

2-17-1988

Governor's Appointee: Daniel E. Lungren: Office of State Treasurer - Vol. II

Senate Rules Committee

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HEARING
SENATE RULES COMMITTEE
STATE OF CALIFORNIA

GOVERNOR'S APPOINTEE
Daniel E. Lungren, State Treasurer

Volume II

STATE CAPITOL
ROOM 112
SACRAMENTO, CALIFORNIA

WEDNESDAY, FEBRUARY 17, 1988
9:30 A.M.

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BEFORE THE
SENATE RULES COMMITTEE
STATE OF CALIFORNIA

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re: GOVERNOR'S APPOINTEE)
Daniel E. Lungren,) Volume II
State Treasurer.)

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STATE CAPITOL
HEARING ROOM 112
SACRAMENTO, CALIFORNIA

WEDNESDAY, FEBRUARY 17, 1987
9:30 A.M.

Reported by:
Vicki L. Medeiros
Shorthand Reporter

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COMMITTEE MEMBERS PRESENT

SENATOR DAVID ROBERTI, CHAIRMAN

SENATOR HENRY J. MELLO

SENATOR JIM ELLIS

SENATOR NICHOLAS C. PETRIS

SENATOR WILLIAM CRAVEN

STAFF MEMBERS PRESENT

Nancy Michel

Pat Webb

Cliff Berg

APPOINTEE

Congressman Daniel E. Lungren

I N D E X

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P R O C E E D I N G S

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4 CHAIRMAN ROBERTI: The committee will come to
5 order.

6 The portion of this morning's hearing will be
7 devoted to jobs, workers and retiree issues. We will go to
8 roughly to twelve o'clock, maybe a little thereafter.

9 Yes. Senator Petris.

10 SENATOR PETRIS: I would like to get the Chair's
11 permission to make a couple of comments and ask some
12 questions.

13 I did not talk at all yesterday to the Congressman
14 except in private. I just want to touch on a couple of things
15 on housing and move on. I won't delay it very long.

16 Yesterday, you expressed some concern about the mode
17 and style based on a memo that Senator Roberti squelched.

18 Congressman, first of all I want to say that I think
19 we're all impressed with the -- all the observers I think
20 would agree with your -- well, you have a certain amount of
21 pizzazz, let's put it that way. You come through as a bright
22 person, very conscientious and devoted Congressman who knows
23 how to work his district. We're all envious of that,
24 especially the way you've turned it around. I think we could
25 all learn a few things from that.

1 It's followed with dedicated devotion to the people
2 in your district as witnessed by the projects that you
3 mentioned that you worked on to make sure they were either
4 adjusted and corrected and so forth.

5 We all, as being in the political arena, admire
6 that. You're certainly very articulate.

7 There are a couple of things I would like to point
8 out and then ask just a few basic questions on the housing
9 thing.

10 I feel a need to respond or comment on your
11 apprehension about coming into a partisan arena. We live in a
12 partisan arena here just as you do back in Washington except I
13 understand that it's a lot more partisan back there in
14 Congress.

15 I think it ought to be pointed out that you're being
16 considered for a partisan office officially on the statute and
17 it is reflected on the ballot as a partisan office.

18 As someone indicated yesterday, I think our Chair,
19 since this office is not going through the normal distillation
20 process of the election and the debates and the issues, we are
21 kind of in the place of the voters bringing out the issues
22 that effect the performance of this office. They have a
23 bearing on it.

24 To me it seemed a little ironic, and I want to share
25 that with you, that the partisan warning, so to speak, was

1 emphasized in view of the fact that the Governor has injected
2 you into a partisan arena regardless of who you are and what
3 your background and what your philosophy is and what your
4 voting record is. I think that is highly dramatized and
5 exaggerated in its partisan flavor by your voting record.

6 I, for one, as I told you when we meet privately,
7 would like to raise a question with the Governor given the
8 fact that the prior Treasurer was a solid Democrat, very
9 liberal Democrat in his earlier years and less liberal in his
10 later years, was elected three times, and the last time
11 without very much opposition. He always piled up very
12 impressive votes. Why shouldn't he have appointed a Democrat,
13 for example?

14 None of us expect to, and none of us has asked him
15 to. But I shudder to think what the scenario would be if Jerry
16 Brown had been Governor, or any Democratic Governor, and a
17 popular, three-time-winner elected statewide constitutional
18 officer had died in office, and Jerry Brown reached out and
19 instead of appointing somebody from the Republican Party,
20 appointed somebody from the Democratic Party.

21 I know it's expected and everybody accepts it, but
22 we've been worked over pretty heavily by some of our
23 Republican colleagues in the Legislature, especially in the
24 other House. In this House we have a much more mellow
25 approach to each other. Pardon the bad unintended pun,

1 Senator.

2 I don't think we should be treated like -- although
3 some politicians think they are gods, I suppose, but we
4 shouldn't be treated like gods on Mt. Olympus above the
5 fracas. We're part of it. Our duty is to be part of it
6 because we occupy partisan offices, and the Treasurer's Office
7 is a partisan office.

8 I just wanted to make that comment.

9 CONGRESSMAN LUNGREN: May I respond to that,
10 Senator?

11 SENATOR PETRIS: Yes.

12 CONGRESSMAN LUNGREN: Senator, I have been in
13 politics since I was six years old. I've campaigned for
14 Republican candidates since I was six years old. I've done
15 everything from walking precincts and handing out literature
16 before I was even old enough to go to school to making
17 speeches.

18 I'm not afraid of any tussle. I think you can see
19 I'm here, sitting here listening to twelve people talk against
20 me, have a staff and a committee here ready to suggest that
21 I'm not qualified to be Treasurer. That does not bother me
22 one darn bit.

23 The suggestion that somehow I should understand that
24 I'm here in the big city, I find rather ironic, from the
25 Chairman yesterday. I haven't really been out in the tules

1 for the last ten years.

2 To coin a phrase from someone else in Washington
3 this year, I haven't exactly been a potted plant out in the
4 backyard someplace. I've been in Washington, D.C. That is
5 the big city, as is Sacramento. I know how to be involved in
6 partisan phrase.

7 But to suggest that on the surface one is told that
8 one is to have a fair, full and nonpartisan hearing, and then
9 to have a memo come to the Floor and have the suggestion that
10 yes, we've changed some things and we're not going to follow
11 it, but the observation from most of the people in the press
12 is that it has been followed pretty accurately, to have a
13 partisan, prosecutorial brief presented by the head of the
14 Democratic caucus in the Senate inserted into the process,
15 contrary to what I was told on the previous Friday.

16 Those things suggest that there is partisanship
17 going on around here that, yes, I will admit to you that I am
18 not used to. I'm used to working in Washington, D.C.
19 partisanship up front. Up front.

20 I battle people straight out on the Floor of the
21 House. I don't make side deals or tell them one thing and
22 then have something else happen.

23 I'm perfectly willing to be judged on my merits.
24 I'm perfectly willing to be involved in some partisan tussle.
25 That doesn't bother me a bit.

1 I'm just talking about fairness. I'm just talking
2 about openness. I'm just talking about a complete record
3 being presented.

4 \$15,000 for a report? \$15,000 of the taxpayers
5 money? You couldn't find barely a single thing that is
6 positive about my entire record after ten years? The most
7 positive thing I did was on crime? That's got about the
8 smallest amount of space in there?

9 People who have contacted me, who have given me
10 copies of letters they have sent to the Chairman, and to the
11 staff here, saying positive things about my record, no mention
12 is made of that in here.

13 I'm not naive. I've tried to tell you that all
14 along. I try to be open, and I try to believe what people
15 tell me. But I can't afford to be naive. I see all these
16 things happening.

17 I have to understand what the script is. The script
18 is being followed very carefully, and I might say done very
19 well.

20 All I'm saying is that I understand that. I'm not
21 angry about it. I guess it's more in sorrow than in anger I
22 say this because I expected something a little differently.
23 I'm not talking about you personally in any respect
24 whatsoever.

25 SENATOR PETRIS: Okay. I understand, and I

1 appreciate that.

2 CONGRESSMAN LUNGREN: I don't want you to get the
3 feeling that I'm afraid of a partisan conflict. I've never
4 backed down from a partisan conflict in my life.

5 SENATOR PETRIS: I didn't think so.

6 CONGRESSMAN LUNGREN: I want to know what the rules
7 are.

8 When the rules are presented to me one way, and then
9 we commence the game, and the rules are changed, I've got
10 reason to be a little skeptical if not cynical about it.
11 That's all.

12 SENATOR PETRIS: I got the impression yesterday that
13 your criticism was aimed primarily at a "partisan" arena.
14 Now, you have clarified that.

15 CONGRESSMAN LUNGREN: There is partisan and there is
16 partisan.

17 SENATOR PETRIS: Let me give you an example of up
18 front partisanship. A letter went out from the Senate leader,
19 the Senate Republican leader, to raise funds based on your
20 nomination. It was mentioned briefly yesterday by Senator
21 Torres.

22 CONGRESSMAN LUNGREN: Someone mentioned how
23 disappointed they were about the outcome of the money.

24 SENATOR PETRIS: Yes.

25 CONGRESSMAN LUNGREN: That's right.

1 SENATOR PETRIS: This is up front partisanship. The
2 letter says in part:

3 "We don't have the votes to confirm Dan Lungren
4 without winning the votes of five Democrats and one
5 Independent.

6 "Obviously, all 15 Republicans support the
7 Governor's choice. These Democratic Senators are very
8 partisan."

9 That's an interesting standard. That's why I
10 brought up the question.

11 It's not partisan for the Republicans to line up in
12 a bloc and not one of them object and not one of them raise a
13 criticism of any kind, at least not publicly; but if the
14 Democrats -- and it has been established that the Democrats
15 are going to line up unanimously, if they do it, they're
16 partisan.

17 This rankles me because I get this over and over and
18 over again from a few, and I will emphasize that, a few
19 members of the loyal opposition from time to time.

20 Let me finish the letter.

21 CONGRESSMAN LUNGREN: I can assure you that I was
22 not the first choice of many of those behind me in the
23 Senate.

24 SENATOR PETRIS: Let me finish the letter.

25 CHAIRMAN ROBERTI: The last paragraph, I will help

1 you, Senator.

2 I was accused because a staff member puts out a
3 memo, which I disavow, of being overly partisan.
4 Nevertheless, Senator Maddy can put out a memo raising money
5 for the Republican Party, not a staff member, but a leading
6 Senator who is going to carry, I assume, Congressman Lungren's
7 nomination on the Floor --

8 CONGRESSMAN LUNGREN: That's not a memo.

9 That is an open letter.

10 CHAIRMAN ROBERTI: This is a fight-- well, an open
11 letter, worse.

12 CONGRESSMAN LUNGREN: It went public.

13 CHAIRMAN ROBERTI: This is a fight we can't -- well,
14 it didn't go public to Democrats. We happened to get it
15 because someone was kind enough to send us one just as I'm
16 sure someone was kind enough to send you a copy of my memo.
17 Not my memo, either. Excuse me. This is a fight we cannot
18 afford to lose.

19 CONGRESSMAN LUNGREN: A little Freudian slip.

20 CHAIRMAN ROBERTI: "This is a fight we cannot afford
21 to lose. Let not Willie Brown and David Roberti terrorize
22 George Deukmejian."

23 That is the first time that anybody has said that I
24 have been able to have that much power to terrorize George
25 Deukmejian.

1 "Like the Democrats do to Ronald Reagan in
2 Washington.

3 "Join with the Governor in this important
4 fight. Thank you."

5 Raising money. Raising money.

6 CONGRESSMAN LUNGREN: I'm shocked.

7 CHAIRMAN ROBERTI: Connected -- well, you're talking
8 partisanship. You're talking about something up front.

9 CONGRESSMAN LUNGREN: I'm shocked that you would be
10 shocked that people would send out a red-meat letter for
11 fundraising. I can tell you --

12 CHAIRMAN ROBERTI: I'm shocked that you're
13 selectively -- let me continue, and then I'll give you plenty
14 of time.

15 I'm shocked, Congressman, that you pick a memo
16 written by a Democratic staffer for condemnation, not a word
17 from you on the Maddy memo, and when you were asked by the
18 press, you said, well, he has every right to do it. Well, I
19 guess he has every right to do it.

20 But the fact of the matter is, if you're going to be
21 shocked by partison memos, then at least be a little bit fair
22 about it.

23 CONGRESSMAN LUNGREN: May I respond, Senator?

24 CHAIRMAN ROBERTI: Sure.

25 CONGRESSMAN LUNGREN: You're doing a very good job

1 of trying to turn around what happened yesterday. I
2 understand that. I understand politics. I understand you
3 might be a little upset over the press coverage which
4 suggested that in fact the hearings followed the script very
5 carefully even though, of course, you repudiated the script.

6 Let me just say this. I did not write that letter.
7 I was not consulted on that letter. I do not participate in
8 the letter, nor do I benefit from that letter.

9 CHAIRMAN ROBERTI: I take you at your word,
10 Congressman.

11 CONGRESSMAN LUNGREN: Mr. Chairman, may I speak?

12 CHAIRMAN ROBERTI: I take you at your word.

13 CONGRESSMAN LUNGREN: That's a very good
14 prosecutorial technique. I've seen it in the courtroom often.
15 You're doing a very good job.

16 CHAIRMAN ROBERTI: Your's is a very good partisan
17 technique.

18 CONGRESSMAN LUNGREN: You're doing a very good job
19 today.

20 I would just like to know whether this is what you
21 intend to do. Are we going to go on with the hearing, or are
22 we going to try and distract ourselves and try and undo what
23 was done yesterday? If you want to do that, we can play that
24 way --

25 CHAIRMAN ROBERTI: I would like to go on the hearing

1 but you brought up the memo.

2 You started off with the memo, and at that point I
3 think we had no --

4 CONGRESSMAN LUNGREN: That's incorrect, Senator.
5 Senator Petris started off by talking about partisanship.

6 SENATOR PETRIS: No. You started off yesterday.
7 Excuse me. I'm just responding.

8 Now with all due respect to you, let me finish my --

9 CONGRESSMAN LUNGREN: May I please respond?

10 Senator, there is a major difference, and everyone
11 knows it.

12 If you want me to talk, I'll be happy to talk, and
13 I'll explain to the cameras and everybody else what it is.

14 There is a major difference between sending a letter
15 through the mail that you know is going to go out and people
16 are going to understand it, and another thing to develop a
17 memo that talks about your strategy here which is absolutely
18 contrary to what I was being told at the very time I was
19 discussing with your staff what was going on.

20 I understand that this memo doesn't lead very far.
21 This memo only goes to one of your top staffers. I understand
22 according to what I've read from Mr. Walters that you did
23 change a few words in it, but that for Mr. Walters it is still
24 to be followed, but you changed the word from prosecutor to
25 lead questioner. So, I appreciate that.

1 I understand that you didn't have Senator Keene
2 mentioned as the lead-off hit man in your piece. You had him
3 later on. I understand you changed that.

4 I understand also that I was told specifically by
5 your staff, by Mr. Berg on Friday, and Ms. Michel on Friday,
6 precisely how we were going to go. I was even given a memo on
7 how things were to go. Absent from that memo, which I still
8 have, is any mention of a hit piece by Mr. Keene.

9 It says "Senator Roberti opens." It says
10 "Congressman Lungren offers opening statement." Then it says
11 "We go directly into financing authorities," which I was
12 told.

13 I was also told that the first prosecutor would be
14 Senator Torres; and, in fact, it was. No mention was made of
15 a prosecutor's brief being presented by Senator Keene, with no
16 opportunity for me to rebut. I saw what happened here and so
17 did everybody else.

18 So, let's not play games. We understand what is
19 going on. I understand what is going on. The public
20 understands what is going on. I'm happy to proceed to
21 specific questions on --

22 CHAIRMAN ROBERTI: We will get to specific
23 questions, but let's --

24 CONGRESSMAN LUNGREN: -- substance. I'll be happy to
25 tell you that I'm not afraid nor ever, ever have been afraid

1 to deal with partisan questions if that's what you want to
2 do.

3 My complaint, if that is what it is, is to be told
4 one thing and have something else take place.

5 CHAIRMAN ROBERTI: We appreciate your concern,
6 Congressman, however, in the whole process of the appointment,
7 the Governor has indicated to us that we should not become
8 partisan, that he wasn't going to become partisan, that we
9 should confirm who he thinks is the best person.

10 We're not just talking about the process of this
11 hearing. We are talking about the entire appointment process
12 itself.

13 We're not going to allow the criticism to be
14 contained only to where the Democrats are in charge. What
15 about when the Republicans were in charge?

16 The first thing we get -- the first thing we get as
17 far as the process is concerned, the opening gambit, is the
18 letter from Senator Maddy indicating that they were going to
19 raising money on your campaign, confirmation process or
20 whatever.

21 The point of it is, one major fear the Democrats
22 have always had -- we might as well talk partisan because it's
23 a concern -- is that you're going to use your position, or
24 your position is going to be used for Republican politics, and
25 in such a way that you wouldn't have even been elected by the

1 voters, but for Republican politics in such a way that we, the
2 Democrats, would have to actually confirm you to a position in
3 which you're going to use against us, and it's confirmed in
4 the Maddy letter.

5 CONGRESSMAN LUNGREN: Senator, I --

6 CHAIRMAN ROBERTI: I gave you plenty of time to
7 talk.

8 It's confirmed in the Maddy memo, and doubly
9 confirmed by your initial response to the Maddy memo that you
10 did not see anything wrong with it.

11 We've heard silence from the Governor who made the
12 initial appointment.

13 Now, I understand how you would be concerned about
14 the memo came from my staff. If I were in your position, I
15 would be equally concerned. The best I can tell you,
16 Congressman, is I disavowed it.

17 Yesterday, there was nothing going into your
18 personal history, your personal life history. Quite frankly,
19 there is nothing that could go into your personal history or
20 personal life to the limited extent that I know anything about
21 it.

22 The questions were legitimate. They went to your
23 philosophy. They went to your voting record. There was
24 nothing condemning, as far as a condemnation personally. They
25 were not prosecutorial.

1 If we don't have a right to ask questions on policy,
2 what are any of us doing in the positions that we have?

3 But the Governor had indicated he was appointing the
4 very best man. We should not be partisan. He was not being
5 partisan. Then we get this letter from Senator Maddy.

