

## THE INDIANAPOLIS STAR

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EUGENE C. PULLIAM 1889-1975, Publisher 1944-1975  
EUGENE S. PULLIAM 1914-1999, Publisher 1975-1999Dennis R. Ryerson  
Editor and Vice President  
dennis.ryerson@indy.com  
(317) 444-6169Pamela B. Fine  
Managing Editor  
pam.fine@indy.com  
(317) 444-6168Tim Swarens  
Editor of the Editorial Pages  
tim.swarens@indy.com  
(317) 444-6176Barbara A. Henry  
President and Publisher  
barbara.henry@indy.com  
(317) 444-8131

## Let's talk about privatization

## Governor's initiatives raise several questions

Discussions of privatizing government services are familiar to Indianapolis residents, who got their first taste of such efforts in the 1990s during the administration of Mayor Steve Goldsmith. But moves such as handing a 75-year lease of the Indiana Toll Road to the Macquarie-Cintra Partnership and last week's proposal to spin off the lottery are new to the rest of the state.

Hoosiers have plenty of questions about the usefulness of privatization. The Star Editorial Board offers some insight on the matter:

## Why is Gov. Daniels embarking on privatization?

Start with 373. That's the number of agencies, departments, commissions and boards that make up state government. The state has begun to evaluate its operations in a businesslike manner, but the need to streamline government so it can focus on what it does best remains.

Then there is \$143 million. That is the amount by which the state likely will miss its fiscal year 2007 projections for state and individual income taxes. While revenues are increasing, the missed projections for these two taxes — which make up 79 percent of state proceeds — are signs that Indiana's fiscal condition remains less than ideal.

And there's \$9 billion, the deficit in the state Teachers Retirement Fund that the state must eventually make whole. It's just one of the liabilities, from delayed maintenance on roads to future Medicaid obligations, that taxpayers will have to one day cover.

All of that, in turn, strains the state's ability to finance much-needed new programs, including full-day kindergarten and college scholarships, without either raising taxes, improving government efficiency or eliminating capital risks.

## How can privatization help bring the state's fiscal house in order?

When used as a risk management and asset diversification strategy, privatization can reduce obligations borne by taxpayers while also raising money that can be used for investments in areas such as infrastructure. The Toll Road lease earlier this year accomplished that goal by bringing in \$3.8 billion for the state to use on highway projects while also erasing at least \$4 billion in capital costs.



Privatization also can be a useful tool in eliminating activities that aren't related to the core mission of state government. The Department of Correction did that last year when it handed off food service operations to Aramark, reaping annual savings of \$12 million for taxpayers.

When structured properly, privatization can make government services more efficient and cost-effective for those served and for taxpayers. The deal the state struck to hand off part of the Family and Social Service Administration's woefully run welfare operations to a consortium led by IBM could improve how the agency determines which Hoosiers are in need of services.

## What are the risks?

Deals can go bust if governments don't exercise proper oversight.

An example of that is a dispute between Texas officials and Electronic Data System, settled last year; the state accused the company of overcharging for its handling of Medicaid claims.

But it's not just about weak monitoring. If the goal of privatization is to

## ONLINE: CONTINUE THE CONVERSATION

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the history of toll road projects that failed because of overly optimistic traffic projections — and the need for bailouts by state and local governments — makes the deal risky for taxpayers.

## What should Daniels do?

Give credit to Daniels for bold thinking and action. But he needs to create a rational process in which his privatization proposals can be planned, vetted and monitored. Depending on already-busy Cabinet members or the over-worked Department of Administration to accomplish such tasks isn't realistic.

Daniels should follow the path of Florida Gov. Jeb Bush, who created a center for efficient government to evaluate initiatives after high-profile blowups of previous privatization efforts. He also should establish a protocol requiring that every privatization initiative be justified in the same way a company makes a business case for its moves.

Daniels also should create an efficient government council, another move made in Florida, which allows critics of privatization to voice concerns and play an advisory role on such initiatives.

