

Mutz: . . . in Indiana, if you don't get exactly what you think is fair and reasonable from my department give me a call all that sort of thing.' The personal touch I think in selling anything is very important. As a matter of fact this is one of the things that Mitch Daniels has latched on to, literally dozens of these prospects who come through Indianapolis for one reason or the other have a brief visit to his office. It's part of the selling technique. It's not unusual for example for Jeb Bush to call some Indiana companies, tell him how great it is to operate in Florida and so forth. I mean, that's part of the business. But, the Suburu-Izuzu thing was a celebrated issue because Indiana had lost out on a previous auto plant, which went to the state of Illinois. And we negotiated on that one, lost the deal.

Scarpino: Was that a Honda Plant?

Mutz: No, it was a Chrysler plant. And so there are people who say, 'Well Mutz can't get the big one done.' This was one of those -- this is political stuff but that's the way it is.

Scarpino: And it's like being compared to Payton Manning.

Mutz: (Laughter) Yeah. That's right.

Scarpino: Sorry.

Mutz: Well, that's a flattering comparison at any rate. So, our office in Japan -- see during my tenure as a Lieutenant Governor we also opened the office in Japan, in Tokyo. We also opened offices in Brussels, later in England. I can't remember we only had four, five, they had many more representations now than we did then. At any rate, the works that we did there was finally a situation in which Fuji Heavy Industries, which is the parent company of SIA in Lafayette, made it clear that they were going to be build a plant some place in the United States and they'd finally decided there were three states that were ones that seemed, location wise in the right place and so forth. And so, the issue was then, can we get that in Indiana and we showed them sites in a number of locals. They finally decided they liked the Lafayette location best and I made four trips to Japan involved in that transaction. And I was involved

in the actual give and take on the final day, when we shook hands and celebrated the new plant and so forth.

Scarpino: What was the nature of that give and take?

Mutz: Of the what?

Scarpino: Give and take.

Mutz: Well, the give and take had to do with -- can you provide us a sight free of charge? This was an unusual a set of circumstances and I remember calling from Japan to a lawyer named J.B. King who was at that time was at Baker & Daniels here in town. J.B. and I had worked together on automobile excise tax, back in the legislature and all kinds of things, and he had been an advisor to Otis Bowen and so forth I think. And I said, 'J.B. here's the deal and it's a big deal and about three thousand employees, we think etc., and I said, 'Is there a way, legally to do this?' And he said, 'Well, I think so but I'm not sure, call me back in six hours.' So, we did and he said, 'I think we can do it' and I said, 'Well, are you prepared to put a team of lawyers on this to get it done' and he said, 'yes' So, that's the first step in this process. Other things we negotiate were training grants, the construction of an inter-state highway interchange that directly serves that plant, the widening of the road, which incidentally I may have told you, was the Baton ???spelling??? Memorial Highway where we located this thing, this was related to the -- criticism that ultimately took place because of the Japanese investment. Those are samples of negotiations. There is a memorandum of agreement that we signed, which is not legally binding but what it was is a -- an agreement signed by me on behalf of the state of Indiana that I will use my best efforts, to get the legislature to do all the things necessary. And that's kind of what happened, it was a lengthy process, that memorandum of understanding I think, it may be probably records available for something.

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Scarpino: Were the tax breaks involved . . .

Mutz: . . . Oh yeah, yeah I mean tax abatements and things of that kind.

Scarpino: You mentioned training grants. These are grant to train workers?

Mutz: Yes, and then we also set up a special arrangement with the Employment and Training Department that I have headed to do the preliminary interviews in screening of the thousands of people that applied for these jobs. These were sought after jobs and there were jobs in the \$45,000 to \$60,000 range. They were -- we had huge numbers of people who wanted them and screening 10,000 applicants alone, is a big task. So, we set up a special system to do that and -- but that, we did that in other plants as well. You see there was another big assembly plant that came into being during my tenure and that was the General Motors Truck Assembling Plant, south of Fort Wayne and that's a case where I was forced to work with a Democratic Mayor. And the arrangements we worked out there were, I think; again tax abatements and roads and the same general things were involved. But that was a big new edition and of course it came at the time that International Harvester was leaving for one year and they badly needed this economic shot in New York. The guy who was the mayor of Fort Wayne at that time is now a state legislator, as a matter of fact in Fort Wayne, oh, I am sorry . . .

