

Tape 26, Side 2

CH This is an interview with Governor Vic Atiyeh. This is Tape 26, Side 2.

VA Even when they'd ask a question, you knew they had something in mind. So it wasn't a matter of they'd say, Vic, you ought to do this or you ought to do something. Even when they asked a question, to me that had some meaning to it. It didn't make any difference what the question was. So that's part of listening to them.

Now, what I'm saying when I say common voice of Oregon, it isn't any one person. I listen to you, I'll listen to that person, I'll listen to that one, I'll listen to that one, I'll listen to that one, I'll listen to that one, and then I can kind of ball it up in my mind. But you have to listen. And that becomes what I call the common voice of Oregon. And it's a good way to run a government that says, Okay, we're going to run government. My philosophy is, this is a representative form of government, I'm there to represent the people. In order to represent the people, you'd better listen to what the people have to say. That's basically what I was saying to myself. I also knew that - in detail that I could not please all of the people. That's just not the nature of humans. My wife and I disagree. That's the way things go. That doesn't mean we get a divorce when we disagree. We just disagree. So you already know that. As long as you're honest and you work hard at what you're doing and you explain why you're doing whatever you're doing, we may end up by disagreeing, but the fact is we understand each other and respect each other for it. So that was my theory. And I've seen the legislature try to - get captured by the building, as a legislator. And as a governor it amazed me even more to see how quickly they get captured by that building. So in the speech I'm

trying to say, Look, try to keep in mind there are folks out there.

Yesterday, when I was in Salem, down in the coffee shop, Ron Blankenbaker was down there - he's a columnist - and I said, You know, it's too bad the legislature can't stand back and look at themselves, and they'd get a different picture of what's going on rather than they think is going on. And it's very much, again, like Governor Roberts. When she called the special session last November, she said, This is what the people want. And I'm saying, Governor, who have you been talking to? There's nobody I know that's said to me, That's what I want. So they weren't really listening. Again, that's not to be confused with a poll. I'm not saying, you know, What's the poll say? Well, I'm going to go that direction. It's entirely different than when I'm talking about a poll, because polling may come out differently than when I talk in terms of the common voice. It may come out the same, but it might also come out differently. So it's not a matter of going whichever way the wind's blowing. That's not what happens, and that's not what I'm saying. That's not what I believe. It's just a matter of, okay, I'm going to represent Oregon. I know my state; I'm getting to know it even better. I know what I think is good for my state. I'm going to aim in that direction.

CH In your campaigns for governor you really cover a lot of ground in the state, don't you?

VA Yeah.

CH I mean, you had, at this point - well, there were two campaigns, right, the '74 and the '78, and you covered an extraordinary amount of territory in Oregon and really got to see a cross section that perhaps nobody really does.

VA Yeah. I just kept going. I had some good volunteers. They would fill up the schedule. I remember Norm Smith, who was running for, I think, secretary of state a few years ago. He got down into Grants Pass, and my chairman down there - my chairman; it was his chairman. So he got down to Grants Pass, and he got [~~inaudible~~] she has on the schedule, and he looks at the schedule. "I can't do that!" You know, he was looking at the schedule. "Well, I don't know why not. Governor Atiyeh did this all the time" [laughter]. And that was reported back both by my chairman and by Norm to me. But it was interesting to me to do it, it was worthwhile. I believed very strongly in what I was doing and trying to do, and, yeah, I worked hard at it.

CH Did you ever have the chance or the desire to - well, while you were governor, to be sort of inconspicuously into the masses? You know, go to the corner coffee shop, sort of not recognized as governor, and tap into the feelings of the people that way? Did you ever have that opportunity?

VA Not that, no. I would always admire somebody that was going to go out and interview a lot of people because they would talk to different people and they would get some insights that I would never get. But there was no way I could do that, so we didn't even worry about that. What I really yearned for, and particularly maybe the last four years, was to take things at a different pace. You know, to go somewhere, not like a ricochet, just [sound effect] and gone, just kind of take it at a little different pace, get a little more time. It didn't really happen. I have one specific memory which kind of explains how you kind of find - you get kind of tired and you don't really know it. I was in Madras at the airport, and I - the thing I can't remember is if I was waiting for somebody to pick me up or I was waiting for a plane to come in. It doesn't make any difference. I was there

all by myself at the Madras airport. The mountains were all silhouetted. It was dusk. Jefferson, Mt. Washington, Sisters. A beautiful evening. Very quiet. No noise, no pandemonium, no - how wonderful that felt, how wonderful that felt. Quiet, beautiful surroundings, just standing there, just standing there.

