

VICTOR ATIYEH

June 3, 1991

Tape 30, Side 2

C.H.: This is an interview with Governor Atiyeh. This is Tape 30, Side 2.

I'm trying to remember some of the controversies that Dixie Lee Ray got into and some of the colorful situations, but I can't recall offhand what they were. I know she was rather outspoken.

V.A.: She was, and she really didn't like the media, and the media didn't like her. And I don't know, she would be what you would call a character.

C.H.: Was she somewhat autocratic in her ways of governing?

V.A.: Yeah. Yeah. She's a very bright woman, and like these very, very bright people, they can't tolerate anybody that's less bright than they are. And I've run into many of them before. You know, they're very bright and they have a lot of trouble tolerating those of us that aren't quite up to speed. And I'm not sure she really does this by design; I think it just happened to be her nature. Yes, she's bright, very outspoken. Not necessarily political. Obviously she lost. She lost the primary. That's when Spellman won, but she lost the primary.

C.H.: There were quite a few people in attendance at that conference. Secretary of Commerce Juanita Krepps was there, who had reacted very angrily to criticism of her department that ...

V.A.: I criticized it.

C.H.: Right. And also of Labor Secretary Ray Marshall and the Agricultural Secretary. The Alaska governor, Bob Berglan, was there and Jay Hammond - or Bob Berglan was the Agricultural Secretary, I believe, wasn't he?

V.A.: I think so.

C.H.: And Alaska governor Jay Hammond, and Nevada governor Robert List. What was your relationship with these people like?

V.A.: Are you talking about the governors or the bureaucrats?

C.H.: Well, first, the governors. Jay Hammond wasn't governor for a very long time, was he?

V.A.: I think it was four years. Our relationship was very good. We met, of course, at the Western Governors and National Governors meetings, considered ourselves - well, there's a Western Governors and Alaska would be part of that, as of course Nevada and Bob List, and quite a few other states.

We became more intimately involved, if there was a contentiousness, we were trying to work on a - oh, what word do I want to use? - treaty, I think - treaty in the sense we were dealing with Canada, and related to the salmon fishery and trying to get an agreement as to the catch.

What was going on was that Oregon was producing - excuse me, Oregon and Washington - were producing an awful lot of the salmon. The salmon would go out the mouth of the Columbia, then they'd head north up past British Columbia, circle around Alaska, fairly close to Japan, turn around and come back. Well, they were harvesting an awful lot of our salmon - we wanted to call it ours. "They" meaning both Alaska and Canada before it would finally get back to the Columbia River. And I can recall very well talking to Governor Hammond and saying, "Look, I'm not asking for all our salmon. I'm just asking for some of our salmon."

And we got Canada to agree, but we needed Alaska to agree, and I don't think we came to an agreement before he left office, he and I. It was a political thing for them because they've got a fishery up there. I understand all of that. But the fact was we needed to have some kind of agreement as to the take of the salmon so that obviously some of the producers, which would of course be Oregon

and Washington, could get some our of fish back. Again, it wasn't an argumentative thing. Bob List was a Republican, we got along together very well. He was our host once while we were at a Western Governors meeting in Nevada. Nice guy.

C.H.: And the people in the administration?

V.A.: Not necessarily particularly good. Now, again understand that 1979 to 1981 was Jimmy Carter, and I'm dealing with his administration.

C.H.: Right. Several delegates came down really hard on the administration's linkage of morality and human rights with international trade. Were you a part of that discussion?

V.A.: Not too much. But Jimmy Carter was big on human rights. There's nothing particularly wrong with that. It just gets to a point, though, that can we or should we expect every nation in the world to act precisely as the United States does, and can you force people to do that? I don't think there's any harm in applying pressure to get their attention in regard to human rights, but to expect something to happen instantly just doesn't work. You know, Jimmy Carter got involved - I'm trying to recall exactly - we stayed out of the Olympics in Russia.

C.H.: Right.

V.A.: And we also had a wheat embargo. Now, both of those things actually hurt the U.S. more than it did - well, I don't even think Russia noticed. And yet the athletes that had trained for years and years missed out. The wheat farmers, and of course I know about Oregon wheat farmers, they were harmed by that. Russia didn't even notice. They had an Olympics and they had other nations there. They could buy their wheat somewhere else instead of the U.S. As a matter of fact, the wheat thing lingered for a long time. If we were an undependable partner, well, "We can't trust them anymore, we can't lean on them that heavily to provide

us with food. We'll have to find other markets." That lasted probably even to today, it's still there.

C.H.: You had a commencement address at the University of Oregon around this same time, and there were a lot of anti-nuclear protesters there.

V.A.: I attended. I don't think I addressed them, did I?

C.H.: I have it down here as a commencement address, but ...