6 What strikes me as funny and strange is the
7 Republicans become very selective in their outrage over a
8 Democratic memo from a staffer but not one from the ranking
9 Republican in the Senate. That's selective outrage if I've
10 ever heard it.

11 CONGRESSMAN LUNGREN: Mr. Chairman, I was unaware of
12 your express concern about the Treasurer's Office and the
13 partisanship of it when it was occupied by the prior
14 occupant.

15 I guess we all have concerns at different times in
16 our lives.

17 SENATOR PETRIS: Can we proceed with the --

18 CHAIRMAN ROBERTI: Senator Petris has the Floor.

19 SENATOR PETRIS: Let me finish the memo -- the
20 letter, and I'll get to my questions. Maybe we'll get this
21 part of it behind us and get into the policies.

22 "Third" says the letter, "in this non-partisan
23 arena, as the only Republican statewide office holder, Dan
24 would be in a critical position to help Republicans get
25 elected to office.

1 "He is an articulate spokesman for the
2 Republican cause. He will be of critical importance in
3 fundraising to help elect more Republicans to office."

4 Normally in campaign season that's fair game. It's
5 not fair to do this, as Senator Roberti has said, and in my
6 judgment, and then come in and complain about some
7 partisanship.

8 All right. Now, let me get into a couple of
9 questions on housing, if I may.

10 First, I think it's a little unfair of the Governor
11 to put you in this hot seat, so to speak. Let me tell you
12 why.

13 Regardless of all this discussion going on now, the
14 bottom line is what is the track record. How do you view the
15 world? How would you view the world sitting as a Treasurer in
16 the various boards and commissions that were described
17 yesterday which are not simply ministerial duties but have a
18 tremendous amount of discretion in the financial area of
19 funding, so many things, housing and hospitals and a bunch of
20 other things.

21 When a person looks at the voting record, and then
22 looks at the statute, or a number of statutes, there is an
23 immediate difficulty created.

24 One of the problems that I have is that there is an
25 affirmative duty in some of those statutes for the Treasurer

1 to do certain things which are opposed to your consistent
2 policy.

3 Well, I know you said yesterday, well, I'm going the
4 follow the law. But there is a lot more called for than just
5 following the law. It's a matter of moving in a direction
6 affirmatively of doing certain things.

7 One of them is to help local people, local agencies
8 or local recipients of the money that is allocated through the
9 bonds to enforce that law, to carry it out in a fair and
10 equitable manner without discrimination and so forth.

11 I'm sure that if an individual case were called to
12 your attention of an injustice, you would fight hard to
13 correct it. But I'm not so sure that you would reach out
14 affirmatively to do the things that are required because your
15 basic instincts, your basic philosophy clearly would go in an
16 opposite direction.

17 That's why I think there is a bit of unfairness
18 there. There is a quotation given to us regarding the views on
19 homelessness, the fact that private and public agencies are
20 fighting in many areas at the local level to find a solution.
21 Bishop Quinn is quoted as saying, here in Sacramento,
22 asking -- when the response is given that the private sector
23 should do more -- we have been told that a lot of times. You
24 haven't told us that.

25 It's part of that philosophy. The private sector

1 should do more. The religious community should do more.
2 Bishop Quinn says that's like asking Sister Theresa of
3 Calcutta to work harder.

4 To put it in the form of a question, I want to ask
5 you, do you really feel, in view of your antipathy toward a
6 lot of the programs, regardless of the reasons, some are based
7 on not enough money, the budget crunch, some are based on
8 philosophy, could you really reach out and do the job as a
9 member of those boards that the statute is required to do in
10 the light of what we've seen as the record?

11 Let me postpone the question for a minute and recite
12 a couple of the things. I don't intend to take you through
13 all those votes that you went through yesterday. I think that
14 you had enough on the housing.

15 Now, if I can find it. It will take me a couple of
16 seconds here.

17 Well, I had my hands on it and it has escaped. I
18 just wanted to make sure I found it because of the numbers.

19 This is what disturbs me when I am looking at a
20 person who is ready to go on this office and believes he can
21 do an excellent job and carry out the statutes and so forth.

22 In the housing field in particular, some of the
23 votes were mentioned yesterday, and I just wanted to identify
24 some of them. The one on foreclosure threat that some of the
25 veterans were facing on their VA mortgages. There was a bill

1 to bring them some kind of help. I don't know what the
2 details were.

3 The vote was 394 to 23. You were one of the 23 that
4 voted against providing that help to the veterans that were
5 facing foreclosure.

6 Other votes in the housing field are as follows: 340
7 to 55, and you're on the short end of each one of these; 354
8 to 51; 282 to 110; 314 to 99; 324 to 95; 295 to 46. It goes on
9 and on.

10 What it suggests to me is that we don't have a
11 mainstream person here on a lot of the issues, not only not
12 mainstream generally, but not mainstream in his own party.

13 When I look at that record, and I look at what the
14 duties are in the housing area, I find a serious conflict
15 there. It's not a matter as simple as the Attorney General's
16 Office that you mentioned yesterday that, well, we had an
17 Attorney General that didn't believe in capital punishment but
18 he prosecuted those cases on appeal. That should not be --
19 it's not that simple a distinction.

20 That is more of a ministerial thing than the
21 specific duties and affirmative duties given to the
22 Treasurer. This is part of a pattern, and that's why it
23 bothers me. It isn't just your appointment.

24 The Governor has made several other appointments,
25 the overwhelming majority of which we've approved, over 95, 98

1 percent. I don't know what the count is but it is very high.
2 We have only rejected a small number. But time and again it
3 seems to me that he has put people in an administrative
4 position to enforce the law who have devoted their entire
5 public career to opposing that very law.

6 Case in point is the head of all the consumer
7 agencies, who, as President of the Chamber of Commerce of this
8 state, made many speeches deploring those statutes, calling
9 them unnecessary, urging people to do what they can to oppose
10 any further enactment of similar statutes in consumer
11 protection.

12 Now that person winds up as the protector of
13 consumers. It doesn't make sense to do it that way. It's
14 unfair to the occupant of that office. It's unfair to the
15 statutes.

16 If we're going to have policy differences, it seems
17 to me the best way to attack them is to try to repeal those
18 statutes.

19 Just as in OSHA -- we're coming up to labor stuff
20 now. Instead of recommending to the Legislature that OSHA be
21 repealed -- a statute that was signed by Governor Reagan I
22 might add, when he was Governor -- the Governor chooses to
23 pull the fangs, to remove the money and to close down the
24 operation and turn it over to the Feds, not recognizing or
25 acknowledging that there is an enormous difference in the

1 statutes between the degree of enforcement and the scope of
2 enforcement, and the degree of interest between the Federal
3 agency and the state agency.

4 I see you fitting, unfortunately, into that same
5 category. A person who says that, well, I've done a lot to
6 help the home or housing problem. You gave some very good
7 specific examples in your district. You gave us the
8 impression that you're a very good friend of those people
9 ideologically who are trying to solve the housing problem.

10 Yet the people in Washington and here in California
11 who have been working in this area for many years do not
12 recognize you as a friend and supporter. There is that
13 conflict going all the way through.

14 I know you're going to try your best to resolve
15 that, but I just wanted to get on the table the concern that
16 is not really a partisan concern. There are partisan
17 differences, but the concern is trying to have an opponent of
18 programs administer them or have something to do with policy
19 and a wide range of discretion in a very important office that
20 has a bearing on them. That's all.

21 I was not going to go down the list and ask you
22 about these bills. I think you explained them all very well
23 yesterday.

24 CONGRESSMAN LUNGREN: Senator, may I respond?

25 SENATOR PETRIS: Yes. Do you see what I'm trying to

1 get at?

2 CONGRESSMAN LUNGREN: Yes.

3 Senator, may I just say with respect to your
4 peroration about the Maddy letter, I'll reiterate I had
5 nothing to do with it. I understand those things happen in
6 politics. I understand it wasn't very effective if people were
7 concerned about it.

8 I understand how people can be concerned about the
9 potential of raising funds there. I suppose the Governor
10 could have done a better job of appointing someone else who
11 has a better background and a better track record in raising
12 funds.

13 If you folks are worried about me raising funds, I
14 can guarantee you, go look at my record and you can see that
15 wasn't the reason I was picked for this office.

16 I do find it somewhat ironic to be criticized on the
17 one hand for being so out of the mainstream that it would not
18 be appropriate for me to have that office; and on the other
19 hand to have people here express the concern that I might be a
20 gubernatorial candidate, or even be up for re-election.

21 I assume that if your argument is true that I'm out
22 of the mainstream, you would want me as a candidate for
23 re-election because you could easily defeat me by your very
24 definition.

25 Let me just say with respect to your question of

1 whether I'm out of the mainstream. If your definition of the
2 mainstream is to vote consistently for funding which brings us
3 huge \$200-billion-a-year deficits, yes, I'm out of the
4 mainstream.

5 If the mainstream were defined in Washington, D.C.
6 as a concern for fiscal responsibility, as a true effort to
7 bring down the debt, as an effort to try and bring a balanced
8 budget, then I'd be in the mainstream.

9 Unfortunately, we're in the minority, those of us
10 who have been trying to bring down to deficit all these years.

11 I would just ask you this question, do you think the
12 people of California would rather have the Governor appoint
13 someone who had been in the mainstream of creating the
14 National Debt, who had been in mainstream of making sure we
15 had \$200-billion-a-year deficits, or someone who had tried to
16 fight against that and make some changes?

17 I would ask you another question. What was
18 the -- what were the conditions of the economy when I went to
19 Congress?

20 I'll tell you what they were. In the first two years
21 when I was in Congress, in the Carter Administration, we
22 happened to have inflation at 12.4 percent; 13 percent it was
23 going to; 18.8 percent in May of 1980. People were talking
24 about it going to 22 percent. Prime rate was 22 percent. How
25 many houses can you build with a prime rate of 22 percent?

1 Employment was not only stagnant, it was going up;
2 and it continued going up for the first two years of this
3 administration. We had 10 percent unemployment in this
4 country.

5 What do we have now? We have an interest rate that
6 is down to 4.4 percent this year after being around 2.5
7 percent for the last two years. We have prime rates that are
8 down in single digits. Unheard of just eight years ago.

9 We have an unemployment rate now that is down to the
10 lowest rate that we have had in a decade. We have the highest
11 number of people working in the nation in the history of the
12 nation. We have the highest population employment percentage
13 in the history of the nation.

14 While we have created 12 million new jobs in this
15 country during that period of time, Western Europe has lost
16 jobs.

17 The point is, some of us were attempting to change
18 some of the things that were happening in Washington, D.C. I
19 happen to think we are jeopardizing some of that progress by
20 continued high deficit.

21 While I believe in the tax policy we've had, I don't
22 believe necessarily in the overspending. That's the reason I
23 have been voting time and again with respect to the budget.

24 CHAIRMAN ROBERTI: Did you vote for the tax -- I
25 forget the name of it, 1981, the Tax Reduction bill?

1 CONGRESSMAN LUNGREN: Absolutely.

2 CHAIRMAN ROBERTI: Isn't it true that after that
3 amount of time, one year, two years, the deficit became the
4 greatest we have ever had the history of the country? The
5 National Debt, I think, is larger than that of all the other
6 president's put together.

7 CONGRESSMAN LUNGREN: Absolutely no connection.

8 CHAIRMAN ROBERTI: No connection at all?

9 CONGRESSMAN LUNGREN: Senator, do we want to go into
10 that? I'll tell you why there is no connection.

11 CHAIRMAN ROBERTI: Let me just frame a question.

12 CONGRESSMAN LUNGREN: Well, you brought it up.

13 CHAIRMAN ROBERTI: Let me frame a question and then
14 you can respond.

15 CONGRESSMAN LUNGREN: You already posed a question
16 to me and I would like to respond. You posed a question.

17 CHAIRMAN ROBERTI: I did not pose any question. You
18 said no connection and you swung off to that.

19 CONGRESSMAN LUNGREN: You ask a question and I'll be
20 happy to respond to it.

21 CHAIRMAN ROBERTI: You said there is no connection
22 between -- Fine. Respond.

23 There's no connection between the deficit and the
24 debt.

25 CONGRESSMAN LUNGREN: And the tax rate changes we

1 made.

2 CHAIRMAN ROBERTI: And the tax rate changes.

3 CONGRESSMAN LUNGREN: If you take a static analysis,
4 a static economic analysis of the changes we made in tax
5 rates, you could project out that we would have a loss of
6 revenues as a result of the loss of tax rates.

7 Obviously, if you have the same amount of economic
8 activity going on and you bring the rates down, you're going
9 to be bringing in less revenue to the government. We didn't
10 do that. When we brought the rates down, we helped to expand
11 the economy, there was greater economic activity than there
12 would have been otherwise, and as a result, we brought in more
13 money to the Federal Treasury than it would have otherwise.

14 If you will look at the top rates, you will see in
15 the highest incomes of America, they are now paying a higher
16 percentage of the total revenues to the Federal Government
17 than they were before the tax cuts. Why? Because we brought
18 them into tax-based income instead of tax-sheltered income.

19 We had a larger number of people in the higher
20 income brackets actually applying, actually filling out forms,
21 actually paying taxes than we did before.

22 We have had an average of \$77 billion per year
23 increase in revenues every year since we made that cut. The
24 problem is not we haven't had an increase in revenues. The
25 problem is that we have had an increase in cost, or an

1 increase in spending, that outstripped the increase in
2 revenues.

3 We are now, with respect to the Federal tax take, at
4 above the historical high that has prevailed since World War
5 II.

6 CHAIRMAN ROBERTI: Your analysis is probably
7 correct, but I don't agree with your conclusion.

8 I still believe that the tax cut had everything to
9 do with the accelerating deficit and debt because it never
10 took into consideration the increasing demands upon the
11 Federal Government that were going to be taking place, both in
12 the areas of domestic programs and in the area of defense.

13 CONGRESSMAN LUNGREN: With all due respect, Senator,
14 that just doesn't make sense.

15 CHAIRMAN ROBERTI: Well, we don't agree.

16 CONGRESSMAN LUNGREN: No. You said to me that you
17 understand my analysis and you believe it to be correct.

18 My analysis shows that we have greater revenues
19 going in than we would have if we had made the cuts.

20 CHAIRMAN ROBERTI: Correct.

21 CONGRESSMAN LUNGREN: If you want to argue --

22 CHAIRMAN ROBERTI: Correct only to part of my
23 comment. Correct only to the extent that yes we do have
24 greater revenues coming in but not to the point where it does
25 not take into consideration the increased demands.

1 CONGRESSMAN LUNGREN: Not increased demands.

2 Increased decisions by the Congress to spend.

3 If what you're arguing to me is --

4 CHAIRMAN ROBERTI: Many of which you participated
5 in.

6 CONGRESSMAN LUNGREN: I'm being criticized for
7 voting against it here.

8 CHAIRMAN ROBERTI: You said it earlier. I didn't
9 hear the quote. There is not a battleship you haven't ever
10 said you didn't like. To give you one example.

11 CONGRESSMAN LUNGREN: I did not say that.

12 CHAIRMAN ROBERTI: You quoted somebody else.

13 CONGRESSMAN LUNGREN: We have two battleships in
14 Long Beach Navy station. We'll be happy to keep them even
15 though some other areas don't want to have them.

16 The point is, Senator, there has been no analysis
17 done to show that the Tax Cut of 1981 caused the deficit. If
18 you believe it does, then I suppose you would support a repeal
19 which would fall most heavily on the middle and low-income
20 people of America. Because the thing that by a static
21 analysis did more to deprive revenue to the Federal
22 Government, if you believe a static analysis, is the fact that
23 we indexed the tax rates. That most heavily penalized, that
24 is before we indexed it, the impact of inflation on tax rates
25 most heavily impacted on the lower and middle income people

1 that you profess to be so concerned about.

2 CHAIRMAN ROBERTI: We indexed the tax rates here.
3 We did it gradually, and if there ever were going to be a
4 repeal, which I wouldn't favor, it would have to be done
5 gradually as well.

6 Once something is set in place, it's very difficult
7 to repeal it overnight because people become dependent on a
8 system.

9 CONGRESSMAN LUNGREN: The very fact that we phased
10 in the tax cuts in 1981 contributed to some loss of economic
11 activity because people waited till the following year to have
12 the full impact of the tax cuts. If you're going to do it, you
13 ought not to phase it in, you ought to have it done
14 immediately.

15 SENATOR PETRIS: Mr. Chairman, I think we ought to
16 get on with the witnesses. You know, we could bring in a dozen
17 economists, and as we all say, you get a dozen opinions and
18 reasonable persons can differ in their answers to what is
19 said. Maybe we can talk about it privately.

20 CONGRESSMAN LUNGREN: With a dozen economists,
21 usually you'll get thirteen different opinions.

22 SENATOR PETRIS: I think you're right. You know
23 there is an answer to points -- I don't think we're going to
24 debate economic policy.

25 The oil prices had an awful lot to do with inflation

1 in those days. Kissenger was over there urging the Arabs to
2 raise their prices. That was established many years after the
3 fact.

4 The economy was still growing in the last year of
5 Carter's administration. It dipped afterward. There are all
6 kinds of reasons.

7 The Congress -- I've read somewhere, I hope it's an
8 authentic source. The Congress over the past several years
9 has given the President a smaller budget than he asked for.

10 CONGRESSMAN LUNGREN: That's not true.

11 SENATOR PETRIS: The disagreement is the ingredients
12 within it.

13 So, can we have, Mr. Chairman, the first witness so
14 that we can get on with the --

15 CONGRESSMAN LUNGREN: That's not true, Senator.

16 CHAIRMAN ROBERTI: Mr. Tom Rankin, Research Director
17 for the California Labor Federation.

18 To refresh everyone's memories, this is the section
19 on jobs, workers and retiree issues.

20 Mr. Rankin.

21 MR. RANKIN: Mr. President, Members, thank you.

22 First, I should say I'm not here as a witness for
23 the prosecution but as a representative of the interests of
24 our two million members in the State of California.

25 I should also state from the outset that we only

1 oppose confirmations in a very few unusual cases. I think
2 there were three prior to this under the period of George
3 Deukmejian.

