

VICTOR ATIYEH

June 11, 1993

Tape 34, Side 1

C.H.: This is an interview with Governor Victor Atiyeh in his office in Portland, Oregon. The interviewer for the Oregon Historical Society is Clark Hansen. The date is June 11th, 1993, and this is Tape 34, Side 1.

You were talking about the veterans home loan.

V.A.: The basic problem was just like I described it. That is, this whole problem of 20-year payoff on bonds, and then from that you make a 30-year loan. And that's clear out of cycle. I can recall as a legislator, I would ask Hub <sup>SAMPSON</sup> Sawfield, who was the director of the Veterans Department, some question, and he'd reach in his pocket and pull out a 3 x 5 card and give me an answer.

And I'm saying, "Now wait a minute." I didn't say this out loud, I was saying it to myself. "You can't operate this, this is the largest home loan business, one of the major ones in the entire United States. You can't do this off of a 3 x 5 card." And I had just, you know, been a board member of Equitable Savings & Loan. I know about this sort of a thing. How can you do this on a 3 x 5 card?

I kept trying to get information once I became Governor, and even with the appointment that followed Hub when Hub retired. It was extremely difficult to get the kind of information I wanted to get. But I boiled it down to what the problem is, and the problem basically was that out of sync. So then we start selling a lot of bonds, and I was not opposed to that because you recall we were in recession and we needed to set up some kind of activity. But it took us a long time to finally dig ourselves out of that hole. I

mean, even after I left office, I think Tony Meeker finally helped get that thing squared away.

C.H.: The legislature offered up the means to build new prisons for criminals, but was that then sent before the electorate?

V.A.: Yeah.

C.H.: And it failed, didn't it.

V.A.: Oh yeah. There was three times, and all three failed.

C.H.: And there was a little bit of controversy over - I remember seeing it come up a few times - about the Crabtree State Park in Linn County, which died?

V.A.: That was the old growth. That was trying to force a sale. Actually, I think it was Willamette Industries and they finally came to some tradeoff agreement, and that's the way probably things should happen, rather than by forcing people.

C.H.: Was some kind of a park ever created there?

V.A.: Oh, it was all old growth. Tape can't see eyes roll, you know.

C.H.: We'll have other opportunities to talk about this issue. Maybe I'll get my video camera the next time. Also, the new Senior Services Division was created in the Department of Human Resources. Who initiated that?

V.A.: We did.

C.H.: You did.

V.A.: And actually it was really interesting that we had a - I think we called it Senior Citizen Advisory Council - and they represented the seniors. And then we decided to formalize it by having the Senior Services Division. There was a lot people that were really kind of suspicious of what's going on here. I'm talking about seniors here. "What's going on? I'm not sure we like this."

Reverend McGinnigan, he was the chairman of that. He did a good job. Didn't force anything. He communicated with seniors. And finally when we did create it, it was very acceptable. And I think it worked out really well for seniors.

C.H.: Also kindergartens won a toehold in the state after years of unsuccessful attempts to try to establish them, requiring them. And I know that we've talked about that, but where did you fall on that issue?

V.A.: I never objected to kindergartens, but almost it's the same thing back to basic school support: Do you support kindergartens? Yes, if we can afford it. See, it always came down to that. And by and large, we couldn't afford it.

You recall back when my legislative days and you were interviewing me, and Billy Roberts wanted to lop off the senior year and add kindergarten. And I never opposed it, but it was a matter of whether we could afford it or not. I thought it was very important, but I think all of education, primary and secondary, was very important and that we ought to do everything we can to make it the best we can. So if you now add on something, that obviously means you have to cut out something. In other words, if you have the same dollar amount and you add something new, which is kindergarten, you're going to have to lop off something. But I was always supportive. Again, the caveat, if we could afford it.

C.H.: Right. The legislature also passed tougher anti-smoking laws for public places.

