

Tape 13, Side 1

CH This is an interview with Governor Atiyeh at his office in downtown Portland, Oregon. The date is January 13, 1993. The interviewer, for the Oregon Historical Society, is Clark Hansen, and this is Tape 13, Side 1.

VA The description of the problem is fairly easy. For all these decades there's been sort of an unwritten thing in the sense that, Local government, you have the property tax; state government, we'll have the income tax. Now, it's important to remember that the state can levy a property tax. As a matter of fact, in many cases we have to levy a property tax relating to our bonds. If we're unable to pay our bonds, then, by our own statutes - so that's part of a security, for example, for these tax-free bonds. That's been going on, now, for decades. Let's, now, say that we collect \$4 million in income tax. Obviously, we collect a lot more than that, but for the simplicity of it, four million in income tax. Ballot Measure 5 said, we're going to reduce property taxes. Now, State, you have to make up the loss. Because local governments have been running, and they have their budgets, and people approved their budgets, and so when you say we're going to just take it off the property tax, we're going to take it off the property tax roll, and we're going to put it on the income tax roll, that's what Ballot 5 said. Now, we're back to our \$4 million. The state's been operating on \$4 million, all of the programs, education, human resource, corrections, everything. All of a sudden the state has to put one million of this four million to local government, so now we're dealing with three million for everything state government's all about. Well, that's the problem, Problem Number 1.

Now, I would agree, because I believe it, that you can get more efficiency in government. I believe that. As a matter of

fact, I demonstrated that when I was governor. But not one billion three hundred million. You know, I know enough, you could cut maybe three hundred million, maybe. Maybe four hundred million. But we've still got almost a billion dollar problem. Now, what does that really mean? Of course, I'm now talking to Oregonians. What does that mean? Well, we fund, for example - and I think the greatest at-risk, incidentally, is higher education. We fund higher education, among other things, but we can't afford to do that anymore, or not at least at the level that we have been doing it before, and we're going to have to raise tuition, which makes it more difficult for our young people to go to college. We still can't make up the difference of a loss of higher education. There are a lot of people in need in human resource and welfare and children's services and abused children and corrections, prisons, law enforcement. You know, I can go and do the whole budget, but the point is we're going to have to squeeze all of that into three-quarters of what we were spending before. Oh well, the public says, hooray, good. Let's do just that. But that's not really - that's not good for the state of Oregon.

Now, I'm saying that I believe what Larry Campbell, for example, says, we've got to cut, and I believe that. I think we've got to cut. But we're still going to have a huge gap this biennium, which is going to become even larger next biennium. So we've got to do something about it, but until Oregonians believe we've got a problem, they're not going to do anything about it. I've used the example, if anybody pays attention - and I'm not sure how many would understand the example - but I do recall for many years, many, many years, when they were talking about education in the United States and the quality of education in the United States, and whatever measuring stick they were using, California always ranked very high. I also know since Proposition 13 I haven't heard that anymore. I've never heard

it. That's what's going to happen to us. And Ballot 5 really is a corrosive thing. We don't fall off the edge of the cliff. If we had, Oregonians would instantly know we've got a problem. But that's not the way it really happened. Now, you asked - we're back to where we were. That's what you need - you know, Oregonians are not dumb people, and they're very generous people, and if they understand there's a problem, they'll be willing to solve it, but I know - I know - that Oregonians don't think there's a problem. Oh, cut the fat out. That's the typical word. Cut the fat out. I'm saying, yeah, there's fat, but there's not that much fat. A long way from that much fat.

CH So are you looking to a revenue, then?

VA There will have to be revenue. But now we're back to what I have done. I would - you asked me the question, and I'm answering the question, and I'm answering the question when I said to you, when I had the state of the state of address with everybody's attention around the state of Oregon, I would have started laying out what that problem is instead of generically talking about, well, we've got a problem, and the way I'm going to do it is by cleaning out the attic and moving General Services over to the exec department. A lost opportunity. That's what I'm really saying to you. Obviously, we're never going to get everybody to agree to it, but when Oregonians genuinely understand we've got a problem, and that's not what we want our state to be, then you can come to them with - we can start talking about what is the revenue, which one, how are we going to do it. You don't talk about it now, you've got to convince them first. They're not convinced.

I would say to you that I've never been - well, I shouldn't say never. Throughout most of my career, I've only supported a sales tax once, one time. Other than that, I've always been an

opponent of a sales tax. But I would say to you that the only answer is a sales tax. There is no other. Now, when I say that to you, legally we could increase the income tax, but we're already known as the highest income tax state, and we want to get people coming in here, we want them to create jobs for Oregonians. We're going to grow. So, you know, I say politically or economically income tax is not the way to do it. Clearly, we can't do it with increasing property taxes because folks just voted that cut for themselves on that one. What's left? A sales tax.

