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# region business

*Campaign*

**Feb/81**

**ATIYEH:  
of carpets  
and politics**

**Nike takes  
the leap**

**Conflict over  
Beaver Creek**

**Coping with  
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# GOV. VICTOR ATIYEH— OF CARPETS

**M**onday, December 15, 1980. Near the end of a long day, Governor Victor Atiyeh relaxes in his office. Although full days come with the job, this day has been fuller than most. The Governor's conference on Small Business began that morning in Salem's new Chumaree-Rodeway Inn. As more than 100 delegates from throughout Oregon filed into the meeting room, Atiyeh stood near the head table, chatting with Carolyn Gaudry of Portland's Carbon Dioxide Inc. A former business person himself, the Governor was relaxed, as if among colleagues, waiting for chairman Bruce H. Anderson to call the Conference to order.

*by Robert E. Gangware*

Anderson's introduction of the Governor appropriately enough highlighted Atiyeh's understanding and support of Small Business. Atiyeh, like most of his audience, was once a principal in a Small Business. But he also brought a good understanding of government to the Governor's Office, his 20 years of legislative service being the longest ever brought to the Office.

In his turn at the podium, Governor Atiyeh expanded a bit on his own Portland business background, assuring the assembly that he knew the hard work of business and what it's like to "close up the store and go down to the cleaning plant at night." He didn't elaborate but he was alluding to the Atiyeh family business, which was founded in 1900 by his father George and uncle Aziz, immigrants from Syria by way of South Bethlehem, Pennsylvania. An Oriental rug firm that later added a rug cleaning specialty, the firm expanded into carpeting lines when Victor and his older twin brothers Edward and Richard took over the business after their father died in 1944. "We kids realized we'd have to expand in order to feed three families," Atiyeh recalled.

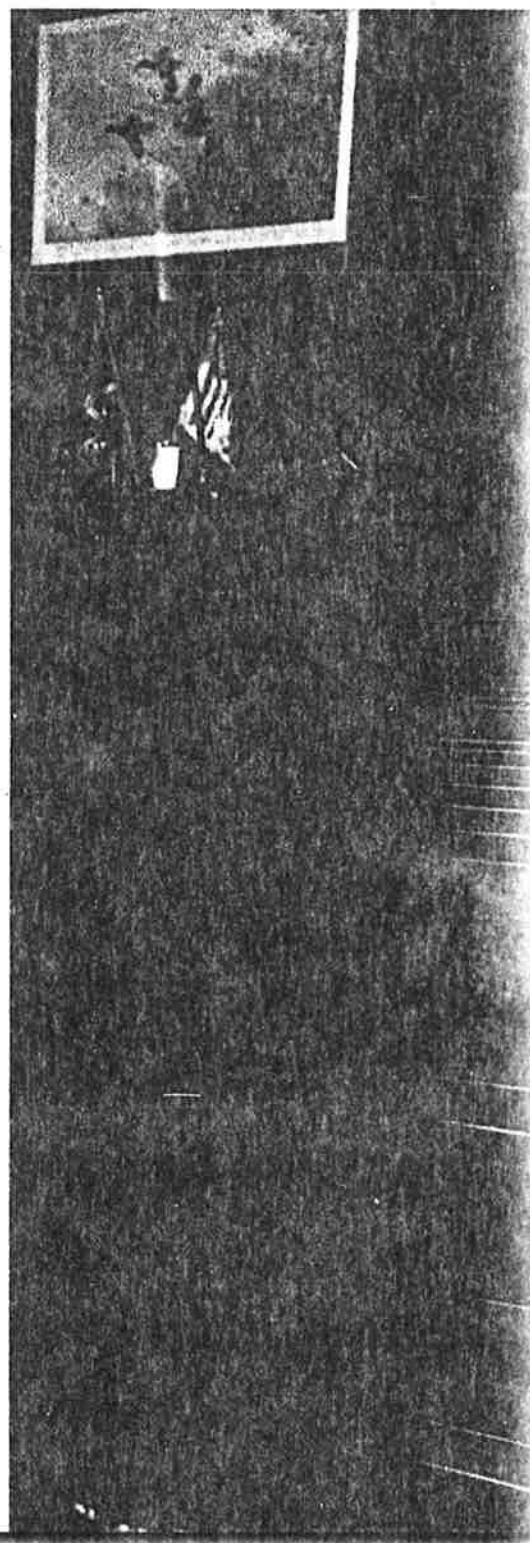
Atiyeh started in the business when he was 13 or 14, "by working in the basement mending and hand-cleaning rugs." There were other after-school chores he and his brothers carried out, each working every third week. Later in the busy day which opened the Governor's Conference on Small Business, Atiyeh reminisced about his father during an exclusive interview with *Oregon Business Magazine*:

"My father was an old-country man. The business was everything to him, and everything was done his way. He was very meticulous... In those days when he paid me \$5 it was out of his pocket, not the cash register."