[Recording paused]

Scarpino: In terms of the Suburu-Izuzu just off of Tippecanoe County, just off of 65. I assume that one of the attractions must have been availability of sufficient power, around the plant . . .

Mutz: . . . Yeah . . .

Scarpino: That's a REMC up there, a rural electric coop.

Mutz: . . . Not exactly . . .

Scarpino: . . . It's not...

- Mutz: No. What you had was the site that we had picked, was a split site, meaning that it was partly served by PSI and part by the REMC. And one of the negotiations I had to get involved in was to, get the REMC's to give up that little piece of territory and we succeeded in getting that done. They were not equipped to provide the kind of power that the plant of the sight needs, but of course they were paid something for their relinquishment of the territory.
- Scarpino: That was the reason I asked you that question is because, at least in the energy history of the state there is a long contest between the investor and utilities on the rural electric coops for territories . . .
- Mutz: . . . Exactly. That's right . . .
- Scarpino: And so you stepped into that, right now? Some were ironic in the sense that later on you became the head of the -- in the version of that power company.
- Mutz: That's right. Well, that's actually the same version. I mean that's the same company, yeah.
- Scarpino: . . . That's PSI . . .
- Mutz: Yeah, that's right and it is still PSI today although it's wholly owned sub. But at anyway, I guess what I'm saying is that, that's not the only time that we had split territory, but this is a -- now we worked with the REMC when the territory was all in their jurisdiction, that's a continuing problem in Indiana. Over the years, I have never been a favorite of the REMC advocates. That was probably another issue in the election campaign of '88 although I'm not nearly as highly profiled as was the xenophobia that I mentioned earlier. The bad with the REMC --it seems to me, is one of the situations in which, in the early days it was not economically exciting for the early power developers to wire the countryside and so this was -- came out of the Roosevelt administration and was an effort at bringing power to the country. And it was a great thing for the country. I mean, I remember my own grandmother down near South of Columbus, I, well; when I would visit down there, when she first got an electric dryer, this was a big deal. We had an electric dryer for a long

time in Indianapolis, and so we went to Columbus and bought a dryer. I went with her to do this. So, I understand the importance of that. On the other hand, these government involvements like that have a habit of never ending, once they accomplished their goal, and I think you could make the case that the energy system would be more efficient if we didn't have this unusual power provider in the middle of the system. The people that run the REMC will give you far different view, locally owned, locally controlled, investor owned all that kind of stuff.

Scarpino: In the interest of this I should probably say from the records that I have done a series of all these three interviews with, excuse me, former PSI folks and with the variety of individuals associated with REMC's including Mr. William Park ???spelling??? who was a lawyer, who put that system together. I interviewed him the day before he died.

Mutz: Really.

Scarpino: So, just for the record those interviews exist and . . .

Mutz: Well, I wondered how you knew this much about it. But that was one of the -- mean there was a long list of items that had to be dealt with during that negotiations, that's one of them and you're absolutely right.

Scarpino: I read almost every Utility Commission ruling on that, I mean I spent six month doing research on this before I had anybody's time, but I do know that it was significant issue when I was wondering how you negotiated those shoals as Lieutenant Governor?

Mutz: Yeah, well of course I went to the heads of the utilities and said you know, this is too good a deal for Indiana, we can't allow this territorial dispute to be a problem. And of course, I had strong support from the Indiana Utility Regulatory Commission and I had the leverage of the Governor's office, lot of things going for me in that situation.

Scarpino: What kind of leadership skills did it take to negotiate deals like that?

