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“I wanted Oregon to have something”: Governor Victor G. Atiyeh and Oregon-Japan Relations

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“I wanted Oregon to have something”

Governor Victor G. Atiyeh and Oregon-Japan Relations

CHRISTOPHER FOSS

HISTORIANS AND JOURNALISTS have generally judged Senators Wayne Morse and Mark Hatfield and Governors Tom McCall and Robert Straub as Oregon’s most significant post–World War II politicians. Yet Victor G. “Vic” Atiyeh, Republican governor of Oregon from 1979 to 1987, was also a crucial figure during that era.¹ In particular, his administration’s efforts to expand the relationship between Oregon and Japan are worthy of historical analysis. Atiyeh’s work to increase Oregon’s international trade has long been a source of either admiration or contention from the press, fellow politicians, and the public. During his tenure as governor, Atiyeh went on twenty trade missions overall, including nine to Asia. These trips built relationships with Asian business and political leaders that helped lead to an increase in Oregon exports from \$2.4 billion in 1978 to \$18 billion in 2011.² Former Atiyeh staffer and current Second Congressional District Representative Greg Walden credited his one-time boss with setting Oregon on the path toward more robust international trade. “He helped create a whole new economy,” Walden told the *Oregonian*. “He dug the ditches and he poured the foundations for what really developed, especially in the Portland metro area and the high-tech growth that occurred there.”³

This article goes beyond those familiar career highlights by analyzing how Atiyeh expanded Oregon’s presence in the Pacific Rim, particularly with regard to Japan, which has been among the state’s biggest trading partners. Atiyeh sought to make personal connections and use political power to generate new exports. Thanks largely to Atiyeh, in 1984 Oregon established a trade office in Tokyo to assist exporters in relationships with prospective Japanese customers and to help expedite future Japanese investment in Oregon. Perhaps even more crucially, and in divergence from Oregon’s



VICTOR ATIYEH is pictured here with representatives from Seiko Epson Corporation in Japan during an East Asian trade mission between 1980 and 1987. Atiyeh is standing third from the left, and the president of Seiko Epson is standing to his left.

traditional approach to international trade, Atiyeh worked to attract foreign, direct investment into the state. His success in this regard peaked in 1984, when Japanese companies Epson, Fujitsu, and Nippon Electric (NEC) agreed to build high-technology manufacturing plants in the northern Willamette Valley. Another major success story of Oregon-Japanese relations that year was the debut on Japan's Fuji TV of *From Oregon With Love*, a television movie about a fictional Japanese family living in central Oregon that did well enough to spawn spinoffs into the 1990s.

Atiyeh's archival collections at Pacific University, contemporary and retrospective press accounts, and oral histories show that the governor played a significant, if not solitary, role in the historical reorientation of Oregon's relationship with Japan. Beyond merely attempting to entice Japan to buy Oregon exports, during the Atiyeh years, public and private officials also solicited investment by Japanese businesses in Oregon. Atiyeh's gains have proven difficult to maintain, however, and his blueprint of economic diversification has not completely transformed Oregon's economy over the long term. Many of the high-tech manufacturers that Atiyeh lured to Oregon have left the state, while timber, agriculture, and tourism remain paramount to its economic health. Nevertheless, the legacy of Atiyeh's work to expand the contours of Oregon's traditional economy has persisted.

MOST OBSERVERS of Oregon's post-World War II history have depicted its successes and struggles as a primarily Oregon story, only sparingly discussing the state's relationship to the wider world. Some historians have argued that Oregon's lack of military bases and prime defense contracts, in contrast to its West Coast neighbors, hampered its economic growth, while others have pointed to Oregon's long-term over-reliance on the timber industry.⁴ Since the collapse of timber, which began during Atiyeh's term in office, newer economic narratives have emphasized the development of other, mainly urban, industries.⁵ Although a few cities outside the Willamette Valley — particularly Hood River and Bend — prospered as they remade themselves into tourist destinations, scholars have shown that many rural Oregonians struggled to get by after the loss of timber jobs.⁶ In any case, the focus of these narratives has been on developments within the state.

Under the McCall and Straub administrations, the state was best known for passing the Oregon Beach Bill to protect its coastline, establishing bottle deposits via the Oregon Bottle Bill, and creating a Department of Land Conservation and Development to prevent businesses from unchecked encroachment on the state's agricultural lands. The "Oregon Story" narrative — promoted widely by McCall — of balancing growth with environmental conservation dominated the state's political and economic discourse during

the McCall and Straub years. Floyd McKay, a journalist for the *Oregon Statesman* in Salem and KGW 8 News in Portland, recalls in his recently published memoir that Atiyeh was “no enemy of progress in environmental matters, but he had never been a leader and no one expected that from him.” McKay believes Atiyeh’s election in 1978 showed that, while Oregonians supported conservationist legislation, the Oregon Story was “on the bookshelf now, and they were tired of the fuss and bother. Vic was ideal for the new climate; moderate in public and personal life, seldom flummoxed by events, he fit the image of quiet competence that voters wanted.”⁷ Focused on environmental issues, McKay’s memoir of the Oregon Story largely ignores international affairs. Re-examining the Oregon Story through the lens of international trade, however, challenges McKay’s perception of Atiyeh as a mere caretaker of the McCall-Straub legacy.

Atiyeh’s work to foster international trade has had lasting effect in Oregon. During the late twentieth century, Oregon depended “heavily” on exports, according to a 2001 report by the Oregon Economic and Community Development Department. Oregon was then one of the top ten states in exports per capita and in dependence on sales abroad, and one in five of the state’s manufacturing jobs were related to international business and trade. Semiconductors and wheat were Oregon’s largest exports in 2000, totaling 29 percent of all state exports. A 2005 publication concluded that a spectrum of conservatives, liberals, and progressives agreed that international trade was necessary for Oregon’s economic health.⁸ Data from the U.S. Census Bureau show Oregon exported nearly \$22 billion in goods in 2016 — up from over \$18.6 billion in 2013 — with China, Malaysia, Canada, Vietnam, and Japan as the state’s top trading partners. Oregon’s share of the nation’s international trade, meanwhile, increased to 1.5 percent, up from 1.2 percent in 2013.⁹ While that number is comparatively small relative to the rest of the United States, trade and interaction with people from outside the nation have long been important to Oregon’s economic health.

