quick comparisons.

Last week, Pence discovered that one of his top priorities - a 10% income tax cut - is far from a slam dunk.

House Speaker Brian C. Bosma, heading a 69-member caucus, and Senate President Pro Tempore David Long, leading 37 Republicans in the upper chamber, told an Indiana Chamber of Commerce legislative preview conference that they are fully committed to phasing out the inheritance tax and reducing Indiana's corporate taxes. And

the Pence tax cut? Not so much.

"We've already done tax reform," said Long. "Those two areas will put a damper" on Pence's proposed income tax reduction. "David is setting the right tone," said Bosma, who added that the key word will be "caution" as Indiana faces a potential decline in gaming revenues while the economy has an uncertain future. "We've cut back where we need to. And we absolutely will live within our means. That's the key. The fiscal fog is thick." Bosma suggested an income tax cut could throw the Indiana tax equation "further out of balance."

**Bosma added that any** new tax policy must be "sustainable and conservative." Both Long and Bosma suggested there would be more support for moving up the time table on the inheritance tax phase-out. Others view bringing down the Indiana sales tax - tied with Mississippi, Rhode Island, New Jersey and Tennessee as the nation's highest at 7% - as a more prudent priority.

But the most revealing information came when HPI asked the two legislative leaders if they were in Pence's loop when he announced the income tax cut last July.

The body language from the two legislative leaders was tense and the words, terse. Bosma said he had asked the Pence campaign to keep him apprised. And he wasn't. Pence and Long have yet to sit down and talk.

Bosma and Pence have, but the speaker dropped another little bomblet, saying the income tax cut didn't come up. "I think on purpose," Bosma said.

Senate Appropriations Chairman Luke Kenley is also skeptical, saying that any tax cuts have to be "realistic" while adding, "There's a lot of unknowns out there."

**The Pence camp remains** committed to the tax cut, even though it's impossible to tell whether it will be a budget buster until the December and - ultimately next April's - budget forecasts are released. "Gov.-elect Pence believes allowing Hoosiers to keep more of their hard-earned money will create jobs and looks forward to presenting his proposal for income tax relief to members of the Indiana General Assembly at an appropriate time in the future," said spokeswoman Christy Denault.

Other than a presser the day after the election, Pence has not been available to talk, though he did do a Q&A with the Indianapolis Star, with the first several questions dealing not with jobs and the economy, or even taxes, but the social issues Pence refused to discuss during the campaign. ❖





## Colwell's 2012 annual Turkey of the Year Awards

By JACK COLWELL

SOUTH BEND - With Thanksgiving concluded, it's time to present the annual Turkey of the Year Awards.

Recipients may cry fowl. But even if they haven't been turkeys all year, each winner has done something to merit this prestigious recognition.



The awards for 2012:

In mathematics, for proving the formula on how vote totals diminish in direct proportion to multiples of political gaffes, the Turkey of the Year Award goes to Richard Mourdock.

Now, the award for supporting actor. The envelope please. And the winner of the turkey is Clint Eastwood's empty chair.

Next, the envelope for supporting actress. And the winner is John Gregg's mom in her Sandborn beauty parlor performance.

Mike Pence gets a turkey for avoiding those negative TV ads viewers say they hate and darn near blowing his huge early lead as he ran nothing but positive spots.

For dedication in higher education, the 2012 Turkey of the Year Award is presented to Ohio State quarterback Cardale Jones, who said on Twitter: "Why should we have to go to class if we came here to play FOOTBALL, we ain't come to play SCHOOL, classes are POINTLESS."

In music, the turkey goes to Tony Bennett. Not the one who left his heart in San Francisco. The Tony Bennett who sings the blues after his surprise loss for superintendent of public instruction.

**The turkey for use** of modern technology goes to Raymond Jefferson, charged with armed robbery in taking \$17,000 in merchandise from a Chicago Radio Shack store. Police quickly tracked him down thanks to the global positioning equipment that prosecutors say he stole.

Winner of the Quayle of the Year Award for performance in a political debate is President Obama.

The Award in fiction goes to Mitt Romney for telling

voters in Michigan and Ohio that the auto recovery effort was a mistake and Chrysler is moving Jeep production jobs to China.

For promotion of teeth whitener during a political debate, Joe Biden gets a turkey that smiles and smirks.

For marathon competition, Paul Ryan gets a slow moving turkey.

**If the election were** held today, would you vote for the accuracy of the Gallup Poll or Nate Silver's perfect projections? With no margin for error, the results are 100 percent for Silver and a turkey for Gallup.

Chris Chocola, the Club for Growth guru whose early and powerful financial support was instrumental in selection of Richard Mourdock as the GOP senatorial nominee, wins a special award: Turkey Producer of the Year.

