

VICTOR ATIYEH

August 18, 1993

Tape 53, Side 2

C.H.: This is an interview with Governor Victor Atiyeh at his office in downtown Portland, Oregon. The interviewer for the Oregon Historical Society is Clark Hansen. The date is August 18, 1993, and this is Tape 53, Side 2.

In February of 1986, your last year in office, you announced a plan for school finance reform, and from what the paper said it said that the plan would establish new tax bases for all the state's school districts equal to each district's operating levy for the previous year. Is that right?

V.A.: Yes.

C.H.: And it would eliminate, except in emergencies, the authority that districts now have to seek excess levies outside the amount of their tax bases and limit the automatic annual rate of increase from - in tax base permitted under the Oregon Constitution from five to six percent.

A lot of people cried about the change to five percent. Does one percent really make that much difference?

V.A.: It depends on who you talk to. There are some people that think zero percent is plenty. That's foolish to think in terms of that; even at low inflation, there is that kind of growth. And you have such a diversity between school districts, some which are plateaued in terms of attendance, some that are losing attendance in things like Washington County exploded in growth. So you know, you can't really find one shoe to fit everybody; it just doesn't work that way.

The concept of establishing the school base at where they are now was this matter of trying to treat all school districts the

same. Earlier in our tapes we had talked about the one and a half percent, and the one and a half percent squeezed everybody to one and a half, and I told you then that there were some school districts less than one and a half, and so they wouldn't even know what happened. Then you run into a school district like School District 1, which is at three percent, they lose half. So I'm saying, okay, the voters said this is the budget. We voted that in, and I'll take that. That's what the voters said. And if it's three percent, or one and a half, or one and a quarter, or two percent, or wherever it was, then that's the base. So that was the theory behind that.

The other was again consistently without fail I'm trying to control the growth. And that's the basic concept behind it, the principles behind it.

C.H.: Well, reaction to your plan was mixed concerning the reduction in the automatic increase in tax bases. Some people felt that it was unfair to districts that were recently revised and had adequate tax bases, and did not provide for the inequity among the districts.

V.A.: Well, I don't agree with that, but you know, everybody's got their own ox that's being gored. The point is that we were going to say, "Okay, you that have it, have it. We're not changing anything." So we're not changing anything; we're just taking what the voters put in. If they had established a tax base, fine. That's there already.

Way back in our tape I told you about one of the real effective tools that happened was done very quietly, almost unnoticed, but was extremely successful - that is, in establishing school bases, and that was after the safety net failed and Jason <sup>DOE</sup> ~~was~~ <sup>SENATE PRESIDENT</sup> [indiscernible], I said to Jason near the end of the session, "Why don't we just say that if you go to the voters for a

new budget and it's turned down" - I've forgotten what the cycle was, one or two times - "you have to, by Oregon law, go for a new tax base."

So it sort of took out the school board in the ~~sense~~<sup>sense</sup> of they're trying to establish, you know, a new tax base, they can go to the voters and say, "The State says we have to," so you shift the blame.

Where there was then about, I think, 10 or 12 school districts with realistic tax bases at that point; I've forgotten, but the number had increased gradually, and more than half of the school districts, which at that point was something like 220 or 230 school districts had tax bases, and that all just happened because of that bill.

But still there was a lot out there that didn't, and some big ones. So here again, trying to establish the tax base and at the same time limiting growth.

Now, you recall I also said that OEA is a major player in the fact that we have a Ballot Measure 5 and that we really haven't been able to solve it, and that's because they wanted a crisis situation. "If you don't vote for this budget, school will close." Well, once you establish a tax base, that argument's gone. The school won't close. It may be at some reduced level, but it's not going to close.

And so it was that crisis that the OEA liked. They never said it; I'm just telling my observation. And so I think I would credit them - "them" meaning - it's probably unfair to say OEA because there are a lot of members, but certainly the leadership of the OEA was the reason we find ourselves in the soup where we are now.