From its earliest settlement by Euro-Americans, Oregon has had distinctive business and cultural ties with Japan. The first Oregonian to visit Japan was likely a sailor-turned-English-teacher named Ranald MacDonald. The son of Hudson’s Bay Company clerk Archibald McDonald and a Native American woman described on his tombstone as the Chinook “Princess Raven,” MacDonald was born in 1824 in Fort George (present-day Astoria), and lived in Oregon Territory during the early years of his life. In 1848, MacDonald set out to fulfill an ambition to see Japan. After being captured on Hokkaido and briefly imprisoned, MacDonald taught English to a number of Japanese, some of whom translated during U.S. Commodore Matthew Perry’s missions of the mid 1850s to establish diplomatic relations between the United States



ROYALTY IN PORTLAND—Tom Tamiyasu, president of the Japanese Ancestral Society, pointing, calls attention to a feature of the Portland airport as he escorts Crown Prince Akihito and Princess Michiko to their plane after a brief visit to Oregon's largest city. Behind them are Gov. and Mrs. Mark O. Hatfield. (UPI Telephoto)

Royal Japanese Pair Happy With Reception in America

CROWN PRINCE Akihito's and Princess Michiko's visit to Portland, Oregon, in 1960 is featured in this *Medford Mail Tribune* October 6 article.

and Japan. More widespread, concrete relations between Oregon and Japan commenced in the late nineteenth and early twentieth centuries, as Tokyo opened a consulate in Oregon in 1900 amid the immigration of thousands of Japanese to the state. This movement was spurred by the decline of the agricultural economy in a rapidly industrializing Japan as well as a need for inexpensive labor in the United States after the passage of the Chinese Exclusion Act in 1882, which barred Chinese from immigrating to the United States. Many of the immigrants' descendants were subsequently incarcerated in internment camps throughout the United States after President Franklin D. Roosevelt signed Executive Order 9066 on February 19, 1942, authorizing the U.S.

military to clear the Pacific coast states — including Oregon — of 120,000 Americans of Japanese descent.¹⁰

The Oregon-Japan relationship strengthened again after World War II. Although few Japanese migrated to the state, Oregon exported raw agricultural goods, particularly lumber and wheat, to Japan in those decades, creating strong economic ties in the years leading up to the Atiyeh administration. Mark Hatfield, governor from 1959 until 1967, strove for a stronger bilateral relationship between the state and Japan. Hatfield received Crown Prince Akihito and his wife on a visit to Portland in 1960, and he undertook a trade delegation to Hokkaido in 1964. McCall followed up with trade trips to Japan in 1968 and 1972, and Straub went there in 1975.¹¹ Thus, when Atiyeh went to Japan in 1979, he did not seem to be breaking new ground in Oregon-Japan relations. Like his predecessors, Atiyeh sought to increase exports of Oregon goods to Japan. The state faced a major economic recession during

the early 1980s, however, seen most notably in a shrinking timber economy, price inflation on consumer goods, and double-digit unemployment. To help combat the recession, Atiyeh envisioned a trade policy that was much more ambitious than that of his predecessors, one which sought not only to sell more Oregon goods to Japan, but also to increase Japanese investment in Oregon. In doing so, Atiyeh sought to redefine Oregon's image to Japan and to the world.

AS ONE OF THE UNITED STATES' most prominent Arab-American politicians, Vic Atiyeh, born in Portland on February 20, 1923, to immigrants from Syria, brought a distinctively worldly perspective to the governor's chair. Near the beginning of the twentieth century, Atiyeh's father came to the United States to operate a business with his older brother that eventually became Atiyeh Bros., an importer of Middle Eastern rugs and carpets.¹² Before Vic was born, Atiyeh Bros. became part of Portland's business mainstream. It had a strong regional reputation, winning medals at the Lewis & Clark Exposition in Portland in 1905 and the Alaska-Yukon-Pacific Exposition in Seattle in 1909.¹³ Rising to the rank of president of Atiyeh Bros. before he



Pacific University Archives Exhibit, PUA_MS96_2015

DURING AN EAST ASIAN trade mission trip between 1980 and 1987, Victor Atiyeh shakes hands with then Crown Prince Akihito of Japan.

was elected, Atiyeh brought to the governor's chair a lifetime of experience with a successful Oregon business that had been engaged in international trade for decades.

In the late 1950s, Atiyeh turned to politics. He was elected to the Oregon House of Representatives in 1958, then to the Oregon State Senate in 1964, serving there until his election as governor in 1978. His district encompassed much of Washington County west of Portland, an area known as the Silicon Forest because it became the base of the state's nascent high-tech sector. During the 1960s and 1970s, low taxes and inexpensive, abundant land lured growing tech companies out to the suburbs. Tektronix, a maker of testing and measuring equipment, relocated from Portland to Beaverton in 1959 and was joined by an Intel manufacturing plant in 1976.¹⁴ In 1978, German-based silicon wafer maker Wacker Siltronic located a plant in the area that eventually employed eight-hundred people.¹⁵ As much of Oregon continued to rely economically on the timber industry, Atiyeh's Washington County was reaching out to the broader world, a development that surely did not escape the attention of the future governor.

In the wake of the regional and national upheaval of the 1970s, which followed the Vietnam War and saw the end of decades of uninterrupted economic growth, Atiyeh rode a desire for lower taxes into the governorship. Having been defeated in his first run in 1974 by Straub, Atiyeh won the 1978 Republican primary by portraying himself as a moderate between McCall on the left and businessman Roger Martin on the far right. Despite his still-considerable popularity, McCall's campaign was disorganized and failed to read the mood of the electorate, and Atiyeh beat him handily. In the fall, Atiyeh upset Straub largely by drawing business to his side and by convincing many Oregonians that the McCall-Straub years had hurt the state economically by giving it an unfriendly face to national and international business interests.¹⁶

As governor, Atiyeh is perhaps best remembered for his attempts to boost Oregon's economy through a combination of property tax relief, increasing income and cigarette taxes, and reducing business tax deductions. Atiyeh also tried to boost Oregon's economy by reshaping Oregon's face to the world. During his first year in office, he made international contacts by visiting several Asian nations, including Japan. The governor believed Oregon to be a natural trade partner with Asian markets, but he nonetheless faced challenges. Both Atiyeh and his chief of staff, Gerry Thompson, believed Japanese businesspeople perceived Oregon as having an anti-growth mentality. "Everywhere we went, when Vic would say he was from Oregon, they would say, 'that's the state that says come visit, but don't stay,'" Thompson remembered, referring to McCall's famous 1971 remark contending the need

to limit population growth to preserve Oregon's ecological balance. "It used to anger [Atiyeh] every time. . . . He could recite people, who they were, and where they were when they heard that comment made."¹⁷