The other thing that is very interesting, as we talk about the life of a governor, my friends would say to me, Well, there's such and such a new restaurant. Have you been to it? And I'd say, Does it have a meeting room? No. Then I haven't been to it [laughter]. And the whole idea that people take for granted, and I do now, of calling up your friends and say, Hey, let's go have dinner. That just wasn't anything you did. You know, call your - hey, let's go out to dinner tonight. Where are we going to go? Oh, we'll go here. Okay, we'll go here, wherever that happens to be. That just never happened. And I remember how wonderful it was after I left office. My two closest friends said, Well, let's go over here. What was it, some Italian restaurant up in Northwest. I said, Isn't this great! We're just going to dinner. So it's just a different life. And you get kind of mixed up. Okay, you're a public servant. Although there are some things I thought think should be private, but you were elected, you're a public servant, you've got to recognize that that's part of the deal.

CH Did you have very many meals at home, just with you and Dolores?

VA Yeah, but not too often. We were usually going somewhere. But yes, we had dinner at home, and then we'd sit down and watch television like anybody else would.

CH Did she require some of that? Did Dolores require a certain amount of quality time for just the two of you?

VA Oh, I'm sure she did, and she would look forward to it. You know, public life is a strain on marriage and on family life, and there's no question about that. I think it's to Dolores's credit, Pat Straub's credit, Audrey McCall's credit, Antoinette Hatfield's credit that they just hung in there, because it's not easy for a spouse. You've got a different life now than you had that you're used to. And I remember very well, oh, maybe, I don't know, a couple of months after we had left office and gone home, and Dolores said, "Gee, it's nice to be home." And we lived in a very nice house in Salem, but it wasn't our home. I mean, we knew at some point we were going to have to leave again. And she was back to our home. Gee, it's nice to be home. That said a lot of things in just a few words.

CH Well, going on to the session, you had - you were in quite the minority in the house, and when you were planning your strategy for the session, did that - how did you...?

VA I didn't play to it, if that's what you're asking. I would, again, do what I thought ought to happen in government, but I didn't say, Gosh, I can't get this through the senate or I can't get this through the house, or whatever. I didn't play to it. I would tell you that I was very, very successful in what I wanted to do. Very successful. The notable exceptions are obviously in the newspapers, but they were rare and they were not - they were not that substantive.

CH How was it working with Hardy Myers as speaker of the house?

VA Very good.

CH How was he different from Phil Lang, his predecessor?

VA Hardy seemed to be more in charge, in a very nice and quiet way.

CH Phil Lang, of course, had had a lot of problems with...

VA Yeah, the Hornets and all that sort of thing. He did, yes.

CH And what about with the majority leader, Grattan Kerans? Did you have to work very closely with him? Or did you work very closely with him?

VA Well, we met. Grattan was, and still is today, very much of a political animal. Obviously, you know, he was the leader of the senate, and you have to deal with him, but we got along. We didn't have any really bitter fights. I think he respected the office of governor. I recognized him. He was entirely different than Hardy. Hardy wasn't really that partisan; Grattan was, and still is today.

CH What about Gary Wilhelms as minority leader?

VA He did a good job, he did a very good job.

CH Going on into some of the things that you were working on for that session, you had a three-pronged tax relief program, the - it was referred to as Son of 6, Ballot Measure 6. And that included a 22 percent rebate on the 1978 personal income taxes, and a 12.5 percent reduction in personal income taxes each year after, and a 1.5 percent property tax rate to be sent to the voters. It split the rate for business property, a variable tax assessment ratio, and it increased an increase in assessment set at the growth of - in personal income. Was this something that you worked out within your own department, within your own

branch, or did you work with the legislators on this?

VA Oh, that was strictly my own. I'd been on a tax committee for twenty years. This was not something that was new to me. I think I did mention to you - I hope I didn't. Incidentally, if I did, stop me, because there's no sense wasting tape on it - I had a discussion about this. We did the budget, and we cut the budget back \$600 million. Now, when I say cut it back 600 million, it was estimated we were going to get - I've forgotten what the figure was, but it was up to that amount, and, then, when my budget came, I didn't spend up to that amount. I spent 600 million short of that. That's how we did that. So the question was, what are we going to do with that 600 million, and that's where this plan came up. Actually, part of it was returning money to the taxpayer, part of the 600 million.

CH Was this 600 million that had been appropriated by the legislature that you didn't spend?

