

NORTHWEST



Mind Games

Ron Schmidt's
Got Your Number.
That's His
Business.



Mind Games

BY PETER CARLIN

Public relations man Ron Schmidt got mixed results in this month's election, but he'll be back to turn your thinking around next time.

THE CAMPAIGNS ARE OVER. IT'S just past 8 p.m. on election night, and Ron Schmidt's cruising the victory parties. His thin frame draped in a pumpkin-colored leather trench coat, Schmidt's a blur of handshakes, jokes and political gossip.

He moves constantly, watching and listening. New information hits him like a shot of adrenalin. His eyebrows are arched in permanent question marks; his prominent ears seem to swivel like satellite dishes.

In the Portland Hilton, where Sen. Mark Hatfield's supporters are gathered, Schmidt pauses to chat with Republican party chairman Craig Berkman. Then he jogs in another direction to whisper into the ear of former Gov. Vic Atiyeh. In a hotel suite at the RiverPlace Alexis, he confers with Salem pollster Mark Nelson. At the Barbara Roberts bash in Montgomery Park, he celebrates Denny Smith's ouster by giving a bear hug to gay





PR whiz Ron Schmidt took on some important campaigns in the fall election and won two out of three.

PHOTOGRAPHS BY ROSS HAMILTON

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community activist Keeton Lowery.

Tonight Schmidt's going to lose an election. For Oregon's most prominent PR flack, a man who's seldom met a ballot measure he couldn't turn his way, Oregon voters are proving a stubborn bunch. Despite an aggressive PSW campaign, Ballot Measure 5, the property-tax limitation, is going to pass.

Not that Schmidt hasn't changed a few minds this fall. With his help, Hatfield is winning his toughest fight in three decades, against Bend businessman Harry Lonsdale, and a recycling measure that started the season with broad public support is getting KO'd.

Schmidt can spin with the best of them. He's even spun away from cancer twice. But this time, he couldn't talk Oregon voters out of a property-tax cut. The numbers keep adding up in the wrong direction. Still, even at midnight, he digs in his heels.

"I'm not ready to concede."

In the battle for public approval, Schmidt rarely has to surrender. After more than 30 years behind the spotlight, he's one of Oregon's most sought-after shapers of public sentiment. Schmidt's a masseur of the body politic: a master manipulator of soothing away small kinks with a gentle hand, then pounding the stubborn knots with precise karate chops.

Call Schmidt the Master of Disaster. Given a raging controversy and his standard \$200-an-hour fee, the 54-year-old PR ace can finesse a corporate crisis for top-drawer clients such as Pacific Power & Light and Disney's Magic Kingdom. And during the political season, Schmidt's advertising/public relations firm, Pihas, Schmidt, Westerdahl Co., produces some of Oregon's hardest-hitting political campaigns. Combining a common-sense approach with a touch of Barnum-style theatrics, Schmidt and Co. can make conventional wisdom do some unconventional flip-flops.

Even though political work makes up only 15 percent of PSW's annual \$23 million billings, Schmidt's company has earned a heady reputation for turning sure losers into winners. Check its

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recent victories: In 1988, the firm helped stop a smoking ban in public places and defeated a beer and wine tax that would have supported college sports. And this year, PSW helped kill the packaging-recycling measure and came within a whisker of defeating a once-hugely popular property-tax limitation. The long-term record tells a similar story. In 20 campaigns over the past 12 years, PSW has only lost twice.

Much of the credit belongs to Schmidt. An accomplished public relations man, Schmidt built his political credentials during the McCall administration of the late '60s and early '70s. Besides helping to run Tom McCall's successful campaigns for secretary of state and governor, he served as an integral adviser when McCall was in the top office.

But if Schmidt earned his wings with McCall, he's since flown in some different directions. From an administration remembered best for its pro-environment initiatives, Schmidt vaulted into a service business where money talks louder than populist ideals. Business interests are often the highest bidder for his skills. Although PSW willingly takes on losing campaigns, the side it's on is usually the one with the most money. And, not surprisingly, it's usually the side that wins.

Says McCall biographer Brent Walth, observers believe "when Schmidt goes to heaven, McCall's going to be waiting for him, as mad as hell."