Atiyeh worked to establish relationships with Japan's business and political leadership in order to encourage investment beyond agricultural and timber exports. Japan was Atiyeh's primary target, Thompson recalled, because the timing for Oregon-Japanese trade was better than with any other potential Asian trading partner. China, Taiwan, and South Korea, although courted by Atiyeh, "just weren't ready" for various reasons, including, for example, China's recovery from the internal purges of the Cultural Revolution, which had only recently concluded with premier Mao Zedong's death in 1976. "It's all about timing," Thompson said. "Japan was doing well economically and they were ready to grow."¹⁸

Atiyeh nevertheless faced challenges in making Oregon ready to grow. On arriving in office, he inherited a \$600 million budget surplus, which the Oregon Legislature promptly turned into a property tax relief package. The bill Atiyeh signed reduced some Oregonians' property taxes by as much as 30 percent. After an oil embargo by Middle East countries in 1979 caused economic calamities that affected Oregon, interest rates increased, leading to a drop in housing starts and, in turn, a fatal slowdown in Oregon's timber industry. The state soon had a \$700 million shortfall, and — during an era in which the legislature only met biennially — Atiyeh was forced to call several special sessions in 1980 and 1982 to balance the state budget. The governor did so by working with legislative leaders to raise the state's top income tax rate from 10 percent to 10.9 percent and pushing for the creation of the Oregon Food Bank to aid the state's neediest people.¹⁹ Nevertheless, Oregon's unemployment rate remained high by the time Atiyeh ran for reelection in 1982 — peaking at 11.9 percent in November — and his work for increased international trade had yet to bear any evident fruit.²⁰

Atiyeh's critics charged that his attempts at economic revival failed to produce results during his first term. His general election challenger, Democratic state senator Ted Kulongoski, came out swinging on the trade issue in a manner typical of previous pro-export governors. "Oregon today needs to expand its markets within our state with a 'Buy Oregon' program, and expand our markets worldwide with an aggressive Oregon exports program," Kulongoski said at a gubernatorial debate. "It is time we begin to help our mills retool to compete in the worldwide markets by operating at the highest efficiency for the greatest sales, payrolls, and profits."²¹ Atiyeh waged a bruising, successful campaign, however, built in part on new plans for expanding international trade. In a speech to civic groups in the spring of 1982, Atiyeh reflected on thirteen trade missions and overseas trade

exhibitions the governor's office had sponsored. He also discussed nine foreign trade delegations his office had hosted and numbered at twenty-six the Oregon firms that had been introduced to new markets via exporting. Atiyeh said five Oregon firms participating in trade missions would receive \$28 million in exports, adding that "we opened up direct lines to Japanese and other overseas markets for Oregon lumber firms, markets that are now helping many of them stay alive in this depressed domestic market."²²

Despite the persistence of high unemployment, Atiyeh won reelection in 1982. Early polling had shown a near-deadlock between the governor and Kulongoski, but Atiyeh opened the gap in October, as Kulongoski never made an impact on Oregon voters who had similarly sent him to defeat two years earlier in his race against Bob Packwood for the U.S. Senate. Atiyeh successfully portrayed Kulongoski as anti-business and took advantage of his fundraising woes, outspending Kulongoski by a nearly two-to-one margin.²³ Atiyeh then looked to achieve his goal to diversify Oregon's economy. Oregon's northern neighbor, meanwhile, threatened to race ahead in the regional competition to attract Pacific Rim trade.

In 1982, Washington Governor John Spellman led a delegation of state leaders to start a trade relationship with Sichuan Province in China. That trip began a "sister state" relationship in conjunction with the trade lobby Washington State China Relations Council (WSCRC). In 1983, WSCRC negotiated sister-city relations between Seattle and Chongqing, China. WSCRC worked by "receiving Chinese delegations visiting Washington, assisting American delegations going to China, briefing American embassy officials returning from Beijing, acquainting Chinese diplomats with Washington state, providing member firms with information on China, giving them advice and assistance in their contacts with China, [and] endorsing China related events."²⁴ Atiyeh had his work cut out for him to match Spellman's efforts.

During Atiyeh's second term, a blitz of trade missions showed he was up to the task of matching Washington's efforts to expand international trade. Atiyeh built new Oregon friendships with high-profile missions to China, Saudi Arabia, South Korea, and Taiwan, but his greatest breakthroughs came with an older friend, Japan. In 1983, Atiyeh took the first United Airlines direct flight from Portland International Airport to Tokyo, leading his first trade mission to Japan since 1979 and beginning a succession of missions to Japan during his second term. This time, however, Atiyeh undertook a new tactic in his bid to improve Oregon's economy, working to convince Japanese industries not just to buy Oregon products but also to invest in Oregon.

Japanese businesses accelerated into foreign markets during the 1980s, as Japan became an integral player in American industry and culture through



IN APRIL 1983, Atiyeh took United Airlines first direct flight from Portland International Airport to Tokyo for his first trade mission trip to Japan since 1979. Pictured here are unidentified United Airlines employees and Oregon First Lady Dolores Atiyeh (center, holding the small banner above her head) at Kintetsu International Airport.

foreign direct investment. Auto manufacturers Honda, Toyota, and Nissan exported cars and opened factories in the United States. Tech giants such as Sony and Nintendo transformed the entertainment industry by winning a dominant U.S. market share in televisions, videocassette recorders, and the home videogame industry.²⁵ Some Americans feared this trend. Missouri Senator John Danforth, for example, referred to the Japanese as “leeches.”²⁶ But in public opinion surveys taken throughout the 1980s, most Americans thought highly of Japan.²⁷ State leaders such as Atiyeh realized the opportunity that Japan and Japanese companies presented to aid their states’ flagging economies. It was in this economic climate that Atiyeh experienced his most significant achievements with Japanese businesses.

