Charles W. Hodde

An Oral History

Interviewed by Sharon Boswell

Washington State Oral History Program
Office of the Secretary of State
Ralph Munro, Secretary of State

Washington State Oral History Program
Olympia, Washington 98504

ISBN 1-889320-06-4

Washington State Oral History Program, Office of the
Secretary of State, Legislative Building, PO Box 40243,
Olympia, Washington 98504-0243
Telephone: (360) 902-4157

Charlie Hodde was a real gem, as far as I'm concerned. . . . He knew more about state government than practically anybody in Olympia, and I used him at various times, in various situations, to correct anything that might need correction.

—Albert Rosellini, former governor
Legislative Oral History Project, 1987

CONTENTS

PREFACE

The Washington State Oral History Program exists to document the formation of public policy in Washington state. This is done by interviewing those involved with state politics and publishing their edited transcripts.

Taken together, these memoirs can answer fundamental questions about state politics. For example, using the seven volumes printed so far, it is possible to begin to understand how decisions are made using a combination of informal and prescribed procedures. Each oral history is separately valuable for specific, personal memories–descriptions of time, place, experience and convictions.

Charles Hodde has more political memories than anyone else we know. He has been active in state and federal politics for more than sixty years, since 1933. The Office of the Secretary of State previously published two oral histories recording Mr. Hodde's career. Even so, his narrative was incomplete. Accordingly, our Legislative Advisory Committee approved one more interview series with Mr. Hodde. This volume concerns his years with the US Department of the Interior in the 1960s and his term as director of the state Department of Revenue, 1977-1981.

Because unedited transcripts can be so confusing to read, ours are edited. A professional copyeditor removed repetitions and corrected capitalization, spelling, punctuation, grammar and style. Mr. Hodde and his interviewer, Sharon Boswell, also reviewed the transcripts.

Other aids are provided. Mr. Hodde selected a portion of his personal papers for the appendices. Additional items from his papers are on file at the Oral History Program office. Mr. Hodde also contributed the biographical information contained in his chronology. In this volume, as in our others, the final appendix is a chronology of US and state twentieth century history.

The Oral History Program budget requires strict economy. Thus, the cursory table of contents is the only index. Chapter titles specify dominant themes, but discussion of some topics occurs in several chapters.

Careful readers may find errors. Editing errors are ours. Recollection and interpretation varies, as it does in other historical records–official documents, newspapers, letters, and diaries.

Those interested in the unedited transcripts will find them, along with the original audio cassettes of the interviews, in the Washington State Archives. A caveat is in order. In the course of removing repetitions from the transcripts, occasional sections were moved forward to join similar material on an earlier tape. These omissions are indicated by ellipses. Persons wishing to locate a specific part of the interview on the audio cassettes are advised to consult the unedited transcript for notes marking the beginnings and ends of tapes.

It is the hope of the Oral History Program staff that this work will help citizens better understand their political legacy.

DIANNE BRIDGMAN

Oral History Program Manager
July 2, 1997

ACKNOWLEDGMENTS

The Washington State Oral History Program owes thanks to many.

No oral history can be produced without the cooperation of the interviewee. Charles Hodde's work on this volume included much more than the interview. Mr. Hodde provided us with his personal papers and helped to design and organize the scope of this project. He was always available to offer clarifications. He was patient and understanding when our limited resources slowed the progress of this project.

We are grateful to Krista Woelfer for organizing and cataloging Mr. Hodde's papers. Ms. Woelfer quickly assimilated an enormous amount of detail and ably identified major themes and implications. The appendices to this volume reproduce only a small portion of Ms. Woelfer's fine work.

Members of our Legislative Advisory Committee have consistently provided encouragement, ideas, and political savvy. They are also invariably friendly and cheerful.

At present the committee includes Senators Eugene Prince, Sid Snyder, Shirley Winsley, and Al Bauer; Representatives Karen Keiser, Sandra Romero, Don Carlson, and Kathy Lambert; Secretary of the Senate Mike O'Connell, and Chief Clerk of the House of Representatives Tim Martin. Ex officio members are Mr. Warren Bishop, Mr. David Nicandri, and former Senators Robert Bailey, George Scott, and Alan Thompson.

Secretary of State Ralph Munro, Assistant Secretary of State Don Whiting, and Deputy Secretary of State Tracy Guerin have been loyal and patient. They have consistently supported our effort to complete this project.

Our oral histories are printed by the Department of Printing. State Printer Lee Blankenship, Production Planner Evonne Anderson, Copier Centers Manager George Morton, Estimator Kelley Kellerman, and Larry Krembs are experts. They are also kind, understanding, and reliable.

All of those named gave more than we asked. It is a privilege to acknowledge them.

INTRODUCTION

Charlie Hodde is an institution in Olympia. If you visit the cafeteria in the state Capitol at mid-morning, you will probably find him there, having a cup of coffee and discussing the latest news, surrounded by a group of politicians from both parties. Current legislators seek his opinion, especially on tax issues. Long-term lobbyists and agency staff enjoy swapping stories with him about past administrations. Respected for his knowledge about all phases of state government, he is prized for his sense of humor and his friendly, down-home style. He is energetic, enthusiastic, and shows absolutely no signs of slowing down, even though he will turn 91 on July 30, 1997.

Charlie Hodde's career has been so rich and varied that it has taken three full-scale interview series just to begin to examine his political experiences. For most people, a long, successful career in the legislature would be enough. But although Charlie Hodde may have dreamed of retiring to his farm in Colville, his administrative talents and political savvy insured that he would be needed elsewhere. He was called back time and time again by both the state and federal governments to head an agency, serve on a commission, or provide expert advice.

I feel very fortunate to have been his most recent interviewer. We spent nine hours from November 1995 to March 1996 discussing his more recent years in public service. We emphasized his special areas of expertise–taxation, education and water resource planning. Mr. Hodde has the instincts of an historian and his remarkable collection of speeches, clippings, and other memorabilia were a valuable resource for our conversations. He is a natural raconteur and makes interviewing a pleasure.

The kindness and hospitality of Mr. Hodde's wife, Jane Barfoot Hodde, added to my pleasure. She graciously prepared wonderful lunches during several of my visits and patiently allowed me to monopolize her husband's attention. Mrs. Hodde and her family have their own fascinating history, and I hope she, too, will record some of her personal memories.

The warmth, vitality, and friendliness I found in the Hodde household are the same characteristics that prompt people to chat with Charlie Hodde over coffee in the State Capitol. Charlie Hodde always likes to refer to himself as a Colville farm boy, and I am sure much of his character and style were shaped by his rural background. But his roots go even deeper in Washington politics. He has been a remarkable asset to this state.

SHARON BOSWELL

June 20, 1997

CHRONOLOGY: CHARLES W. HODDE

1906	Charles W. Hodde born to William Frederick Hodde and Mary Brunner Hodde, July 30, 1906, Golden City, Missouri.
1924	Graduated from high school.
1927	Leaves Missouri for the West.
1930	Rented a farm at Colville, Washington. Purchased the farm in 1937.
	Joined the Grange and helped the Grange campaign for the Public Utility District Initiative.
1931	Elected Master of the Fort Colville Grange. Attended his first State Grange convention in Bellingham.
1932	Asked by Mr. Albert Goss, State Grange Master, to campaign in Seattle for the 40 mill limit on property taxes and the enactment of a state income tax. Also asked to lobby for the Grange during legislative session.
1933	Ran as a "dry" candidate for the state convention to consider the twenty-first amendment to the US Constitution, which would repeal prohibition. The wets won.
	Lobbied during the legislative session, and also during the Special Legislative Session. The latter was referred to as the "Liquor Session." Designed the formula for distributing state road construction funds to the counties. Legislators waited for the state income tax to produce money. It was declared unconstitutional by the Washington State Supreme Court.
1933-1937	Elected State Grange Lecturer. The lecturer directed the Grange's educational function and was ranked third in the State Grange hierarchy.
1934	Organized the initiative signature campaign placing the Blanket Primary Initiative before the legislature. It was the first initiative to the legislature.
1935	Successfully lobbied the Blanket Primary Initiative through the Washington State Legislature. Called by the Spokane *Spokesman Review* "King of the Lobbyists."
	The "Hodde Program," supported by the Grange, would have equalized education by allocating more state money to poorer districts. Passed by the state Senate, it was defeated in the House

by Representative Pearl Wanamaker. In 1937, a Wanamaker-Hodde compromise subsidized poorer districts.

1936 Selected by the Democratic Central Committee to run for vacant state House of Representatives position in the 2nd district (Pend Oreille and Stevens Counties). Elected on November 3.

1937 At age 30, served in the House and sat on the Agriculture, Forestry and Logged-off Land, Constitutional Revision, Education, and the Revenue and Taxation Committees. The legislature divided over whether to impose a sales tax on food or enact a tax on personal services. Hodde's amendment instituting a graduated net income tax was eventually defeated in referendum.

1938 Defeated for reelection to the House. Hodde had sponsored a bill passed by the legislature in the 1937 session that established a minimum wage of $100 per month for teachers.

1938-1943 Charles Hodde returned to Colville to log, produce potatoes, and install electrical wiring.

1943 Again elected to the state House of Representatives. Supported the bill that required voter approval of school district consolidation. It was enacted by the legislature.

1945 Hodde successfully sponsored legislation which imposed an excise tax on motor vehicles and trailers.

1945-1951 Re-elected to the state House of Representatives for three additional terms.

Served on Washington State Civil Defense Commission.

1947 The state had accumulated a $120 million surplus as a result of wartime moratorium on non-war construction projects. Hodde proposed allocating the surplus to overdue capital construction projects. He opposed using the money for general operations and new social welfare programs. The issue was not resolved in the 1947 legislative session.

Legislation adopted establishing an excise tax on publicly owned utilities, in lieu of a property tax. Supported by Hodde.

1949 Elected Speaker of the House of Representatives. Re-elected four more times; two regular and three special sessions.

Served as a member of the Colville National Forest Advisory Committee and the Social Services Child Welfare Committee.

1952 Ran for governor, lost in the primary.

1953-1957 Elected to the position of Overseer in the State Grange.

1956 Served as chairman of the Earl Coe campaign for governor. Chaired the Democratic State Convention, Tacoma, Washington.

1957- Invited by Governor-elect Rosellini to assist in the selection of a

1959	cabinet. Appointed by Governor Rosellini to be the Governor's Legislative Liaison Officer, the Chairman of the Governor's Committee to Revise the Budget and Accounting System, advisor to the 1958 Tax Study Committee (the Shefelman Committee), and a member of the Tax Commission and the State Standards Committee. These responsibilities ended Hodde's day-to-day farming career. The farm was sold in 1970.
1959-1961	Appointed Director of the Department of General Administration by Governor Rosellini. The *Seattle Times* had investigated questionable practices of the Division of Purchasing. In response, Rosellini appointed Hodde. By a court order, all state government agency headquarters currently not located in Olympia, the state capital, relocated there. Hodde was responsible for property acquisition negotiations and construction bid review for the East Capitol campus expansion. Appointed to the Toll Bridge Authority and participated in construction contract settlement negotiations.
1962	Left the directorship of the Department of General Administration and returned to the Tax Commission as Chairman.
1965	Appointed Northwest Regional Coordinator of the Federal Department of the Interior.
1967	Appointed Chairman of the Pacific Northwest River Basins Commission, a joint state and federal water resource planning organization for the five northwestern states.
1970-1977	Served as an Olympia-based private consultant to government, associations and businesses. Was a lobbyist for: Wally Miller Educational Study, Washington State Department of Ecology, Washington State PUD Association, Grain Exporters, State Grange, and the Hospital Association. Retained by grain exporters. Successfully lobbied a 12% excise tax on leasehold rents paid by businessmen for utilizing public property and facilities. Drafted the Family Farm Initiative for the Grange. The act limited the water rights of farms larger than 2,000 acres. The intent was to curb corporate farming. Appointed by Governor Dan Evans to the Governor's Energy Policy Committee and to the Advisory Committee to the State Energy Office. Also designated by the governor as an advisor to the Tax Study Committee.
1977	Appointed by Governor Dixy Lee Ray to the directorship of the Washington State Department of Revenue and the Special Directors Tax Study Committee.

1981	Private consultant and lobbyist.
1981-1984	Appointed by Governor John Spellman to the Council of Economic Advisors, the Advisory Committee to State Energy Office, and the Statutory Tax Study Committee.
1983	Retained by the Simpson Timber Company to lobby and address the problem of timberland taxes and harvest excise tax rates.
1985	Reappointed by Governor Booth Gardner to the Council of Economic Advisors and the Advisory Committee to the State Energy Office.

1

TAXATION

Ms. Boswell: I'm here with Mr. Hodde, and we're going to discuss some areas of his career that weren't adequately covered in the earlier interviews with him.* That, primarily, is his service to the state on a variety of commissions and appointed positions, and then his service to the federal government.

I would like to begin by talking a little bit about one of your first state appointments, and that's the state tax commission. And I wanted you to just tell me a little bit about how you got involved, and particularly how you came to be identified as an expert on taxation.

Mr. Hodde: Let's take your last question first. How did I get identified? I became a farmer in eastern Washington up in the Colville country in 1930, just in time for the effects of the Depression to be really felt.

One of the arrangements I had with the party whose farm I leased and later bought was that I would pay the property taxes as part of my payment. To give you some kind of an appreciation of it, property taxes had been a main support for government–both state and local–in the '20s, and earlier than that. Here we were, entering the '30s, and the cost of government didn't decline as fast as the revenues of the people when prices dropped. Let me just use one illustration: I went into dairy farming when I started, and I felt that I could really make money and make a good living. I was still single then, and I didn't have any real costs to worry about, particularly in the dairy business, and butterfat was fifty-five cents a pound. But by 1931, when the Depression had really hit, butterfat that had been fifty-five had gone down to thirteen cents a pound. You get about a pound a day from a good cow–of butterfat–so you were getting thirteen cents a day for taking care of that cow. Ten cows, you're getting a whole dollar and thirty cents a day for almost a full-time operation.

So taxes, which had originally not been, percentage-wise, so high, suddenly–even though there were efforts to decrease expenditure on a local level where most taxes were used–were between three and one half and four percent of the value of the property, and three or four hundred dollars taxes on a little farm is a heck of a lot when you stop to think that you've got ten cows, and the most you can make out of them is about a dollar a day. You don't get enough all year to pay your taxes.

Well, taxes became an extremely important subject not just to Charlie Hodde, but to a lot of other people. That was when I became active in the Grange as a farmer just moving in, and they treated me with a good deal more respect than a little Missouri kid coming there should have had. They elected me master of the Grange, and I made my first state Grange convention in Bellingham in 1931, and I was a member of the taxation committee. That committee came up with a recommendation that in order to reduce property taxes, we should have a state income tax. So in 1932, the Grange did support and get signatures for an initiative campaign to put the income tax on the ballot.

My first really big political activity was in the 1932 election when A.S. Goss, who was Grange master then–I was not a state officer then; I was the head of our local Grange, and we'd gotten acquainted. He asked me to see if I couldn't get somebody to milk my cows, and he wanted me to come over to Seattle and campaign for the income tax. I said, "Well, I'd do it, but why pick on me? I'm a country boy, I don't know anything about the city." "Well," he said, "we've got all kinds of support in the country, we've got Grangers everywhere, but in the city of Seattle we don't have anybody to spread our viewpoint. I just want you to come over here and do that."

It sounded like it would be interesting, so I did that. I got a neighbor who was on relief–maybe he was. He agreed to move into my place and take care of my cows for what he could get out of the milk that he could sell. I was furnishing the feed and everything else. But even at that it was a bargain, because do you realize that the state Grange started paying me five dollars a day and expenses? That's as much as if you were milking fifty cows.

I made a record of sorts. I went over there in September and I was there six weeks before the election. During that six weeks I drove 2,500 miles all inside the city of Seattle practically, and I averaged about seven or eight meetings a day. One thing that helped me a great deal was that this was the election when–if you look at the record in the 1931 session there was still, I think, either six or eight Democrats in the whole Legislature. It was all Republican. Then in '33, practically everybody that I met ticket during this campaign around Se-

* Two interviews previously published by the Legislative Oral History Program document Mr. Hodde's legislative career: *Charles W. Hodde, Mr. Speaker of the House: A Series of Preliminary Interviews* (1985) by Kathleen Dunne Foster and *Charles William Hodde* (1986) by Jack Rogers.

attle was on the Democratic and were Democrats that were elected. In the '33 session, when I came down then to lobby for the Grange, I had the benefit of being a country boy that was acquainted with practically every one of these guys. They'd been to all these same meetings I had, and I'd heard them talk. I knew what they were thinking and talking about, and it gave me a big up in that respect because I was asked to do that.

Had I stayed over in Colville and just been interested there, and even if I had of come down there then, these would have been my enemies. These would have been the city people that have always been against the farmer. Well, it didn't work out that way. Even though some of these election results were pretty ridiculous in a big sweep like that, because the only thing the people were thinking about was, "Let's get rid of these incumbents and we'll put a new bunch in and do something different." It's something that's a little hard to explain.

Well, the point I'm making is that what really got me interested in taxes, to answer your question, was the real inequities involved in the way we were financing government at the time, under very difficult circumstances. For instance, in Chelan County–not where I lived, but in Chelan County where they had all the orchards and everything; it was really considered a prosperous community–by 1932, less than fifty percent of the taxes were being paid. They were just letting them go delinquent. You could let them go delinquent for five years before they could start foreclosing on your farm, so you just didn't pay them, see. Well we had to do something about it, so that's when I really got interested.

Of course being in the campaign for the income tax–when you're in something like that, you study your angles in order to be able to answer all the questions. Just as part of history, it did pass by a substantial vote, seventy percent favorable. Other states were doing this. Oregon adopted an income tax almost at the same time, and various other states.

Our state Supreme Court said that our constitution didn't allow an income tax, so that threw us into tax trouble, and in the follow-up to the work I'd done during the campaign, the state Grange asked me to be their legislative representative. Not the only one, there were three of us in Olympia, but I was the new guy and because I'd been involved in this I got quite a bit of the spotlight and attention.

Let me go back and say that in this same election, even though it wasn't primarily sponsored by the Grange, they did support what we called the forty-mill limit on property tax. And the way we got it passed was: "You don't have to worry if we cut your taxes down to not exceeding–what that really amounted to was forty mills times fifty percent valuation, or it was a two percent limit on property taxes. We're going to cut that tax, and we're going to replace it, if necessary, with the income tax."

But when the Supreme Court said that the income tax was unconstitutional, and it was a five to four vote, it was a very arguable decision. I've said in the past–and I may be repeating some of my other comments on it–I don't think it would have happened if the tax commission of that day hadn't put out a complicated set of instructions early. They were worried. We didn't have such a thing as prepayment of taxes even at the federal level, so the income tax could only be effective a year later, before we got any money from it. You could only start taxing for 1933, and we wouldn't have any money until 1934. So the Legislature that met in January of '33 had to find some way to get enough revenue to keep this place going until the income tax could come on. And so we did pass part of what became the business tax, but we didn't pass a sales tax, I don't believe. But anyhow we could raise some money that way, and the assumption was that that would be temporary. When the income tax came on, that would take care of it. The courts threw out the income tax during the summer, and so we had a special session in December of '33 and here I went back down there again representing the Grange, and trying to be sure that whatever taxes we adopted wouldn't be unfavorable to agriculture. That was my job.

Maybe I had an advantage over other lobbyists that showed up there because of the fact of having been very actively engaged in Seattle. Even though I knew the farmers through the Grange, largely out in the rural areas, I knew the city guys that came to the Legislature. It was a brand new Legislature. We hadn't had a Democratic-controlled Legislature, ever in the history of the state. The Republicans had been the big party for forty years or so. Well anyhow, all at once we have a House where there were only seven or eight Republicans left. They were all Democrats, and most of them with no experience at all in the Legislature–brand-new people. The Senate wasn't that bad to start with, because only half of them ran that year, but they still had a Democratic majority when they came back. And so we'd got a whole new group with very little information. We were trying to put together something that would keep this state running.

Well, how did I get interested in taxes? Without going into what we did then, you can see that it was a brand-new field, really. Having campaigned in Seattle I personally knew most all of the legislators that got elected, as well as my contacts with the rural groups. So I think I ended up with considerably more influence in how we did things than any young lobbyist should have been expected to have. I'm not saying that we did

a perfect job, but I'm answering your question of how did I get interested in taxes.

Once you get into it, it was a field where you didn't really have to know very much to be the expert, because it was a new field pretty much. I know that we had a pretty active Grange where I was, and we used to have debates. One of the earliest debates that I was involved in was because we had a different exemption in the federal income tax for a single person. A married couple got an extra exemption, and so on. The debates meant digging into all this other stuff and seeing how the monies were spread and all that. And suddenly I found myself being quoted as a tax expert when I'd never spent an hour in school where they talked such things as that. It was just one of those things that you just sort of grew into in that way, and it stayed with me for a long time.

I don't want to go into details about these involvements, but after the property tax limitation and the kicking out of the income tax, there was the necessity of going to a tax on gross incomes because the court said that was constitutional as against net income. They said net income has become property and it can't be taxed any different than real estate. It had to be uniform and not over two percent and so on. Well anyhow, that's your first question, and I think that's it.

I worked as a lobbyist at the '33 special and '35 session for the Grange, and then I became a member in the '37 session and we had all kinds of tax problems that were going on by that time. We had the sales tax that was adopted in '35. One of the big Hodde battles was to keep the tax off food. We were able to get the governor–even though it passed the Legislature–to veto a sales tax on food. Two years later when I wasn't there, they did pass it and we had a sales tax on food along with other sales taxes and the B&O tax.

So over the years, the unacceptability of the income tax–and it was presented several times–you become an expert because you are able to recognize the effects of certain proposed changes that are made. I guess that's enough answer to your question. You just get involved and that's it.

Ms. Boswell: The Grange was a really effective lobbying body. Was there anybody in the Grange who you admired or learned from?

Mr. Hodde: I don't want to say that the Grange wasn't effective in lobbying prior to my entrance into the picture, because they did accomplish some things that agriculture wanted. But keep in mind that the real problems we were talking about mostly after 1930, didn't exist prior to that. They were not of a great deal of concern. But there were many issues, if we were talking about the Grange history, that the Grange was deeply involved in.

The Grange was the organization that furnished most of the push for passage of the 1912 amendment to the constitution to allow for initiative and referendum, for example, which gave them authority to get into the field. The Grange was the one that used the initiative process to establish public power utility districts. That was done in the 1930 election.

So don't say they didn't have influence at all. But in relation to the problems of the day, I may have become more prominent than the others, in that I seemed to get acquainted with it better. And I didn't have the prejudice of having already established my positions prior to that.

Ms. Boswell: In terms of opposition to this early campaign for income tax, who was it that you were really trying to convince, or who was your major opposition?

Mr. Hodde: The major opposition was people of wealth. You'd expect that. The support was very broad-based. A lot of it arose out of the fact that in the same election when they voted the income tax, they voted for the forty mill limit about which they said, "This is going to cost me something on my income tax, but my property tax will be cut in half." So that's the way a lot of the support was generated, was to get rid of the higher property tax.

Now with the forty mill limit being supported by the court, so that property taxes had to go down, then you only needed an income tax if you wanted to get rid of some of the other taxes. I thought that because the commission was concerned and mailed out these proposed report forms months ahead of the time when they were necessary, people looked at the complications involved, and said, "No way, brother. I don't want that. We'll go the way we are."

In later times, probably even as late as around the Evans administration, when they brought it to a vote in the '70s, the federal tax had gotten to be a lot higher and so on, and people were just not on to going that direction.

The sales tax is more painless. I've often said that if it could be piled up and you got one bill for it at the end of the year, you'd just scream your head off. But if you just pay it each time you buy something, it doesn't hurt.

Ms. Boswell: You don't notice it quite as much. Did people expect the court to turn the income tax down?

Mr. Hodde: No.

Ms. Boswell: Was it a total surprise?

Mr. Hodde: Very surprising. That question was not one of the debated issues in the campaigns.

Ms. Boswell: So when you went to the Legislature in '37, was that part of the main reason that you ran, to get that issue?

Mr. Hodde: No, there were several reasons. Maybe this is just a report on my lobbying for the Grange. I worked for them in that capacity and I was chiefly interested in the tax consequences to agriculture when I was there in the '33 session. But in the '35 session, I had talked the Grange into sponsoring the blanket primary by initiative, and I managed that campaign which meant you could vote without declaring if you were a Democrat or Republican. You could vote on either ticket in the primary and so on. That was very much opposed by the political parties, and they still aren't very happy with it. That was one of the first uses of the initiative to the Legislature process as against the initiative to the people. The initiative to the Legislature is first presented to the Legislature. If it is not passed it then goes to the people.

So I organized a campaign and we had signature gatherers at many, many polling places with instructions: Don't talk to anybody before they go in to vote, that's illegal. When they come out, just ask them, "Did you have to tell them what party you belonged to to vote?" "Sure did." "Would you like to be able to vote without doing that?" "I sure would." And ninety percent of the people signed the petitions that came out. So that went to the Legislature, so then I went down to the Legislature, trying to get it passed without having to go back to the people for a vote at the next general election. And I was successful. Here's this little farm kid in the *Spokesman-Review* that's never been in support of the Democrats. But they had a front-page article, "Charlie Hodde, King of Lobbyists. He did it." Because they had been running editorials: "This may be a good idea, but you'll never get those that were elected under the old system to vote to change it." But we did. And so I got a lot of the credit. Maybe more than I'm entitled to for getting that passed, which is still in effect today. That's just one of the issues that I brought up.

Another issue in '35 which got me a reputation of being an educational supporter was to add support to education. I had supported the proposal in the earlier session that would increase the state's payments to the school districts from state funds. Then in the '35 session–I didn't get it through in the '35 session–but my proposal was that when special levies are voted, they should be equalized, so that the districts with low property values per pupil wouldn't be so discriminated against. And Pearl Wanamaker, superintendent of public instruction, opposed it. We got it through the Senate in '35, and she was in the House and managed to keep it from coming to a vote.

When I came back as a member in '37, that became one of my principal projects. And we did get passed a somewhat watered-down version, one in which we gave more money to the poor districts, but didn't take it away from the rich districts. That was a bit of a compromise. So education became one of my strong issues, and I was involved in many education deals later on in my career. I think I had a pretty varied area in which I worked.

Public power was another one in which I was a supporter, and there were almost always, in the earlier sessions, efforts to kill off the PUDs or reduce their power to expand–stuff like that. Of course, City Light was a public utility of the earlier days, and they were also involved in some of this. And it was Charlie Hodde that invented the tax on PUDs, an excise tax, so they couldn't use the argument that private power companies were paying property tax and PUDs don't pay any tax. Well, that caused the power rates to be slightly higher in the PUD districts, and took away some of the argument against public power. So when you're asking, "Well, in your career, were taxes your principal?" I think I was recognized as one of the leaders in tax issues in the Legislature, but I really didn't become Mr. Tax until Rosellini appointed me when he became governor.

Ms. Boswell: Was taxation at that early time a partisan issue?

Mr. Hodde: Well, how you did it, yes. Not entirely a party issue at all. It became more of an economic issue between the various parts of the state's economy. The farmers were one way: they were heavy property-tax payers because their ownership of property in relation to income was very high. It may not have been unfair, but the point I'm making is that there were other agencies that were–well, a lawyer owns very little property, and so he's against the business tax on lawyers. He'd rather have the property tax.

The tax issues tended not to divide up on party lines so much, but more on economic activity lines. Yet there would be times when the question of more taxes or less taxes would become partisan. Do we need more money? And the Republicans generally said, "No," and the Democrats were more apt to say, "Yes." Although that's not true of all Democrats. They didn't all go along. But the point is that the Democrats became known as the taxers because they would support higher rates. But what kind of taxes? Very much divided according to their economic activities.

Ms. Boswell: Because of your other lobbying activities for voters not having to declare their party and things like that, did you have any problems with the parties?

