President George W. Bush
Oral History Project

BRIEFING MATERIALS

Mitchell E. Daniels, Jr.

May 2, 2014

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July 2013

Presidential Oral History Program

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MITCHELL E. DANIELS, JR. NEWS TIMELINE
Prepared by Bryan Craig
Miller Center, University of Virginia, 07/08/2013


1979 Daniels earns a J.D. from Georgetown University. (http://www.purdue.edu/president/about/index.html)


1985-1987 Daniels is the assistant to the president for intergovernmental and political affairs for President Ronald Reagan. (Burke, p. 44)

1987-1990 Daniels serves as CEO of the Hudson Institute.

1990-2000 Daniels manages Eli Lilly and Company’s North American pharmaceutical unit and is the company’s corporate vice president.

2000 December On the 23rd, George W. Bush designates Daniels as director of the Office of Management and Budget (OMB). (Burke, p. 44)

2001 January Daniels, Secretary of Treasury Paul O’Neill, Lawrence Lindsey, the director of the National Economic Council (NEC), Deputy Chief of Staff Josh Bolten, Commerce Secretary Don Evans, and Glenn Hubbard, chairman of the Council of Economic Advisors, begin weekly meetings. (Ron Suskind, The Price of Loyalty, New York: Simon & Schuster, 2004, p. 110)

Daniels, O’Neill, Vice President Dick Cheney, and Chief of Staff Andy Card create a four-member budget review committee responsible for resolving budget disputes. (The Washington Post, 09/29/2001)

On the 20th, the Bush Administration issues a temporary hiring freeze for some federal agencies and directs them to submit plans for reducing management layers and redeploying managers. It is part of Bush’s campaign pledge to abolish about 40,000 management positions and improve government efficiency. Daniels issues hiring guidelines, but agencies are slow to act on existing promotions and
hiring college graduates for the new Administration. (The Washington Post, 01/31/2001, 03/15/2001)

On the 22nd, Congress begins deliberations on an eleven-year $1.6 trillion tax cut plan. (The New York Times, 01/23/2001)

On the 25th, Lindsey sends a memo to Card, copying Daniels and O’Neill. It reportedly criticizes the Treasury Department’s tax analysis unit for not providing revenue costs for Bush’s upcoming tax cuts plan. The White House will rely on the estimates from a bipartisan group, the Joint Committee on Taxation, that show only a small economic growth stemming from the cuts. The memo is leaked to the press. (Suskind, pp. 67-69; Burke, pp. 92-93)

On the 28th, with the economic downturn, the Bush Administration announces that its first priority is passing tax cuts and postponing Social Security reform. However, Bush asserts that he will “follow through” on Social Security reform. A projected $6 trillion surplus will make it affordable. (USA Today, 12/29/2001)

On the 29th, Bush announces the National Energy Policy Development Group chaired by Cheney. Daniels is a member with O’Neill, Bolten, Lindsey, Environmental Protection Agency Director Christine Whitman, Evans, Secretary of Energy Spencer Abraham, Federal Emergency Management Agency Director Joe Allbaugh, Director Ruben Barrales of Intergovernmental Affairs, Secretary of State Colin Powell, Interior Secretary Gale Norton, Agriculture Secretary Ann Veneman, and Transportation Secretary Norman Mineta. The mission of the panel is to look at reducing the U.S.’s reliance on foreign oil, including drilling in Alaska’s Arctic National Wildlife Refuge (ANWR). (The New York Times, 01/30/2001)

**February**

On the 8th, Bush sends his $1.6 trillion tax cuts to Congress and would like them applied retroactively for the current year. His plan includes a four-bracket structure (thirty-three percent to ten percent) and a repeal of the estate tax, but it does not include capital gains or corporate tax cuts. Some Democrats see it as a plan for the wealthy, but the Administration responds that the tax cuts are crucial to putting extra money in people’s pockets, and that middle-class families will get the largest percentage cut in income taxes. (The Washington Post, 02/06/2001; USA Today, 02/08/2001; The Wall Street Journal, 02/06/2001)

On the 28th, Bush unveils his budget in a speech to a joint session of Congress. He plans to reduce the $3.2 trillion national debt to $1.2 trillion in ten years. (The New York Times, 02/27/2001, 02/28/2001; USA Today, 05/29/2001)