To win over Japanese business leaders keen on investing in Oregon, Atiyeh had to engineer a major and potentially controversial change to state law. In July 1984, the governor called the Oregon Legislature into special

session and asked it to repeal the state's unitary tax, which allowed Oregon to tax international companies on both their Oregon and home-country earnings. Atiyeh had spent years negotiating with the Japanese Federation of Economic Organizations — known in Japan as Keidanren — to persuade its member businesses to invest in Oregon. Keidanren claimed the unitary system was unfair because it constituted “double taxation” against both parent companies and their foreign subsidiaries by considering them as one company. Eliminating the unitary system meant Oregon would only tax the subsidiary company, independent of the parent.²⁸ Pressure from Japanese businesses appears to have weighed heavily in Atiyeh's decision to push for the tax repeal. Earlier in 1984, high-tech Nippon Electric Corporation (NEC) announced plans to build a manufacturing plant in Oregon, but the company asked Atiyeh for assurance that the unitary tax would be repealed. Gerry Thompson recalled a negotiating session in Portland with NEC during which their representatives “absolutely” had to be promised that the repeal would occur before committing to investing in Oregon. NEC, she said, “made it perfectly clear they didn't like our unitary tax. Period. End of subject.” A couple of days after the Portland meeting, Atiyeh called her into his office and said “Gerry, we're going to do it. Let's repeal the unitary tax.”²⁹

Atiyeh understood that repeal would be criticized by some legislators, particularly because the state stood to lose as much as \$15 million in annual revenue from unitary tax collection. He reacted to these criticisms by arguing to the Oregon Legislature that it should favor broad economic growth, especially in an election year. “I said to my Republican colleagues I was going to call a special session,” Atiyeh recalled. Advised not to call the session because “the Democrats will just raise all kinds of hell,” the governor held firm, using electoral politics to his advantage: “The Democrats are out campaigning, too, all of the House and half the Senate, and they have to be for economic development.”³⁰

To be certain of victory, however, Thompson met with certified public accountants and members of the American Electronics Association, encouraging them to lobby the legislature on behalf of repeal.³¹ On the opening of the special session, Atiyeh told legislators that unitary repeal constituted “an issue of extraordinary importance to the future of our State and to the future of its citizens.” If the legislature failed to act, Atiyeh argued, Oregon would “languish in the grips of cyclical economic fevers that will continue to sap our strength and diminish our future . . . [and] the pall of economic darkness will cover our State for decades to come.”³²

Atiyeh also benefited from good publicity for the tax repeal. Portland lawyers Clifford B. Alterman and Gary P. Compa acknowledged it would cause a loss in state revenue, but contended that repealing the unitary tax “would go a

long way toward changing the anti-business attitude under which Oregon has labored for so long.”³³ Whether convinced by the governor, the lobbyists, or the weight of public opinion, these tactics worked on legislators: repeal easily passed on July 30, with only nine votes in opposition from both chambers.³⁴

The response from the Japanese business community was positive. After the repeal of the unitary tax, Keidanren issued a press release stating that “this shift in policy clearly guarantees fair treatment to present and future investors in Oregon, making the state highly attractive for foreign investment.”³⁵ The *Japan Economic Journal* also favorably noted the pending end of the unitary system and extolled Oregon’s geographic and economic climate. “Geographically speaking, Oregon is a good place to do business in the age of the ‘Pacific Rim,’” said writer Junicii Umeda, arguing that Oregon was favorable because of excellent ports, cheap electricity, and a workforce the author believed to be more loyal and productive than that in California.³⁶

The unitary tax was not the sole hurdle in the way of NEC’s arrival in Oregon. In a memo to Atiyeh, Thompson said she had heard the *Oregonian* was preparing a story on NEC noting that the Hillsboro school board had not yet signed off on giving NEC land for its factory. Thompson negotiated with reporter Steve Jennings to get him to hold the story in exchange for “private interviews” with NEC officials when they came to in Portland. Jennings was overruled by the *Oregonian*’s Dick Thomas, who, Thompson wrote, informed her that her request was “irrational, unreasonable and could not be granted.”³⁷ Thompson also worked to broker a deal to improve Shute Road in Hillsboro by increasing a nearly mile-long stretch by two lanes to meet NEC’s desire for a bigger roadway near its planned manufacturing centers. Thompson worked on the plan with the Oregon Department of Transportation and the Washington County Board of Commissioners. She had to do damage control because NEC “was misled that this section of Shute Road was scheduled for improvement.” Thompson warned Atiyeh that NEC “must have assurance of the improvement” to proceed with construction.³⁸ In the end, the school board approved the land transfer, and the Shute Road expansion plan went through. NEC built its Hillsboro plant to rave reviews and succeeded at increasing local employment. “I call them our pioneers,” Atiyeh remembered. “They’re the ones who really did it.” Soon after unitary repeal, other Japanese tech companies, most notably Fujitsu and Epson, announced they would build in Oregon.³⁹ By the end of the decade, Fujitsu opened plants in Hillsboro and Gresham, and Epson opened a plant in Hillsboro.

WITH THE UNITARY TAX repealed and Keidanren impressed, Atiyeh believed that Oregon had the “inside track” on trade with Japan. “We are better positioned than any other state,” Atiyeh said in September 1984, shortly



VICTOR ATIYEH stands with three businessmen at Government Camp, Oregon, in 1991. Pictured from left to right are: Sho Dozono, owner of Azumano Travel agency; Hisashi Hieda, chairman and CEO of Fuji TV; Victor Atiyeh; and Toshio Nakamura of Fuji TV.

after he went to Japan to attract more business for Oregon.⁴⁰ His trips typically included meetings and speeches wherein he or other representatives from Oregon state government agencies or businesses would tout the state's livability and business climate. Such was the tenor of a bullish speech Atiyeh gave to the Keidanren on September 14, 1984. The governor played up the history between Oregon and Japan, professing that the trade and appreciation between Japan and Oregon "has grown steadily as we have cemented our friendship." Vowing that Oregon was "steadfastly" committed to trade, Atiyeh touted Japanese companies' announcements that they would build new plants in Oregon as indicative of the growth of the Japanese business presence in Oregon and the hospitality of the state's business climate. "We can offer you close proximity to California markets without asking you to pay the high price of crime, congestion, and pollution," he argued. Atiyeh also pointed out that 8,000 Japanese-Americans lived in Oregon, that Portland

had a Bank of Tokyo branch, and that Oregon had Japanese churches, study groups, service organizations, and schools. Above all, he concluded, Oregon was a progressive place to do business in what he envisioned as a Pacific-oriented future. “We see our future as a state . . . and our destiny as a people . . . as we look out over the Pacific,” Atiyeh said.⁴¹