St. Joseph County Republican Chair Deb Fleming gets a turkey for ignoring county political tradition and leading Republicans to capture control of the Board of County Commissioners.

For devastating the motel, restaurant and bar business in Urbana, Ill., a Turkey of the Year Award goes to what's left of the Indiana House Democratic minority. Can't visit Urbana to assert relevance after their pathetic election effort left them without enough survivors to even break a quorum.

For accuracy in breaking news coverage, turkeys go to Fox News and CNN for reporting that the Supreme Court struck down the individual mandate in Obamacare.

Diane Sawyer gets a stewed turkey.

A turkey for bravery in battle with little girls goes to state Rep. Bob Morris of Fort Wayne in his assault on "radicalized" Girl Scouts.

**In baseball**, the Turkey of the Year Award goes to the Chicago Cubs. Not for losing 101 games but for losing Mayor Rahm Emanuel's support for Wrigley Field renovations with Ricketts family involvement in discussion of a racist political attack on President Obama.

In professional football, a turkey with a concussion goes to the coaches who say solemnly that they would never condone knocking out the opposing quarterback with a helmet-to-helmet smash.

David Petraeus receives a top secret CIA turkey for alerting the nation to heed the oft-cited warning about lack of e-mail security: "Don't put anything in an e-mail that you wouldn't want to see posted on the bulletin board." ❖





## Where you shop makes a difference

By **MORTON J. MARCUS**

INDIANAPOLIS - The great shopping season is upon us. First, Halloween; now, Christmas. Americans tell us much about what they value, in time and money, as they hand over their cash, checks, debit and credit cards.

Expensive toys for your grandchildren and cheap trinkets for their parents (your children) tell us who is important and who is an after-thought. If you spend money on a holiday cruise for yourself while people in your community go hungry or without proper clothes against the cold, we see what you think is important.



Beyond what you buy is where you buy. Money spent locally helps your community. Money spent in another town (in person or on-line) helps that other place.

When you buy from a local merchant, you help employment in your town. Jobs in town increase the likelihood of people living in town or nearby. That helps sustain property values. More residents mean our schools don't face the agony of declining enrollment. More income for local residents means a broader base for supporting both public and private services.

The pay of people working locally is usually spent locally, which supports other businesses in town. This means survival for those firms and increased choice for you as a consumer.

The more choice we have, the greater our chances of living well. Want to go out to lunch or for an anniversary dinner? You want to have choices among many good places. You don't want to settle for the same place every time just because there is no suitable alternative.

**Not everything is** available locally. Sometimes we must travel to find specialty goods and services. Not every town can or wants to support an Armenian, Thai or French restaurant. But if your town does not support what it has, new businesses offering more choices are unlikely to open.

No entrepreneur wants to risk investing in a place where competitors are just barely hanging on.

Improved roads make it possible for us to range far and wide in our shopping. For some of us this is recreation. We go off somewhere to shop because it takes us from our everyday world into a different environment. It's fun. But what does it do for our choices tomorrow?

Buying from a catalogue or on-line via the Internet is easy. The choices are great and the goods come right to

our doors. But what does it do for our neighbors?

Often goods will cost less in a bigger town because the merchants there are able to get deeper discounts by buying in greater quantities. You have a choice. Spend time and money traveling to save money on your purchases, or, buy locally and invest in your home town.

**None of this says** you should buy inferior goods or support inferior services just because they are local. You do no good for yourself, other consumers or the seller by encouraging poor quality. Local sellers have a responsibility to offer the best quality goods and services they can. That is their investment, not only in their businesses, but in their community as well.

Thus, this shopping season when you buy locally, you will make an investment in your community and in your own future. Your purchases are not just for the items you take home. They include a commitment to the place you call home, to the prosperity of that place, to your neighbors and to the choices you will enjoy in the future. ❖

**Mr. Marcus is an independent economist, writer and speaker.**

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## Gay marriage ban impacts 600 laws

INDIANAPOLIS - More than 600 Indiana laws relate to marriage in some way, and they could be affected by the passage of a constitutional amendment banning gay marriage, according to a new report released Monday (Kelly, Fort Wayne Journal Gazette). For example, the same-sex partner of a deceased police officer or firefighter isn't eligible for death benefits because he or she isn't a spouse. And the same-sex partner of a person running for office could work as a precinct official at the polls despite a ban against spouses.

These situations already exist in Indiana but under the proposed amendment, lawmakers might never be able to alter so-called conflicts or benefits laws.

"What is clear from this compendium is the extent to which Indiana law uses civil marriage as a way to classify, grant rights to, and impose responsibilities upon couples and families in 614 ways. We hope that it serves as a resource for examining how legislative action around marriage can affect all Hoosier couples and families," the report said.