What's more, some opponents question his tactics, claiming Schmidt's campaigns are as misleading as they are effective. "They seem willing to say anything, no matter how outrageous, to defeat a measure like ours," says Joel

Ario, who ran the pro-Measure 6 campaign for the Oregon State Public Interest Research Group.

Still, Schmidt seems to have Oregon's progressive establishment in a headlock. "Ron's an absolutely phenomenal guy," crowns Gov. Neil Goldschmidt. "Just his work for the art community would put him in the hall of fame. He's a class person who does great things for Oregon."

The first gas crisis hit in 1973, when Tom McCall was governor and Schmidt was his press secretary. Instead of making his rounds in a gas-guzzling Lincoln Continental, the Guv decided to set an example by leasing a smaller, more fuel-efficient Audi. The move, promoted far and wide by Schmidt, made a big splash in the news. McCall looked visionary and unpretentious, and his grandstanding surely prompted a few other luxury car junkies to opt for more economical transport.

Soon an uncomfortable reality set in. McCall frequently spent hours riding to engagements in the far corners of the state, working in the back seat as he went. But for a man who stood 6-feet-5 in his stocking feet, the Audi could barely contain him for short trips.

Deciding to go back to the Lincoln was easy. The hard part was explaining it to the public.

McCall asked Schmidt to craft a graceful explanation. Schmidt mulled it over, then released the news in the form of a limerick: "An Audi I leased for McCall/Was fine except he's so tall./So we gave the car back/Re-confirming our knack/To be humble, eat crow and crawl."

It was vintage Schmidt: combining honesty and humor to defuse a potentially explosive situation. Everyone laughed, and McCall was free to stretch out in his Lincoln.

Schmidt still prides himself on his ability to manage crises. And almost two decades later, he's the man the notables call when they're sinking in the quicksand of negative publicity.

• Remember Goldschmidt's "middle of nowhere" reference to Bend during his 1986 gubernatorial campaign? Goldschmidt aide Ginny Burdick came back with Schmidt's advice: *Get out there, walk into the town square and admit you goofed!* Goldschmidt did just that, and got elected.

• Remember when the Fred Meyer Challenge was shaken with accusations of financial impropriety and greed last year after one promoter resigned and agreed to repay some \$400,000? Pro golfer Peter Jacobsen, the tourney's host, stepped in as promoter. And when news of the improprieties became public, Schmidt was hired to stem the crisis. Schmidt arranged a press conference for Jacobsen, then packed the room with the golfer's friends and supporters. The resulting media coverage earned back enough good will to ensure the tournament's future.

• And how about this summer, when City Commissioner Dick Bogle was named in a sexual harassment suit and accused of improperly billing the city for travel expenses? Bogle picked up the blower and took his prescription from Schmidt. The remedy: paying \$20,000 of his own money to settle accounts with the city and, he hoped, the voters.

Mark Nelson, the pollster who works with PSW on its political projects, says Schmidt's talent is finding the deceptively simple solution to a problem. "He can cut through the chaff and say, 'This is how we get from A to B,' without taking you through the rest of the alphabet."

Mark Hatfield was furious. Sitting in PSW's presentation room in mid-October, he'd just seen a string of TV ads that the Lonsdale campaign had been running against him. Hatfield's anger was the turning point in a campaign he almost lost, and Schmidt was there, using an in-your-face approach to effect a change in strategy.

A year earlier, Hatfield's chief of staff, Gerry Frank, had called Schmidt and ordered up the TV commercials for the senator's re-election campaign: the soft touch, as usual, with warm images and gentle narration about Hatfield's achievements.

But at the beginning of October, when polls showed Hatfield trailing his challenger, Hatfield's handlers needed to convince the boss that the old style wasn't working against Harry Lonsdale's aggressive tactics. Then Hatfield saw the ads. "And the best thing happened," Schmidt says. "He got mad."

In the depths of his worst political crisis, Hatfield turned Schmidt loose. Within 48 hours, PSW aired its first attack ads aimed at Lonsdale. The soft-focus pans

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across Oregon hillside turned into distorted shots of Lonsdale, the gentle narration about Hatfield soured into sarcastic jibes about his opponent. And then Hatfield appeared, staring straight into the camera and talking tough.