An internal staff memorandum written after Atiyeh’s visit concluded that “the mission to Japan was very successful.” During the mission, Fujitsu announced it would build two plants in Oregon. Fifty delegation members, constituting “the largest Oregon trade mission ever assembled,” made Japanese contacts in the realms of trade, tourism, and investment. The memo said that “at least” fifteen newspaper articles appeared in the Japanese press about the visit, and that Japanese banks and securities agencies — including Fuji Bank, the Osaka Chamber of Commerce, Nomura Research, and Long Term Credit Bank — announced their intentions to study Oregon’s economic climate. The outreach mission sold tourist packages for Timberline Lodge on Mount Hood, and got the United States Travel and Tourism Administration to arrange for tour operators to travel to Oregon for “familiarization” tours. The memo also apparently took a dig at one of Oregon’s rivals: a meeting with Oklahoma Governor George Nigh was said to have seen him urge the Oregon trade mission to “Leave Us Something.”⁴²

Another highlight of the mission was that Japan’s Fuji TV announced production of the miniseries *From Oregon With Love*, which promised to promote harmonious relations between Oregon and Japan. *From Oregon With Love* (known as *Oregon Kara Ai* in Japan) aired in 1984 and spawned numerous sequels in the 1980s and 1990s, further cementing Oregon-Japan cultural ties and strengthening the economic benefits of the Oregon-Japan relationship. Atiyeh recalled that the series “spread the word of Oregon throughout all of Japan” and that it was “exceedingly popular.” The series featured a young boy who, after his parents’ death, came to live with his aunt and uncle in Oregon. Atiyeh praised the series’ “beautiful photography” and its central Oregon setting.⁴³

From Oregon With Love filmed follow-up programs in Oregon through 1996, when Atiyeh recognized Fuji TV for its cultural contributions to Oregon. Among his fondest memories as governor, Atiyeh claimed, “right up there in my memory bank is Fuji TV.” Noting that the Fuji TV crew laid a plaque at Lake Billy Chinook to memorialize filming nearby and that the company contributed funds to help build The Museum at Warm Springs, Atiyeh believed that the series’ accomplishments were sometimes overlooked compared to the manufacturing plants he had helped secure in Silicon Forest.⁴⁴ The series clearly made the state friends in Japan. In a letter to Atiyeh, Fuji TV CEO Hisashi Hieda wrote that as late as 1983, no Japanese TV network had ever

tried to film abroad. "It was just then that I received a letter from you, which encouraged me strongly and made me feel so confident that we could make this project come true," Hieda recalled. "I have never forgotten the day I met with you at the location set in the State of Oregon and how I was impressed with your heartfelt warmth and thoughtfulness," Hieda continued, and then thanked Atiyeh for his "years of close support and encouragement."⁴⁵

In addition to luring economic and cultural investments from Japan, Atiyeh built upon his predecessors' work to get Japan to buy more Oregon goods. He took a dramatic step by joining with Portland Mayor Frank Ivancie to found Oregon's first official foreign trade office in Tokyo. "If you're trying to get people in Japan to do business . . . you can't do it on a hit-and-run deal, go there for two or three days and come home and expect anything to happen," Atiyeh recalled. "I said, 'Okay, we've got to have some kind of a continuing presence.'⁴⁶ To cover startup costs, the Oregon Legislature Emergency Board provided \$250,000.⁴⁷ That funding allowed the office to serve as an intermediary for Oregon exporters and potential Japanese clients as well as Japanese companies investing in the state. "It was a gesture of good will; that we're serious," Thompson recalled. "It became the hub of the wheel for whatever activity we had going from Japan or to Japan."⁴⁸

Atiyeh's work in Japan received positive press at home as well as abroad. The *Capital Press* praised his hard work, good humor, and openness to press coverage during the September 1984 trade mission.⁴⁹ The *Seattle Weekly* proclaimed that "this is the year that Oregon moved out of the shadows and into the sun in the growing West Coast competition for investment, tourism, and other business favors from the Pacific Rim." The newspaper noted that Oregon went from zero to four Japanese manufacturing plants in 1984, adding five thousand new jobs. The *Weekly* judged Atiyeh's September 1984 visit as "probably the most successful such Pacific Rim trip by a Western governor in years."⁵⁰ Thanks to Atiyeh, Oregon and Japan cemented a strong relationship that set a high bar for the state's future international trade missions.

ATIYEH'S FINAL YEARS IN OFFICE saw a push for more trade with Japan during a time when the climate seemed ripe for new Japanese investment in Oregon. The *Nomura Newsflash*, a publication that circulated to 100,000 Japanese businessmen, reported in March 1985 that "Oregon . . . is now in the foremost limelight in America" as a production base for high-tech semiconductor, computer, and telecommunications industries. The article contended that Oregon had become increasingly advantageous over California because of its higher quality of life as well as the abolition of the unitary tax. "Japanese leading enterprises' advance to Oregon has worked to raise more 'Oregon fever' among Japanese industries," the *Newsflash* argued.⁵¹

Atiyeh returned to Japan for another trade mission in May 1985, but this visit ended in disappointment. One of the trip's main goals was to get the Sharp-RCA Corporation to build in Oregon. Atiyeh's meetings with the Sharp and RCA branches of the corporation proved unfruitful. "I had a very good, honest, straightforward relationship with Sharp," Atiyeh recalled. "The most disagreeable communication was with the RCA. . . . The whole thing was very, very unsatisfactory." Sharp-RCA ended up building near Camas, Washington, which vexed Atiyeh even years later. Noting that the press rationalized that the plants were at least in the Portland metropolitan area, "my reaction was baloney," he said. "I'm not the governor of Washington, I'm the governor of Oregon." According to Atiyeh oral historian Clark Hansen, Washington Governor Booth Gardner "was taking the same representatives from the companies on tours at the same time," demonstrating an interregional competitiveness with Oregon. Atiyeh tried to downplay this aspect in retrospect, but he still seemed disappointed. "To me it wasn't a matter that I don't want Washington to have something," he said. "It's that I wanted Oregon to have something."⁵²

