

Business leaders unhappy with Atiyeh's style, substance

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In about 10 days, Gov. Vic Atiyeh will meet with a group of Oregon's top business leaders — a regular give-and-take forum with those who have traditionally been his strongest supporters.

But if it follows the pattern of a similar gathering in January — and signs are that it will — this will not be a pleasant experience for the state's chief executive.

In the five months since he won a landslide re-election victory over his Democratic opponent, Ted Kulongoski, Atiyeh's popularity among a sampling of Oregon's top business leaders has nose-dived.

The governor's performance — or lack of it — is the hottest political topic around the lunch tables at Portland's businessmen's clubs.

Certainly Atiyeh's problems with his business constituency stem from his tax plan that landed like a bombshell in December. But business leaders who agreed to discuss Atiyeh's performance said the problem goes beyond that. They point to the governor's relaxed style of leadership and question whether a state whose economic future seems to be on the line daily can afford to drift for three more years.

"I wouldn't nominate Vic for president of the chamber of commerce," one Portland businessman summed up.

This is the same business community that fueled his \$1.1 million re-election war chest. Blake Hering, a Portland businessman who helped spearhead the fund-raising effort, estimated that business was responsible for about half of the total. By contrast, Kulongoski received almost no support in the business community.

His critics chide Atiyeh most for an apparent inactivity on the big issues facing the state. His net-receipts tax plan was received courteously but given short shrift by the Legislature. By all accounts, it is considered a dead issue.

Lawrence Black, president of a Portland investment banking firm, pointed to his company's study that last summer cited the governor's role as crucial in generating a vibrant economic development effort.

"Oregon has an image as an anti-business state," he said. "The only way to change that is through a strong effort by the governor. As far as I know, nothing is happening. On that issue, he's not leading.

"People are looking to leadership," Black continued. "I find it difficult to say that he has (been a leader)."

Others are more blunt.

"He's too soft a man when you need a strong, dynamic leader," said Jack Saltzman, a Portland developer and one of the few business leaders who supported Kulongoski.

"He wants to be an administrator when we need a salesman, a promoter."

Saltzman said he fears that young people reared in Oregon will not stay and that the state will become second- or third-rate in terms of economic opportunity.

"He's just kind of sitting there," said a leader in the financial industry who asked not to be identified. "I'm not so sure he is a leader. We've got some real serious problems, and he doesn't seem to be searching for answers."

A Portland real estate executive returned to the ill-fated net-receipts tax plan, saying it was greeted with "total amazement" by the business community. "It's thrown everyone into a panic," he said, referring to it as a "let-them-eat-cake" sort of plan.

A retail executive, though sympathetic with Atiyeh's problems, couldn't help but wonder about the future of the state. "We're sitting back and slowly sinking and going nowhere," he said. "He's a nice guy; he's a decent guy; he's just not a gung-ho guy."

Ron Schmidt, whose Portland advertising and public relations agency handled Atiyeh's re-election campaign, was one of the few to lend nearly unqualified support.

"He just does not go out and toot his own horn," Schmidt said. "The discontent stems from the tax proposal. It came like a bolt. The impact was quite devastating."

Schmidt thinks the governor should play to his strengths — selling via a dignified, intelligent approach.

"Let's get him out," Schmidt said, remembering the successful McCall-administration road shows. "Visibility (for the state) is critical now. Probably the single best thing the state could do would be to put him in a forum with any corporate head in the country. He could wow 'em."

The governor, as it happens, is in the Far East on a trade mission. Denny Miles, his press secretary, declined to comment on the businessmen's complaints.

Norm Winningstad, chairman of Floating Point Systems Inc., thinks Atiyeh should keep quiet, at least on the sales-tax issue championed by the business community. Atiyeh opposes a sales tax, which business favors as a way to offset high property and income taxes.

"He proposed something that would doom economic development," Winningstad said of Atiyeh's tax ideas, which he called "obsolete."

The corporate chief now worries that Atiyeh may flip-flop on the sales-tax issue and actually hurt its chances. "I hope he just stays out of it," he said.

Winningstad was one of those who came forward in a second round of contributions late in the fall re-election campaign. His business associates were stunned and hurt, not only by Atiyeh's tax plan, but also because they weren't consulted on its formulation.

"We're doomed to three years with an ineffective governor," Winningstad said. "If he would wake up, he would see the state is going into a descending spiral."

Even Hering, one of Atiyeh's closest associates in the Portland business community, sees room for improvement, though he generally defends the governor.

"There are a number of reasons for the frustration," Hering said. "This is the first real recession Oregon has felt. Oregonians by nature have been positive, aggressive people. Now those same people are negative.

"These are frustrations that have not been vented before," he continued. "Vic is honest and cagey, and sometimes that gets in his way. He's a manager of tremendous ability, but sometimes he doesn't move fast. This has been magnified by the fact that he's a lame-duck governor. He feels the pressure."

Hering said even he was bothered by the tax proposal and how it was handled. "That's directly opposite from how he usually acts," he said. "His tax program was absolutely out in left field."

But Hering thinks Atiyeh may be only playing a game of strategy with the Legislature by proposing a tax plan he knew had no chance. "He could be coming around on the sales tax," he added.

Hering thinks Atiyeh should do more leading, at the risk of less managing. "He feels strongly about managing the state and feels he will sell the state in his spare time," Hering said.

Schmidt has heard the griping among business people about the tax plan, too, but he senses some of the frustration is directed toward the Legislature.

"They are beginning to question if anything meaningful will come out of this session on the big issues," he said.

Meanwhile, the hand-wringing continues among the state's most influential business leaders.

"We went through years of strong leadership," a Portland executive said. "Everyone suffers in the shadow. But Vic's a disaster."