**Spring**

On March 8th, the House passes a ten-year reduction on tax rates. Over the next two months, it passes a cut in the marriage penalty, an increase in the child credit, a ten-year gradual phase-out of estate taxes, and an increase in tax benefits for people contributing to Individual Retirement Accounts (IRA). (2001
March

The OMB tells all federal agencies to open approximately 425,000 jobs that are more “commercial” in nature to competitive bidding with the private sector. (*The Washington Post*, 06/01/2001)

Bush proposes to limit discretionary spending to $660.6 billion, a four percent increase, but the budget still allows increases in education and defense. Congress passes a limit of $661.3 billion. (*2001 CQ Almanac*, pp. 2-3, 5-3)

April

Bush Administration staffers work on a compromise as the Senate seeks to reduce $450 billion from Bush’s tax cuts. Many members of the Senate Finance Committee see Bush’s plan favoring top earners, and do not want to lower the top rate to 33 percent, but to set it between 35 and 37 percent. The White House argues that most people in the upper bracket are business owners and can grow their businesses faster if they don’t have to pay more taxes. The final compromise is set at 35 percent. (*USA Today*, 04/30/2001, 05/29/2001; *The Washington Post*, 05/09/2001)

May

On the 10th, House and Senate negotiators reach a compromise of $1.35 trillion on the tax cuts. The Bush Administration accepts the deal to get tax cuts passed in the Senate. (*USA Today*, 05/29/2001)

On the 17th, the Administration’s energy task force report is published. It supports an increase in production of oil, gas, coal, and nuclear energy, calls for further study on global warming and fuel economy standards, and promotes renewable fuels, alternative energy sources, and conservation. Opponents criticize the apparent secret meetings, the alleged influence of large energy and oil companies like ENRON, and drilling in Alaska’s ANWR. (*National Energy Policy Development Group, Report*, Washington, D.C.: U.S. Printing Office, May 2001; *The Washington Post*, 05/17/2001)

On the 24th, Daniels says he expects federal agencies to consult with states and weigh costs and benefits before issuing major regulations. Reportedly, agencies have not been as rigorous about doing this. (*The Washington Post*, 05/25/2001)

On the 26th, Congress passes a ten-year $1.35 trillion tax cut plan. Bush signs it on June 7th. (*2001 CQ Almanac*, p. 18-3)

August

Bush announces the President’s Management Agenda (PMA). It scores 26 major agencies by a “red,” “yellow,” or “green” status that measures progress toward efficient management. (http://www.whitehouse.gov/omb/financial_fia_pma)

Aug.-Sept.

In August, a report from the Congressional Budget Office (CBO) says that the government might tap into the Social Security surplus because Bush’s budget cuts
and the slow economy is shrinking the existing budget surplus, leaving only $2 billion of it outside of Social Security. On September 7th, Daniels tells House Republicans that due to a drop in corporate tax receipts because of the worsening economy, the government might have to dip into the Social Security surplus. Both statements touch off concern in both parties about the Social Security surplus. (The Washington Post, 08/19/2001, 08/28/2001, 09/08/2001, 09/12/2001)

**September**

On the 10th, Daniels sends a memo to the managers of federal agencies to review programs for reduction or elimination, to achieve a five percent cut in the overall budget for 2003. (The Washington Post, 09/19/2001)

On the 11th, al-Qaeda attacks the World Trade Center in New York City, the Pentagon in Washington D.C., and hijacks a plane that goes down in Pennsylvania. Daniels sees the Twin Towers collapse on the television in the reception area of his office in the Old Executive Building. (The Washington Post, 09/25/2001)

On the 14th, Bush holds his first meeting with his economic advisers since the attacks. Congress passes a $40 billion emergency spending package largely devoted to security, recovery efforts, law enforcement, and intelligence gathering. Bush originally asked for $20 billion, but Congress doubles the amount. (http://cnn.com; The Washington Post, 09/25/2001)

Congress proposes $686 billion for discretionary spending, $25 billion more than last year. Daniels agrees to bring it to the president. (The Washington Post, 09/22/2001)

As the recession deepens after the 9/11 attacks, the Bush Administration and Congress begin a series of meetings to discuss an economic stimulus. Republicans are interested in cutting the capital gains tax, speeding up the reductions of the income tax-rate in Bush’s tax plan, temporarily cutting the payroll tax, and cutting corporate tax cuts. Democrats are interested in public work programs and expanding unemployment insurance. Meanwhile, Chairman of the Federal Reserve Alan Greenspan advocates a slower approach until a better assessment can be made on the direction of the economy. Within the Bush Administration, it is reported that some officials think the recent emergency spending package and increased defense spending are enough to jumpstart the economy, while Lindsey reportedly pushes for additional tax cuts and spending. (The New York Times, 09/20/2001; The Washington Post, 10/30/2001)