Privatization is neither panacea nor plague for Hoosiers. It's the details of each deal that are critical.

simply save money or the plan doesn't clearly show how taxpayers benefit or the same results can be achieved by other means, then bringing in a private operator might not make sense.

## Is this a problem with Gov. Daniels' new proposals?

The state lottery's consistent record of generating surpluses and questions about how the state would replace that income make it difficult for Daniels to justify franchising the operations to a private business for 30 years.

The proposed lease for the Indiana Commerce Connector also is on shaky ground because state transportation officials have evaluated and rejected a similar plan for a second beltway around Indianapolis. More important,



## EDITORIAL

## The challenge of sticking to their principles

During the 1956 presidential campaign, comedian Mort Sahl said: "Eisenhower stands for 'gradualism.' Stevenson stands for 'moderation.' Between these two extremes, we the people must choose!" Half a century on, war abroad and cultural flux at home make for more dramatic choices. The campaign for the 2008 Republican presidential nomination has been roiled by a recent event and an occurrence 12 years ago.

The Iraq Study Group's report increased the likelihood that John McCain soon might have to abandon either his current recommendation regarding Iraq or the moral judgment that is the basis of that recommendation. And his most formidable rival — so far — for the nomination, Massachusetts Gov. Mitt Romney, must square his current courtship of social conservatives with what he said in his courtship of gays and lesbians during his unsuccessful campaign for Ted Kennedy's Senate seat in 1994.

McCain has said that current U.S. policy regarding Iraq is not working, that defeat in Iraq would be "catastrophic," and that defeat will result unless we increase the number of U.S. troops there. He calls the ISG report, which does not recommend that, a recipe for defeat.

But just a few days ago Iraq's president, Jalal Talabani, ridiculed U.S. efforts to train Iraqi forces ("What they have done is move from failure to failure") and rejected the idea of increasing the number of U.S. advisers embedded with the Iraqi army, saying that would subvert Iraq's sovereignty. This complicates McCain's position, which is



GEORGE WILL

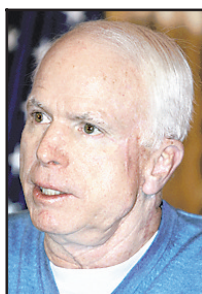
that "it would be immoral" to keep sending U.S. troops to Iraq to maintain current numbers merely to "delay our defeat for a few months or a year."

So if the president's forthcoming speech on Iraq does not announce an intention to significantly increase U.S. forces in Iraq, at what point does McCain call for the liquidation of an "immoral" policy? He honorably would prefer not to call for that, even though doing so would serve his political interests by making his position on Iraq congruent with the electorate's.

McCain's challenge is to keep his Iraq policy in conformity with his analysis of military exigencies. Romney's challenge is to prevent political exigencies, as he understands them, from tainting his political appeal with the suspicion that he has what voters abhor — versatility of conviction.

During his 1994 Senate campaign, Romney wrote to the Massachusetts Log Cabin Club, the organization of gay and lesbian Republicans, saying that as "we seek to establish full equality for America's gay and lesbian citizens, I will provide more effective leadership than my opponent." The question is what Romney then meant by "full equality."

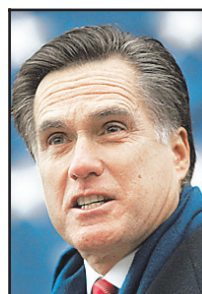
In 1994, gay marriage was far from



Sen. John McCain of Arizona

central, as it is now, to the debate about gay rights. But in 2003, Massachusetts' highest court ruled that same-sex marriage is a right guaranteed by the state constitution. The question is: Has Romney, in his quest to get to McCain's right on issues that concern social conservatives, become contradictory?