V.A.: Well, maybe so. I don't know. Yeah, there were.

C.H.: And you said at that time, "I think you'll see really that I'm on their side. They don't think so, but I think they'll see it." What did you mean by that?

V.A.: That maybe was probably a little naive. I didn't ever agree with the Vietnam war. I didn't agree with the domino theory. I've got a note, this little, you know, I call my speech file, and it's just something that I wrote down myself - that the war was bad, but the soldiers weren't. And the soldiers were the ones that were taking the heat. They were the ones. And to me, that was the unfair part of all of this.

But the fact that I didn't demonstrate or carry a placard or paint my face or wave my fist in the air didn't mean that I felt any less about that particular war, and did what little I could to convey to the administration that I thought the war was bad.

C.H.: But in terms of the anti-nuclear group and their issues?

V.A.: Oh, the anti-nukes. Excuse me, I got on the wrong subject. I was thinking about war.

C.H.: But actually that probably part of those people were also the people that were involved in those other activities as well.

V.A.: Oh, yes. Well, the nuclear thing we pretty well covered in the sense that I just didn't think it was going to ever

happen. We talked about that. I just didn't go out and make a lot of noise about it.

C.H.: Then you had a Western Governors Conference in Idaho.

V.A.: Yes.

C.H.: Was that your first one? This would have still been in 1979. What were these experiences like for you, I mean, going off to these - meeting all these other governors and ...

V.A.: I enjoyed it. I particularly enjoyed the Western Governors, all the years that I was a governor. The National Governors - I don't know if it produced an awful lot, really.

C.H.: You had the Western Governors, the National Governors, and then the Republican Governors Association?

V.A.: Right. The National Governors meetings - you know, there's so many meetings in my life, I'm saying to myself, you know, what's the use of all these things? So much is cosmetic. They have what they call the "plenary sessions" which sound really neat. But they're public sessions, and you know, everybody's posturing. You're listening to some astute person from the administration, and you have the committees working, and not an awful lot comes of it.

There were some things that were helpful that the National Governors did do, and I can recall - I don't recall what year, let's say in the middle of my eight years, somewhere in that time frame - and they were trying to gather a concept, ideas of how one can be more efficient in government and what the governors do, and governors sent their stuff and it was all published. And you can look at it and say that's the kind of thing incidentally that I would go for, instead of all this cosmetic stuff that was going on.

The Western Governors, however, we did have something in common, and what we had in common was that the federal government owns an awful lot of each of our states. In Oregon, they own 52

percent, and in Nevada, I think they own, I don't know, 92 percent. And Washington, you take any western state, it's all the same now. And we all have that uniform problem. We're dealing with the federal government on water rights. Obviously we're dealing with them on federal timberland. You know, and Alaska, they've got millions of acres of wilderness. So, you know, there's a lot of impact by the federal government on our states, unlike the rest of the country. And so we had something in common and we could work together in tandem.

C.H.: I remember at one point you and Governor Hammond called on the federal government to treat the states like sovereign states. What was the response from the federal government?

V.A.: Well, it's like spitting on the sand at the beach. But you have to do what you can do, and do the best you can at it and keep working at it.

You recall when Reagan came in, he had this thing called New Federalism, which effectively is saying he's going to return some of the power taken by the federal government to the states. The federal government doesn't like that. That's not quite right: The federal government bureaucrats don't like that. So it's not easy to get our authority back. But we just, you know, have to make that move.

Incidentally, this is kind of an aside, it's a matter of learning. The Japanese, among others, didn't like the unitary tax, and we'll get to the unitary tax.

C.H.: We sure will.

V.A.: They didn't like it, and they were constantly back in Congress trying to get Congress to change the laws in regard to the unitary tax, and in effect saying states can't have a unitary tax, that's what they were working for.

We had a multi-state tax commission, which I supported all the time I was in the legislature. And the multi-state tax commission were states like Oregon that had a unitary tax, and the whole idea was to keep the <sup>Federal</sup> government from passing laws that relate to unitary tax. I as a governor would say to them, "This is not your business, how we tax. It's our business."

And the Japanese were unsuccessful until the light went on in their heads, and they said, "Wait a minute. The place where we can get that done is in the states." And all of a sudden things started to happen.

So, you know, this whole idea of trying to understand government, how it operates, even for Americans -. I said, you know, facetiously - that's when Russia, of course, was the dominant factor - what Oregon ought to do is secede from the Union, become an emerging country, and then threaten that we're going to go communist.

C.H.: Sort of like the mouse that roared.

V.A.: And then the United States would then begin to woo us and send us money, unrestricted, and we'd be members of the UN.

C.H.: And get a little respect!