The analysis also noted, "whether one supports or opposes such a proposal, knowing what is involved in something as enduring as an amendment to the Bill of Rights in Indiana's highest legal document is critical to enlightened public discourse and decision." ❖



**Eric Bradner, Evansville Courier & Press:** An intraparty squabble over taxes and spending could be brewing as Indiana lawmakers prepare to return to the Statehouse in January for their four-month, budget-writing legislative session. The primary cause of friction among Republicans who control the House and the Senate, as well as the governor's office, is a campaign proposal by Gov.-elect Mike Pence. He wants to slash Indiana's individual income tax rate from 3.4 percent to 3.06 percent — a 10 percent reduction to be phased in over two years. It's an idea he believes would make sense, given that Indiana is on track to hand out \$111 in individual tax credits to each Hoosier income taxpayer next year and still close the year with \$1.4 billion in the bank, and a surplus expected to top \$500 million set to be added to it. But leading lawmakers — especially Indiana House Speaker Brian Bosma, R-Indianapolis — are persistently and publicly balking at an idea that would also drain about \$500 million annually from a state that spends about \$14 billion each year. They make the case that while the surplus looks large — large enough to appear ripe for a tax cut — there's some context that must be considered. First, Indiana is already in the process of phasing its inheritance tax out entirely over a nine-year period, and is stepping its corporate income tax down from 8.5 percent to 6.5 percent. These changes will chip into tax revenues. Second, a number of areas — most notably, K-12 education and public universities — have seen their funding reduced, or at least frozen, in recent years as Indiana lawmakers have tightened the state's budgetary belt to weather the recession. They're arguing for a slice of that surplus, and advocates of publicly-funded preschool are, too. And third, uncertainty about programs that could carry significant price tags exists. Prisons are overcrowded. The Interstate 69 extension from Bloomington to Indianapolis must be financed. The federal health care law must be implemented. There is also the reality that Bosma pointed out last week: Right now, more than half of the state's tax revenue comes from sales tax collections. Income taxes and gambling revenue are becoming increasingly smaller pieces of the state's financial pie. That, Bosma said, is troubling. "I have expressed caution to those who think it's time to cut our income tax because it throws us more out of balance," he said. Pence's now-forming administration has not committed to a specific timetable to push for the income tax cut he has proposed, and Bosma is ruling nothing out — only noting that he wants any proposals the House considers to be "sustainable" over the long run. How this issue develops in the coming weeks and months will offer important lessons on how the state's legislature and chief executive will interact in a post-Gov. Mitch Daniels and Speaker Pat Bauer era. It will be a measure of Pence's political capital and



whether Bosma, Long or both are willing to flex their muscles by opposing their own party's governor. It will also be an early look at the pressures the two leaders face within their own caucuses. For now, Long said he and Pence have yet to sit down together. Bosma and Pence met, but Bosma said they did not talk about Pence's proposal — "I think on purpose." ❖

**Andrea Neal, Indiana Policy Review:** Andrea Neal: It's ludicrous to equate Tony Bennett's defeat in the school superintendent's race with public rejection of a school reform agenda, as many in the education bureaucracy are trying to do. The public wants better schools, which is why Glenda Ritz, the teacher-Democrat who upset Mr. Bennett, must be extremely cautious before trying to dismantle any reform ingredients put in place by Mr. Bennett and Gov. Mitch Daniels. The public feels about schools and teachers much like they do about members of Congress. They don't like 'em, unless they happen to be their teachers and their schools. In that case, they're just fine. No one wants to admit his own offspring might be getting a second-rate education. Mr. Bennett's defeat can be blamed on two forces. One is the strong word-of-mouth network that teachers operate in this state. That network was solidly behind putting a colleague in the superintendent's seat. The other was a faction within what should have been Mr. Bennett's conservative base. These are folks opposed to Common Core, the new curriculum and testing initiative coming to Indiana thanks to Mr. Bennett's and Governor Daniels's somewhat surprising support for nationalized standards. ❖

**John Krull, Statehouse File:** The calls keep coming. Indiana's teachers aren't happy. On Election Day — with the help of parents and other Hoosiers — they knocked off the state's education czar, Superintendent of Public Instruction Tony Bennett, with an unknown and underfunded Democratic candidate, Glenda Ritz. Teachers thought they had changed the dynamic in the discussion about education reform and won themselves a seat at the table. It appears they thought wrong. Within hours, Gov. Mitch Daniels, Gov.-elect Mike Pence and Indiana House Speaker Brian Bosma — Republicans all — delivered their own message to teachers. They said that "reform" candidates had won in other races and that those victories constituted the real mandate on election reform. They said that the reforms were not going to slow down or be altered in any fashion. Daniels even said that he appointed a board of education that Ritz would report to. Translation: Teachers and parents who aren't happy about some parts of education reform and voted for Ritz, talk to the hand. ❖