Atiyeh took flak for the Sharp-RCA loss amid a public assessment that, despite earlier achievements with Japanese businesses, he was not turning the state's economy around. At year's end, Charles Humble of the *Oregonian* editorialized that "where 1984 brought a sense of euphoria from the announcements of several Japanese electronics firms that they would invest in the state, 1985 brought layoffs by the existing stable of high-tech mainstays," particularly Tektronix in Atiyeh's Washington County, which laid off 1,200 workers. "Atiyeh was unable to repeat the kind of success" he enjoyed in 1984, largely, Humble argued, because Oregon Economic Development Department director John Anderson was lured away to Washington for a higher salary and a similar post, taking all hope of landing Sharp-RCA with him. "As much as Oregonians tried to shroud their hurt, it was another case of Oregon's failing to land a big one after reeling it boatside," Humble concluded.⁵³

As 1985 ended, syndicated columnist Richard Reeves noted that Atiyeh was increasingly fighting criticism. That year, Reeves reported, Atiyeh had spent over a month out of Oregon; and that "back home, the nickname [Trader Vic] is not a compliment. . . . The last trip of Atiyeh's, for instance, cost more than \$15,000." Reeves defended Atiyeh, however, arguing "that money seems to be earning more money." His report indicated that in 1984, Oregon imported \$2.2 billion and exported \$2.5 billion in goods and services to Japan, compared with 1983 imports of \$1.7 billion and exports of \$1.6 billion. Noting that "37 of the United States' 50 governors went abroad on trade missions in 1985," Reeves advocated for more such missions, contending that "anybody who doesn't like his junketing doesn't understand what govern-



IN 1985, Atiyeh met with American and Japanese representatives for Wakunaga Pharmaceuticals in Osaka, Japan. This is an example of many such meetings that Atiyeh had while encouraging Japanese companies to conduct business in Oregon.

ment has to do at the end of the 20th century.” Because national leaders, including within the Reagan Administration, were “grumb[ing] about ‘government interference in business’” and failing to come up with a coherent policy to help U.S. businesses make international connections, Reeves said, states like Oregon were rightly taking up the cause themselves.⁵⁴

The junketeer charge stuck to Atiyeh, however, and he had to appeal directly to Oregonians to repel charges that his trade missions were wasteful uses of taxpayer money. His April 4, 1985, State of the State address touted the international efforts of the State Agriculture Department, including its work “promoting Oregon-grown foods in Japanese supermarkets.” In his July 24, 1986, address, Atiyeh said Oregon’s Tokyo trade office had met with representatives from Japan’s fourth-largest “home-center chain,” bringing the company to Oregon to meet wood manufacturers who assisted them in purchases of finished wood products. Because the chain store was ready to buy these products, Atiyeh contended the sale would produce jobs for Oregonians.

Overall, he claimed, the trade office regularly worked with Oregon suppliers to find prospective Japanese buyers. He told numerous success stories, such as when a Tokyo buyer bought cod from an Oregon supplier.⁵⁵

Japanese opinion of Oregon remained favorable as Atiyeh's administration wound down. Keidanren members were again impressed with Oregon on a return visit to the state in the spring of 1986. On April 11, Kazuo Nukazawa, the coordinator of Keidanren's mission to Oregon, wrote to Atiyeh that the state's "industrial workers share such qualities as diligence and frugality with their Japanese counterparts." Keidanren again praised the repeal of the unitary tax and the success of *From Oregon With Love*. It also noted that "the state is heavily committed to an economic principle of free trade and competition with foreign corporations. This is a posture very encouraging to us."⁵⁶ Atiyeh kept up that posture during his waning months in office, looking to increase exports and draw in new Japanese investment. In the spring of 1986, the governor, through the state Agriculture Department, landed a deal for Superior Packing, an Oregon lamb wholesaler, to sell 250,000 pounds of lamb and up to twenty containers of lamb skins annually to Japan.⁵⁷ A chemical factory named American Tokyo Kasei, meanwhile, broke ground at the Port of Portland on a "world distribution center," including a warehouse and research laboratory that would house "as many as 50 chemists" to distribute "chemical and pharmaceutical products" all across the world. Port commissioners also "approved an amended lease agreement" with Toyota to become the port's largest automobile import customer.⁵⁸

At the end of Atiyeh's administration, praise was heaped on the governor for his efforts to stimulate the Oregon-Japan relationship. On December 28, 1986, Senator Mark Hatfield wrote to Atiyeh that Oregon got high marks from the U.S. Ambassador to Japan, Mike Mansfield, during a recent meeting. "Oregon is the exception to a pattern of neglect of the growing trade imbalance between our two countries," Hatfield wrote. "Ambassador Mansfield made specific reference to your work which is well deserving of such praise."⁵⁹ Two days later, Atiyeh received a letter from D. James Manning, director of the International Trade and Commerce Institute at Portland State University, congratulating him for "foresight and leadership in the development of the international dimensions of Oregon's economy" and arguing that his "efforts in this area are reflected through the significant growth and development in recent years of Oregon's international business community." Manning noted that "the record clearly indicates your success in the promotion of investment in Oregon, exporting from Oregon and Oregon as a state 'Open For Business.'"⁶⁰

Japanese businesspeople with whom Atiyeh worked during his administration also showered him with praise on his departure from office. In

October 1986, Toyoo Nariai, manager of the international division of the Japan/Tokyo Chambers of Commerce and Industry, wrote to Atiyeh that his “role in the growth and development of industry in Oregon has been great indeed . . . thank you for all you have done to deepen our relationship between Oregon and Japan during your tenure as Governor of the State of Oregon.” Hiroo Kobayashi, president of Epson Portland Inc. in Hillsboro, wrote that “we are impressed by your initiative and efforts to welcome Japanese investments into Oregon.”⁶¹ Portland consul-general Shosaku Tanaka asserted in farewell remarks to Atiyeh at the Alexis Hotel in Portland on November 24, 1986, that “everyone in the Japanese community has been deeply impressed with Governor Atiyeh’s warm personality and respects him as a man of sincere, moderate and broad-minded views.” The consul-general further asserted that “there is not one Japanese business executive who doesn’t know the state of Oregon as one of the most promising sites for their new investments.”⁶² As Atiyeh left office, however, the question of whether these relationships benefited Oregonians at large was still open, particularly in light of high-tech layoffs and the relatively disappointing outcome of his efforts to obtain a new, direct Japanese investment into Oregon during his final two years as governor.