Focusing on the cracks in Lonsdale's facade — how little the public really knew about him, his support of environmental interests against the timber industry — PSW produced a hard-hitting series of ads that pounded them into vast schisms. Within a week, Nelson's polls began to shift.

Schmidt's gifts for promotion surfaced early, when he still was a student at San Jose State College in the '50s. The president had clamped down on students' privileges for reasons now lost to history. Sensing a rising tide of student resentment, Schmidt secured a parade permit and arranged a nighttime protest. A huge crowd of students gathered to march, torches in hand, to the president's house, where the president was burned in effigy. Schmidt has no idea why they marched, or if it did any good. But he still feels the excitement of the crowd, the sound of voices raised in unison. "It was a tremendous success," he says.

Activism runs thick in Schmidt's family. He first learned of its perils as a teenager growing up in agricultural Turlock, Calif. His mother, a community volunteer who served on the library board, started a fight to overturn a library ban of *Esquire*, then considered a racy magazine. During the heat of the controversy, the Schmidt home was the target of anonymous, late-night telephone calls. "I realized then that life would be easier if you didn't rock the boat," Schmidt recalls.

But the lesson didn't take. Instead, young Schmidt dove into the 1952 presidential race, turning his Eisenhower-loving parents' living room into the local campaign headquarters for Democratic candidate Adlai Stevenson. At 16, Schmidt was the youngest delegate to California's Democratic convention.

Schmidt also fostered an interest in journalism, and at the end of his senior year, wrote a newspaper account of poor

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conditions in the local county jail. The editor of the *Modesto Bee* liked the story enough to run it, and during the next few weeks the piece was reprinted in several other California newspapers. The experience gave Schmidt his first taste of power, and with aspirations for prison reform still boiling over, he entered San Jose State College as a penology major.

Then he changed his mind. "Penology was so negative," Schmidt says. Criminology was his next stop on the academic circuit, but Schmidt lost his taste for enforcing the law during a disastrous summer spent working as a deputy sheriff. The turning point came when animal-lover Schmidt was confronted by a wounded dog. Assigned to shoot the dying animal, Schmidt instead burst into tears, leaving his partner to do the dirty work.

The tug of conscience pulled in other ways, too. When he met an Episcopalian priest during his deputy sheriff days, Schmidt was so impressed by the man's work with Hispanic children that he considered becoming a priest himself. But during a weekend in San Francisco talking about the religious life with the local bishop, Schmidt moved from his meditations to a jazz club — prompting the bishop, when they met the next day, to suggest he choose a more secular path.

Schmidt chose public relations. And after doing advance PR work for an up-and-coming singer named Johnny Mathis, he talked his way into an internship with the Oregon Shakespeare Festival. After a detour to a San Francisco PR firm, he returned to Oregon as head flack for the Lloyd Center. And it was there he

met Tom McCall, an acquaintance that would become pivotal to his career.

McCall was then a local newscaster with political aspirations. Schmidt liked his ideas about government. Along with Ed Westerdahl, then a lobbyist for Portland General Electric, and John Pihas, who worked for Lloyd Center's advertising firm, he set out to make McCall Oregon's next governor.

It went like clockwork. McCall was elected secretary of state in 1964, then governor in 1966. A maverick, left-leaning Republican with a flair for the theatrical, McCall became one of Oregon's most popular governors and a man who made a habit of running headlong into the corporate and government establishment. McCall was particularly forceful when it came to protecting the environment. The bottle bill, the beach-access bill and land-use planning initiatives were all legacies of the McCall years.

Working together in the Capitol, McCall and Schmidt developed a father-son relationship. Both were serious about progressive state government, but they also shared a sense of humor and an informal way with the public. A former newsman himself, McCall loved breaking news, even if it meant racing Schmidt down to the capitol press room. Both men were dedicated to keeping their work in the public eye, no matter how heated the latest controversy. Reporters still remember how Schmidt, when confronted with a question he couldn't answer, would escort them to McCall's office so they could quiz him directly. "Ron was a son to us," says McCall's widow, Audrey McCall. "He was always there, and we

were always very proud and pleased with him."

