

VICTOR ATIYEH
August 10, 1993
Tape 52, Side 2

C.H.: This is an interview with Governor Atiyeh. This is Tape 52, Side 2.

V.A.: When Goldschmidt was down there they passed a law about the performance audit and the Secretary of State's office. So the Secretary of State does have that function.

But you know, we should have heard something. We should have heard something, certainly during Goldschmidt, and absolutely during Governor Roberts' tenure as Governor. I mean, us on the street know that the performance is what it ought to be in state government.

And here's the other fault that comes in. The Secretary of State's a Democrat, and the Governor's a Democrat - or, if you turn it around at some point there would be a Republican Secretary of State and a Republican Governor. And so what's the likelihood of one of those blowing the whistle? The Democrat Secretary of State blowing the whistle on the Democrat Governor?

Now, the time it might show up as a Republican Secretary of State and a Democrat Governor or vice versa. And so that's not good. You know, no matter how you write that scenario, it's not good.

So it still comes back to who is responsible. Who's responsible? The Governor's responsible.

C.H.: Part of the issue revolved around the State Health Division and its inspections of nursing homes and restaurants.

V.A.: Well, that again is something that should come to the attention of the Governor, and the Governor should do something about it.

C.H.: It was your belief that it was unconstitutional, that it focused on the management or performance of the agency instead of its financial health.

V.A.: Yes.

C.H.: And Roberts said that the audit had not focused on the agency's management but rather on its compliance with state laws that could have a fiscal impact.

V.A.: But that again, you see, is strictly the job of the Governor. The Governor is sworn to uphold the Constitution and the laws of the State of Oregon, "So help me God," you swear to that.

C.H.: Well, maybe this is a good point to discuss a little bit about the office of the Secretary of State, in that it seems like it's changed, its domain has changed over the years from almost little more than maintaining the State grounds and capital buildings to a wider scope, and sometimes a narrower scope. How have you viewed the history of the office?

V.A.: I can tell you from my own knowledge that - and this would involve Secretaries of State and Governors of the same party, and particularly in that case. Some governors - now we're talking about fiscal audit because until I left office, that was their job. The fiscal audit, elections, and then of course the rest of it that you talked about: maintenance of facilities, buildings and grounds and things of that kind. But it's two main functions were fiscal audits and elections.

The fiscal audit - and now I'm speaking about Republican Secretary of State and Republican Governor - there were some audits, and the Governor didn't pay any attention to them, critical audits. Didn't pay any attention to them.

C.H.: When was this?

V.A.: Well, do you want me to identify them for the tape? This was while I was still in the legislature, so let them figure it out, whoever wants to sit down and figure that one out.

C.H.: Okay.

V.A.: But the basic point was, they just didn't pay any attention to it.

When I became Governor, Norma Paulus was Secretary of State, and she made some critical audits. I actually encouraged her. I did not discourage her. I did take whatever she had to say very seriously. I did respect her, and I say that - I would have respected whoever it was in terms of their duties in the office that they were holding and what they were supposed to do. And so there were critical audits of state government, fiscal audits, and we took them seriously, and we did something about it. We chatted with her and talked to her about it, and we made the corrections that were necessary.

In other words, we were trying to operate government the way government ought to operate, and this was to me an effective tool. Obviously I couldn't audit, and you can't expect your own agencies to fiscal audit themselves and to do it objectively. So you had the objective Secretary of State's office.

So the role was, I guess, pretty much what the Governor might make it, or even - my earlier discussion with you, just a short time ago: Remember, I was telling you it could be a Democrat Secretary of State and Democrat Governor or vice versa, or even if you mix it, there's still that political play at work.

Right now, meaning as of today, I don't think that the Secretary of State - I haven't heard the Secretary of State say anything about performance since the bill was passed, which would be even during Goldschmidt's period of time. And I have no doubt that there's some pretty bad performance.

Well, I'm thinking now about the - I'm going to call it "scandal," I'm not sure how much of a scandal it was - Freddy Petite ~~(N)~~ and Human Resource, and it was a big hoorah about that. I don't recall that was something that the - that's performance, and that's - well, I guess it's partially fiscal, but a lot is really performance. I haven't heard anything about any condemnation of performance, and yet I have no doubt that the performance isn't what it ought to be.

