

VICTOR ATIYEH

June 17, 1993

Tape 37, Side 1

C.H.: This is an interview with Governor Victor Atiyeh in his office in Portland, Oregon. The interviewer for the Oregon Historical Society is Clark Hansen. The date is June 15th, 1993, and this is Tape 37, Side 1.

V.A.: Well, so it was very clear to me that we were having a real problem in terms of any kind of development. And incidentally, we can talk about LCDC, but LCDC stands for Land Conservation and Development. But I kept saying, "Everybody's forgetting the 'D.'" And they had forgotten the "D."

So if somebody wanted to do something - and I'm thinking now particularly of businesses that wanted to build a business, much of that - or even developing land for home ownerships, which means carpenters and painters and all the rest, that while the plan was being developed, in that process, that anything that you wanted to do on any parcel of land was an exception, and so you had to go through an exception process. And effectively we almost had a moratorium on anything happening until the plan is acknowledged. And once it's acknowledged - this is after all the hearings and all the things that go on, and finally the State says, "Yeah, you match our 14 goals - or our 19 goals." Now that's an acknowledged plan. Until that happened it was very, very cumbersome.

I remember, and still have, as a matter of fact, a sheet listing different things that had to take place in terms of land use in the city of Beaverton. And this person was a very knowledgeable person, and the process - plan review, oh, a whole lot of things. At no point was there any remonstrance which would delay the process. He was just going through it, and nobody said, "No,

you shouldn't do that," and then you have to step aside and argue that point and then come back to it again; none of that.

And that turned out to be, if I remember, 58 weeks. That's over a year. And as I say, there was no remonstrance, no protest, no nothing. No legal - nothing. Just to go through Beaverton's process. And so I knew all of this. So one of the things I wanted to do urgently was to complete the process in Oregon. Incidentally, I didn't achieve until, if I recall, early in 1986, the last plans were finally acknowledged in Oregon. It took a long time to get that done.

But see, this was all part of that long-range thing that I'm talking about: economic development and diversification of our industry.

C.H.: As part of your continued emphasis on economic development, you had mentioned, I believe, infrastructure development?

V.A.: Yes.

C.H.: What were you thinking of in terms of infrastructure at that time?

V.A.: Well, two things, one of which was maintenance of what we have, fixing up, taking care of. We've heard about bridges and roads and - but there were sewer systems and water systems and power and all the rest. The other was developing it. There was a lot of communities that could get a business if they had an industrial park, but they had to get streets to that, they had to get water to that, they had to get power to that - you know, that kind of thing. And that's infrastructure. That's the way that things happen.

It was always - it was curious from early on in my economic development work is, you know, which comes first? You might talk

to a prospect and say, "Well, do you have a warehouse of 30,000 square feet?"

"Well, no, but we'll build you one."

"No, I want one."

So which do you do? Are you going to get the prospect and say, "I'll build you one if you come in," or the prospect wants one right away, but you can't afford to inventory this sort of thing; you don't know when you're going to get a prospect for that 30,000 square feet. So it was kind of a debating issue.

The one thing that the lottery dollars did do, and we used it very effectively, was to make these grants to local communities for developing their infrastructure in a very large measure, and it worked quite successfully.

C.H.: What was happening at this time to federal revenue sharing?

V.A.: That was going away. That came on fairly early on in my administration, fairly early in Reagan when he started withdrawing that money, and the State had been using - whatever we got we had been using for supplementing basic school support.

We went out of it - meaning the State went out of it pretty early. Cities and counties came later, and they had a tougher time dealing with it. We went through it rather quickly.

And my own personal attitude was, you know, revenue sharing means that you're going to give me back what I just sent you. I'd just as soon not send it in the first place.

C.H.: You also referred to implementation of special programs on behalf of law enforcement. Do you recall what kinds of programs you were considering? Would this have been part of the crime prevention and ...