PRESS AND PUBLIC OPINION on the Atiyeh administration’s trade efforts were mixed when he left office in 1987. The *Oregonian* contended that “it is easy to disparage a politician’s overseas travel, but it is also easy to overlook the benefits that high-level contacts produce” — such as convincing Atiyeh that Oregon’s unitary tax was a barrier to Japanese investment. “At least some of the additions to Oregon’s so-called Silicon Forest were dividends from that policy change,” the paper concluded.⁶³ The *Klamath Falls Herald and News* noted that Atiyeh predicted that “visits he made to Pacific Rim countries will continue to pay off in the future. . . . We hope so,” the paper opined, warning that recent layoffs at Tektronix, in particular, threatened to dampen the gains he had made.⁶⁴ The *Eugene Register-Guard* pointed out that a recent poll gave Atiyeh ratings of just 45 percent “excellent” or “good” and 44 percent “not very good” or “poor” for his governorship. Of his trade missions, the paper editorialized that “it’s impossible to say how much good these have done, but Atiyeh’s missionary work could pay off in expanding Pacific Rim trade and investments in Oregon long after he is out of office.” The editorial contended that Atiyeh “deserves credit for trying, and for realizing that this selling job could only be done by the governor.”⁶⁵

Atiyeh’s efforts at increasing Oregon-Japan trade continued to bear fruit after his retirement as governor in 1987. That August, Atiyeh was present as Fujitsu unveiled plans for its Gresham plant. The *Oregonian* reported that Atiyeh and Gresham ex-mayor Margaret Weil “probably were more responsible than anyone else for getting Fujitsu to come to Oregon and Gresham.”

At the event, Atiyeh said he had become “almost a ‘regular commuter,’ visiting Japan and the Fujitsu corporate offices nine times, pushing Oregon over other states as the best site for the plant.” Personal diplomacy played a role as well in securing the plant, as Vic and Dolores Atiyeh became friends with Fujitsu’s top executive, Rinzo Iwai, and his wife. The couples got to know each other so well that Vic credited Dolores “with helping to bring Fujitsu to Gresham and earlier to Hillsboro.”⁶⁶

In retirement, Atiyeh believed he had stood up well against competition for foreign investment. “We had a good team of people, well-organized, well-equipped, we knew what to do and how to do it,” he recalled. “This was ongoing from January 1979 till January of 1987 — continually pushing, moving forward, to diversify the economy of the state.” When his governorship began, “we had as our base agriculture and wood products, timber, and about half tourism. When I left, we had the wood products, agriculture, full-blown tourism, high-tech, and international trade.”⁶⁷ Thompson looked back on the Atiyeh years with a similar perspective. While acknowledging that Washington “was really competing against us,” Thompson contended that “we were way out in front” of other states in terms of international trade.⁶⁸ Whether or not this was true is difficult to gauge. Some business leaders certainly seemed to think so. In 1986, Atiyeh addressed the annual meeting of JCA, a group of Japanese and business executives from Western states (formerly known as the Japan-California Association) at Salishan Beach near Lincoln City, Oregon. The California-based event moderator noted that this was the first time the meeting had been held outside California, acknowledging that Atiyeh was “a leader, and we’re a follower.”⁶⁹

Sales of grain and wood products abroad, still Oregon’s leading export items despite the high-tech surge, increased late in Atiyeh’s term and continued into that of his successor, Neil Goldschmidt. Steve Newman, president of Newman, Wilson & Co., a Portland freight forwarder, told the *Oregonian* in October 1987 that his export business was “substantially better than any of the last three years.” Grain exports increased 2 percent in the first half of 1987, and softwood lumber exports from the Northwest states in general were up 20 percent in 1987 over 1986 numbers, which had shown a 24 percent gain from 1985.⁷⁰

Nevertheless, as Goldschmidt prepared for his own Asian trade mission in October 1987, Bob Buchanan, the director of the Oregon Department of Agriculture, contended that Oregon needed to modify its approach from the Atiyeh years to be competitive. In putting together trade shows in Taipei, Taiwan, and Tokyo, multiple state agencies and industries jointly staged trade exhibits for the first time. The *Oregonian* reported that “in past years, various Oregon companies and agencies have exhibited at specialized overseas shows, such as agriculture shows.” Noting that a single-industry focus was common to most



CELEBRATING THE NINETIETH ANNIVERSARY of the Japan-American Society of Oregon, Victor Atiyeh stands with Japanese Ambassador to the United States Kunihiko Saito (center) and Consul General Takehisa Nogami (right) in 1987.

state trade delegations, Buchanan said that Oregon, by contrast, “needed a statement” to position it better vis-à-vis other states. Perhaps this was true: as the article noted, “nearly every state is lobbying hard in Asia for business these days.”⁷¹ On his return, Goldschmidt acknowledged that more work would be necessary to boost Oregon’s international trade portfolio. “The message we got was presence and perseverance,” Goldschmidt said. “If you’re not back within 12 months, it won’t pay off.” The governor and Port of Portland Commission president Cecil Drinkward met with officials of shipping lines to try to make Portland a port of first call. Even during the Atiyeh years, no shipping line stopped at Portland first, and half of Oregon’s cargo went through Puget Sound ports.⁷² This point contrasts to some degree with Atiyeh’s rosy picture of Oregon in the lead in terms of international trade among other states.

Although international trade may not have given Oregon ports more business, the state as a whole certainly became more dependent on international trade during Atiyeh’s tenure. One in six jobs were tied to trade in 1987 versus one in nine before he entered office. This sort of expansion had been his goal, and he believed he had done the right thing by pushing so hard in this arena. Trade, he contended, was a more stable source of eco-

conomic prosperity than federal or military investment. “The military budget’s constant in being attacked by a lot of people,” he said. “To me it was kind of transitory . . . too thin a reed for us to hang our hat on.” Atiyeh contended that in contrast to Oregon, California struggled because it had been “heavily dependent” on the military and endured cutbacks costing thousands of employees their jobs when the Cold War ended. A 1998 analysis by the Legislative Analyst’s Office of California backs up Atiyeh’s claims somewhat: it indicated that while economic growth was strong in some parts of the state, “defense cutbacks have taken a major toll on California,” with over 200,000 job cuts in the state’s aerospace industry between 1988 and 1996 and the closure of twenty-five military bases in the state during the 1990s.⁷³ Oregon avoided being directly affected by Pentagon cuts, although there was little in Oregon to cut because nearly all of the state’s military outposts were shuttered or turned over to control of the Oregon National Guard during the Cold War. Oregon’s trade relationships, meanwhile, continued to grow with Japan and other East Asian countries with which Atiyeh had cultivated relationships during his tenure as governor.

