Claire Rhein: This is Claire Rhein with Dan Kemmis again, and it’s the 11th of June, 1982, with one special session of the legislature behind and another one coming up in just a week. If that’s setting the stage...What’s happening with you, Dan?

Daniel Kemmis: Well, we just talked about trying to get clear on when was the last time that we did this, and you informed me that it was just before the last special session, so apparently we talked last October. I guess that there is a good deal that has happened since then. The chief ingredient in my political life since then has been this initiative on the coal tax investment. I think essentially everything that has happened on that has happened since the last time we talked, although by that time I certainly had the idea for it.

CR: Yes, and when I first read the initiative I thought, “Aha! This is a very familiar thing.” You’ve been saying this to me for at least two years.

DK: Yes.

CR: At least.

DK: Well, I’ve been talking about it, the idea of course, for, well, ever since the summer of 1975, so it’s almost seven years now that I realize that I’ve been working on it.

CR: Let’s put a number on this initiative.

DK: It’s initiative 95.

CR: Ninety-five.

DK: Right now, of course, we’re in the thick of trying to qualify it for the ballot. We have until the 25th of this month to get the necessary 18,000 signatures to qualify it.

CR: Let’s (unintelligible). Initiative 95 is...

DK: It is a piece of legislation to require that 25 percent of the coal tax trust fund be invested in the Montana economy. Then it would also, in at least in an advisory way, establish it...
some portion of the interest from the trust fund, it would establish what’s called an economic development fund to be used in various ways to diversify and stabilize the Montana economy.

CR: Okay. That sounds awfully good, and when we talked about it before, it sounds like an ideal concept. The thing that I’ve always questioned is how does one do this? Where do you begin? What do you look at? Who makes decisions? What’s a valid investment?

DK: All of those questions are, of course, being raised, and I don’t claim to have the answers to all of them by any means. I think this initiative is an extremely conservative initiative. It would basically leave the investment decisions of the principal to the [Montana] Board of Investments, which is itself has traditionally been an extremely conservative body. If it turns out that the Board of Investments really doesn’t want to do that or does not do it with any enthusiasm, then the legislature may have to appoint some other agency to do the investing.

CR: There is an existing Board of Investment?

DK: Yes. This initiative is really...I look at it as a first, really very cautious step in the direction of attempting some social control over an investment of what is social capital. As far as the details of how that investment should take place, well, we’re...I think we’re just feeling our way. This initiative does not allow the state to make direct loans to businesses, so the lending would be done indirectly to the extent that it is done. It would probably be done by existing financial institutions. They would be taking the risk, and the state would, in effect, be investing in those financial institutions in what are very safe investments, primarily certificates of deposit, giving preference to those institutions that have a good record of themselves investing and it’s all locally owned Montana enterprises. That’s probably the way that it’s going to go. Now, if it turns out that that for some reason does not work, then I think we’d have to look at the possibility of a more direct state involvement. The economic development fund, which uses some part of the interest—that, I suspect, will involve more direct state participation in some ways, partly because you’re not dealing there with money that absolutely has to be saved. You’re dealing with spendable money.

I’m not sure that...Well, I guess what I want to say is that I have sometimes characterized this initiative as an exercise in economic self-determination, and I have meant that in a couple of different ways. On the one hand in a historical sense as I think I’ve expressed several times to you already, I feel that Montana’s history has been too much one of domination by outside capital, and I’ve always thought that this trust fund was the best tool available to begin to free ourselves from that history. So in that sense, it’s at least a small step in the direction of economic self-determination. But in a more immediate sense, when you ask about what mechanisms will we use. Well, I don’t know. If there’s one thing that I’ve come to realize more and more over the last several months, it is how much I don’t know, and how much I believe in the process of encouraging people to use their minds in a cooperative way to come up with answers to those questions. So in that sense too, we’ve written a very unstructured and

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skeletal initiative here, partly because I tend to believe so strongly in that process of getting people together to thrash out the solutions. This initiative is meant to be a vehicle to accomplish that. So in those two senses, I really think it is an effort for economic self-determination. I called it economic democracy for a while, and the bankers all went wild about it, and finally I found that Tom Hayden in California has appropriated that term for socialist purposes.

CR: Oh! Well, that takes a little bit of its charm away.

DK: Yes.

CR: Let me back up just a minute and ask you a question about the out-of-state investments that have been made so far. Have these been made largely on the basis of a better return on the money?

DK: Yes, I think so. You know, the Board of Investments has been guided by the traditional prudent man on the rule which requires them to seek safety of investment, which I have no quarrel with, and the highest return they can get. It’s that second criterion, I think, where that’s forced almost all of the investment to be done outside of the state.