V.A.: It's a pretty good deal. You know, actually it amazes me that we send money - we, the federal government - in foreign aid, and we just send millions in terms of Israel, billions and say, "Here it is." They gave us a hundred thousand dollars and they've got the audit divisions and everybody on our back and tell us exactly what to do with it and we're all Americans, you know. We'll send it to a foreign country and just hand it to them, you know. I always found this is very curious.

C.H.: Well, during this time, actually, there was a book that was very popular called *Ecotopia* by Ernest Columback that talked about this part of the country seceding and forming its own nation.

V.A.: Well, they kind of take it facetiously, they don't understand it. But really, if you're a governor - mainly governor, legislatures kind of get that sense, mainly governors - you say, you know, where's the consistency in all of this? And we're doing it today. You know, we have great empathy for other countries of the world, and we're out doing South Africa and a few other things. And yet the problems exist here in the United States. I don't know, it just is very hard for me to deal with.

C.H.: You were talking about the unitary tax. During this same time, you were also formulating your new tax plan, I believe, and I was wondering how this plan evolved. *The Oregonian* called it a modified version of California's Proposition 13, and it was billed as an anti-inflationary device to control wild fluctuations in property taxes. Basically they said that the Atiyeh Plan adopts the philosophy that the way to hold down property taxes is to restrict revenues available to taxing districts by freezing rates.

V.A.: I was involved over the eight years in property tax relief, tax reform, all the rest of that. But at the heart of it always was limiting the growth of property taxes, which the one-and-a-half percent's supposed to do. But laying that uniformly on every district had an uneven effect. Some were at three percent, and some were less than one-and-a-half; we talked about that. So it was an uneven effect.

At the heart of it was, "Okay, we'll take where you are," so that leaves everybody wherever they are, and then limit their growth. So that, in all the variations and all kinds, that was kind of the heart of whatever I was trying to do.

And then of course, we got into all kinds of variations over the years of how to get the money, how to replace the money, all the sales tax, and I had what I called a net receipts tax, things of that kind. So there's different ways of trying to achieve what



you needed to get done. So when you talk about how does it evolve, it came about because of all the years I spent on the tax committee, and I had some thoughts on the subject and the application of taxes and how it would hit people, things of that kind, just in the back of my head.

C.H.: Looking back on this first tax plan of yours, after having dealt so much with taxes, not only before that but then your tax plans after that, do you feel that that tax plan - was it the kind of effort that you thought was appropriate to the situation?

V.A.: Yes. I was really alarmed at the horrendous growth of taxes. It was growing geometrically. And whenever the state dealt with property tax relief, all it did was beget more growth. It wasn't as if the taxing district was spending a million dollars, and we'd say, "Okay, we'll send you two hundred thousand," and so the taxpayers would pay 800,000 and then the State would pay 200,000. That isn't the way it would go.

They were spending a million, they'd go to a million-five, and we'd give them two, so now, instead of being eight hundred, it's a million-three. That's the way it was going, and there was no way to keep pace with it. So it was just a matter of trying to limit the growth.

The other part was that - I'm a believer, incidentally, of that - is that there's two ways to limit government spending. And that, of course, is just pure and simply don't spend as much, cut budgets. That clearly doesn't work. And so the other way is to limit income. Oregon can't operate at a deficit. If you limit income, you've only got so much money. That's all the money you can spend. And I had a theory that the more money you give politicians, the more money they'll spend. So the thing to do was to reduce the availability of the money. These are all theories in my head that I would apply as I would deal with taxes.

C.H.: Later on, of course, you became very concerned about a property tax limitation, and you were trying to raise money, then, through sales tax. Is that in contradiction to what you were just saying?

V.A.: No. It's very much like I'm saying about Ballot 5. I've said repeatedly that the people of Oregon made a mistake. That is not to say we didn't need property tax relief. It's just that was not the way to do it; that's basically what I'm saying.

And so as I would deal with that question, I would look at Ballot 6, Ballot - whatever the numbers were - and they would have some very bad side effects. Now, one we've really talked about, this uneven application. The other was that your property would be - that would be a frozen value. If my house was assessed at a hundred thousand, that's a frozen value. My neighbor, let's take my neighbor - this is all these other previous ballot measures, the one-and-a-half percenters. My neighbor's house is a hundred thousand. Now, obviously the values are going up. So my neighbor sells his house, sells it for \$150,000. So now the house is worth \$150,000. He gets taxed on \$150,000. But I haven't sold my house. So my house remains at a hundred thousand, but the new neighbor next door, whose house is the same as mine, is paying taxes on \$150,000.

So you see what I'm saying, there are mechanical problems with the ballot measures that came before, so that my point was that - as my speeches are replete with - we've got to do something about property tax relief, but that was not the way to do it.

C.H.: But at this time you weren't suggesting to limit the localities of increasing their own tax bases; that was not an effort of yours. But later on it was, wasn't it?