C.H.: They said that they wouldn't support your plan and were gathering signatures for their own five percent sales tax with a

1.5 percent tax limitation. Your plan didn't have a sales tax included in it, did it?

V.A.: No. No, it wasn't going to change anything. We weren't replacing anything. This was not what you - I always said that property tax relief is how you really look at it. Some said, "Raise a lot of money and cut my taxes now." I contend that if they - incidentally, this is not the first time I was wanting to limit growth - if they had accepted it, I think I figured - I've forgotten; I'm trying to remember now - but if it had been adopted at that point, it would have saved the property taxpayers, I don't know, four or five hundred million dollars, by limiting growth. So what's property tax relief? You know, I say that's property tax relief. That happens to be out in the future, versus cutting taxes now, but I still contend that's relief.

So again it's in the eyes of the beholder.

C.H.: Norma Paulus and the educational community felt that they hadn't been consulted by you and that you weren't seeking a referendum for your plan. You responded at the time that time is short, and that you had the background to draw up the plan.

V.A.: A little cocky, but that's the answer. [laughs] I mean, you know, how long do you have to go to school? Now, at that point in time I'd been going to school for 27 years, you know. That's pretty good, being on a tax committee all that time, and then repeatedly asking for and going through plans, some abortive and none really successful.

C.H.: But politically, was that a wise move?

V.A.: No. No. And I suppose there's some fault to it, but you know, to me I say, "Well, why chew on the same bone?" You know, why do we have to bring a whole lot of people to chew on the bone? There it is, and the bone's been chewed on.

There aren't really any complex answers to this problem. The complexity was by the insertion of our Ballot Measure 5. That created complexity by not providing added revenue. If there had been provision for added revenue from somewhere else, we'd have had no problem at all.

So what we have now is Ballot Measure 5, which says, "Cut the local property taxes. Now, State, take the income tax that you're collecting and use that to replace the cut that we made." Which of course reduces the amount available for state government. So those are the kinds of shifts that are taking place. But you know, we talk today, those who want to have some replacement for Ballot 5, it is not a complex issue. It is not. There's only three ways to get large amounts of money: property tax, income tax, sales tax. There is no other way to get large amounts of money.

C.H.: Of course some people claim that more should be cut from the budget.

V.A.: That's foolish. Foolish in the sense that I think all government can be reduced, but to say, "Cut out the fat, and that will solve it," there's not that much fat. Maybe there's ten percent fat, maybe fifteen percent fat - I don't know. There's fat, but there's fat in any business you go to. I'm looking across the street at this building, and these office buildings, and there's fat in their budget; I know that. There's the bank across the street; there's fat there, too. But there isn't that much fat. Do you see what I'm trying to say? So it's a sort of a simple answer to a very complex problem: Cut the fat; that will take care of it. No, it will help take care of it, but it won't take care of it.

So all that's left now if you're really going to do it, first property taxes, obviously. People want them reduced. They've been reduced. They voted for one and a half. So that you can't use.

Income tax, Oregon's tax rate is among the highest in the United States. We want to grow economically. There's no political or economic sense to raise the income tax, at least sufficiently, because we're now - you have to raise it way up in order to get the job done. What's left?

So you see I'm getting to - when you talk about Norma Paulus and you have to study it and all that, why? There aren't any really unanswered questions out there. Over all those years just about everything has been exposed.

C.H.: Then is the unanswered question what people's priorities are?

V.A.: Yeah, where they think that they will benefit or won't. Like I told you, we'd spend hours upon hours on trying to revise the basic school formula, and we would do it in a very academic atmosphere, and then we'd have computer runs, and the first thing that I would do is see what happened to my Washington County schools. If it hurt them, then it was a lousy plan.

So all of a sudden you lose science, you get down to politics. But you say to me, "Was that a mistake?" Probably, you know. You've got to get people in, and I am too anxious for this, and I'm in my last year.