Mr. Hodde: They didn't like it at all. But, on the other hand, let me put it this way: It was very easy to see why a Grange lobbyist would want that, because the Grangers could then all vote one way if they wanted a farm supporter. It's also true of other industries. They might want to have more selection. And I think our people have always liked it, and efforts of the parties to try to get it changed back to the way it was never had very much support. I don't think they would have today. It's amazing that we're only one of two states that have anything like that. Everybody else is still on a partisan basis. I don't really understand it, myself.

Oh, it hasn't given us perfect legislators or anything like that, and the parties claim that it keeps them from having the strength that they ought to have in candidates and all. But I still think it was a good deal.

But you can see that the Grange had a good reason to support it because the farmers could then unite behind a candidate that represented their views, rather than having to go with a party view on something.

Ms. Boswell: Were you, despite that, a fairly committed Democrat from the beginning of your career?

Mr. Hodde: I'll put it this way. Maybe this will illustrate why I was a supporter and an initiator really, of efforts, to get a blanket primary. In the 1932, campaign which was the first one in which I was active–I voted in '30 in this state, but in 1930 I wasn't involved in the campaign locally, because that's the one when the Grange was out campaigning for public power–but in the '32 election, I was chairman of the Gellatly for governor committee–that was the Republican running against the incumbent, Hartley–and the chairman of the Homer Bone for Senate committee, who was the Democrat running for the United States Senate. So I was a bit bipartisan there. Gellatly got beat in the primary. I've been pretty much just a recognized Democrat, not a nonpartisan, but I just point out that my father was a Democrat back in Missouri and all of that, but so was pretty near everybody else in Missouri.

I guess I liked the Democrats better than the Republicans because I used to say with a little bit of arrogance, "Why shouldn't I like the Democratic Party? I wrote the platform for fifty years." That's a little bit of exaggeration though. It was a good answer.

Ms. Boswell: You had this basis of interest in taxation and you became recognized as an expert in that field. Because some of this has been covered before, I'm going to skip ahead to talk about how your appointment to the state tax commission came about after your legislative career.

Mr. Hodde: Actually I was involved in many things besides taxation. How did I become more notable in taxation? Principally, I was Speaker of the House in '49 and '51, for four years. I thought I ought to run for governor, and so did a lot of people who supported me. And so I ran for governor in '52, but I got beat in the primary and Mitchell got the nomination. But Rosellini also was in that primary, and he came in there because he told me that I wasn't going to get elected.

I don't want to talk about it particularly, but I had an especially bad family problem. My wife went to the hospital four days after I filed and was in there for a month with a very serious problem. I didn't want to be governor. I had three kids at home, and I had a lot of problems with my campaign.

My home on the ranch had burned down in '45, and I'd been living in town and commuting back to the ranch. So I decided I'm going to be here forever now, so I built a two-story house out on the ranch and we moved back out there. I was just very busy and I did some logging, and I didn't think I'd ever run for election again. I just figured that was the end of it.

But when Rosellini ran in '56 and he got elected, then he invited me to come over and help him pick his Cabinet. I remember poking fun at him and saying, "Don't tell me you haven't already got them picked out." "No, I haven't." Well, I went over and it ended up with him asking me if I would serve on the tax commission as chairman, and I said, "No, because I didn't support you in the campaign–"

[End of Tape 1, Side 1]

Mr. Hodde: I told Rosellini that I was not his supporter in the primary, even though I did give him some support in the general election after he had defeated Earl Coe, and that the chairman of the tax commission, an appointee of the governor, ought to be somebody who was involved in his campaign from the start, so that the people wouldn't say, "Well, the chairman is really not a supporter of the governor," or whatever. And I said, "I don't mean that I won't give you any support. But I will take an appointment on the commission as a member," because one of the member's terms expired in February. The chairman would be appointed in January. And I said, "And there's another good reason, Al, why I would rather have that appointment, and that is that the salary goes up from $8,500 to $11,000 a year, and I'll take the new." The salary can't be increased while you're in office. "I'll take the February

appointment."

He laughed about it, but he appointed me, so I became a member of the commission. I was not chairman of the commission until after the move to General Administration.

Ms. Boswell: In those early years, did you agree with Rosellini about his stance on taxes?

Mr. Hodde: Actually we found ourselves virtually in total agreement after I went to work for him there. While we were in the Legislature, we had some differences. He represented a very metropolitan area and I represented a very rural area, and we couldn't expect to be on agreement on everything. But I think if you read the letter that you have a copy of there,* Rosellini's–

Ms. Boswell: Recommendation?

Mr. Hodde: Instructions which he gave me, you couldn't have any better support than that. I did find that he was surprisingly open to discussion, amazingly so. I was his legislative representative to the Legislature. We rarely had differences. One difference: when he wanted to get liquor by the drink authorized, I was against it. I had been a prohibitionist all my life. I said, "I can't represent you on that." He just laughed about it and got somebody else. I never appeared before the committee. But basically, we didn't find ourselves in disagreement on general policy, hardly ever.

Ms. Boswell: Your decision, earlier, to support Coe was based primarily on your–

Mr. Hodde: Let's put it this way. When I ran for governor, Coe was one of the members of my supporting committee. He'd been in state office–secretary of state–for a number of years and had a very good reputation in that respect. I just thought that he deserved my support.

One of the things that I had mentioned in my other descriptions of this period, I ended up the chairman of the convention of 1956 that decided to support Rosellini for governor. They didn't nominate him, but it was a question of who the party would give support to. And I was chairman of that convention and I introduced the governor's supporters.

There was so much controversy in that convention that we just couldn't get it adjourned. We had resolutions on everything, and at eight o'clock at night–that was the first time the TV had ever broadcast a political convention–they came to me and said that we were going to have to quit, that they were losing their prime-time shows. It was really surprising that when the camera lights went off, fifteen minutes later we just adjourned. Nobody wanted to talk anymore, but they all wanted to be on TV.

But I often said after that, that I'd been on TV longer than I had listened to it because we didn't have it at Colville, yet, in 1956.

Ms. Boswell: In terms of Rosellini's choice of you for the tax commission, what was it that drew him to you, given that you hadn't been a strong supporter?

Mr. Hodde: I just think that he just felt that I would be a good administrator and that I would give support to the administration. I think he wanted me there because we'd been in the Legislature together a number of years, and I know the reason he used me in a lot of policy areas other than taxes with the Legislature was that we had both been involved in these legislative struggles before, and so I had a lot of background there.

Ms. Boswell: He mentions in this letter, which we'll include along with the interview, a citizens' advisory commission on taxation. Is that separate from the state tax commission?

Mr. Hodde: There had been a number of them. Most governors had one for many years, different ways. I guess just because of the reputation I had in the Legislature. I was almost always on every governor's committee that had a study on taxes. It wasn't just Rosellini. I served on other committees, too. I was on Evans' income tax committee when he had the effort made by referendum to get the income tax. Even though I'd been a Democrat all my life, I served on committees for all of those governors.

My earliest one–I had several appointments that don't seem important now–but during the war period, I was on the state civil defense committee. We had a lot of meetings to try to advise how to handle the war hysteria that came up, particularly at the time when Japan was threatening invasion. When they hit Pearl Harbor we didn't know whether the ships were coming on over here or not, and when they were sending balloons over on the trade winds. I don't think they did it because it was me, but they did land one of them a mile and a half from my house over in Colville. One of the various ones, and there were no casualties, but it was a very interesting experience. Being on the committee, I knew that we were not supposed to put any news out on those things, so I had to go to all the people and tell them, "Don't say a word about it. We don't want the Japanese to know they're being successful at all."

* For a copy of the letter, dated February 17, 1965, see Appendix A.

Ms. Boswell: What was your strength as a member of these kinds of commissions?

Mr. Hodde: I don't know. I think probably I had a little more information than some of the others. I think I did have some advantage, having been into the thing and knowing a little more about it. That's about all I can suggest.

Ms. Boswell: How did you prepare? How did you keep building your knowledge in this field?

Mr. Hodde: Just read and listen. Just get involved.

Ms. Boswell: Newspapers? How did you get information about the different topics?

Mr. Hodde: I don't think that I can point to any real specific, outstanding deal any more than just that you just keep up with what's going on.

We've only been talking about taxes, but I thought I was equally important in a lot of resource matters which eventually ended up in my work for the federal government in that area. That largely came out of my agricultural background and the fact that I had water rights, and all these kind of things. I thought I understood the deal about water resources, and–I don't know–maybe just 'cause I talk too much.

My involvement with the federal government largely stemmed out of the fact that they were looking for an appointment. Magnuson and Jackson were our US senators at the time, and Lyndon Johnson was president, and they certainly were the people that had influence with him. In both of their cases there had been times when I had advised them, or been involved in some of their issues which included the dams on the Columbia River and all kinds of water resource problems, and so I had a good deal more background than most. Talking about my legislative career and things that I have done, we talk about the taxes. I think that the water resources deal was of extreme importance also.

I was involved, as the Grange was very interested in water resources. I was the Grange representative down at Coulee Dam when Roosevelt came out to dedicate it and I talked with him. I had a lot of interest in natural resources, but didn't get near as much publicity as taxation did.

Ms. Boswell: But you continued your interest in taxation just because you had become an expert?

Mr. Hodde: I think so, more than anything else. Because I understood it, as a lobbyist and also in the Legislature. If you can explain things and give your reasons for your position, you can get other legislators to say, "I can use that argument," and they go on with this. You have to generate support. You can't just generate opposition.

A little story from the time I was lobbying for the blanket ballot. I never forgot a comment that a senator made to me. He was very much opposed to it. We had a very close vote in the Senate on it, and some discussion–maybe a half-hour discussing all the ins and outs of it–and he finally said to me, "Charlie, I'm not going to vote for your bill, but if I ever get charged with murder, I want you for my lawyer. You can make anything look good." But we did get it through by a very close vote in the Senate, so it didn't have to go to the people for a vote.

So as far as diversity is concerned, taxes have always been a good deal of importance, and if you're going into the business of lobbying–that's a bad term, people think that sounds like it's a bad deal–but if you're a financial consultant with people and doing that kind of work, and they want to pay good for it, they'll hire you if they think you understand something about what they're doing. And taxes have always been a very irritating problem for a good many people who can't quite understand why we have to have so many. They're always against it unless it's something they're getting the benefit from.

Ms. Boswell: Tell me a little bit about how the state tax commission operated. What were its major duties, and how was it organized?

Mr. Hodde: Actually, as it was when I went in there, and during the earlier years, the tax commission was the administrator of the state's tax laws. But they were also the first step in the appeals court for tax questions.

One of my recommendations, which was adopted shortly after I left the Legislature in the Rosellini administration, was that we set up a separate appeals board because I didn't feel that the people who made the rules ought to decide the appeals. So we did split that off. But during the early period, from when it was established and during all the years that I was involved, the commission were the administrators.

After the two years with the tax appeals board, we went to a director of revenue as opposed to a commission. I thought that with the appeal process, we didn't really need a three-member commission, and I think it has worked out better to have a director. And the appeals questions never go to him.

Sure, within the organization it may come up where he has to make decisions, but if it's going to head for court, he's not in it. He's defending his position against whoever. You see in my second term, second period of

time, when I was head of the department–that was under Dixy– I was revenue director. And so he had the authority, but no different, really, than the director of any other department.

Ms. Boswell: Under Rosellini, when you were put on the state commission, were all three members gubernatorial appointees, and was it a fairly partisan board?

Mr. Hodde: It was a partisan committee. As I said, there can be holdover there, but the chairman was always expected to resign when the governor was changed. And then the governor's appointee could ask for the resignation of the other members, but I think rarely ever did. I think they carried over until their terms ran out. I don't remember whether it was two years or three years or four years. But they always considered it a partisan commission in that it operated to support the governor's positions.

It was a little different with the highway commission which had more authority separate from the governor, although the governor made the appointment of the chairman.

Ms. Boswell: Who was the chairman when you turned down that position with Rosellini? Who became chairman?

Mr. Hodde: A fellow named Schumaker from Spokane. I was there two years or almost two years when we had the problem in General Administration that caused the governor to call me up at ten o'clock one night and say, "You'll be the director of General Administration at eight o'clock in the morning," because he wanted to beat a *Seattle Times* story about the situation. Bad things had been going on there. So I took that over and I was there for three years.

The reason I went back to Revenue was that the problems had been solved, everything was running fine there, and Schumaker took an appointment to the federal tax commission on their appeals court down in San Francisco. So he was leaving the commission, and so the governor said, "Would you rather go back to the tax department?" And I said, "Sure, I'll go back as chairman now because the problems that made me turn it down the first time have disappeared. I've been with you long enough that that question of whether I support the governor had not been raised." So that's when I went back.

Ms. Boswell: We should clarify that the first time you were on was 1957.

Mr. Hodde: In 1957 I was appointed as a member, and I was there from '57 until December of '58, so I didn't have quite two years in. It was December of '58 when I was appointed director of General Administration. I stayed there until January 1962, when I went back to chairman of the tax commission and stayed until the end of Rosellini's term.

Ms. Boswell: In making the transfer–you had been in the Legislature, you'd been the Speaker, you'd run for governor–what was it like to go into this three-man commission? How did you feel about the challenge and that kind of work?

Mr. Hodde: I didn't find it difficult. We had a very good relationship. My basic section of the tax commission–we met as a commission on many subject matters–but each of us had a certain portion of that, and I had the property tax section. Not that I wasn't involved in a lot of the discussion on sales tax, business tax, but I was pretty much the department director for the property tax section when I was first there.

And that's one reason that we got so active for the governor in many other positions–some outside of the department–and with the Legislature and all that. Not being chairman, my duties were not nearly full time as you might call it.

Ms. Boswell: Was it difficult to make the transition from working with the whole scope of what a legislature deals with, to just a focus on one issue?

Mr. Hodde: I don't think I ever did separate out the two, because like I said, I was representing the governor on many questions besides revenue and taxation, as his personal representative to the Legislature. So no matter what it was, I was getting an education on pretty near every department and any problems there.

Ms. Boswell: As his personal representative, how did he communicate to you what he wanted?

Mr. Hodde: Just meet him everyday. Just walk in. Not a formal situation at all. If you've got something to tell him, tell him. If he's got something to tell you, tell you. It's almost like I was a staff member.

Ms. Boswell: So he'd just say, "Now these are issues I want you to work on. Go to it"?

Mr. Hodde: That's right. And it got to where I'd bring to his attention something I thought he ought to be interested in.

Ms. Boswell: How would you characterize his relationship with the Legislature during that time?

Mr. Hodde: I thought it was really rather good. Having been a legislator–not everybody loved Rosellini, don't get me wrong on that–he did have the ability to communicate rather well with them. A very surprising manner in some respects–he used to like to joke about it–but he was about the stingiest governor we ever had. He didn't have that reputation in the Legislature. He was one of the liberal spenders, you know.

But actually I've discussed that before, and won't go into any length, but from our increasing deficit that we were running, he appointed me to be the chairman of his committee to get the state on a mandatory balanced budget situation. That was a separate appointment, and I think very successful. If the federal government had adopted it as early as 1960, we wouldn't have the trouble we've got now. It gets down to almost as simple as saying that if it appears that there isn't going to be enough money, the governor either has to call a special session to raise some more money, or cut back to what he's got. It's been pretty effective.

He appointed me on the toll bridge authority when we built most of the toll bridges in the state, and bought the ferry system.

Ms. Boswell: [Looking again at Governor Rosellini's letter dated February 17, 1965.] He mentions your various appointments, the citizens' advisory committee. He also mentions a report published by the tax commission in '58 that was under your direction that he commends.

Mr. Hodde: I think this was what we called "the Shefelman committee." He was not a member of the Legislature, he was an attorney in Seattle. It was supposed to have come up with the recommendations of how we could improve our tax systems and everything. I wasn't a member, I was just really a consultant.

Part of the that work was tied in with our way to handle debt ceiling and so on. I had other suggestions I made, one of them that wasn't adopted until a year after I left. We actually balanced the budget and I pointed out that we really didn't have a deficit. Every time the state had a deficit in the later years of the Rosellini administration, the surplus was in various state school district funds, because we were paying a year's entitlement money out in ten months, so we were always running short in June when we'd made twelve months' payments. Then for two months we didn't give anything to the schools while they were closed down, and then we'd start paying them in September. They got all that money and piled it up. So when I charted it out and showed the governor, he recommended, and–I think it was in the session after he was out as governor.

Ms. Boswell: What is the relationship between budgeting and taxation? They both really affected voters so strongly.

Mr. Hodde: Sure. Taxation is where you collect the money, and then the budget has to be derived out of the anticipated revenue. Generally speaking, in the Legislature over many years, it's all been the problem of the Ways and Means Committee. They have both the estimated revenues and the estimated costs, and they try to balance them, decide how much anybody can spend and where it's going to come from. And they're not always accurate.

The Budget and Accounting Act that we passed during Rosellini's administration says that if you find out you're wrong, you've got to correct it. I don't mean that there aren't still some flaws, but–

Ms. Boswell: You made a statement once–I think back in the '60s when you were on the tax commission–about budgeting and taxation: that it should be a question of how much we really need, rather than how much there is to spend. In other words, if people have the opportunity to spend it, they'll spend whatever they have to.

Mr. Hodde: This is one of the budget control things that is always a problem. I made some comments about the 106 percent current limit when it was adopted in which I pointed out that when you have said that local government can only increase their spending by no more than six percent a year–and that's a little complicated way to figure it out–that becomes the target for expenditure rather than what's really needed, and you've got to be careful about that.

I think that there is a tendency, even in individual households, to determine their expenditures by anticipated revenue. That's just a human characteristic. There are some families who determine expenditures on the basis of need and accumulated surplus, and there are others that spend everything they get. If they don't get very much that's that, but if they're getting a lot of it, it can be a lot of difference. Some people put it in a savings account, some people spend it on a trip to Hawaii. I've done both. But the point still is that the government's a little different than individuals. They don't have the right to go to Hawaii for vacation, although some of them do. But the point I'm making is that the real need should be determined as near as possible, and then budgeting has to be within the revenues, even if they don't quite meet the needs.

Ms. Boswell: Over the years would you say that you developed a sort of philosophy of taxation? Are there certain elements of taxation?

Mr. Hodde: I think it grew up with me as I went into it, yes.

Ms. Boswell: How would you describe that?

Mr. Hodde: I don't know if it's a good description, but you've read in some of the things I've said that taxes were a great invention in that. . . .

[End of Tape 1, Side 2]

Ms. Boswell: We were talking about philosophies of taxation that you've evolved over the years.

Mr. Hodde: I guess I was just commenting that taxes are the best invention we ever had for equitable appropriation of resources for what might otherwise be called charitable enterprises. And while they may not always be fair, they're better than we could ever accomplish with a voluntary contribution act, for example, if we're improving the roads or whatever.

The original concept of taxes goes back to when the Romans occupied Jerusalem and taxes were a gift to the king, commander, but when taxes got down to where the money collected is paid back for the benefit of the people in the taxing community, then I think it's one of the best inventions we've ever had in that respect.

Ms. Boswell: I noticed in reading some of your speeches and articles about taxation, that you really emphasized that equity should be the major goal of taxation.

Mr. Hodde: Taxes should be equitably levied so that the burden is not excessive on any one person, but I do not go far enough to say that it should be a way to penalize the rich in favor of the poor. Basically I think that there's a hard line to draw, there, between saying it ought to be a way to control excessive profits on the part of–

Ms. Boswell: Sort of redistribution of wealth?

Mr. Hodde: I think there are other ways that it has to be done that involve fairness. I don't say that if the value of my property doubles in ten years, that I ought to have half of it given to the federal government–I don't want to give the wrong impression–but that it is an equitable way to get contributions of a reasonable amount from people to support things that they cannot do equitably by voluntary effort.

We still have a lot of charity to help old people, and a lot of other things, but I still think that we would not be able to do as good a job as we are with our payments to social and health services, although we're not always proud of what's happening there.

Ms. Boswell: What about business taxes, generally? I think some people today have the philosophy: tax business, don't tax us poor individuals. How do you feel about that?

Mr. Hodde: In one way we do that by making them the collectors, like on the sales tax and so on. That doesn't mean that even those that are not passed on by law, aren't passed on in the costs of the business operating.

And so my own philosophy is that business profits should be distributed to stockholders, and then the stockholders should be taxed in relation to their ability to pay, but that the first taxes on business should be to pay for the public developments that are necessary to the support of their business, rather than whether they're making a profit or not. And so to that extent, the B&O tax could be improved–I've had some articles on that–so that we eliminated from the B&O tax certain incomes that are taxed otherwise. I don't want to go into detail on that right now. I think that it's not essential that business be taxed on a net income basis. I think that there is a better basis on their gross income, related to the amount of public service that's required to keep their businesses going.

And I still favor an income tax, federal and state both. But let that tax be on the eventual recipients of the money from corporate net earnings, even if it's not distributed. Well, you'll get into a lot of argument because there are some corporations that only want to build up the value of their stock, they don't want to distribute any money to stockholders. They keep it there. You've got all kinds of complications like that. But the basic thing is, that initially nonprofit or otherwise, they still should pay business taxes to support the public demands that they create, roads or streets or police, or whatever.

Ms. Boswell: You said you were still today a supporter of the income tax. What do you see as the future of that?

Mr. Hodde: I don't really try to keep up with whether there's any possibility of ever getting it here. As I said–I made a presentation and I think you may have a copy of that, it's in this last bunch that I put together here–as late as '92 or '93 or somewhere along in there, when that thing with the Legislature had been discussed and I was invited to comment: I still think we could improve our

tax system with an income tax. But the chances of getting it done are not very good. I think it's partly because the people have become quite resistant, because of the federal income tax that makes them feel like that they don't want the state to get into that kind of business. And my last suggestion was–I'll only mention one part of it that I thought was most important–that the tax rate on the state income tax should be tied by the state constitution to the same rate as the sales tax, so that one can't go up without the other. That would guarantee against trying to overload the income tax. I don't want a graduated income tax on the state level as long as we have a graduated tax on the federal level. I propose that we have an exemption level equal to the median income, so it would put no income tax on people right now under thirty thousand dollars per family. Then they'd pay their, say, four percent above that, which means that if they had forty thousand dollars they'd only be paying four percent on ten of it, or one percent on the total. When you get up to people with a million dollars income, they only have the thirty thousand dollar exemption, they'd be paying almost the full four percent. And the reason I use the four percent figure is that the information given in research at the time was that if we had a four percent income tax, we could cut the state sales tax from six and one-half to four percent. Now if they both had to go up together, the poor people who aren't paying anything on the first thirty that are under that, couldn't continue to raise the tax on the rest of them without raising their sales tax on what they're buying.

[End of Tape 2, Side 1]

2

FEDERAL SERVICE

Ms. Boswell: We talked last time quite a bit about your role with the state tax commission and service under the Rosellini administration, and I think that in the Jack Rogers interview* there's something about the department of General Administration in particular, so I want to, if we can, jump ahead a little bit in your career and talk more about your service with federal agencies. But before we leave this state, I'm curious about your assessments of the Rosellini administration.

Mr. Hodde: I think that I might almost sound like I was bragging it up too much, but if you keep in mind the financial statistics for the state, we were building a deficit. We were not keeping the budget balanced. We were having trouble, all through the previous administrations. While we did come up with a very substantial surplus of revenue in the Wallgren administration–that was in '44, '48 –I thought that we had the state in a good balanced budget situation. We had some surplus cash.

Well, when you have a pile of money sitting up there, somebody'll find something that's an emergency. So what happened is, they filed an initiative to establish the state old age pension system, and after the '48 election we didn't have any money. We were busted. It took more money than we had in surplus to get that thing going, and we had a shortage of projected revenues. So that, of course, was a burden that fell upon the Langlie administration who had the next eight years before Rosellini came in. During that time–and I should point out this–the reason we had a surplus in '47 was that during the war years we were not able to spend money. We couldn't do capital improvements. We couldn't make expansions in areas even though they seemed desirable; all the money had to go into the war effort. We had had a raise in the sales tax that Langlie insisted on in his first term in the '40-'44 period there, that we never really needed. That increase in the sales tax during that period is what really built up the revenues.

Then we went into the Wallgren administration and we had a Republican Legislature, and I give them credit– they were mostly a stingy bunch. So it was my proposal then–of course, I was in the Legislature and not working for the governor–that we immediately allocate this surplus to school construction, which we were way behind on. Kids kept coming.

Wallgren wouldn't go for that, nor would the Republicans. They wanted that nice, little surplus there. As I say, then the pensions took that up. Then we had to expand taxes some in order to try to keep the place going.

But during the eight years of Langlie, we gradually built up a deficit, and he was handling it by borrowing from the highway fund, which had a surplus coming in from the gas tax, not through regular general fund increases. For most of the first of his term, if you check the record, you'll find that the banks were allowing the state to run a month behind with their payments. They were accepting state vouchers at full face value. If you got paid with a voucher instead of a check, you could take it to the bank and they would treat it like a check.

Then they told him that they were not going to be able to do that any longer because we were getting enough behind that the banks were in effect making interest free loans to the state. So that's when he became irritated about it and decided that they should borrow the money from other state funds and not subject the state to interest paid to the banks.

This meant that we proceeded for some time there, because we had a big surplus in the highway fund. They had not been able to use the gas tax that came in during the war years, and it was piled up there. I'm not saying whether it was good or bad, I'm just saying that that was what enabled us to keep running the government without raising taxes during that administration.

When Rosellini came in–it sounds like peanuts now–it seems to me like we were running in the neighborhood of–sometimes it was higher than others–thirty-five to sixty million dollars behind of actually having a balanced budget. Hand it to Rosellini. He was–I think I mentioned to you before–a stingy governor. It was rather amazing to a lot of people who expected when Rosellini came in that we'd start wasting money–you know, old bunch of Democrats.

Well, it really got tight. So we were making some gains in relation to the deficit, and actually collecting more money than we were spending a good share of the year. But the way our revenues came in, because of the property tax only being paid twice a year and so on, most of our deficit occurred at the end of the biennium, which is where it shows up. That was because the state's biennium or year ended at the end of June. By the end of June, we had paid all the money out to the school districts that they would use in the twelve

* Jack Rogers, 1986. *Charles William Hodde*. Olympia, WA: Legislative Oral History Program.

months of paying the teachers, two months of which they paid them after school was out. July and August really belonged in the next biennium. Here they would have a surplus of thirty-five or forty million dollars in the school budgets, and we'd have a deficit in the state budget.

When that got straightened out–and it really didn't all get straightened out until after Rosellini was out, but Evans followed through on it–the deficit disappeared. But largely it was because we did collect enough money to pay all our expenditures and gradually get it down. That's the reason I say that it was a little bit surprising to some people to find out that Rosellini really insisted on his departments running on a very tight budget.

Ms. Boswell: Is that a quality you respected in the governor? Is that something you think is necessary?

Mr. Hodde: Maybe I didn't expect it, and maybe that's the reason I speak of it as somewhat of a surprise. He even has a reputation among his acquaintances of being pretty stingy when he's spending his own money for his own purposes.

Ms. Boswell: I seem to remember you talking about him never having any money when you went anywhere.

Mr. Hodde: I guess the reason that I enjoyed working for Rosellini was–most people like to think that somebody has respect for their opinions and wants their help, and listens when you talk, and he certainly did as far as I'm concerned. As you can see from the record, he put me on any number of committees, including the one that established a budget system that assured that we would not have a deficit. It largely was the fact that he talked the Legislature, and I had to appear for him even in the middle of my problems in General Administration, to assure them that this thing would work and it was done properly. It really just says in very simple terms–not quite that simple but in simple terms–that if the governor or his advisers determines that we're going to run a deficit, we're going to spend more, he has only one choice: he can call the Legislature into session to raise more money or cut budgets, or he has to personally get his own departments to cut enough to keep the budget balanced. That is still in effect. There've been some slight modifications, but it's generally still the same thing. So he did bring to the state the real importance of keeping a balanced budget.

When you look at the troubles in the federal government now, you realize that maybe they should have done the same thing. One of the reasons that we run a federal deficit now–and I don't want get into that in any detail–just the interest on the deficit accrued in prior years takes a hell of a big chunk out of the revenues that the federal government is collecting.