V.A.: Yeah. This last session had a bill, and I finally wrote a letter, said that I could tell you - I wrote to some legislators - I never impeded any non-smoking, or anti-smoking, legislation as a legislator or as a governor. This last time, I wrote a letter that said: Enough is enough. It's working. You have to be a smoker to know it's working. Non-smokers don't know

it's working. Those of us that smoke know it's working. I see people standing out in front of buildings. You do, too. Cold weather, they're out smoking. I'm a smoker. I understand it. I said to them: You know, in airports, you say 'smoking in designated areas only.' I can't find it. I don't know where it is. I have no idea unless it's on the wing of an airplane. I can't find it. And so it is working.

So we don't need anything more than what we have at the present time. But in those days, and all through my public life, elected life, I never impeded any anti-smoking, in spite of the fact that I'm a smoker. You know, I understand it.

C.H.: The legislature also passed a three-cent increase in the gas tax which had been rejected by voters three times during the past five years, and it was going to go back onto the state ballot another time. Did it pass?

V.A.: Yeah. What I was after, and I think the legislature as well, was that we have a huge investment in our highways. And it's like buying a brand-new home and never doing anything to maintain it. You know, all this investment is going to go away. And so we really need this two cents, which incidentally this one which I speak of was for maintenance of the highways.

C.H.: Unions want an average 15.8 percent two-year salary increase negotiated through collective bargaining, but elected officials got only a 3.8 percent raise. Was that a pretty tough bargaining session?

V.A.: Yeah. But here again, what we would do is we would tell the unions - in other words, as I developed my budget - and we would say, "We have this pot of money for increase." It was kind of difficult - you talk about what's bargaining. Let me say ten million; obviously, it's more than that. "We have \$10 million for increase in salaries in state government. That's it. We don't

have ten million and one dollar, we don't have ten million and three dollars, we have \$10 million. Okay, now, bargain within that."

And if they would bargain and they would come up with something that would amount to more than ten million, we'd say we can't afford it, we don't have it, it's not in the budget. So that increase fit within a slice of money. In terms of legislators, you know my view on that. They get too much money now.

C.H.: Occasionally I heard a little about the Willamette Valley commuter train, and in this case, in this session, the service survived. It eventually went down, though, didn't it?

V.A.: Yes. I don't know if we covered that. That's an interesting story, I remember.

C.H.: This ran between Eugene and Portland?

V.A.: Yeah. George Wingard and somebody else I've forgotten, probably Ted Halleck, I don't know, but the whole idea was the same thought that everybody's going to ride a bus, we're going to save now people driving their cars, and everybody's going to ride the train between Portland and Eugene.

So they put up a million dollars to pay for this thing. Well, we're going to have to run on an SP line, Southern Pacific lines. So one day in comes Ben Biagini<sup>Biagini</sup>, who was president or chairman of SP, along with his entourage and dark-suited lawyers and all the rest.

C.H.: And you saw trouble.

V.A.: So we were in the conference room. And their interest was not in passenger transportation, their interest was to keep their lines open for freight, and worried about - because I think they had something in California between Los Angeles and San Diego, and it wasn't working and it was interrupting their flow, but it kept going.

And I said to them, "Now, this is an experiment." First of all, I said to Ben Biagini, "Now, don't say no. Listen to me. Just don't say no." I said, "This is an experiment. I know it isn't going to work. You know it isn't going to work. There's a deadline on this. I promise you that at the end of this period of time, when it doesn't work, I will stand behind shutting it down." And it was the keeping it going thing that was really bothersome. He didn't really want it in the first instance, but he surely didn't want to keep it going.

And so he took that on faith and agreed, and that's how the thing happened. It is interesting that after that he and I communicated, and we've been fishing on the Deschutes since then. But I just told him - you know, he was there to tell me no. And I said, "Now, don't say no. Don't." So he never used the word no. We kept him from doing that. But it's one of those things again that I just - it was a wasteful use of a million dollars. But it's one of those things, you just have to run that fire drill.