## **Pence names Atkins head of OMB**

CARMEL - Governor-elect Mike Pence announced that he will appoint Chris Atkins to serve as director of the Office of Management and Budget in the new administration. Atkins will bring a wealth of fiscal policy experience into the Office of Management and Budget. Prior to joining Mike Pence for Indiana as policy director, Atkins served as general counsel and policy director for Governor Mitch Daniels in the Indiana Office of Management and Budget. At OMB, Atkins helped Governor Daniels craft and implement the historic 2008 property tax reform legislation, the 2011 corporate tax reform legislation which lowered the corporate income tax rate by 20 percent, and as OMB general counsel had responsibility for regulatory oversight of state agencies. Gov.-elect Pence said, "Chris's expertise in fiscal policy and his background in Governor Daniels' Office of Management and Budget will be invaluable to our administration. Chris will head up our efforts to expand the Daniels fiscal legacy by working with the General Assembly to pass honestly balanced budgets, maintain strong reserves, pay down our debt and reduce taxes." Atkins was policy director for Pence's campaign and played a major role in developing 13 policy white papers and the Roadmap for Indiana.



## **Mayor Hutton steps down as party chair**

RICHMOND - Democrats in Wayne County are looking for a new party leader. Richmond Mayor Sally

Hutton told party officials recently that in March she will step down as Wayne County Democratic Party chairwoman, a position she has held for 27 years. "Actually, I've been thinking about (stepping down) for over a year," Hutton said Monday. "There seems to be a lot of people interested in doing the job so it would be a good time for me to step aside."

## **Coats, Stutzman part on tax pledge**

FORT WAYNE - Four Republican congressmen have made news in recent days by saying they no longer feel bound by a promise they made to not raise income taxes (Francisco, Fort Wayne Journal Gazette). Sens. Saxby Chambliss of Georgia, Bob Corker of Tennessee and Lindsey Graham of South Carolina and Rep. Peter King of New York have publicly wavered from their past support of Grover Norquist's "Taxpayer Protection Pledge." They were beaten to the punch by a couple of Indiana colleagues who had signed the pledge. Sen. Dan Coats, R-Ind., said at an August appearance in Bluffton that he is not opposed to increasing tax revenue if the federal government cuts its spending dramatically. And more than a year ago, Rep. Marlin Stutzman, R-3rd, joined 99 other House members in signing a letter stating that "all options" should be considered to curb the rising national debt – although Stutzman later said he could not endorse a tax-rate increase. In all cases, GOP lawmakers are parting with Norquist, founder of Americans for Tax Reform, on whether the elimination of a tax break is the same thing as a tax increase. Republicans are resisting Democratic proposals to raise tax rates for the wealthy, but they seem willing to ditch some tax credits for businesses and people. "It's how you define tax increase," Coats said in a recent interview. "There

needs to be a combination of spending cuts, entitlement reforms and revenue. The issue is, 'How do you gain that revenue?'" Coats and Stutzman have said they could back tax-code changes that preserve or reduce current income tax rates while capping, cutting or eliminating tax breaks. "Taking away incentives, subsidies – I don't argue that's a tax increase. It shouldn't have been there to begin with," Stutzman said in a recent interview. On Monday, Sen. Bob Corker (Tenn.) tol CBS's Charlie Rose Show, "I'm not obligated on the pledge. I made Tennesseans aware, I was just elected, the only thing I'm honoring is the oath I take when I serve when I'm sworn in this January." House Majority Leader Eric Cantor (R-Va.) also suggested Monday that Norquist's anti-tax pledge would not dictate the GOP's strategy on the fiscal cliff.

## **Push to begin online sales tax**

INDIANAPOLIS - Two lawmakers say they plan to introduce legislation in the new year that would require Amazon.com and other online-only retailers with a presence in Indiana to begin collecting sales tax on July 1, 2013, six months earlier than a deal brokered by Gov. Mitch Daniels last January (Associated Press). State Rep. Ed DeLaney said Monday that it's unfair that Amazon and other online businesses aren't collecting the sales tax that businesses with brick-and-mortar stores are required to collect. "There's no reason to give a tax preference to one part of the retail world and not to the rest. That's what we're doing right now," he said. DeLaney said he believes the online companies should already be collecting the 7 percent sales tax, and that the legislation he and Rep. Tom Dermody, R-LaPorte, will introduce will clarify that.