Schmidt's proudest achievement came in 1970, after the federal government told McCall a nerve gas shipment was destined for the Umatilla Ordnance Depot, which had been a storage site since 1962. Rather than keeping the shipment a secret, as he'd been instructed, McCall rallied a public protest. "We launched the most massive public opinion campaign," Schmidt recalls. Oregonians deluged the White House with hundreds of thousands of letters. Eventually President Nixon threw up his hands and stopped the shipment.

"It was a great victory," Schmidt says, still relishing the fight. And it was one more piece of evidence that the best defense is often a good press release.

When McCall left office in 1974, Schmidt decided to take his expertise back into the private sector. He, Pihas and Westerdahl rapidly built their Portland firm into an advertising and public relations powerhouse. But while PSW's coffers grew, Schmidt's reputation as a progressive flagged.

From Schmidt's desk at PSW, public relations looks like a chess tournament. At any given time a dozen boards are going full bore. At a Monday morning strategy session before the election, Schmidt gathers staffers around the oval table in PSW's glass-walled conference room to hear reports on the games in progress. Most of the attention focuses on the three political races. Particularly because they seem to be losing two — Hatfield and Measure 5 — of them.

Regardless, Schmidt presides over a calm meeting. Staff reviews how the latest Hatfield commercial looked on TV and measures the response to the most recent body slam at Measure 5 — the "Rats" commercial, as Schmidt calls it, which warns of how cuts in the state corrections budget could open prison doors with the image of scuttling rats.

"Rats" epitomizes the PSW approach: When the heat's on, there's no room for subtlety or grace. True enough, taking small truths and amplifying them is a common strategy in political campaigns. But according to some critics, Schmidt & Co. cranks up the volume louder than most. For instance, PSW's campaign to defeat Measure 6, the packaging-recycling initiative, warned that banning certain kinds of packaging would lead to cases of botulism — a claim supported by some health professionals but loudly disputed by others. PSW ads also claimed that the measure would force the public to pay legal fees for plaintiffs trying to sue the state for violating the new law, even when the plaintiffs lost — a claim that Ario, of the pro-Measure 6 campaign, calls "wholly fraudulent."

"I wouldn't have a problem if they made legitimate arguments," Ario adds. "But it's a very cynical campaign to distort people's perceptions."

Another tool PSW used to defeat Measure 6 was a letter from Paul Hanneman, the state legislator cited as the author of

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the McCall-era bottle bill, urging voters to reject the new recycling measure. Yet Hanneman hardly made a reputation as an environmentalist when he served in Salem. Even Schmidt acknowledges this: "We always had him on key environmental votes," he says. "But maybe he's not the world's most aggressive environmentalist."

But Schmidt defends his work against Measure 6, saying the initiative was far too anti-business, banning packaging rather than planning for recycling. What's more, he points out that he's donating his time and PSW's effort to pass sweeping recycling legislation during the 1991 legislative session.

Schmidt rejects charges of hypocrisy. Having defended the interests of the likes of Dow Chemical, Exxon and the Tobacco Institute, he's the first to admit that his is not a public-interest firm. He's got 55 employees to support, as well as a lifestyle that includes a lake-front home in Lake Oswego, a sleek '85 Jaguar and a penchant for modern art. "I've never been a Tom McCall clone," he says.

But PSW has a moral compass, Schmidt claims: It resigned the account for the proposed Salt Caves Dam near Klamath Falls when "we realized we were on the wrong side." And the company would never work against land-use planning, Schmidt says. "We don't even give those people the time of day."

Still, Schmidt concedes embarrassment about the controversial anti-Measure 5 spot warning that budget cuts would force the state prisons to release dangerous prisoners. The facts, Schmidt says, are accurate. But the pictures, representing the prisoners as swarming rats, disturbed him. It dehumanized the prisoners, just like the inhumane county prison he'd blown the whistle on in high school. The ad was effective, but Schmidt says he yanked it from the air after a week. "In reflection," he says, "I couldn't use it."