VA No. What I'm talking about is - this was 1979, so it was the amount of money we expected to get from July 1, 1979, to June 30, 1981. See, you predict how much money you expect to get, and I don't recall, but I'm going to use the figure of we were going to get, let me say, five million. Five million - no, that doesn't work out. A hundred million. No, that doesn't work out. Well, that's okay, a hundred million. So most of the governors design their budgets based upon a hundred million coming in. I didn't bother myself with that. We had a hundred million coming in, but what do we want to budget? And we came up six million short of that. We didn't budget up to the hundred million, we budgeted up to ninety-four million. That's what I mean.

CH I see.

VA So when you say cut the budget, that's probably not a good term. It's just we didn't spend all the money we thought we were going to get, and we ended up with \$600 million in that case. So I'm sitting - and I can remember this very well - and Lee Johnson and Lynn Newbry, they wanted to have a chat with me about taxes and what I'd been thinking about taxes. So Lynn Newbry got up there and he was explaining his plan at some length. Then Lee Johnson got up - there were the three of us together - and he's explaining his plan. Okay. This took maybe forty-five minutes or an hour. And, "Are you finished?" "Yeah." "Okay. We'll do it my way" [laughter]. I think they still remember that, and they kind of laughed, and then, Okay, that's the way it goes. But I'd dealt with taxes enough that I didn't need to have a study group or anything else. I was anxious to lower the income tax rate and knew how things ought to happen. Trying to balance - you know, I had a pretty good sense of how taxes affected people.

CH Were people surprised that you had a split ratio for businesses, a higher ratio for businesses than...?

VA Oh yeah.

CH Being a businessman, you were probably chastised by a lot of other businesses.

VA Oh yes. But again, you know, remember we talked about that earlier. Nobody really owned me. I was going to do what I thought was the right thing to do, which didn't necessarily always make everybody happy. Two mistakes, one of which was to save that \$600 million. The other was that once the legislature abandoned my plan altogether and came up with a homeowner/renter relief program that they came up with, I should have vetoed that bill, and I didn't, because we wasted an awful lot of money on



that program. Wasted an awful lot of money on it.

CH Of course, this is looking back with twenty-twenty hindsight, knowing that the recession is right around the corner.

VA If I were to do things over again, and I said no - would you do anything different? I told the press no. Probably, if I were to say at all yes, I probably would have looked back and say I should have vetoed that bill. But I said to myself, Well - at the time - this is the only property tax relief people are going to get, so I suppose they might as well have it. I'm not going to get another one through the legislature, so this is it. But we wasted a lot of money on that.

CH Did you look upon any of the elements in your plan as being weak links in your proposal, or things that would be more controversial, difficult to pass?

VA Yeah. Actually, all of it. You know, the Democrats want to tax the wealthy, and obviously mine was always uniform. If we're going to give some relief, we're going to give it to everybody. So I wasn't one that was going to pick out wealthy or poor or anything else. I didn't consider any of it as a piece of cake, any part of it as a piece of cake. It was just my idea of how I thought it ought to happen.

CH Later on, when we get to the issue of the sales tax, you constantly warned people about the ominous threat of a 1.5 percent property tax possibility and that it would be inevitable if something weren't done, and here you're proposing a 1.5 percent tax rate, property tax rate.

VA What I'm trying to do, really, is control the growth of

property taxes, because if you really looked at it, property taxes were really exploding. And actually this homeowner/renter relief program, again, if you look at it statistically, made it even explode even faster.

CH How is that?

VA Well, you know, if we vote for this, the state's going to send us money, or we're going to get relief, and so it isn't really going to cost you any extra money. It's one of those things that - how people approach the voters to try to get them to vote yes. [Sound effect] it went up. It was a matter of - I said, Okay, property taxes are going to have to go up. This 6 percent - we always argued about whether it should be six or five or nothing. I always figured there needed to be some growth. But to control the growth so it wasn't going to go clear out of sight, which it had been doing, but to put a damper on it and say, Okay, it's going to rise, but it's going to rise at a controlled rate so that at least you and I can plan for it, that's basically what I was going after.

CH That was at a time when interest rates were at a record high level, weren't they?

VA Yeah. Well, actually it got even higher before Carter went out, as you recall, and interest - well, interest was over 20 percent, and inflation was at thirteen. Inflation, incidentally, helped state government.

CH How so?