So, you know, when you pass laws and it makes people feel good, but are they going to really work? And so now you've muddied the water. Who's responsible? Is the Secretary of State responsible for not finding it? Is it the Governor's fault because it wasn't working well? Well, in my way of thinking it's the Governor's fault. The Governor - you know, you can't duck out. Harry Truman said it really succinctly, about the "buck stopping right here," but indeed in my view that's exactly the case. I'm not going to spread criticism around. In my way of thinking, the person who was elected to run the company, the chief executive and operating officer and chairman of the board, is the Governor. And you can't say it was some manager in the branch in Grants Pass, it was their fault. That's begging the issue. It's the Governor's fault.

C.H.: How much control does the Governor have, or authority over the other people in the Executive Branch?

V.A.: Like?

C.H.: Particularly like the Secretary of State's office, the Attorney General's Office, Treasurer's Office?

V.A.: You have the State Treasurer, the Secretary of State, the Labor Commissioner, the Attorney General - these are statewide elected officials. They have their office to run. They have their responsibilities. I would say in my way of thinking that they were

elected to do a job. Just like I'm expected to do my job, I'm expecting them to do their job.

And you say authority, we really have none. I can't tell the Secretary of State what to do. I can't tell the Attorney General's Office what to do. I've kidded many times; I've asked for opinions - this was when Dave Frohnmayer was Attorney General - I've asked opinions that I wished I hadn't asked, because he'd come up with an opinion that I didn't want.

But the point really was that, okay, that's his job. His job is - he is the lawyer for the State - or I say "he," the Attorney General is - and he ran for the office for that and was elected to do just that.

So I couldn't tell them what to do, and I wouldn't expect them, if I did tell them, to do it.

C.H.: Right now I'm doing some research on somebody who was in legislature in the 1930's, and there was a suggestion made, and I'm not sure whether it was Kansas that had a similar system to this, of the Governor actually appointing a cabinet of people that are in charge of these various areas, sort of like the national system. Do you think that the system that we have is the best system, or do you think that something similar to a cabinet would function better?

V.A.: I would tell you that I don't think our system is bad. I really don't think it lacks for anything. I'm not one for rearranging chairs just to rearrange chairs. I don't know if the Labor Commissioner needs to be elected statewide. I don't know if the Superintendent of Education needs to be elected statewide. Those could be appointed.

But I don't know as if it's worth trying to make those changes. Oregonians like to elect people. You know, many counties went through home rule charters, and there were big fights whether

the Coroner should be elected or the Sheriff should be elected, you know, or the County Surveyor should be elected. Those don't make any sense to be elective offices, and yet people don't want to give them up. They want to elect those rascals. And you know, I don't know if it's really worth the fight. Things aren't that bad. If the Coroner wants to run county-wide, that's okay with me, or the Surveyor. I don't know if it makes that much difference.

But I would say to you in the broad sense, back to the state, I don't think we're really suffering. I don't think there's anything really bad about what we're doing. I think things are functioning like they should and could.

C.H.: Why is it that the Secretary of State's position is so often a stepping stone to the governorship? Is it a proper stepping stone, even though the person has statewide visibility?

V.A.: I don't know how many times it has occurred. Well, Hatfield and McCall.

C.H.: And Roberts. And of course Norma Paulus was running for Governor.

V.A.: Yeah. Let me first of all say it is a statewide race, so you have some opportunity to get statewide familiarity. But I still think it comes down to the individual personalities. Hatfield was a good campaigner, a good personality; he won. Not because he was Secretary of State. Tom McCall, same thing. An inspirational campaigner. Very glib with language, did well with words.

Roberts, she won because the independent jumped in the race. If it had not been for that, Dave Frohnmayer would now be Governor. That was to me a fluke.

So it wasn't because they were Secretary of State, but it did help in the campaign having run statewide.

C.H.: But it seems like other officers that have a lot of - well, I'm particularly thinking of the Treasurer and the Attorney General have a great deal of responsibility in the state - not that the Secretary of State doesn't, but it seems like their functions are a little more ...

V.A.: Well, less exciting.

C.H.: There's not as many policy decisions to be made.

V.A.: Yeah. And yet Bob Straub was the State Treasurer.

Dave Frohnmayer would have come from the Attorney General's Office to the office of Governor, except for the independent having run.

I don't know if - actually, a launching pad, I would not say by being Secretary of State you now become the Governor-elect, if you will, the next one in line.

Clay Meyers tried it, and a State Senator, which was me, took him out. And he was both, State Treasurer and Secretary of State.

I still think it comes down to the individual.

C.H.: There have been some efforts to create a Lieutenant Governor's position in the state.

V.A.: I hope that doesn't happen. There's no need for one. There absolutely is no need for one. I would think that maybe in the early days when communication was very bad, transportation was slow, that you know, if the Governor left and went to Seattle, Washington, in 1900 ...

C.H.: He could be gone a week or two.