CR: I wonder how much out of...excuse my using the word loss, but financial hurt there would be to in-state investments. If it was 16 out-of-state and it was 15 in-state, aren’t we still ahead?

DK: If we could invest in-state and really accomplish anything by only giving out the percentage point, I don’t have any doubt that we’d be far ahead. My feeling is that we should be prepared to give out three or four percentage points. You know, it depends so much on what you mean by return on your investment. Everything, I think, depends on how long a vision you’re willing to apply. Right now, our vision is extremely short, I think. Although, we claim that that trust fund exists for the benefit of future generations, we did not invest it for their benefit. We invest in order to get the highest immediate return we could get. Now, if you gave up a couple of percentage points, and invested it in Montana and really succeeded in encouraging economic growth in Montana in that way, the increase in the tax base, the increase in employment, I would say within a period of five years pay for itself. But even five years is a very, very short perspective when you’re talking about a resource that has taken millions of years to create and should by all laws last for several thousand more years. If we’re really serious about using that trust fund as some kind of honest replacement of the coal, then I think we should be looking at investment and return on investment in terms of not five years, but 100, 200 years.

CR: Two hundred is the number that you used the last time we talked when I asked you how far you were looking down the road. You said, “At least 200 years.” I wish I could quote exactly what you said about looking at that mountain and this river that’s flowing right now in front of your window, now that you’ve moved over here alongside of it. And you referred to the length

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of time that men have actually lived on this river and in these mountains. Yes, 200 years is a very short time. I (unintelligible) you said it before. So I can accept your “not five years or 200 years” because you’ve been thinking this obviously for some time. I guess I am concerned about such a skeletal initiative. Is there an advantage to having it so unstructured rather than present a more complete package?

DK: Well, the process of putting this initiative together has been...What shall I say? The way that I have put it is that I hope that five years from now I’m able to look back and gather some lessons from the process that I’ve been through since the last time you and I talked because it has been amazing. To try to answer your question directly, when I first thought of an initiative, the one thing I thought of as an advantage to it as opposed to going to the legislature which I had tried several times here. I thought “Okay, if you write an initiative, the basic idea of which is popular”—as I think this one is—“then you can write any details you want into it, and it’s going to pass and you’re not going to have to deal with all of the groups who want to have an influence on it.” That is a feature of the initiative process that is available to those who want to use it, and I’ve considered using that. That was once option that was there. That is, I could have sat down, taken my political philosophy, my social philosophy and along with my friends and those who are closest to me, we could have drafted an initiative that would have set up exactly the kind of investment program, exactly the kind of economic development program that we would like to see using this money, and I think we could have qualified an initiative on that basis. I chose not to do that, and I am very far from knowing whether I made the right choice or not.

CR: Was this your choice, or was this a consensus choice, Dan?

DK: Well, I guess my feeling is, Claire, that I always have the choice to make. The initiative was my idea in the first place and it’s pretty clear to me that whichever way that I chose to go that it would have gone. It may not have qualified, it still may not qualify, but I think it will. Let’s talk a little bit about what happened there, because I think someday at least, I would like to be able to look back and remember.

CR: Yes, okay. I’m kind of curious. I don’t just really know what direction to question you—

DK: Why don’t I just go ahead?

CR: —so we can just flow?

DK: All right, fine. If I remember right...Well, I know that I got the idea for this initiative on a trip to Kalispell one day. I was going out there for some legal business, I guess. Part of what I was thinking when I did that, I was looking for some way to try to get the Democrats back in the majority in the Montana Legislature or at least the Montana House of Representatives. We had lost the majority for the first time in ten years, and it did not look very good for getting it back,
but I thought we needed some vehicle to help us get that back. So the initiative obviously came out of my longstanding interest in this business of investing in coal tax. But what really gave it an impetus was that, that I wanted some vehicle to help get Democrats elected in the legislature. I presented the idea for the first time publicly to a Democratic state convention in Butte where I spoke to the convention, very early in November of 1981 just before the special session, and suggested this initiative, and that was the kickoff for the initiative. I got a very good reception to the idea from that audience which was about 500 or 600 people. Then I spoke to the executive committee of the Democratic Party and asked them to endorse it. Because Chet Blaylock, the minority leader of the Senate had spoken in opposition to my idea—

CR: In Butte?

DK: Yes. There was some concern, although there was general support for it, there was concern that we try to keep it as cohesive within the party as we could, which is exactly what the executive committee should do if they're going to get involved. They should make it cohesive. So at that point I had made a choice to go through the Democratic Party. That sort of forced me in the direction of consensus. I still could have backed away from that and there were many points in which I could have backed away from that approach. But in effect, what the executive committee said was, “We would like you to go and talk to the governor and to the congressional delegation and to the attorney general, and if you can get consensus there, then we’ll back it.” Well, we then began a process that lasted for about four months trying—

CR: We?