Ms. Boswell: One of the big issues here in Washington State in the last election was financing for a new stadium in Seattle. That financing in part came from new kinds of taxes imposed and also new state revenues from–I guess you'd call it gambling–a lottery.

Mr. Hodde: Let me put it this way. If I were expressing my opinion, I might be personally somewhat critical. I don't deny that there are certain economic benefits to Seattle to have this done. I have some concern about the tremendous level of expenditure required to keep a good, professional team. When you've got to raise this guy's pay from seven million to fifteen to keep him or something, it just seems to me it's not what athletics were intended for. Maybe that is a great thing. Sure, I like to see the Seattle teams win, and I watch them and I hope they'll win.

I don't think it's near as important as the contests in the high schools and grade schools to get the athletic skills up, but I hate to think that those are just training areas for professionals where only one out of ten thousand will make it. Maybe that's the reason that I haven't as much concern about whether they get their money for the stadium or not. If I were a legislator, it would have been difficult for me to support the state's contribution to it.

My own suggestion was–a few people asked me about it at the time–that I thought maybe the only thing the state should do would be the reverse of what the county did when we built the second Lake Washington bridge. That was at the time when I was in Rosellini's administration. It was going to be a toll bridge, but there was a question about how much it would be used. My proposal, because Seattle wanted it–they thought it would be beneficial to them–was that the state would finance it with state bonds and the tolls would go to pay them off. King County would only be required to put money in if the tolls were insufficient to pay the interest and payments on the cost. And so they agreed to that, and it was the thought at the time that there might be a year or two when traffic was down that they might have to pay several hundred thousand dollars. They never ever paid a dime. The traffic built up and the tolls took care of it, and they never had to pay anything. My suggestion was that the state might do the same thing on a proposal that sounded reasonable in letting King County or Seattle raise the money for the stadium, and just put a guarantee on their bonds. The reason it would be helpful is that it would reduce the interest rate they'd have to pay, substantially, on the borrowed money to have the state as a backup guarantee.

Well that isn't what happened, so I don't have any strong feelings about it except that I sometimes wonder whether there's that much advantage in having the baseball team play out in the rain, when the others would rather be under the dome.

Ms. Boswell: Did you ever consider as early as, say, the Rosellini administration, the notion of using a lottery or some other kind of gambling activity to help finance it?

Mr. Hodde: Not at all. I was always against it, and I am yet. In spite of the fact that we seem to be going for more and more gambling, and say, "Well, look, the state gets some money out of this. We only pay out a little over half." Then I say, "If you really want to gamble, you'd like to have odds better than one out of two million."

Ms. Boswell: One out of two hundred million.

Mr. Hodde: In other words, even if you won every lottery–supposing you bought all the tickets–you would lose half. What I'm saying is that it's just a way to leverage. I hate to use the term "greed" but the people who play the lottery hope they'll be the big guys and they'll get something for nothing, or for very little, that will make them independent for the rest of their life.

Now with the Indians proposing to expand more and more–sure it will make a few jobs, but if the money that is put in there by the gamblers is put into some other useful enterprise, I think there'd be more benefit. You just have to realize that I don't know for sure what background of mine makes me feel that way, but–sure, I'll bet two bits on a ball game or something just as a fun deal, but I've never bought a lottery ticket. Actually, in most cases that I've read about and have followed, the winners get their life pretty well even destroyed. They are not really helped that much. When you think about things that have happened–

We had an attorney general who was going to run for governor, and then they disclosed that he'd been down to Nevada and sunk quite a few thousand dollars in losses in gaming there, and he just had to drop out of the race. I won't mention names, but I'm just saying that that is a substantiated fact that it can be very damaging to people at times. And so I don't look at that as a good way to raise revenue.

I don't know whether Rosellini's ever made a statement in recent years about what his position is on that. But that was my personal position.

Ms. Boswell: You have indicated that some of the things Rosellini did surprised or may have run counter to his reputation. He was considered by many a good politician. Why did he not have particularly good relationships with the press?

Mr. Hodde: I thought his relationships with the press were not that bad. There were some people who were in the press that didn't like him as a senator, and that may have carried on. But in comparison with what I experienced later with another governor, I think they were pretty fair with him.

One of the good illustrations of that I think I mentioned, or I might mention later. I was very happy in my position on the tax commission in the first two years of his administration. Then the person that he'd appointed as the director of General Administration got into some trouble. The *Seattle Times* was investigating it, and they decided they had enough evidence that they could make a big story out of it. But did they surprise him with it? No. They went right to him on a Wednesday and said, "This will have to be in the paper by Friday, and we want you to know that this is going on there, which we doubt that you know about, so that you will be able to anticipate it."

He really moved then. This was, like, on a Wednesday afternoon, and that night he called me at ten o'clock and said that I'd be the director of General Administration the next morning. I like to think it was because he thought that at least I had the reputation with the press that I didn't lie about things, and I operated in an honest manner. And so the next morning when I went down there, that's what he told me. He said, "This story's coming out." I didn't know about it. I'd heard that they were making an investigation because I was a good friend of Ed Guthman who was heading the investigation and I knew about it. If the press had not been friendly to him, they wouldn't have given him an advance warning that "we're going to expose corruption in your system." In effect, I think it got him out of that problem without any political damage, really. So I don't agree that they were necessarily hostile.

All of their stories were not favorable because the press at that time, much of the press, were conservative and Langlie lovers. I say it in a little bit of a humorous way, but Langlie didn't always operate as conservative as they liked to have him operate. But nevertheless, the press, in my opinion, became much more liberal in more recent years.

Ms. Boswell: I wonder why you see that total turnabout.

Mr. Hodde: I don't know. As you read the press now they seem to be getting lined up almost solidly against Gingrich and the Republicans in Congress. I don't find

them picking on the state Republicans that bad. I think that's a little different than we experienced in the '30s, '40s, and '50s, all the way up there.

Ms. Boswell: You always had, at least from anything I ever read, a very positive relationship with the press. Do you have anything to attribute that to?

Mr. Hodde: I don't know why, except that I do think they treated me better than anybody else I ever heard of who was in politics.

Ms. Boswell: All the articles are glowing about you, pretty much.

Mr. Hodde: There was an exception, and I don't have any clippings from that, but there was a publisher of one of the papers in, I believe, Chehalis, who tried to make a fuss about things. Another person who wasn't a really good friend of mine in the press was *The Spokesman-Review*'s special writer. Actually he was so bad on the Democrats that they wanted to take away his press pass–why don't I think of his name?

Ms. Boswell: Ashley Holden?

Mr. Hodde: Ashley Holden. They wanted to take away his press pass. I was in the Legislature then, and I argued and voted against it, and he kept it. But nevertheless, it wasn't because he supported me, because he had been extremely antagonistic. When I was running for governor in 1952, he wrote an article that almost directly said that I really was a Communist, that I had been known to be communicating with them, and that somebody had given him the information–one of my neighbors–that he'd found a letter from the Communist Party in his mailbox that was supposed to go into mine. Something like that.

I was just getting on the plane to go to Spokane and when I got to Spokane, right in the airport, I called up the *Spokesman-Review* and I told them that if they didn't have a front page article refuting that whole story, that I was going to file a suit–which wouldn't be allowed as a politician–but against them for printing an absolute falsehood with no basis. They did. They put a good article on the front page, and they fired Holden the next day, and he went to Okanogan and worked there.

I think the reason that I had such good relations or as good as they were with the press, was the fact that I never gave them any false information. I told them the truth, and they knew that they could depend on what I said. I don't have any other answer to it except that if you treat them right, they most always treat you right.

Ms. Boswell: Were there certain reporters that you trusted more, that you would go to if you had some information that you wanted to be in the press?

Mr. Hodde: I don't think especially. Although I would have to say that Ed Guthman and I–he was involved in some investigations on the Canwell committee and various things–we had a very good, close relationship in that respect. I would say that he was one. I might even have been accused of favoring him with some information or something like that–but most of them I don't think that there was that kind of a feeling.

Ms. Boswell: What made a good reporter? What was it about Ed Guthman that you particularly liked?

Mr. Hodde: He had a real way of digging out things, like in that investigation which he did to clear the University of Washington professor that was charged by McCarthyism. He put in lots of time at it. He went back to Washington D.C. then as an assistant to Kennedy's brother, and later was an editor for a Los Angeles paper. He just was one of these guys that would put the time in necessary to come up with the answers. That's the reason I liked him.

Ms. Boswell: Was that Canwell era an intimidating period for you?

Mr. Hodde: I resented the way Holden approached things. Like I said, even though some of his comments about the Legislature made them want to take his pass away from him, I didn't think that that was justified, really. I don't know if he's still alive or not, but he's older than I am, and he was still kicking around Seattle last I heard.

Ms. Boswell: We were talking about just sort of an overview of Rosellini and your feelings about him and his relationships with the press.

Mr. Hodde: I think he's continued to be a pretty good public servant after he's out and been defeated. He's been on the Transportation Commission. He hasn't dropped out. I still think that he was one of the better governors that we ever had. Most of that was because he took Charlie's advice, you know.

Ms. Boswell: I think you're very well-known for having been able to get along with a lot of different governors. You served under many.

Mr. Hodde: I think so, too. And I don't think that's a bad thing to have said. I know that–I think it was the *Times* that ran an article one time that said Governor Langlie was able to get along better with Speaker

Hodde than he was with his own people, even though I did end up running against him for governor, or tried to.

Ms. Boswell: What about Evans? When you went back to the tax commission as the chair, you were under Evans, weren't you?

Mr. Hodde: No. When Evans was elected, I was chairman of the tax commission. I guess Evans didn't have any plans to change, but I was of the opinion that whoever went in that office had to be an appointee of the governor's, someone who had been a supporter of the governor's. And so I told Evans that I was going to quit. His friends, afterward, told me–I guess it was George Kinnear who was the new appointment–that Evans was really upset that I wanted to quit. Well anyhow, he appointed George Kinnear and brought him in and introduced him and we cooperated very well without any problems in the changeover.

Then after I quit my federal job and came back, Evans put me on his tax advisory council and the committee to support the income tax which he was having submitted, and so on. I worked with Evans on several different proposals, but never as a paid employee.

Ms. Boswell: Once you left the tax commission, you did go into some federal service. We should talk about that.

Mr. Hodde: I might mention just as a short interlude there, that I didn't have a federal job when I quit. I didn't have any job. I thought I'd be going back over to Colville and farming again, or logging, or something. But I was talked into working for the state Senate as a consultant starting right away in January of '65.

I worked there as a consultant mostly with the Ways and Means Committee, until this job was lined up for me by Jackson and Magnuson, the senators, because they had an opening for what was called the regional coordinator for the Department of the Interior, and they thought that my background as a farmer and a logger would make it a good deal. We had been involved in campaigns together, and things of that type, and so I went down there then in–I guess it was–April of '65 and worked for the Interior Department.

It was a regional job with headquarters in Portland. You were really the Department of Interior monitor on what's going on and all the different things they had going in Washington, Oregon, Idaho, Montana. It was pretty much all the Columbia Basin drainage area. It gave me access to an awful lot of the area of that type.

Ms. Boswell: The Interior Department has a lot of agencies under it. So you were sort of monitoring all of them?

[End of Tape 3, Side 1]

Mr. Hodde: I won't try to recite all of it, but I think in all natural resources that the federal government's involved in. And other things like the Job Corps camps, when they were trying to take care of problems due to lack of experience and men that were not able to make it on their own. I just can't list them all this way, but the whole deal was that there would always be problems the department had with the states. And one reason they thought I was a good person for the position was that I had a state background, and yet understood most of the water resource problems. So all of those things were involved with that, and it turned out to be quite an interesting job. I was there, I guess, a little over two years or so before I switched over to the head of the water resource planning commission to be established, the Pacific Northwest River Basins Commission.

Ms. Boswell: Was your job mostly as a liaison?

Mr. Hodde: I got an introduction to how the federal government operates which was quite surprising to me, and I used to, in somewhat of a joking manner, say that I understood why they were running a deficit. They would say, "What do you mean?" "Well," I said, "just a few days ago I got a call." I'd just got to work at eight o'clock in the morning, I'm in Portland, and the caller said, "Secretary Udall wants to talk to you." I said, "Well, I'm on the phone." "No, he doesn't want to talk on the phone. You get back here." So I fly back to Washington D.C. and I have a twenty or thirty minute talk with the secretary about some problem–that's immaterial–that's all, and then I fly back. Only five thousand miles to have a twenty or thirty minute talk with the secretary.

I had another call which is another illustration of it, after I'd just got to the office. "We just got a call. They'd like to have a speaker to explain something to them down at San Francisco at some Kiwanis meeting this noon." Or maybe the chamber of commerce. Anyway, one of the associations down there. "Could you get down there?" I said, "Well, I think I can." So I fly down there, they meet me at the airport about eleven o'clock, I go in and I make my talk, explain to them and answer questions and so on, go on back out to the airport, and I'm home for supper. Now that wasn't cheap, you know. I'm not even saying that maybe it wasn't worth the trip. I'm just saying that I was rather astonished because in the Rosellini administration, we didn't waste money like that, or use that much travel and all.

Ms. Boswell: Was your Interior Department job primarily traveling,?

Mr. Hodde: No. That wasn't the main thing. I did quite a bit of traveling because–and the two kind of tie together, I'll be lapping over into the river basin issue–the department had problems in all the Northwest states. I went to a lot of meetings where these problems would be discussed, so that we'd get the proper information and the secretary could pass on what the federal government thought should be the way the problem should be handled. It did involve quite a bit of travel away from the office.

One little sideline to that was that Oregon State has an income tax and Washington State doesn't. I was living in Vancouver, but because my office was in Portland they thought that my salary was taxable under their tax law. And I discovered that if you had a regional job you had to pay a tax on that proportion of your salary equal to the percentage of time you spent in that state.

Ms. Boswell: If you work all day there, that's a big percentage.

Mr. Hodde: It really turned out that I was out of the office in other states besides Oregon, almost half the time, so I only had to pay tax on half my income.

I just use that as an illustration of how travel was involved, because we had all kinds of problems that the Interior Department was involved in–a lot of it in water resources and dam construction. All that stuff was going on in Montana and Idaho and Washington and Oregon, particularly some in Wyoming. Mostly they were involved with the Park Service which was in Wyoming–Yosemite and Jackson. It took me all over this district quite a bit.

And when you went to represent the secretary of the Interior, and the department had a lot to do with how much money they got and what was done with it, why, you got a lot of attention.

Ms. Boswell: Was there somebody who was over all the regional administrators, or was it the secretary of the Interior himself?

Mr. Hodde: No. They had a section. I forget just exactly what they called it, but it had to do with the public relations and developments. He was my immediate contact. Otherwise it would be somebody from whatever agency was involved.

Ms. Boswell: Was there any particular issue or problem that you were particularly interested in?

Mr. Hodde: Quite a bit of it would be related to Bonneville because they were under the Interior Department and had a lot of activity going. So a lot of it would have been in that particular area of activity.

Ms. Boswell: You generally enjoyed that kind of work, then?

Mr. Hodde: Oh yes, although in some ways you weren't always sure that your time was well-invested. But you did the best you could. I think I enjoyed it, all right. I would have stayed with that job except that the Congress got interested in establishing these regional water resource agencies where the federal departments, like Interior and Bonneville, that had an interest in what's going on in the world, would meet with the state agencies which were interested in the same thing. That's what was done when they set up the River Basins Commission. I helped put it together, really, with Jackson and Maggie. Each of the federal agencies involved had their department's representative at these meetings, and all of the states had their people there. Each state that was involved had their members on the commission, and each federal department that was involved, like Interior, Army–I can't name them all, there were about seven or eight of them that had some involvement.

Ms. Boswell: And overall, what was the mission in the River Basins Commission?

Mr. Hodde: It was to plan for future development and restraints and whatever was necessary to make the best use of the water resources, whether it would be for power, irrigation, or what. And to evaluate the consequences of actions that were being taken, and things of this type. It wasn't just this area. That's one of the reasons that I did a lot of traveling during that time, being the chairman of the first one that got started, and having gained some experience. They were not generally organized in the South, but we had one here in the Northwest, we had one in the Midwest, we had one in New England, and I think there were more.

But anyhow there were several of them all over, and it usually fell to my duty to go and help them organize, explain the bylaws, and how we operated and all that. So I got a good deal more involvement than would have been just locally.

Ms. Boswell: So you actually went to the other regional commissions and helped them get set up, too.

Mr. Hodde: I even was asked to represent the federal government's viewpoints on these things, and US

viewpoints in international meetings. We had one big meeting up in Banff, Alberta, that was principally in regard to weather modification; I was there representing the United States in that particular field. One of the talks that is in that package is about that.[*] If you look at those you'll find that again, a number of those were given in these other regions that were organized as to what we were doing, and what we were trying to do.

Ms. Boswell: As chair, what were some of your personal goals for your commission?

Mr. Hodde: I don't know whether you can call them personal goals because they didn't have anything to do with my background activity, but there were several things that I could comment on, if we wanted to go to that much involvement here, that have been dropped, that I think shouldn't have been dropped.

I wanted to get something going that would, in effect, build some cooperation between Canada and the United States on water resources. One of the biggest problems we had at that time was the efforts by California to divert the Northwest rivers down in some manner there. I had a plan that I'd evolved that I thought had a lot of logic to it that would have actually diverted water from the Canadian streams flowing into the Arctic Ocean, with a much smaller amount of lift and pumping required than the one that was offered by the California people to bring water down from British Columbia. But it would have gone down the other side of the Rockies and furnished water to parts of Canada, the Dakotas, eastern Colorado, and on around, and ended up in California. It would have been a long term project, but I thought it had a lot of merit. I couldn't get the cooperation of British Columbia, which was quite important, because the premier–whom I'd become quite well acquainted with, the top guy on this particular problem–said that they were so irritated at the United States because of the treaty they'd made with them on the Columbia River which restricted their use in certain ways that they thought were very damaging, and so they couldn't cooperate in others.

One of the projects that I promoted and still think that had a lot of benefits, would be the diversion of water from the Columbia into the Arrow River, which flows down into the Fraser, by a small pump lift to get over the mountains. Then divert some of that into Lake Okanogan which was pretty badly polluted, and get additional water into the Okanogan area. Then they can get irrigation water out of the river there. We couldn't get the cooperation at that time. It might be developed in the future. I think some of those things will come to light again.

I might mention one other they were having a big fight over: Where we could locate nuclear power plants. I wanted them to–partly in relation to fish habitat and maintenance–build a dam in Benton County. It would take really not a terrific expense–sure it would cost some money–to build a dam right along the Columbia River that would block a large, dry area. You could put a lake into that dry area in the southern part of Benton County that would hold about a million acre feet of water. That could be filled during high water times in the Columbia River and actually relieve some of the pressure downstream, and then be used for irrigation and power-peaking during the low-flow periods, and also add stream flow for fish ladders. It got quite a bit of attention, but after I left there it just sort of died out–never heard anymore about it.

Even the state was interested enough in it that the Natural Resources Department agreed that they would trade sections of land in their schools trust fund for land in other parts of the state, so that they would have access to that without condemnation.

Some of those projects I think still may come to life someday. One thing that happened: Nixon became president, and the ideas on expansion of agriculture in particular just practically disappeared, so there was little incentive.

The commission operated through the '70s, about another ten years, but not with a great deal of influence. Finally they just quit appropriating money for it. I don't know if it was ever repealed or not, but they didn't appropriate any money so it all stopped.

Now, they did put in the Pacific Northwest Power Planning Council whose main interest is in–they have to get into the salmon preservation and all that–but they are interested in the use of water for power and energy. Some of those studies are still going on–no question about that–but the thing that kind of irritates me is that they virtually paid no attention to irrigation development, which I still think is important. Even the Columbia Basin area that works out of Coulee Dam has never been fully developed. Maybe it never will be, but I think someday we'll get hungry again.

So it was an interesting experience. I was with the federal government a little over five years.

Ms. Boswell: That was a time of growing interest in environmentalism. How did the commission balance between the needs for water for a variety of purposes and environmental issues?

Mr. Hodde: I think that there's criticism going to be levied on both sides as to how the thing might have

[*] For a list of speeches on water resource management, see Appendix D.

been handled, but basically, there was a lot of opposition to agriculture development. Some people have felt that we never should have built any dams. You have some people that are that adamant about disturbing nature. Yet there were some of us that thought that there were more improvements made in controlling the flow of the Columbia.

For instance–I don't remember the year right now–before the dams were all in there they had a huge flood down in Oregon that wiped out the whole end of the town between the airport and Vancouver on the Oregon side. And so I think there were a lot of benefits to the water development that occurred, and maybe we could have better understood and handled the salmon deal, but I'm not sure we could. I might be classed as one of those who has some concern at the present time that our great concern over trying to improve the salmon run might result in a very substantial increase in the cost of power and the availability of water for other resources. I'm not one of the people that think that the rivers should just be allowed to run to the sea and don't stick your foot in it, you'll get it dirty.

Ms. Boswell: As chair, did you have to deal with environmental groups? Were they part of the discussions?

Mr. Hodde: They appeared, yes. They were well-represented, and I don't think we had any real big conflict with them in our studies.

Now you have to keep in mind that this was just a planning organization, not one that made the decisions and implemented projects. In the short period of time that the commissions existed, it looked like they were going to have quite a bit of influence. I'm not sure that they did because of the fact that they were not continued.

I think they should have been. One of the problems–and I'll be a little critical: this was a presidential appointment. I fully expected that I would be out immediately when Nixon took office, but it was almost a year later before they accepted my resignation and appointed an Oregon Republican who had been in a prominent water position down there. But he had such an aversion and hostility toward the federal departments, that they almost quit functioning. The federal departments wouldn't even send their top people to a meeting because he only met with the state people.

Then after Nixon went out, and Carter appointed an Oregon Democrat as chairman of the commission, I think he might have gone overboard the other way. Anyhow, that's when they finally decided they couldn't finance it any more.

There was one part in the bylaws that were adopted and stayed that way: that any recommendation, any final recommendation the commission made about the future development had to have the unanimous vote of both state and federal officials–at least the state and federal had to agree, and that made it very difficult to get anything very important to come out of it.

I think a story that probably should go in the record is that I served quite awhile under the Nixon administration. I had prepared a resignation, and the Republican members, particularly the state agencies, said, "We don't want a change. We think it's got to stay like it is. You're doing a job that needs to be done, and we'd rather not make a change." So I said, "All right then, I won't send it in." Well, Nixon took office in January, and I think it was probably about November when I got a call from Jim Watts, who was assistant secretary of the Interior at that time, and he said, "Charlie, were you ever talked to about the possibility of your resigning? The problem we've got here is that we've been told by the administration that we have to find some more jobs for some of our good people out on the West Coast, and looking at them, you've got about the best paying job out there, so we're going to have to take a look at it." And I said, "Well, I was ready to resign. I'm a politician and I was ready to resign the day he took office, but the people out here told me I shouldn't. If you want my resignation, it'll be in right away." "Well," he said, "I think we're going to have to ask for it." And I said, "All right."

I sent a letter in and a few days later I got a call from Jim Watts, and he said, "Charlie, how long you been working for the federal government?" And I said, "Well, it would be five years in May if that's what you're asking about." He said, "Yes, it is." You have to have five years or you don't get any retirement, that's the minimum. He said, "We're going to go ahead and appoint another chairman, and I don't know what you're going to be doing, but you're going to be working for the federal government until after May."

They set up a national committee on how to plan–not planning but *how* to plan. There was a person from California, and myself, and three or four others from all over the United States. How you should plan for water resource management and so on. And so I served on that committee full time, paid the same salary until August or September, something over the five year period. So even though there's some things about Jim Watts that I never particularly liked, I have to say that I enjoyed that work too, because I think we did come up with the recommendations to the Army, and others that were doing more resource planning, that could lessen the cost and increase the effectiveness of it. I can't tell you just how well the plans that we proposed have been used. Nevertheless, I would say this: that I get a check for–I won't talk about the amount–a fairly good check

from the federal government every month now that's due to Jim Watts keeping me on that extra three or four months.

Ms. Boswell: That was a pretty nice thing to do.

Mr. Hodde: I was just going to say that some people are pretty nice, even when other people think they aren't.

Ms. Boswell: Was this a fairly prevalent concept in the '60s, this notion of the federal government planning on a regional basis with the state governments?

Mr. Hodde: This is what we were trying to establish because, basically, much of the time before that when plans were made–whether it was construction of a dam or what–the federal government made the decision, and everybody lobbied the federal government. They didn't have any combined effort to put the thing together ahead of time. I don't know that it would have been a whole lot different than what we did, but at least everybody would have had more of a say in it. We'd been doing that in the earlier years when we first started in on development projects.

Ms. Boswell: Was that an innovation directed by Johnson? Was part of his "Great Society" programs?

Mr. Hodde: I don't think it was tied in too much with that kind of thinking. I think it was just a question of natural resource preservation and use; that was the main thing. Water became very important, and that was accented a good deal by the fact that California was trying to promote diversion of water from the Columbia system.

Ms. Boswell: Were California representatives also on the commission?

Mr. Hodde: Not on this commission, no.

Ms. Boswell: So it was only the upper Northwest?

Mr. Hodde: Oregon, Washington, Idaho, Montana and just the Columbia River drainage part of Wyoming.

Ms. Boswell: Were any particular policies or any areas of interest that you particularly wanted to stress for the river basins area?

Mr. Hodde: I don't think that the commission had as much effect as it should have, but I think there was some better cooperation developed. Let me put it that way: Much of the development that was anticipated then has never taken place. We thought at that time that there would be a continued emphasis on more agricultural land development and all that, and that practically died out completely during Nixon's administration. Maybe it wasn't necessary. We're still eating pretty good.

Just as an illustration, there was another item that you might want to discuss when we're talking about some of the commission's lobbying activities. There was a lot of discussion about much-expanded agricultural use of water. The Columbia Basin Project during those years was supposed to be enlarged, you remember, and that whole huge area that would be put under irrigation water that's not under water now. A lot of that just sort of died out. They quit talking about it and some problems remain. I think the expansion of the Columbia Basin Project never paid off because they never got enough of it done.

One of the recommendations that I made during my term with the Interior Department and the River Basins Commission was that they should have diverted the original water of the Spokane River up Deep Creek to get it to this added part of the basin, instead of going through Banks Lake and building a huge water transport system around there. My argument was that if they did what I was suggesting, they could immediately start developing right where they came out of the river. So there's things like that that I haven't completely given up on that I think I could have done better. But now, there just doesn't seem any particular push to get more land.

One thing that I was going to mention was that there was so much feeling at that time that this would be a very profitable thing to do that corporations were getting into the agriculture business. They were talking about developing hundred thousand acre farms. That created so much concern that in later years, after I left the commission, the Grange decided they ought to do something to protect the family farm. I worked as a consultant with them in putting together their initiative, which we called the "Family Farm Water Act," which we got passed, which limited corporations initially to ten thousand acres which they had to break up into not over two thousand acre farms within ten years after the development. It's never really been needed.

The main thing that we got out of that–and I'm getting into a different subject matter now, I guess–from a water resource standpoint, the corporation began to lose money like mad, and they started selling off instead of expanding.

[End of Tape 3, Side 2]

Basically, irrigated farming just didn't prove profitable

enough for a corporation to want to continue. I don't think we've ever had a water right from a corporation even to develop the ten thousand acre limit and break it up, try to make money that way. They just found other things that were better to put their money in. So where the Horse Heaven area one time looked liked they were going to have the whole thing developed into a hundred thousand acre farm, it still isn't developed. The one corporate development that was made there on Badger Mountain, which was then broken up into largely farmsteads and grape producing areas, went bankrupt. I even had one of their ten thousand dollar bonds that they quit paying on. Those kinds of things happened, and the interest in agricultural use of water just disappeared.

Even though I've often remarked to the Grangers when I talked to them, that that initiative proved to be so popular and necessary that the Grange gained the biggest membership it ever had.

During that period of time–I can't give you the exact figures–their membership went to something like 70,000, which is a gain of ten or fifteen thousand over what it had ever been before. But now they're having difficulty keeping it up again because those people joined because of those agreed projects. At that time it looked like, well, if we don't do something about this corporation, it's going to do all the farming here, and the farmer now will just be an employee.