Well, back - way back to your original question, so what's leadership? Talking about it or doing something about it?

CH And what would you do, then? I guess maybe you've said in part that you would communicate to the people of Oregon that there is a sincere problem, and my understanding is that a lot of people have already been doing that, been trying to communicate that, but not been able to establish credibility among the people. How would you establish that credibility to get across that there really is a problem?

VA I think just being - you know, just be as direct as I've been with you. I've talked to the most rabid people that say cut the fat, and I'd give them the same answer: There's fat. There's fat not only in government, there's fat in any business you look at. Go to any corporation or any business you like, there's fat there. But, there's not that much fat. We've still got a problem after we cut the fat. Now, what are you going to do about it? There's a human reaction: simple answers to complex questions. You've got to understand it and try to work your way through it. I still believe in a democracy, I believe in the system of government. You give people the facts, and maybe they'll turn it down, but you've got to give it a good,

solid, clear, straight response to what a responsible person knows. The governor knows this.

CH What was the governor's response to your comments when you talked with her the other day?

VA Oh, I think she agreed. That's why maybe I was even surprised, because, you know, I've gone through this, and I've got a speech and I'm getting ready to deliver a speech before a joint assembly of the legislature, and in my conversation I was really expecting a lot more because I'm listening to what she's saying, and I'm thinking, well, she's already thought about these things, and some of this is in her speech somewhere. But she didn't do anything like that. Well, we've got a problem, yeah, I know, but, she says - and then she gets into water and a few other things. Not that these aren't problems, but we have a major problem. And again, the attention is drawn to Salem and the governor and the state of the state and an opening session, and the media is covering it all over the state of Oregon. What a great opportunity to again reinforce the fact that there's a problem. I was really disappointed. I really was.

So I get back to, you know, what in the world is leadership all about? What is it? What is it? And it seems to me - and this is the disappointing thing to me because I feel so strongly about what I'm telling you, that I'm only interested in results. I'm not interested in making speeches, I'm not interested in blue-ribbon task forces, I'm not interested in electronic conversation with Oregonians. You know, all that stuff, that's all cosmetic. I'm not interested in cosmetic. I don't want cosmetic; what I want is a result.

I have to tell you honestly that no one perceives me to be one of the great leaders of all time. I'm not uncomfortable with where I am and how I feel, but, you know, if you start talking

about eloquence or charisma, I'm way down the list somewhere. And, yet, I do believe that during my eight years we jumped way ahead, that we did accomplish some real things. So I'm still puzzled, I really am. I'm very puzzled by what's called leadership. Now, we're into JFK as well: charisma, yes; Camelot, maybe. And I've got some other moral questions about the whole Kennedy family, including JFK, but that's not for this discussion.

CH You know, going back to your question on leadership, I guess it's kind of - I mean, it's an interesting thing because you're approaching your - we're a little bit a ways from your terms as governor, but during this term, during the term that you've been apparently talking about, the 1971 legislature, the governor at the time is Tom McCall. And here was a person I think you've described, other people have described, as a person who maybe had some substance, but also was a great person for creating the aura or the appearance of larger activity, and that may have helped establish him as a great leader when maybe or maybe not - who knows. I mean, comparing what he produced in his eight years and what you produced in your eight years as governor, his flare may have left a more - I don't want to say brilliant mark, but he had this sort of media charisma that made a big impression on things that he did, even if those things did not have a great amount of substance. Do you know what I'm saying?

VA I know what you're saying, and I would not accuse his administration of not much substance or success, because he did. Now, I think we mentioned earlier, it was not necessarily because he invented something. He didn't invent the bottle bill, for which he gets credit; he didn't invent the environmental program, for which he gets credit. But the fact is, he grabbed it, he ran with it, he was the speaker for it, he was point person, and

that's all productive, that's all productive. And I think I've said earlier in the tape, I consider that he will go down as one of the great governors in our history, and I have no doubt about that. So I wouldn't say that about him at all. I have said, and I have said it to him - I was introducing him one time. I think it was after he was governor, but I said, you know, I really admire Tom - and I really do. Actually, I thought it was sort of a compliment. I'm not sure he took it that way, because I said, You know, he was very tenacious. And he was. He'd grab hold of something, and he just wouldn't let go. And then I went on to say, Whether he was right or wrong [laughter]. And so that's, in fact, the case. Sometimes you go down the wrong road, but that's okay. Whoops, I made a mistake. Let's go on to the next one. So he had a lot of great attributes, and I do contend - you know, if I tried to be - people say to me, Well, how's history going to treat me? Oh, that's not up to me. I don't know how history is going to treat me. History is going to make their own judgments about me. But I'm not foolish enough to believe that Tom McCall isn't going to be - wherever I fit in the category of governors in Oregon, I'm not going to be above Tom McCall.

CH And why?