Ron Schmidt is a maverick, but the totally likable kind. As a point of pride, he eschews the traditional Big Biz uniform; his closets are light on ties and suits, heavy on

When pressed on a delicate matter, Schmidt will shrug and own up to the truth. "Maybe he does spin you around," one reporter ponders. "But if he does, he's such a genius you never know when you've been spun."

bright turtlenecks and Euro-sleek blazers. His humor is offbeat, his style warm and approachable. If it's a studied charm, he makes it appear effortless.

Most of his friends have, at one time or another, fallen victim to his fondness for practical jokes. His partner John Pihas still gets fliers from companies seeking to cure his bed-wetting problem. Sara Perry, who used to run her own PR firm and now works for the Oregon Art Institute, can no longer count the times she was pulled out of meetings to speak to Elizabeth Taylor's secretary, or Gov. Goldschmidt's personal assistant. "It was always Ron," she says. "And always with a perfectly straight face."

More seriously, Schmidt's two greatest passions are arts and animals. In the laundry list of community causes he's supported, the "two As," as he calls them, surface repeatedly. With no children to dote on, he and his second wife, Ede, spoil their Airedale, Samantha, who shares their quarters with one other dog and cat. Just as in his deputy sheriff days, Schmidt continues to respond to animal suffering in an immediate, gut-level way. He regards his greatest professional victory at PSW came in 1985, when he formed a bipartisan coalition of Oregon politicians to pressure the Oregon Department of Fish and Wildlife into abandoning a plan to kill some swans.

And when the Oregon Humane Society was rocked last year by a report documenting a long stretch of animal cruelty and hasty euthanasia, Schmidt charged a reduced rate to control the damage to the society's public image.

The memory of the affair still disgusts him. "I gagged," he says darkly, recalling

the report he read about the atrocities committed in the shelter. "I went completely limp. I felt so helpless. All these puppies and kittens were killed, and there was nothing I could do about it."

Most PR operatives seem like guides in a carnival fun house; they want you to see things their way. With most, if you follow them too long, you end up bouncing off mirrors. But Schmidt is smoother than that. He disarms by looking you in the eye when he talks, and he doesn't leave visible patches of grease when he shakes your hand.

Schmidt's specialty is the Surprising Admission. He'll tell embarrassing tales about himself, then call back to make sure you got the facts straight. But in the end, Schmidt still controls the mirrors. "Maybe he does spin you around," one reporter ponders. "But if he does, he's such a genius you never know when you've been spun."

Still, if there's one word that's too heavy to spin, that word is cancer. And cancer is the one challenge Schmidt has faced that he doesn't like to talk about.

He's still gaunt, and his voice probably always will be a little rusty. But Schmidt is alive, and it wasn't long ago when that seemed like a miracle.

"It's boring," Schmidt says, the smile disappearing from his face. "It was traumatic, and it set me back a while. But I have a 100 percent clean bill of health now."

When the cancer first hit him in 1985, massing in his stomach and esophagus, Schmidt asked his friend Wayne Thompson, an associate editor at The Oregonian, to write his obituary. He sat down with his partners and prepared them to take over his end of the business.



An animal lover, Schmidt and his wife, Ede, spoil their Airedale, Samantha.

Things looked dark: The doctors didn't know how far the cancer had spread, but they did suspect Schmidt was in deep trouble. If he didn't have an operation, he'd live only six months. And the surgery he required had only a 50 percent survival rate.

Schmidt made it through the operation. Then he survived another delicate surgery three days later when his system, functioning poorly after the first operation, almost shut down. "We almost lost the little guy," Ede Schmidt says.

But the little guy was tough, and he bounced back. After six months, he went back to work. It was a harrowing experience, but it was over. Then, almost four years later, it came back. It was early 1989, and this time the tumors were in his ribs and vocal cords. Chemotherapy and radiation were in order.

Schmidt lost his hair and some more weight, but spared the rigors of the knife, he endured the treatments with a sense of humor. "It's no big deal," he told one friend. "First they zap you on one side, then they turn you over and zap you on the other side. Then you put your clothes on and go back to work."