C.H.: Is that a major difference the fact that you are in your last year, that you can propose things that might be unpopular and not have to worry so much about the consequences?

V.A.: That's possible, but that's not really what was in my head. In other words, "I can do this with wild abandon; the hell with it, I'm not going to run for reelection," that's never been my attitude. As I've told you many times before, this is not a game. And I've always felt that whatever we do or I do is going to affect somebody, and so I take it very seriously. I don't let that interfere with me. As a matter of fact, this lame duck as they

call it, the moment I was reelected, if you really want to act like one, you're a lame duck because, you know, you can't run for office again. I had three years prior to '86 to do all these silly things. And it didn't make any difference. They're not going to kick me out of office. But you see, my history didn't show that, and I'm not doing it in the last gasp, either. I'm saying, "Hey, I've been trying to solve this for now seven years. I'll give it another shot."

C.H.: But, you know, other Republicans - say, for instance, Bob Smith who there was some speculation that he might be running for Governor suggested that there's no need to have higher taxes to be able to solve the state budgetary problems.

V.A.: I like Bob. Bob would make a great governor. I don't agree with that.

Bob has not worked as intimately with government, government programs, as I have. He was Speaker; he wasn't a member of ways and means. But even a member of ways and means - see, the ways and means members only get certain pieces of budget. This subcommittee handles this, and this subcommittee handles this, and that subcommittee - so hardly any member of the ways and means committee looks at the whole budget.

And so I'm saying I don't agree with that. I've dealt so intimately with all of state government. Cocky or not, I think I know what I'm talking about.

C.H.: But is it feasible for somebody to run for office on a platform of higher taxes?

V.A.: No. But you see, Bob Smith is not Clinton. But I want to give you an illustration. If you look at Clinton's statements during the time he was running for office versus Clinton now that he's elected President, it's two different Clintons altogether. And so you know, he proposed the largest tax increase in the

history of the United States, but when you listened to him when he was a candidate, he wasn't talking about anything like that. He wasn't telling the people, "You elect me President, and I'm going to pass the largest tax increase in the history of the United States." He didn't say that, but that's what he did.

But I don't want to make that comparison because Bob I think is saying what he believes, but I think he would find it different once he became Governor. I think he'd make a great Governor, I really do. He's the kind of guy that I say has his head screwed on real good.

C.H.: But for any person running for the office of Governor, since this is the major crisis that our state faces - certainly financial crisis if not all over crisis - how can somebody address the problem, whether it's Barbara Roberts or Bob Smith, without following the same course of logic that you've just walked me through?

V.A.: You mean honest campaigning.

C.H.: Yeah.

V.A.: I can't run a campaign for somebody else, but if Vic Atiyeh was running for Governor again, currently under the circumstances that exist at the time, right now, and I would be saying to people, "Look, I know enough about this to know what I'm saying, and that we are not going to be able to have a good system of education, including higher education, nor are we going to be able to have the kind of state that we've had before, if we don't do something. Now, I understand that something is going to be approved by you," talking to my audience. "But the only thing that remains," and I would say, "is a sales tax."

Now, my particular history has been that with one exception I've opposed a sales tax. But I'm saying what we want, what I want as the Governor, what I hope you want as an Oregonian, is a state

that was as stable as it was before Ballot Measure 5. And if somebody said to me, "Well, we can cut the fat," I would give them the same answer I just gave you. There is fat to be cut. There is not enough fat to be cut to do what you want to do. You know, I'd have to be honest and direct with them.

Just yesterday I was dealing with some matters that relate to the Oregon Golf Club, and some people had a complaint about the amplified noise and fireworks and things like that. So I knew what their complaints were. I said to the Board when we met last, "Why don't I set up a meeting with these people and we'll talk?" And so then I wrote a letter.

So yesterday someone from the newspaper, from I think it was the West Linn newspaper, called and was asking me about it, rather confrontationally, you know. "What are you going to do about this?" because people had called her. And you know, "Don't you care?"