It was good the three brothers learned the business young; they were all in their early 20s when their father died. For Victor, the youngest, it meant an early end to his college studies at the University of Oregon and to his professional football prospects. After first attracting notice as an all-star guard at Portland's Washington High School, Atiyeh played pre-varsity for two years at UO. He still has the unsigned \$200-per-game contract offered

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*Photographs by Kristin Finnegan*





# & POLITICS



him by the Green Bay Packers.

But it was back to the Portland retail community, far from campus life or pro football stadiums. Atiyeh Bros. Inc. progressed and expanded under the three brothers. Victor specialized in the Orientals, Richard in the new carpeting division and Edward in the rug and furniture cleaning that was put under a separate corporation, Atiyehs Inc., with a fourth principal, Norman Parsons. Without overblowing an obvious reference to governmental regulation, Governor Atiyeh recalled the incident: "We had trouble with the Corporations Division over that name; they thought it was too much like Atiyeh Bros. Inc. even if the principals were the same persons."

Recollections like that may have been in the Governor's mind as he appealed to the businessmen at the Salem conference: "If you ever had an opportunity to speak to government you have it now. We are listening. . . But don't just say government is lousy and business is overregulated. Tell us where, and how things can be improved."

He reinforced his audience with emphasis on the important role of Small Business—14 million businesses employing 100 million nationwide and responsible for 97 percent of all newly created jobs of the last seven years. Added emphasis, as if on cue, came from television lights switched on by Channel 6's Floyd Smith as the Governor continued, "And the Oregon percentages are comparable. Small businesses comprise 97 percent of the economy. Businesses employing 20 or fewer employees have generated two out of three new jobs in Oregon. . ."

His first public duty of a long day performed, the Governor resumed his seat as the applause subsided. If he was thinking of that schedule he didn't show it as he sat relaxed, patient, attentive while the next 18 minutes were devoted to Bruce Anderson's explanation of conference rules, meal tickets ("the red ones are for the banquet") and coffee breaks. Atiyeh lit a cigarette, puffed easily, turned once to Carolyn Gaudry on his right for a quick smiling exchange, and glanced at his watch only when the kickoff session came to an end at 9:45. With no sign of hurry, he shook hands and talked to 15 or more of the delegates who came up to the head table. Then he was off to the Capitol for routine business, policy meetings, special appointments.

The governor's suite on the second floor of the Capitol is a crowded nest of offices and a single conference room (where the work goes on), plus a large ceremonial office and outer lobby where officials wait their turn reviewing notes and the visiting citizens wait theirs gaping at the impressive decor and the traffic of government officials, Governor's staff, news media figures



Gov. Atiyeh: making the office accessible.

and just plain tourists. A few steps down the west corridor is the myrtlewood-paneled "working office" where, on Monday morning, the Governor arrived after opening the Conference.

Soon the Governor was busy at work, meeting with assistants, answering phone calls. Atiyeh comes off as a businessman in political office, an impression that was reinforced when Atiyeh talked about his background.

"I'm a businessman and not ashamed to say so," he said. "I can't go along with those who say government isn't business and therefore businessmen cannot operate efficiently within government. . ."

"One of the biggest things a businessman brings into government is his experience in making decisions. I have seen many others in the Legislature who keep putting off decisions that have to be made. . . But I have seen some business persons make the mistake of holding back from political decisions they think might hurt their own business. . ."

In Atiyeh's book the diversity of a

businessman's experience can be good for government:

"The businessman typically has already gone through a lot; he's had greater exposure to all kinds of people and financial institutions; he's had to make buying decisions and has learned to be sensitive to market conditions; he's had the experiences of succeeding and of failing, of being turned down, of being 'taken'; and, yes, he has had to meet a payroll."

Businessmen may be fiscal conservatives and if there's a common thread to what they press on the Governor it's "don't waste money." But Atiyeh takes issue with those who broadly categorize all businessmen as conservatives. "In their attitude toward government most are moderate and willing to give things a try if they are convinced that spending money will produce results. . . And in business it's the progressive businessman who will stay in business."

Saying this, the Governor leaned forward. He seldom leans back; even while lighting up—cigarette or pipe—his complete attention never wavers. Broad gestures, contrived anecdotes, backslapping are not his style. His occasional smile is a broad one and pleasant, showing through only on the right spontaneous note.

How does he respond to a fellow businessman wondering about getting into politics?

"I would never discourage anyone from entering politics, but I would want to know his reasons for doing so. I myself have strong philosophical feelings about government service, even where financial sacrifice is involved. . ."

