

VICTOR ATIYEH
August 18, 1993
Tape 54, Side 1

C.H.: This is an interview with Governor Victor Atiyeh at his office in downtown Portland, Oregon. The interviewer for the Oregon Historical Society is Clark Hansen. The date is August 18th, 1993, and this is Tape 54, Side 1.

V.A.: We had this event, and these were supporters. I don't recall exactly what it was, but we were down there, Dolores and I. And then earlier than you would normally leave, at that time it was not Lieutenant Holbrook, the State Police aide said, "I think we should go now." And then they had the car, the state patrol car parked along the side of the Nendel's down on the second level, and we got in and went home.

And they told me that they'd observed somebody climbing up the hill across from ~~the then~~ Nendel's with a rifle. Now, they had no idea what it was all about, but this was right across the street from where the Governor-elect is, and so they just wanted to get us out of there while they did their search.

And that was the first time, and so you know, at this point I'm saying, "Okay, I've got to get Dolores adjusted to this concept," and finally told her what it was all about, and she accepted it very well, why we had done what we did.

So those things happen, but I just said, "I can't burden myself with worrying about it." I know it was tough duty to tell a young man, "I'm not going to worry about it; you worry about it."

Oh, I've got to tell you another story. I don't know if I've told you this. It still frightens Lon when he thinks about it. We were at the bankers' annual meeting, and this was at Salishan.

That particular night was Western night, and so the attendees were to wear Western gear, the help there was wearing Western gear.

And so we went in for the reception to start with, and then normally, you know, they blink the lights, now it's time for dinner. But in this case, in the spirit of the West, the fellow that runs the dining for meetings, he fired a pistol with blanks. Well, they'd told everybody, but they hadn't told Lon. So Bang! Bang! And Lon, you know, he just instinctively - you know, he's reaching for his gun. He's heading toward the noise. He said fortunately the guy was just outside the door, so he had a second or two to kind of understand what was happening. But Lon gets nervous when he talks about it now.

As I say, it's tough on a young man. He's a good man. Saying good-bye to him was the hardest job I had, because I spent probably more time with him than I did with Delores in eight years. You know, we were coming and going all the time, and he was driving me. He's a good man, a good man.

C.H.: So you still talk to him occasionally?

V.A.: Oh, yes. I saw him Sunday at our party. He's still with the State Police, and he's in the Fish & Game section and likes what he's doing. He's really a very bright, a very smart, and a very professional State Police officer.

C.H.: How are they selected? Do they go from Governor to Governor, or does each one have a different one?

V.A.: All I can tell you is my case. The superintendent selected - I think three, maybe four - troopers from which I was to make a choice. And so I was to spend, I don't know, a week or ten days or two weeks with each of them, and then choose one. And I did. That was not a good choice, as it turned out. So that didn't last too long, and I asked to have him be relieved.

I'm still trying to work myself into the idea that somebody's driving me somewhere because I'd been driving myself for all those years. So I'm still not adjusted to all of this.

So I started out by - I said, "Well, just let me drive myself." Well, that went on for maybe two or three weeks, but I soon saw how foolish that was because you're thinking, you're thinking about the next deal, you're thinking about what you left. It just didn't make any sense to do my own driving.

So then I'm going somewhere, and they'd start providing troopers. And finally the superintendent - and it was really tough, because they've got a schedule for troopers, and they're on the highway, and they work different hours and everything - it was tough on the troopers and it was tough on the State Police. And John Williams said, "Governor, pick someone." And then out of that came Lon Holbrook.

I had two. I had Lon as a full-time, Lon Holbrook, and then Darryl ^{Burney} ~~Burney~~ [pff] was relief, and he would relieve Lon, and he would also drive Delores.

When Goldschmidt came in, my God, it was just like big-time New York or Washington D.C. They've got a team of six or seven troopers, and they've got cars in front and cars in back, and you know, the whole works. That doesn't make any real sense, not in Oregon it doesn't.

But anyway, I had two and I was perfectly happy. But that's how you come by the aide.

C.H.: Going back to your plan, the school plan, some of the school officials said that they had a hard time supporting you measure because they said that you wouldn't address the inequities in the taxable wealth and other structural problems of the Oregon school finance system. I think you talked a little bit about that. And others questioned whether there would be any momentum to solve

those problems once the immediate problem of preventing school closures was resolved.

V.A.: Well, for the latter, they want a sales tax, and so they want to make things as bad as they can in order to someday get a sales tax. That's where these folks are coming from.

The others, I told you way back in the tape there is no perfect tax plan, and no one will ever have one - me or anybody else.

C.H.: Well, the *Oregonian* said that keeping schools from closing by giving each district a tax base equal to its prior year operating levy would not reduce property taxes. They would continue to rise each year since the government's proposal would allow a five percent annual increase in each tax base without the vote of the people. Did you see that as a potential ...