And I said to her - I had already told her about the letter I'd written. I said, "Why do you ask a question like that? Why would I write a letter saying, 'Let's have a meeting,' why would I bring it up before the Board of Governors, if I didn't care? Why do you ask that question?"

So what I'm saying to you is that, you know, I could have backed off and said, "Well, yes, we are concerned." I just said to this young lady, "Why do you ask that question? I don't understand why you ask it. There's the proof right here." I finally faxed her the letter.

Well, all I'm saying is that people appreciate - now, she probably didn't think that she was asking a dumb question. She didn't think so, but now I think she knows that she did.

I still believe this, firmly believe this, going back to way early in our conversation when I first ran for office, do you tell

people what you think they want to hear and then do all your good deeds once you're elected? No, you don't do it that way. I still believe that. And if I go out and tell people what I think is the right thing to do, and they don't elect me, this is a representative form of government. They don't want me. They don't want what I have to say. So I lose. So the sun comes up the next day.

But you see, some don't take it quite that way. I know one fellow who ran for Congress, I've never seen a guy so crushed for such a long period of time when he lost. And I'm saying, "I don't understand that. Why are you going through all of this torment? So the people didn't want what you have to say."

C.H.: But people take it as a personal rejection, don't you think?

V.A.: Sure. You know, when I ran in 1974 I wasn't elated by losing. You know, you don't say, "Hooray, I lost." You know, nobody could do that after so many months of hard work on a campaign. But I just said to myself, and I know I did for the tape earlier, that they just didn't want what I had to say. They like Bob Straub better than, you know, they liked me.

I did have the comfort, and I believed very firmly, that what I was saying was where they were, and maybe that's what gave me confidence in '78 because I knew where they were - I thought I knew where they were, and obviously I was right in '78.

But you know, I wasn't crushed. It took me a while to heal up and rest up from that whirl that you go through in a campaign, but I certainly was never despondent about the whole thing. Well, that's me, but I've seen others, as I say, just totally destroyed.

C.H.: Well, people get involved in politics, maybe not necessarily consciously, but they greatly desire public acceptance and being liked publicly. And with that kind of a basis ...

V.A.: Yeah. It depends really on the extent of it. All of us, you, me - forget politics - you know, we don't want to be disliked. We want to be accepted, whether it's among our own peers, our friends, in business, it doesn't make any difference. We all have egos. That's just the nature of a human being. But some have bigger egos than others. Some have really big egos, and that just happens to be the kind of people they are.

Tom McCall had a very big ego. I don't say that cruelly; that's just really where he was. Jason ~~But~~<sup>Boe</sup> had a very large ego. And I've seen some with, you know, super big egos.

But I don't want to be hated by anybody. You know, I didn't pay that much attention. I don't really know where I ended in terms of favorability. I know it was down from my high point.

But if you look at Governor Roberts' favorability rating, which is - I've forgotten what it was, 17, 18 percent - I mean, that is really something unheard of. I said, "Gee whiz, after eight years I wasn't that low," you know. And I use that expression, "Friends ~~any~~<sup>may</sup> come and friends may go, but enemies accumulate." And you do, you know, pick up barnacles en route. You know, you do something somebody dislikes, so the next week you do something that the next person doesn't like. So now you've got two people. You know, that's how they accumulate.

It's nice to hear nice things. You don't want to hear people that are really upset with you. In politics, occasionally I'd get some pretty nasty mail, but I'd just write that one off. I mean, that's just an aberration out there, somebody who really doesn't like me. There's some that may not like me, and some that really don't like me.

I saved a letter, I still have it somewhere in a scrapbook, of some fellow wrote to me: "Dear" - I don't know whether I was a Senator or House member - and they said, "Dear Senator Atiyeh," and

then ended with "Very truly yours." Those are the two nicest things they said in the letter, and in between it was awful; I mean, really bad.

C.H.: Did you ever have any threats against your life?

V.A.: As a Governor, but not as a legislator.