Mutz: Well, I think you have to have some kind of clear idea of where you want to end up, before you start the negotiation. And then decide what are you willing to give up in order to get there. And then, what is the tolerance level of the legislature for the dollars involved. And you had to think about all those things. And I have to say this to Bob Orr's credit; he virtually left me alone on that issue. He never got in and tried to, you know, second guess me, or say well, why to do this, why to do that? He trusted me to do that. Now, I had a lot of advice, a lot of good help from the talented people around me, but the final decision had to be mine, ultimately as to what we are going to offer and so forth. And you could argue that I could have gotten it for a little less. It might be, but in retrospect now, with what's happened there, I think it was a very good deal for the State of Indiana.

Scarpino: Do you think that one of your skills as a leader is the ability to sell an idea?

Mutz: Well, I do and I think if you don't have that ability or at least the willingness to learn how to do it, pretty hard to be in a leadership situation, yeah.

Scarpino: Do you think that your experience in business helps you hone the skill?

John Mutz Yes, I really do. I mean when I was in the equipment leasing business; you negotiate every single transaction. You know it's an interest rate, and terms and conditions and negotiations. When I would put a new fast food hamburger Restaurant, you go to a perspective landlord and say, I either want to buy your ground or I want to lease your ground or I want you to build me a building and lease it back to me and so forth. And you then go into a series of negotiations as to what those terms and conditions will be. Now, you always have a lawyer with you, to help you on some of these kind of things. But the give and take of those situations does hone your skills, no question.

Scarpino: You established a corporation for innovation development. Can you talk a little bit about what that was?

Mutz: Yeah. The corporation for innovation development was designed to create a venture capital network, in the state of Indiana. And it's now known as CID Ventures. And, well I have to say to you this is that once we got through the early stage of this economic development program, with all these tools to get new investors to come to the states over. Then it became very clear to me, and to Brain Bosworth and Allen Kimball, who were my two main advisors, that we were looking after the short-term interest of the state, but not the long-term interest.

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And so we decided we needed some initiatives that talked about the future. We knew then that we were going to have a need for more innovation in the state, more entrepreneurial activity and so forth. So we started three entities, to accomplish that goal. One was CID, which was to develop a network of venture capital . . .

Scarpino: . . .Corporation for Innovation Development . . .

Mutz: . . . That's what we called at originally, that's right. The second one was C.S.T the Corporation for Science and Technology and that was a, entity that receives state appropriations and made grants and loans to emerging companies. It also made grants to universities and others who collaborated on research of one kind or another. It is the forerunner of the 20th century fund that is currently in existence here in Indiana. And then the third one was called, may be on your chart there, but it was designed to be a small business assistance operation, and its purposes was to provide counseling and mentoring, if you want to call it that for small business developers. And we saw all these as essential ingredients in this business of redoing the Indiana economy, because it was becoming -- it wasn't clear to most people but it was in my gut that we had a lot of changing to do in the state, And it was very hard right then, to get people very alarmed as they are today, because we still had. You know after the recession was over, this industrial economy came back again.

Scarpino: What do you think was the nature of the changes that needed to take place, what were the points on the horizon you wanted to march the state towards?

Mutz: Well, when I saw what happened in the early 1980s, with the imprint of the Japanese automobile industry in the United States, it was pretty clear to me that the day of an insulated US economy was over. And what that means of course is, that as long as you've got other countries that have some ability to do creative thinking, we are no longer the only game in the world economy, that competition is going to happen, and it did. So, those efforts were on the part of our department and our administration, efforts at saying, it's important to be competitive right now on this new investment because we've got to do some things that shift the Indiana economy. Those were the first steps. Now, there was another one that took place later, and that was the creation of the Indiana Economic Development Corporation and that's the same name incidentally as Mitch's corporation to do this, but we saw that as a master planning operation, thinking about economic plans for the future. What should the Indiana economy look like, should it be regional, should it be -- how should it be structured, what would be the major building box and so forth? And Brian Bosworth became the first president of that operation. And they did some good work now when Evan became Governor, he essentially ignored it and it had a Director for a while what's his name? Think of it -- anyway he works for -- Tom Miller did a lot of work on the current Economic Development Plan for state of Indiana. So, those were some of things you see, that's another thing about leadership. It seems to me, none of those things would have a great deal of impact during my administration, it seems to me, one of the objects of leadership is to think down the road a little bit and see what kind of lasting impact you could have. So you know, I don't regret doing those things; I think they were the right things to do.