Ms. Boswell: So expanding the irrigation area was a real important issue?

Mr. Hodde: It was a big problem, no question about it. There were other problems that haven't actually developed, that were incentives for this. And like I said, the diversion of water to California was one of them. There were all kinds of things you could talk about like that. I even suggested that they look up the possibility of taking water from the Columbia down below Vancouver before the salt water mixed with it, and barging it down. Now that sounds impossible, but it costs an awful lot of money to build canals too. But anyhow, desalination, various other things that could be tried. That may develop again some day. It's still quite possible that the shortage or the value of water will be important enough there, that there'll be ways found to utilize it.

The other way that we never did any real study on–just to show you the imagination that can go into this–if the canal were built right along tide level with a structure out in the ocean, the water would in effect be pumped by the tides. In other words, when the tide is up your barges are high, and when this end is high the water flows down, and when it's down the water comes in again. Sure, those are pipe dreams, but some of our developments have started with things like that. There may be a heck of a lot of power to be made by having a barge do the pumping in the canal, or whatever.

Ms. Boswell: Were there scientific advisers to the commission? How did some of these ideas get generated?

Mr. Hodde: We had some employees, several of whom were transferred from the federal government, and others that were actually doing what we called the initial financial research on such things. Just like I said about creating the reservoir of over a million acre feet of water over in Benton County. We had an engineer that put that whole thing together and came up with the result, which I think was more costly than it should have been. But anyhow, we had something to point to to say that this would not be expensive in relation to the benefits that could be derived.

Ms. Boswell: What about your relationship with the Corps of Engineers?

Mr. Hodde: They were one of the departments that was hardest to deal with when they initially started in the group. They got to be quite cooperative before my term was up. They could do a better job if they were better related to. My big criticism of them, which was also mentioned in the planning commission work that I did after I was out of the commission chairmanship, was that they seemed to think they've got to explore every possible alternative before they picked one. I said that I think that on most cases, the initial judgments are good enough to pick one and then test it, which takes a heck of a lot less effort then testing all the bad ones to see if it might turn out to be better than you think.

But anyhow, the interest had died down so much because right now we haven't got the pressure from California, we don't have the demand for irrigation water, and so on. I don't think it's unimportant but there have been some advances in how water's used that may have taken some of the pressure off.

Ms. Boswell: But you also felt that the lack of interest within the commission to promote this cooperative effort also undermined its effectiveness?

Mr. Hodde: I don't want to be too critical of my successor, but other people have told me the same thing. The reason it fell on its face was that it evolved into what we were trying to avoid: the antagonism and noncooperative attitudes by the federals and the states about who ought to have the say in what they were doing.

The power council is trying to represent that, but

again, these are state people. The combined effort of having the state and federal planning agencies work together has pretty much disappeared. And that's what we were trying to get. So I'd say that in some respects, it was a failed effort. I thought it was a good effort, and I was glad to be involved in it.

Now the River Basins Commissions continued to operate in several areas quite a long time after this one closed. They may still be operating. I'm not sure.

Ms. Boswell: You mean in other parts of the country?

Mr. Hodde: In New England, and the Midwest, and so on.

Mr. Hodde: They have problems quite a bit different, of course. They weren't involved in power and irrigation. They were mostly in domestic consumption and supply of groundwater.

Ms. Boswell: Given the sheer size of the water resources, would the West and even the Northwest have been the biggest or most crucial of those areas?

Mr. Hodde: Yes and no. One thing is that we have so much water in relation to our population that we dream about things that they don't even worry about. They may have a much bigger interest in it gallon by gallon, in New England. In other words, "You can't build a new factory here, we haven't got drinking water for your people." The problems are different, so that they're not necessarily more important here. There is more opportunity here, maybe. Other areas, particularly the densely populated areas and areas like New England, are losing population not just because of the shortage of water, but for various reasons that are associated with the environment, largely. It makes a very important deal to them.

Ms. Boswell: So Nixon came in and you ultimately resigned. Where did you go from there?

Mr. Hodde: I moved back to Olympia. Again, I thought, "Well, we'll probably be going back to the farm again." But I was immediately offered consulting work that paid a good deal better than the farm. I might use as an illustration a fact that you might have noticed when you came here: I've got a vacant lot out here right on the corner. I got this platted so that I could build another house out there thinking that, "Well, you built this house and you built one over in Colville, maybe you might have a little extra time, you can build another house." All at once here, I'm offered jobs that are paying me more money than I ever made working for the state or the federal government and different things. So if my ideas are worth that much, I won't build a house. So it just sits there, something to look at. My neighbor next door–that was originally my home over there before I built this one; she owns that now–she said, "If you ever want to build another house out there, I'm going to quit speaking to you." She doesn't want to get crowded in, of course.

I just say that in fun, but nevertheless, I started work–I thought we were going to discuss a little bit of that–but I think the first offer I got was from the PUD Association.

We had a lot of fights in the Legislature. I had been a supporter when they had been organized way back in the '30s. There was a good deal of opposition at that time–efforts to get the Legislature to handicap them in some manner so the private power companies would have a better run at it. I won't recite the various problems that we had.

Ms. Boswell: Why were you such a supporter of PUDs?

Mr. Hodde: You've got to go back to a little history, there. When I went to farming up in Colville and was in Washington Water Power territory, they had power in town, but they didn't have any power out in the country anywhere. So I had a feeling that we would use enough power to make it profitable for them to build.

I'd been in Olympia as a consultant, and supported public power, thinking about some of the ways we might get it. I was testifying at a committee meeting where Washington Water Power's president happened to be there–he told this story years later when I got back. I was using as an illustration that I'm only three miles from a power line and I can't get the private power company to even talk about building a line out there, so I just don't think that they have the interest, particularly with farmers involved. We'll get PUDs, and we'll treat everybody alike and so on.

Washington Water Power's president went home and a guy showed up a few days later up at my place in Colville and said, "Mr. Post told me that he doesn't like what that Hodde boy was saying up there. 'I want you to go up there and I don't care how you do it, but you make some kind of a deal with him to get power out to his ranch. I don't want to hear that story anymore.'"

Well, that's when we formed a little co-op organization. I think–if I remember right–it involved about twenty-seven farmers and rural dwellers out there. I was the president of the little power company, and we had an agreement with them that we'd put the poles up if they'd do all the rest of the work and string the wire and all that. I think they had to give us the same rates

as they gave in town.

But anyhow, we put it together. A lot of it was just volunteer work by the people from those twenty-seven farms. Way up on the forest reserve or public lands where we could cut dead cedar for nothing, we brought down all the poles for eight or nine miles of line that we built. The power company did their share and they put them in, and we had power way ahead of the REA, the Rural Electrification Association–several years ahead. Had better rates than the REA was able to provide.

After the REA was in there, we decided that maybe the PUD could do better, and so we bought out the REA and the PUD operated it. But because of various problems, the REA didn't have a fair chance because Washington Water Power had all of the cities, except Chewelah which was a co-op. We reached an agreement with Washington Water Power that we'd put it up to a vote of the people, and that the PUD would buy out the Washington Water Power and they would agree to sell to the PUD if the vote was–I forget what it was, whether it was just a margin over sixty percent or something. In case it didn't, then the Water Power would buy the PUD and we'd have one system, which would be more efficient. The PUD lost the election. The Water Power did go ahead and buy out the Public Utility District, which had originally been REA.

In the meantime, we had sold our line interest to the Water Power, so we no longer had any interest in that, and disbanded our company. I have to say this for Washington Water Power: they did a good job. They wanted to prove that they were better. So it's still Washington Water Power territory. They extended lines that the REA couldn't even reach. I think they lost money at it, but they made their point. So there's never been any strong issue in that county to get back to the PUDs. On both sides of them–Pend Oreille County operates a PUD, and Okanogan County has a PUD, Chelan County, and all of them. That was just one of those things that there was a fight going on about.

One of the things that I did in the Legislature to reduce some of the arguments against the PUDs was to get the law passed that requires PUDs to pay an excise tax in lieu of property tax. Because the power companies were arguing that the reason they have to charge more is that they pay property taxes and PUDs don't–they're a public institution.

Seattle wouldn't go along with putting the publicly owned power in the cities under the excise tax, but they do make certain contributions to the City of Seattle. On an excise tax, the money's divided up between the counties and the state and everything, very much like the property tax is. That took away some of the pressure on being unfair competition.

Ms. Boswell: I'm sorry, I'm not understanding. Seattle was opposed to it, so they don't have to pay? How was that?

Mr. Hodde: They never joined the PUDs, but they were organized as a municipal utility long before the PUDs. That's a separate story, entirely. They just didn't want to change what they have, and I can see why. At one time they operated in competition with what is now Puget Power. Both of them had lines, one on each side of the street. I guess they were able to negotiate that settlement–I don't remember exactly how it was made–so that they had a more efficient operation than the city. I guess the city–haven't they expanded out into the country? I think Tacoma has a public utility, also. I know they serve quite a bit of rural area. But I don't want to get into that much of a discussion about this project.

Ms. Boswell: In terms of this lobbying work that you began to do, or consulting work, how did you feel about it once you got involved in it? Was it similar to your legislative work, or was it a totally different experience?

Mr. Hodde: One thing that the public doesn't realize–they all say that we shouldn't have any lobbyists, and I don't want to make it sound like I'm protecting all lobbyists–there are a great many people in the state, and most of them personally are not able to really effectively present their problems to the Legislature. So, ever since we've had legislation, there has been a need for people for agriculture, for small business, for big business–all types of activity, they all have their representatives, their consultants, their lobbyists who try to at least explain to the legislators what this proposed action will do or won't do, or what's needed to correct some inequities in law.

The only difference between my lobbying work that I'd like to mention and that of a lot of lobbyists, is that most of them are employees on a full-time basis. Some are not. Most of them are, but some are just contractors. Full-time lobbyists may be involved in some things that they, even personally, don't think are too justified, but they're representing their client. If you look at my lobbying record, I lobbied for a number of different outfits, but only ones I thought were justified. The reason I think I was successful is that I never lobbied on those issues that I didn't think were justified to start with. If you want a couple of examples, I think you mentioned several of them.

Ms. Boswell: Department of Ecology, grain exporters, Simpson, public courts.

Mr. Hodde: On the grain exporters, there were a number of them, several of them that rented publicly owned land on the ports where they built their elevators for accumulating grain for loading on ships and exporting. The Revenue Department, logically, had a right to tax their interest in that as a private interest rather than a public interest. They didn't tax the port, because the port operated on public land. Even if it was just as simple as a piece of state land out in the country where you built a sawmill on or something. And the way the values were established that was approved by the courts was that, if the lease was for fifty years, the value of the property was almost exactly the same as if it were privately owned. But if the lease got shorter and shorter and say it was only three years, it's worth almost nothing because at the end of three years it's all gone; you've got to move. And so the grain companies, who had to have long-term leases–they sure couldn't afford to put up a big elevator to store grain to get ready to ship and all that, if they had a short-term lease–they were paying, maybe, ten times as much in property tax as a short-term leaser who maybe only wanted a place to unload trucks.

What I did when they brought the question to me and wanted to know what we could do about it, I said, "I think we can establish an excise tax, where no matter what the length of your lease you pay a percentage of that, and the lease payment will go for taxes." The tax load is in relation just to the size of your business activity, and not to your lease for the value of the land under. Because if the port wants this activity, and they're willing to accept as payment what would be a ridiculously low payment if you owned the land, it still may be a proper payment in relation to the benefits you're getting out of it, because the port says, "We're not getting any lease money to speak of, but we're getting all the benefit of the activity." I went to bat for them on that, and we got it passed where the rate is the same in relation to the rent you pay, rather than to the length of time and the value of the land under it. It's been very well accepted, and that was the only project I had for them. They had other projects that I wasn't interested in.

The Public Ports Association–I didn't do a lot of work for them, and it was really just advising, largely, as a follow-up on the tax consequences of various operations that were new. They had quite a big variety of activities. It wasn't on any really specially big deal.

And that's the same with the PUDs. A lot of theirs was just presenting their case.

Ms. Boswell: What was your method of lobbying? What did you find most effective for getting your views over to the legislators?

Mr. Hodde: I never bought meals for legislators. I never took them on trips. I never spent money like most lobbyists do. I did give them a lot of advice without charging them on many subject matters. If I had more influence than normal, I think it was because I could be more helpful to them in subject matters other than the one that they were particularly interested in.

I guess the best illustration of what could help your influence with them–and I don't even remember what the subject matter was–the PUD had a bill in the Legislature they wanted very much to get passed. It was stalled in a committee in the Senate, and the chairman of that committee–I don't know why he was holding it and I won't name names–he came to me and he said, "Charlie, I've got a problem," that was totally unrelated to this PUD bill. "Maybe you can help me with it." And I looked and I said, "I'll tell you, I'd like to, but this is going to take a week or two, and I've still got this doggoned PUD bill in your committee that I can't get out." He said, "What one?" and I told him. And you know the thing popped out and went through the Senate just like that, just overnight. Then I worked for nothing for him for a week or two on his other problems.

Well, is that bribery? I don't know; I didn't think so. If I had a large amount of influence–maybe better than some other lobbyist–it wasn't because I bought them a fancy meal or anything. It was because I could give them help on other projects and explain things to them, and stuff of that type. At least that was the way I figured it.

Ms. Boswell: How would you describe what you considered to be the most appropriate or effective role of the lobbyist?

Mr. Hodde: I think that if you can really convince them that you're being honest with them, that you're telling them the whole story whether it's about what you're lobbying or something else, and you get their respect, they don't want to do something that you don't like. I'm not saying that they're going to abandon their constituents, but you do it and I do it: you're more apt to do a favor for somebody that you think appreciates it and responds.

When I was working for the PUDs, Ken Billington was their top man for lobbying, and I had a legislator ask me if I could pay for a certain dinner or something. I said, "Look, that kind of work you'll have to talk to Billington about. I do not handle any of that stuff–nothing like that."

One of them–again I don't want to mention names, but I just couldn't hardly believe it–he told me one day–he was a senator of long standing and pretty well respected– "Well Charlie, I can't help you on this bill, I

think you're probably right, but you haven't done anything for me that I can ever remember. Never got a dollar from you." And I said, "All right, just forget it."

You get a few people like that, but most of them didn't. Most of them felt that I was all right in what I was doing.

Ms. Boswell: Were there any other lobbyists that you particularly admired, or that you thought did a good job?

Mr. Hodde: Oh yes, but I'm not going to try to name one and leave another one out. I won't do that. There were some that were very effective, and there were some that I thought used tactics that I were totally unacceptable. Now they're trying at least to outlaw them.

I didn't think that it was very appropriate that a certain group that had the agricultural interests took one of the candidates for governor when Dixy was a candidate and flew him all over the country in an airplane for meetings. And yet I thought the guy was a pretty good guy. But he accepted all that, and it just seemed to me that you can't do that and not have an obligation that might be difficult later.

[End of Tape 4, Side 1]

If you're a legislator–and I've been one, I've been on both sides of the fence–you've got to have people that can afford to take the time to do the research to give you the answers to the questions that are bothering you about what position you should take. You can call them consultants, or lobbyists, or whatever. You have to always realize that when they're talking to you, they're making their client look as good as possible. But that doesn't mean they're lying to you. If you had to only depend upon public developed information from libraries and–how would you classify the person who represents the Department of General Administration who does all the purchasing for the state, and you've got a bill in the Legislature that says that this stuff should be put out to bid rather than being purchased on the judgment of the employee of the state? I don't think that you can always accept the representative of that department, who's a paid person operating it, to give you all the information. You have to have access to that. So there'll always be a struggle about whether the person is giving information properly. I think lobbyists are an essential part of the operation of government. They're even an essential part of the operation of a county commissioner. They've got to get their information somewhere, and they'll have to get it from people that are paid to understand it. That doesn't mean that you have to accept it.

Ms. Boswell: Has that changed at all with the advent of more staff? Certainly there's a lot more staff now in the Legislature.

Mr. Hodde: There is. To a certain extent there may be more dependence placed on staff, but don't get the idea that the staff aren't approached by the lobbyists, and very much communicate with the lobbyists.

The expansion of staff just astonishes me. I know that things are more complicated now, and they need more staff. I'm not going to be too critical of them, but at the time that I was in the Legislature–even as late as when I was Speaker–the Speaker only had two or three employees that were totally under his control. The ordinary legislator might have one person who they had picked. Only the heads of the major committees had an office outside of the legislative room, instead of having two buildings full of offices, and staff all over.

The only year-round staff at the time that I quit the Legislature were those two or three people that worked for the Legislative Council, which operated between sessions. Other committees didn't. I'm not being critical, but I'm just saying that the staff resources now are very big. But again, they're somewhat dependent upon sources other than just what they can dig out themselves. I think they can have a lot of influence on activity.

But they are becoming less valuable to the legislator

in that they have to be careful, even when they answer a letter that a constituent writes in, that it doesn't sound like they're campaigning for the boss, or they're in trouble. It's becoming very hard to meet all the criticism that's coming up, now.

They feel that they're really doing a job. If you hired somebody to be your secretary, and you're a senator, don't you really think that person, when you hire him, ought to tell the good side of your story? But they're very careful not to go out in the country and do it at a political meeting or something they'd be challenged on.

Ms. Boswell: You'd be challenged that it was campaigning, which is illegal for them to do.

Mr. Hodde: So, it's a touchy deal.

THE RAY ADMINISTRATION

Ms. Boswell: Why don't we talk a little bit about your service with the Dixy Lee Ray administration? Do you want to start with how you became part of Dixy Lee Ray's Cabinet?

Mr. Hodde: Let me just start out and say that Dixy Lee Ray was really not a politician or a political leader. If you know her background, she was with the University of Washington for a long time. She was taken back to Washington, D.C. as a consultant to Jackson or Maggie or somebody, and she was basically a scientist. She headed the research center up in Seattle–I don't remember what it was.

I'm not real sure what got her in the notion of running for governor. She'd had quite a bit of publicity because she was very outspoken in her support of nuclear power development and stuff of that type.

I guess Lou Guzzo was the one who talked her into running. You know who Lou was? I don't know if he's still working for one of the papers, but he had been in a top position with the *Times* and *P-I* and other areas of that type. He was really her campaign manager and the one that really got her going on it.

The first time I met her, she was sitting right about where you are. I had known of her for a number of years, but Lou Guzzo brought her down here when she was getting pretty well along in her campaign in the primary. He had called and wanted to know if he could bring her down to talk to me about some of the issues that were pertinent at that time. They came down here, and we just sat down to visit about things and got quite interested in some of the things that I'd known about her. She'd worked with the federal government as a natural resources background person, and she'd been in this position up in Seattle at the Pacific Science Center. She had quite a lot of background, but she had never been a politician. Nobody was really sure whether she was a Democrat or Republican or had any kind of a party prejudice or favorable attitude.

We had quite a long discussion about quite a number of different issues. The thing that kept us talking for quite a bit of the time was, at that time the Grange had asked me to help them with an initiative to restrict the use of water rights by corporations on agricultural land. This was quite an issue in the rural areas. The Grange had asked me to contact several of the candidates. Wes Uhlman was one of them, and he wouldn't commit himself to support it. So without going into a lot of detail, after we discussed it, I suggested to Dixy that if she really wanted to get in touch with the people out in the country where she was not very well in touch–she knew the people in Seattle and the big shots and so on–I said, "Maybe if you would take a position on that initiative, if you could be favorable to it, I think this would help you immensely, because within the next few days we're going to have to announce in our campaign for this initiative that certain other candidates are not supporting it." We were getting signatures for at the time. She didn't commit herself right away, but she did ask a lot of questions about water rights and all that.

What was going on then, just to make it clear, is that we had corporations at that time that thought they were going to get rich farming. That's another part of the story a little later. But, like over in the Hanford area, the hilltops there were quite dry and they needed irrigation. They had one hundred thousand acres that they were going to put all under irrigation. Of course, that kind of a thing has grown a lot over the country. We don't have ten percent of the farmers that we had forty or fifty years ago that are individual family farmers. But nevertheless, this was an issue that we were getting signatures for.

After several days she called me from over at Kennewick. She'd been down there, and she said, "I've been following up on some of the things you said, and I've seen what's going on here. I'm going to announce that I'm supporting the Grange signature efforts on this. But I'm going to wait until I get to Spokane, because there seems to be an awful lot of support for the bill in Spokane, and I'd rather do it where people like it. I'm going to say it where it will get more coverage." I said, "Well, that's fine with me." So she did that.

What happened was that it was publicized in *Grange News* and other places that she was supporting the Grange proposal and that Wes Uhlman, who was the other strong candidate for the Democratic nomination for governor, was not coming out in support of it. In fact, he was being flown all over the state by one of the corporation's airplanes that was against it. What happened was that–just to use Clark County as an illustration–our Grange deputy, our top representative of the Grange in the county, who had been Uhlman's campaign manager for the county, he immediately just dropped Uhlman and switched over to Dixy. This kind of thing went on.

And so, rather strangely, in the election that followed, in the primary when she beat Uhlman, she carried pretty near all the rural counties. It was just about

the only issue they were talking about. To finish the story off, the Grange did get the signatures for this. It went to the Legislature, an initiative to the Legislature, and then went up in the next election, and it was passed.

But the funny thing is, that as much as we were concerned about and go to all this trouble, the corporations found out in a few years that this was not an impossible deal at all. The provision in there was that they could be restricted to ten thousand acres to start with, and then it would have to be broken into farms of not more than two thousand acres for family farmers. It never was used once. There never was a corporation that tried to get around it or do anything with it. I think it was all because, in this area at least, it turned out that this type of activity was not profitable for the big corporations that were getting into it.

But nevertheless, I think as much as anything else, it helped her get elected governor because it gave her an issue that was being very well-popularized in rural areas.

Ms. Boswell: Did Uhlman ever talk to you about the issue?

Mr. Hodde: His campaign person did, but Uhlman didn't. I knew him quite well, too. I just think he was just a little bit embarrassed to come out and get into the thing. I don't really know whether he had a lot of corporate financing or whatever, but at least Dixy used that as a leverage in the rural areas.

Well anyhow, it did switch things around, and I think that it may have had quite a bit to do with the fact that she got elected.

That got me so close to her and Guzzo, who had known me from his newspaper many years, so that I got more and more involved with her, talking about who she'd put in her Cabinet, and this and that and everything. That's what led to my becoming a part of her Cabinet.

I might mention further that what brought me into her Cabinet was not just the fact that we got acquainted on the Grange project. We were well enough acquainted because of my background in various things. When she won the nomination she hadn't really picked anybody to help her out. So she put together–I call it an advisory group–to help her decide who she should put in different jobs in the Cabinet for head of different departments.

Most of the group were big corporation people that she had known in her works with nuclear energy and various others. There was a Weyerhaeuser representative, and Boeing, and various others. They also happened to be people that I'd had quite a bit of contact with over the years. During that time and the discussing of the various positions, one of these people said, "Well, you don't have to look any further for the head of Revenue because Charlie Hodde ought to be in." She hadn't even thought about it that way. The upshot of it was that after a few meetings she decided that maybe I should do that. I said, "I'll do it, but I want you to understand that you're not really doing me any financial favor. I'm making a lot more money as a lobbyist than I will as director, but I'll take it." It was a fact that they did raise the pay some after I was in there in '77. The other thing was that I was seventy years old, and why the devil should I be taking on a job like that? Anyhow, I did, and I think it worked out quite well.

In respect to the operation during her term as governor, I didn't enjoy it near as much as I did working with Rosellini, because when I was in Rosellini's Cabinet, I was asked to give advice on everything that I'd ever been involved with. We were very close and worked together very closely.

Dixy practically said to me, "You run Revenue. I don't know anything about that, and you don't have to ask me anything. You just go ahead." But she rarely ever invited any comment on anything else that was going on. You felt like, "Well, gee, if I could explain to her why the press said what they did or something, maybe this would help." She had an extremely strong personal confidence in her own method of going after things. Lou Guzzo worked with her, and I guess she took some advice from him maybe, but basically, she pretty much ran her own show. She was a very strong person in that regard. When you get into politics, and you get into public positions, having a lot of confidence in your own opinions isn't the way you're going to get ahead. You're going to have to get some other people to understand them and work with them.

The one thing that I would mention about Dixy that–I found this, and this was after she was out as governor–it's one of the few newspaper articles that really supports her and talks about her obsession with many things. I don't know if you ever saw this book of hers, *Trashing the Planet.*

This little article here[*]–I'll just save time now and briefly say that it goes over the fact that she had a strong feeling from her scientific background that there was far too much credit being given to people who were talking about how we're trashing the planet, we're dirtying the water, we're killing the fish, we're doing all this. Her arguments in the book are that most of that is a bunch of so-called junk. I can't quote all of what she talks about, but basically, as a scientist she thinks that we have just gone overboard on the restrictions in forest

[*] From the *Tacoma News Tribune,* June 26, 1991.

cutting and the use of chemicals in agriculture. I have often told a little funny story about that.

She did have a strong prejudice against the environmentalists of that day. In effect, she thought the opponents of nuclear power were all wrong. One thing that I made a note of was that she thought that banning DDT was uncalled-for. That was a chemical that was used for insect control with agriculture quite heavily, and in forests. It was banned, finally, because it was thought that it had some bad effect on humans. I used to joke about that because I had an orchard at the time that DDT was being used, and I used it on my orchard. They had used DDT to clean the soldiers up in World War II, so everybody figured it was safe. When we were using any sprays in the orchard, we put on waterproof clothing. But with DDT, what was the matter if you did get wet? It would just kill the bugs off. So I told her one day that maybe she ought to tell them that she has a member in her Cabinet that used to bathe in DDT pretty regularly all summer, and it didn't seem to have affected him.

I told her that it did affect me in one way. Several years later I made a trip up to the Arctic Circle with a federal job that I had, and we landed in the northern part of Canada where the mosquitoes were just terrible. When you'd get off an airplane there, they would spray you with a mosquito repellent so that they wouldn't chew you up. I said that the funny part of it was that the mosquitoes never bothered me. If they bit me, they'd drop dead from the DDT. I was exaggerating a little, but there did seem to be some difference there. I don't know why or whether it had any significance, but I was just telling it as a part of the Dixy story.

In her book, written much later than that, she very much ridicules the idea that the DDT was harmful because it killed pests, and she cites the use of it on the soldiers without any dire results–some of which have been argued not to be true, by many other people. But it just gives you some idea that rather than being a good politician, and agreeing with the press and all of that, she was very critical of many of the things that were most prominent at that time in public discussion.

I'd just have to say this for her, that even though I couldn't agree with her on a lot of the things that are set forth in her *Trashing the Planet,* for example, I still have to say that she honestly thought that was true, and to her the political consequences of disagreement didn't mean anything. She was not interested in whether what she thought was true would be well accepted or not. That's not true of most politicians.

Even though Charlie Hodde didn't believe in gambling, he didn't go out and shout all around that you've got to kill this thing. Maybe I did some. But the point still is that you have to admire the fact that she had such a strong conviction that she was right on these things that it didn't help her, politically.

I was not, as part of her administration, particularly involved. She always said, "Charlie, you're the tax administrator and you run it. I'm not going to try to tell you how. I don't know anything about taxes, and so that's your problem."

I guess I think her very sweetness was that she said what she thought and she didn't care what the press thought about it. She didn't think they ought to be allowed to comment the way they were, and so she felt they were real enemies of hers. When you get into some of the organizations that had subject matter that she supported, they said she did great.

Ms. Boswell: How was the working relationship that you developed with her when you were in her Cabinet?

Mr. Hodde: I don't want to say that it was bad. It was not anything like it was with Rosellini, in which I was involved in many aspects. Rosellini and I met almost daily. Sometimes there were people that made fun of us and said that they didn't know which one was governor. But the point still is that I didn't have that kind of involvement with Dixy.

She was not a longtime Democrat–another thing that hurt her. She never had a party affiliation, really. She ran as a Democrat. I mentioned that she was a very strong supporter of nuclear power, worked in D.C. on that project for several years. She was a good supporter of education. When we had a surplus that accumulated in the early part of her career as governor, the sales tax on food was repealed by initiative, and everybody said that we were going to go broke.