V.A.: Well, that's true. But you see, you have to go back to what history was. Property taxes, and the reason we really had even the spark of a Ballot Measure 5, went up horrendously fast. I mean, really, they were going up rapidly. And it was that kind of a control - again, we come back to what's relief? Is it prospective relief, or is it relief immediately? So, the *Oregonian's* view, it's immediate. My view, it's out there in front. And six percent, that's in the constitution. More than half the school districts in Oregon had that provision already because they had their tax bases. And they could raise it 5.9 percent without going to a vote of the people. That already was existing, and it had been going on.

C.H.: Well, they also said that the plan would tend to penalize school districts in Oregon that have done a good job of educating and encouraging constituents to adopt new tax bases because it would reduce their ability to improve facilities or

programs, and reward those districts that have done a poor job in selling education to the voters.

~~V.A.~~
C.H.: Well, the reward really wasn't there. First of all, they were relating, and others as well, not just the *Oregonian*, how much you spend equals the quality, and that's not true. I recall going into schools around Oregon that the school house would be nothing like the palaces that we have in the tri-county area, and the question is, "Are these folks, these poor kids, are they getting as good an education?" And they are. They're getting a good education. They go to college from all over the state of Oregon. You know, they have good GPA's. So just to say how many dollars you spend equals the quality is not really true.

The concept of adopting the school base says, "We will accept the school base that the people in the district accepted." Again, what the *Oregonian* was saying is yes, there's a school district somewhere that's at, let's say, one and a half percent, and Portland's at three. And this one and a half district can't get to three, which is true, with the plan that I proposed. That's what the *Oregonian* was saying. But then you come back to how much you spend equals quality, and I don't happen to agree that that's the case.

C.H. Well, this was I think the fourteenth or fifteenth effort since 1969 to change the school tax plan.

V.A.: Oh, at a minimum.

C.H.: There was a sales tax plan in 1969, and also the sale tax plans in 1983 and '85, all of which failed or were found unconstitutional. And then there was the OEA plan in 1970, the McCall plan in '71, the Farm Bureau plan in '72, the two-tiered plan in '73, and so on. And of course property tax limits were attempted in '68, '78, '80, '82 and '84, all of which failed.

Do you think that - well, first of all, did you think at the time that your plan would have any better chance of success?

V.A.: Not necessarily, but I'm not one to say no for somebody else. You can work on the odds.

But incidentally, what you were just recounting gives me the opportunity to say that so many times people would say, "Why don't they do something?" The legislature. And my answer is, "They have done something. You just haven't voted for it. You voted it down. So, you know, why do you blame them for the fact that you voted it down?"

The other one I've mentioned before, you know, "You've got to do something about my property taxes," and as a legislator I'd say, "I didn't raise your property taxes. You did."

There's a gap in understanding. But it's unfair to say that the legislature didn't do something. And what was usually the case is "Yeah, I wanted something, but this isn't what I wanted." Whatever "this" was. And the only time they finally got together is to just cut it.

Now, there was a lot of people that I know voted for it, and these are the ones that want a sales tax. And they said, "Well, we've got to get those people to do something."

And I said, "Well, now wait a minute." This was before the election. I'm talking to my business friends. "You're trying to tell me that the people of Oregon, if they adopt Ballot Measure 5," which of course they did, and they said, "I want to cut my property taxes. Now you say, 'I want them to do something,' which means a sales tax. You want the legislature to come back and say, 'Now, folks, that you've cut your property taxes, please vote for this handy dandy increase in taxes.'" I said, "They're going to say, 'You're crazy; I just voted to reduce my taxes. What are you coming to me for wanting to raise my taxes?'"

They still didn't see it. Again, it's a practical approach, but it's realistic, and that's where we are today.

C.H.: Do you think it's any different today?

V.A.: No.

C.H.: Do you think the outcome will be any different?

V.A.: Not today, no. I said to several, including the Governor, on the opening of the session - I was there early and went to the coffee shop, and then I knocked on the Governor's door and you know, I said, "I don't want to interrupt, because I know ^{you're} ~~I'm~~ getting ready myself to address the legislature."

"No, come on in." And so we chatted, and I told Governor Roberts, I said, "You know, I know we've got a problem. I know we have to do something about it. But I don't think Oregonians are going to really do anything about it until they believe there's a problem. And if they believe there's a problem, I have no doubt that they will respond to it. But today they don't believe there's a problem."

Well, the Governor called that special session, and I can hear her saying, you know, "Well, this is what the people want." And I'm saying to myself, "Governor, who have you been listening to?" Nobody I talk to wants that.

C.H.: But then they turned around and blamed her for not doing anything.

V.A.: Well, but it's not a matter of not doing something. You do something in an orderly way. First of all, on the special session she did not talk to the legislators, and you'd think someone who was a legislator would understand that. After all, whatever she proposes has to go to the legislative body.