VA Well, we were actually taxing inflation, is what we were doing. Prices were going up, cost of living - salaries were

going up, and cost of living means how much - 13 percent. Well, you've got to have a 13 percent - so we were benefitting from it all. We were getting more interest. We were benefitting from it, but, at the same time, we were robbing people, particularly those on fixed income. Unmercifully robbing them. But, you know, when I was talking about how you deal with taxes and the way you go about it, for a long time I was promoting a tax credit for personal exemptions. You recall - I'm not sure where it is today, but it was \$600 tax deduction. And I'd say, That's not quite fair, because our rates at that time ran from 4 percent to, I think, let me say ten. Maybe it would have been nine and a half. So if you were at the lower income, at the 4 percent, your 600 was worth twenty-four dollars because it was at 4 percent of 600. But if you were at the top rate, your 600 was worth sixty bucks. I said, That's not right. What we ought to do is have a flat credit for everybody. And I was aiming at - and I think it finally passed - an eighty-five dollar tax credit. So the people at the lower income really got a boost; the people at the top actually had to come down.

CH In your house cleaning chores as you moved into the governorship, you, by executive order, canceled seventy of the 116 executive orders filed by prior Oregon governors.

VA Yes.

CH Maybe you could tell me a little bit about that. That seems extraordinary.

VA It was just a matter of we're going to cancel them all, we're going to look at them all, we'll reinstitute those we think are appropriate and leave the others canceled. It was just a matter of how are you going to go about business. And we wanted

to know, within our own administration, what executive orders we had. So the best thing to do is clean house on all of them.

CH Going back how far?

VA All the executive orders that are out there. Most of them were Straub's. See, each governor has his own. Clean them all out, then look at them one at a time and reinstitute those exactly like they were, those we thought were appropriate, and leave the other ones dead, gone. But that was just a matter of our being able to get a handle on what our office was doing. Another thing we did, which undoubtedly will not show up in what you have. Bob Straub had the governor's office budget, as I did, and as all governors do. But, then, what he would have is that let's say he would have somebody on his staff that was in the Department of Transportation budget, or on his staff that was on the Human Resource budget, somebody in his office. We cut all that out. We're going to show what the governor's office is and let each budget show its own, instead of, Oh, this won't show in my budget, kind of thing. We cut all that out too.

CH And you placed a lot of things under sunset clauses too, didn't you?

VA Yeah.

CH That was a part of your placing limits on government?

VA Right.

CH Was there objection to any of the things you canceled?

VA Not in any large measure, no.

CH So they were basically things that were fairly ineffective or nonfunctional?

VA Basically, yeah.

CH So there wasn't any adverse reaction, then, by either people involved in those groups or...?

VA Or there may have been some, but it was not a whirlwind of any kind.

CH You also were involved in grouping the state's energy-related activities into a compact, efficient, and effective program as a priority of yours for this - for this session or just - was this something that you saw as a long-term...?

VA I wanted a long-term kind of thing.

CH What were the elements of your program?

VA Now we're into energy?

CH Yeah. Well, there were a number of bills and - yeah.

VA The first thing that I wanted is to get some rational planning for future energy. What we really had at that time was a state agency that was planning what they thought were the needs for energy which were at odds with the investor-owned utilities. And so the investor-owned would have a large number of what they thought would be the growth and the need for energy, and the state would have a different figure, and we were at odds. And what that did would, of course, relate as to what they were going to plan - another dam, a nuclear power plant, a coal-fired plant,

you know, whatever they were going to plan - and what really were going to be the needs of the state. So I wanted to make more of an understanding, and the state would be more of a partner in this planning process. That doesn't necessarily mean agree with investor-owneds, but more of a partner rather than an adversary so that at least there was a dependable, good, solid figure as to what the future needs might be. That was one element of what I was trying to achieve. And I also became aware, because, of course, of the energy crisis, but there's still a matter of this conservation. And you recall part of the program that I proposed to the legislature, and they did fund, was this alternative energy task force, which I finally appointed. All the time I'd been in the legislature people would say, Don't use nuclear, do wind; don't use dams, use tide. And so I said, We've got to sit down and figure out what all this means. Instead of being kind of flippant about it - use tide, use wind, use all of these different alternatives, use those instead - let's figure it out. So the alternative energy task force, my charge to them was, look at all the alternatives for renewable resource, and I want to know how soon can we get them, how much it's going to cost, what are the barriers to this happening, whether it's legislative or political or whatever reason. And I would tell you - and it was the next session they reported - it is still one of the finest studies I think I have ever seen. And it goes on to list it. We had about 400 people apply for it, and I think we had eighty - I've forgotten, some eighty number. We had different subcommittees, and, then, the committee itself.

[End of Tape 26, Side 2]