We had a surplus in the treasury and I recommended that she do this, and she allocated that out; there was some authority she had for including money in the budget to catch up on school construction. It turned out that that was a good deal because we never lost the money we expected when we repealed the sales tax on food; we came up with a surplus above the appropriation, anyhow.

She was a strong supporter of ideas that were not popular in the '70s. As I mentioned, her book, *Trashing the Planet,* was published after she left as governor. She had many awards away from politics and she had the United Nations Peace Prize, one of ten named as outstanding women, most influential women of 1977. The fact that she was not as successful as she might have been in politics, I think, derived mostly out of the fact that she never modified her opinions to agree with anybody, unless it was Charlie Hodde on taxes, where she just said, "I don't know anything about it."

To be an effective person in a political office, there's

got to be some willingness to at least modify your strong opinions, at times. I remember telling a gentleman clear back in the '30s, when we had a big conference and we couldn't agree with the governor on something that didn't seem too important to me–it was a question of whether the governor should appoint the head of the Highway Commission or whether the commission should, which came up in the election just now on the different commissions. I said, "Well, I may think the governor shouldn't appoint them, but maybe I'm wrong. Don't you think you could be wrong once in awhile?" He said, "Charlie, I've been in the minority a lot of times, but I've never been wrong!" Well, I don't think that attitude will get you ahead in politics.

Ms. Boswell: How did you handle her? How did you deal with the differences that you had?

Mr. Hodde: We didn't really have differences in the area in which I was responsible. On other differences, I may have felt a little bit resentful, but I never argued with her.

We had a meeting over in the governor's office one time, and this was on a tax matter. During the Rosellini administration, in order to get the aluminum company to build up in Bellingham rather than going to Oregon, I proposed–and they did adopt in the following session, which was after I was out–a provision that said that they had to pay sales tax when they built it, but they could take a credit for that against their B&O tax for up to ten years to get their money back. That way it didn't hurt our budget as of the time–we got the benefit of the sales tax payment–but they in effect got free taxes for a period of time. We couldn't make it just apply to a new company coming in, which was what it was for, so there was big expansion by Boeing and Weyerhaeuser and a lot of them, and they got a heck of a lot more out of it than had ever benefited the state.

And so this group meeting with Governor Ray, we were talking about whether as part of the budget problem solution, that maybe we should repeal that. Even Boeing's representative wouldn't talk against repeal. He called me up later and said, "Charlie, I have to agree with you about the fairness of this, but I just want you to know that it was hard for me to keep my mouth shut because"–I don't remember the exact figure now, but Boeing had benefited by something like a million dollars over the last two or three years from this provision. It turned out, then, that even though there seemed to be unanimous support for repealing it in the meeting, Governor Ray told me afterwards that one of the members there, who was an executive from one of the railroads, didn't want it, so she said we'll keep it. I don't know why he had that much influence with her, but she didn't, even when she invited them in that way, she didn't always follow the advice by a long ways.

It was repealed there. But now they've come back with another one–I guess it's going to pass now–that will take the sales tax off any goods that are purchased to be used in a factory rather than being sold at retail.

I'm just saying, as far as Dixy is concerned, it was sometimes a little bit hard to know how she reached her decisions. I didn't feel that I had the influence with her, because I asked her to participate in the discussions on many of the things that I did in Rosellini's administration. That may be something I shouldn't be concerned about at all. I did my job, and I certainly can't say that she ever interfered in any major way.

Ms. Boswell: So she gave you as director of the Department of Revenue free rein to do what you wanted?

Mr. Hodde: Yes, absolutely. She never tried to tell me how to do anything, except that one incident, which I use as an illustration of the fact that she was not inclined to follow advice just because they were big shots. I think that if she had got re-elected that she'd still have done a good job. It's real hard to be successful in political office unless you're willing to at least back off some of your opinions for a time.

The environmentalists were having a lot of support and they could see that she was an anti-environmentalist.

Ms. Boswell: Do you think she was an anti-environmentalist?

Mr. Hodde: She certainly didn't agree with a lot of the things they were trying to promote. If you read that book–I'll loan it to you–and the article that the news gal wrote about her–the reporter cites a number of things that Dixy says have been far overemphasized by the environmentalists. I don't have a strong feeling the amount of danger to have all the emissions from automobiles and everything running unrestricted. I think they should try to control a lot of that stuff. She didn't say they shouldn't, but she said that they very much overemphasized it.

Well, the poor girl's dead now, so if you criticize her she can't answer back.

Ms. Boswell: One of the things that I don't understand is that if Lou Guzzo was as close a confidant to her as he appears to be, why didn't she have a better relationship with the press? Here's a man who's been a journalist most of his life. Why would she not take his advice? Did he not offer it, or why would that happen?

Mr. Hodde: I can't answer for Lou Guzzo. It puzzles me as it does you, that he wouldn't have been able to get her to accommodate the press a little better. He may have been real frustrated but didn't express it because he felt that "Well, I've gotten her into it."

I might have been much closer with Guzzo if I had accepted a proposal that was made to me several years ago when he was writing–was he writing for the *P-I* or the *Times*? Or was it on TV?

Maybe this shouldn't be in the record but, nevertheless, it was suggested by his employer that I become a consultant with him on developing these programs. I told him that I just did not feel, and I don't feel now, that I can keep close enough tab on it without spending much more time than I want to, to feel that I should be publicly commenting on what's going on in the Legislature.

Ms. Boswell: Do you think that Dixy's uncompromising style is what the public liked most about her?

Mr. Hodde: I think what they liked least about her was her appearance, which was quite easily interpreted to be: "I don't care what you think, I know what's right."

Ms. Boswell: Almost arrogance, really.

Mr. Hodde: Yes.

Ms. Boswell: Given the difficulties–you've been in a gubernatorial election, so you know–given those difficulties, how was she able to get enough support to win the election?

Mr. Hodde: Because she had not had a political history that was exhibited to the public. Her record, otherwise, was pretty good. And I think Lou did a good job with her in helping her prepare her speeches and stuff of that type. I'd have to say, I think she listened rather attentively. Without having any immediate knowledge about the water problem the farmers had, she came along and supported that. That wasn't the only thing that she left the beaten track on during the campaign. I can't name the others, but the point still is that your initial impression of her when she was out campaigning was that she was a strong-willed person who was going to do the right thing.

All of her later criticism that evolved around her attitudes about nuclear energy and the environment and all that–they weren't very well-known at the time. We had an awful lot of people that agreed with her that no longer did a few years later.

[End of Tape 4, Side 2]

She had lots of other things that I'd like to mention if we're talking about Dixy that had really nothing to do with that. In all her previous years, she had ideas that were not popular in the '70s.

She was a strong supporter of nuclear power, for example, which became unpopular later. But she really thought it was the salvation of our energy problems all over, and gave it a lot of support, both when she was working in Congress and in her other work around the place.

Like I said, she'd not been a longtime Democrat person. In fact, I don't know whether she ever was really on one side or the other. She was a good supporter of education during the time she was governor, and she took my advice when we had a surplus–very similar to what's going on now. There was a lot of effort to roll back taxes because we had a surplus. My recommendation to her was that we use that surplus to catch up on building construction for the schools and things of that type, and she agreed and went along with that. I think that probably hurt her when she ran for re-election, but nevertheless it was a proper use of the money. Of course, the thing that I always argued–and I think the same thing is going on now with the arguments that we're having–is that when you have a surplus, if you just leave it there it becomes a target for anybody that wants money. If you've got a "rainy day fund," they can make it rain. On the other hand, if they would use that money, rather than reducing taxes, to catch up on capital construction, then that burden doesn't show up later when you don't have the surplus. She took that advice, and maybe it didn't help her politically, but I think it was a proper way to go.

The other thing I would want to say about Dixy was that I think she might have been much more successful with many of her ideas, particularly when running for re-election, if she had not had such a strong prejudice against the press. Then they developed a strong prejudice against Dixy. Even when they agreed with her, they wouldn't run a good story. I think maybe we talked before, I don't know if we did or not, but she was so prejudiced that she didn't even want her directors like myself talking to the press. She just figured the press would misquote us and so on.

She had that built-in craziness that there's no way that the press would ever give her a fair break. And the press was quite hostile because she wouldn't talk to them. She was just not the politician. She had lots of good ideas and did a lot of good work over her lifetime.

Ms. Boswell: Could she articulate her positions well?

Mr. Hodde: Quite well, quite well, but without any suggestion of compromise being possible. Just like on

nuclear power. She was just sure that was the way to go. She didn't want any arguments any other way, just "this is it."

Ms. Boswell: When she first approached you–even just to hear about the Grange issue–were you personally a supporter?

Mr. Hodde: At that time, not necessarily, no. I was being paid by the Grange at that time to carry out the signature campaign and sell the idea to the candidates. That was after I'd worked for the Grange on many projects over many years. It was just a sort of sideline at the time. I'd been an irrigation farmer and I felt rather strongly that it was a mistake to have corporations grabbing up water rights for huge areas of land. I don't want to sound like I was against their having an opportunity, but they largely imported foreigners for help, mostly from Mexico or somewhere, and I certainly didn't think what they were doing was right, and I wanted to see if we couldn't stop it.

Ms. Boswell: You were seventy, as you said, when you joined her cabinet. What made you want to do this?

Mr. Hodde: I think that having been there and having had quite a bit to do with it, I wasn't entirely happy with the way the department had developed in the twelve to fourteen years that I'd been out. It's just one of those things where you think that you liked it before. There was a certain advantage. If you're moving from one job to another like you would when you're called a legislative consultant or a lobbyist–it isn't always lobbying; you're giving advice on how to handle things, and a lot of it is on taxation–you're always in a position as such a consultant of having to modify what you would personally like to do so that your client is not hurt by what you're promoting. You're fairly well restricted on how wide you can enter into discussions about matters that you think are of considerable importance.

The other thing was that it worked out to making it a much better paying job than I thought. At the time I was approached by a friend of mine who said, "Do you realize that you can't have that job? You're seventy years old and you can't hire people to work for the state after they're seventy." I said, "I don't know, but I'll ask the attorney general."

Well, when I inquired of the attorney general's office, they said, "That's true of everybody except the people the governor picks. She can pick anybody. You can be on hundred and work for her if you want to." So it worked out that I could take the job, even though I was seventy.

I don't know whether I should put it in here, but I don't know if I ever told you what my philosophy was about retirement.

Ms. Boswell: No, tell me.

Mr. Hodde: A lot of people when they get to be sixty-five, they think, "Well, by gosh, if I don't retire now I won't get my social security." I tell people yet today, "Well, my understanding was that the average man who retired at sixty-five only lives about fifteen years after retirement. So I figured I wouldn't retire until I was eighty, and then I can live until I'm ninety-five." So we laugh about it now.

I was getting a small state retirement, because I'd had twelve years in the Legislature and eight years with Rosellini–twenty years of service. I was past sixty-five, and I think I was getting seven or eight thousand a year in retirement. The assistant attorney general that I talked to said, "You can't go back into the retirement system now at your age." So I said, "All I want to know is, I don't like the idea of being a double-dipper, and that's what I'm going to be accused of." He said, "Well, you can't help it." I said, "I'll go back in the system and quit drawing my pension and pay in if it's permissible." He said, "No, you can't do that."

Two years later or better, I was at a meeting in which Mr. Hollister, who was the head of the retirement system then, was in the same meeting. He knew I was getting a pension, so he thought he was just having some fun with me, and he started accusing me of being a double-dipper. I said, "I don't want to be, but I was told by the attorney general that I couldn't get back into the system now. I had to take it." Hollister said, "Oh, he's all wrong!" I said, "I hope he is." "Well I know he is," he said, and he quoted different things. I said, "I'd be glad to refund my pension and pay what I owe you to go back in the system." He said, "I could probably arrange it so you could make it in monthly payments, or something." I said, "You just tell me how much it was." A few days later he called me up and said, "I can put you back in the system, but it will cost you"–I think it was–$36,000–"to refund what you've collected and pay what you would have paid." I said, "You'll have your check tomorrow."

Actually, what happened was, because I got those four years, and when I retired I was on a $50,000 a year salary instead of a $16,000 a year salary, my pension jumped immediately from $8,000 to somewhere close to $30,000. The rather unfairness of the pension system is that no matter whether you were getting ten dollars a day when you worked most of these years, what you get the last two years is what counts.

Ms. Boswell: So you made your money back in a year?

Mr. Hodde: Oh, you bet. It didn't take very long. It came back pretty quick. It turned out to be a job that paid much better than if I had stayed on, when you look at the long term. But at that time, that really wasn't a consideration. The only consideration was that I can be right in the middle of things, and be involved again.

We made some changes in the administration that I think were beneficial during that time.

Ms. Boswell: Tell me about them.

Mr. Hodde: The one that caused the most concern within the administrative group–you know, we've got several hundred people working there; we have tax revenue offices in seven or eight different places over the state: Spokane, Wenatchee, Seattle, Vancouver, and out and around. What had happened–they practically had made a little, separate department out of each of these. So the rulings were coming out of Spokane differently than Seattle on tax applications and different things like that, because there were different people interpreting the law. I said that the other thing that bothered me was–and I don't want to point to the director I followed; it was a lady who had been in the Legislature, and she really didn't know too much about the job she took on–the previous director had pretty well let the attorney general that was assigned there and his deputies run the place. She let them tell her what to do.

I had a visit with them, and I said, "I think you have to understand that your job is to give me advice, but not make decisions. I'll make the decisions." Then I did away with the administrative directors who were in all of these district offices and were actually like little directors out there. But to keep from hurting them, I told them that I was going to assign them a new duty. I said, "So, we don't need you in that office; these things will be referred to me, now. But I want you to outline a program and spend your time as a top-level information source for all particular corporate businesses in your district. You're not going in to audit them; you're going in to answer their questions and explain to them how they should do the reporting and everything." You'd be amazed at how many people are in trouble because they don't understand the law; it's not that simple. I think this worked very well, and the people who were doing it–they found out they enjoyed it. They'd go to the chamber of commerce meetings, business meetings, and they're not going to report you if they find something wrong, they're going to tell you how to correct it.

I'll just tell a little story to emphasize it. When I went back for my second legislative session two years after I went in there and we got this going, we had an appropriation before the committee in the House where Bud Shinpoch was chairman of the committee. He had a reputation of being extremely tough on directors when they came in to support their budgets. He just really criticized them, for hours sometimes. So when our budget was coming up I went over myself instead of just sending the staff. He called on me and I got up and I explained what we were doing, and he says, "Is this appropriation that you're proposing here, is that adequate for what you want to do? Is it more than you need? You got any idea on that?" I said, "I just have to say this to you: If you want to go back in the record, I've been head of several different departments over the years, many of them, and there's never been a time when I didn't revert part of the appropriation at the end of the session, because I don't believe in the system that so many of them use, that is that they don't want to have anything left over because they might not give you as much next year." So I said, "If it's more than we need the state will get it back." He just looked around and said, "Any other questions?" Fifteen minutes and we were out.

Ms. Boswell: You actually liked that philosophy?

Mr. Hodde: I liked that. There's a whole lot to attitude if you want to get accepted in a spot of that type.

Ms. Boswell: Was that change something that you had seen work earlier, or was that a new idea at that time?

Mr. Hodde: Of course, my previous experience had been as chairman of the state tax commission. That was before it was changed to be a director. I made some changes there.

We had three commissioners then. Of course, the administrator was the chairman, and I had that job the last three years I was there. The one big change that I had at that time–I recommended to the governor, and he recommended to the Legislature, that we set up an appeals board separate from the commission, so that if people thought they were unjustly taxed, they would go to the appeals board. Or, if we wanted to collect some back taxes from someone, and they didn't think they owed them, they went to the appeals board. Now, previously, the commission had sat and spent many hours listening to these complaints. My theory was that if the commission makes a decision, they're not to be the judge on whether it was a good decision or not if it goes to an appeal. And so we did that, and it did set up another board that had to be paid and all that, but it took a lot of the burden off of the commission. It made it much more practical.

I recommended they go to a director when I left. They did that in the time that George Kinnear was the head of it in the years that followed my place there. I thought it worked much better that way because if you made your decisions, you knew when you made them that somebody can look at those besides you and tell you you're wrong. You're going to be pretty careful. I think it's worked out quite well.

[End of Tape 5, Side 1]

Ms. Boswell: Dixy didn't have any direction she wanted you to follow?

Mr. Hodde: Not as far as Revenue was concerned, no. She just said, "That's not my field and I'm not going to try to understand it." She expressed confidence in me and said, "You run it."

I can't complain in that respect. That's a nice way to be, in a sense. But if you've been involved in as many things as I have and you're working for a governor, you think–well, for instance, with Rosellini I was his legislative lobbyist, you might call it, for the governor's office the same time that I was heading a department. You get spoiled. You get a lot of consideration and you think you ought to still have it. And yet, there was no particular reason she should have picked on me to do it.

I think that she had the same attitude in many other areas. She lacked the ability to listen to all the sides. She could make up her opinion too quick, maybe, without enough knowledge. I kind of think that was the biggest problem she had.

Ms. Boswell: Did you find that because she was a political outsider there was some bias against her?

Mr. Hodde: Undoubtedly among political people.

Ms. Boswell: Legislators?

Mr. Hodde: Not so much the legislators as the caucus chairman and the different people of that type. She was not especially supportive of them, in my opinion. I think that this weakened her re-election campaign. She got the nomination all right. I can't remember the percentage, but she was defeated rather handily in the next election. But it happens to good governors and bad governors.

Ms. Boswell: You talked about the press and her problems with the press. Did you see that evolve over her administration or do you think that started before?

Mr. Hodde: It evolved, but rather quickly. A lot of the press knew her because of her other public activities, but they had never been associated with so many little things that affected their communities like the governor's decisions do. I can't give you just exactly what happened, but her press conferences were very infrequent and she just got a reputation with them that she wouldn't tell them anything. If they wanted to know anything, they had to find out some other way. I think that was really her biggest weakness, because you might as well face it, in politics if you can't get good press, most of the people will never hear of you. They don't know what you're doing or anything else.

Ms. Boswell: Did her bad relationship with the press affect people who worked for her? Even though you had good relations in the past, were the press leery of you as well?

Mr. Hodde: I don't really think that I had any real problem with them, except some rather pointed comments at times that's almost as bad as saying, "Charlie, you realize that we can't print anything good about Dixy." It was just as blunt as that. In other words, they were going to get her out of there. They didn't like her. I think it was unjustified except that, as I've said, I think that a lot of it was because she wouldn't even listen to opinions other than hers. If they disagreed with her, they were wrong.

You know strong people with strong will and opinions of that type are a big influence in politics at times, but in history they don't last too long. Even as well as you may think that you're right, there is a chance you're wrong. Hate to admit that.

Let me just say this. My press relations were good enough that one of my best golfing partners after I was out of state office was Ross Cunningham, who was one of the top reporters for many years. We used to play golf together, and I never told if he cheated a stroke on a hole and he didn't me either.

Ms. Boswell: Did he, really?

Mr. Hodde: I'm not going to tell you.

Ms. Boswell: Did you find that certain reporters, representatives of certain media, were more fair, or that you had a tendency to go to them because you thought they reported more fairly than others?

Mr. Hodde: I think there is a difference in them, sure. There are some that you learn to like because they seem to pick out the good things they can say about you. There's some that, if I were to give you an illustration, I'd say that there have been a few that I disliked rather

strongly, like Ashley Holden. He went up to Okanogan, and you'll remember there, that he got into a long-term lawsuit for blaspheming John Goldmark, who was a state legislator, by digging out the fact that his wife had once belonged to the Communist Party, and I don't know what-all was true. It was a real long widely played story in the papers.

I got into the story because I was asked to come over and testify about Goldmark being a responsible, good legislator and no connection with the Communist Party. And so was Joe Dwyer, who was director of Agriculture. This was during the Rosellini administration. They took our picture as we were walking out of there, and I always laughed about it. Here's a big headline that would indicate somebody being charged with being a Communist, and the pictures that are with the story are mine and Joe Dwyer! There was no such an inference at all, but nevertheless that was the story printed right alongside the article. It was a sad case.

I'm just saying that there are reporters that I think don't have a good sense of ethics and morality. But on the other hand most of them, I think, try to do a very good job and I had very little problem with them.

Ms. Boswell: Were there any examples to suggest that the people that ran the papers influenced the direction of their reporters?

Mr. Hodde: To some extent, yes. It's evident even today that the editorial columns are supporting certain positions. I think you're going to see it very strongly evidenced in the national elections coming up, as to whether Clinton will be supported or whether it will be somebody else. The first real test of the press is going to be in the Republican primary, which looks like it's going to be a more interesting fight than the general election, with all the different candidates that are trying to get the support.

I don't think–as long as it's stated as an opinion rather than trying to issue a bunch of false facts–I don't think there's anything wrong with an opinion being expressed by the newspapers. Some lean one way and some lean the other, and it's generally due to how the editorial director or staff feel is the proper solution to problems.

I never had but one paper that I thought really treated Charlie Hodde unfairly, but I think it's because Charlie Hodde got treated too good most of the time, and it was a small county newspaper. But it quit.

Ms. Boswell: In this area?

Mr. Hodde: I don't want to point it out. It's not too far from here. Wasn't in Olympia, though.

On the whole, I think they do try to be fair but they do have a prejudice one way or another. So does every one of us when they get right down to it.

Ms. Boswell: I remember you said that Dixy was aghast that you had talked to the press. Did you find that you were misquoted very often?

Mr. Hodde: No. I never had any problem that way with the major newspapers. I think it's because for many years, as long as they'd been in business, I'd helped them plan stories and do things. I didn't do it to try to get favors out of them. I just thought that it was good for them to know what was going on.

When I was first on the tax commission under Rosellini, and the *Seattle Times* had done an investigation of General Administration and all the different complaints that had come in about allowing bids to the wrong people, they came to Rosellini, like, on Wednesday and told him that they were going to run this story on Friday. So he put me in as director and fired the old director to get ahead of the stories. It made a good story, but it didn't hurt him particularly. I think that kind of a press relation was extremely good for a governor. If it had been Dixy, they would never have talked to her after the way she got the thing going. That's just a comment on my account about how some people can do a better job than others if they know how to handle things.

Ms. Boswell: If Dixy wasn't good at these press relations, was she a good politician in other ways?

Mr. Hodde: I just don't think she was a politician in the good sense. She had groups that she favored strongly, but again, I can't even recite them now. I did mention the nuclear industry, and she was generally a pretty good supporter of most large corporate businesses like Boeing, Weyerhaeuser, and Northern Pacific. She had those people meet with her quite frequently to give her advice, because she just felt like that they were the ones that were going to run the economy in this state, when you get right down to it.

Ms. Boswell: Was she really a Democrat?

Mr. Hodde: I don't think so. I don't think she'd ever had any political activity of a party nature. One thing about the Democratic Party, you don't have to have any special beliefs to be a Democrat. Not near as much as a Republican. Democrats have got an extremely wide range of ideas among their membership. I've been a Democrat a long time, but as I say, I sometimes find myself in as much disagreement with so-called big

Democrats as I do with big Republicans, if I don't happen to agree with what they're saying. Sure, you tend to be a little kinder to people in your own party, as it goes on like that.

Ms. Boswell: A lot of her attitudes seemed, while she was in office at least, to reflect more of a political style of a Republican than a Democrat.

Mr. Hodde: I think in some respects, yes. She was never a supporter of a strong environmentalism, as I said, and things of that type. She thought they were all wrong.

I guess you could say that one of her problems was that she didn't fit too good in the Democratic Party, and that's where she got elected. I think from my standpoint, what proof do I have that my attitude is any better than hers?

I've had it commented to me several times that they just don't understand why just about every governor since I was around in 1933 has had me on some of their advisory committees. When I left Dixy's administration at the close of that term, I was put on the governor's economic advisory council. I served on that with Governor John Spellman, and I was on it technically clear through Governor Booth Gardner's term. That would be another twelve years, although I quit about two years before he went out, but he wouldn't take my name off of it. I told him that I was just not putting in enough time and effort now to be an economic adviser, when I was well past eighty.

This is a lot more than I had expected to say about Dixy. Let's put it this way, she had some good ideas, good, strong ideas, and I think in many ways was an excellent person, but she just did not have the political know-how or willingness to merge into the system to keep her going.

She got her advice, but she didn't seek a lot of advice from me, although she did once in awhile. Just like I mentioned, if it was a tax matter she took my advice pretty much–not always but pretty much.

Ms. Boswell: I read that she had set up a system that was referred to as cabinet committees so that you also dealt with issues outside of your particular job areas.

Mr. Hodde: That's not unusual. A number of different governors that I worked with had their cabinet meetings with the appointed directors, and we had another name when they were just their advisers. I mentioned that Dixy had these about once a month and brought in some people from all over. She didn't always take their advice, but she at least fed them a meal over at the Governor's Mansion and sat down and talked awhile. I was invited to those. Many of the other directors were not, so I shouldn't say that I never got any fair treatment in that respect.

Ms. Boswell: I'd also read about these committees. There was one on revenue, for example, but the directors of the departments wouldn't be allowed to chair them. It would be somebody from another department.

Mr. Hodde: We had a number of those, and I actually said that I didn't think that the director of Revenue should be on the tax study committee. I thought they should supply the information and everything, but this is a citizens committee. And so, in effect, they can make decisions without respect to how it might affect their governor, their legislator or whatever. We had a number of those, and I think they were good.

When I was there I took the position that I was a consultant. I'd testify, I attended most of the meetings, but I didn't have a vote on how the decisions went. I think that those were good.

The council of economic advisers to the governor was composed of that kind of people, people with background or information, or corporate directors, or somebody that had a reason to know more about what the economy might do than the average person. They were not Cabinet members. The Cabinet members could attend and listen, and even make comments, but the decisions or the final recommendations came out of the citizen group.

Ms. Boswell: In terms of her administration, if she had in fact won a second term, would you have stayed on?

Mr. Hodde: Sure. I think I would.

Ms. Boswell: What about her, personally? Could you get to know her personally as well?

Mr. Hodde: Oh yes, in a social way. It was a little bit different than most governors, in that she'd never been married, and she had the mansion, and her sister who was widowed was the housekeeper for her. When you say social contacts, most of them were only at a political party or something–cabinet meetings and all this kind of thing.

I visited with her after she was out of office up on the island. In fact, my wife, Jane, went with me after we were married. I think it was her seventy-fifth birthday anniversary or something up on the island where she lived. Very interesting, because she never had any children; she had some nice dogs and she loved them, and she always carried them with her. She took them with her when she was back in Washington D.C. on her

job. She had a house trailer, and she took her dogs with her. She didn't care whether people made fun of her or not in that respect. That's what she wanted.

Ms. Boswell: What about as a woman? Did you think that had any impact on her–

Mr. Hodde: She came about as near being nonsexual as you could imagine. I don't think very many people gave her any different treatment because she was a woman. Some might have been prejudiced against her because she–I don't know what her real attitude was, but certainly there wasn't any romance involved in any of her activities that I ever heard of.

That's a lot of time to spend–

Ms. Boswell: I think it's interesting, and I think that we always have a tendency to look much further in the past, and in reality we don't often know as much as we should about the more recent times as well.

I wanted to, if I could, ask you a few questions about the philosophy of taxation at that period. First of all, you've been involved as a tax expert for a long time. Had your philosophy changed by the time you got into the Department of Revenue?

Mr. Hodde: Not very much. Except over the years, I've found it necessary to write and implement tax activity or interpretations, and you can't help but become somewhat defensive and think that you're probably doing it pretty good. If you want to take just a very brief run over what's happened in this state and some of the speeches that I have here, more recent ones will probably demonstrate that my ideas haven't changed much.

Over the years we tried several times after '33 to get an income tax put into the Constitution by amendment, or try to write one that would fit the court's decision and maybe get another decision, at least.