An expectation that political service will benefit a person's own business is a "wrong reason" for entering public life in the opinion of the Governor. He has other concerns about business vis-a-vis government: "I don't like to see business coming to government for special breaks, special advantages."

Up from his desk now, Governor Atiyeh put the jacket of his neat gray business suit back on over his blue shirt; his gray-and-black striped tie has its original morning knot; the Governor always dresses well. He was on his way to a shirtsleeve assortment of key officials from several government departments for an emergency services communication drill. The chilling subject: a mock nuclear accident at Trojan.

Debriefing had just started as the Governor walked in, not unexpected. The officials paused only for a quick

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laugh when Atiyeh noted the extra-large sign "GOVERNOR ATIYEH" marking his emergency desk, and Communications Assistant Denny Miles announced that the Governor's assistant, Pat Amedeo, had just abdicated it. Atiyeh listened a while, inserted a knowledgeable comment about wind shift and joined discussion of improvements needed in the center's physical arrangement.

When the drill broke up just after noon, the Governor headed briskly for the tunnel to the Public Service Building, in response to an invitation to a Christmas buffet luncheon in the State Police criminal division. The Governor was introduced to the already-eating employees, helped himself to some chicken and side dishes, chatted with Superintendent John C. Williams, asked about an elevated file cabinet arrangement, walked to a nearby office to watch automated record processing, and said his goodbyes.

Twenty minutes had elapsed and he was now due in the ceremonial office for a half-hour open house, a public-meeting ritual Atiyeh observes every weekday he is in Salem.

Today's visitor crowd was small. State photographer Glenn Wagaman snapped away as the Governor signed a proclamation for Displaced Homemakers Day and talked to advocates of the cause it represents—Hazel M. Foss and Nancie Fadeley of Eugene and Ellen Schneider of Salem. They left and two women who had hung back in the waiting lobby came in for a few minutes of earnest conversation about a relative who died in a state institution.

With no other visitors and five minutes to spare before his one o'clock appointment, Atiyeh indulged himself to the Christmas music echoing through the great rotunda from the mouths of

Walker Middle School choristers of Salem. Leaning over the marble balcony just outside the Governor's suite—a balcony commanding a view of the rotunda, its historical murals, the Great Seal of Oregon in the floor below and the choir formation on the massive marble stairway—the Governor rested his arms on the wide marble ledge, folded his hands and enjoyed the music. Back at his working office, Atiyeh met Oregon Tax Research executive Terry Mattock. It was a get-acquainted visit as the Governor was to address the private tax group later that week.

The Tax Research leader and his organization would be closely scrutinizing the Governor's proposed \$12 billion state budget for 1981-1983. The revenue side of the General Fund would be of particular interest: here the Governor calls for increased insurance and cigarette taxes, a boost in the corporate income tax of from 7.5 to 8 percent and, as a major share of the revenue he wants added, an estimated \$141 million boost from personal income tax.

The latter figure will get attention from business executives and professionals for part of it would come from rolling back the new \$7,000 ceiling of federal income tax that qualifies as a state tax deduction, to \$5,000. That would provide \$41 million additional state revenue; deferral of the new indexing of the personal exemption, thus holding it at \$1,000 again this year, would up revenue an estimated \$85 million; eliminating the weatherization credit would produce the remaining \$15 million.

The corporate income tax rise would add \$22 million. Not popular with business, especially in a sour economy, such an increase nevertheless is seen as a fair one by Atiyeh: "The personal and corporate income taxes have tradition-

ally been considered together when changes are called for; in this particular budget we felt that the corporate tax increase proposed wouldn't be all that bad on business."

Atiyeh realizes compromise and change may be necessary in the budget-adopting process of Legislature. But he said he is prepared to defend the limits as he determined them in the course of exhaustive—and exhausting—deliberations over the budget he recommended. These deliberations touched the thousand dollar items as well as the million dollar ones. State agencies, even under the pressure of present economic facts of life, recommended a General Fund total of \$900 million more than their 1979-1981 budgets provided. By the time Atiyeh and staff had whacked away, function by function, and reduced that figure to \$240 million, the Governor called a halt saying further cuts wouldn't really be in the public interest. This level would allow "a General Fund growth of 12 percent, well below the projected inflation rate." And that's when the revenue-increasing began. It is that area between spending needs and available revenue that Governor Atiyeh calls a "corral" that ought to prevail even after the Legislature inserts its own ideas.

The businessman-governor's pragmatism showed in various budget details. For one, pegging the cigarette tax increase at 5 cents rather than 4 or 6 "is in some measure because of the price changes that have to be made in all those cigarette machines." And Governor Atiyeh's determination and example-setting principles have shown in budget cutbacks already undertaken. He and most of his personal staff took salary cuts; he's driving a smaller car ("27 miles a gallon, 22 in town").