DK: At that point then, I mean myself, and Tom Towe, Senator Towe from Billings who very quickly became a supporter of the initiative idea. I went, and since we had a special session, I brought it up to a joint caucus—the House and Senate. They appointed a committee of, I think, four from the House Democrats and four from the Senate Democrats to work on this idea. We had meetings then, with those people and the governor’s office and the executive director of the Democratic Party. We went through draft after draft after draft of the initiative up through well into March before we finally settled on something that we could agree to submit to the Secretary of State. We went far past when anybody would sensibly go in order to launch an initiative drive. In all of that I spent hours and hours and hours trying to put together something that would meet with the governor’s approval, and finally, we got something that the governor agreed he would support. Now, it is not what I would have written as an initiative.

CR: Politics is compromise?

DK: Well, sometimes it is, and the question is whether we did the right thing or not because politics is not just compromise. I’m not very interested in politics that is nothing more than that. I think ideas have to play a central role in any politics that means anything.
CR: Where were you so far apart, Dan?

DK: Well, the governor is a very, very conservative man, and that’s fine. He is exactly where he should be. Throughout this I was very firmly aware of the fact that after all, he was the governor and he was elected by the people. His approach to these things I have to take to be reflective of what a lot of the people wanted. I don’t think we could have elected a Democratic governor in this state who was less conservative than Governor Schwinden is. I think this idea is...the reason it’s appealing is because it’s a little bit bold and innovative, and you get to the point where you make it so conservative that it really isn’t itself anymore. I had to be careful not to get quite to that point, and I think we got about as close to it as I would have wanted to come.

CR: But it’s still unstructured enough, from what you say, that a lot of decisions can evolve that may move it more closely into the direction you would prefer to see it go.

DK: Yes. That’s exactly right. There are a couple of lines here in the initiative that I think clarify...How much time do we have?

CR: I have the time. I’m just checking my tape because I don’t want to have to backtrack because I—

DK: Here, I’ll read you the governor’s line.

CR: Okay.

DK: “The state may not use this revenue to make direct loans.” Well, the banks did not want us making direct loans, and the governor did not want to upset the banks. So we put that in against my better judgement. There’s another line that says, immediately after that: “The legislature may provide additional procedures to implement this section.” I wanted to make it clear that this...that there was further development to be done here. So what you’re suggesting, that there is flexibility to go either direction with this thing is very definitely the case. All that we have here is a vehicle and a mandate. But really what we have is something, I think from the point of view of my career, is very different from that.

The choice that I really came down to...I worked at the outset, very hard, with what can be categorized as the progressive alliance of the progressive coalition in Montana, which is an actual formed group in Helena—a number of progressive groups—and they were very interested in this initiative. They are the kind of group that, I think, if you have their wholehearted support, you would have the number of volunteers that you need to qualify an initiative. The one possibility would have been to have written an initiative which was much more progressive than this one and have had the support of those groups and then to have established by initiative an actual program of the kind that we might want to see. The other
choice, which was the one that I took, was to write an initiative that was broad enough to command the support of the Democratic Party. The reason I think that I made that choice is because I still believe that the Democratic Party is the best instrument available for progressive action in this state. Because I wanted as much access to the party as I could have, and I have had access to the party and continue to have it because of the fact we wrote this initiative broadly enough that the party as a state party was able to endorse it. The result of that has been that I have been invited to address local party organizations all around Montana.

CR: Have you been on the road?

DK: Yes, I have been very much on the road. I have talked to Jefferson-Jackson dinners from Beaverhead County to Choteau to Flathead to all around the western part of the state—

CR: Western part of the state.

DK: —and as far east as Fort Benton, and have had invitations farther east than that but I really can’t go very much farther than that. You know, for the purposes of this biographical material, to get it on the record, the choice that I made was to have access to those local party organizations because I think eventually that if anybody from the progressive side of the party is going to attempt to get elected to anything that there is no substitute for that base building. So that’s what’s been going on.

CR: Well, I have to remind you also that we’re looking at your base building. You aren’t perhaps right at this moment, but there are a lot of people who watch your base building because as I mentioned before, they don’t think Montana is forever going to hold Dan Kemmis, Montana’s representative but not always in Montana. So I have to say that this is bound to work very well for this initiative, for local candidates, and for Dan Kemmis.

You don’t very often come out, Dan, with what you may be looking forward to down the road, and I’ve tried several times to get to that. Other people keep telling you what’s going to happen to you.

DK: Yes. Well, I’m more frank on these tapes than I am in most conversations.

CR: Let’s take this to switch.

[End of Interview]