There were several things that happened to defeat it, and I still think we'd be better off if we hadn't put so much on taxes on gross income and retail sales. After a number of attempts, it just seemed to become almost impossible. So, what do you do? Then you think, "Well, I ought to be smart enough to invent a way so that we get the right money from the right people." So you'll find things that were written into our tax law that other states where they have an income tax aren't using.

I'll just use one example. When I was first Speaker in '49, we ran into a real revenue problem because the people by initiative had passed an old age pension act that used up all the surplus and put us in the hole. We had to raise more money. One of the ways that we went was, on my recommendation, the excise tax on real estate transfers. My argument in favor of that was that if you were in Oregon or anywhere else that had an income tax, you'd pay a capital gains tax because property values had gone up so much. For instance, the farm that I paid $7,500 for in 1937–I sold it for $22,500 in 1947; ten years at three times. Then we collect an excise tax on the seller, always before retail taxes were paid by the buyer. That did stand up in court, that the tax should be on the seller, not the buyer. We still have that, and we still don't have a capital gains tax for the state. We do for the federal government. That excise tax, in effect, is a capital gains tax–not measured that way, but measured by the price of the property, and it's generally always been going up.

There's been a number of things done. We've modified our B&O tax. Sometimes I think it's good and sometimes bad to try to make it a little more fair in its application.

[End of Tape 5, Side 2]

Mr. Hodde: The present discussions about taxes interest me, although I don't put the time in on it that I would really if, say, I wanted to sit down and write it. When I made my last recommendation regarding income tax, my idea was that with the federal tax as high as it is now, and trying to just get a little bit better fairness into our tax act, we would have a state income tax that would have an exemption that would be equal to the average level of income for a family of four. We'll say it would be about $30,000 now–no tax on that. Then a flat rate above that. Now this is kind of interesting because now we're hearing Congress talk about a flat rate tax. But my idea was based on the fact that we do have a big percentage of our income above $30,000 going to the federal government, and at a graduated rate. So if we had a $30,000 exemption then, say, a four percent tax on personal incomes that would be otherwise reportable to the federal government–the same kind of a base except for the original exemption–it would create quite a bit of graduation in the lower rates. A person who only had a $40,000 income would be paying four percent on $10,000 instead of $40,000. Then, of course, the person, the higher in income they got, the nearer their effective percentage rate on total income would get to four percent. So it had a sort of a graduation in it. The Revenue Department did some studies for me on it, and they said that if we had a four percent tax of that type on income, we could cut our sales tax to four percent. My proposal was that we tie the two together so they had to go up and down together. One couldn't be accented over the other.

We didn't get much support for it because the sales tax is so nice. You don't really know how bad you're

getting hurt. You just pay it a little bit at a time and you make it feel like it's part of the cost of your car you're buying or whatever it is. If the sales tax had to be piled up and you had to pay it all at the end of the year like you do your property tax–boy!–you'd really see people screaming.

We made changes in our tax system as we went along to try to keep it as fair as we could, but I still think that the income element would help more than anything else we could do.

I have another idea that I am not promoting, but I think we're getting closer to it or something happening on it. Because property taxes wouldn't support local government in all things they felt they had to do, we now have local sales taxes. I would like to see them either cut down or do away with the property tax for schools that the state collects, and take the sales tax away from local government and give them back the property tax. Then the property tax would be levied by the people that are right close to you. You can go and say, "Hey, I don't want my taxes going up."

Now, almost half of our property taxes, a good half if you don't count special levies, is going to schools. Sure, it's all right. We need the money for the schools and all, but as long as the court decided a few years ago that it's the primary responsibility of the state to pay for basic education, then why don't we use the state tax base instead of the property tax, which most people look at as a local tax base? Those are just things that may work out over time. So there are a number of ways that you could make our system more favorable. But pretty near all of them have to track income.

Your sales tax tracks income pretty good except that some people spend all, not all but a good proportion of their income for taxable items, and others don't spend near that much on it.

Ms. Boswell: The philosophy is that the wealthier people should pay more?

Mr. Hodde: The wealthier people are paying more than the poor now, but not in relation to the amount of income they have. The last report that I made to the Legislature, I went to testify as a person who hasn't paid his fair share of taxes for many years, because my income is above average, and I don't pay any state income tax. I'm not as extravagant as some people. I don't buy a new car every year, and so I don't pay my share of the sales tax. I said, "The other thing–I just refuse to drink and smoke in order to pay my share of taxes. I don't think I need to do that, so I think you ought to have an income tax so I could pay my fair share without doing all these wicked things."

Well, they laugh about it, but you don't get much action out of it. I think it's largely because the federal income tax is not only a significant burden on people, it's complicated as the dickens. While I have some sympathies for the efforts in Congress to simplify it, I don't think it should be done in a manner that shifts the burden very strongly to the middle-class people and away from the rich.

One of the things they're proposing that doesn't make any sense to me is that interest income be totally exempt from federal tax. Their argument is that this would make a bigger incentive for people to save money and loan it to business to expand. The fact of the case is that most of the people living off interest, they just invested their money and they're just taking it. That's all there is to it. I think that you'll always have arguments about that. As far as the state's concerned, I don't see any real support in the state for a state income tax like we thought we had to start with.

Ms. Boswell: I know that you also worked during the Evans administration on a committee to introduce the income tax. I got the impression from some of your speeches that the failure of that may have, in your opinion, been a death knell for any kind of income tax.

Mr. Hodde: I think it was, because here we had a Republican governor, and he had some pretty good people on his committee, bipartisan, giving it support, and it went down–what was it twenty-five percent favorable or something? It was very, very low acceptance. Previously we had thought only a Democrat would vote for an income tax. Here was one sponsored by a Republican governor.

Ms. Boswell: What do you think went wrong in that?

Mr. Hodde: I really can't analyze it that well for you. I accepted the job and we met, and we tried to put together a program that would sell, but I just don't recall well enough to try to comment on that.

Ms. Boswell: One of the other areas that you've written about is taxation on business and trying to make business taxes more fair.

Mr. Hodde: The B&O tax together, which started actually in 1933, but was pretty well put together in the 1933 special session which was called after the income tax was kicked out.

We, at that time, adopted different rates to some extent for those businesses that did not have a previous payment by a wholesaler or manufacturer, something that wasn't compounding. That still is a problem. As you probably read in some of my accounts, I think as

long as you're probably going to be stuck with this forever–at least a long time–that it should be modified so that it becomes more of a value added tax where the gross income still applied, but you had deductions from that for any payment you made for goods or services that had already been taxed once. You could have a single rate on everybody. The rate would have to be higher, but it would mean that the attorney who–oh, he might have some deductions, because he might be hiring some professional who paid B&O tax as part of his office expense or something. But basically, if you were a little retailer and you bought from a wholesaler who bought from a jobber who bought from a manufacturer, what you paid ought to be based on your markup–your markup plus the expenses that you incurred. Now he wouldn't be able to deduct the salary and wages that he paid for his clerks and help, but he would be able to deduct any payment he made that had already been covered by the business tax in some other form. This would become, I think, a much fairer levy than we have at present.

With the sales tax we didn't go like we did the business tax. We don't tax every sale, wholesale job and so on. It's so evident there that it would compound up and just put the last guy out of business. We only tax the final retail sale to the consumer. Even now they're trying to modify that in order to have the sales tax not apply if you're buying equipment, for example, that's going to be used to manufacture stuff to sell for retail. There's always some way that you can probably improve the present system to more nearly have the kind of an application that an income tax would, and not be near as much paperwork to do.

Ms. Boswell: Would the state get enough revenue?

Mr. Hodde: With the proposal I made about the business tax, we had it figured out so that the revenue would come the same. Of course, the rate, instead of being down where it is now, would be somewhat higher, but you'd be paying on a smaller proportion. But the main thing would be that the manufacturer who sold at retail would pay the whole thing. He wouldn't have any deductions unless he bought equipment that had been taxed. Whereas the retailer who buys after it's gone through several people, he would only pay on what he added to it, so that it wouldn't be a compounding effect. What I'd rather do would be to cut the tax down by having some of it through an income tax, but that doesn't seem to be what's going to happen. We just try to make the system we have as fair as possible.

Ms. Boswell: You mentioned back in the '70s that business taxes shouldn't be on net income, that the goal of taxation shouldn't be redistribution of wealth, but rather to raise the money that you need to pay for the government services that businesses require.

Mr. Hodde: I don't want to take it out of context, but that doesn't mean that you shouldn't avoid taxes that destroy people or give them unequal burden. You have to think of that, too.

There are some places where even an income tax gets too burdensome unless you have deductions. When you try to simplify it to do away with all the paperwork, you lose the deductions that people get for various, different problems that they have, like a casualty loss, fire, or whatever. It's a very difficult job to be fair to everybody.

Ms. Boswell: We were talking earlier about rainy day funds and what happens when you do end up having a budget surplus. Would you say that generally speaking you feel that the money should be spent in needed construction projects rather than lower taxes?

Mr. Hodde: I put together, in the Rosellini administration, the balanced budget amendment, which in effect said that if we haven't got the money the governor either has to cut expenses or call a session of the Legislature to raise the money. He can't run a deficit. I think that was good, but I think we should have probably left a one percent cushion in there, because my theory is that the surplus should stay in the taxpayer's pocket. Just like Governor Lowry's feeling now that we ought to keep the surplus because the federal government maybe going to take away our–well, that money has been collected from the taxpayer and we don't know yet whether we're going to need it or not. The taxpayer is right there where you can get him if you happen to need it, but you're going to have to justify it when you do it.

I've always been against accumulating a big reserve, ordinarily called a "rainy day" fund, because, if there's a rainy day fund there, I can figure out how to make it rain. In other words, you've got lots of things that people would like to see done, and if they can be done without raising taxes. Why not? But if you have to decide on what you're going to do by the burden it's going to create–

The reason I say that if we'd have had a one percent cushion there, then the governor wouldn't be in the same kind of a bite. We did allow some cushion there in that our Constitution does allow us to borrow money for capital projects. I supported that because the capital project–if you're going to buy a home, you don't pay cash, necessarily. Whatever you're going to do, if you pay for it as you use it, that's logical, and you can do

the same thing as far as taxes on capital improvements. We limited that, and we've never really got up to the limit. We haven't borrowed the money as much as we could for state jobs and stuff of that type.

It's always going to be argued, but I still think that generally speaking, much closer scrutiny is given to proposed expenditures if it requires a tax hike to support it rather than taking it out of the surplus fund. If you start a new project, it's going to have continuing costs; because you've got a surplus now, you may not have it next year, then you've got to raise taxes to cover it.

Ms. Boswell: If you were advising Lowry today as to what he should do in response to–

Mr. Hodde: My advice to him today would be that what he should have done is to look at the capital project needs of the state at this time. We are behind with our school construction, because the school timberlands don't produce enough money now on timber sales to keep up with the problem at all. We've got a lot of population increase. There probably are other capital projects of that type that could be done now with the surplus rather than cutting the taxes. Then there wouldn't be as much burden in the future. In other words, you'd have the benefit of not having to make the levies to do it later.

I wouldn't object if they just wanted to keep a few hundred thousand or something like that, but when you get up into a few million. I think that the tax was supposed to be sort of temporary when it was passed to meet an emergency. I think it's not bad to roll it back, if they're only rolling halfway back. So I'd go along with what happened there as far as I'm concerned. We're getting in to the present. This is not history, so we better go back to history.

Ms. Boswell: As long as we're talking about taxation and schools, your interest has been long-term in education and educational funding policy as well. One time you said in an article that if you were reincarnated that you might well choose to spend your career managing education as opposed to raising money to support it.

Mr. Hodde: Did you get a copy of the education speech that I made about thirty years ago, about how the schools should be changed?[*] I still think that some of the things I suggested then are getting attention, but not all of them. Because, basically, we are frozen into a pattern that–sometimes I think it isn't much more than baby-sitting at certain stages of education; we've got a place to send our kids. One of the things that I suggested at that time, for instance, was team teaching. Another was that there isn't any real good reason why we should shut the schools down three months in the year; maybe we should rotate vacations. There were a number of suggestions of that type.

I still think there are opportunities to reduce the cost of education or improve the output–one or the other or both, by some of these changes. I wouldn't say that I would make the same speech today, exactly, but I do think that there is some attention being given to this now, and maybe there will be some advances made in how we handle education.

My own feeling has been that there are some very excellent teachers that are not being well-utilized because the teachers, almost without exception, stay in the same district. Maybe they're good enough that they could be rotated. Maybe they spend six weeks here and during that six weeks period. For example, the students in mathematics really don't do anything else; they just really work mathematics all day, and not have to take forty minutes and then go do something else, forty minutes and do something else. Then that teacher could go to another school. Or it could be a team. We could get more education in that manner.

And yet I haven't had the personal experience that would indicate that I ought to be able to dictate what they're going to do on it. But some of this experimentation has been done, and more ought to be done. I think I may have commented to you when I mentioned that speech before, that this was to the statewide school–I think it was administrators or board members–it was a statewide meeting in Spokane–when I first made the talk. At the end of the talk they were lined up all the way down the aisle to come up and say something to the speaker. About ten or twelve out of every fifteen of them said, "That's the best speech on education that I've ever heard." The others said, "I couldn't disagree with you more." It depends a lot on what your attitude is in that regard.

But our school system was pretty much designed back in the days when I was a kid. As soon as the weather got good in the spring, you had to stay home and help with the farming. You didn't start to school 'til after the wheat was sowed and the corn was picked. Even though we had nine months of school at that time, I know when I was in grade school I never started to school after I was ten years old until October, November. I was always out in April, no matter how long school was. We still managed to get by, but the point still is that the pattern of having school in the winter months doesn't belong here anymore, any way at all.

I don't recall exactly the times and dates of the changes that I supported, but clear back in 1935, I think,

[*] For a copy of the speech, see Appendix E.

is when the first Hodde school bill showed up. It was to equalize the support. In other words, where a district's revenues that came from property taxes were under average, they should get some additional state support. If they were above average, they got a decrease in it. We had quite a problem about that and I think it was not until '37 that we got it passed. As I recall, it passed the Senate, but it wouldn't pass the House because Pearl Wanamaker was in the House then; she didn't want the rich districts to have theirs lowered. Whatever happened, we did subsidize the poor districts, but we didn't take anything away from the amount that was being paid to the richer districts.

There was some more work done on that, and I can't recall exactly where we were, except that when the Supreme Court came out with the decision–this had been in the '70s –that said it was the state's duty to pay for primary education–

Ms. Boswell: Was that the Doran decision?

Mr. Hodde: Yes. He was the local Thurston County Superior Court judge that made the decision that was supported by the Supreme Court. He's actually a Lions Club member of the same club I am. I know him quite well. He's retired now.

I never did quite agree with that, because our state constitution had that language in it when it was written clear back in 1889. And for all of these years, we've felt that that meant that the state had to provide for school districts and ways for people to raise money to run their schools. But he went further and said, "That means the state has to furnish the money." Well, of course, that equalized that part of it. But we still have–I can't quote exactly how it is–we still have that affecting special levies to a certain extent, where we're trying to equalize the amount of money that comes in from the special levies. If I remember right, the state money used to equalize special levies comes out of the property taxes they collect for that purpose.

The whole thing is just not something that I want to pose as a real expert, but I thought I saw things that were so clear they ought to be done to make it better.

Ms. Boswell: In terms of all of these problems with revenue and allocation, do you ultimately have to go back to the constitution to make changes?

Mr. Hodde: There may be some places, but a lot of it can be done without that. I don't want to appear too critical of the courts, but some of it could be done with a simple change of the court's opinion. Many of these court decisions that very much affected how we could do things were adopted sometimes, with a bare majority. If we go back to the income tax, again, it was a four-to-three split. If one guy had changed his mind, we would have had an income tax. And yet, it becomes law when the majority rules this way.

In the higher court level like in the Supreme Court, we have several judges. We are treating them like a Legislature. I don't want to say we shouldn't have court decisions, but I sometimes think we're getting too much direction out of the courts that could be provided by the Legislature.

Ms. Boswell: When you look back over your career, is there one aspect of it that you find rewarding?

Mr. Hodde: I've enjoyed most of it. You can get some strength out of the knowledge that you contributed. The one thing that I put in an awful lot of effort to, in the relatively short time, that I think has not been followed up on like I would like was on the water resources part of it. I thought the attitude was real good at the time I was there. I don't want to sound too political, but then Nixon took over, and they decided they could run the

country a little different. About ten years after I left there, they just quit financing the water resource studies that were jointly done by the state and federal governments, and they went back to fighting with one another. I don't think we were gaining what we should, and so I have to say that I was quite disappointed in the fact that very little has been accomplished in that field. And yet, maybe some of the things that I suggested wouldn't work, but there are some that I think would.

[End of Tape 6, Side 1]

4

LOBBYING

Ms. Boswell: After serving in the Ray administration, you still didn't retire. You decided you were going to do some consulting and lobbying, which you had done in the past.

Mr. Hodde: What I'd like to do without taking too much time is, I'd like to start right back at the start of things.

I've mentioned before when we were talking about taxes that I did take time away from the ranch to come over and campaign for the income tax, which, in effect, is not lobbying like you ordinarily think of it, but that's trying to promote ideas of that type. While that was a successful campaign from the standpoint of getting it adopted, the court did throw it out.

But the second project, which I take quite a bit of credit for initiating the idea and putting it together, involved the initiative to the Legislature for what is now commonly accepted by all the people in this state and works in no place else: what we call the "blanket primary" ballot, where you don't have to state your political beliefs or association in order to participate in selecting the candidates that will be on the general election ballot.

I did get from *Grange News* some stuff I'm going to give you that you can take to look at, and it gives quite a bit of description of that.[*] Maybe because I was just a Grange member was one reason that we were willing to support it. Being an organization that took quite a bit of a part in trying to influence legislation and support candidates and all, we didn't endorse political tickets. We did go out and try to get people elected that were in favor of the agricultural interests we represent. So we put together this initiative and this material that I gave you. You can see what I did when they asked me to organize the campaign after I'd sold them on the idea. Keep in mind that I was a state officer at that time in charge of their educational program, and I looked at this as part of my job to do this kind of work. We first tried to make it an initiative to the people, and we didn't get going in time. But then we tried something that had been rarely used–the initiative to the Legislature, which means that you can get your signatures later, and it goes to the Legislature. If they don't pass it, it goes to the people. I organized the campaign by having the Grangers everywhere possible go to the polling place on primary election day, 1934.

They were instructed to be very careful not to tell anybody what they were doing until they came out from voting, because that would be a violation if we stood that close to the polls trying to campaign. Just ask them to talk after they come out from voting. As I mentioned, all we told them to do was just say, "Did you have to tell them what party you belonged to to get a ballot?" "Yes, I did." "Would you like to be able to vote without having to do that, just for anybody you felt was the best candidate?" "I sure would! Let me sign." And so we collected practically all of our signatures in one day to get this initiative to the Legislature.

Then we went to the Legislature with it. I was down there in the '35 session as a lobbyist for the Grange, and we had no trouble at all getting the House to adopt it, but the *Spokesman-Review*, for example, had said, "This may be a good idea, but the Grange will never get the Legislature to adopt it because they're all selected by their caucuses. It won't pass." The nicest part about it–the *Spokesman-Review* had said, "This can't be done because it will have to go to the people for a vote." It passed the House easily. I think it was something like eighty votes out of the ninety-eight members.

But in the Senate, it was very difficult. It came up the second or third time by reconsideration. We finally got it through, and it did pass the Senate. So it became a law without ever going to the people. The *Review* ran a front-page little story, "Charlie Hodde, King of Lobbyists; he did it!" They gave me credit for getting the blanket ballot in.

So that's the first time that I really lobbied specifically for a Grange proposal in the Legislature. I had represented them in the '33 session, in which my lobbying activities were largely to see that the farmers didn't get unduly hit by changes in the tax system and various things that were going on at that time.

Rather strangely, the first concept of the B&O tax would be that you couldn't exempt anybody. If you're going to tax one business you'd have to tax them all. It was my suggestion then that people like agriculture where they had a very small profit in relation to the gross income, should then pay at a very low rate. And then we got legislation put in the Legislature, that said that if they didn't have a certain amount of income, they didn't have to report because it would be too small. This was in '33–I guess in the regular session to start with.

What was kind of funny was that I got the rate for agriculture set at about ten percent of what it was on

[*] For a copy of the *Grange News* articles, see Appendix C.

business, generally. When it got to the governor's office, he decided as long as that wasn't going to be able to be collected hardly at all, because there were hardly any farmers that would be above the level where they'd owe, he just vetoed the tax on agriculture. I didn't think he could do that and get away with it. But that isn't the way the court held. So agriculture has never paid the B&O tax on their wholesale sales. They only pay if they're retail. Then they have to collect the tax and pay.

There again, that was a Grange objective. We made the argument that they were really no different than the laborer working in the sawmill. They didn't have to pay a B&O tax on any other kind of labor. Even a public employee doesn't pay it. So their work as a family farmer was really no different than any other. They were making a family-sized income and that was it.

That will just give you some idea of the kind of things that we were fighting at the time. There were others, but those are enough to give you some idea of what was going on as far as the Grange. I worked with them in the '33, the '33 special, and the '35 regular sessions, and we were able to get quite a bit done that way.

Then in '36, the local newspaper editor and some of his friends came out and insisted that I file for the Legislature, because the person who had been in, a Democrat, had failed to get his filing papers in on time. So here we had a vacancy on the ballot. The central committee has a right to fill that, so they wanted to put my name on there. Here's the guy who promoted and got the blanket ballot put in, who was nominated by the party to fill it, and got elected. That was kind of a funny situation.

I didn't lobby again. I served in the '37 session, and at the time I didn't think I ought to be a Grange officer if I was a Legislator, so I didn't run for re-election to the state Grange office I held, and my term expired.

Then in the '38 election I didn't get elected. There was quite a shift in power of various kinds, so here I was at home again.

Ms. Boswell: Let me just ask you one quick question about that. I read that one of the issues had to do with teachers pay, and that you'd supported–

Mr. Hodde: I had supported a minimum salary for teachers–it had to be a certain percentage. I can't give you the exact detail, but it indicated that what we really were shooting at was to get teachers up to a hundred dollars a month. Most of them were working for fifty or sixty or something. There was quite a bit of argument about that in the campaign, that if you could hire a teacher for fifty dollars, why should you pay her one hundred? I think I've commented on that before. That might have been one thing, but irrespective of why, at least I was out.

I'm trying to stay with lobbying. So, the times were getting much better in 1938. We had REA coming in. After I got out of high school I couldn't go to college, but I did take a correspondence course in electrical engineering. For the next several years, I ran an electrical contracting business along with the farm. We wired houses and I had four or five members in my crew, and we had a pretty good reputation. If you got Charlie Hodde to wire your house, you'd have lights that same night. If you get somebody else, it will take them a week. We never could get caught up with our work. We kept very busy at that and it was, for those days, quite a profitable thing to be involved in. The ordinary guy that I hired, I might have paid him five dollars a day, but I made at least fifteen by being the boss and running the thing, and directing the work and all of that. During that period of time, I did not lobby for the Grange or anybody else. Then World War II came on and it was quite different.

However, again, I went back to the Legislature in the '42 election for the '43 session, and stayed in then. I didn't do any lobbying or that kind of consulting work after I did it for the Grange, until after I had retired after my campaign for governor in 1952.

At that time, I went back to thinking I was going to be on the ranch forever. I didn't think I'd ever move over there and I'd built a new house. There were a few things that came up–I'm trying to remember offhand and I can't. I think I did a few trips over to the Legislature, but not very many on anything. Then, of course, Rosellini got me to take a state job, and I worked eight years with him. Then I went with the federal government for five and one-half years.

It was really not until 1971 that I really became a professional lobbyist, other than the early Grange work that I'd done. Of course, I had a lot of contacts as you can guess through my legislative years and through working with Rosellini. Even when I was with the federal government, I made a lot of new contacts in the water resource area. When I got through with my federal job, when Nixon decided somebody else could do it better or something, I moved back up to Olympia because we still had this home. I had built this house in '63 and rented it while we were gone, but always kept the downstairs for weekend visits here, and we came back up here.

Almost immediately I was besieged by people who thought that I could do things for them. I did go to work almost immediately for the PUD association, because public power had always been one of the things that I'd supported, and they'd have various kinds of problems. I went to work for them full-time for the first

six or eight months that I was back.

Ms. Boswell: Tell me a little bit about what you did for them during that time.

Mr. Hodde: Really it was mostly a question of stopping legislation, not fostering it. There were efforts being made constantly to handicap them in some manner so that they wouldn't be such effective competition for the others. I don't have an immediate recollection of any new powers that we got for them.

There was one thing that I had done earlier that you might find interesting and I thought was a help to PUDs. I did this for them in the Legislature. There was always a criticism because they didn't pay property tax and the private power companies did. So we put together an excise tax system where they'd pay a portion of their revenues. It goes into the same distribution as property taxes. There were things like this. I don't have anything specific that I can think of right now. There were some things that they did during that period that I advised them against.

One thing about it–when you're working for an outfit like that, you give them the best advice you can but you don't go out and say they did something wrong, as a public matter. I can say it now that I thought that their attempt to locate nuclear power plants all over the place–they thought that was going to be the only way to go–was not a good idea. But I don't want to go into any detail on it, because it's been a pretty heavy burden on PUDs when they put the plant in over at Hanford, and they've had a great deal of trouble there. Plus the failed plant down here at Satsop and all.

Nobody really had any idea at the time that things were going to blow up like they did on that.

Ms. Boswell: Did you later have any affinity with Dixy or she with you, because of your support of the PUDs?

Mr. Hodde: I don't recall that we ever had any conflict about that. She went along with them, as far as she was concerned. I just don't have any quick recollection of any specifics of that during that time.

However, that came after I'd been lobbying for the PUDs.

Ms. Boswell: That's why I thought there might be another reason she was eager to have you in her administration.

Mr. Hodde: No, I don't think so.

One of the companies that I lobbied for, a project that was not a Grange project during those first years, was the North Pacific Grain Growers. They and several other companies were operating export elevators for shipping out grain to foreign countries, and the elevators were almost always built on public property of the port district, or somewhere.

If you were going to have a grain export business, you had to think in terms of a forty or fifty years' layup, so you've got a long-term lease. The assessed valuation of their lease for property tax purpose had been determined by what the present value of the length of the lease did. In other words, if you only had a lease for two years, you paid almost nothing. If you had one for forty or fifty years, you paid as much as if you owned the property. This looked to be quite unfavorable to them. So we put together a–and this might be interesting to you if I stop first here and say that, in many of the lobby jobs of the several that I took that were for very big outfits that paid real good money and all that, my first job with them was to say, "If you want me to lobby for you, if you'll pay me for a month or whatever it takes, I'll come up and tell you what I think I can do, and if you don't want that, we'll quit. But if you want to go along, maybe I can do something for you." In their case I met with them and even with some of their competitors and told them that I thought that I could get a change in the legislation that would exempt them from the property tax but make them subject to an excise tax on their lease–a certain percentage of the amount they paid in the lease. That would be the same no matter whether their lease had two years to run or a hundred years. It would be on the value of the lease per year, as demonstrated by the payment they were making to the port. This would equalize it so that one outfit was the same thing, exactly, as the other. They wouldn't be paying four, five times as much tax, as it was happening there. They agreed to go along with that. So I was successful in getting them put on an excise tax basis, rather than having them try to set a valuation on the lease which had to be based on the length of time they had it tied up.

There were some PUD problems that I handled at the same time. I don't recall any of those specifically enough to really be of a lot of public interest, now.

Let me just mention some little things, like one bank came to me. They felt that the state's handling of the way they took care of unclaimed accounts was not working fairly, and that they were getting improperly treated. I took that on and got that straightened out for them. Again, they weren't quite satisfied with what I got, but I got them what they had originally tried to get. I didn't get them any more than that.