C.H.: Of course, you were criticized for doing the same thing.

V.A.: No. No. My special sessions were all pretty well planned.

C.H.: But in terms of - you know, like what we were just talking about.

V.A.: I know, but there's a difference here. And the difference really is that when she called them into special session, she just never, ever talked to them. And that is a serious mistake, and as I say, I said to myself, "Why does she do that? She's been a legislator. She understands these things." But she didn't. She just presumed that, "I'm the Governor; this is what I say; go do it."

Well, they don't work that way. They don't operate that way. And I wouldn't have them operate that way, even with me as a governor. So actually my thought at that time was I was glad that they didn't pass something out, because her schedule was, as I recall, to have a vote in November or October or something like that, and then the people were certainly going to turn that down, and having done that, you can't really address the issue again for at least a couple, two, three years. So we're going to have to suffer with that.

Now, the same thing's going to happen, only now delayed. The sales tax is coming up, and the people are certainly going to turn it down, and again, you will not be able to address that issue again for at least another three years because you can't come back next year; they'd say, "Hey, we just voted on that." So now you've built another barrier to passage, and Oregon's going to have to suffer.

So the first thing you have to do is to prove to Oregonians that you've got a problem. And the plan that Larry Campbell had which finally became very diffused, was we've got to cut the

budget. Let's not talk about taxes. Here's the reality: This is all we have left. This is all the money that we have.

Now, it's painful and not good - not good to cut higher education, not good to reduce monies to the schools, not good to not be able to handle people on welfare, not good to see abuse continue, not good not to have enough jail space - all of that's not good. And I don't want my state to go through it, but we don't have any other choices. And so I'm saying you've got to do that, and that was the plan that Larry had, at least from my reading of the newspapers, early in the session. And it got all diffused and mixed up.

But what's going to happen? It's so clear to me, it will go out, the people will vote on it and will turn it down. So now we're going to have to suffer with Ballot Measure 5, and it's going to be worse. It was really bad this session. It was relatively bad the session before. It's going to be horrendous next session. But we're going to have to go through that.

And now, next session, there will be no alternative. You can't say, "You've got to come up with a tax plan," because the people just won't go for that. And so we're going to have to suffer. The State's going to have to suffer. And Oregonians, hopefully, will understand we've got a serious problem. Once they understand that, I have no doubt that Oregonians will respond, but they're not in that mood right now, and they don't have that understanding right now. A lot of them have pretty much like you said, "Well, cut out the fat." That's exactly where they are. "We don't need any taxes. Government, go be more efficient."

So anyway, that's my prognosis.

C.H.: Well, in April of '86 the plan evolved, then, a little bit more, and there was a - it was filed on April 2nd, that would

scrap the five percent limit and permit an annual tax base increase equal to the annual increase in per capita income, personal income.

V.A.: That's correct.

C.H.: Which in normal times would promise school districts an automatic annual tax base greater than the six percent allowed by the constitution now.

V.A.: That's correct.

C.H.: So I would imagine that the schools loved that?

V.A.: Well, they would love it or not love it. What that concept says is that we will raise the budgets according to what the taxpayer can stand. If the per capita income is low, that means I can't afford it. If the per capita income is high, it means I can afford it.

And so that's how it relates. It relates to the taxpayer now, the increase or decrease, whatever it may be, only relate to the capability of the taxpayer, and that's what that theory says.

C.H.: Then this was part of your plan, and the School Finance Committee and other school interests said that your plan looked better all the time.

V.A.: Well, they're betting on per capital income increasing. I'm not sure that's been the case, but go ahead.

C.H.: And the Oregon school administrators said that there was a growing interest in your plan. The turnaround on their opinions was because of this change, I presume. Were there any other changes or compromises in the plan?

V.A.: No. Actually, I liked that last one very well because that's the way the - actually the budgets that I worked with, state budgets, that was a law that was passed, that the increase in state government couldn't be any more than the per capital income increase of Oregonians.

C.H.: It's the most flexible for the situation?

V.A.: Yes. And obviously during the recession it would have been very low.

C.H.: But there was a failure to get enough signatures, right? You only got a quarter of what you needed?

V.A.: Yes.

C.H.: And why was that?

V.A.: Oh, I suppose timing, organization. You know, there's a lot of things involved in that. But I would say to you that plan as it finally evolved was the one that I was personally very comfortable with.

C.H.: Then along came Ballot Measure 7, which was the five percent sales tax?

V.A.: Yeah, that's OEA. And that was doomed to failure from the time they started. They wasted their money.

C.H.: There were also Ballot Measures 9, 11 and 12 dealing with state taxes as well; isn't that right?

V.A.: I don't remember what those were.

C.H.: Did you support the OEA plan?