C.H.: What were they?

V.A.: Well, I don't really know. When I tell you that, these are things that the State Police would pick up, and as the Governor I'd go somewhere, and then I'd notice there'd be more than normal State Police around, and then I'd turn to Lon Holbrook, and I'd say, "Okay, Lon, what's up?"

C.H.: You weren't kept abreast of all these ...

V.A.: No, I wasn't. I said to Lon, I said, "Lon, I'm not going to worry about this. You worry about it." And I didn't. I just was not going to have my mind cluttered with that sort of thing. That's an awful load to put on a young man, which I did. That's a terrible load to put on a young man. But there was no point in my worrying about it. I just wasn't going to worry about it.

But I would sort of almost chuckle when I'd say, "Okay, Lon, what's up?" You know, if somebody would write or somebody would call or whatever, they would intercept it, or whatever intelligence they find.

I don't know if I told you - I'm going to divert for a second - really a funny story. I had one State Police aid, Lon Holbrook, Lieutenant, and when we would go somewhere - and the story I'm going to tell you now relates to Eugene - then we would have a State Trooper in Eugene go to - in this case the Valley River Inn, just get the lay of the land, where's the room we're going to go to, and that sort of thing.

So we're heading down toward Eugene, and we're getting closer to Eugene, and I can tell by listening to the State Police radio that something's up, but I'm not quite sure what it is because there's no description, but you could tell from the traffic and all. Then finally we get a message, "Would the Governor stop by the patrol office before he goes to his event?" Now, that's pretty unusual. Not why, just "would you please stop by."

So we stopped by to this patrol office. Well, the story was that they had a stake-out at the Valley River Inn for some really bad dude, a drug guy and he was a pretty rough guy, and had guns and all this sort of - they had a stake out for this guy at the Valley River Inn.

But the funny part was that now we - without all of this knowledge, there was a State Trooper in a State Police car, and he parks there by the Valley River Inn, and he walks in in uniform, and all of a sudden these undercover guys, plain clothes, say, "What in the hell are you doing here?" You know, he walked in, big as life.

"Well," he says, "I'm just kind of looking this over for Governor Atiyeh."

"Governor Atiyeh?" You know, they've got enough problems as it is staking out this guy without being bothered with the Governor.

So we waited around for quite a long period of time, and I was late arriving at my event. Finally they said, "Okay, go on in."

C.H.: Did they explain that to the people, or could they?

V.A.: No, I didn't, and I just said, "Unfortunately I'm sorry I'm late." This was the Federation of Republican Women; I didn't want to tell them they had a stake out with some bad dude, and there might be some shooting going on.

But that was a funny story. I can just imagine how upset these guys were because these were plain clothes undercover stake out, and all of a sudden this State Police car drives up with a guy in uniform, you know, and "The Governor's coming."

C.H.: Anything else like that?

V.A.: No, that's the one I can remember the most. There was an anonymous letter that came in, and we pretty well identified who that person was, and he was in the Bend area. So whenever we'd go up there, we'd always have added security just because we knew about this guy, and he was - he'd written an anonymous but very threatening letter, and we'd pretty well identified that's who he was.

So there was security. Nothing ever happened as a result of it. We were never chased or shot at or punched at or anything like that. I'm not the kind of Governor that would excite people that much emotionally, you know, excite that kind of deep emotional feelings. I'm just not that kind of a person.

So you know, there's always some crackpot that wants to do something. Incidentally, there is no absolute guarantee, no matter how much security you have, and the quickest explanation is that nobody has more security than Reagan had, and yet he got shot, in a community where it's illegal to have guns - that's Washington D.C. So you know, there's no absolute guarantee. The presence of State Police is just to sort of keep away the spur-of-the-moment kind of person, you know, who may want to jump the Governor.

And a lot of times it wasn't Vic Atiyeh, it was just the Governor, you know, the guy that's at the head of this thing.

[End of Tape 53, Side 2]