We had a situation that I got involved with for the timber companies, particularly Simpson Timber Company, that had to do with their change from a property tax based on the value of their timber as it stood in the woods, to an excise tax on when it was cut. I guess my

first work on that had been back in the early '70s at the same time I was working for the Grange. It was one of the best paying jobs I ever had. When I went to work for them, I told them, "It's going to cost you six thousand dollars a month for my time. If you want to pay me for a month, I'll come back in a month and tell you what I can do for you." So I researched it. Simpson Timber Company had gone into a provision that was put in the law in 1931 that exempted them from property tax on the standing timber, but it had eleven percent of the stumpage value at the time of harvest as an alternate tax. Later legislation, which I had helped put together not as a lobbyist but as a member of Governor Rosellini's Cabinet, and was adopted in the '60s, put a six and one-half percent excise tax on timber that was harvested in the manner that most of them used. But it left several of these companies, the Simpson Timber Company being the biggest one, that were stuck with the eleven percent rather than six and one-half, practically on the same base. The only difference being that they'd had the advantage of that over a long period of years before the other companies had even got into it. So there was quite a bit of argument in the Legislature about whether they ought to have the same rate as the other timber companies now that the new law was in. What I worked out with them, and I told them it was the best I could expect to do, that they had benefited over many years, and that the best I could do was probably get them phased down equal to the others over a period of years, maybe ten years. The staff that I was working with thought that would be satisfactory.

Without going into any detail, it was a long and bitter fight. Nevertheless, we did get the law changed, and phased them down to the same tax that was paid by Weyerhaeuser and all of the other timber companies. I think it was just completely phased in in the last year. It was about ten years.

I had several other assignments after I was out of Dixy's Cabinet, but I'm trying to think whether there were any others that had any particular significance to the public. I always had people coming and wanting help in that respect.

I think the only difference between me and the many other lobbyists–and there are many more of them now than when I was doing it–is that I don't think I ever took a job that wasn't either with something like the Grange or the PUD, an association that I had a part in, that I'd helped in putting together programs. They were just trying to improve and defend them. When I went to work for a corporation like Pacific Grain Growers, or Simpson Timber Company, or any of those, my first deal, as I said before, was that I said, "I'll tell you what I think would be fair and what I can do for you, and if you don't want that, forget it." So then I was reasonably successful, maybe because I don't think I tried to get unreasonable things done in that respect.

So I'm not at all bashful about my work as a lobbyist. I think that the bad taste that the current lobby leaves in people's minds, now at least, is not always justified. I think that the world is pretty complicated now, and it takes some people that spend more time than a legislator can to really know exactly what the problems are and how they ought to be solved. I'm not apologetic at all for the fact that I did engage in what we like to refer to as, us professionals, as "legislative consultants."

Ms. Boswell: Having been in the Legislature before and dealt with legislative consultants in the past, was there a certain technique that you used for approach that you found most effective?

Mr. Hodde: You're kind of asking me to give you some advice in case you want to go lobbying. I don't know. I think that basically–and you'll find that this happens quite often–that the people who are the most effective lobbyists have had some background connection with the system under which laws are created and repealed. They may not have been a member of the Legislature, but, rather strangely, several of their fathers were. At least they learned about the system and how things were put together. Many of them are just attorneys, and they got into it because as attorneys they had clients that had problems with the laws, and they wanted them changed, so the lawyer worked on that. So you'll find quite a few. Quite a few of the lobbyists were either members of an association, or in the law profession, or some profession that had to deal with and become acquainted with the problems that exist for various taxpayers. It isn't just taxpayers. It's regulations. It's many things. We have lobbyists who work just as hard that are representing environmental concerns as we do the ones that cut the timber. It's just part of the legislative process that you can modify the way they can charge or whatever you want to do, but you're not really going to change the need for outside advice to get opinions made.

I'm not against having certain restrictions put on campaign funds coming from lobbyists, for example. An interesting relation in that regard is that in all the lobbying I've done, I've virtually never made a campaign contribution to a legislator. I don't mean that the company I was working for didn't. But when they'd come to me for a campaign contribution, I said, "Listen, I don't handle that. That's not my chore." I had a legislator just as much as tell me, "I can't vote for your bill, you've never given me a campaign contribution." I said, "If that's the way you make up your mind, you

aren't going to get one, either."

In effect, back when I worked for the PUD, the PUD association makes campaign contributions, but I never told them who to pay. I said, "You'll have to go to some of the bosses. If you want to talk to them about helping you in your campaign, you do that. I'm just here to tell you what I think is the right way to handle this." I think that helped me a great deal, in that I don't think that I ever took a job or worked with something that I felt that had a really bad effect when you accomplished it.

Now, that's bragging a little bit, but I'm just trying to say that lobbying is not a bad activity. It just can be done in a bad manner. It's something that's absolutely essential to the operation of government.

Now, in a local district, or the county commissioners or whatever it is, they still have it. You have organizations, and they send paid people down there to tell the legislators what they ought to do. It's just part of the way it is. How are the citizens going to express themselves if they don't?

Ms. Boswell: In talking to some other legislators in the past, the lobbyists often perform an important function of information.

Mr. Hodde: Oh, they have to.

Ms. Boswell: In the past legislators didn't have a full-time staff, and they really needed information lobbyists could provide to them. They could then make up their own minds.

Mr. Hodde: Any outfit or group, whether they were representing the farmers or the timber companies–for most of them, it's very difficult for them to even understand what's going on. They have to have somebody that will devote enough time–that requires payment in order to get that. I think that's something that I'd like to have understood, that it doesn't mean that anybody that's lobbying can be bought to do anything that you happen to think you'd like to have done. Most of them are pretty convinced that they have a right deal.

Ms. Boswell: Were there any lobbyists in particular that you thought were particularly effective?

Mr. Hodde: There probably were, but I don't think I have any names that I want to kick out front. We've had some that have really moved up quite a way, and I can mention that.

Jolene Unsoeld was an unpaid lobbyist for years. She called herself a citizen lobbyist. She registered as a lobbyist and she spent as much time as anybody trying to influence legislation around the State of Washington. Then she finally ran for the Legislature and later for Congress, and now she's out and working as a lobbyist; I can't remember the name of it. She works for some outfit in Washington D.C. I think, now. I'm not just sure because the question came up whether she might run again, but I understand she's got a good job with a lot of influence where she is.

[End of Tape 6, Side 2]

Ms. Boswell: Have some of these organizations had lobbyists in the past who have not been as effective as you were?

Mr. Hodde: They're not all effective; that's right. But I don't pass judgment on whether or not I could have done it better. That's not my problem. Sure, I think I was more effective than anybody else, but you know–

Ms. Boswell: You probably were. Having the contacts, having the confidence of people as you did, legislators–

Mr. Hodde: I think that there were times when I have thought, even when I was on unpaid missions–just like being invited by Senator Cal Anderson several years ago to talk about how the tax system ought to be improved. I had quite a bit of support, but nobody ever did anything about it. It's just part of a lot of good times that I had.

Ms. Boswell: Did you enjoy it?

Mr. Hodde: There were times when I kind of wished I didn't have it, but there were other times when it was quite a bit of fun.

Ms. Boswell: Is there any sort of camaraderie among lobbyists?

Mr. Hodde: Yes. And there's also a lot of competition. Pretty near every big subject out there, there are people on both sides of it, so they're not all friendly. Even those that are on different sides of it, if you've been in the business quite awhile, tend to respect the other guy's position and not be hostile about it. But it can be an extremely frustrating way to work. You're not always successful, and you can't always understand why you can't get people's attention, why they won't even listen to you.

Ms. Boswell: When you are a lobbyist and you are successful, is there a lot of turnover? Do companies go through a lot of lobbyists?

Mr. Hodde: There are some lobbyists that have been there for a long time. It's because they are reasonably successful. There are others that just come and go. Maybe they are a registered lobbyist because they are at the head of an association, or something. Or maybe they have some special project. We've got lobbyists down there for everything from disabled veterans to kindergartens.

Have you got a copy of one of those legislative lobbyists books that gives you their pictures and who they work for?

Ms. Boswell: I don't know that I have the current one; I've seen one.

Mr. Hodde: I don't know if they published one this year. They had one last year when the new session started, when the new legislators came in. There has been a publication of this type for quite awhile, so you can see who's working for who. So you'll see a lot of pictures in there that were in there ten years ago, but you'll also see a lot of new ones that you never saw before when you get a new book. It's a kind of a rotating deal. Some lobbyists represent one company, or one outfit, or one problem, and others have ten or twelve.

An old ex-legislator friend of mine that I talk to once in awhile–he represents the three northeast Washington counties because they want somebody there. They think their situation in Ferry, Stevens, and Okanogan counties is enough different than the rest of the state. They're off in a corner by themselves and they want somebody here just to see that they don't get hurt, see?

Ms. Boswell: Do lobbyists always sign up for two years? Was it ever almost like a political appointment?

Mr. Hodde: I couldn't tell you. I don't know. I'm sure that the ones that are successful sometimes get paid a little extra.

About the only case that I can cite is that, when I was able to get Simpson Timber Company's thing settled– they had a good excuse for doing it, maybe–they kept me on the payroll for an extra three months after it was all signed by the governor. It wasn't because I was working or doing anything, but because something might happen. "We want you to still be interested and keep track of it so we know that it's working."

Ms. Boswell: Was that also an extra thank-you?

Mr. Hodde: You could look at it that way. You could say it was. "You did a good job, we'll pay you for another three months." With me it was all right as long as there wasn't any conflict involved. They're not buying me off or anything like that to keep me from going to work for another company.

Ms. Boswell: Did you find that, generally, most of the legislators that you worked with would respect you, or are there some that just won't talk to lobbyists?

Mr. Hodde: I don't think that there are any of them that won't talk to lobbyists. If they don't, they won't stay but one session. They certainly aren't all going out to lunch with them or anything like that, some of them do. Some of them, I guess, feel like that, if this lobbyist has a lot of clients who are from various companies in their districts, they feel like they have to be courteous if they want to get elected again. Maybe that's the closest you come to being bribed–"If you don't give us a good deal, we'll get somebody else." That's no different than the farmer or anybody else. They'll vote for the guy they think supports their position.

Ms. Boswell: Were there ever any temptations that were offered to you?

Mr. Hodde: I don't know. I guess the one I mentioned there about the senator who said, "If I haven't got a contribution, I'm not voting for your bill." That's about the most blatant suggestion I ever had, and you can imagine that my regard for that senator didn't go up very much. In effect, he was saying, "I expect to have a cash contribution for my next campaign when I support somebody's legislation–not for me, but for my campaign fund."

That's not very common, though. Even though they may expect support for having given support. I know that there are a lot of people in the Legislature who took contributions from groups–I won't say whether they were large corporations or who they are–they take contributions during their campaigns. At the time they do it, they probably feel honestly that they can support what that group wants, so they want their support. So there is some tie-in there that has to have some effect, no question about that.

Ms. Boswell: When you were lobbying, you were right there by all the legislators' activities. Did you miss having been part of the Legislature?

Mr. Hodde: Yes and no. I go down there and I drink coffee. Some of them come by and visit with me and all that, and it's kind of interesting. I'm sure not interested enough to go up and listen and tell them how to do it. You've got to have some interest in it–sure you would.

Ms. Boswell: I'm talking about when you were a lob-

byist. Were you looking at it from a different perspective?

Mr. Hodde: I don't really recall any problems of that type. I've always had to defend what I accomplished occasionally, and I haven't been too discouraged.

With a group like Simpson Timber Company–they had a contract where they were able to buy federal timber just on the appraised bid rather than having competitive bidding. That was because they had also signed an agreement that they would not export more than a certain minimum amount of their own timber, and they couldn't export the federal timber that they bought. I thought that was a good deal. But several years after I worked for them, why, they just withdrew from the federal contracts so they wouldn't be bound. It got too profitable to export timber, and so they broke the contract. I guess they legally could, but they could no longer buy federal timber then off the Olympic National Forest without going to bid. So you can be a little bit critical of what happens later, but you don't know all the circumstances.

One of the arguments that we used to get them equalized with the others was that they have had a longer contract, but they also had an obligation that they were fulfilling, which cost them money. There are things like that that change as time goes on.

Ms. Boswell: Would there ever be a situation where you might need to lobby when you were not in agreement with the client's desires?

Mr. Hodde: I don't recall any kind of a circumstance like that. It might be that there would be something like when I was working with the Grange. I was a Grange member for a long time, and they might have something in their program that I didn't fully approve of, but I probably wouldn't go out and say that what the Grange wants is wrong. I'd just probably say that you'd better get somebody else to talk about that. I don't have anything I can think of in my mind right now, but there will be some differences that you'll have at times. I don't recall ever having vigorously lobbied for something I didn't think was the proper way to go.

And yet, if you were working for a corporation like Weyerhaeuser–and I only use them because they are big and they've had some very good and honest lobbyists down there–then you do get in a position where you pretty near have to support what their board suggests, or they can get somebody else. And you have to realize that you're not necessarily always right in the way you think. The other guy might be right. Depends on what kind of a question it is.

Ms. Boswell: Ultimately, what made you leave lobbying?

Mr. Hodde: Age. I had personal problems. When my second wife died, I had been doing some lobbying for the Port Association.

Ms. Boswell: When was that?

Mr. Hodde: This was in 1985. The problems that were associated with selling her estate and various things of that type just took all the time and energy that I had. To tell you the truth, I didn't need the money, and I just quit.

So when I dropped out and no longer registered with the commission down here, then I couldn't do lobbying without agreeing to report and register again. So I just quit at that time. The main reason that I quit, of course, was really personal. It wasn't that there was anything wrong with what I'd been doing.

Ms. Boswell: Then you were still on the policy committee weren't you?

Mr. Hodde: Yes. I served on the Governor's Council of Economic Advisers after that. I'd been on the Advisory Council with Spellman after I left Dixy's administration. Spellman went out in '84, and Gardner came along in '85. So I served about six years with him.

This was not a paid position. This was a donated time deal. I guess the people that lived away from Olympia got paid for their trips, but practically everybody on that commission was involved in some corporation or some manner that they had their expenses paid.

Ms. Boswell: Were those worthwhile?

Mr. Hodde: I think so. I think that it had several advantages. It brought a lot of people together who wouldn't otherwise have been able to listen to one another's opinions. They'd go around the table and everybody in turn would express their opinion about what the economy was doing, what the problems were and so on. The press was allowed to sit around. They couldn't interrupt or anything, and the directors of departments would sit around the big room there. They could listen to all this, and they could talk to the people after they got away from the table, but they could not interrupt to enter into the discussion while it was going on. Now, that group didn't make decisions. They gave information. The governor made the decisions later.

Ms. Boswell: That's what I was going to ask you. The press would want to discuss some of the issues. Did

you come up with a list of recommendations, or was it just a discussion?

Mr. Hodde: It was really just an agreement. We didn't even necessarily vote, but all of them got to express their opinion and sometimes there would be a round of endorsements about what somebody said, or a disagreement. But basically, it was not a decision-making conference. It's one where the governor and his staff listened, and then they have to go from there. It's their responsibility. It's not like you were a state agency.

Ms. Boswell: And so these were just appointed positions.

Mr. Hodde: Yes. They were just selected by the governor to give him the best advice.

Ms. Boswell: In terms of your own career as a legislator, as an expert in taxes, as an expert in resources, is there any part of your career that you prefer to be known for?

Mr. Hodde: I like to joke with people and tell them that nobody ever forgets me. Who ever forgets the tax collector? The one that I have a lot of concern about, that I think maybe some of the work that has gone on is not getting the proper attention, is natural resources. With taxes, it sure would be nice if you could see some of your prime objectives. But on the other hand, I may be a lot more popular because the income tax didn't pass, than to take the blame for it all these years.

I think probably, if there was a disappointment, it would be the River Basin Commission, which was a combined organization with all of the federal agencies and state agencies from the five states that had responsibilities in the natural resource area. A big part of it is water resources. They could meet together in order to get the problems solved. They didn't have executive authority, but they had the right to set the direction, and I felt we were doing quite well with it. I don't want to be too critical of the follow-up, but the fact is that the chairman was a political appointment. That's where I got it, so I shouldn't holler about that. I think that the reason that I thought I was being very well-accepted–there were three Republican governors who didn't want the president to change the appointment, but then they had to do it–was because we didn't make a partisan thing out of it. But the fellow who was appointed to follow me was–and I won't mention any names if you don't mind–a Republican from Oregon, and he hated federal agencies. He even quit meeting with them. He'd meet with the states ahead of time, and he'd try to get the agenda all set up before the federal agency even got into it.

So what happened–I went to one of the meetings several months after I'd quit, just as a visitor, and I couldn't believe it. People were coming from the Interior Department, Bonneville, and all different agencies of the federal government. They were all sending second- and third-rate people to represent them. They weren't there. I saw one of them later and I said, "Why don't you come?" And he said, "Because we're not welcome. The chairman doesn't want us."

Then after the Republicans went out and Carter came in he appointed a person who'd been a–same as a county commissioner. I don't know as that's the reason that it didn't go better, but there seemed to be a feeling there on the part of some of them that he was trying to dictate everything, and they didn't like it, so the Congress just quit funding them.

They had organized similar commissions all across the north part of the country–one in the Great Lakes, one in New England. I don't know whether all of them were shut down or not. I've never really inquired. The main problem was that the administration and Congress–differently than in the '60s–just did not want to concentrate on natural resource problems, and they just went out of favor.

They substituted in the Northwest. The nearest they came to a substitution was the Northwest Power Council. They've gone ahead, and they're looking at water resources some, but they're chiefly interested in only discussing the energy question, rather than irrigation and domestic water supply. I think they're far too centralized on this one part of it. I don't go to their meetings, but I get all their literature. They still send that to me.

We had a pretty good representative on there–Ted Bottiger, who'd been a state senator–but he quit two years ago. I never really talked to him too much about it, but I don't think he was too happy with the way things were going. He's down here lobbying for somebody, now.

Ms. Boswell: When the state members separated the federal people out, did that hurt?

Mr. Hodde: I think that hurt because I think they didn't get any support from the federal side for the budget.

The state agencies and the federal agencies were all still paid by their own outfits. We didn't have any tax authority or anything like that. The chairman was paid by the federal government. I think all but two of the seven or eight that worked in the office were on loan from federal or state agencies, and they were paid

through their own organizations, whether it'd be the Department of Natural Resources or whatever it would be. They maintained their connections, and their pension rights, and all that with either the state or the federal government, whichever one they were paid by.

Ms. Boswell: Aside from this question, have there been a lot of changes that you've seen in the way government is operated now?

Mr. Hodde: I don't want to comment on the way government is operated, but did you say in the natural resource area?

Ms. Boswell: That's one area, yes.

Mr. Hodde: I don't have any real concrete suggestions to make. Like I say, I'm sorry that they dropped this idea of a cooperative federal-state study that had a formal place to meet and publicize their agreements or disagreements. Now, of course, they can meet and talk all they want to, but there really wasn't that much authority to it. It was really more like an educational group, in some ways–to have them all understand what the others were doing.

I served for several months after I left that position with the federal government in a nationwide committee to make recommendations on how natural resource planning should proceed. We made some recommendations there. I don't know how well they're being followed out. One of them that I promoted and that was adopted–we tried to get them to set up a basis for water resource planning that would not waste millions of dollars trying out every possible alternative when it was quite evident to start with that some of them were not feasible. So we really tried to get them to say, "All right, if you're going to decide whether you ought to irrigate or whether you ought to build a dam, the alternatives are clearly limited to two or three. Don't check out all the other ten. Just decide whether you can go ahead with the ones that appear to be practical and economical." I don't know whether they followed through on that or not. It's difficult to really know what's going on, because it will make it look like you're trying to still run the place.

Ms. Boswell: I wanted to ask you about the many speeches that you gave. Tell me about the process of writing those. Is that something you enjoyed?

Mr. Hodde: You'll notice that most of them are speeches that I gave during my federal employment. I made almost as many speeches when I was working for the state, but I never made copies. I just made notes and talked about them.

When I went to work for the federal government–I don't know who taught me that copies are good to have real quick, because if you say something when you're out in Portland or Vancouver or San Francisco, and you're talking about something that has to do with federal policy, you can very well be misquoted or misunderstood. So you better have a copy of what you said to give to Washington or whoever wants to know what you said. So I made it a rule in my time with the federal government that I did my speeches before I went to the meeting, and I handed them out, and I said, "This is the only thing you can quote. You've got to take it out of here. You can't remember what you think I said. There it is on paper."

Ms. Boswell: Did that work pretty well?

Mr. Hodde: It worked very well. You bet. They appreciated it. Because then if they wanted to go to the bathroom, or go get some coffee or something, they weren't missing anything.

Now there was always a few little things that got thrown in, but the whole point is that the only thing that they could get permission to quote was what was on the written page. So I rarely ever made any appearances of any significance in the federal government that I didn't write it down on paper. That was just sort of a rule that I followed there.

Ms. Boswell: You seem to have a real knack for metaphors or using stories to illustrate a point.

Mr. Hodde: I think from the first time I made a public speech, I've always thought–if you watch them, you'll find out that most of the time, if I'm trying to get a laugh, the bad part of the story is on myself, basically. You don't want to get laughs by ridiculing the other guy for something unless it's a very acceptable situation. I guess the best illustration I can use is when I went up to an international meeting on weather control up in Banff, Alberta.

Ms. Boswell: Tell me about weather control. What would this–

Mr. Hodde: How to make it rain. Seeding clouds and all this kind of thing. It was all brand-new and it looked like at the time it had a great deal more promise than it turned out to have, because quite often there was enough damage done. When they made it rain to help the wheat crops, it ruined the apples, the cherries. Now if nature did it, then you just accepted. But if it's done by airplanes flying over trying to make it rain on wheat

fields, and it destroys the cherries, they want to sue somebody.

My favorite recollection of that meeting–we had people there from all over the world talking about the experiments that were going on with weather modification, and I sat there for two full days and part of another one before my turn came. Of the people who stayed there, half of them were asleep. It just got so boring. So when I got up to talk I thought, well, I've got to get their attention somehow. I had modified mine before I started, and I said that I wanted them to know that where I grew up in Missouri, we were practicing weather modification ever since I could remember. It all looked so clean and all, and our success ratio was virtually the same as what I've been hearing reported here all these years. We were always either praying it would rain or praying it would stop! All at once they sat up and started listening.

So if you're looking at some of these speeches, if I tried to introduce a funny comparison or comedy in it, it's to get their attention. It's not to try to be a great humorist, but maybe I can get them to sit up and look and listen.

Ms. Boswell: Did you enjoy doing those speeches?

Mr. Hodde: I did, yes. Honestly, I did. I never deny that. I think I learned that in high school. It's fun to talk if you can get people to listen.

I think that a good deal of the problem of public speaking on subject matters that are really not too interesting to most people is to be able to set up a comparison that they can associate with in trying to evaluate what's going on.

[End of Tape 7, Side 1]

There are some matters that seemed very pertinent at the time that these speeches were given that do not get much attention at the present time, but their time will come back again. I just use as an illustration that if you read those, you'll notice that there were several places where I mentioned certain places where water could be stored for power plant cooling purposes, and where water diversions might occur that would be beneficial if properly handled. Most of those things have just dropped off center stage, and so you say, "I still think the time will come again when we'll talk about a three million acre-foot reservoir down in the foot of the Horse Heaven Hills in eastern Washington."

We had some discussions with the British Columbia officials about some diversion of the water from the Columbia over into the Fraser River and down through the Okanagan to clean up Lake Okanagan up in their country and go down through here. The fellow I was talking to at that time was the man in charge of the natural resources up in British Columbia. He said, "Charlie, we've only got one problem with that. I don't see anything wrong with what you're talking about, except it would benefit the United States. And if we do anything that will benefit the United States up here, we're out of a job." Because they thought that in the earlier negotiations on the control of the Columbia that they had given away far more to the United States in the way of public power usage of the water than they should have. It was for a fifty year period. I don't know when it's up, but pretty soon I think, and we may have to renegotiate on that.

I did have expert staff that could do the work that needed to be done to decide whether these were really practical things to do. And actually with the last large dam that Canada built up on the Columbia to take water out of the Columbia and send it over the little mountain ridge between there and the drainage into the Pacific, it could come down what they call, I think, the Arrow River, Arrow Lake, down there. You could actually take water from the Columbia during the high-water period and divert it down through Lake Okanagan and back into the Columbia down through the Okanogan River in a manner that would clean up the area, and we could pick up another fifteen or twenty thousand acres of irrigated land in Okanogan County.

The whole thing is that this would benefit Canada materially in getting Lake Okanagan cleaned up. They've got a terrible pollution problem up there with so much housing developed around it and one thing and another, but I don't know whether they're doing anything about it or not. That's just kind of a sideline on the period there when we gave so much emphasis to it.

A lot of the reason that we didn't have to develop our water resources any more efficiently than present production right now is that natural gas and coal are turning out to be cheaper.

But now we've got a problem coming up right down here in Centralia, where we have a coal fired power plant and a very successful one. They're taking off a lot of coal there. All at once now, we're beginning to get some real concerns about the effect on the environment of burning the coal fuel, with the type of coal we're getting. Well, who knows? It's supposed to last another twenty or thirty years, but maybe it'll never be finished.

Somebody will either think of them again or might pick them up and they might have some value.

Ms. Boswell: What about a career in public service? Having had a very long and successful one, do you think it's still a viable career for–

Mr. Hodde: I think that there's two ways to look at this. You say I had a career in public service, but keep in mind that I was fifty years old before I had the first job that actually paid anything other than five dollars a day in the Legislature. I got five dollars a day and ten cents a mile one-way to go all the way from Colville to Olympia for session. So I used to say that every time I went to the Legislature it cost me a whole truckload of cattle.

I was in private business. I want to say this because this is a little different than saying, "Should a guy that gets out of college go to work for the state or the federal government?" I never did that. I was farming; I was an electrical contractor; I logged. It was all in private industry until 1957 when I was just over fifty years old. That's when Rosellini talked me into coming over here, and I thought, on a temporary basis, it would be fun.

So from then on, from 1957 for another thirty years–just about the same time–I put in farming, and logging, and so on. Yes, I had a career of sorts there. But, again, it wasn't a public service career in the sense of "This is where I'm going to make my living the rest of my life," or anything like that. Totally different concept than saying, "I'm going to go to work for the Department of Agriculture and I'll end up being the director when I'm seventy years old." I don't think I have a good feeling for that.

In fact, there's some of the people that are working for the state that I know–and I've known some in the federal government–that I really felt sorry for. I think they really thought they had a good job when they went to work, and they've had a pretty good living out of it, but they have stayed with it because they're afraid to quit. They just figured, this is it, and I've got to wait until I can retire. Some of them are smart enough to retire early and get another job and go ahead and have a good time, yet. But some of them have just stayed there until they get out, and they just retire and go off and die. I don't like that.

[End of Tape 7, Side 2]

CONCLUSION

Ms. Boswell: You were present with Governor Dixy Lee Ray at a pretty exciting event in Washington history. That is something that doesn't happen very often in any history, certainly in Washington's history, and that's the eruption of a volcano.

Mr. Hodde: Yes. Actually, it was in 1980, the last year of Dixy Lee Ray's term as governor, that the volcano erupted. The initial eruption in March was really pretty minor. It was enough to cause a lot of concern because the geologists said this is just the start of it.

Mt. St. Helens had been a beautiful mountain for a long time, and I guess that in my case, it had a little bit more importance to me than some because my first wife's name, who had died just before this happened was Helen. So we always sort of associated her with Mt. St. Helens being such a beautiful mountain. I've sometimes said that I'm kind of glad she didn't live long enough to see her favorite mountain disappear, almost.

Getting back to the facts of the case that we're interested in here, there was the one little volcano eruption started in March. Then the really big ones hit in May, on May 18 and 25. They're the ones that scattered ashes all the way to Spokane and up into northern Idaho. There were enough of them that at the time there was a great deal of concern that they might destroy the crops–the food crops, and the grain crops. So the state had become pretty involved.

The immediate problem was that people were actually killed and their property destroyed within twenty miles or so of where the eruption occurred. Rather fortunately during these eruptions, the wind that carried the ashes did not blow immediately toward Portland or some of the big towns close there, or their damage would have been bigger. There was enough that even up in Olympia we did get enough ash to make the sidewalks white.

The second May eruption was on the 25th, and it wasn't as big as the one on May 18 as I remember, but it was still pretty big. They really thought that this might end it. But in June we had another one on the 12th. It was significant, but again not as big as the May eruptions.