Scarpino: The Corporation for Innovation Development, you talked at, this was through venture capital Network, what was the source of the venture capital?

Mutz: Well, the initial operation was set up like this: a state chartered corporation was created and this state chartered corporation then sold partnership, I think that's right, yeah -- interests and I went out and personally solicited individual companies largely intuitional in nature, now we raised \$9.6 million in this first fund.

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Then I also recruited the board members and the board members were prominent members of the state business committee. Dick Wood, CEO of Eli Lilly & Company, Ian Rolland, CEO of Lincoln Life in Fort Wayne, Dick Rosenthal, CEO of the largest bank in South Band at that time, John Fisher, CEO of Ball Corporation in Muncie Indiana. I mean, those are samples of the kind of people that we recruit. And these men surprisingly, took this on seriously. I mean, they helped to sell the rest of the interest in the first fund, they aggressively managed it, and then they hired a professional to run, and that was what I wanted to happen. Now, the incentive for doing this was a series of tax credits, granted by the legislature to the investors, in this situation. And this was a complicated idea because we wanted also to create other venture funds, and so the same tax credits were made available to them, if CID granted to these other venture funds . . .

Scarpino: . . . So, Corporation for Science and Technology was one those on the venture capital?

Mutz: No, no, that's a whole separate entity. A state chartered corporation with state appropriations to support it. But, all the money in CID was private money. And after the initial phase of its development it was my intention, that it no longer has anything to do with government or politics. The idea was that venture fund shouldn't be making grants on the basis of political favoritism, it's a decision as to what's a good investment or none and we also found that the venture capital industry is one, which is in networking kind of industry. You make arrangements with other venture firms, they invest in your deals, you invest in their deals, that way you spread the risk and so forth. I

guess the intention of the first CID fund was that it be primarily devoted to Indiana companies, but we didn't mandate that in this situation. And nearly all the others were, and the first fund, was an amazing success. Returned -- a substantial return on investments, I can't quote the figures exactly but two or three times the amount invested and many of the investors had already written off the investments. And I remember Tom Miller that time who was Chairman of the Indiana National Bank and they put a million dollars in or eight hundred thousand -- I remember something in that category, and he said, John I've just came from the board meeting and I said was everything all right and he said yeah. And he said, I had to eat a humble pie. He said, I had to tell the board that we have received a substantial return on the CID investment and I had asked the board, several years earlier to write it off because they thought it was just kind of a civic thing they ought to do to support me and what we were doing. This one of those, this is a risky proposition from that stand point. But the early going in CID was quit successful. Fund 2 was as good as fund 1 and fund 3 was successful.

Scarpino: What were some of the investments that stand out?

Mutz: Boy, I don't know that I can quote them for you all. I have to get to the -- CID maintains a complete list of all the investments from the very beginning in all the funds and you can see them there. But they are not names that you would readily pull out.

Scarpino: You were involved in Sate Enterprises Zone Program?

Mutz: Yes that's another Economic Development Program that we started. The Enterprise Zones, the Film Commission, the one that's devoted to the development of the downtowns of small towns.

Scarpino: Main Street?

Mutz: Main Street, those were all part of this long list of things that we put in place, and the Enterprise Zone thing, was a experiment that I had read about from an economist named Butler, who had written extensively about his experience in United Kingdom. It was a, kind

of one of those things that conservative economist banding about as a great idea and so forth so I said, well, lets give it a try and we did in Indiana.

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Now, with limited success I have to say, the enterprise zones are being phased out now, largely because the tax breaks that we had created for them are gone. The inventory taxes will be eliminated and so the major revenue source for the enterprise zone commissions will be eliminated.

Scarpino: The inventory tax was the major revenue source for the Enterprise Zones?

Mutz: Yeah, the deal was that within the zone industries that that operated there got a break on their inventory tax and then they were originally asked to contribute roughly 10% of that break to the Enterprise Zone Commission, which administered the quality of life issues in the zone . . .