4 I would like to recall briefly one of those cases
5 because it may provide for some interesting comparison. That
6 is the case of Victor Vassey, a former State Assemblyman and
7 Congressman, who was appointed by the Governor to direct the
8 Department of Industrial Relations in 1983. We opposed Mr.
9 Vassey on two grounds; one, his voting record, which was 18
10 percent correct, under the AFLCIO voting record compilation
11 and our own; and two, on the basis of his actions during the
12 brief period he which held the position.

13 Mr. Vassey did not receive a positive vote on his
14 confirmation. I think the vote was 13-4, 20 against. This
15 position in which the Senate voted to reject the nominee was
16 not an elected position. It had less discretionary authority
17 than the position we are talking about today. It was more
18 circumscribed by statute. The holder of that position had
19 less power, and less power to use the position for political
20 purposes, I might add.

21 Today, we oppose a candidate for an elected position
22 who has considerable discretion over large sums of money and
23 the ability to influence decisions which affect hundreds of
24 thousands of our members, retired employees, teachers, workers
25 in construction and so forth.

1 There are important differences in the confirmation
2 process because of these factors. The Constitution clearly
3 gives the Legislative branch a stronger check over this kind
4 of appointment. Both houses are, in our opinion, required to
5 concur in a confirmation and the appointee is not allowed to
6 take office until the Legislature has had the opportunity to
7 act.

8 Under these circumstances we believe that the
9 candidate's record becomes of paramount importance. It's the
10 best indication of the values he will bring to bear on making
11 decisions affecting the well-being of the citizens of this
12 state.

13 Mr. Lungren's voting record, as compiled by the
14 National AFLCIO, is abysmal. His cumulative record shows 143
15 wrong votes, 7 right votes, a five percent correct voting
16 record. His voting record for the first year of the 100th
17 Congress was 16 wrong and no right.

18 Now, this record is not compiled on a narrow set of
19 issues. They are not simply labor issues. The bills used in
20 the ratings include environmental concerns, housing, health
21 care, civil rights, welfare, education and taxation.

22 Many of the bills that I'm talking about have been
23 reviewed in the Senate Office of Research report. I won't go
24 into too many of them.

25 I might go into a few of the votes from the 100th

1 Congress, the 16 votes I mentioned. Three of those votes
2 dealt with trade issues. We've been speaking about deficits
3 here.

4 We had a trade deficit of \$170 million in 1986.
5 There was a lot of activity in Congress to do something about
6 curing that deficit and the devastating effect that that
7 deficit has had on American industry. In three issues,
8 relating to trade, Mr. Lungren voted incorrectly.

9 Jobs. Last year there was a vote in Congress to
10 override President Reagan's veto of an \$88 billion highway
11 funding bill. That bill involved 700,000 construction jobs.
12 Mr. Lungren voted against that override.

13 He's voted against construction industry contract
14 protections for construction workers. He's voted against job
15 safety. There was a high risk notification bill, an effort to
16 promote early detection and prevention of occupational
17 diseases. He voted wrong on an amendment that would have
18 effectively killed the bill by substituting a study for that
19 bill. He's voted wrong on bills to protect employees from
20 polygraph tests. He's voted wrong on a bill regarding having
21 to do with collective bargaining rights for housing authority
22 employees. He's voted wrong on a bill to give federal
23 employees political rights. I can go on and on.

24 The voting record, and his record I might add after
25 speaking with some of the lobbyists for the National AFLCIO,

1 his record of speaking on the Floor shows him definitely to be
2 on the right end of the political spectrum. Only ten out of
3 435 Congressmen and women had worse cumulative voting records.

4 I might add at this point that two of the State
5 Senators which were under consideration and talked about for
6 this position had voting records of approximately 50 percent
7 under our compilation.

8 The record is important because it reflects the
9 values for the candidate for the job. I think it reflects his
10 insensitivity to the needs of working people, poor people,
11 homeless people and retired people.

12 It might be another matter if he had a brilliant
13 record as an expert in the issues faced by the Treasurer, but
14 we don't see evidence of that.

15 We ask you to exercise the check-and-balance
16 function granted you by the Constitution and to reject this
17 confirmation.

18 Thank you.

19 CHAIRMAN ROBERTI: Thank you, very much, Mr. Rankin.

20 Any questions?

21 The next witness is Mr. Jerry Cremins, Executive
22 Secretary for the State Building and Construction Trades
23 Council of California.

24 MR. CREMINS: Mr. Chairman, Members of the
25 Committee, thank you for allowing me to come before you this

1 morning.

2 My name is Jerry Cremins. I am the President of the
3 California State Building and Construction Trades Council,
4 AFLCIO.

5 We represent the fifteen Building Trades
6 International that comprise the Building Trades Department in
7 National AFLCIO. The building tradesmen of California have
8 much at stake in the person who serves as State Treasurer.

9 The Office of Treasurer in California is unique
10 because it's given broad discretion over managing the state's
11 monies and acts as the policymaking authority for state and
12 local finance.

13 The Treasurer is also given direct responsibility on
14 which construction projects will qualify for funding through
15 various financing authorities.

16 In 1987, the Treasurer's Office approved the
17 construction of 4,000 projects through the California Housing
18 Finance Agency, issuing a total of \$606 million through this
19 one agency alone. There are currently seven other authorities
20 like that one which allocated \$2.7 billion for the fiscal year
21 of 1987.

22 The power of the Treasurer is likely to grow further
23 because of the Gann spending limit coupled with the growing
24 needs for public infrastructure has increased demand for bond
25 financing.

1 Under the leadership of Jesse Unruh, the Office of
2 State Treasurer developed and implemented many policies that
3 were beneficial to the working men and women of California.
4 One of the most notable was his Council for Institutional
5 Investors, whose purpose was to pool pension funds to give
6 them greater leverage on Wall Street and in corporate
7 takeovers.

8 Mr. Unruh also met with building trades
9 representatives on several occasions to discuss the
10 applicability of prevailing wages on bond financed projects.

11 We are now asked to accept a candidate for the post
12 of State Treasurer who has never held a state or local office
13 in California, and has no or little financial or banking
14 experience from which we can judge his qualifications as State
15 Treasurer.

16 The only record we can judge Mr. Lungren is his
17 voting record in Congress, and would I direct myself
18 exclusively to labor and social issues in that area.

19 After reviewing Mr. Lungren's voting record from
20 various labor organizations, we found that AFSCME rated him at
21 8 percent, 4 right and 45 wrong. The Service Employees
22 International rated him at 5 percent, 1 right and 19 wrong.
23 The United Food and Commercial Workers rated him at 1 percent,
24 one right and 72 wrong. AFLCIO rated him at 5 percent,
25 putting him at a tie for the tenth worst voting record in

1 Congress.

2 Here are some significant examples of Mr. Lungren's
3 anti-labor record. A no vote on a 1985 amendment that required
4 farm employing ten or more workers to provide sanitation
5 facilities in order to be eligible for Federal Farm monies.

6 He voted yes for a 1983 amendment that would
7 eliminate health and safety care for the unemployed.

8 Voted yes on a 1979 amendment to cut \$10.3 million
9 in job site inspection and enforcement activity funds from an
10 already understaffed Federal OSHA program, which seems to be
11 consistent with the Governor's feelings on CAL OSHA.

12 But most alarming to building tradesmen is Mr.
13 Lungren's past voting record on Federal Davis-Bacon Act. The
14 act requires the payment of local prevailing wages to workers
15 on federally-financed construction projects. It assures local
16 contractors who uphold community labor standards a fair chance
17 to compete for government projects without being undercut by
18 outside firms using cut-rate labor. It also protects the
19 government from fly-by-night operators seeking to win federal
20 contracts by paying wages too low to attract competent
21 craftsmen.

22 Because they have been stopped in their efforts to
23 gain outright repeal of the Davis-Bacon law, Mr. Lungren and
24 other ultra-conservative members of Congress have tried to
25 eliminate the law piecemeal by removing its coverage from

1 various types of government contracts.

2 Mr. Lungren has voted against Davis-Bacon on at
3 least eight different occasions in the House of
4 Representatives. In each and every instance, Mr. Lungren has
5 sided with a small minority in an attempt to repeal the Act,
6 losing by at least 120 votes on every occasion.

7 Mr. Lungren in his five terms in Congress has not
8 yet voted in support of the Act, even on occasions where there
9 was bipartisan support.

10 Based on Mr. Lungren's Congressional voting record,
11 we have keep and understandable questions as to whether or not
12 he will seek vigorous enforcement of the state's prevailing
13 wage laws.

14 Two of the state's larger bond issues, the
15 California Housing Finance Agency and the Industrial
16 Development and Finance Acts, specifically require the payment
17 of prevailing wages. There is controversy, which we believe
18 is unwarranted, on the applicability of prevailing wages on
19 other projects funded with bond monies. Therefore, the
20 position the Treasurer takes on this issue is of great
21 importance to building tradesmen.

22 We believe Representative Lungren has shown a lack
23 of commitment to prevailing wage laws, and if confirmed in the
24 position of State Treasurer would thwart the will of the
25 Legislature and administratively strangle state public works

1 laws.

2 We believe that Mr. Lungren's voting record shows a
3 Member of Congress who is not just a conservative but far to
4 the right of the political mainstream of California and in
5 direct conflict with the needs of the construction workers of
6 this state.

7 Mr. Lungren's record, I should point out, in the
8 views of labor, is worse than any Representative from
9 Mississippi, Alabama, Georgia and Florida.

10 It's our belief, and we ask you not to confirm
11 Mr. Lungren.

12 Thank you very much.

13 CHAIRMAN ROBERTI: Thank you, Mr. Cremins.

14 Any questions?

15 Seeing none, the next witness will be -- Mr. Low is
16 not here -- Maura Kealey, Legislative Director of California
17 State Council of Service Employees.

18 MS. KEALEY: Thank you very much, Mr. Chairman.

19 I'm Maura Kealey. I'm the Legislative Director for
20 Service Employees International Union of California.

21 I want to start out by saying that when Mr.
22 Lungren's appointment was first announced, our members -- we
23 have 250,000 members in the State of California -- did not
24 immediately bombard our office and say we have to oppose this
25 man.

1 The reason was very simple. We knew very little
2 about the Office of Treasurer. We knew very little about Mr.
3 Lungren. I think that the Legislature, and in particular the
4 research done by the Senate, has done us all a great service
5 in that we now know enough about the Office of the Treasurer
6 and enough about Mr. Lungren that our members are unanimously
7 and very vociferously asking us and asking you not to confirm
8 him to this important office.

9 Our quarter of a million members in California do
10 every kind of service work imaginable. About half are public
11 sector employees. The others are in health care. They
12 provide services for seniors. They work in building service,
13 and our members are located from San Diego up to the Oregon
14 border and across the state.

15 Now, those in the public sector have a particular --
16 who are members of the Public Employment Retirement System
17 have a particular interest in the Office of the Treasurer
18 because that person sits ex officio on the Board of
19 Administration.

20 The PERS Board controls the pension fund of about
21 \$43 billion. The Treasurer also sits on the STRS, the State
22 Teachers Retirement System, Board as well. We don't have the
23 pleasure of representing any teachers. In the role of one of
24 the thirteen members of the PERS Board, the Treasurer will
25 have an enormous importance in safeguarding the money that

1 will make up our members' retirement, in administering the
2 plans that provide health benefits to them, and most
3 importantly to all of us in the state, not just the public
4 employees, in guiding and directing and having a very, very
5 influential role in how the PERS funds are investigated.

6 The previous speaker testified and spoke to the role
7 that Mr. Unruh played in forming the Council of Institutional
8 Investors, in taking an assertive and aggressive position in
9 making sure that with all the changes that are going on in the
10 current financial markets in this country, that public pension
11 funds, and in particular California public pension funds,
12 would not be disadvantaged but would benefit to the extent
13 that everybody else could benefit.

14 Now it is just that kind of advocacy, that kind of
15 positive use of government office, that we believe the
16 California Treasurer's Office is supposed to exercise. It's
17 just that kind of positive advocacy which we believe Mr.
18 Lungren's record shows that he would not be inclined to
19 exercise.

20 I want to say that in two respects. The actual
21 votes on issues that have been gone through show
22 overwhelmingly a difference of philosophy from most
23 Californians and how most Californians would want to see
24 discretion exercised. They also show very clearly a
25 disagreement with the philosophy that government should be

1 activist, that there is a social responsibility to improve
2 economic and social conditions through use of the government
3 office. That is exactly where we would be in a weak position
4 with Mr. Lungren as Treasurer as compared with the previous
5 Treasurer.

6 In our members view, if you go down, at this point
7 one might almost call it a litany of voting records, it's bad
8 enough that Mr. Lungren has consistently opposed environmental
9 protections laws because in California where most people come
10 and stay and chose to live in California because of the
11 environment, if you don't have clean water, if you don't have
12 pollution control, if you don't take care of your environment,
13 then you're really saying that you're not going to end up with
14 why we came here. So, that's bad enough.

15 Then if you look at Mr. Lungren's record on
16 schools -- everyone in California is well-aware today of how
17 important the educational system is and what we're trying to
18 put into our California educational system.

19 I don't think there could be a member, Republican or
20 Democrat of the California Legislature, who would have Mr.
21 Lungren's voting record on schools because we know here in
22 this state this is a priority.

23 If you go to programs for seniors and look at the
24 votes against meals for the elderly, look at the votes against
25 catastrophic health insurance, and look at what we know in

1 California to be true today that we have a crisis in health
2 care, and we have a crisis in proper programs for seniors,
3 again, I don't think there is anyone in the California
4 Legislature who could be that far off center.

5 Our conclusion from all of this is that it is not
6 just in our special relationship as public employees that we
7 have an interest, and it's not just that as members of the
8 working people of California that we have an interest in
9 somebody whose voting record is not so definitively
10 anti-labor, but just as California citizens, we all have an
11 interest in having that office exercised in a different manner
12 than it would be exercised by Mr. Lungren, based again on his
13 voting record and his philosophy of government it expresses,
14 which is the only record we have to evaluate him on.

15 Therefore, our members ask you not to confirm Mr.
16 Lungren. We believe that he could not have been elected,
17 could not be elected, and should not be appointed to this very
18 important position.

19 Thank you very much.

20 CHAIRMAN ROBERTI: Thank you, Ms. Kealey.

21 A question by Senator Craven .

22 SENATOR CRAVEN: Ms. Kealy, first of all I want to
23 thank you for your blatant honesty at the outset of your
24 comment.

25 So many people act like they've known all about the

1 Treasurer all these many years. I find that very, very
2 difficult to understand because generally speaking I think
3 it's kind of akin to being the Vice President. Everybody
4 knows you have one, but specifically what he does no one is
5 quite sure.

6 You said that the membership did not know, and then
7 they took time to investigate and equip themselves with
8 certain knowledge, and I think that's a very, very logical and
9 intelligent approach to the problem.

10 It is my understanding, and I think that public
11 comment will bear this out, Mr. Lungren has said that he
12 admired the job that was done by the prior occupant of that
13 office.

14 I also got the impression yesterday, from statements
15 made by the Congressman, that somebody asked him some rather
16 specific questions, and he said, I wouldn't begin to do
17 anything unless I gathered my staff together and asked them
18 what I they thought.

19 I got the impression that he was saying that if it
20 isn't broken, we're not going to fix it.

21 Do you see any reason why, based on the success of
22 the operation of that office, Mr. Lungren would chose to move
23 in a direction which would be somewhat akin to devastating?

24 MS. KEALEY: Our view of that office is that the
25 challenges that are confronted day-to-day, week-to-week,

1 month-to-month are the challenges that the incumbent would
2 respond. I think, unfortunately, Mr. Lungren's entire record
3 shows that faced with how one would allocate bond financing,
4 for instance, between housing projects and roads, or faced
5 with how one might innovatively go after the state's policy of
6 divestiture, or faced with any other number of the broad,
7 broad array of discretionary choices that the man and the
8 staff appointed by the man would simply move in a different
9 direction from the previous holder of the office.

10 SENATOR CRAVEN: I do not know how many appointees
11 the Treasurer has, frankly, but I would think the cadre of
12 persons within that Department would have a certain constancy
13 which would, I suppose, bring with it or include a certain
14 expertise garnered over a period of years in that function.

15 I don't think it's logical to suppose that he would
16 do away with all of the people who have worked tirelessly and
17 happily in that job.

18 MS. KEALEY: Just one observation in response to
19 that. I have also sat in on the hearings in both the Assembly
20 and this morning, and it's clear that the nominee is clearly
21 someone with very definite opinions and somebody who believes
22 that they know what is right and would pursue what they wanted
23 to pursue very vigorously.

24 I think that in the context of running such a
25 powerful Office of Treasurer, you would not have to replace

1 some of the people down the line to give that office your own
2 stamp and to control and direct it.

3 The discussion is just so enormous. Very little of
4 what the Treasurer does is purely ministerial.

5 SENATOR CRAVEN: You would never hate him because he
6 has definite opinions certainly?

7 MS. KEALEY: It's what those opinions are that is
8 the problem. We're not talking here about hate. We're
9 talking about the --

10 SENATOR CRAVEN: In other words, when it moves in
11 the direction of him, it's all right to have that opinion. If
12 he moved in a direction against you, that would be wrong. That
13 seems to be somewhat less than equity.

14 MS. KEALEY: Senator, I believe I tried to start out
15 by saying that because we have such a broad and diverse
16 membership and because we have such a broad and diverse voting
17 record to look at, that it's the connection between the
18 numbers of issues that are critical to our members, the
19 protection of the environment.

20 SENATOR CRAVEN: I understand that. I understand
21 that you represent the special interests, too.

22 MS. KEALEY: Well, our members are special to us.

23 SENATOR CRAVEN: Of course they are. They should be.

24 MS. KEALEY: A quarter of a million members in every
25 sector of the service economy I think are fairly

1 representative of California.

2 SENATOR CRAVEN: I don't question that at all, Ms.
3 Kealey. I think they are very representative. I've been
4 supportive of them for a long, long time.

5 However, I think that sometimes in some of this
6 testimony we become very presumptive. I think that Mr.
7 Lungren has a grasp of what the situation of the Treasurer's
8 Office is, but I think he would be the first to admit that the
9 nuances of that job perhaps he has not yet been exposed to.