C.H.: At the end of that period, did people see that it wouldn't work?

V.A.: There wasn't a great deal of push for it, but even if there had been, I would have shut it off because I had determined it was an experiment; if it was going to work, fine; if it wasn't going to work, it wasn't going to work.

C.H.: Was there any attempt to coordinate it with state people going back and forth between here and Salem?

V.A.: Not particularly. But it wasn't a matter of my not trying to make it work, I just don't think we really used it that way. But actually, State government would be pretty much like a person. By that I mean we may want to go to Harrisburg or we may want to go to Albany, and not Eugene - you know what I'm trying to

say. So how many would go from Salem to Eugene? It would be a limited number of people.

But that's the same thing as the public. That's why the thing didn't work. How many people are going from Portland to Eugene? And it's still, you know, people are still going to get in their cars. And I knew that. And so it was just a matter of, heck, you know, the real world is not where you would like it to be. The real world, meaning those that want people to get out of their cars, even the chief sponsors were using automobiles. But it was just a matter of good faith and negotiation; the legislature wanted it, and I thought we had to run the fire drill and put that thing to sleep. Put it to bed. It wasn't going work. It didn't work. We ran that fire drill, it cost us a million dollars, but we found out the thing didn't work.

C.H.: There was also a proposal that passed in the state legislature to create a new state agency to promote tourism, which then failed. I'm surprised that the state didn't have a tourism agency prior to that. Or did it in another form?

V.A.: Well, we did have. We had tourism in the Department of Transportation, and there were those who felt that it was just not getting its fair share. But what we finally did was create a tourism advisory council. People would talk about the tourism industry, and there really isn't any such thing. There's a hotel and motel industry, there's a restaurant and beverage industry, there's a destination resort industry. You know what I'm trying to say. But they weren't all - a skiing industry - but they really weren't all working together. A tourist agency industry. But they all had their own thing.

We created the tourism advisory council; and then we put them mostly all in the same room, meaning they were each member I could see was represented. So they're now working for the first time as

an industry. And my thought was that, yeah, the State should support it, it's an important thing for our economy. However, the State can never be the entire advertiser for tourism. There's no way in the world we ever could. And so what we needed of course was the industry itself to advertise, and then we would support that, and it worked.

C.H.: Could the industry have supported the state in providing the agency, the various industries contributing to make the state agency so that the activities of the tourism board would be coordinated among the various industries?

V.A.: Well, all you do is bring all these people and put them in the same room. I mean, you don't have to do any more than that.

C.H.: And that's what you did.

V.A.: That's what we did.

C.H.: But then why did it fail?

V.A.: I can't recall why that particular one failed. I don't remember that. But I know what the ultimate final result before I left office, long before I left office, that this - I said, "We've got to put these folks together. We've got to get them talking to each other. Get them working together." And it did work. It worked very well.

C.H.: Well, here's something that I'm sure you'll have a comment on. Also failed was a push to force employers to notify the work force in advance of plant closures. We'll have a lot more to say about that later, but ...

V.A.: Just wait till we get to that point in time.

C.H.: Okay. Big business won a big reduction in the amount of employer contributions to unemployment insurance, and big labor won higher unemployment benefits for laid-off employees at the expense of those who voluntarily quit jobs. Was that something that was worked out through the Executive Department was well?

V.A.: Yeah. We actually were working on that, and again, I appointed a workers' comp. advisory committee. We had labor in there, we had the insurance companies, we had everybody in this thing. There was a lot of recommendations. Only a few of them actually passed.

But the whole thing was that we had to reduce the costs in order to, let me say, increase benefits. Again, we have the same pot of money, let's say \$10 million. And of course it all depends where you come from, but in my mind we're wasting two million. If we cut out that two million waste and we go back up to the ten million, and increase benefits in the process, and that's by and large the way I was trying to work.