V.A.: Yes, but again, going back to those times what was occurring at the local government level again was shrinking revenue

sharing, the recession, they weren't getting the dollars that they needed, they were beginning to reduce their law enforcement personnel, people. We even read about it today: Vera Katz is going to add how many she's going to add.

And I always believed that we really needed to have these people out there in the street, not necessarily to arrest people, but maybe just their presence would keep people from doing things they shouldn't be doing.

C.H.: And there was talk about your possibly helping the forest products industry?

V.A.: Yeah. I had some good ideas, but the industry didn't really like it.

One of the things that I believed in is that the forest products industry was doing a lousy job of marketing. They didn't like to hear me say that, but we were losing market share to the South, the South of the United States. And yet I'm thinking to myself, and I know that Douglas fir as an item of structure is structurally very good for building, and that the Southern wood, pine in the main, had a tendency to warp, wasn't as strong. And so, you know, go out and sell the quality of what we have. We may not get the whole house like we used to get, but we may get the door frames, we may get the studding, we may get the floor joists - you know, we'll get some part of that house, we'll get some of it back.

And so I proposed, actually, a - well, I don't think I'd call it a tax, but it was a percentage of added - just put into this pot to market, but the industry didn't want - oh, I know, it was so much a thousand board-feet. I've forgotten what it was. It was a minimal amount, but so much a thousand board-feet of harvest that we would give that money and we would help market. Well, they

didn't really like that idea. I thought it was a whale of a good idea.

But you know, that gives me a chance to talk about something. You know, when I'd look at ideas and weigh that against the amount of energy and emotions that I personally would be involved with, plus others, and I'd say, "Well, you know, it's a good idea and it's worthwhile, but it just isn't worth that much effort. I've got a lot of things to deal with" - particularly, you know, we talked generally of the recession and all that - "I've got a lot of things to deal with, and so I'm just not going to waste my energy on it."

I can recall early on I wanted to take the international marketing of our agriculture industry and have international marketing in the Department of Ag. Well, they didn't like that. They didn't want that. I said, "Well, you know, this is a good, concentrated effort, and we ought to really do it, but I've got a lot of other fish to fry, as the saying goes, and I'm not going to spend my time on that."

That's why I guess I react negatively when I'm listening to Governor Roberts and she's talking about cleaning out the attic and boards and commissions, and I already know that's peanuts, and most of these are being self-funded. We're not talking about saving any dollars. And I'm saying, "Why is she doing that? Why is she wasting her time and energy? We've got a major problem here in Oregon. Put your time in on that. Don't fiddle around with the tiniest of the screws. Let's get to the large bolts and where the machinery really is."

So I guess that's why I react negatively when I see that. The same thing, I would add, with both Governor Goldschmidt and Governor Roberts, kind of giving up on the wood products industry and saying - she has repeated, "Oh, we'll retrain these people."

That's nonsense. And I remember how hard I worked to get jobs. I remember having a press conference announcing some company was going to hire 45 people. The media thought it was ridiculous. "What are you doing?" To me it was a big deal. Forty-five. And here we're losing 30-, 40,000 - depends on who's counting. How can you be so casual about this thing?

Anyway, as I say, I bring up the point that there are some good ideas, but you say, "How much am I going to invest of my time and energy? I'm trying to cut budgets. I'm trying to do it well. I'm trying not to harm the state. Sure I want economic development, but I've got a lot of big problems," all of which insert the Bagwhan in as well.

So when it came to that thing, they didn't want it, and I said, "Okay, it's a good idea, we should do it, but I've got other things to do. I'm not going to waste my time on that."

C.H.: Some of the other things that you had mentioned as goals - and some of this goes back to the area of law enforcement - restoring the death penalty, adding more jail cells, limiting insanity plea, and a special commission against violent crime?

V.A.: Yes.

C.H.: What prompted the special commission?