10 I think you have to wait until he has an opportunity
11 to see the broad, the full picture before you can say he's
12 going to do thus and so.

13 Maybe that requires a question of faith. It's a
14 faith that I have beyond question. Perhaps you're a little
15 too mystic in your attitude in that you're not willing to
16 believe until you see. You won't ever see if you don't give
17 him the chance.

18 MS. KEALEY: My only response would be to say that
19 based on the qualifications of the candidate for office, and
20 the voting record and pattern of the attitude of the
21 fundamental attitude that the role that government should
22 play, we would prefer to wait and see with a candidate that we
23 feel is much more in the center of California politics.

24 Thank you.

25 CHAIRMAN ROBERTI: You're not off the hook yet, Ms.

1 Kealey.

2 Senator Ellis.

3 SENATOR CRAVEN: You're popular.

4 SENATOR ELLIS: You made the statement that you
5 thought that if Congressman Lungren were on the ballot for
6 Treasurer he would be defeated. Is that correct?

7 MS. KEALEY: Yes, I did.

8 I said could not be elected.

9 SENATOR ELLIS: It seems to me if I were in your
10 position, I would like to have somebody appointed that I could
11 defeat because we have only less than three years on this
12 term.

13 So, he could sit there for two and a half years, and
14 you could bring in your candidate and have the Treasurer spot
15 for you.

16 MS. KEALEY: Service Employees is not a party, a
17 political party. Our members, in fact, belong to not only --

18 SENATOR ELLIS: Maybe you would pick a nice
19 Republican to replace --

20 MS. KEALEY: Our members are not only Democrats and
21 Republicans, but belong to many other parties as well.

22 Our interest in this is seeing from day one that the
23 person in that office exercises the powers in conformity with
24 what we believe to be the interest of California.

25 SENATOR ELLIS: If the Governor had appointed

1 somebody else who would be more acceptable in your eyes, I'm
2 sure that person would be more acceptable to the people as a
3 whole, and therefore, would surely be re-elected and still not
4 carry your philosophy.

5 MS. KEALEY: You could give us a chance to find out
6 because, frankly, some of the Senators who were mentioned also
7 earlier on who have been in California all these years who we
8 have seen vote on school issues, on health care issues, on all
9 environmental issue, we might have a chance to see then if
10 that person has greater longevity.

11 SENATOR ELLIS: Thank you.

12 CHAIRMAN ROBERTI: Thank you, again.

13 The next witness is Mr. Andy Baron, Legislative and
14 Political Director of the International Union of American
15 Federation of State, County and Municipal Employees.

16 MR. BARON: Mr. President and Members. I'm Andy
17 Baron with American Federation of State, County and Municipal
18 Employees, or AFSCME.

19 You know the slogan of AFSCME is in the public
20 service. Again, we represent a very wide range of
21 jurisdictions throughout the country and here in California.

22 We take that very seriously in the public service.
23 We believe that that should be to the public across the board,
24 especially those in need.

25 We believe it's quite appropriate when making a

1 decision on whether to support a nominee for a public office,
2 particularly what has become a very prominent statewide office
3 with impact on many different areas, to look at how the
4 nominee feels about the role that government should play in
5 society.

6 In this instance this has already previously been
7 mentioned, and our national voting record over the
8 Congressman's several years in service, it is only a single
9 digit rating. We believe that it's just a total different
10 outlook that the nominee shows as opposed to our union on that
11 role that government should play.

12 We believe his votes have shown more of a, I would
13 say, kind of a survival-of-the-fittest attitude, an attitude
14 that government is certainly not our brothers or sisters
15 keeper, and we certainly feel otherwise.

16 It's certainly -- again, when you look at the PERS
17 issue, it certainly makes us uneasy in terms of how he will
18 look after our members' needs on PERS.

19 Really, when you go up and down the record, it's not
20 just a matter -- sure, on any individual issue, there could be
21 disagreements. When you start looking at votes dealing with
22 health care, unemployed, job creation, school lunch programs,
23 food stamps programs, pay equity, relations with South Africa,
24 fair housing, voting rights, legal services, reparation
25 issues, gay rights, meals for older Americans, child

1 nutrition, Social Security, community health services,
2 homeless, AIDS, when you go across the board, all the way down
3 the line, we just think that there has been a clear, clear
4 attitude shown in terms of what government is to do for all of
5 us.

6 It's an attitude that is diametrically opposed to
7 what my union has proudly stood for.

8 I think it is also fair to say as Tom Rankin
9 referred to, we also have not made a habit of coming in and
10 actively opposing nominees. This, in our case, has really
11 been the second time I have come before you. I was here
12 before you on Betty Cordova who I also felt showed that kind
13 of attitude.

14 Again, not looking at any one vote but the whole
15 spectrum of the votes, affecting the whole spectrum of these
16 people, we really would feel that in this case it does not
17 make sense to reward such a record with this kind of major
18 office, and we urge you to oppose the nomination.

19 CHAIRMAN ROBERTI: Thank you, Mr. Baron.

20 The next witness is -- any questions?

21 SENATOR CRAVEN: May I ask just one?

22 MR. BARON: I was worried that I wasn't going to be
23 popular, Senator. I feel better now.

24 SENATOR CRAVEN: You mentioned the voting record and
25 the fact that in the eyes of some of these organizations that

1 the Congressman is not what you might call their favorite son.

2 Do you recognize that they are other organizations
3 that represent millions of people who felt he has done an
4 outstanding job?

5 MR. BARON: I would imagine -- there may very well
6 be.

7 I'm here speaking on behalf of my union -- and I
8 guess what my union has prided itself is that let alone
9 looking after obviously the specific needs of its members,
10 that my union has really prided itself upon, the areas of
11 civil rights and areas of social policy that we have really
12 reached out to help a wide -- especially to help those in need
13 and give equal rights to all.

14 I'm not here speaking on behalf of all
15 organizations. I'm here speaking on behalf of mine. It's not
16 just that it's a matter to us that it is kind of some here and
17 some there.

18 It's such a definite, such an extreme record. You're
19 talking about instances of 400 to 25 or 300 to 30, being in
20 that kind of a small group. I guess if it was just a matter
21 of one or two votes, it would be one thing. When you look at
22 the span, I mean it really indicates a view of society. It
23 really does indicate a clear view of role government should
24 play on society.

25 The Treasurer's Office, when you look at the many

1 boards and also just the fact of given the opportunity to be
2 able to speak from a major statewide office, really is a
3 position of major impact.

4 We just feel that based on what has gone on
5 consistently over several years we would be opposed.

6 SENATOR CRAVEN: Mr. Baron, you obviously have the
7 philosophy that the Treasurer's Office basically is a perhaps
8 not so veiled social services position. Is that right?

9 MR. BARON: I believe that on one hand whether it's
10 PERS or dealing with mortgages, or other areas, on one hand
11 there are many specific boards that deal with that wide area.

12 On the other hand, you do have an office, a public
13 office where that occupant of that office does have a major
14 opportunity to speak out and to -- just from the influence and
15 power of that office have very major impact on many issues.

16 We don't feel that to reward such a record across
17 the board with that kind of an office, we just are opposed to
18 that.

19 SENATOR CRAVEN: Very well. Thank you.

20 CHAIRMAN ROBERTI: Thank you again, Mr. Baron.

21 Next is Mr. James Gordon, Director of the
22 Governmental Relations District 9 of the Communication Workers
23 of America.

24 MR. GORDON: Good morning, Senators.

25 My name is Jim Gordon. I'm with the Communication

1 Workers of America, District 9, California.

2 We also oppose confirmation of Daniel Lungren as
3 State Treasurer. As the representative of 65,000 members in
4 California including public workers in education and health
5 service, we are concerned about Mr. Lungren's record towards
6 working people as demonstrated by his voting record against
7 worker issues in Congress.

8 If confirmed, he would sit on the PERS Board and the
9 Department of Administration's Health and Retirement Boards.
10 The current administrations before looked to the retirement
11 funds of state workers for funds to use in the budget. We are
12 concerned that as State Treasurer Mr. Lungren would join in
13 these efforts again and look to rob our workers' retirement
14 funds to balance the budget.

15 We urge your no vote on this confirmation.

16 CHAIRMAN ROBERTI: Thank you, Mr. Gordon.

17 Any questions?

18 Mr.'s Don Watson and Nate DiViasi, representatives
19 of the International Longshore Workers Union.

20 MR. WATSON: My name is Don Watson, and I'm the
21 Secretary/Treasurer of Northern California District Council of
22 the International Longshoremen and Warehousemen's Union.

23 The representative of the Southern California
24 District Council, Nate DiViasi, could not be here, but I'm
25 speaking also on the behalf and expressing the sentiments of

1 the Southern California District Council.

2 We represent the harbor areas all the way from
3 Eureka and San Diego, and the warehousemen and allied
4 workers. We're an independent union, and we're not affiliated
5 with the AFLCIO, but we feel the same way as the other unions
6 here about the nomination.

7 I would like to say that although the Southern
8 California District Council has jurisdiction over the area
9 that Congressman Lungren has been serving and know a little
10 bit more about the record, we in Northern California did not
11 know about the record of Representative Lungren, but the --
12 when the issue came up before our Council as to what to do
13 about this, the motion that was made to oppose his nomination
14 was made by a woman who is a member of our Council but who
15 spent time in a concentration camp in World War II.

16 She went into the concentration camp with her little
17 son, three-year-old son. Her husband was a member of the ILW,
18 a longshoreman, a San Francisco longshoreman who served in the
19 Pacific with the United States forces.

20 She stayed in Mansinower. She pointed out to us the
21 kind of record that Senator Lungren had towards Japanese
22 Americans. Here it is 45 years later that the terrible
23 incident that occurred in World War II, and we find that
24 Representative Lungren has opposed even modest reparations for
25 the people going through this kind of situation.

1 We in the ILW are not interested strictly in labor
2 issues but in civil liberties and civil rights. We're
3 concerned about his record in those areas, too.

4 Our Washington representative has also compiled a
5 score card on Representative Lungren. There have been a lot
6 of score cards from a lot of labor unions. We have ours.

7 From 1981 to 1986, the last two years have not been
8 compiled yet, Representative Lungren voted right on 2 issues
9 and wrong on 31. Our representatives have tracked the records
10 of Legislators in Hawaii, Alaska, Washington, Oregon and
11 California. This is about the worst record we can find in all
12 those states.

13 I could go down the line like all the issues, job
14 safety, plant closures, programs for unemployed, health
15 insurance for the elderly, voting rights, school lunches, tax
16 cuts for the wealthy, and all these things are just so
17 overwhelming. This leads us to the conclusion that he's by
18 conviction he's anti-union and opposed to many of the
19 aspirations of working people and their families.

20 We do not like this kind of record that a person of
21 this kind of record would be wielding such a major power as a
22 State Treasurer. We want a person in the State Treasurer who
23 is sensitive to the needs of the working people in this
24 state.

25 ILW urges a no vote on the Senate confirmation of

1 Representative Lungren.

2 CHAIRMAN ROBERTI: Thank you, Mr. Watson.

3 We have three more witnesses in this section.

4 Ms. Lillian Rabinowitz, Founding Member of the
5 Over-60 Clinic in Berkeley, and Community Adult Day Health
6 Care Services in Oakland.

7 MS. RABINOWITZ: Thank you, Mr. Roberti and other
8 Members of this panel.

9 I very much appreciate this opportunity to let you
10 know what I perceive as the concerns of seniors about issues
11 raised in Mr. Lungren's record.

12 I do want to tell him that I'm not here to express
13 concern about his skills in banking or his personal
14 integrity. I want the record to speak for itself.

15 I am, in addition to the qualifications mentioned on
16 your sheet, a member of the National Board of the Gray
17 Panthers and of their health task force.

18 I'm very glad to speak in the presence of Mr. Mello
19 who made possible the help of Adult Day Health Care, and I
20 want pay tribute to him. Thank you, Mr. Mello.

21 There is an entity called the National Council of
22 Senior Citizens which has representation from national
23 organizations like the Older Women's League, AAARP, the
24 National Council on Aging, and the National Senior Citizen's
25 Law Center. This Council evaluates the voting records of

1 Members of Congress as their votes relate to issues that are
2 relevant to their interests.

3 I have studied this list with a great deal of
4 interest and was really amazed to learn how consistently Mr.
5 Lungren's votes reflected a lack of, I would say, information
6 or compassion for what the situation of older people in the
7 United States now is.

8 For the the most part I will cite certain cases that
9 relate to the economic concerns of elders. In 1983, he voted
10 against a measure to increase the payroll tax to fund the
11 long-term Social Security deficit. At that time, he also
12 voted to increase the age of Social Security beneficiaries
13 from 65 to 67, a position in opposition to that of the
14 National Council of Senior Citizens.

15 In many western countries in the world, as well as
16 in the Eastern bloc, retirement ages are earlier. Many
17 minority men never live to enjoy their Social Security
18 entitlements. So to up the age is a brutal way of relating to
19 older people.

20 Concerning legal services, House of Representatives
21 bill 4169, he supported efforts to decrease or eliminate funds
22 for the Legal Services Corporation for representation for the
23 poor.

24 He supported similar efforts in 1984 and 1987.
25 Anybody who knows that many such cases relate to various

1 entitlements and pension rights for older people, poor
2 individuals have little chance for a judgment in their favor
3 against powerful corporations or indifferent bureaucrats.

4 This is a low blow to take away the advocacy of
5 Legal Services Corporation lawyers for older people.

6 Concerning redress against injustice, in the matter
7 of HR-442, in 1987, he actually led the floor fight to
8 eliminate individual reparations for Americans of Japanese
9 descent who spend World War II years behind our American
10 barbed wire, our American Auschwitz camps, you might say.

11 These people lost their economic base during those
12 miserable years and had to struggle to regain their livelihood
13 when they were released from the camps, and they were put
14 there through no fault of their own.

15 In the matter of HR-3875 Mr. Lungren supported
16 including Social Security COLA increases as income when
17 calculating rent on assisted housing. This is a mean spirited
18 position indeed. Most people living in such housing are very
19 poor and have to struggle to make ends meet.

20 Mr. Lungren even voted against President Reagan's
21 catastrophic health insurance bill, an attempt to patch up one
22 of the gapping holes in the security net when illness can
23 impoverish old people through no fault of their own.

24 Finally, let me briefly turn to the issue of
25 homelessness. Anyone who has been a senior advocate knows that

1 when low cost congregate housing for seniors has been
2 constructed, the waiting list to get such quarters is very
3 long indeed. Anyone having to deal with making the choices of
4 who will go in feels heart broken.

5 Yet, Mr. Lungren voted for an amendment to HUD's
6 Independent Agencies Appropriations Act for federal year 1986
7 to cut in half the appropriations level for new public housing
8 and construction.

9 Now, I would like to turn to one of the specific
10 powers that the Treasurer would have that would impact heavily
11 on an interest of my own. Concerning the Treasurer's power in
12 just one area, I would like to express my anxiety in the case
13 of the Treasurer's role as the Chairperson of the Annual
14 California Necessities Index which determines COLA's for
15 health and welfare programs through the Commission on State
16 Finances.

17 I know about this very well because in our Community
18 Adult Day Health Care in Oakland, we care mostly for people
19 who are on MediCal, very, very poor people, and the rate of
20 reimbursement from MediCal is very low. It was very, very
21 difficult to get a COLA for this kind of reimbursement, and
22 that would mean that it's awfully difficult for Community
23 Adult Day Health Care Centers to stay open. I take that as a
24 personal pain.

25 I recommend that you do not appoint -- approve of

1 Mr. Lungren's nomination.

2 Thank you very much.

3 CHAIRMAN ROBERTI: Any questions of Ms. Rabinowitz?

4 There are none. Thank you very much.

5 Yes, Senator Petris.

6 SENATOR PETRIS: Since she's a constituent, I want
7 the say welcome and thank you for taking the time.

8 Good to see you.

9 MS. RABINOWITZ: I couldn't have done otherwise.

10 CHAIRMAN ROBERTI: George Sandy, President of
11 Congress of California Seniors.

12 MR. SANDY: My name is George Sandy. I'm President
13 of the Congress of California Seniors, which is an affiliate
14 of the National Council of Senior Citizens.

15 Personally, I have been a member of the California
16 Senior Legislature and have been active in senior activities
17 for fifteen or sixteen years since I retired at 65.

18 Ms. Rabinowitz took most of my speech. I'll give
19 you very little extra. I endorse what she said.

20 The office that is being asked to fill, I will
21 confess that I did not pay much attention to it either until
22 it became necessary to look into it and study it.

23 Mr. Lungren's record as far as the National Council
24 of Senior Citizens is concerned, and I have it all here 79
25 votes, which I will not bother reading to you, but Mr.

1 Lungren's record is he managed to vote with the National
2 Council of Seniors two times out of 79 votes, and we find that
3 this is not something that is in the best interest of
4 seniors.

5 In speaking here today, most seniors my age are
6 nostalgic. I do not wish to be nostalgic. I look to the
7 future. For example, there are people now in Congress who are
8 advocating that Social Security start at 70 and that Medicare
9 start at 70. They have a rationale for that.

10 The rationale is that people like me who live to be
11 81 live too long and we cheat the security system. But it's
12 not aimed at me. It's aimed at all the young people, the 45
13 to 50-year olds and younger. That's who these new laws are
14 aimed at, to take effect at around turn of the century.

15 Mr. Lungren's record on senior issues is such that
16 it shows a lack of understanding and compassion of the needs
17 of the elderly.

18 I'm partisan. I don't make any bones about being
19 partisan. My organization is non-partisan, but I'm partisan
20 on behalf of seniors. I am partisan politically.

21 I believe that it's wrong and it would be wrong for
22 me to stand here and be in favor of putting someone another
23 step up the political ladder on the way to being Governor,
24 perhaps, or Senator, or as one famous old radio personality
25 said, parish forbid, President of the United States.

1 I tremble for the future of my children and my
2 grandchildren thinking of this kind of noncompassionate,
3 inhumane approach to the needs of the people of our nation;
4 and therefore, I urge that you vote no.