He does seem to have either the zeal of a convert — or an indifference to elementary distinctions — when he accuses McCain of being "disingenuous" because McCain, who opposes same-sex marriage but believes that marriage law should remain a state responsibility, voted against an amendment to the U.S. Constitution declaring that marriage is a relationship between a man and a woman. The Boston Globe reports that in 1994 Romney, who now supports a federal ban on same-sex marriage, told a Boston-area gay news-



Massachusetts Gov. Mitt Romney

paper that the definition of marriage was a state prerogative. This, combined with his statement that he is pro-life because his views have "evolved" since 1994 (when he said, "I believe that abortion should be safe and legal"), leaves Romney vulnerable to the suspicion that his social conservatism is synthetic.

Romney can argue that judicial activism regarding same-sex marriage, as in Massachusetts, has made it impractical to leave the definition of marriage to state legislatures. And he can argue that a reasonable understanding of "full equality" for gays and lesbians need not include an entitlement to a legal status ("married") with a long-standing meaning and social function. But he should make his arguments soon, before voters come to an adverse judgment about how he makes judgments.

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of futile perseverance. And by then Romney must explain the ballast of belief he carries as he attempts to become the social conservatives' candidate.

★ Will is an ABC commentator and Washington Post columnist. Contact him at [georgewill@washpost.com](mailto:georgewill@washpost.com)



RUSS PULLIAM

## They blog, they IM, but can they write?

TYL. BRB. ROFL. If those are meaningless configurations of letters to you, you might be an anachronism.

TYL in an e-mail means "talk to you later." BRB means "be right back." ROFL means "rolling on the floor laughing."

It's not that I'm an avid user of Instant Messenger or really understand the brave new world of Internet-based communications. I just have six children, mostly grown now, and have picked up bits and pieces.

But the abbreviations point to an interesting debate as to whether writing is getting better or worse because of the Internet.

My hunch is that young people write better because they write more. This time of year, I review about 200 applications for our summer internship program, the Pulliam Fellowship, and we select about 25 to work for The Star or the Arizona Republic. The applicants, including some bloggers, seem as strong as ever in their writing skills.

But some advocates of traditional grammar and spelling think the Internet is ruining the language.

Franklin College journalism professor John Krull has a mixed assessment.

"Students today do a lot more communicating through media than we ever did at their age," he says, "but the communication is much more abbreviated — a kind of staccato shorthand that tends to grate on the eyes and ears of those of us who have an appreciation for more traditional forms of communication."

Yet he wonders if the technology is spurring a style shift similar to the telegraph. "Part of the reason Abraham Lincoln wrote so effectively was that he responded to the new technological demands for brevity and cogency," Krull recalled. "I'm not prepared to say that this new technology will produce a similar revolution, but a respect for that history does give me pause."

From the Northwestern University journalism program in Chicago, Richard Roth sees strengths and weaknesses. "Students today have written more and read more by the time they get to my classroom than students of the past, including students of my era," he says. "But that reading today often is blogs, not books; text messages, not carefully crafted writing. And the writing is often in code and clipped (K for OK) and the spelling is sometimes curious or quaint or just plain wrong; punctuation is casual or wrong; and words have new meanings."

Roth taught English at DePauw University for several years before moving to Northwestern, one of the nation's top journalism schools. He does see a bright side. "They have more information at their fingertips than we ever did, and they take advantage of that when they write," he notes. "I find this new writing more interesting, if less artful; more informative, if less crafted."

From the political world, Democratic Party State Chairman Dan Parker comes down on the traditionalist side. "It's destroyed sentence structure completely," he said. "E-mail made it bad. Getting a BlackBerry has made it even worse. It really is in BlackBerry code."

But give the last word to state Superintendent of Public Instruction Suellen Reed, who suggests: "It works both ways. On the one hand, it gives them the opportunity to have more access to the world of quality writing, including excerpts from great literature, as well as newspaper and magazine articles. Yet if all they use the computer for is text messaging, then a steady diet of just short-cutting everything isn't healthy."

★ Pulliam is associate editor of The Star. Contact him at (317) 444-6001 or at [russell.pulliam@indy.com](mailto:russell.pulliam@indy.com).