We did reduce the cost of workers' comp., that is, to industry, about as I recall \$81 million a year, and yet we were able increase benefits. I've always told labor I didn't object to increasing benefits, I just had to reduce the cost and the waste that was going on. It was a struggle, always a struggle. Oregon's unemployment comp was first or second highest in the nation. We dropped down from that honorable position to, I forgot, fifteenth or sixteenth or seventeenth. Still high, but nonetheless not among the highest.

C.H.: Wasn't this supposed to be the session where all that was going to be worked out?

V.A.: Supposedly, and that was the recommendation from this task force that I appointed, but it's such a struggle. It really is. And plaintiffs' attorneys, you know, they just don't like to see those things happen. A lot of them just survive on workers' comp. stuff and they just don't want to see any of that happen.

C.H.: And also the labor, the effort of labor and doctors to counter a lot of the proposals, too. Aren't those three components really pretty essential to getting an agreement?

V.A.: The important elements were labor and plaintiffs' attorneys. I told those labor leaders, "I don't understand you. I don't understand you at all. What's actually happening out there is that your workers are not getting full benefit of the law because the attorneys are taking so much money, and all of them want to litigate, and you support the attorneys."

There was one point, this was later on, where they wanted to have the award to the worker a certain amount of dollars and the award to the lawyers a certain amount of dollars. I said, no way! Absolutely no way! My only way of controlling is you guys get angry at the attorneys, so the attorneys are going to have to take it off your award. I'm not going to give an additional amount of money. Injured workers really were taken advantage of, I think, in my own personal view. Anyway, there's a constant inefficiency within our system. A lot of it still exists today.

C.H.: The legislature also gave Oregon new programs to watchdog the quality of drinking water and reform programs aimed at conserving fuel and developing the use of alternative energy. Of course, that was your program, the alternative energy. But what about the drinking water?

V.A.: Drinking water's very important. We have a lot of small water districts. Some of them are not efficient at all. We have good water in Oregon, but as far drinking water, the quality wasn't all it should be. So I think it was a good idea.

C.H.: A controversial bill aimed at stemming the flow of Oregon timber to Japan was narrowly defeated, though some attempts to resolve the problems were made. Was that the log export issue? So even back here at this point, in 1981, it was still a very big issue.

V.A.: And here again, you look at they say, well, you're hurting our sawmill industry. And yet, if we were to abandon it

entirely, you would hurt the longshore industry. So, you know, it's how you really look at it. At the same time, the timber industry began to have some real problems. They really couldn't sell lumber.

C.H.: Why?

V.A.: Well, because housing was down in the United States and people weren't, you know, if you recall, again, we're talking about we're in the post-Jimmy Carter, high inflation, high interest rate, you know, that sort of thing. So the alternative was that sawmills would close. At least they had some money coming in. This is a pretty good exercise. As you start dealing with legislation, it's not always as simple as it actually looks to be. There's balance and counter-balance.

C.H.: Has your view about log exports changed or evolved over the years?

V.A.: Well, basically I don't know as if we really need to ship off of public lands, but I don't believe that we should ever deal with private forestland.

C.H.: And was this bill trying to deal with private forestland?

V.A.: No. Public.

C.H.: Public. But it was defeated.

V.A.: Yeah.

C.H.: And did you support its defeat?

V.A.: It was not one of those things - you know, I've got a lot of irons in the fire, and this was not one of the irons that I - it was sort of on the edge of the stove.

C.H.: I know we've touched on this earlier, but Oregon, despite attempts to change, would still remain one of two states in the nation that outlawed self-service gas stations. Is there anything more to add on that?

V.A.: No. It's just, you know, are we assured we're going to get the benefit of it, and I was never satisfied we would.

C.H.: That we would have a benefit?

V.A.: Yeah. I mean, we pump it ourselves and the gasoline price will go down. That would be the benefit. There's a lot of disadvantages now that - you know, I think of my wife, for example. There's no way in the world that she's going to pump her own gasoline. Now I don't mean we ought to write a law for my wife, but there's a lot of people like her, and not just females either. I have to quickly say that for the tape.