V.A.: He'd be gone. It takes a long time to get there and a long time to get back. Communication wasn't whatever it could be. Then there really ought to be somebody because there was no way the Governor could move quick enough to get back in the event of anything occurring.

Today, however, that's not the case. Communication is instantaneous. You can do all kinds of things. Transportation is as rapid as you can get. At the worst you're seven hours away if you happen to be on the East Coast. You know, so there's really no need for a Lieutenant Governor.

Lieutenant Governor is sort of a hangover from the early days.

C.H.: Going on to some of the other things that you were doing at the time, you created a 15-member China Commission for business opportunities. Was that different than some of the other efforts you were directing towards Korea, Taiwan, Japan?

V.A.: No. Actually, the very first thing I did internationally - well, that's not quite right, but among the early first things that I did was the Oregon-Korean Economic Council. That was 1979. The first thing I did internationally was this commission on foreign languages in the schools.

The China Council thing was kind of - it cranked up because our Fujin Province thing. We had done a lot of business with Taiwan, but that was kind of ongoing, really didn't think about creating such a thing. The main interest was mainland China rather than Taiwan. And so we cranked that one up that for that reason, just to continue to stimulate it.

C.H.: Going on to some of the other issues during that time, and I don't know if we've touched upon this or not, but the controversy surrounding the activities of former House Speaker F.F. "Monty" Montgomery. And you had appointed him to the State Accident Insurance Fund, SAIF in 1979, and then he resigned in 1983. He was at that time criticized by Secretary of State Norma Paulus for some of his activities, and [^{DISCREPANCY}indiscernible] found that the Associated Oregon Loggers, where he was president and later fired, had benefited from, quote, favoritism and special treatment resulting from Montgomery having an inside track to SAIF's

management as a SAIF board member. And then on January 31st, 1986 he was charged with eleven felony counts of First Degree Theft and two misdemeanor counts of Falsifying Business Records and was convicted and sent to prison.

That seems like a tragic downfall for someone who is such a popular leader and a fairly progressive Republican.

V.A.: That was very difficult for me. Monty was a personal friend of mine. Monty was among those that was a freshman in 1959 like I was. Actually, there was five of us.

[gap]

... Doug Heider [redacted] from Salem, Carl ^{Fischer} Fischer and Monty Montgomery from Eugene, ^{PHAT MESS FROM BEND} myself. There was five of us. Someone referred to us as "young Turks." We carried it on after that, we formalized it with a plaque with a sword on it, and we would get together once a year just because we'd gone at that very early stage - Bob Smith joined us, he came a year later. He became a member of the Young Turks, so there were six of us.

I knew Monty, knew his family, knew him, his wife. And as this thing began to unfold, it was important that whatever was done would be done independently. The independent investigator, and there was one, Stan Long in Eugene actually was the investigator, and it was important to me that that be kept as objective as possible and really out of my hands.

Now, Monty made some appeals to me, you know, because we were friends, and this was very difficult, very difficult for me, because I in effect said to Monty at one point - whether it was in writing or verbally, I don't recall. I think it was in writing.

I said, "You know, Monty, there's got to be a difference between Victor Atiyeh and Governor Victor Atiyeh. We're talking about some suspicion related to state government, and I'm Governor

Victor Atiyeh, and I have to act like Governor Victor Atiyeh, not your friend Victor Atiyeh."

So it was kind of difficult, and for a long time Monty couldn't - or maybe didn't want to understand that. So there was a real coolness that took place. I went to a deposition - oh, gosh, I don't recall now - anyway, Monty was there, and he was going to take depositions. Well, that kind of broke the ice in terms of him beginning to at least understand now that it was sort of behind him.

But it's tough, yeah. When I started hearing the reports, I told him, I said, "You're talking about a guy I don't know. I don't know this guy."

But it was tough. It was tough for me because we're talking about a person that's a friend of mine - or you know, we had a mutual experience.

C.H.: Did you keep up contact with him after he was convicted?

V.A.: I haven't talked to Monty. I expect at the next meeting of the Young Turks, which is supposed to be, you know, on an annual basis, which means every two or three years - whoever gets the plaque has to have the next party, and Carl ^{Fischer} Fischer is due for that - I would expect Monty to be there. That's all behind. I mean, he's been convicted, he's done whatever - I guess he had some time; I don't really know. But that's all done and over.

We wouldn't talk about it, though, I can tell you that. It would not be a subject of conversation for us. We'd talk about all kinds of other things, but not that.

C.H.: Aside from his failings at SAIF, was he otherwise a good SAIF board member?