On the 22nd, Bush signs a $15 billion airline rescue package. (http://cnn.com)

**October**

On the 5th, Bush announces a $75 billion stimulus plan focusing on a corporate tax cut, hoping to spur growth. The plan does not resolve the division among Democrats and Republicans. Bush decides to offer tax rebates, although some officials predicted they would not be used to stimulate consumer spending but to

On the 7th, Operation Enduring Freedom in Afghanistan begins.


**Oct.-Dec.** On October 24th, the House passes a $100 billion economic stimulus plan focusing on corporate tax cuts and a one-time individual tax rebate. Daniels warns Congress about “opportunistic spending sorties masquerading as ‘emergency needs.’” (*The Washington Post*, 10/17/2001) The Senate Finance Committee passes its bill on November 4th focusing on new spending and less on tax cuts. By December, both sides fail to reach a consensus as Democrats want to increase spending on security and aid to New York, while Daniels argues that the $40 billion is enough for now. (*2001 CQ Almanac*, pp. 18-7 to 18-18; *The New York Times*, 12/04/2001)

**November** Daniels gives Bush a report that states that the budget surplus is gone. He also says publically that the government will probably not have a balanced budget before FY2005. The Democrats blame Bush’s tax cuts for the deficits. (George W. Bush, *Decision Points*, New York: Crown, 2010, p. 445; *The Washington Post*, 11/29/2001)

On the 15th, Sean O’Keefe, the deputy director of management at OMB, is named to head NASA. (*The Washington Post*, 11/16/2001)

**2002**

**January** Daniels tells reporters that the federal government is projected to run a $106 billion deficit for the fiscal year. (*The Washington Post*, 01/24/2002)

**February** On the 4th, Bush announces his $2.13 trillion budget. It includes a $38.3 billion increase in military spending and asks Congress to give the president the authority to spend $10 billion beyond that to fight the war in Afghanistan. The budget calls for a permanent extension of the tax cuts and for freezing or cutting spending in six out of the fourteen major cabinet departments. (*The New York Times*, 02/05/2002)

**March** On the 4th, Bush announces up to a 30 percent increase in tariffs on most imported steel to protect the U.S. steel industry. It is not an across-the-board tariff and it is meant only to help the U.S. industry restructure and modernize. (*The Washington Post*, 03/05/2002)
On the 9th, Bush signs an economic stimulus bill. It provides $43 billion worth of business tax breaks and extends unemployment insurance benefits. The tax breaks are significantly less than what the White House wanted. (*The Wall Street Journal, 02/22/2002; CQ Weekly, 03/09/2002*)

Bush submits a $27 billion supplemental appropriations bill to cover defense spending, new State Department expenses, and money to help rebuild New York City. Daniels says this bill will be the first test to see if Congress adds more domestic spending in a bill Bush wants for defense/security spending. (*The Washington Times, 03/28/2002*)

**April**

On the 11th, Daniels testifies before the Senate Governmental Affairs Committee about forming a new Homeland Security Department. Daniels has been working with Tom Ridge, White House Counsel Alberto Gonzales, and Card on creating this new department. By May, the group brings in Bolten, Deputy Chief of Staff Joe Hagin, Assistant to the President for Legislative Affairs Nick Calio, National Security Adviser Condoleezza Rice, and Assistant National Security Adviser Stephen Hadley. (Burke, p. 204; *The Washington Post*, 06/07/2002, 06/09/2002)

**June**

Bush urges Congress to raise the debt ceiling as the White House opposes congressional efforts to add another $4 billion to the appropriations bill. Daniels warns that Bush might veto this bill and responds, “The president requested all that is needed and all this is affordable.” (*The New York Times, 06/05/2002*) Congress raises the statutory debt ceiling by $450 billion. (*The Washington Post, 06/26/2002*)

**July**

The Bush Administration releases budget projections that foresee a $165 billion deficit the current year. Daniels challenges Congress to hold the line on spending for domestic, non-military spending at two percent this year. (*The Washington Post, 07/13/2002*)