I went over to the state Grange in Pullman in the last week in June. There had been so much concern in the earlier eruptions, when the ash came over there so heavy, that it might just destroy the crops completely. I was amazed as I drove through the wheat country there. It was far enough along then that you could get a pretty good idea. I said, "That looks like the best crop I ever saw." Really, I'm an old wheat farmer, and raised grain. I couldn't see any damage, and there was a lot of ash there.

It turned out that the director of the Department of Agriculture for the state had tried to get a campaign going for taking care of the farmers' losses. I told him that I didn't really think it was necessary; they had better concentrate on the physical damage in the general area there and how we'd handle that. It turned out I was right. But aside from that, it was rather amazing that a volcano that's two hundred miles away could cause that much concern and deposit that type of ash all over the community.

For a totally unrelated reason, in July–July 22–we had some tax problems with Oregon. We'd had a continuing problem, ever since we had a sales tax and they didn't, of people buying in Oregon. The Oregon retailer wouldn't collect the tax for us, and we had to try to get a use tax after they got over here. Also, there was a large tendency for people in Oregon that wanted to buy–the Washington dealers wanted to sell to them, but if they sold to them in the state of Washington, we had no exemption for them. We wanted to work out a better arrangement for that, which we did. It's aside from this question I'm talking about, but we did work out a system where Oregon can buy in Washington without paying tax, and people in Oregon that sell and deliver in Washington have to collect the tax. Things of that type.

But aside from that, the reason we were headed down to Oregon was to visit about this problem with Governor Hatfield. The Washington governor–I guess it's still common–at the time had a state patrol plane fly us down because it was public business we were on. We left sometime after one o'clock–it might have been closer to two-thirty from what the record shows here. I knew that we were going to be flying close to Mt. St. Helens, and it was a thing of a lot of interest to a lot of the people, so I took my Kodak. When we were going down, I shot a picture of the volcano that had been created by the May and June eruptions. It was pretty quiet; there was just a little plume of steam coming up. It was only just a few minutes as we flew until we were crossing the Columbia River when I looked back and there was a very noticeable cloud of steam erupting up. So when we got to Portland, we tuned in and found out that the geologists or seismologists–whoever you talked to–were very concerned that it was going to develop

into a much bigger deal. Dixy decided that we should cut short our visit in Oregon. We had figured that we'd be there until after five o'clock at least, and maybe six, talking to the Oregon governor. So we would go home early so that she'd be there in case it required some emergency action.

By the time we found the pilot that was to take us back because we wanted to go early, and get him ready to go, and got out of Portland, it was about five o'clock in the afternoon. The really big July 22 eruption, as the records show now, say it was about 5:13. I suppose it was close to 5:30 when we were going by there, and it was really a fantastic sight. The ash clouds were something like forty- thousand feet high, way up above where we were flying, and the governor wanted the pilot to fly a little closer so she could get it–she also had a camera, although I never saw any pictures she took.

He said he couldn't get too close, because the funny thing about a volcano exploding like that, if you're really close to them, is that you would expect that the wind blowing away from the volcano would blow you away, but what it's doing is going straight up and is sucking in the air from all around it. The big drafts, or whatever you want to call them, are toward the explosion, so we couldn't get more than about twenty miles, we figured, to be safe. So I did get a few pictures of it, and I've shown them from time to time. What a coincidence that you could be on a trip with state business and be up in an airplane at a time that it was just impossible to predict that closely.

Well anyhow we flew on home, and it didn't turn out to require any very emergent action at the time, because the big damage had been done earlier as far as locally was concerned. There was a considerable ash deposit in some areas, but about all it really did–that and the August explosion which came two weeks later–was create a new cone in the old crater where the steam continued to come up and the lava flowed out for awhile.

I was the director of Revenue at the time, and the timber damage for many miles around the crater was very bad. The heat had been so intense that it had blown down, and rather strangely I observed when I was there, that all the trees that were blown down were blown down toward the volcano, not away from it, which changed my whole concept. Then I could understand why the pilot didn't want to get any closer, because this big draft going up from the explosion brought the wind in from all the way around it, and the timber was all lying down on the ground. It really burned after it went down, not from the heat of the flash, but there was enough heat there to set it afire and it burned lying down on the ground.

Our problem with the timber companies was that we have a tax on a certain percentage of the stumpage value on the harvest which is separate from the tax on the timber harvest, in a sense, itself. But nevertheless it was significant enough, and we did agree after this trip over there to explore. We went up fairly close to the crater and then down in the valley where the Toutle River runs along to see what the damage was.

Ms. Boswell: This trip was in conjunction with Weyerhaeuser Timber Company?

Mr. Hodde: Weyerhaeuser did all the cost on this one, and took me down there in their helicopter. Of course, they got something out of it because we agreed that when they tried to salvage this timber it would certainly not be as profitable an operation as if it hadn't been hit, and they could just take the trees they want and leave the rest of them go. This had to be completely cleaned off and then they replanted it. It's back up in timber again at this time, now.

Ms. Boswell: You were the director of Revenue at that time. Were there other impacts on state revenue?

Mr. Hodde: You can't say there wasn't any impact, because those things are awfully hard to track. In other words, some of the impacts made money on taxes. We had a lot of tourists come in here to see the volcano, and there was some money spent–public funds–to provide a viewing point after that. I'd have to say that as far as its effect on state revenues, it was pretty negative–nothing like a stock market crash or something like that.

The towns that were close there, like Vancouver and Longview, where you might have thought the damage would be terrific, outside of a little ash they had very little damage. We really had very little to do with any state funds going into reconstruction activities or anything of that type.

Let me make one other comment. I mentioned that I was on this helicopter trip with the Weyerhaeuser people just one week after the eruption, the 29th. On the 7th of August it blew up again. Not as big as the 22nd, but enough that we often thought that we could have been caught right up there by it peering down at it.

The one picture that I took that was quite interesting was of somebody who had been up there in a car. It was my understanding that they got out without being killed, but we did fly right over where I could get a picture of the car that was abandoned, because there was a trail up there by that time that people could, if they could get a permit, get up close enough to view the crater.

There was some damage of various things of that type. But to tell the truth about it, for the tremendous

operation that was involved, the actual financial losses in the state were almost all restricted to that particular area, like the timber damage and stuff of that type. There was a lot of wildlife killed, no question about that.

Ms. Boswell: So really the dire predictions of its–

Mr. Hodde: It was nothing like we thought it was going to be.

Ms. Boswell: What about cleanup, though? How did that affect the economics of the state? Who paid for all that cleanup?

Mr. Hodde: I really can't tell you. The Forest Service had some involvement because it was public timber, and Weyerhaeuser had it. Sure, they spent some money replanting some of the timber areas and stuff of that type. The Game Department had some concerns, but I don't really have any recollection that there was any tremendous amount of money spent.

Of course, you have to keep in mind, too, while I was a part of the administration during the year it blew up, a lot of these costs were some years later. And I was not a state employee at that time, or with the governor's office, so I don't maybe know as much about it as somebody else might.

Ms. Boswell: Was Dixy Lee Ray pretty good in situations like this, emergency situations?

Mr. Hodde: I think she was excellent from that standpoint, yes. Just like her concern when we came home. We did spend some state money on emergency relief. I can't tell you the amounts now or anything like that. I don't recall that there was any criticism that she wasn't involved in the way she should be.

Ms. Boswell: Was there some kind of reciprocity or joint programs with Oregon, for example, in terms of cleanup.

Mr. Hodde: Oregon had very little damage, except ashes and stuff like that. I don't recall that we had any big arrangement of any kind. It really was a minor catastrophe with the exception of a few people who lived right close there, or had property in there. Much more minor than the floods of this spring, for example, when you talk about actual damage to people and homes and stuff. It was not that big. Spectacular, but not anywhere near as much damage as is caused by the flooding that occurred this spring, or this winter.

Ms. Boswell: I was interested in the notion that as a politician you have a great impact on individuals, on the state in general. But you also have the opportunity to meet famous people. Politics brings you into a different arena where you have the opportunity to meet people and to change things.

Certainly being in that airplane at that time was just a wonderful opportunity, but I know you also had some other great events that happened to you as a politician. I've seen one picture of you with Lyndon Johnson. I was curious about that. Are there any others that particularly stand out in your own mind?

Mr. Hodde: The picture that I showed you of my visit to the White House and I'm shaking hands with President Johnson. This ties into what you're talking about, about what kind of opportunities arise out of your duties as a public servant.

At that time we were very much involved in trying to get a new aluminum plant located in the State of Washington that was looking at several different states for a possible location. We had a meeting scheduled back in New York with the people who eventually did put their plant up in Whatcom County. I was back there actually, because one of the things that they were most interested in was the tax impact in this state as opposed to Oregon, which has a very different tax system. We depend on excise taxes, business and occupation tax, and sales taxes. Sales taxes on people who are going to construct a multimillion dollar plant can be enormous. In Oregon they have no sales tax, but we have to point out that there they have a much higher property tax–as of that time, significantly higher–and they have an income tax. They don't pay a corporate income tax in this state like they do in Oregon when they're operating. So it was important from that standpoint that I meet the governor and we talk with these people back in New York.

I might add a little Rosellini story in there, if you don't mind. There was a very recent article in the Seattle paper, which was very complimentary of Rosellini and his frugal operation in the state. He said, himself, in the interview as I recall–and I haven't talked to him since I've seen it–that he thought he was probably the stingiest governor the state ever had, and that's the way we got our balanced budget going while he was there.

My funny story about this is that when I got back to New York in the early morning–I'd been at a convention over in Spokane actually substituting for the governor, who was already back East at this meeting. Anyhow, when I went to the hotel where the reservations had been made, what they had as a reservation for us was a suite with two or three bedrooms, living area and all–one hundred and twenty-five dollars a night.

Ms. Boswell: This was about 1964?

Mr. Hodde: I'm not real sure, but I think the maximum that the state would allow for overnight was about eight dollars back in 1964.

So I told them, "I don't know how we're going to arrange it, but we just can't do that. You've got to have something more reasonable than that." "Well, but he's the governor. We've held that for him." And they said, "Will you talk to–I think it was–the vice manager of the hotel?" I said, "I'll talk." He said, "I want to show it to you." He showed me, and it was really quite an elaborate thing. He said, "Could you stand seventy-five dollars?" And I thought, "Oh well, Charlie, why don't you go ahead. How are you going to find out where the governor is? He isn't coming in 'til midnight or about that." So I said, "All right, we'll take it for that."

Then one of the people, actually the one who had made the reservation for us associated with the Commerce and Economic Development Department, had told me he would meet me there, and we'd go out to the World's Fair, which was on in '64 back in New York. So he did. Then I met the governor, and we got back–I think it was more like eleven o'clock at night. I showed him what we were stuck with, and told him the story. It never entered my mind that anybody but Charlie Hodde would pay for that, you know, because Rosellini had a reputation of not only being stingy with state money–he was stingy with his own.

The next morning we had to meet this aluminum company man close after eight o'clock. So we were out pretty early and went down. As I started down, and I had the room slip and the bill. He says, "Give me that." I thought, "Holy cats! Is he going to pay for this?" So he took it back and he just signed it "Governor Al Rosellini," and he says, "I'm the governor, and here it is. Now I want you to mail that bill to the Commerce and Economic Department. They made the reservations." I thought, "My God! I'm out of it, but what are they going to do?"

I hadn't been home but a short time, and I got a call from the director of that department. "Charlie, what am I going to do with this bill for your stopping in New York?" I said, "I don't know. You figure it out." I've told that story a few times, just to say that Governor Rosellini was a tightwad, and it wasn't just with state money. His own money wasn't too easy to get a hold of, either. That's just an interesting personality story.

Ms. Boswell: That's wonderful. Just out of curiosity, who ended up paying? Do you remember?

Mr. Hodde: All I know is that it was taken care of by the department. How they got it, I don't know.

Anyhow, getting back to the visit with the president. When we got through there, when you're that close, and you always have some contacts you want to make with the members of Congress from your state, we flew down there. Rosellini said, "I think we ought to be able to say that we saw the president while we were back there, shouldn't we?" I said, "I don't have any objection, but I don't know when you can get an appointment that easy." "Well," he says, "if you're the governor, I think you can get an appointment."

Well he called up and they said, "Yes, you be here at a certain time." We got there and they put us right in a little waiting area. We were only just outside the door in the White House annex where the president's office is, and there were people lined up, and he was talking to them. I said to Rosellini, "What are you going to talk to the president about?" "I don't know. What do you think we ought to tell him?" We were trying to think of something to say to him.

We didn't need to worry because as we were being escorted in, here's Johnson over here on the phone–he wasn't noted for having very nice language–and he was cussing over the phone to a guy, "I cannot take any more appointments today," or something like that. I said, "Holy cats! Are we in a problem." He turned around, and came out and shook hands with us and the photographer took a picture of us. I had an LBJ button on that I'd had over at the convention. He admired that, and I asked him if he'd like that. He said, "Oh, he sure would," and I gave him that button. He said, "Sure was nice to see you people," and out we went. We never talked to the president about anything! You see what happens when you're in a political deal that's not political.

But the whole point was that we really didn't have anything he needed to talk to us about, and if there was anything, he didn't want to talk to anybody anymore. He'd had all he wanted.

Johnson wasn't a very good politician in that respect. He'd been in Congress, and had been used to having his way in just about everything.

Ms. Boswell: So during his administration what were the relationships like?

Mr. Hodde: My relationship with him–I don't know that this contact had anything to do with it–when Rosellini went out as governor, as you know, I went to work for the federal government. The first job I had was actually through a recommendation from Henry Jackson, the US senator. It got me the top consideration as the regional coordinator for the Department of the Interior, which was a department job. I worked two years at that, and I had to represent them on policy

matters all over the state and even as far as California. I made trips down there.

After the two years there, there was an opening we organized for the Pacific Northwest River Basins Commission, which was to be the combination commission of state planners and federal planners. In other words, the Department of the Interior was the chief representative of the federal government on this and all the departments. All the five states had their representatives on this commission.

So that was a very interesting period in my activity, and it gave me a good deal more opportunity for exposure of my ideas, because we were the first commission organized. Then they were organized all across the northern tier of the United States. The department–and this was federally financed–said, "Charlie, can you be in Chicago to talk to this group? Can you be in New Orleans?" So I made trips all over the country to explain how we organized, and what the purpose was, and get them going. I even represented our country in the international cooperative meeting on weather control, which was very important in the thinking of those days, up in Banff, Alberta.

This did give me an opportunity to get around and meet people in many areas of the state. I don't know how many miles I flew, but I know that my secretary at one stage asked me if I would be eligible for a hundred thousand mile award, or a free trip, from United Airlines. I said, "I don't think so because I'm flying on the public payroll. Why don't you just count them up and see?" A week or two later, I said, "Did you ever measure up my mileage?" She said, "When I got to three hundred thousand miles, I quit." But when you make trips like I said to Washington and back, you get five thousand miles.

[End of Tape 8, Side 1]

[Tape 8, Side 2, blank]

You do have some opportunities when you're in public service that do not relate specifically to what you are obligated to do at the time. Having had legislative experience–twelve years in the Legislature, four years as Speaker–I got invited to participate in the discussions of policy in many areas. Education, for example, in which I had some very positive ideas, I think, and got quite a bit of opportunity to discuss those.

Even when I was a lobbyist for the Grange in the early '30s, before I'd ever been in the Legislature–it might seem amazing to you–this little twenty-five-year-old kid from Colville had a bill that went through the Legislature that was called the Hodde school bill for gaining strength for districts with low property tax revenue that otherwise couldn't raise the money. You have a lot of opportunities of that type if you really are active and you're around.

Ms. Boswell: How do you choose? You must get a lot of invitations.

Mr. Hodde: And I like to point out that while I was very busy in the years I was in the Rosellini administration in Olympia, I was also very busy in the chamber of commerce. I was the first vice president the year I left, or I would have been president of the chamber of commerce in 1965.

Here they said, "There's just something different about Charlie. Most of the people we know are working for the state government and they don't want anything to do with anybody else." But I was involved with the chamber of commerce and various other activities around the area here, and that gave me a good deal more opportunity in some things than others that were less active.

Ms. Boswell: Why did you get involved in those other institutions? What was your motivation?

Mr. Hodde: I guess it's part of my personality. I don't know. I've been a Lions Club member for thirty-five years, and I actually was a chamber of commerce member over in Colville before I ever got over here. With some of those things you just find that you get invitations, and you decide you can afford it, and you accept it.

Ms. Boswell: How do you decide, though, if you get fifty invitations?

Mr. Hodde: I guess maybe I should go back and say that my main involvement–and it had a great deal to do with all of my decisions in the early part of my work in this state–was that I joined the Grange because I was a farmer and it was a farm organization.

I didn't realize that the opportunities would be so big there, but I became, just the second year I was in, the master of our local Grange, and I was a lecturer with the educational directors of a countywide Grange organization. I went to the state Grange and somehow or another the state master got impressed with me, and so here I am. I really didn't become a "citizen" until 1930, and in 1932 I'm in Seattle campaigning for the Grange on the income tax measure for six weeks, and I'm their lobbyist down at the Grange and all. Being involved in organizations of this type does give you, oftentimes, political opportunities that you don't get any other way, because you get acquainted with so many people that

are influential in their communities when you get into those types of organizations.

Ms. Boswell: It seems like a larger number of talks that you gave were for the Grange, or were to the Grange. Not necessarily that you worked there, but rather that you came back and talked to them.

Mr. Hodde: I guess I'll illustrate that this way. I was asked one time why I seemed to always support the Grange's proposals one hundred percent when I was in the Legislature. And I said, "Why shouldn't I support their programs? I wrote them." I almost did.

My first trip to a state Grange session was in Whatcom County in 1931. I remember vividly that it was my first time I ever stood up in front of several hundred people from all over the state to argue a question of policy. That was the session of the state Grange that decided they should take the lead in trying to get an income tax here to reduce the property taxes, which were very burdensome on the farmers. That probably was what impressed the Grange master, who decided I could do them some good. The income tax had been one of my earlier ideas that the Grange had to some extent supported, but they'd never really gone strong enough to have an initiative. Of course, we carried it in the election by about a seventy percent vote, because we didn't tax anybody until they had about $2,500 income, and who in the heck was making that much money? Farmers sure weren't.

But the Supreme Court threw it out. You probably know that story. They said that it was graduated rates, and that was unconstitutional. There have been a number of attempts in later years, but as people began to make more money, they found out they didn't want a state income tax. Even Evans had appointed me as part of his committee to support it in the 1970s. It was defeated again, very soundly. They just don't want it.

Even though I can make a lot of arguments that our tax system would be a lot fairer if we had less dependence on excise and sales taxes, and had some state income tax like Oregon has, we don't sell it to the people. They'd rather pay taxes they can't see, or don't have to make a report on.

Ms. Boswell: How do you prepare for a speech? What was the process that you'd go through to get a speech ready?

Mr. Hodde: It all depends. You've read the speeches when I was on the River Basins Commission. You develop ideas and all that, but you use them over, and over, and over because you're not talking to the same people. You don't have to have a new one every time. What you do is, really, you build them around the policy or the sales pitch that you're trying to make, or you respond to the questions that are posed when they invite you that they want discussed.

If you read the one which was given to the Lions Club, the instruction I was given was, "We don't want a political talk, and we want some humor in it." Then you really decide that that was the way I got on-line with that.

You'll notice that most of the time, if there's something funny said, it's about me. In other words, the thing I discovered early in my public career was that if you try to tell funny stories about your opponent or somebody else, you're not too well received. But if you make yourself the butt of the joke, if you're involved and they're laughing at you, they love you for it. They like that. And so it's really not all–I don't know, maybe it's just the way it happened–there's a deliberate plan to be accepted by not picking on the other guy. I think a lot of the politicians of today are losing the battles by trying to ridicule their opponents.

Ms. Boswell: You had some wonderfully imaginative leads into your speeches. There was one about "growing like Topsy."[*] Do you remember that one?

Mr. Hodde: I think that was the speech to a bunch of educators, wasn't it?

Ms. Boswell: Yes. And there was another one about a young girl and her suitors that you used, remember that? You just had a lot of clever lead-ins or homilies that you could play off of.

Mr. Hodde: I'll tell you, I know that I did that, and I don't know where I got the ideas at the time, but they happened to pop up. I know that my intention was to–just like I said about the talk up at Banff to an international organization that was all a bunch of scientists–how do you get their attention? You do it with something that's totally unrelated to what they expect, in a way. Just like there was no real significant information in my suggestion that we pray for rain or pray it would stop as weather control, but nevertheless, they think this guy's different. "He's got something we want to listen to." This is the whole thing, whether it was Topsy or what it is that you're looking at, in most of my talks, I usually tried to open with something that was of interest, get the attention before I really tried to really sell them a bill of goods.

Ms. Boswell: Did you turn down a lot of speeches?

[*] For a copy of the speech, see Appendix C.

Could you guess what percentage you turned down?

Mr. Hodde: I couldn't take them all, no.

Ms. Boswell: What percentage do you think you were able to take?

Mr. Hodde: I have no idea, no idea. Some of them were generated, too, you know. There were some that I wouldn't have even been asked to do if I hadn't suggested that I'd like to do them. I'd be trying to fabricate something that would make me sound good, if I tried to tell you. But I'll just say this, if you're in public business you can't always accept every speech request. There'll also be times when you would just prefer not to talk to that group. You can't always be sure that you've got an impartial audience that's looking for information. I don't know that I ever turned down very many of them because of that, but you certainly make more effort to see those people who you think will appreciate what you're talking about.

Ms. Boswell: Are there times when you accepted just for purely political reasons as opposed–

Mr. Hodde: I don't know what a political reason is. If you're trying to sell a program that your administration is putting over, in a way you'd call that political. The problem is that most people associate the word political with improper activity, and that's not true. Politics, in the pure sense, is the operation of public services. When you say political, if you're talking about political as being to support a candidate for election, that may be the kind of political that we usually think of when you use that term. It can just as well be a talk supporting a proposal of the administration for a change in the tax system, which you're trying to sell because you think it will be an improvement, not because it will get you elected to another term or something. So I can't comment too much on what a political term is–that means so many different things to a lot of different people.

Ms. Boswell: What about a group like the League of Women Voters or another group like that? How would you characterize their importance to you when you gave them a speech?

Mr. Hodde: You used the League of Women Voters, as an example–a poor selection because they are very highly regarded as having reasonably progressive ideas, you know. So you'll find that many Democrats take every opportunity to talk to the League of Women Voters.

Ms. Boswell: That's what I was curious about.

Mr. Hodde: Many Republicans don't, because they figure that some of the things they're promoting don't fit them. In other words, there's been a distinct difference–and I'm not trying to make a political talk here–in the amount of support that women got in their move to be better accepted in office and everything. It's not true that all women senators and representatives are Democrats. Some of them are real good, strong Republicans–some of the very earliest ones in the Legislature, like Belle Reeves from Wenatchee. She was a Republican, elected by the Republican Party, and even when the Democrats practically took over everything in the early times, she still got elected because people liked what she said. And she stayed in as a Republican.

One thing that I always found kind of interesting is that one session when I was speaker in '51, we had a very narrow margin of Democrats. The first session we had over two-thirds and so you could sacrifice a bunch of Democrats and still win. You can let some of them have a special reason to be against you, and you can still win. In the '51 session, sometimes the Speaker had a great deal of difficulty trying to get a program adopted with only a margin of three or four votes, and there's a half-dozen Democrats that don't like it. You're stuck. We had either three or four women members, and I think three of them were Republicans. I'd have to look it up to be sure.

But anyhow, the thing that I always found almost unbelievable was that when we got in a case like that, the Republican women voted with Charlie. Time after time.

Ms. Boswell: To what do you attribute that?

Mr. Hodde: I think that the earliest women legislators were not partisan in their mind. They got elected by whatever party was in control in their district, or they wouldn't be there. I think that they were extremely difficult to control from a party standpoint, and I like to think that the proposals that I was supporting were things that they would normally favor, and that they did it in spite of the fact that some of their Republican cohorts hated them for it.

Ms. Boswell: Were there any real characters, men or women, that stick out in your mind, politically?

Mr. Hodde: I think I might have mentioned him in something I've done already, but there were a few of them that were just impossible to believe, you know. Most of the funniest ones were elected during the big turnover in the '30s. There had only been a half-dozen or so Democrats in the whole Legislature for many years. Then all at once, they got them all, and many of

them got elected for no other good reason except they were on the Democratic ticket, when you get right down to it.

We have some funny stories about that. I don't know whether it's printed anywhere, but I don't mind telling you about one guy from Tacoma. I'm not going to use names because I don't want to get involved that way. He had been elected in the '20s as a Populist. Then he changed and ran on the Republican ticket and got elected. Then after the Democrats came in, he changed and ran as a Democrat and got elected. He was being given a very bad time by a couple of members in the Senate for changing parties, and I'll never forget what he said. He finally got the floor and he said, "Mr. President, I change parties just like I do my underwear–when it gets dirty." I never forgot that. He was talking about dirty politics, of course. But that was the kind of a thing that would stick in your mind.

We had a guy named Nifty Garrett, who was elected as a Democrat. This was in the early '30s. When he came down to Olympia, he rode a donkey right up the Capitol steps to make his impression coming in.

I know that in some of my speeches I've mentioned these people. I remember one time during my legislative term, one party who had tried very hard to get the Speaker's attention, when he finally did get it, the Speaker said, "What does the gentleman wish to talk about?" And all the guy did is just–he sat down. He wouldn't talk then, when he got recognized. Those kinds of little instances are going to happen anywhere you've got a bunch of people together, occasionally. You try to remember some of them, but they're mostly just fun, you know. Don't really mean a whole lot.

There's one story that I might tell you as being an unusual incident, if you want something different. I was down to a meeting in Oregon–I don't even remember for sure what the association was–but they had a very big crowd. I was introduced as a visitor from Washington State, a very good introduction, and the chairman had been very anxious to impress the people he had invited. A lot of people had sat up on the platform, and so I'm in the middle where the speaker's stand is, and there's chairs all the way to that side of the podium and that side, and it's up not quite high as this, but about so high.

Well anyhow, when I was introduced and I got up to talk, the guy on one end moved his chair a little bit and it went over the edge, and he fell right down on the floor. I had to think of something funny to say (and he didn't get hurt), and I so I said, "Well, I've really had some audiences that participated in what I was trying to say very well, but they don't usually fall down in the aisle." So I went along with my speech. And when I said that, the guy on the other side, he thought it was funny, and he moved his chair and he fell off on the other end! I said afterward, "Nobody will ever remember what I said, but they'll never forget the meeting."

Ms. Boswell: Did anything ever happen to you like that, embarrassing or funny or–

Mr. Hodde: I'm sure there must have been, but I tried to forget about it. Right now I can't think of anything right offhand that was especially embarrassing.

Ms. Boswell: Your wife is saying that you tied your pants up with your necktie.

Mr. Hodde: That wasn't in politics at all. When I was in high school and it was graduation night, we had a flood, which was not too unusual in Missouri where I grew up. The rivers were so high that the only way I could get in to my graduation was on horseback. I had a new suit my dad had bought me for my graduation. I'd be up on the platform–I was the salutatorian, and I had to make a talk. So I carried my new suit strapped in the bag on my back and rode the horse in, and swam through the creek, and got in there. When I went to the barbershop where I could change clothes and put my new suit on, I didn't have any belt. I didn't have any belt or suspenders to hold the pants up, and they were pretty big. I happened to locate a necktie somebody had left there in the bathroom, so I used the necktie to replace my belt to tie my pants up and went ahead and graduated. That's what she's referring to. It's a little different.

Ms. Boswell: That's good.

Mr. Hodde: I only use that as an illustration that if you've got an innovative mind, you'll find some way to take care of what's going on.

Ms. Boswell: And you do that throughout your career.

Mr. Hodde: But there are times that I try to forget that I didn't come out that good either, but I don't know if that's too important. Except I know that you're trying to get some measure of my personality or something like that, for the public to look at in the future.

[End of Tape 9, Side 1]

[End of Interview Series]