V.A.: Yes, he was, and I thought he did a good job for the loggers. I was surprised about some of the things that were alleged and apparently he was convicted for.

C.H.: I think it involved his house, buying himself a house?

V.A.: And outdoor furniture, and I don't know, all kinds of things like that. May have gotten overly ambitious; I don't know. I'm only vague in that I've really tried to divorce myself from that as much as I could and let the nature of things, as if he were a stranger, obviously he wasn't, but if he were it's just like it would be someone that I didn't know.

C.H.: Going on to something that was going on towards the end of your time in office on a national level was the ^{Graham}~~Graham~~-Rudman Act. And I guess most people would agree that it failed.

V.A.: It is a law that is ignored. That's why there is a great distrust - well, I want to say for Congress, but it applies - then it's like all politicians are crooks - you know, all. And obviously it sweeps in anybody. It's a law, and it's ignored. So when ...

C.H.: It's still in effect?

V.A.: Sure. It is. It's one of those things that breeds the distrust that I think legitimately that legislative bodies have brought upon themselves.

C.H.: In February of 1986 a special three-judge panel overturned the constitutionality of a key provision of the act. I'm not sure which that was, but wasn't it the element of taking certain responsibilities away from elected members of Congress?

V.A.: It could be. It could be. There is such a thing - I'm not sure this is the point, but I do know that you cannot give away some of your responsibilities, your authority. You can't give it to somebody else; it's yours. There's some law that relates to that.

C.H.: But you did say at the time that the Court had simply shifted the issue back to Congress, where you said budget decisions should be made?

V.A.: Yes. They should. They should. They don't have the courage to do it. I really became very cynical about the process at the federal level, that they just cannot do anything constructive.

C.H.: Well, there's this phenomenon that so many people talk about where people criticize the Congress, but they like their own Congressman.

V.A.: Yeah.

C.H.: And yet almost all these Congressmen voted, whether they were Democrats or Republicans, voted for all those budgets that brought us deeper into debt.

V.A.: There's a joke, and the joke was that the - let's say a Congressman came home during recess and saw his friend on the street, and his friend was just berating him something awful. "How come you guys did such-and-such, and why did you do such-and-such, and how come you did all of it," and just really on his case pretty heavy. And finally this Congressman said, "What can one honest man do back there?"

That's how they escape it. This time, however, it seems to be a little different. Usually it isn't very clear-cut. This time, I mean, those Congressmen and Senators did vote for the largest tax increase in the history of the United States. There is no way to get around that.

C.H.: And also the largest budget cut?

V.A.: No. The budget cut comes later.

C.H.: But it was part of the same package, right?

V.A.: Well, there's where my cynicism comes in because you can't tell me that when Congress has money they're not going to

spend it. They're not going to use it to reduce the deficit. The money's coming in. And if I was satisfied - actually, according to the plan - this is the economic plan of Clinton, the first one doesn't really kick in - talking about reducing the size of the deficit - until after the next election. It doesn't kick in till then, if it kicks in.

Let's go back to ^{Graham}~~Graham~~-Rudman; did it work? How am I going to say to myself, ^{Graham}~~Graham~~-Rudman passed, they ignored it, that three years down the line they're not going to ignore whatever is proposed in this economic package? I don't believe it. I don't believe it.

In the meantime, seniors are being taxed more. You know, they call the wealthy at 120,000, I think it is, joint. They're going to be taxed more. We're going to pay more in gasoline tax, although that wasn't the major item in their budget, of what it initially was.

C.H.: Where would you make the cuts?

V.A.: Where would I make the cuts?

C.H.: Since they have to be big chunks of money cut, would you go towards entitlements?

V.A.: Actually, I think you'd kind of have to do it - I did it. You saw where? You know, somebody said to me, "Where?"

"Well, give me the budget and let me work on it."

C.H.: But there's a state constitutional requirement that the budget be balanced.

V.A.: Yeah, but we still made the cuts. And we didn't ignore it. Matter of fact, we jumped on it right away. You know, you could ignore it for a few months.

And actually, getting back to what we're talking about, the deficit appears in the sense that we predicted so much income and now we predict we're going to get less, but they're both predic-

tions, you know. But even based on a prediction, we say, "No, we can't take a chance; we've got to cut the budget."

My first reaction, the first time I went to Washington D.C. - I remember this. I was in Washington D.C., and I'm walking around, and I see all these buildings. And my comment was, "They're too damn big." In effect I'm saying they're bigger than 50 times bigger - you know, 50 times for 50 states, but they're bigger than that. There are people hiding all over the place.

[End of Tape 52, Side 2]