Congress passes a larger budget appropriations bill, which goes to a joint committee. The bill includes money for AMTRAK, highway construction, and the Army Corp of Engineers. It also includes lifting travel restrictions to Cuba and other programs. White House officials warn that Bush could veto the measure. (*The Washington Post, 07/25/2002*)

**August**

Bush rejects a $5.1 billion appropriations package for airport security, Israel, international AIDS relief, and 84 other projects. Congress requires Bush to spend all this money or lose it. Bush later signs a $28.9 billion supplemental appropriations bill. (*The Washington Post, 08/10/2002; CQ Weekly, 12/07/2002*) Mark Everson is confirmed as deputy director of management. His job is to focus on improving agency and program performance at executive branch agencies. He will also chair the President’s Management Council and manage both the President’s Management Agenda (PMA) and the Program Assessment Rating
Tool (PART), a tool to help prepare annual budget requests for Congress. *(The Washington Post, 11/08/2002)*

**September**
On the 4th, O’Neill talks to Bush, Lindsey, Hubbard, and Daniels about a second major stimulus package. O’Neill opposes it because the government can’t afford it if Bush wants other major initiatives. *(Suskind, pp. 283-284)*

**October**
On the 29th, Daniels informs the Government Printing Office (GPO) that the Bush Administration is seeking competitive bids to print the budget. The GPO puts in a bid in December and reminds Daniels that all executive agencies must use the GPO as required by law. Daniels considers the law unconstitutional as a violation of the separation of powers, since the GPO is part of Congress. *(The Washington Post, 12/20/2002)*

**November**
In the wake of a slim Republican victory in the midterm elections, the Bush Administration says it will not pursue a capital gains tax cut in 2003, but attempt to make last year’s tax cuts permanent and to pass a stimulus package. *(Suskind, p. 303; The Washington Post, 11/29/2002; The Wall Street Journal, 12/04/2002)*


**December**
With the November elections over and Bush wanting to send a message that he is serious about acting on the recession, Bush asks Lindsey and O’Neill to resign on the 6th. Stephen Friedman takes over the National Economic Council. *(Bush, p. 85; The Washington Post, 12/13/2002)*

On the 30th, Daniels says the cost for a war with Iraq could be in the range of $50 to $60 billion. This is less than the number Lindsey used ($100 billion to $200 billion). Daniels also says that there is likely to be a deficit for FY2004. *(The New York Times, 12/31/2002)*

2003

**January**
On the 8th, Bush proposes an economic stimulus plan that accelerates the reduction of income tax rates and the reduction of dividends and capital gains for individual investors. The plan also increases child-tax credits and eliminates the marriage penalty tax. The cuts add up to $674 billion. Daniels admits that the deficit could rise to $300 billion, even without a war in Iraq. Congress passes the Jobs and Growth Tax Relief Reconciliation Act of 2003 in late May. *(http://cnn.com; The New York Times, 01/29/2003)*

Clay Johnson III is named deputy director of management at OMB as Everson begins to serve as commissioner of the IRS. *(Burke, p. 184; The Washington Post, 06/13/2003, 02/05/2006)*
The Senate confirms John Snow as secretary of treasury. (The Wall Street Journal, 01/31/2003)

February
On the 3rd, Bush announces his $2.23 trillion budget. It forecasts a $304 billion deficit, and it does not include a war with Iraq. The top priority, Daniels argues, is protecting the country from funds for a terrorist attack. The Defense Department requests $380 billion, a 4.2 percent increase from last year. The budget also includes $400 billion to reform Medicare over ten years. (The New York Times, 02/04/2003)

On the 4th, 35 Senate Democrats sign a letter and send it to Daniels. They are concerned that the competitive sourcing initiative of PMA might lead to privatization of many members of the federal workforce “without a reliable and comprehensive process to determine the cost, quality and scope of the work already performed by private contractors.” (The Washington Post, 02/05/2003)

Also on the 4th, Daniels sends a letter to lawmakers about White House concerns over the present supplemental appropriations bill in Congress. He is reportedly worried Congress is using budgetary maneuvers to bypass Bush’s recommended target. (The Washington Post, 02/06/2003)

On the 25th, Bush meets with Secretary of Defense Don Rumsfeld and Daniels about the cost for a war in Iraq. The Pentagon says it would need about $60 billion, but this figure also includes anti-terrorism efforts at home and abroad. (The New York Times, 02/27/2003)

March
The CBO forecasts a deficit of $287 billion in 2003 and a $338 billion deficit in FY2004, a larger figure than the Administration has quoted. (The Washington Post, 03/08/2003)

On the 19th, Bush gives the order to launch Operation Iraqi Freedom.