Scarpino: . . . Infrastructure, roads that kind of thing?

Mutz: Well and also, job for people and all kinds of other things. Yeah, Enterprise Zone Commissions are non-profits in Indiana and there are a lot like Neighborhood Development Corporations.

Scarpino: Intelenet, when was that? Sounds very high tech but I...

Mutz: All right, well Intelenet was an effort at wiring the states educational institutions, so that they were digitally connected. And I was successful in getting that bill passed on Intelenet and help create the first Intelenet Commission so forth. We got a professor from Purdue on loan to run it for us. Chinese American, really brilliant guy and it's the forerunner of the system we have now in place in other words, but part of my feeling here was, libraries for example; we ought to be able to get resources from a library any where in Indiana no matter where it is and get it in really in a short period of time. I think it is the forerunner of the kind of thing that we see now, has been taken for

granted. How can we expect the state prosper unless we have broadband available almost all over the state of Indiana, you know?

Scarpino: Okay. Indiana Export Finance Authority, what was the purpose of that organization?

Mutz: That was to provide financial assistance to companies that sought to export products outside the United States, and our goal there -- that's when that Bob Orr really inspired. Bob was always of the opinion that Indiana businesses were too insulated from the rest of the world. They should sell their products outside of the continental United States. And so, we devised a whole bunch of things to -- and that's one of them. Largely we job owned it a lot, I mean its that kind of thing.

Scarpino: That includes agriculture also?

Mutz: Yes.

Scarpino: I just looked at my notes by the way, overseas offices representing Indiana. in London, Amsterdam, Tokyo and Taipei.

Mutz: That's it.

Scarpino: So, Steve Carter who is currently the states attorney general was on your staff when you were Lieutenant Governor?

Mutz: That's right.

Scarpino: What he did in your staff over there?

Mutz: Well his first assignment was agriculture. He was my agricultural specialist. My liaison to the State Fair Board, my liaison to my Department of Agriculture that I had within the Department of Commerce at that time, since then, the states created a separate department. Steve was the one who traveled with me when I was doing Ag. speeches and things involving that part of my administration, yeah.

Scarpino: Did you play mentoring role with him if as he rose to (Voice Overlap).

Mutz: I think so, yeah. Steve Carter was introduced to me originally by Keith Bulen, because he introduced me to his parents. His parents were Lake County volunteer politicians in Southern Lake County. So, I first ran for State Treasurer in 1970 I met the Carters and they helped me in my campaign up there. And so then, when Steve was getting out of law school and all the rest of it, he became available and he was one of the people that we added to the staff.

Scarpino: It was little bit like Mitch Daniel's work, Keith Bulen knew the parents.

Mutz: Yeah, exactly. And then what happened of course was that, Steve was one of my brightest and most capable people and when Mike McDaniel, who was actually my Executive Assistance as Lieutenant Governor, what he did was leave the Lieutenant Governor's office to run my campaigns. And he'd take a leave of absence and spend a year of running a campaign and Steve became my Executive Assistance, when Mike was not there.

Scarpino: Lets see, you also served as Commissioner of Agriculture. I understand that you managed a family farm.

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Mutz: I did for a long time, my grandmother lived on that farm till she was 88 -- that's not right, I guess 90; at any rate; we moved her to a retirement facility here in Indianapolis. She died when she was 97 and after she left the farm it was pretty much left up to me to be responsible for.

Scarpino: So, in your spare time you managed a large farm?

Mutz: Well that's not large farm, about 450 acres something like that; south of Columbus Indiana. And we operated the farm on a share basis, meaning that the proceeds of the crops each year are split between the tenant and the owner.