Documents relating to America Japan Week 1992, which Atiyeh helped organize in Portland, show that Oregon-Japan links continued to grow and benefit the state in the years after he left public office. America Japan Week organizers claimed that Oregon’s total bilateral trade with Japan had increased to \$7 billion, that the majority of the 1,400 Oregon companies that traded in the Pacific Rim did so with Japan, and the direct transcontinental air link to Tokyo that Atiyeh had helped inaugurate nearly a decade earlier had created one thousand jobs. Japanese foreign direct investment to Oregon totaled \$375 million during the 1980s and had created 4,300 jobs.⁷⁴

In 2007, the Port of Portland unveiled a sculpture of Atiyeh that greets overseas arrivals at the Victor G. Atiyeh International Concourse at Portland International Airport. The *Oregonian* editorialized that while “others have built on Atiyeh’s work, both in trade and economic development . . . Atiyeh’s efforts to lead Oregon . . . laid the foundation.”⁷⁵ Working in concert with local business leaders, Japanese business and government officials, and other Oregon state agencies, Atiyeh attracted Japanese foreign direct investment and increased Oregon exports to Japan, diversifying — to at least some degree — Oregon’s economy in the face of the collapse of much of the state’s timber industry.

Atiyeh’s work did not, however, broadly transform Oregon into a high-tech manufacturing hub that rivaled its neighbors, nor was the governor able to stabilize Oregon’s economy. As early as 1985, when Tektronix announced layoffs despite a broader economic recovery in Oregon and the nation as a whole, it was clear that high-tech could not replace timber as an economically stable industry on which the state could rely. His own administration acknowledged near the end of his tenure that, despite the influx of Japanese investment, the

state's old staples of timber, agriculture, and tourism remained Oregon's three largest industries.⁷⁶ The big three tech companies Atiyeh lured to Oregon — NEC, Fujitsu, and Epson — expanded and thrived, but only for a time. In 1993, the outgoing Epson Portland executive adviser, Mas Tomita, predicted a bright future for the company, noting Atiyeh's work to convince him to build in Oregon.⁷⁷ The bottom nonetheless dropped out of the big Japanese manufacturers Atiyeh lured to Oregon by the beginning of the new millennium, due in large part to external factors. The economic "miracle" fueling Japan's foreign investment slowed during the early 1990s, and the Japanese economy went into recession during the Asian economic crisis of the late 1990s. To make up for its losses, Japan turned to its East Asian neighbors for cheaper labor costs, removing jobs from Oregon as well as elsewhere in the United States. NEC America was the first to leave Oregon altogether in 1999, with Fujitsu Microelectronics' Gresham plant following in 2001.⁷⁸

Historian Andrew McKeivitt contextualizes this shift in fortunes for Japanese subsidiaries in the United States by contending that "American companies like IBM, Microsoft, and Apple benefited most" from the personal computer boom following Atiyeh's administration, not merely as a result of Japan's economic decline but also because "Japanese corporations structured to maximize productivity, efficiency, and distribution in a global marketplace were too hierarchical and inflexible to keep pace with the rapidly innovating, smaller American firms."⁷⁹ In essence, if Atiyeh had bet that Japan represented a stable source of future economic growth in the manufacturing sector, that gamble did not pay off.

Of the major companies Atiyeh lured to Silicon Forest, only Epson's Hillsboro plant clung to life. In May 2000, the ex-governor predicted that Epson was in Oregon to stay, contending that "the EPI [Epson] story is a good one that demonstrates the enormous concern of our Oregon business employees and leadership that quietly gives to our community."⁸⁰ Amid a global economic slowdown, Epson laid off Oregon employees and discharged Atiyeh as a paid consultant in August 2000.⁸¹ Despite that downsizing, Atiyeh's prognostication about Epson's future in Oregon, at least, has held true. In addition, many smaller Japanese companies invested in Oregon during and after the Atiyeh years, following the path laid out by the manufacturers Atiyeh lured to the state during the mid 1980s.⁸²

Other facets of Oregon-Japan trade relations are less certain, however. Direct flights between Portland and Tokyo briefly halted as a result of the 2000-2001 recession, and were again under threat of cancellation in 2016.⁸³ In 2015, foreign trade to Oregon suffered a blow when South Korea-based Hanjin pulled out of the Port of Portland's Terminal 6 amid political turmoil that ultimately left the port without any containerized shipping customers.⁸⁴ In 2016 and 2017, President Donald Trump proposed border adjustment taxes

against nations deemed unfair in their trading practices, making Oregon's international trade future even more uncertain. Analyzing current international trade trends in historical context, then, shows that a diverse trade portfolio is arguably no more stable than reliance on the timber industry.

Nevertheless, as the hemorrhaging of the timber industry has proven, Atiyeh was right to assert that Oregon could not remain dependent on the forests alone for its economic health. Atiyeh should be credited for recognizing that Oregon needed to diversify its economic portfolio, even if such diversification yielded variable benefits. Atiyeh should also be credited for creative, unconventional thinking in terms of expanding Oregon's economy, as shown in the evolution of the Oregon-Japan relationship during the 1980s and beyond. Through his travels abroad, hosting delegations from East Asia, securing foreign direct investment to Oregon, and maintaining his connections abroad after leaving office, Atiyeh opened doors to the state not only in Tokyo but throughout the Pacific Rim, helping make the state less insular and parochial than in past decades and more fully integrating the state into the global economy. While hardly the economic savior contemporary accounts make him out to be, Atiyeh did make a leap forward in contrast to his gubernatorial predecessors by recognizing that Oregon's economic future relied on foreign trade and investment into the state. With respect to those who cemented Tom McCall and Robert Straub in popular discourse as Oregon's most important post-World War II governors, precognition on Atiyeh's part of the value of foreign markets earns him a chapter in the "Oregon Story" of the last half of the twentieth century.

NOTES

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1. Pacific University professor Jim Moore is currently writing a biography of Atiyeh. The author thanks Prof. Moore for

his generosity in sharing early drafts of his work.

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3. "Former governor led Oregon through trying times," *Oregonian*, July 21, 2014, A1.

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