5 I would like to finish on a personal note. First of
6 all I want to say thank you to Senator Petris for introducing
7 before this Committee a year ago a resolution commending me on
8 my activities and the activity of my organization at the time
9 of my 80th birthday. I want to thank the Committee and David
10 Roberti, whose name is on the resolution, for that very nice
11 present I received from you which hangs in an honored place on
12 my living room wall.

13 Finally, I want to do as I did on my 80th birthday
14 celebration and invite all of you in 1997 to attend my 90th.

15 Thank you.

16 CHAIRMAN ROBERTI: I'm sure we will. Thank you very
17 much.

18 SENATOR PETRIS: I might point out that Mr. Sandy is
19 also from my area.

20 I'm happy to see you today. Thank you.

21 CHAIRMAN ROBERTI: Frank McPeak, Columnist on Senior
22 Issues, Senior Spectrum Newspaper.

23 MR. MCPEAK: My name is Frank McPeak. Right from the
24 start I would like to explain that I'm not here in any
25 politically partisan way.

1 I'm neither a registered Democrat nor registered
2 Republican. I'm one of those animals you call an
3 Independent. I voted for Governor Deukmejian, and I also
4 voted for Lieutenant Governor McCarthy. Like our good
5 Congressman, I have knocked on doors and used the telephone on
6 behalf of both Republican candidates and Democratic
7 candidates. I've tried to select the best man for the
8 particular job.

9 I've been in the newspaper business for forty
10 years. I'm now writing a column on senior issues. I have an
11 interest in the whole subject matter of senior matters.

12 On another aspect, I have been on the Board of
13 Governors of Area IV for two terms, that is a group that
14 handles older American funds for Sacramento County and six
15 other adjacent counties. I'm now on the advisory committee to
16 that particular area body.

17 I've been a member of and still am a member of the
18 Sacramento County Commission on Aging Acknowledging. I've
19 been Chairman of it twice.

20 I'm a member of the Board of the Council of
21 Sacramento Senior Organizations. I'm also the Chair of the
22 Senior Golfers Association for the Sacramento area. I've been
23 dealing with seniors over a period of time.

24 When I first became aware of this particular issue,
25 I must confess like some of the speakers before me that I

1 neither knew the Congressman, I keep track of my own
2 Congressman, but I don't reach down to the southern areas, and
3 like others, I did not know much about the job of the State
4 Treasurer.

5 I thought it would be a good subject to write
6 about. So I started to look at it. I would have to say this,
7 that in speaking to people that know the Congressman, there
8 was an unanimity of opinion that he's intelligent, he's
9 articulate, he's bright and above all he's a hard working
10 individual.

11 There are a lot of good things to be said in his
12 favor. He's also been a Congressman for ten years. He must
13 have satisfied somebody in his own district to get elected
14 again and again. In listening here today, I sort of have
15 sympathy for a guy who has been around for ten years working
16 and doing a job representing the public, and then listening to
17 this litany of negatives, he probably must have some feelings
18 of frustration about it.

19 Having found the good points, I then went to the
20 record, and I'm approaching this in a narrow focus. I'm
21 talking about this from the standpoint of seniors. I hoped to
22 find that he had a great record in terms of seniors. He would
23 be a hell of a guy to have on your side. I would like to have
24 him with us in terms of seniorhood.

25 Unfortunately, when I looked at the record, and I

1 don't want to go through the whole litany again, but those big
2 numbers that stand out in terms of this National Council of
3 Senior Citizens who keeps the score, out of 79 opportunities,
4 major opportunities to vote on major legislation that effects
5 seniors, he only voted with them twice, and voted wrong the
6 other times. If you break it down to percentages, it's about
7 three-tenths of one percent.

8 It's an unfortunate record in terms of seniors.
9 When you put it all together -- and I would also say this, in
10 terms of myself and I think for many other seniors, I don't
11 think you insist that a representative support every senior
12 issue that comes by. That would be a little bit
13 unreasonable. You might settle for 50 percent of the time
14 with somebody who now and then came over and saw fit to
15 support seniors.

16 But in this instance, the Congressman has been right
17 down the line, 2 out of 79 opportunities. If I did my
18 arithmetic right that is about three-tenths of one percent.

19 He seems for one reason for another to be
20 anti-senior. For that reason, speaking from the standpoint as
21 a senior, I would simply have to urge that he not be voted in
22 for this particular office.

23 There is one other thing that should be said in all
24 fairness to everybody. You can focus in on a particular
25 individual from one area. That's not the total individual.

1 It's your job, you people here are going to make the final
2 decision for the Senate, it's your job to put these pieces
3 together and come out with the whole Congressman in terms of
4 his qualifications.

5 He has supported somebody obviously. He has not
6 been sitting in Washington doing nothing for all these years.
7 I also looked at that aspect of it for some information here.
8 When you compare the three-tenths of one percent support for
9 senior issues; he got a mark of 87 percent from the U.S.
10 Chamber of Commerce; he got 86 percent from the National
11 Association of Manufacturers; he got 81 percent from the
12 American Farm Bureau Federation. So he has not been idle.

13 You have to put all the pieces together and decide
14 whether he should be recommended or not recommended for the
15 job of Treasurer.

16 Thank you.

17 CHAIRMAN ROBERTI: Mr. McPeak, what concerns us a
18 little bit is not so much the Congressman's voting record as
19 such but his voting record as it relates to his duties that he
20 would have as the Treasurer. Maybe you could comment on this
21 a little bit.

22 I would like the Congressman to, of course, rebut
23 which will be right afterwards.

24 He sits on the Commission on State Finance which
25 sets the California Necessities Index upon which so many

1 cost-of-living indexes are based as the prior speaker had
2 indicated. As far as housing, which is a major issue for
3 seniors as well as other people on fixed incomes, he will be
4 sitting on the Mortgage, Bonds and Tax Credit Allocation
5 Committee which has tremendous discretionary powers on the
6 kinds of housing that receives assistance, if any.

7 He will be sitting on the California Debt Allocation
8 Committee which sets priorities on bonding in our state. This
9 is a concern to many of us.

10 Do your senior groups share it or is it just the
11 concern over the Congressman's voting record or his voting
12 record as it relates to the duties that he is going to have.

13 MR. MCPEAK: It relates to his basic attitude.

14 With 79 opportunities to address his views and his
15 attitudes and sense of values in so far as seniors are
16 concerned, they appear to be nil. They're not very high on his
17 list of priorities at all.

18 So, barring some abrupt change, and I don't know why
19 the change would take place at his age level, et cetera.
20 Basic attitudes don't change. He's going to carry those into
21 the job of Treasurer one would suspect based on the record.

22 As a senior, I would have certain anxieties as to
23 what he might do given the power. In the House of
24 representatives he's one vote out of 400, so his particular
25 dedication to a point of view is matched by others. He hasn't

1 really been in a leadership position.

2 As the Treasurer, he is going to have a very
3 important office, and he's going to chair, if my recollection
4 is right, three committees, he's going to co-chair another and
5 have a vote on about nine others, an important voice. He's
6 moving into a position of leadership. If he takes those
7 attitudes concerning seniors with it, seniors are going to
8 have a dismal time.

9 Does that answer your question?

10 CHAIRMAN ROBERTI: Yes. Thank you very much.

11 Any questions?

12 Seeing none, Congressman Lungren, you may conclude,
13 and after the Congressman's conclusion, we will break for
14 lunch for an hour and a half.

15 Mr. Ralph Morrell has indicated he wants to testify
16 and has to leave, so I took the liberty of changing the agenda
17 a bit to accommodate Mr. Morrell so he can be the first up.

18 I have no idea what Mr. Morrell is going to say. I
19 have no idea if he is hostile to the Congressman or hostile to
20 me today. Nevertheless, to accommodate him, we'll take him up
21 at that point.

22 Congressman.

23 CONGRESSMAN LUNGREN: Thank you very much,
24 Mr. Chairman.

25 I had prepared to talk about PERS and STRS

1 investment and retirement issues, but I guess we're not going
2 to do that even those that was one of the suggested topics
3 here.

4 CHAIRMAN ROBERTI: Excuse me. That's not -- that
5 is --

6 CONGRESSMAN LUNGREN: That was part of today. Four
7 of the speakers were supposed to speak on it, but they didn't
8 have time.

9 SENATOR PETRIS: I was going to ask a question. I
10 don't know, but I'll yield to your preference.

11 CHAIRMAN ROBERTI: Why don't you ask questions and
12 let the Congressman have an uninterrupted rebuttal.

13 SENATOR PETRIS: Is that better?

14 CONGRESSMAN LUNGREN: Go right ahead.

15 SENATOR PETRIS: Okay. I think those are important
16 areas that need to be explored.

17 There is also a prevailing wage area that is not
18 directly, it's not PERS and STRS, but it does come into other
19 aspects.

20 A growing concern among the people in the trade
21 union movement nationally, and especially in California, is
22 the prevailing wage. There was a mention of your votes on the
23 Bacon-Davis Act and your vote opposite the labor unions view
24 point.

25 My first question is how do you feel about the

1 concept of a prevailing wage standard written into our laws?

2 Number one, do you support them or oppose them; and number
3 two, do you think they ought to be changed in any way?

4 CONGRESSMAN LUNGREN: Senator, I believe that the
5 prevailing wage laws that were voted into effect on the
6 federal level were appropriate. They were to serve a specific
7 purpose, and that purpose has been served.

8 But currently the prevailing wage standard needs to
9 be reformed on the federal level. That is the conclusion from
10 the GAO report, the Government Accounting Office, which is a
11 non-partisan arm, kind of a quasi-arm of both the Congress of
12 the United States and the Executive Branch the United States.
13 The problem has been a refusal on the part of the committees
14 that have responsibility in the House of Representatives to
15 even consider any reforms consistent with the GAO report.
16 Therefore, the only opportunity we have to effect that at all
17 is single votes on single issues and single projects or single
18 programs.

19 I have voted for those reforms in those particular
20 regards because I think we ought to, as a Congress, take a
21 serious look at whether or not the prevailing wage needs to be
22 changed. We've had it on a number of occasions on the Federal
23 level, and I have voted in that manner.

24 SENATOR PETRIS: In California we have the same kind
25 of statutes. What kinds of reforms would you recommend or

1 support in California? I don't know what the reforms are
2 nationally that have been discussed.

3 CONGRESSMAN LUNGREN: First of all, obviously, as it
4 has been pointed out, I would not be in the Legislative
5 Branch. I'll be in the Executive Branch. I'll bow to
6 whatever the Legislative Branch decides in terms of statute as
7 to change or reforms that may be appropriate with respect to
8 prevailing wage laws. I have not studied the prevailing wage
9 laws in California.

10 SENATOR PETRIS: The reason I bring it up, and I
11 don't expect you to have studied -- I think you've studied a
12 lot more than I would have expected.

13 You've got a tremendous grasp on the office and its
14 duties and functions and so forth.

15 The problem in California that has been brewing has
16 to do with how you define certain publicly funded projects to
17 determine whether or not they come under the prevailing wage
18 requirement.

19 There are some out there who believe that if a
20 public agency makes a contract with a private company and that
21 private company performs the job, that does not come under
22 prevailing wages. They're trying to narrow it to areas where
23 public employees are doing the work rather than a private
24 contractor.

25 Those who are opposed to the whole concept are

1 trying to narrow its application. Some of those issues will
2 probably be determined in the courts, they haven't been yet,
3 and some of them have.

4 So, it has a bearing on the granting and the
5 allocating of bond money. If it's a revenue bond, they take
6 one view; and if it's one of the private activity bonds, they
7 take another view.

8 I guess the question would be given the present
9 state of the law, which you will read and learn, would your
10 inclination be to give an interpretation that favors the use
11 of the prevailing wage or would you discourage its use.

12 CONGRESSMAN LUNGREN: Senator, I just cannot give
13 you an honest answer on that. What I would say is that my
14 view of the prevailing wage on the federal level has been in
15 large part formed by the GAO study, which was an independent
16 study which led to certain conclusions, that seemed to me to
17 make some sense.

18 I have no idea whether there is a report from an
19 objective group on the state level. I would certainly look at
20 that. I would counsel with the people in the Office of the
21 State Treasurer who have been working on this before.

22 As I tried to tell you in prior testimony, I think
23 that it is the height of stupidity for anybody to go into an
24 office like that and ignore the fact that you have a lot of
25 talented people in the office, who I might add happen to be

1 state employees.

2 I seem to be getting a rap for my view on public
3 employees. I think if you would talk to public employees who
4 live in my district, public employees that I deal with or
5 federal employees, you would find out that I'm one of their
6 advocate not one of their adversaries.

7 I happen to rely on people who work for the
8 government because I think in large measure their good people,
9 qualified people, they are dedicated people, and the way you
10 get dedicated service is you give them a sense of
11 responsibility by listening to what they have to say and
12 weighing it with a certain amount of confidence.

13 SENATOR PETRIS: Okay. I'm trying to get a handle
14 on what your approach would be. We don't have all the
15 information that we need, obviously.

16 If I touch on a area that you have not had a chance
17 to check it, I'll just pull back.

18 Given that there is a prevailing wage statute now in
19 California, would you carry it out and enforce it --

20 CONGRESSMAN LUNGREN: Absolutely.

21 SENATOR PETRIS: -- to the extent that your office is
22 involved in it?

23 CONGRESSMAN LUNGREN: Absolutely.

24 SENATOR PETRIS: Do you have an understanding as to
25 whether a prevailing wage now applies in California to all

1 publicly funded projects.

2 CONGRESSMAN LUNGREN: No, I don't. I just heard
3 what you said on that. You suggested there was some
4 confusion, court cases and so forth.

5 SENATOR PETRIS: Okay.

6 We have a statute called the California Industrial
7 Development Financing Advisory Commission. The Treasurer
8 would be involved in that. One of the factors that the
9 statute requires them to consider in making a decision on a
10 particular proposal is public benefit.

11 Are you familiar with that.

12 CONGRESSMAN LUNGREN: Yes, sir.

13 SENATOR PETRIS: Have you had an opportunity to look
14 into that.

15 CONGRESSMAN LUNGREN: Yes, sir.

16 SENATOR PETRIS: Do you think that is a good --

17 CONGRESSMAN LUNGREN: Absolutely.

18 What I tried to explain yesterday is that when we
19 grant the right for certain non-governmental entities to
20 pursue in the finance market funding by virtue of tax-exempt
21 bonds, what we are doing is giving them a leg up on everybody
22 else out there. I think you only do that for compelling
23 reasons.

24 We made a judgment, as I mentioned yesterday when we
25 were talking with Senator Torres. We make a judgment --

1 either the judgment has been made by you men and women serving
2 in the State Legislature with the concurrence of the Governor
3 through statute to specifically say there are certain areas.
4 You've given the large focus or large parameter within which
5 we work, or there are some in which there is some discretion
6 given to the Treasurer along with other people in private
7 activity bonds.

8 It seems to me, at least my view of things, that a
9 public purpose should be part and parcel of the project
10 otherwise why should we be having the public in essence
11 subsidize it and be giving that entity a competitive advantage
12 over the other people in the area, the enterprise, the
13 industry or the function they're dealing with.

14 That's my sense of why you even make a decision that
15 private activity bonds ought to be brought to the market place
16 in a tax-exempt status.

17 SENATOR PETRIS: Some people want to restrict that
18 definition and others think it ought to be expanded. The
19 public benefit provision ought to be enlarged upon.

20 Let me ask you about some suggestions that have been
21 made to get your reaction. Some people feel that we ought to
22 require that the recipients of the funds in a given project,
23 which would be a contractor I suppose or employee, ought to be
24 from the particular area where the project is going to be
25 created and performed.

1 Is that too narrow a view.

2 CONGRESSMAN LUNGREN: Let me say off the top of my
3 head that sounds good, but I've seen where that has run into
4 problems in certain areas.

5 Let me give you a tangential experience. You look at
6 what is happening down in Miami now in terms of the corruption
7 in the police force there. The corruption in the police force
8 basically deals with the largest number of people who were
9 hired at a single point in time when they required all the
10 employees to come from Miami.

11 It drew the possible group down. They had
12 tremendous pressures. They dropped their standards. As a
13 result, they brought on a lot of people, I think they hired
14 somewhere in the neighborhood of a thousand, but I may be
15 wrong on that, but a number of them. They weren't able to
16 involve themselves in the proper training and oversight.

17 They found that a lot of people couldn't handle the
18 job, and they have a massive problem of corruption in the City
19 of Miami police force with detrimental effects to the people
20 in the community.

21 If someone had asked me a few years ago,
22 hypothetically, city like Miami, should you do it? I'd say
23 absolutely. Good idea. We've got to do that. They have
24 changed the law because they have found out.

25 So, right off the top of my head, it sounds like a

1 good idea, but I certainly would look to see how it worked
2 out.

3 SENATOR PETRIS: I agree with you on that.

4 What about statewide application instead of local,
5 that the people involved, the contractor would have to be a
6 California resident, give some kind of preference?

7 CONGRESSMAN LUNGREN: I don't know. There are two
8 thoughts in my mind. One is that it's a public enterprise
9 getting support through the public, loosely defined as
10 California citizens, but you have funds coming in from people
11 who are not citizens and they reside here, so -- but by and
12 large you're talking about it's a benefit being provided by
13 Californians.

14 On the other hand, when we go to market, we don't
15 restrict the bonds to sales just within the State of
16 California.

17 SENATOR PETRIS: We want the money where we can get
18 it.

19 CONGRESSMAN LUNGREN: You want it where you can get
20 it, and I think you have to look much as you do in trade
21 policy for possibility of retaliation by other entities.

22 So, if it looked like by virtue of the fact that we
23 imposed that, other states would then restrict either our
24 investment opportunities or our contractors, California
25 contractors, from doing business in their state. It may very

1 well be a lose/lose situation.

2 SENATOR PETRIS: What if you had a local contractor
3 unionized versus an out-of-state nonunion contractor? Would
4 there be a difference in your reaction to that?

5 CONGRESSMAN LUNGREN: I would state to you exactly
6 what I said before. I've got two sets of mind on that. One
7 is that you're trying to benefit those in the state, and the
8 other is what are the repercussions from that. I think those
9 are the overriding factors.