- Scarpino: Soybeans and corn?
- Mutz: Soybeans, corn, and some winter wheat, that's right.
- Scarpino: What would you consider to be your major accomplishment especially of agriculture?
- Mutz: I don't know, it is pretty hard to zero in on any single big accomplishment. I think probably, the work we did in the exporting of Indiana corn and particularly soybeans, may have been the most important breakthrough that took place . . .
- Scarpino: . . . Where were the developing markets, what part of the world is...
- Mutz: . . . Asia, and you see the issue then and still today is that soy beans are a major food product in the Orient and tofu for example is a soy bean derivative. And soy beans for tofu production, are a different kind of soy beans than the traditional soy bean that's grown in Indiana. So one of the things that we tried to do is, to get some farmers to start thinking about tailoring their product for the export market. Now there is a lot of that happening today, but we just began that process then. That's an example.
- Scarpino: Did you have to eat tofu to promote this?
- Mutz: (Laughter). No. Well, the other things that I might mention is -- we did work on speciality products of crops too: asparagus, popcorn, things like that.
- Scarpino: Did you have anything to do with Orville Redenbacher?
- Mutz: Nothing, other than that I met him a couple of times. I attended the popcorn festival in Valparaiso Indiana, Parade Marshall several times, and rode with him on the float a couple of times up and -- nothing other than that.
- Scarpino: What was the Hoosier Hay Express?
- Mutz: Well, there was a period of time when there was an enormous drought in the Eastern half of the United States and the hay crop had literally been consumed

and deteriorated. And so, we organized a major trainload of hay that was transferred from Indiana to -- I want to say South Carolina. And this was a thing that my department organized and got together, we got the railroad to donate the cars and I actually went out and met with a Democratic governor and delivered the hay and all that kind of stuff.

Scarpino: I would like to, in the time we have left -- begin to talk about your campaign for governor, 1988. Who were the key members in your campaign staff, helped pull it together for you?

Mutz: Okay well, clearly Mike McDaniel was one of them, my son was one of them . . .

Scarpino: . . . Your son's first name?

Mutz: Mark, well his real name is John Mark Mutz, but we call him Mark. He was a lawyer an associate at Barns & Thornburg here in town. And he took a leave of absence from Barns & Thornburg with their blessing, I might say, I think nine months, and worked on the campaign and he now like became my best friend in that time period but stopped being my son and became my colleague, a very important moment in our relationship. The other principles in that campaign would have been Rex Early, who was the head of my fund raising activity,

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Van Smith of Muncie Indiana who was the chairman of the campaign, those are key players then there were some others.

Scarpino: Who were the people that helped you develop your issues and strategy?

Mutz: My son, he organized in Bulen fashion, a group of young lawyers who were friends of his and I think they were 21 of them. Each one was responsible for a policy paper. I had the most extensive file of policy papers I think any candidates ever had. We called them white papers; I don't know what else you would call him. They included everything from mental health and

mental retardation to highway construction etc. Steve Goldsmith came along as my running mate and he refined that the policy papers on the criminal justice system on the over crowding of the prison population a variety of those things.

Scarpino: He Later went on to a political career including Mayor of Indianapolis.

Mutz: Well, he was already a Mayor then that's right yeah.

Scarpino: I should have checked the tape before I spoke.

Mutz: Yeah, he'd been prosecutor, then mayor.

Scarpino: And your opponent of course was Evan Bayh.

Mutz: Right.

Scarpino: He was the son of a well-known Senator from State of Indiana, Birch Bayh. Can you just talk on certain key parts of the campaign?

Mutz: Well, the campaign was significant for several reasons in the sense that one of the early traumas in the campaign was something I described for you earlier was they question is to whether, Evan was even eligible to be governor of Indiana and without any question the hassle over that originally started by a newspaper reporter who raised it in a column, followed by the court test in which the Indiana supreme court was asked to decide, is he eligible or not? Now, in Indiana there is a section of the constitution that says you must have been a resident of the State of Indiana for five years and in the normal sense of residency, Evan doesn't, didn't qualify, but the court found that he was qualified. He, of course, was living with his family in Washington DC, and you could make the conclusion that that's the same as living in Indiana if you're a member of Congress. Again this is one of those situations -- the courts have taken a very liberal position on residency requirements. I think I really would have been better off in that campaign, had that never happened and that I've referred to him as a corporate beggar during the whole time of the campaign and pointed out his lack of experience etc. It

took away one of the major issues in the campaigning part, and it gave him an enormous amount of public scrutiny and he almost looked, during that moment in the history of the whole thing, like a victim. So psychologically and so forth, it's easy in retrospect to say, but I only wished it would have been done in a different way. However, that's what happened and Bob Orr in particular, thought it was really important that this determination be made and I think Bob was speaking from a good government viewpoint. It was not an issue of wanting to rule Evan in or out, he thought it was a determination that ought to be made, and that's a kind of guy, Bob Orr was. I mean, I have to give him credit for that.