V.A.: That was Dave Frohnmayer's concept, and one that I was very supportive of. It was something that he thought of, and you know, the Governor's Office is a better place for a springboard than even the Attorney General's Office.

The jail space we've already covered that. I still even yet today won't ever know why the people said, "Put them in jail," but they won't give me the money to build those things. I don't understand that. You know, you leave office wondering sometimes about what happens.

Actually, my real thrust on crime came - well, I'm going back now to 1974, and Bob Straub and I were appearing before the district attorneys in Sunriver. And what I'm telling you now about prevention and all the rest of it, and I was saying in effect, which carried through my entire - well, earlier in my career in the legislature, but all the way through that and into the governorship, was that we get very excited about - and there's a lot of news about building jails, getting more policemen, more judges, more parole officers, all of that sort of thing. And I said, "Why can't we get as excited in preventing crime? We have to empty the pipeline. The pipeline is full, and so as a result we don't rehabilitate anybody. A lot of people that should be in jail are out because we don't have room for them. I mean, it really is almost anarchy what's going on out there, and the criminals know it. They can almost feel like they can commit a crime with impunity "Because they don't have room for me in jail, so I can just go ahead and do it." And we see that repeated, and I think it was even in this morning's paper about stealing cars: "We steal cars, but they're not going to put us in jail."

Those are the kinds of decisions that shouldn't have to be made. In order to really prevent crime, there has to be certainty of punishment. It doesn't have to be 10 years; it could be two months. It's just that certainly you will get that. But we don't have that. That's not a tool that we have to work with.

C.H.: How did you feel about the standardization of penalties?

V.A.: We have something like that. It's called the matrix, and what it really is is this - well, it's like you have numbers across the top and numbers along the side. And so a person commits a crime, steals a car. This is the first time he's stolen a car,

and it goes over here with 2, and this over here 1, and this is how it comes down. You know, that's the matrix system.

So we have something like that. It's more of a guide. Judges don't like us to tell them what the sentences should be, but there was a real irregularity to it. A judge in Umatilla County may put somebody in jail for robbing the bakery, give him 10 years. A judge in Multnomah County may give another person robbing a bakery a year-and-a-half. Same crime. One guy's in for a year-and-a-half, and the other one's in for 10 years.

That was not right, so there needed to be some order to what was going on. The matrix isn't precise. You can still [indiscernible], but at least it was closer to uniform penalties.

C.H.: Did it conform at all to the uniform standards that the federal government was trying to put out to the district courts?

V.A.: I don't know if we ever made that - at least I didn't ever make that kind of a comparison.

C.H.: You also had a plan to split the state Fish & Wildlife Commission. People were fearing disruption of the salmon management plan because of that. Do you recall that?

V.A.: Gosh, I don't recall that because I was basically on the other side. There used to be a Fish Commission and a Game Commission. And the Fish Commission by and large regulated the commercial side, and the Game was fish and game. And I always supported the concept of putting the two together, and they eventually were put together.

I don't recall that I asked to have them separated again. I don't remember, but maybe I did, but I don't remember that.

C.H.: There was some sensation over your openly opposing Reagan on his budget, and I know we've already talked about this some, but you said you were surprised and shocked by the proposed budget, which would result in an estimated \$96.4 billion deficit.

If only we could have a \$96.4 deficit!

V.A.: You know, this is like I told you last time, we yearn for the good old days when my dirty campaign - and we yearn for the good old days of a \$96 billion deficit.

C.H.: It looks so tame right now. But did you express that to the White House?

V.A.: Yes. Well, to answer it quickly, yes, but I didn't walk into the President's office and point my finger at his chest. That's not quite how you - you don't really have that kind of access, even if you're a governor.

But the answer is yes. As a matter of fact, he talked about no taxes, and my view was that if he would ask for taxes to be sunseted, so that we could get that budget deficit, you know, under control ...

C.H.: Was this part of the cuts that you were recommending that would bring the deficit to 40 to \$80 billion? Is that ...