10 SENATOR PETRIS: I guess on the one since we have
11 the prevailing wage which tends to follow the union scale, you
12 might say, it could be said that our public policy favors a
13 union rate or scale as opposed to one that is below and if it
14 comes from some other area the reason wouldn't be because
15 you're from Nevada but because you don't follow the scale.

16 CONGRESSMAN LUNGREN: Wouldn't they have to follow
17 the scale pursuant to the law?

18 SENATOR PETRIS: On the industrial one's, I'm not so
19 sure, the private one's.

20 We've had a dispute here in California in the last
21 few years on state highway projects. In my county, we ran
22 into a disasterous situation where the contractor was brought
23 in from out of state presumably in the hope of saving money
24 because he was nonunion, and it turned out that they couldn't
25 even finish up the project. They went broke, and it wound up

1 costing us a lot more.

2 How about looking for other factors within the
3 public benefit. Let's say you had a couple of companies
4 competing and one had the standard operation, and the other,
5 equally good, but it also had some programs to improve morale
6 and productivity. We have been reading lately about companies
7 that are really getting more involved with their employees
8 beyond the traditional scope.

9 Suppose you had an employee-productivity-incentive
10 program of some kind. Would that be enough to make a
11 difference assuming all other things are equal in a
12 private/industrial thing? I'm only talking the private.

13 CONGRESSMAN LUNGREN: I don't know.

14 I've got to see precisely what the contours of the
15 statute are. I would like to be able to stand here and tell
16 you I would do all sorts of great gee-whiz things to change
17 the whole State of California.

18 Sometimes I think as much as I think this job is
19 important, some folks have an inflated view. It sounds like
20 this job is more important than the Governor of the State of
21 California or President of the United States sometimes.

22 SENATOR PETRIS: I guess we'll find that out.

23 CONGRESSMAN LUNGREN: I think we have to make sure
24 that we do what we are supposed to do.

25 One of the things is to make sure that you don't

1 jeopardize the bond status of the State of California. I
2 think you always have to keep that in mind. You do not use
3 that as an excuse to bring bonds to market.

4 It seems to me that you have an obligatin to keep
5 that in mind. The worst thing I could do is tell you that I'm
6 doing a great job of trying to promote employee morale and
7 increased productivity with respect to letting out these
8 bonds, find out they fall flat on their face, it jeopardizes
9 the bond rating for all similarly situated bonds in California
10 and ultimately California GO bonds.

11 I don't think you want me to do that.

12 SENATOR PETRIS: No. I'm not suggesting that.

13 The questions are based on the assumption that the
14 competing companies would bring the state -- let's say in the
15 investment area of PERS funds, they bring the state pretty
16 much the same return.

17 The question is what other factors do we look for?

18 CONGRESSMAN LUNGREN: Can I just say one thing on
19 that?

20 SENATOR PETRIS: Yes.

21 CONGRESSMAN LUNGREN: When you move to STRS and
22 PERS, it seems to me that I have to be as prudent as possible
23 because there you're talking about the pension assets of a
24 defined group of people.

25 I think prudence is the guideline there. It does not

1 mean that I sit in an office and refuse to make what might be
2 considered to be important investment decisions.

3 The worst thing I could do in that circumstance is
4 do anything to jeopardize the assets of the pensioners. I
5 just don't think you should do it from the standpoint of
6 reality or from the standpoint of perception.

7 SENATOR PETRIS: I agree, but that's a given.

8 CONGRESSMAN LUNGREN: I don't think that's always a
9 given.

10 SENATOR PETRIS: We have to assume for the
11 hypothetical, if it's not a given, I'm with you. There's no
12 question, you have no other choice.

13 Let's say you have comparable companies, A, B, C and
14 did. What I'm looking for is the opportunities for the state
15 to encourage better and better policies of management in their
16 relationship with their employees.

17 It could be done in other areas. Mr. Unruh, for
18 example, did it, it was mentioned yesterday, in his dealings
19 with depositories. He would say we're not going to deposit
20 state funds in this institution if we find that you're
21 discriminating against people in violation of some of the
22 statutes that he had carried years before.

23 There are selective areas where this could be done
24 where the state in that position can encourage better policies
25 which really in some ways reflect public policy anyway.

1 That's the area and spirit of which I'm asking these
2 questions. It would seem to me if I were in your spot and I
3 were the Treasurer and I had three or four companies and I
4 believed through my staff experts that the investment risk is
5 the same and the return is about the same but one company
6 towers over the others and a few of these other factors in the
7 way they treat their employees, I would tend to favor that
8 company as part of the public benefit thing to show an example
9 and acknowledge what a more enlightened company would be
10 doing.

11 CONGRESSMAN LUNGREN: You make a good point,
12 Senator.

13 I would think if the arguments are correct, and I
14 tried to delve into this a little bit when I was on the Joint
15 Economic Committee, and we held field hearings in both on
16 Silicon Valley and Route 128 where we tried to determine what
17 factors led to increased productivity and what factors led to
18 successful operations in the high tech arena. We tried to
19 investigate that very question of employee morale and
20 treatment of employees and the relationship of workers to
21 supervisors to management.

22 There were some encouraging suggestions that you do
23 get increased productivity. One of the lessons we learned out
24 of the Japanese production experience is that there is an
25 approach of responsibility and respect from the worker corps

1 to the management corps. That has a very definite affect in
2 terms of productivity.

3 Another way of looking at it from the standpoint of
4 someone investing is you make that judgment, and your judgment
5 is that you more probably will get a better return on your
6 investment than somewhere else. Therefore, it can be
7 justified for those reasons if for no other. I think they
8 would have to be substantial reasons as opposed to somebody
9 has got a great idea of how you do it.

10 SENATOR PETRIS: And it's novel and it's never been
11 tried.

12 I understand. I agree with you on that as well.

13 Mr. Chairman, would you rather to go over to our
14 recess time?

15 CHAIRMAN ROBERTI: Well, my preference would be that
16 you continue your questions after recess. Senator Mello
17 indicated that he has questions.

18 Congressman Lungren will be given a chance to rebut
19 that portion of the program. Then we will continue after that
20 with the bond authority testimony which will conclude the
21 day.

22 Without objection, we'll break at 12:10 for an hour
23 and a half, which brings us to twenty minutes of 2:00.

24 (Thereupon a luncheon recess was taken.)

25

AFTERNOON SESSION

--oOo--

CHAIRMAN ROBERTI: The meeting will come to order.

As we were about to recess, Mr. Ralph Morrell indicated he wanted to make a statement, and he said head to leave early. So, if there is no objection from either the Members of the Committee or Congressman Lungren, Mr. Morrell we can take you now before we get into things.

Mr. Morrell did not tell me what side he was on or what his testimony was. We are always interested in what you have to say.

MR. MORRELL: I'm on the people's side.

CHAIRMAN ROBERTI: That's right. Okay.

MR. MORRELL: Is this thing speaking well.

CHAIRMAN ROBERTI: Yes. We can hear you.

MR. MORRELL: Senator Roberti and Members, before I actually get into what I was going to say, the reception I received this morning requires some comment.

I came with my tape recorder to the door, and the Sergeant at Arms did not say that the Rules of the Assembly or the Rules of the House prohibits. He said, "You can't come in here with that."

I think that Mr. Beard should give his staff some instructions on how to treat the people paying their

1 salaries.

2 It's been alleged by my Senator Barry Keene that
3 Congressman Lungren is a zealot. I also have been accused,
4 among other adjectives, but then was not Patrick Henry the
5 ultimate zealot? Give me liberty --

6 There are three questions on this tape, about thirty
7 seconds, maybe a minute, spoke by one of your colleagues. He
8 announces who he is but you would recognize it anyway.

9 The confirmation of Congressman Lungren whose
10 integrity and honesty have been testified to should be voted
11 or rejected based on his answer to the final of the three
12 questions posed in this tape, including all that it implies,
13 including his willingness to pursue and obtain the desired
14 report. If he can provide the answer all Californians would
15 like to hear, then he should be confirmed, I submit, without
16 delay so that our lawmakers can go on about the people's
17 business secure in the knowledge that the taxpayer resources
18 are protected.

19 Let me see if I can go here.

20 (Thereupon the following taperecording was played.)

21 "This is Quinton Cob. Ten days ago I began
22 radio ads explaining my independent candidacy for the
23 State Senate. Now my opponent, Louis Pappin, has
24 responded with a vicious deceitful radio attack
25 on my honesty.

1 "To make it worse, Mr. Pappin lacks
2 the courage to make his false attacks in a public
3 debate. Mr. Pappin talks about his heart of gold
4 in one breath and then purposely lies with his
5 next breath.

6 "Truth is, Mr. Pappin has yet to be honest
7 with the public. For example, why did Mr. Pappin
8 punch a fellow Legislator in the face in the
9 State Capitol? How did Mr. Pappin become a
10 self-proclaimed multi-millionnaire in just eight
11 years in the Assembly? Why did Mr. Pappin become
12 partners in a bank when he sits on the committee
13 that oversees banking in California? Why won't
14 he allow an audit of the Legislature's secret
15 \$150 million slush fund?"

16 MR. MORRELL: That Mr. Chairman is the question. If
17 the Congressman desires to answer it now, I'll be delighted to
18 report to the 34 city and county government officials who have
19 endorsed this effort that the Congressman is so disposed.

20 CHAIRMAN ROBERTI: Thank you, Mr. Morrell.

21 We will let the Congressman in his own way and in
22 his own time respond to it.

23 Senator Petris.

24 SENATOR PETRIS: Mr. Chairman, I don't know if that
25 tape becomes officially part of this record. If it does, then

1 I think that there should be some answers.

2 I don't think that the tape belongs-- it's okay to
3 hear it.

4 I understand the point that Mr. --

5 CHAIRMAN ROBERTI: Yes. I think for the record this
6 was a political tape that I guess Senator Cob, then Supervisor
7 Cob, was using against the Assemblyman Pappin for a State
8 Senate race, and it's not, except for the question that
9 Mr. Morrell posed, is not relevant to the confirmation
10 hearings vis-a-vis the statements about former Assemblyman
11 Pappin.

12 MR. MORRELL: I really can't believe I heard what
13 you said.

14 SENATOR PETRIS: Well, it means, sir, that you're
15 accepting those statements of Mr. Cob as true.

16 MR. MORRELL: I know they're true, sir.

17 SENATOR PETRIS: Well have a good day.

18 CHAIRMAN ROBERTI: Now, we're back to the hearing.

19 CONGRESSMAN LUNGREN: Mr. Chairman, I understand
20 that the audit responsibilities of fund of the State
21 Legislature are done by outside auditors and not by the
22 Treasurer, so I guess that's not really within the ambit of my
23 responsibilities, unless someone would want to give that to
24 me, and I don't think you do.

25 CHAIRMAN ROBERTI: We'll pass on that, Congressman.

1 CONGRESSMAN LUNGREN: I knew we'd find something
2 we'd agree upon if we were here long enough.

3 Mr. Chairman, it's a full plate this morning for the
4 various categories that were presented.

5 Let me briefly respond, as best I can, to them.
6 First of all, I must say that I'm flattered by some of the
7 comments. I have now been nominated not only for Governor,
8 I've been nominated for Senator, and someone even nominated me
9 here for President.

10 All I want to do is be Treasurer of the State of
11 California.

12 With respect to the question of my vote for working
13 men and women of California, my district is a made up in large
14 measure of working men and women of California, both the
15 district I used to represent and the district I presently
16 represent. It's populated by any number of people in the
17 working class of America.

18 I managed to bring my vote total up to 73 percent
19 over the last couple of years. I think it's amazing that these
20 folks would want to vote for me knowing everything that was
21 said here today.

22 I suppose I'm very much in the situation that George
23 Deukmejian and Ronald Reagan find themselves. They seem to
24 have the support of the working men and women including those
25 who are in the labor union although they may have not have the

1 support of the leadership of the unions.

2 Let's go over the votes where I was declared to be
3 against the workers. Let's talk about the fact that -- and
4 these are the votes. If we want to go back and talk about my
5 ratings, let's go through a few here.

6 In the 96th Congress, the AFLCIO official rating,
7 the first one was an amendment that I supported to reduce
8 counter-cyclical aid from \$1 billion to \$525 million.
9 Obviously a vote against the worker if you listen to what
10 people just told you.

11 What was it? It was an effort to reduce that to the
12 level contained in the Democratically passed budget of the
13 House of Representatives.

14 What does that mean? That means that we considered
15 at the beginning of the year what a budget ought to be. We
16 determined numbers. We had a program. The Democratic majority
17 had a program, as often is the case in the Congress of the
18 United States particularly prior to the time Ronald Reagan got
19 there, the Democratic program got through. That program
20 earmarked \$525 million for counter-cyclical aid. We had a bill
21 on the Floor that brought it up to a billion.

22 I happen to think that budgets are to be followed. I
23 supported the amendment to bring the spending down to the
24 level contained in the Democratic budget. I don't know how
25 that is against the working men and women of America.

1 With respect to Chrysler bail out, that was another
2 key vote they had. That was a very tough vote for me. I had
3 to figure out if it made sense for the Federal Government to
4 bail out a major corporation in America that through bad
5 management had gotten into trouble.

6 I had a reason for looking at it that may have been
7 different than other Members. I remembered the Lockheed bail
8 out. I remember when the Lockheed bail out took place. It
9 had the ultimate result of jeopardizing employment in my
10 district because what it did was it sustained a third major
11 air frame manufacturer in the United States when the market
12 could only sustain two.

13 So what did it do? It allowed Lockheed to continue
14 making L-1011's for several years and take business away from
15 McDonnell-Douglas which made them more vulnerable in the
16 market place. And what happened? After a few years, Lockheed
17 got out of the commercial air frame business. The Air Bus
18 Consortium in Europe came in and taking advantage of the
19 weakened condition of both McDonnell-Douglas and Boeing
20 captured a percentage of the market they never had. The net
21 result is we probably lost jobs.

22 So the Chrysler bail out came up, and it seemed to
23 me to that it made sense to look at what happened previous to
24 that, and I voted against it, not because I was against
25 workers. I didn't think it was appropriate to use taxpayer

1 funds to bail out a corporation which through bad management
2 had gotten itself into a serious position.

3 Many elements of that corporation would have been
4 taken over by other American companies, and we would have had
5 a situation of profitable.

6 I'm not against Chrysler having recovered after the
7 bail out. In fact, I went out and bought one of their cars
8 sometime thereafter. But it seems to me for a-billion-dollar
9 bail out from the Federal Government, that's not a question of
10 for or against American workers, it's what you think is best
11 in the long-term interest of the American workers.

12 Let's look at another key vote here. I voted to
13 support a Constitutional Amendment to ban school busing.
14 That's a vote against the AFLCIO? Now, we may have
15 differences of opinion here, but I would tell you that is the
16 majority sentiment in this state and in this country, and a
17 vote against forced school busing is a vote against the
18 workers of America?

19 I had some of the labor people -- I'm talking about
20 the labor people. The people working in my district coming to
21 see me. I sat down with them and said let's go over the
22 voting record.

23 How many of you support mandatory busing in your
24 areas? Not a one hand went up. Not one hand went up with
25 that group. So, they did not think that was a vote against

1 them or their interests, but according to this it is.

2 The Amendment to the Fair Housing Act. We have
3 already talked about, passed 205 to 204. The question was do
4 you have ALJ's, Administrative Law Judges, or do you have
5 federal judges make the decision? Controversial? Yes. 205 to
6 204.

7 Do you think the average working man or woman in
8 your District believes that you're against workers because you
9 voted to give people the right to have a day in court with
10 federal judges as opposed to Administrative Law Judges?

11 You can go on and on and on these things. They said
12 I was against workers because I supported the Archer amendment
13 to windfall profits tax. What was that? That was to exempt
14 from the windfall profit tax oil produced by companies that
15 pumped less than one thousand barrels a day.

16 What are those? Independent producers of a small
17 size. What area did that effect probably than any other?
18 California.

19 What happened in my own City of Long Beach? We had
20 at least 300 oil wells close, not producing, not because they
21 did not have oil, but because the controls mandated by
22 Congress both in terms of controls and in terms of windfall
23 profits tax made it inefficient to do that.

24 Several of the votes I made in that area that they
25 find against the worker were for the benefit of the people of

1 California because wells that were closed in, in Long Beach,
2 were on state owned lands. That money goes into the coffee
3 fund. That supports every single educational institution in
4 every single one of your districts, but that is supposed to be
5 a vote against the working men and women in America.

6 Budget votes. Votes to try to bring the budget
7 deficit down. That's against the working men and women of
8 America? You can go on and on and on. One of them they found
9 said I was against the working men and women of America. I
10 supported the Gephardt Amendment. You may have heard of
11 Gephardt. He's one of the two leading candidates for
12 president on the Democratic side.

13 I supported his amendment to try and work out a
14 compromise in terms of the cost, the escalating cost, of
15 hospital care back in 1980. Yet that support of that
16 particular amendment is taken by AFLCIO official report as
17 being against the working men and women of America.

18 All I say is that I hope that you take with a grain
19 of salt some of the criticisms that have been raised here.

20 Let's go on to some of the other things. There was
21 a question here of one of the votes that I had, the Miller
22 Amendment, dealing with farm workers.

23 That happened to be, that amendment happened to be
24 defeated 199 to 227 because people felt that, in fact, that
25 was inappropriate with respect to the compromise that had been

1 struck and agreed upon for the protections that they thought
2 were sufficient and necessary. Now, I remind you a 199 to 227
3 vote, that means considerable Democrats voted against that
4 amendment as well.

5 There is the statement continually made by the
6 people you brought forward to oppose me that I consistently
7 oppose the environment. I voted for the original Super Fund
8 Legislation. I explained to you why I voted against the
9 conference report when they took off one of the key
10 provisions. That key provision being a protection of the
11 waterways of America from oil and chemical spills.

12 I represent a coastal district. You would think I
13 would be concerned about that. I mentioned how I supported
14 the reauthorizations of the Super Fund.

15 I mentioned to you how I opposed paying for the
16 Super fund by an amendment which would have a new a
17 value-added tax, something we've never done in the history of
18 the United States, that is a federal value-added tax. We may
19 come to that someday, but the question was whether we should
20 have a broad-based value-added tax to sustain the funding of
21 the Super Fund bill, or whether we should have a tax levied on
22 the polluters, those most directly responsible for the
23 pollution.