C.H.: For posterity's sake?

V.A.: This is not a gender thing.

C.H.: Nursing home reformers won the right of access to nursing homes, but lost a battle to force investigators to bear down more heavily on poor quality nursing homes. Was that an issue that was pushed by Ron Wyden? Was that one of his?

V.A.: No. Well, I don't know. I say no. I don't recall he was a leader in those battles. It was a constant problem.

We finally established nursing home ombudsmen, and we even got - I don't know if you've got notes on it, of our ombudsman, and there was a big issue about canning her. But it was a constant problem. That is, care for the people in nursing homes and the adequacy of care.

And here again, my position was that the legislature kept putting higher standards in nursing homes, which was not by itself objectionable, but would provide no money to do that. So, as in hospitals, the paying patient was paying for the non-paying patient at higher standards.

And I said, "Make up your mind. You give us all this grand language about improving the quality of nursing home care, and I don't object to that, but put your money where your mouth is" is

basically what I was saying. But they never did that. They'd just apply a higher standard, and all they were doing is shoving on the additional cost to the paying patient, and the cost was getting higher and higher for those that they would be counting on paying patients, because they couldn't afford what was going on.

That's what's going on in our health care system today, same kind of thing. Same thing's going on in hospitals today. If you and I go in and pay with our insurance, what we're actually paying for is part of the cost of those that aren't paying. Because government pays, but they never pay enough.

C.H.: Right. And what is the solution to that?

V.A.: Face it directly. By that I mean, "We want improved quality of care in nursing homes, or we want improved quality in care in hospitals, and we are going to tax you to do that." Everybody shares in that, not just the person that happens to be sick and going to the hospital.

C.H.: So there should be a direct tax.

V.A.: A broad-based thing, yeah.

C.H.: What about this idea that's being proposed now of a possible sales tax for the national health?

V.A.: For Oregon health care - oh, the national one?

C.H.: Well, they're talking about what to do with the state policy, and then the national one too. There's talk about a national sales tax to cover a national health insurance program, and also there's ...

V.A.: Well, at least you would at least face it. Now, I'm not sure the Americans want that, but at the same time, if Americans don't want that, they ought to know what they're doing. They ought to be told what they're doing. Clear and simple. That's part of the problem is that elective doesn't get full information clearly. The full information is: Look, if you want

higher quality, then you're going to have to pay for it. If you vote no, that means that you're going to get lower quality, and don't bitch about it.

C.H.: Right. Well, looking back on the 1981 session, how did you feel about it in general, and how would you compare it to your first session as governor?

V.A.: Oh, the '81 session? Very pleased. Very pleased. As I told you, the '79 session and '81, those things that we wanted to accomplish in the main, and in a large percentage, we got.

C.H.: How did you feel that people and the news media in general reviewed that session?

V.A.: Oh, I don't remember. You see, I'm using my own measurings. And that is to the extent a success of the governor's office, and as far as I was concerned it was just fine.

C.H.: There was a special session later on in 1981. Were you involved in the special session at all? So this session on October 24th for the court reform bill.

V.A.: That's correct.

C.H.: And why were you not getting support? Why did you have to go into a special session for the court reform bill?

V.A.: I'm trying to recall what the hang-up was, but we really couldn't get this bill passed. I'm trying to really dredge my mind and recall, but I insisted that it be passed, and it was a good law, and we called them in a special session just to deal with that. They voted for it and went home in one day.

C.H.: Was there additional expense that people were balking at?

V.A.: You mean why we had a problem with it?

C.H.: Yeah.

V.A.: No. I think it had something to do with they just didn't really want the - I don't recall now. I'd have to really go

back and maybe I ought to go back and look at my scrapbook and find out what the controversy was, but I just thought it was important to get this job done. They did get it done. I called them in special session to do it.

[End of Tape 34, Side 1]