V.A.: Yeah. Among them was, as I say, the reduction of the military, which we already talked about.

C.H.: Right. And the repeal of the statute allowing businesses to sell tax loss benefits to profitable corporations?

V.A.: Absolutely. That was a stupid, dumb thing to do because as I visualize it, it wasn't creating any jobs. At that period of time people were buying businesses to buy losses, in terms of their own business and taxes. And my interest wasn't in that; my interest was in creation of jobs.

C.H.: You also said - this is all in a letter that you sent to President Reagan.

V.A.: Yes.

C.H.: - that you had consulted with Oregon's congressional delegation and with the National Association of Budget Officers and

State Agency Heads. What were the individual responses from the federal delegation concerning the letter?

V.A.: Well, let's see, at that time I think we had two Republican Congressmen and obviously we had two Republican Senators.

I think they were generally supportive. I think that certainly I was in sync with Hatfield in terms of the military budget. I know - I remember that pretty well. Certainly I think Democrats would applaud that kind of thing, anytime a Republican takes a shot at the head Republican, they say, "I'll hold your coat," you know. "Go get him, Atiyeh."

C.H.: What were you hoping to accomplish by this?

V.A.: You know, you hop[e for the best. You have to say what you feel. The State's hurting; I'm hurting because the State's hurting. I'm seeing the problems that the deficits are creating. And you know, you do whatever you can.

C.H.: Well, at some point didn't you receive a phone call, or you made a phone call to the White House or -. The White House expressed anger at the letter; is that right?

V.A.: Yes. Well, I got a letter from - I'm trying to remember who it was. It was from the Office of Budget and Management. And I was really indignant about the answer, and my response was, "Now, don't pat me on the head. I know what I'm talking about. Don't be condescending with me." I was really quite angry about that whole thing. I was hoping they'd give a little more serious attention to what I was talking about, and the tenor of the letter was, "Now, look, we know about these things, and you know, you're just a governor of a tiny state; don't bother yourself with these major problems." That's not what they said, but that was the effect of it, and I was quite put out about that whole thing.

So there was two exchanges. I got the response from the Office of Management and Budget, and then my response back to them.

C.H.: Did you ever speak to anyone at the White House or receive any kind of response from President Reagan?

V.A.: No.

C.H.: And how did this affect your relationship with the Republican administration?

V.A.: It's very hard to tell, and when I say that to you, going back, as you remember, I was the Ford chairman when there was a contest between Reagan and Ford, and so my litmus test really wasn't all that great, you know. It became very clear that if you were for Reagan, you had a greater opportunity with particularly his administration if you were for him during the campaign, and if you were with him going back 20 years, your status was even better. You know, how long have you been faithful kind of thing. And obviously I hadn't been faithful very long.

So it was more of those people in the White House more than a direct relation with the President. I'm not sure the President paid that much attention, but all the palace guards, you know, didn't like people saying things about their President. And you know, "Who's this guy? He's not one of our loyal followers, anyway," you know.

C.H.: Did it affect your standing at all with the national Republican Party?

V.A.: No.

C.H.: What about editorially? What kind of responses did you get?

V.A.: Oh, I don't recall, but I think probably mixed. Probably most of them, you know, they would paint it pretty much like you said, "How come Atiyeh's doing this during an election year?"

C.H.: Well, the Oregon Republican Chair still vigorously stated his support for Reagan at that time.

V.A.: That's an appropriate thing for them to do, yes.

C.H.: Sure. Well, weren't they afraid that the Republican National Committee would withhold campaign contributions to the Oregon Republican candidates?

V.A.: Well, there's always that saber-rattling, but it's obviously if there's an opportunity to gain Republican seats, they're not going to sit on their hands.

C.H.: Foster Church had an interesting comment; he said that, "Atiyeh is not above using these communications, demeaning letters from Reagan and David Stockman about his budget concerns, to his own advantage. A war with the White House is just what he needs to counter his Democratic opponent, who claims he went along with Reagan for too long."