24 I supported that. I supported the Clean Water Act at
25 a level of \$12 billion but not at a level of \$18 billion. I

1 happen to be concerned about the budget. I happen to think
2 it's important to look at every single program that we have
3 and attempt to work within the limits that we place upon
4 ourselves.

5 I heard the representative SEIU say I'm not in the
6 center of politics. How can you get elected and re-elected
7 and re-elected and re-elected and re-elected if you're out of
8 the mainstream? I don't understand that. They criticized me
9 because I support Ronald Reagan. Maybe they ought to look at
10 who was elected, not only Governor of this state, but also
11 elected President of the United States with, I note, the
12 support of Californians, in your districts as well as mine,
13 Democrats as well as Republicans, labor union members as well
14 as workers not labor union members.

15 The strange thing is that in California we on the
16 Republican side are in the minority by registration, even
17 though Mr. Fields suggests that we're coming up. We have
18 always been in the minority. That means we have Democratic
19 and Independent votes ever to be elected. I never would have
20 been elected if I did not attract Democratic votes.

21 One of the largest segments in my district is of
22 senior citizens. I have the original Leisure World in my
23 district. I probably have more town hall meetings there than
24 any other elected official. I've gone in there and spoken
25 with them time and time again.

1 When the question came up in 1982 as to what we
2 should do to sustain the Social Security system, when this
3 administration came up with proposals, came up with 16
4 proposed changes in the Social Security system, then Speaker
5 Tip O'Neil criticized the President for presenting, and that
6 became the centerpiece for the campaign in 1982, and that
7 resulted in the loss of 26 seats on the Republican side.

8 In the midst of that, I had an open town hall
9 meeting in the amphitheater of Leisure World in which I
10 explained to the folks what a problems were and asked for
11 their consideration of the changes, and after about two hours,
12 got a sense that they were willing to accept many of the
13 changes as presented by the President to allow the Social
14 Security system to survive.

15 As I have mentioned before, we came back in a
16 lame-duck session that year, after the election when Tip
17 O'Neil announced that there was a crisis with Social Security,
18 when he asked the President to come forward with a commission
19 so that we could make a recommendation. When a commission
20 recommendations were presented, they adopted a number of the
21 recommendations that the President had made.

22 People keep talking about the fact that I voted to
23 increase the age of retirement. We can all fool ourselves and
24 say we're not going to have to raise the age of retirement.
25 But I want to tell you, you're not looking at demographics of

1 America if that's what you're talking about.

2 We're not going to be able to sustain the Social
3 Security system in America when my generation retires if we
4 don't make some changes. Maybe the lady representing the Gray
5 Panthers wanted to say that I was anti-senior citizens because
6 I supported an amendment that suggested we ought to raise the
7 retirement age from 65 to 67 beginning in the year 2000, I
8 tell you.

9 In the year 2000, the impact of the amendment would
10 be that you would retire at 65 years and 2 months rather than
11 65 years, and would go up thereafter. You, ladies and
12 gentlemen, can show me the statistics which suggest that we
13 need to make no changes in Social Security, everything is
14 fine, the MediCare is fully funded, Social Security is fully
15 funded into the year 2000 and beyond, I'll be happy to look at
16 that.

17 I'm going to tell you, I've looked at it, and it's
18 not true. Some people don't like to look at the hard facts.
19 They want to give people a good feeling and not realize that
20 we've got problems.

21 But to be criticized because you're trying to save
22 the Social Security system is being anti-elderly is the height
23 of misunderstanding.

24 One issue I probably should avoid because
25 politically it's tough, but I just can't avoid it is the

1 suggestion by some, by anybody that the United States is
2 responsible for American Auschwitz's. The treatment of the
3 American Japanese during World War II was deplorable.

4 I served on the commission dealing with that
5 question for two years. I studied that question for two
6 years. I was the vice-chairman of the commission, elected by
7 my peers, a majority of whom were Democrats. It's not a good
8 time in our history to look back on. But for anybody to
9 suggest that our concentration camps, or our camps, were like
10 the Auschwitz camps does a disservice to the memory of FDR and
11 the disservice to the memory of the Holocaust.

12 The camps were bad. The camps were something we
13 should apologize for. I'm not going to condemn my parents'
14 generation for being involved in the creation of Auschwitz.
15 Anybody to suggest that does not understand what took place at
16 Auschwitz, and anybody to suggest that paints a picture of an
17 America that did not exist and does not now exist.

18 The question was raised by one of the
19 representatives of what I would do with the retirement funds,
20 would I extract some of them to use for the budget. I tell you
21 now, my pledge is no I would not. I would not support that.
22 I also think you'll finds that the Governor would not support
23 it in the future either.

24 We've had now three representatives of the National
25 Council of Senior Citizens appear. All three of whom attack

1 me for the same reason, the same rating system. I accept the
2 fact that the National Council of Senior Citizens exists. I
3 accept the fact that their voting ratings primarily follow
4 along with the AFLCIO's voting ratings. I accept the fact
5 that they rate us on a different fashion. I accept the fact
6 that Republicans by and large have very low ratings.

7 There is also an organization known as the National
8 Association of Senior Citizens. I get ratings from them of
9 100, 100, 100, 100, 100, I believe it was 80, 90 and 100. You
10 can take your choices as to what group you want to talk about,
11 and, again, you can examine some of those votes as I've
12 examined some of the AFLCIO votes, and ask, are they political
13 or really necessarily in the best interest of the group they
14 talk about?

15 They have every right to rate the way they want to.
16 They have every right to disagree with me about whether we
17 need a balanced budget or not. I think we should recognize
18 what we're talking about.

19 To suggest that somehow I voted against the
20 President's Catastrophic Health Bill is utter nonsense. The
21 President does not have a Catastrophic Health Bill that has
22 been voted on by the House of Representatives. It was, in
23 fact, a different bill. A bill the President indicated he
24 would veto if we didn't make major changes in it which we had
25 an opportunity to vote on.

1 I did not just sit back and say we're going to
2 oppose what the Democrats come up with. I got together with
3 the Republican leadership and said let's come up with an
4 affirmative proposal to take care of the catastrophic health
5 problem, let's see what the senior citizens are most concerned
6 about. The national polls show the greatest concern they had
7 is long-term care, long-term nursing care. Do you realize the
8 Catastrophic Health Care Bill does nothing for that.

9 The last thing they were interested in by polling
10 data taken by several polling firms was a policy that would
11 cover their prescription medicine if it required them to pay a
12 substantial amount of money per month.

13 What is one of the key features of the bill that
14 passed? That particular proposal which was last on their
15 list.

16 I came up with an amendment to make it an optional
17 program so that senior citizens who were already covered
18 basically by those things to be covered by the catastrophic
19 health insurance program would not have to pay double or would
20 not have to give up what they considered a better program.

21 I did it in part because Federal retirees already
22 have the support needed for these various programs, and they
23 would then be required to pay a tax for something that would
24 not benefit them any more than what they have now.

25 The National Federal Retired Employees Association

1 came out against it as did all 50 of its state chapters. And
2 yet the suggestion is that I somehow am against elderly
3 because I supported something that was in the best interest,
4 in my belief, of the senior citizens not only in my district
5 but the senior citizens in the United States.

6 Lastly, with respect to that bill, the costs
7 incurred are massive, and the benefits given to the average
8 senior citizen are minimal. Additionally, the way that the
9 bill was constructed, support for a major part of the AIDS
10 program, a health program we're going to have deal with, will
11 be paid, the way this bill works out, by the senior citizens
12 of America.

13 I happen to think we have to do something about
14 supplying medication that shows some promise for AIDS
15 victims. But to say the way we're going to finance it is
16 through an increase in tax on those over 65 does not make
17 sense to me. In fact, I would say the way the bill is written
18 is, in fact, anti-elderly in its impact although not its
19 intent.

20 To suggest that because you wanted to change that,
21 because the perhaps unintended consequences of that bill were
22 to jeopardize the health facilities available to senior
23 citizens, increase their costs, and have the senior citizens
24 of America pay entirely for the prescription health benefits
25 for those suffering from AIDS, that's what we're talking

1 about.

2 Finally, I would just say this, Mr. Chairman, I was
3 hoping we would talk about the fact that as a Member of PERS
4 and STRS I would have an obligation to uphold a fiduciary
5 responsibility to the retirees who are encompassed by those
6 programs. It seems to me that is extremely important. I'm
7 sorry that got short-shrifted here. It seems to me that that
8 is more on point than any of the things that have been brought
9 up.

10 I would tell you that my responsibility as a member
11 of those boards is a fiduciary one that I hold very dear. I
12 learned that not only in law school, I learned that growing up
13 all the way along, that you have obligations to people other
14 than yourselves and you put them first. It seems to me that's
15 what we ought to be talking about.

16 I've talked generally and specifically to some
17 Legislators about their thoughts about special investments
18 that we might have, or certain categories, and I've tried to
19 indicate that I would be open to that, but I always wanted to
20 make it clear that my first obligation as a member of those
21 boards would be to the beneficiaries. You have got a
22 fiduciary responsibility to those people, that, it seems to
23 me, ought to be a prime concern.

24 I would suggest, although obviously I'm not the one
25 making the determination, you on the panel and those of your

1 colleagues in the State Senate and the Assembly are. I would
2 suggest -- I would hope that you would want someone who would
3 serve in that office who's shown integrity, who's shown a
4 commitment to his job, who's shown fiscal prudence and
5 responsibility, I would hope that is what you would want.
6 I've been to hear that is what you want.

7 I would think if you talked to most of the
8 beneficiaries of the state funds, that's what they'd want.

9 Mr. Chairman, I'm ready to answer any other
10 questions that you might have.

11 CHAIRMAN ROBERTI: Thank you Congressman Lungren.
12 Senator Petris, had you concluded?

13 SENATOR PETRIS: No.

14 CHAIRMAN ROBERTI: Senator Petris and then Senator
15 Mello.

16 SENATOR PETRIS: Thank you, Mr. Chairman.

17 There is a new investment or vacancy in the position
18 of investment manager with PERS, and I understand that one of
19 the first jobs of the new Treasurer will be to find someone
20 qualified. There has been a dispute, or difference of opinion
21 let's say, and I don't mean to present it as a big fight but a
22 difference of opinion, on the issue of whether the manager and
23 some of the experts dealing with the huge investments made by
24 that fund should be in-house people who come up through the
25 ranks or be outside experts hired on a contract basis. We've

1 done both over the years.

2 Do you have a preference.

3 CONGRESSMAN LUNGREN: My preference would be the
4 best people we could get for the job. I'd look over what the
5 experience had been of the people within the ranks and what
6 the experience had been with outside consultants. I would
7 make my judgments from that. I have no bias going in as to
8 which way it should go. My concern is the best job that can
9 possibly be done for the system involved.

10 SENATOR PETRIS: One of the problems was that we
11 could not get the best at the salary levels that prevailed at
12 the time, so we made special exception which I hope still
13 exists.

14 CONGRESSMAN LUNGREN: I understand that it does.

15 SENATOR PETRIS: We have a divestature policy. You
16 indicated that you would carry out whatever laws are on the
17 books.

18 CONGRESSMAN LUNGREN: That's correct.

19 SENATOR PETRIS: I assume your answer on any
20 remaining actions that need to be taken on divestature on any
21 of these funds, you would follow the statute I assume?

22 CONGRESSMAN LUNGREN: I would not only follow the
23 statute, I would do anything in my power to make sure that the
24 statutes were fulfilled by the dates determined by statute.

25 SENATOR PETRIS: I don't remember the dates but it's

1 a graduating thing.

2 CONGRESSMAN LUNGREN: It's phased in, as I
3 understand. Whatever the dates are, we would follow them.

4 SENATOR PETRIS: The Council of Institutional
5 Investors has been mentioned several times because Jesse Unruh
6 either founded it or was one of the founders.

7 Have you taken a look at that? Do you plan to be
8 active in that on behalf of the state?

9 CONGRESSMAN LUNGREN: I have looked at it, but I
10 must tell you that I haven't had a great deal of time to be
11 able to expose myself to it or talk to the people who have had
12 the real responsibility in that regard.

13 Like a lot of things, it sounds like a good idea.
14 How effective it is, I don't know. I can't give you a gauge
15 because I haven't had a chance to look at it.

16 It seems to me that the basis of the existence of
17 corporations in America is that they are owned by the
18 shareholders and they have a responsibility to the
19 shareholders. It seems to me with regard to the investment of
20 state pension funds in corporate America, there is no reason
21 for them not to be involved, and for them to protect the
22 rights of their shareholders they represent. You have a real
23 obligation there.

24 If the question is, however, do I think that we
25 necessarily have a better idea of how to manage a corporation,

1 I think you have to be very careful there. You have to have a
2 little humility there. I think have got to protect the rights
3 of the shareholders, but at the same time, you ought not
4 confuse the fact that there are corporate managers, and
5 presumably they know what they're doing, and if not, they
6 should be thrown out by the shareholders. I think there is a
7 fine line there.

8 You ask me where you draw it, I think you draw it on
9 a case-by-case basis.

10 SENATOR PETRIS: No. I'm not asking you that.
11 That's a difficult thing for anyone to predict. You just have
12 to look at each case. I certainly agree with you on that.

13 One of the problems I have in mind that is
14 confronting us is the corporate raids that are going on, the
15 takeovers, hostile and friendly, the fact that our state has
16 an enormous amount of money invested in shares which have to
17 be voted, frankly, I don't know what the mechanism is there,
18 but I assume that as a shareholder the state casts votes on
19 particular takeovers, and a lot of them have happened to
20 companies be companies in California, and we get back to the
21 local economy, public benefit, the treatment of employees, and
22 a bunch of other things that make those decisions that on the
23 surface appear to be a fight between a couple of gladiators
24 turn out to be pretty complex decisions.

25 I don't envy the position of anybody to be drawn

1 into that. You can't control it. You can't help it. We're
2 sitting there owning that stock.

3 Have you developed some criteria of your own or is
4 it too early to ask you?

5 CONGRESSMAN LUNGREN: As you know, Senator, these
6 questions are under active consideration with the Congress at
7 the present time. They were under active consideration prior
8 to the October nineteenth events that took place on Wall
9 Street. They have been the subject of more intensified
10 consideration since that time.

11 If you could define green mail as just an attempt by
12 someone to threaten to take over a corporation and thereby to
13 get money as a result of a buy-off, so they won't take it
14 over, that type of activity, I would guess in most economic
15 analysis, does not contribute to the economic vitality of
16 America, it doesn't do too much.

17 If you look at at lot of the golden parachutes that
18 have been created which are protection of current managers
19 against takeovers, I'm not convinced that they, in many cases,
20 promote better economic activity, more jobs, et cetera.

21 To say, however, that takeovers in and of themselves
22 are necessarily bad, takes it too far. If you look at
23 corporate America over the last 20 years, one thing is clear.

24 We tried to insulate ourselves from the
25 international market place, and we tried to suggest that we

1 could go it alone and ignore what was happening in the outside
2 world. The economy now is internationally dependent. We may
3 be the biggest player still, but we're not as big as we used
4 to be relative to the others nor will we ever be.

5 That's a consequence of other countries growing up
6 economically. Takeovers in some instances actually promote
7 the health of the economy and jobs in America by forcing
8 corporations to change some of their management techniques and
9 actually to become more competitive.

10 I think long-term, a number of the takeovers that
11 have existed and taken place, probably have proven beneficial
12 to the average American worker and the average American
13 company because we have made ourselves more productive.

14 There is a lot of doom and gloom right now as to
15 where we are in the economy. We have some problems
16 particularly with the deficit. But if you look at where the
17 American economy is right now, I have to say there are a lot
18 of positive signs basically because we are now at a level of
19 productivity where we have not been in twenty years. We
20 basically have lean operations. We're not -- they're not top
21 heavy in many cases. They're not featherbedded in many
22 cases.

23 We have an unemployment rate that is going down
24 which suggests that in fact we are being able to bring in
25 balance the job market with jobs, even though we have some

1 terrible problems continuing with respect to hardcore
2 unemployment in some areas.

3 I think that American business is poised at the
4 present time to really be far more effective in the
5 international market place. I think you have to be very
6 careful when you say takeovers. Yes, in some circumstances, I
7 think they are harmful, but in other circumstances they may be
8 what ultimately saved the company; they may be what ultimately
9 saved the workers jobs.

10 You have to be on the lookout for both of those
11 things when you look at any particular corporation and say
12 what should we do to go in and change decisions that are being
13 made. You don't refuse to do it, but I think you've got to
14 look at the whole picture.

15 SENATOR PETRIS: Well, I'm glad we went into that
16 because that's become a major part of the Treasurer's
17 responsibilities now it seems to me. It's going to increase
18 before it subsides, if it every does.

19 More recently, we've seen foreign companies come in
20 and make bids. There is a question of where does that leave
21 us? What are their intentions?

22 Some of the takeovers, unfortunately, have resulted
23 in a piecemeal destruction of the company and the sale of its
24 assets. There is no increase of productivity in those kinds
25 of operations. People are laid off. Plant and facilities are

1 sold for the profit to the newcomer and so forth. It adds to
2 the complications.

3 I just have a couple of other areas. One is I would
4 like to know your views on what you think are the important
5 ingredients that go into economic progress and economic
6 development?

7 I'll make it more specific because we could take a
8 lot of time on that. There are two schools of thought, as I
9 understand, them regarding the climate -- business or economic
10 climate of a particular state or region. One says that you
11 promote economic development and better business if you have
12 low wages, low fringe benefits and keep those costs on the
13 labor side of the business equation at a minimum.

14 Others say, and they have reports to back them up,
15 to get the best economic development, long-range in
16 particular, where you have a higher standard of living, a
17 higher level of wages, higher level of fringe benefits and so
18 forth.

19 I have a bias. From what reading that I have done
20 and persons that I have spoken to, I tend to subscribe to the
21 later view.

22 Do you have any strong feelings on that which would
23 influence your investment policy decisions?

24 CONGRESSMAN LUNGREN: I don't quite put it in that
25 category. I happen to believe what John Kennedy said in the

1 early 1960's when he said a rising tide lifts all boats.

2 I happen to think that that's it. I don't think you
3 use a better thy neighbor philosophy either with international
4 trade or with respect to your national economy.