VA I think mainly because of great misunderstanding about what's important. Maybe it's not fair, but at least I'll make a comparison, because I've said it, again, in speeches. Oregon had paid a lot of attention [to], and we're really in love with, our environment, and we are, and we're proud of it, and I'm proud of what part I played in it. And I said, you know, when we start talking about land-use planning and clean air and clean water, what I'm really doing is I'm making a gift to my children and my grandchildren and their children, because I know - you know, they keep talking about the Santa Clara Valley in California, and I

say, Hey, don't worry about that. Oregon doesn't have to worry about that. We've got all these laws in place. Nobody else has them like we have. But we haven't - remember, I talked about South Africa and the United States. We did a great deal and get greatly excited about the environment, and I think appropriately so, but we haven't stirred up the same excitement about the human resource in Oregon. We haven't done as much for them. You know, I'm known for Trader Vic and economic development. That's where I'm coming from. We've got our environmental laws in place. We can fix them up, we can tinker, we can improve, and we did during my administration, and we did many things that related to - I think one of the great things that happened that gets very little attention is an alternate renewable energy task force. They came up with a great report, a really good report. I said, I don't want to talk about wind and tide and all these things. I want to know when and how much and what's the barriers to getting there. That's what I want to know. And they did a great job in that regard. So my emphasis was on human resource, and people don't seem to get as excited about that as they do an old-growth forest. I think, in terms of what my emphasis was, which related to human resource, jobs, helping people, even in welfare, making them - you know, not taking away their pride and self-esteem, to me these were all important things. I feel bad that I didn't do as much for the minorities as I really wanted to do, I feel really bad of not getting the state involved in prevention rather than always putting money into new jails, but all of it related to the human resource. That doesn't mean we forgot it. The Northwest Regional Power, that was mine. The matter of fish, we put that in, we put that - I'm telling you things nobody knows. I know it. We're really jumping, but...

CH But do you think that people would have known, had there been - I mean, I guess we're going a little bit in circles, but

had you had that kind of flair or promotion that would have given more life to the things that you did?

VA Well, it's hard to - I can't figure out - when I say this to you, I don't really know the answer. I didn't want to spend my energy thinking of what the next press release was going to be, I wanted to spend my energy, time, and emotions on doing it. Now, I know that's not good politics in terms of sheer politics. I understand. Hell, I've been around a long time. I know about all those things. And, yet, I remember watching my fellow legislators, house members, senators - I can think of one in particular - while we're in a hearing, while we're listening to testimony, they're writing a press release. Listen to these people, pay attention. So that was not my bent. My bent wasn't to tell the world all this stuff, my bent was do it, go do it. Well, that's not good politics. I know enough about that to know that's indeed the case. As a legislator I didn't do it. Remember, way on I told you when I ran the first time, they said, Okay, tell me all the good things you did. I said, Oh, wait a minute. I don't know. I don't keep inventory. I didn't write all these things down with the anticipation I'm going to be doing something. They had to go look it up, because I don't keep inventory. That's why it's difficult for me to answer some of your questions about senate bill whatever it was in the 1963 session. You know, I don't keep inventory. I just do it and go on from there. So I can't explain - I suppose I just determined I'm who I am. I had an opportunity to be a governor, I had an opportunity to be a house member and a senator, I know I made some constructive changes in government, I know that its all happened, I feel good, I sleep well at night. Sure, I'd like to have other people know about it, sure, I'd like to have them say, Gee, good job, Vic. You know, our egos want some of that. But if it's not forthcoming, it isn't forthcoming. It may be the

best combination would be a Tom McCall that spoke well and grabbed issues, got some important things done, and the world knows about it. I suppose that's the best of all worlds. I never pretended to be a Tom McCall. I told the media at the very beginning, Don't measure me against Tom. Tom's Tom, and Vic's Vic. You've got to live with me now. I happen to be the governor right now [laughter].

CH Well, going back to 1971, we left off with your discussion about the Emergency Board funds. I'm trying to remember what my question was, but I think that it had to do with how you determined how much money you would try to set aside for the interim period, how you figured out what you would need, how you would anticipate with all the fluctuations.

VA When you build a budget, you have a budget for state government, and to which you add an ending balance in case you didn't guess right as to the income, and, then, you set aside money for the E. Board, the Emergency Board, and that's what you're asking right now. That's done right near the very end, the amount of money, and it's done, in a sense, by Ways and Means. Some things they know will be coming up after we leave session, so that's so many dollars for that, and, then, a few more dollars for some things we don't know about, and so that becomes the budget now.

CH Were you a member of the Emergency Board?

VA I was once. I'm glad you asked the question. I was one time. I kept asking the question during - this is in between sessions when the Emergency Board operates. I would keep asking the question, What's the emergency. Now, you're not really supposed to ask those questions [laughter], because 999 times out

of a thousand there ain't an emergency. A lot of agencies know that it's a lot easier to get some money out of the Emergency Board than it is to try to get it out of the legislative session.