Did it work into your own strategy to ...

V.A.: No, that was not, "Okay, Vic, now's the time to attack Reagan" kind of thing, no. No.

You know, I've been thinking about our interview, and it's interesting - of course, I observed all this as you're recounting it now, but their version and my version, and who's telling the truth?

C.H.: Well, there was another editorial by Germand and Woodcover? I'm not familiar with them, but they ...

V.A.: Aren't they - they were at one time nationally syndicated folks?

C.H.: I believe so, yeah. They had an interesting perspective. They said, "But if there is an election in the country that is going to turn on the condition of the economy, this is likely to be it. Atiyeh argues that the basic question for the electorate is whether Kulongoski can do better than I can in economic terms for

the state, but his public questioning of the President has turned the spotlight on Reaganomics, and it's hard to see how he can profit from that."

But what you're saying is that you weren't trying to profit from that, that's just something that you were doing.

V.A.: That's right. The analysis generally was correct, and we already talked about that.

C.H.: Right. There was a list that came out that became public that said that the national Republican strategists considered that you were vulnerable. This is kind of ironic in light of the fact that you had a landslide victory in the end.

V.A.: Yeah. The reason I'm laughing is that the headline in the *Journal*, we greeted George Bush. He was in town campaigning for me. That day was this headline.

C.H.: He was said to be furious over this?

V.A.: Oh, he was, and I was, too. You know, to have some strategist say that Atiyeh's a loser, you know, that's not what you want. And he was; he got on the phone right away.

C.H.: Did you talk to Vice President Bush about it?

V.A.: Oh, yes. Absolutely. If I recall, we were at the Hilton Hotel ~~or somewhere~~. I can recall looking at this newspaper. Maybe it was the Benson. I don't remember.

C.H.: I think it was the Benson.

V.A.: Yeah. Together we're looking at this newspaper saying I'm a loser. Headline. And he was. We tried to find out who. He probably did, but I never found out who it was.

C.H.: Well, I imagine you were quite upset, too?

V.A.: Absolutely.

C.H.: There was a comment that said you suggested that you might actually oppose Reagan's reelection if the defense buildup continued. Was that true? That's a pretty strong statement.

V.A.: That I don't recall. Maybe, but I don't recall it.

C.H.: And you said that you'd speak with other Republican governors about finding a candidate to oppose President Reagan if the economy continues its slide and that you would look at a variety of signs, including the continued high budget deficit, high unemployment and a return to high interest rates before making a decision.

V.A.: Could be. I don't remember that.

C.H.: In March of 1983 - and of course this is after the election, but it said in the paper, "Governor Atiyeh's chilly relations with the Reagan Administration have warmed somewhat, chiefly as a result of the improvement in the national economy, Atiyeh said." President Reagan was visiting Klamath Falls but didn't tell you that he was going to be there. Isn't that rather unusual that a President would come into a state without telling a fellow Republican governor that he was going to be in that state?

V.A.: Gosh, <sup>H</sup>where did you get that piece of information? The reason I'm asking is that I don't know if he visited Klamath Falls twice, but I specifically recall actually going down ...

C.H.: Was that to the Air National Guard down there?

V.A.: Yeah, I flew in with him on Air Force One. So I'm trying to think ...

C.H.: Well, this is probably the *Oregonian* that I found this in, but it might have been the *Statesman*.

V.A.: What I recall is flying in on Air Force One with him to Klamath Falls, and then at Klamath Falls I got off the airplane and flew an Air Guard One, as we call it - that's a funny story, too; I'll tell you about that - back to Salem.

So to say that he came into Oregon and didn't tell me - into Klamath Falls and didn't tell me, I don't recall that at all. I do

recall going into Klamath Falls on Air Force One with President Reagan.

[End of Tape 37, Side 1]