All right, so having said that, I see that is the first piece of the campaign. The second piece of the campaign was that period in which you attempt to get the public to know you. Now, this may come as a surprise to you but once Evan announced and got into the campaign, I was always behind in every poll that we took during that time period. I'd never ever passed him in our polling. Even though I was an incumbent Lieutenant Governor, people didn't understand the difference between Evan and Birch and there are people to this day, who still call him Birch, I mean it still happens. I mean, Birch Bayh was a very popular United States Senator three term in 18 years, lost to Dan Quayle and presidential aspirant etc., close friend of the Kennedys actually he was in one of the Kennedy plane crashes, pulled Ted Kennedy out of the plane.

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And I know Birch pretty well, what I am trying to say to you is that, that on the basis of name recognition and other kinds of measures, Evan started out ahead and stayed ahead throughout the campaign. Our tracking in polling, it showed our closest head to head, two weeks out, from the Election Day. And it was a close election but we never quite got over the hill, so to speak in terms of the head to head projections. But anyway, the second part of campaign is this business of get your candidate better known, what sort of a human being is he -- not an issue thing but, so we did lot of television commercials and so forth. We raised \$4

million for this campaign and Evan raised about the same amount of money and ...

Scarpino: . . . Was that a lot of money?

Mutz: That was a whale of a lot of money, that's right. It was a record breaker from that standpoint, yeah. Now the second or the third part of the campaign was after the State Convention and I should point out that the State Convention picks the Lieutenant Governor nominee at that point. And so, we did some polling and tried to decide, who would be the most helpful Lieutenant Governor nominee? And Steve Goldsmith was the one that helped us the most. He also was an unbelievably bright and fascinating policy wonk, that's really -- Steve is not a warm and fussy personality but there is nobody I know who is a more careful student of the policy and willing to try and do ideas and so forth. He would have been a great a very Lieutenant apparently. We would had a lot of fun because we would to tried a lot of new things, done a lot of things that I badly thought needed to be done, and we had this whole group of 21 white papers prepared for our action plan and we were prepared to govern. So, the next phase of the campaign was the picking of the Lieutenant Governor nominees, and you may remember that Evan had -- because of his popularity forced Frank O'Bannon to drop out of the race for Governor. And, so Evan did a very wise political thing, he asked Frank to be his Lieutenant Governor and Frank decided to do it. That was a very wise political decision on his part. So, that then set the stage for the fall. Now the fall campaign was full of things involving the xenophobe question that I've raised with you before.

Scarpino: . . . Raised at Suburu-Izuzu and foreign investment . . .

Mutz: Foreign investment in general, paid too much, give away the state's money and they were playing to a clear problem that we had it showed up in all of our focus groups. There was animosity on the part of lots of ordinary users, to this business of quote, selling out to the Japanese or at least that's how it appeared anyway, or it could appear. Also involved at the end of this campaign were accusation involving what would happen to organized labor. One of the things that Evan

needed to do because he was looked upon as fairly conservative democrat; was to reactivate, reenergize the traditional base of the Democratic Party. And so to do that, he made commitments concerning collective bargaining for public employees and things of that nature. One of the interesting things about this campaign was at one point, he even got into a bit of a conversation about whether he wanted to unionize University Professors on the College Campuses in Indiana? And, I think we did not think that was a good thing for the institutions and we did run some commercials in opposition to that viewpoint. But at any rate, the fall part of the campaign was build around the kinds of issues I am talking to you about here.

(00:45:01)

Scarpino: What were your issues?