V.A.: That's right. But you understand, when I'm running for office, and this was a ballot measure 6, I think, at that time, and

I said that there were defects and that I was for correcting the defects. And so that's the springboard for what you're talking about right now. Six failed. But there were some good parts of 6, and that's where I was coming from.

C.H.: You were trying to build on that.

V.A.: That's right.

C.H.: There was an article in the *Journal* talking about how you were pleading with Carter, the Carter administration, for release of national forest timberlands which have not been recommended for wilderness designation. I think we sort of touched upon that subject a little bit in terms of trying to free up land that could be used for timber purposes.

V.A.: There was two things that these dedicated - I'm going to use the word super-environmentalists wanted, and one of them was, of course, the wilderness, the designation of wilderness, and how much additional there should be. And then the next question was called release. That meant, okay, that's wilderness. Now let's not lock up everything else while we're studying it. Release all this. Let it be harvested, because we're not talking about this. But the super-environmentalists didn't want that, they wanted to lock this up, which was really not under discussion, along with what was under discussion.

C.H.: There was another article about the same time, where it talked about you and Governor Dixie Lee Ray both took verbal slaps at California Governor Edmund Brown, Jr. for his announcement to resume odd/even gasoline rationing. That was when people were shooting each other at the gas pumps, wasn't it?

V.A.: Right. That was one of things that I believed in, was avoiding a crisis. I always thought it was really a crime for government to allow a crisis to occur, then become a hero for having solved it. The best thing to do was to avoid it.

I think we did touch on that, in the sense that I got together with the gasoline dealers and suppliers, and then we began to play fair with the Oregonians and tell them, you know, "Don't tank up. There is gas." When you stop to think of how many people drive around, how many gallons of gasoline are in gas tanks - I mean, car gas tanks - we got through it very well. Oregon got through without any crisis. Nobody will remember the fact that there was a crisis, except that it was in California and Michigan and wherever else that people were shooting at each other, and long lines were ganged up. That never happened in Oregon.

So as long as California is stirring up this whole mess, and obviously it makes Oregonians a little bit nervous, what's going on. And look, I have to tell you Jerry Brown was not one of my most admired governors. He was too ambitious, I think that was part of his problem. So, you know, taking a shot at him was kind of fun.

But there's a funny story - a true story. There was one incident in which somebody smashed the headlights of a truck. I'm trying to remember exactly where it occurred, but I think it was on I-84, and there was a car passing and going slow, and the truck would pass. And anyway, finally the car was kind of slowing up and the truck driver thought that there must be someone in distress, that person in that automobile. So it stopped.

The guy jumped out of his car, and he smashed the headlights of the truck. Got in his car and drove off. Well, obviously the truck driver had the license plate. So this was all during the time this mayhem on trucks. We were worried about it.

Well, it turns out the guy had a real argument with his wife and he was mad - he wasn't mad at the trucker, he was just mad at the world. And that's why he smashed the headlights on the truck.

It had nothing to do with the gas war or anything else. And that was about the greatest incident we had during the gasoline crisis.

Did I tell you the story about meeting Jerry Brown for the first time at a National Governors Conference?

C.H.: No.

V.A.: Oh, that's a marvelous story.

We were seated, and California was seated next to me to my right when we went into this, quote, plenary session, which is the open session. Jerry Brown had not yet shown up. And I remember he finally swished in with his entourage, you know, and sat down. And he was talking to them, and you know, they were conducting - well, the plenary session was going on.

Finally there was a break in that conversation, and I said to Governor Brown, "I'm Governor Atiyeh. We haven't met." He wasn't particularly impressed with that at all. At that time he was running for president. The way we were seated, the tables were set up in a square, and you know, all around. And the way we were seated, all the television cameras were on the wall, which would be in back of the people on the other side of that opening. And here Jerry Brown's running for president.

So at one point Jerry Brown says to me, "Would you like a drink of water?" And it's a typical thing, you know, this silver-looking water container that gets frosty on the outside, and the doily underneath. Anyway, he picks it up and he's pouring me some water, and the doily's of course stuck on the back of the container. And when he poured me water, he put the thing down in front of me. All he was trying to do was to move the water container. He didn't care if wanted water or not, but that's what he had in mind. And I realized what was going on, and I chuckled to myself. Afterward, I thought, "Doggone it, Vic, you know, what you should

have done is offer him some water and put the thing back in front of him."

C.H.: Right!

V.A.: But I didn't do that. But that was my first introduction to Jerry Brown.

Incidentally, there was a picture taken. It was in the newspaper, and I have it. And the caption was that Governor Brown is pouring water for Governor Atiyeh. They didn't see what I was seeing.

C.H.: Right!

V.A.: And I've got it, and here he is pouring this glass of water for me.

[End of Tape 30, Side 2]