After six months, he was declared clean again, and now he doesn't like looking back. And if he does, weepy isn't his style. This fall, Schmidt called the Rev. Joe Smith, the pastor of St. James Lutheran Church in Portland, to wish him the best as he faced the same kind of cancer surgery Schmidt had five years ago. "The last thing I told him," Schmidt says with a grin, "was to be sure to vote before his operation."

It's close to 1 a.m. on the morning after election day, and Schmidt is gazing dejectedly into his Irish coffee. It's the traditional election night nightcap for Schmidt and Mark Nelson, and as the bartenders in the Esplanade RiverPlace are preparing to close up for the night, the two consultants grumble about their lost battle.

"Going into last week, I really thought we'd get all three," Schmidt mutters.

The two men work on their drinks, mulling some of the other election results. But gravity keeps pulling them back to the failure of Measure 5.

They already know what's next. A campaign, supported by Associated Oregon Industries and the Oregon Education Association, to pass a state sales tax. They've already had a few meetings on the matter, just in case.

Schmidt and Nelson order another round. How can you sell a new tax when voters have just tasted the freedom of less? Well, it can be done — perhaps. The issue is likely to be on a special ballot in the spring.

"We have to be awfully creative," Schmidt says. As the lights outside sparkle on the dark Willamette, Schmidt is looking forward, not back. Another campaign is just beginning, and Ron Schmidt is searching for the spin. **NW**

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Brains Behind the Campaigns

Political consulting can be not only a labor of love but also a profitable game. In most campaigns, more than one strategist was involved. Here's a look at the most prominent folks in a few of Oregon's more notable fall campaigns.

**PR
Success
or Failure**

MARK HATFIELD

Strategist: Pihas, Schmidt, Westerdahl

Message: Harry Lonsdale is untried and unreliable while Hatfield has a long record of service to the state.

What They Made: Around \$350,000



HARRY LONSDALE

Strategist: Karen Olick, campaign manager

Message: Hatfield is out of touch with Oregonians on the timber issue and has become a captive of his contributors.

What She Made: About \$3,000 a month, although Olick occasionally worked for reduced pay.



BALLOT MEASURE 5 - FOR Property Tax Limitation

Strategist: Don McIntire and Frank Eisenzimmer of Protect Oregon Property Society

Message: Lawmakers need to put the brakes on spending.

What They Made: No fees paid. Work done with political advice from National Taxpayers Union.



BALLOT MEASURE 5 - AGAINST Property Tax Limitation

Strategist: Pihas, Schmidt, Westerdahl

Message: Government at all levels would suffer.

What They Made: About \$250,000



BALLOT MEASURE 8 - FOR Restrictions on Abortion

Strategist: Oregon Citizens Alliance staff

Message: Abortion is a moral evil and must be stopped.

What They Made: Regular salaries for Lon Mabon, OCA chairman, at \$3,000 a month, and Kelly Walton, OCA vice chairman, \$2,000 a month.



BALLOT MEASURE 8 - AGAINST Restrictions on Abortion

Strategist: Jeanette Fruen Turk, campaign manager for the No On 8 & 10 Campaign

Message: Women have a right to access to safe abortion. When that's lost, lives will be jeopardized by unsafe practices.

What She Made: \$40,000



BARBARA ROBERTS

Strategist: Patricia McCaig, campaign director

Message: Roberts is a tough and active candidate with a long history in public life.

What She Made: About \$2,500 a month



DAVE FROHNMEYER

Strategist: Joe Shumate, San Francisco political consultant and friend of the candidate

Message: Frohnmayer has a distinguished tenure as attorney general and a basic understanding of Oregon values.

What He Made: \$40,000 from January through November



BALLOT MEASURE 6 - FOR Packaging - Recycling

Strategist: Julie Williamson

Message: Industry, like all segments of society, has an obligation to help solve the trash problem.

What She Made: About \$15,000



BALLOT MEASURE 6 - AGAINST Packaging - Recycling

Strategist: Pihas, Schmidt, Westerdahl

Message: Excessive restrictions would be imposed by an unwieldy and overwritten law.

What They Made: About \$250,000



-Don Hamilton