Mutz: Well, let me finish his, but underlying everything he was doing was it's time for a change. Twenty years of Republican rule that kind of thing, you know. And the line he used all the time was, John has been a wonderful public servant and we owe him a lot of gratitude, but it's time for a change and we can do better. I mean that's a pretty potent kind of thing. Now, our campaign was built around 'First of all experience,' and somewhere or the other, I was never able to get this point, well established. You know there is hardly a man or a woman in a plant or a factory in Indiana who would want the guy working next to him to have just started there, when somebody who has run that machine before; because it's safe (Inaudible). And yet, when it comes to government we have a lot of trouble convincing people that experience is important then all. But any way, included in our campaign promise was a commitment of no tax increases. And you may recall it at that particular point; the state had a two billion dollar surplus. And my view at that point was that; give a normal economic condition, even close to normal that we could manage that state without at a major tax increase. We also had positions on economic development, which we probably already had a pretty good record and so we were running, 'on our record,' but those are the things that we were involved. I have a

complete file of the television commercials that we ran at home and I don't them out very often. Some time when I am very depressed here of, there are two things I do, I listen to my concession speech after I lost the election, which was more lengthy than most concession speeches and I said a number of the things that I wish I'd said at the campaign. And then secondly I also rerun the video of my daughter's wedding that was held on the State House, that she was actually married on the floor of the State House. We built an altar at one end; it was a beautiful wedding. The only problem was it didn't take, she was divorced thirteen months later and she's since remarried and then it's a wonderful marriage and she has three children and so forth. But, you do have a few of those things that kind of remind you of your -- of the scisitudes of your life. I mean, either there are times when things will go up and sometimes when they go down, you need to find some balance I think in that periodically.

Scarpino: To what -- you did when the election I am saying for the record-- because the tape recorder doesn't know that.

Mutz: Right, that's right.

Scarpino: To what you attribute the outcome when you think back on it?

Mutz: Well, when I think back on it, I say, first of all, the decisions that were made concerning the residency issue, I think has an impact. Secondly, the by name, the by reputation were very strong. Evan is a very attractive candidate, he is a nice looking guy, have a beautiful wife, and he was a person who with about the same amount of money to spend as I have. Unlike previous Republican gubernatorial aspirants, I did not out spend my opponent and the others all did, and I am talking now from Witkin, Bowen, and Orr twice and Witkin I mean and Bowen twice. In Indiana, I know we call this a Republican state and historically it is, but in election where you have two people of --who are good candidates and who are reasonably articulate and you have about the same amount of money you're going to have a close campaign, and we'll see more of those things happening.

Scarpino: For now we just saw a reversal of fortune in the last election. You talked little bit about the scandals in the State House. Do you think of that fit into his claims of primary change?

Mutz: Well, we didn't have any great scandals during the Orr years that I' would put my finger on. Frankly he had a bigger problem than we did. The governing the state of Indiana with it's -- at that time some twenty eight thousand employees and so forth, it's a ponderous task and you're going to have some human frailty in this situation.

(00:50:11)

Scarpino: When we visited during the pre interview, you described that losing an election after twenty years of public life was a form of grief.

Mutz: Yeah.

Scarpino: What did you mean by that?

Mutz: Well, what I meant by that is, that when you had put your heart and soul into an effort to prepare for that and to do something, and then you'd no longer is there, it's no longer available, it's not part of your life, it is removed. That is quite similar in a lot of way psychologically, to when you lose a loved one. And I still suggest that it's nearly as severe as losing a spouse or particularly a child, which has got to be the hardest one of the losses to bear, I think. But it is a form of grief and you go through the same process of dealing with that grief that you do when you lose a loved one. And some people do it in a different way, some people take longer than others and so forth. But I was very fortunate in the sense that three months after that happened, Tom Lake came to me and said, 'I'd like for you to consider being President with Lilly Endowment' and that was an enormous uptake in my life. I said that was a turning point of my life, no question about it.

Scarpino: And that may actually be a good time for us to say thank you because I know that you have an appointment.

Mutz: I do, and I have got to have to, yeah -- move on.

Scarpino: Thank you very much and we'll afford to see you one final time.

Total Duration: 52 Minutes.