V.A.: No. I left them alone. I mean, we'd gone through the exercise. We'd done what we could. This was OEA's - it was going to fail. They were wasting money. They didn't support ours and went out with their own. It's just dumb.

C.H.: Yeah, apparently they didn't get a lot of editorial support, either, from that?

V.A.: Yeah.

C.H.: And of course as you said it failed in November, then. Is there anything else on this area, on this plan, that you want to say?

V.A.: No. The only thing is, as I told you earlier, is I went through my speeches I don't know how many times, saying,

"You've got to do something about this." And we didn't. That's not quite right. We didn't successfully.

C.H.: Was that a major disappointment for you?

V.A.: Yeah, because I knew we were exposing ourselves to Ballot 5, and Ballot 5 passed.

I don't applaud MacIntyre like others applaud him. I'm the kind of a guy that says, "Okay, if you've got criticism, that's fine, but come up with a constructive solution." He just said, "We're going to cut taxes, and you come up with the solution." And I don't happen to agree with that kind of - that to me is not good citizenship.

C.H.: Well, going on, then, also in February of '86 was the National Governors' Association meeting in Washington D.C., and at that time you met with President Reagan about cuts in federal spending. You also had dinner at the White House. What were you saying to him, and what was his response?

V.A.: Talking to the President about something like that is not the way to accomplish anything. To me it was like - I've said this before on the tape - chicken soup when you're sick, it may not help, but it won't hurt. Before you go see a President, what are you going to talk about? You know, what's the subject? You don't go in and just chat with the President. And it was just saying, "Okay, I've got a chance now, I'll talk to the President." But to the say that the President called up the Office of Budget Management to say, "Vic was just here, and he wants me to cut here, and go do it," I know that doesn't work that way.

C.H.: Do you have to clear things with somebody before you discuss them with the President?

V.A.: Yeah, what you're going to talk about. You don't do this in a verbal conversation; this is done by mail, and so it

isn't that you sit down and talk with somebody and then go talk to the President.

Obviously, when you were there if you really wanted to change the subject they can't stop you. But this is a matter of protocol, and I'm not a loose cannon, and I don't do things that way.

But at least you've got to give it a swing and do the best. And it was just a matter of I know that Oregon cut, I knew how we cut, I knew we did it well. I knew we did it - you know, we suffered through the '82 and '83 special sessions. I figured I was pretty much of an expert on dealing with budgets and that the federal budget wasn't any different than the state. It just happened to be umpteen times bigger, and they can print their own money. They don't have the same straits that we do. But the fact is that I knew, I figured I knew about cutting budgets. I couldn't get into that kind of detail, but we talked about there are ways to do this, and here's the way you can get it done.

There was an effort by the National Governors' Association, and you know, what have you done that would be an improvement in how you manage government and can do. You know, good ideas that would cost less to do certain programs. So the governors submitted it - we submitted a whole bunch, but in that book itself, Oregon, our recommendations appeared three or four times. Other governors, maybe one, and some governors not at all. So we'd propose things, and if anybody read it, his Director of Management and Budget, he took some of those things pretty seriously. I don't know how much he could execute it, but he thought they were good ideas. I'm trying to think of his name right now, and I can't. He was good.

But anyway, that's the best you can do.

The dinner at the White House, that's typical. That happens every time you go back, the governors, that is, and their spouses, to the White House and we have dinner. Very interesting.

C.H.: Was it enjoyable?

V.A.: Yes. It's always enjoyable, and the format is you kind of gather and have some drinks, and then you go into dinner, and everybody's assigned before you go - beautiful, great things, you know - at table number whatever. And they have Cabinet officials and people like that, ambassadors and so forth, that would sprinkle themselves around the tables so that you'd always have some kind of a dignitary.

It's interesting in the sense that they have plenty of waiters and waitresses, and you're sitting around and then all of a sudden, zingo!, everything is all delivered to everybody. And then you chitchat, and then pretty soon, zingo!, all the dishes go. And when they serve, incidentally, the entree, it is not on a plate. They bring you a plate, but the entree is on a tray, and they go around the table. And if it's meat and potatoes and vegetables and whatever, they just serve from the tray at the table.

And everything's very orderly. There's music, and it was a military band of some kind with violins and things. The Chairman of the - I'm trying to think of the protocol, who comes first. But both speak a little bit, the Chairman of the Governors' Conference and the President. When that happens, all of a sudden the doors open, and in comes in a TV, and the lights go on, and then he finishes, and away they go. And there's some kind of deal on the ceiling where they open it up and TV lights come on, you know.

And then afterward you go for some entertainment. You go to the East Wing. You have dinner in the West Wing. And it's varied. I remember one time part of the case of *A Chorus Line*. We had vocal entertainers; I'm trying to remember their names. The toughest of the lot was when Carter was President.

[End of Tape 54, Side 1]