Now 57, Republican Atiyeh has held elective office continuously since January, 1959. His only election loss was in 1974 when then-Senator Atiyeh lost out to Democrat Bob Straub for Governor. Atiyeh kept active in his business until the fulltime duties of the governorship, starting in January, 1979, forced him to resign his office as president of Atiyeh Bros. Inc. The brothers carry on and the Governor's son Tom has joined the business. (The Atiyehs also have a daughter Suzanne.)

Governor Atiyeh expresses family pride that his own state service hasn't kept his brothers and sisters-in-law from also giving much of themselves to public service activities—Rose Festival,

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Rotary projects, many others. "Sometimes I will sit down and just list what the whole family has contributed," he mused.

Meanwhile key staffers and Energy Department officials were clustering outside: a 2:30 appointment on the sensitive issue of radioactive and other hazardous wastes was at hand. A day later the news media would report the Governor is asking the 1981 Legislature to beef up safety measures by requiring permits and inspections of trucks hauling such waste materials through Oregon.

Then it was time for his weekly discussion with assistant Shirley Woodrow on the appointments he is required by law to make to the state's various boards, commissions, committees, of-

fices. It's an important ongoing responsibility because the various terms expire at different times and in any one year the Governor will be making 600 appointments after much screening, telephoning, cajoling and dealing with the Senate on confirmation. This day Woodrow comes in with a Boyd Coffee carton bulging with file folders and printouts listing the candidates—self-proclaimed or otherwise-recommended—for appointments soon due.

"We call it our talent bank," Atiyeh explained, "and we're lucky to have so many good people in Oregon willing to serve." On this day alone the appointments in various processing stages have to do with teacher standards, funeral directors, forestry, ethics, arts, social workers, marine fisheries, higher education, Multnomah County tax supervising, energy policy—not to mention the Commission for Women, two

pending judicial appointments and an entirely new body about to be created by executive order. The latter is sure to make ripples in government and the economy—a Council of Economic Advisors to work with state officials in overseeing the sometimes-criticized Executive Department's financial planning and revenue forecasting work. The council chairman will be Louis Perry, president of Standard Insurance Co.

As the Governor's busy day was winding down, at least for the Oregon Business Magazine crew, Atiyeh gracefully invited the writer and photographer to a party at home that night, where the Atiyehs would entertain the Governor's staff. This bit of grace seemed to fit very well the Governor's busy day of contacts and decisions. It wasn't tacked on. Straightforward sincerity, that's what it was. It showed. It shows. ■

## Recommendations of the Governor's Conference on Small Business

Delegates at the Governor's Conference on Small Business voted on 40 recommendations affecting the business environment. Ranked in order of top preference were these fifteen:

—Redefine accidental injury and occupational disease.

—Permit deferral of capital gains for 18 months on any capital asset if it is re-invested within that time.

—Disqualify an individual from receiving benefits after voluntarily leaving work without good cause or being discharged for misconduct.

—Eliminate taxation of the first \$5,000 of interest and dividend income under the Oregon personal income tax.

—Adopt legislation to index fully Oregon's personal income tax system.

—Reduce the authority of the Land Conservation and Development Commission (LCDC) to that of an advisory position to local planning authorities and jurisdictions.

—Review minimum wage standards and establish a two-tier minimum wage which exempts teenagers, seasonal workers, and part-time workers; eli-

minate time requirements.

—Require that the employer pay first four weeks of injury benefits and be reimbursed by insurance agency or have insurance agency submit check to employer for disbursement to employee. Employer would be required to pay 80 percent of spendable income as recommended by Governor's Task Force on Workers' Compensation.

—Permit an employer to take a 100 percent offset against benefits received by a worker under any other benefit plan—to be applicable in cases involving the payment of temporary total disability and permanent total disability.

—Expand Oregon's present sunset legislation to all major regulatory programs in the state. (Identify a six-year time limit for review.)

—Provide for more rapid write-off of business capital investments and index depreciation on any depreciable equipment or property subject to recapture when sold and taxed as ordinary income.

—Repeal the \$7,000 statutory limitation on deduction of federal taxes on

the Oregon personal income tax return.

—Physician selection limitation and legal protection for physicians. (Workers' Compensation Department)

—Prohibit any agency within state government from being granted an operating budget as long as it competes with the private sector or enters into contracts that compete with existing businesses in the private sector.

—Have the Chairman of the Economic Development Commission appoint a small business advisory committee. This committee's members must qualify by being individual business owners of manufacturing facilities employing 200 persons or fewer or any other business employer of 50 or fewer. The committee must be geographically representative of the entire state and must represent a broad segment of the Oregon business economy.

—Review the feasibility and possibility of combining employer tax reporting forms and procedures and consolidating the reporting process into one state agency.