The Bush Administration requests $74.7 billion for Iraq. Daniels states that oil production could finance most of the country’s reconstruction since the industry has been under-performing. Congressional Democrats criticize the fact that oil is not enough to pay for reconstruction. (The Washington Post, 03/29/2003)

May
On the 6th, Daniels announces he will resign effective in 30 days. Bolten becomes new OMB director. Daniels returns to Indiana to run for governor.

2004-2012
Daniels wins both the 2004 and 2008 Indiana gubernatorial elections. In 2004, Bush travels to Indiana to support his campaign.
TIMELINES

- Mitchell E. Daniels, Jr. News Timeline, prepared by Bryan Craig, Miller Center, University of Virginia, 07/08/2013.

- Timeline of the Bush Presidency, prepared by Justin Peck and Bryan Craig, Miller Center, University of Virginia, 04/30/2010.


DIRECTOR OF OFFICE OF MANAGEMENT AND BUDGET


KEY ISSUES AND EVENTS AS DIRECTOR OF OFFICE OF MANAGEMENT AND BUDGET

Domestic Policy

Management Reform

Budget
- Donald Lambro, “Daniels Sees Congress Backing Budget; Strategist Says President is ‘Willing to be Flexible’ on Spending,” The Washington Times, 03/19/2001.

Tax Cuts

National Energy Policy Development Group

**9/11**

**The Department of Homeland Security**


**Iraq Reconstruction**
• Mike Allen and Peter Behr, “Planning Postwar Iraq Aid; White House Says Oil Will Fund Rebuilding,” 03/29/2003.
MITCHELL E. DANIELS, JR. SUGGESTED TOPICS
Prepared by Bryan Craig (edited)
Miller Center, University of Virginia, 07/11/2013

Director of the Office of Management and Budget

- Discuss your appointment as director of the Office of Management and Budget (OMB). What understandings did you have with President Bush before accepting this position? What were his expectations of you in this position?
- Comment on your relationships with other senior staffers, including Lawrence Lindsey, Josh Bolten, Karl Rove, Joe Hagin, Nick Calio, and Andrew Card. Tell us about your working relationship with Bush’s cabinet, especially with Paul O’Neill and John Snow.
- Tell us about your relationship with Congress. Describe the negotiations between the White House and Congress to keep spending under control.
- Discuss your activities on September 11th.
- Tell us about your role as member of the Homeland Security Council and organizing the Department of Homeland Security.
- How would you describe the president’s operating style? How often did you meet with him?

Key Budget Issues

- What budget policy issues, both domestic and foreign, were at the top of the administration’s priority list when you arrived at OMB? With what issues was the president most directly involved? Tell us about the budget review committee you were on with Vice President Dick Cheney, Secretary O’Neill, and Andy Card.
- Comment on your role in developing the $1.6 trillion tax cuts. Explain your contribution to a final $1.35 trillion tax cut. With whom on Capitol Hill did you most closely work?
- How did budget priorities change after the 9/11 attacks? Discuss your role in the airline bailout and the economic stimulus plans.
- Describe how the budget surplus you inherited was viewed within the administration, and how your internal deliberations changed as the surplus turned into a deficit. How did concerns about the growing deficit impact the administration’s ability to implement successfully its economic policy agenda?
- Discuss the internal deliberations about how to cost the wars in Afghanistan and Iraq and the reconstruction efforts there. Did political concerns about the magnitude of the costs impair the internal planning processes?
- Discuss your selection as a member of the National Energy Policy Development Group. Were there aspects of the report that did not get proper attention by the press or policymakers? Were there things omitted from the final report that you believed merited inclusion? How effectively did the administration implement the report’s recommendations?

The Bush Presidency in Retrospect

- What do you consider your most significant accomplishments at OMB? What were President Bush’s most fundamental commitments on budget and management issues? Did these commitments change over time?
• What were President Bush’s greatest assets as president? Assess his strengths and weaknesses as a communicator, domestic policymaker, a legislative leader, and administrator. Which of his attributes served him best in the presidency?
• What features of the President Bush presidency were overlooked or misunderstood by the press and public?
• How should the President Bush presidency be viewed in history?