CH Well, sometimes the Emergency Board, to me, appears to be almost a de fact state legislature.

VA Well, actually, Ways and Means is the main one.

CH Does the Ways and Means actually meet on a regular basis during the interim?

VA No. Most of the members, a good number of the members of Ways and Means, are on the Emergency Board, and, then, once in a while there's somebody extra, which is like I was that one time I was there. The Emergency Board really doesn't often reach out to subvert what the legislature has done. Once in a while they'll kind of overstep their bounds, but the real problem, and it is a real problem with legislators, is the Ways and Means Committee, because they may want to actually start a program. And it goes to a substantive committee with subsequent referral to Ways and Means, and Ways and Means say, No, we don't want to fund that. After all the hearings and all the talking and all the amending and everything that the substantive committee went through, Ways and Means say, Oh, we don't want to do that, we want to do something else. So there's always a complaint. It's been as long as I've been there, and will probably always be there, that Ways and Means really is acting as a mini-legislature and determining what's going to happen and what isn't. So that would happen more often with Ways and Means than it would the E. Board.

CH Except that during the interim the E. Board is the primary disburser of funds.

VA That's right.

CH What constraints are there on the E. Board in terms of what they can and cannot do?

VA Well, mostly it's they don't get that much money. They get money, but not that much. So that would be somewhat limited. There isn't any real constraint. They probably could start something if they wanted to start it, but it's pretty well identified, because oftentimes there are bills that would say that, We appropriate this money, and come back in the interim. So it's already determined that they're going to come back, and the legislature votes on that. A lot of it's what I would call encumbered, to start with. So in terms of discretionary money they can start doing some things they ought not to be doing, there's very little of that.

CH How was it that you only were on the Emergency Board one time? It seems like a rather prestigious committee to be on.

VA I had a lot of opportunities to be on Ways and Means, and I made a personal decision that I didn't want to do that.

CH Why?

VA Well, I wanted to deal with more questions than what Ways and Means deals with. Now, of course, they deal with all the budgets of all the agencies, but I wanted to be on Education, I wanted to be on Revenue, I wanted to be on Labor and Industries, I wanted - you know, I wanted to do more things. If you're on Ways and Means, that's all you do. You get down there, and you get buried down there. And you listen ad infinitum to presentations on budgets, and I didn't want to do that. So I'd

been offered - I mean, I could have been on Ways and Means, gosh, I don't know, for a lot of sessions if I wanted to be. So most of it was because I didn't want to be.

CH And the E. Board?

VA The E. Board, well, I thought that would be kind of interesting, but they don't really want people asking questions, What's the emergency. They really don't want that.

CH Well, I would think that as minority leader you could pretty much have your pick, is that true?

VA Yes, that's true.

CH So had you wanted to be on the E. Board, you could have?

VA Could have been.

CH Going on, we were talking about some of the - had just been talking about human resources, and that was one of the areas that we left off on speaking about the last session. There was a controversy over the welfare budget during that term. There was a deficit, and there was some controversy over Governor McCall's handling of it in 1971. There was a - eventually became a house task force on welfare, which made twenty-four recommendations. Do you recall any of the controversy over that and any involvement on your part?

VA No, I don't, except the - again, a generic that all - almost - well, I think without exception that welfare would always come up with a deficit near the end of a biennium. Understand that our fiscal years run from June 30 to July 1. Now, the

legislature meets - is now meeting in January. We are still in the '91-93 biennium until June 30, and so the legislature is meeting right now, at the same time we're spending some money appropriated two years ago and at the same time developing a budget for '93-95. Now, I would say that now we're getting near the end of a biennium that welfare is now running out of money for the money that was appropriated out of the session before, so now they're in session when welfare's going to have a deficit, and that's how all of this controversy takes place during the course of a legislative session. I don't recall the detail of it, nor do I recall their twenty-four recommendations. I don't remember that.

CH In labor there was an Oregon Agricultural Labor Relations Board established under SB 677, and it would establish collective bargaining but prohibited strikes during harvest, and it was, therefore, considered to be union busting by some people. Do you recall any of the debate on those issues?

VA Yeah. It's hard for me to tell whether it was this one or something else, but I do recall there'd been a continuing debate. As a matter of fact, that's the first time I ever met Vera Katz. Now, when I say it was - whether it was '71, I'm not sure. But she was up lobbying with Cesar Chavez. That was the first time I met - Vera was working on behalf of Cesar Chavez, and the whole idea was that both collective bargaining and strike - I could tell you my position in that respect. I didn't really mind if there was collective bargaining. Striking during harvest season was something I absolutely would not do. And in understanding strikes, let's say strike, well, Meier & Frank.

[End of Tape 13, Side 1