5 I still believe in the idea of the expanding pie.
6 If we ever get to the situation that we say that in fact the
7 size of the pie is set, static, cannot be increased, you
8 inevitably create the possibility of class warfare in this
9 country, not in true warfare circumstances, but a clash of
10 people of different economic strata precisely because what
11 you're saying to the person who has something is you're going
12 to have to give some of that up or a large part of that up
13 you're not going to be at the table anymore, somebody else is
14 going to take your place.

15 I have always thought the idea of a expanding
16 economy made more sense from a humane standpoint. It also was
17 possible.

18 Some of the economists in the 18th Century and 19th
19 Century thought we were limited by the natural resources we
20 had. That is that the country with the greatest number of
21 natural resources was the country that was going to dominate.
22 If you didn't have the natural resources, you were doomed to
23 failure in an economic sense.

24 That's been disproven over and over again. The
25 imagination of the human mind, the ingenuity of the human

1 spirit is that which creates new wealth, and I mean wealth in
2 the positive sense. I mean creation of what more that can be
3 shared.

4 We constantly forget that because we have become
5 frozen in a time frame of the present. We forget history and
6 the future. We don't realize that things are going to change.

7 My idea is that what you do is that you contend that
8 the pie can get bigger, that businesses can improve not by
9 holding labor under their thumb, but being successful in terms
10 of increased productivity which today is not increased
11 productivity based on more sweat by the individual working,
12 but rather by surrounding that individual with greater, I
13 could call it a number of things, greater tools that increases
14 productivity.

15 That's why people forget when they look at the high
16 tech industry and they say, look, that has nothing to do with
17 the Midwest, that has nothing to do with car manufacturing,
18 that has nothing to do with traditional manufacturing. They
19 are wrong. In fact, it is the application of high tech which
20 will make our manufacturing base continue in the world and
21 make us able to compete.

22 I don't harbor this notion that the way we're going
23 to increase the economy is to hold everyone down. I still
24 think that the way you help people is to increase the
25 economy. As the economy increases, the opportunity increases,

1 people have more opportunity. As you upgrade the
2 manufacturing base, as you upgrade many of your businesses,
3 you surround people with better tools to do their work and, in
4 fact, that enhances productivity upon which you can increase
5 their wage base.

6 SENATOR PETRIS: Thank you.

7 CHAIRMAN ROBERTI: Senator Mello.

8 SENATOR MELLO: Thank you, Mr. Chairman.

9 You just invited us to respond about who we wanted
10 as Treasurer, someone with honesty, integrity and a commitment
11 and hard work, and from what I know of you, I think you could
12 fill the bill.

13 Hearing the day and a half of your testimony, the
14 response that I get is your solution missed the mark. The way
15 you responded -- and my main focus is on senior citizens.

16 You talked about polls, and what some organizations
17 are doing. If you would only go into some nursing homes and
18 senior centers, you'll find out what some of the solutions
19 are.

20 The other point I wanted to bring up that has been
21 brought up before, but I want to approach it differently, and
22 that is the so-called prosecutor memo, that I did not see. I
23 asked Senator Petris this morning if he saw it, and he said,
24 no. Senator Roberti rejected it. I don't know if Senator
25 Craven or Ellis saw it or not.

1 But the point is, both yesterday and today you make
2 a big point of, as quoted in the L.A. Times that we're
3 following a script for political lynching. That's really an
4 attack on the three Democrats here and the fact that you will
5 need Democratic votes to get confirmed in both Houses.

6 What I want to go through is not a script but facts
7 taken out of the California Journal, dated August 12, 1982,
8 the last time we confirmed a Constitutional Officer in the
9 State of California in the name of Conway Collis.

10 Senator Roberti moved that Conway Collis be
11 confirmed as the Governor Appointee to the State Board of
12 Equalization. He was confirmed in the Senate by the following
13 votes: Ayes, 21, all by Democrats; no's, 16 all by
14 Republicans.

15 The following Republicans, Beverly, Campbell,
16 Craven, Davis, Doolittle Ellis, Marks, Garcia, Johnson, Maddy,
17 Marks, who was a Republican at that point, Neilson, O'Keefe,
18 Richardson, Russell, Schmitz, and Seymour.

19 With that vote he was confirmed in the Senate. What
20 happened over in the other house, the reference is made here
21 about partisanship and this is why I want it to go into the
22 record.

23 This is taken on out of the Assembly Journal on
24 August 16, 1982. The motion was made to confirm the Governor's
25 Appointee of Conway Collis to the State Board of Equalization.

1 Before a vote could even be taken, Assemblyman
2 Lancaster moved to refer the question to the Rules Committee,
3 which is the proper procedure under their House. That was
4 rejected by the Democrats by a vote of 43 to 31.

5 Then the question was what shall the Governor's
6 Appointment of Conway Collis be confirmed by the Assembly, and
7 that was the vote, was confirmed by 46 to 31. Every single
8 one of those no votes was cast by a Republican. There was not
9 a single member of the Republican Party who joined with the
10 Democrats in confirming Conway Collis, who happened to be a
11 Democrat appointed by Governor Jerry Brown.

12 But it did not end there. The motion was made by
13 Montjoy to move for reconsideration on the next legislative
14 day.

15 They tried everything in the book there to try
16 to -- I mean you talk about partisanship. This is the fact
17 that is in the Journal in both Houses. Assemblyman Montjoy
18 moved to reconsider on the next legislative day. Assemblyman
19 Bain moved to take the issue up right now, which is the
20 prerogative of the House. The motion to take it up was put to
21 a vote, that vote was 43 to 29; again, ayes, all Democrats
22 voting aye; and all Republicans voting no.

23 So, it was not delayed to the next legislative day.
24 Then another motion was made by Montjoy for reconsideration.
25 That was defeated by a vote of 44 to 30. With those series of

1 defeats all cast by Republicans finally Conway Collis was a
2 Member of the State Board of Equalization and did take
3 office.

4 I wanted to point that out. I do not like to be a
5 recipient of such charges of of partisanship. I've voted many
6 times here in a bipartisan way, as other Members have also, to
7 help confirm people nominated by the Governor. Let me tell you
8 that our record from this Rules Committee is 99.7 percent of
9 the Governor's Appointees has been appointed.

10 Many times, because Members have to leave for
11 certain reasons -- I can recall Senator Petris and Roberti and
12 myself being here, and the other two gentlemen being out for a
13 moment, they got confirmed on a three to nothing vote.

14 When you take all this in the proper context, and
15 again with Senator Maddy's letter saying let's not let Willie
16 Brown and David Roberti terrorize George Deukmejian like the
17 Democrats do to Ronald Reagan in Washington.

18 We're spending three days here of hearings. The
19 thought has entered my mind a lot. We just ought to go to the
20 Floor and vote rather than listen to rhetoric that I think
21 doesn't get us anywhere.

22 SENATOR CRAVEN: May I address the Chair?

23 SENATOR MELLO: The Chair will recognize you.

24 CHAIRMAN ROBERTI: Senator Craven.

25 SENATOR CRAVEN: I don't question the recitation of

1 the record, but I think that there is if you will allow me,
2 I'll use the most kind adjective that I can think of -- forget
3 the adjective, a slight difference in the situation, where all
4 those Republicans were voting against somebody.

5 The nominee in question was a member of the majority
6 party. That's a big difference because they had the votes
7 going in, no matter how you looked at it.

8 This nominee is not a member of the majority party
9 and does not have the votes going in or in any other way you
10 look at it. He's very, very much dependent upon his ability
11 to sell his qualifications and the efficacy of his approach to
12 the Democratic Members, presuming that he's going to get the
13 Republicans, which I think is a safe presumption, but he has
14 to do more than just that. I think he's cognizant of that.
15 Certainly I am.

16 I don't question the statistics, but I do believe
17 the situation was a little bit different.

18 SENATOR MELLO: It's different in that -- you helped
19 make my point really, is that Mr. Collis being a member of the
20 majority did not need any Republican votes, but Mr. Lungren
21 needs the Democratic votes to get confirmed.

22 Now, he started right out saying -- Senator Roberti,
23 you advocated that this was going to be a fair and impartial
24 hearing, and Senator Roberti was open and others, and then
25 tried to blast us here by interjecting this act of

1 partisanship. That's why I want to make that point, because I
2 think if nothing else, there has been no partisanship shown
3 during this one and a half days of hearing. He's been given
4 the opportunity to rebut on every subsection here.

5 SENATOR CRAVEN: I don't think there's any
6 partisanship having been shown on your part. I don't think
7 the Congressman is indicating that.

8 Really, I think what we're doing, perhaps, with all
9 due respect is wasting a hell of a lot of time going over and
10 over and over on that. What has been said and done is said
11 and done, and nothing we can do at this juncture is going to
12 change anything. Isn't that right?

13 SENATOR MELLO: Who knows. We're carrying out our
14 constitutional right to take up our responsibility, and I
15 think that we should do it in a manner that is factual giving
16 Mr. Lungren and everyone else ample opportunity to testify.

17 So far I think Senator Roberti has done that,
18 allowing Mr. Morrell and others to come forth.

19 With that I want to talk about primarily some of the
20 senior issues, but also Mr. Lungren stated about one
21 organization claimed he was one of the most effective Members
22 of Congress and alluded to -- I think he's very clever. When
23 an issue comes up, he's able to make the point that I'm a
24 better -- my position is better for you, such as what he said
25 in the argument about low-cost housing.

1 Actually there is no such thing as low-cost housing.
2 There is housing for low-income families. But one of the
3 witnesses said what hurts low-cost housing is inflation. He
4 countered by saying, yeah, by me being a fighter of inflation,
5 I'm able to help low-cost housing by keeping inflation down,
6 and that's a good argument.

7 The thing is, the senior citizen or somebody who is
8 looking for a rent-supplement program or wants to stay in
9 their home a few more years -- inflation is long-term, and
10 having a roof over your head is short-term, and I think that's
11 the way you're able to divert the issues, to say your point of
12 view -- that is one of the concerns that I have. If you
13 become Treasurer, whether or not the sale of bonds will be
14 handled administratively or whether you will exercise some
15 discretionary act on programs that you may not like over the
16 others.

17 Actually based on the research here that we've done,
18 in nine years back there in Washington, only one of your
19 bills, a resolution, was passed into law, HJ-438, a joint
20 resolution to designate October 31 as National Child
21 Identification and Safety Information Day. That passed by the
22 House and Senate by voice vote and was signed by the
23 President.

24 You alluded to some others -- but you did company
25 author co-author several resolutions. I believe of those, out

1 of 140, they were 9 that became law, and some were just
2 commemorating certain events like Snow White Week, which I
3 don't really look at as overly important.

4 CONGRESSMAN LUNGREN: Do you want me to respond to
5 that, Senator, or are you just making comments?

6 SENATOR MELLO: Senator Roberti is running the
7 meeting.

8 CHAIRMAN ROBERTI: Have you finished your question,
9 Senator?

10 SENATOR MELLO: If he wants to respond individually,
11 that's up to the Chair.

12 CHAIRMAN ROBERTI: It's the Congressman's choice.
13 Do you want to here--

14 CONGRESSMAN LUNGREN: Well, we're bringing up a
15 number of questions. If you want an answer, I'll be happy to
16 give you an answer.

17 Can you tell me how many days Conway Collis had
18 hearing before the Assembly and the State Senate?

19 SENATOR MELLO: In the Senate, it went directly to
20 floor.

21 CONGRESSMAN LUNGREN: And in the Assembly?

22 I believe it went straight to the Floor as well.

23 I think the point is made that Republicans knowing
24 that it was a slam-dunk and given no opportunity to have a
25 committee consideration, at least in the Assembly, thought it

1 should be recommitted to committee for consideration. There
2 is a major difference there.

3 Obviously, not what is taking place here. With
4 respect to the question of my record, those that have observed
5 Congress for a period of time, have also observed that
6 Congress does not operate the same as this Legislative body.

7 Here, I'm told, Republican Legislators can introduce
8 a bill, carry it through committee all the way to the Floor,
9 take it over to the other House, and see it passed with their
10 own name on it.

11 In Washington, D.C. it doesn't work that way. If
12 you're suggesting by your line of questioning that I do not
13 have a very strong Legislative record because I have not
14 authored a piece of Legislation, I do not understand why the
15 non-partisan publication, Californian's in Congress, called me
16 one of the ten most effective legislators in the California
17 delegation, why U.S. News and World Report in a survey of my
18 peers listed three Members of Congress who are to be
19 considered future leaders of America, I was one, George Miller
20 of California was one, Tom Downey of New York was one, and
21 Albert Gore was the other.

22 If your suggestion is because I have not authored
23 single bills with my name on them I'm not an effective
24 Legislator, I don't understand their references, nor the
25 Almanac of American Politics, nor Politics in America, the two

1 basic bibles of politics, or so considered in Washington, D.C.

2 If you would like to discuss my record and what I've
3 achieved, I would be happy to talk about it. In the area of
4 crime, in the area of anti-drug legislation, in the area of
5 immigration law, in the area bankruptcy law, in area of fiscal
6 policy, any number of areas. If you would like to deal with
7 them issue by issue, I would be happy to talk about them.

8 Senator Roberti suggested yesterday that you could
9 take a record and take a vote and misinterpret it.

10 If your suggestion is somehow because I co-sponsored
11 Snow White Day at the request of one of my colleagues that
12 represents Walt Disney Productions, that somehow that's
13 insignificant, I beg to differ with you. I happen to think
14 that when you have a chance to give a nod to a major employer
15 in your state, it doesn't hurt to give them that nod.

16 SENATOR MELLO: I'm just going down through
17 the -- you don't argue with the fact that you introduced 55
18 pieces of Legislation in nine years?

19 CONGRESSMAN LUNGREN: If you use the term
20 introduced, no, I don't argue that. I also got passed the most
21 comprehensive, far-reaching reform of the Criminal Code in the
22 history of the United States. It does not have my name on
23 it.

24 I was the primary person responsible for the
25 immigration bill being passed. That is the Simpson-Rodino

1 Bill. It doesn't have my name on it.

2 I wrote the legislation that deals with Designer
3 Drug Legislation, which I understand the State Legislature of
4 California is now considering following themselves.

5 I wrote legislation with respect to forfeiture
6 procedures that has given millions of dollars to the people of
7 the State of California, not from taxpayers but from the bad
8 guys. I'm happy to talk about my record.

9 SENATOR MELLO: I think that your responses to the
10 people, on senior citizens, certainly, it reflects your
11 philosophy which you're certainly entitled to. But it doesn't
12 show the compassion, it doesn't show the cruel inadequacy that
13 is out there amongst our seniors in California and throughout
14 the country.

15 Going to the -- you dwell on the fact that you voted
16 to raise Social Security eligibility from age 65 to 67 after
17 the year 2000. Then you talk about the Social Security system
18 being in financial problems in some date, I don't recall the
19 date you used, but according to Claude Pepper, we spoke to him
20 back in Washington last April, and I'm sure he's regarded as a
21 person very knowledgeable and one of the leaders of Social
22 Security. He says since the last changes were made, the system
23 is solvent and remains solvent until the year 2020 or
24 thereabouts.

25 Raising the age from 65 to 67 already people fall in

1 the gaps in their 60's, not eligible for MediCare and Social
2 Security, and there is a question, like in California, if you
3 worked for the state, you have a vested right or interest in
4 that retirement, and I think if you pay into Social Security,
5 you have a vested rights on rules and regulations that are in
6 effect at that point.

7 Raising it to 67 just further removes seniors from
8 the day in which they can look to retirement, and even worse
9 than that, your votes against providing the COLA's for Social
10 Security and resolutions that were going to provide no
11 beneficiary cuts on MediCare and Medicaid -- we talked about
12 housing.

13 Well, another one. Meals for older Californians.
14 Right now we have 16,000 seniors on a waiting list for home
15 delivered meals. The thing that is foolhardy about cutting
16 back on the funding there is the home delivered meal is very
17 important. Without the home delivered meals and in-home
18 service supported programs and other programs, they find
19 themselves in a nursing home, and we're paying about \$1500 to
20 \$1800 a month instead of providing a reduced cost or low-cost
21 meal.

22 We just got cut back two weeks ago on our federal
23 funds on our meals program. You voted on HR-2807, voted
24 against the motion that would have passed the bill to increase
25 authorized funds for meals for the elderly.

1 I would like to point out that NCOA rated you 2 good
2 votes out of 79, and 77 bad votes. HR-4785, regarding older
3 Americans, you voted no on a motion to pass the bill
4 authorizing funding for programs for the older American with
5 increases in 1986 and '87. That vote was 406 to 12.

6 Looking over the votes, it is very often that you
7 find yourself voting no with 10 or 12 or 15 people that
8 apparently are not in the mainstream of the Republican Party
9 because most of your colleagues are voting for programs that
10 you, yourself, are voting against in some cases.

11 HR-4421, Community Services program, you voted for
12 an amendment to reduce authorized funding levels by 5 percent
13 for food and fuel assistance for low-income persons.

14 I think what I've heard -- your responses to the
15 people testifying here for senior citizens, you pick out one
16 little -- just like the bills we get. You may not like a
17 sentence but you cannot vote for the rest of the bill, you
18 have to vote for it in its entirety or vote against it.

19 You seem to pick out one or two items and say the
20 reason I voted no is to help save you from further inflation.
21 That's why I said, if you were to visit nursing homes and
22 visit seniors in centers and Adult Day Health Care, you would
23 see what some of the real needs are.

24 I don't like catastrophic health insurance. Only
25 three percent of the seniors will get coverage under the

1 catastrophic health insurance, which is coverage for something
2 that has a high medical cost for a catastrophic type of
3 illness. What is needed is long-term care.

4 Anyone working on the issues knows that, but we
5 cannot get any programs at all that helps bring about -- and
6 the matter is not going to be getting any better. The next 20
7 years, seniors are getting older. The age 80 to 85 age group
8 is the fastest growing age group that we have in our society.
9 More people are becoming a hundred than ever before.

10 The attitude of Members of Congress that do not want
11 to reach out and try to help part of our population that
12 really makes it what it is -- America is so great today, we've
13 added to it perhaps, but the people who really made it what it
14 is are the people the 30's and 40's and 50's and 60's and 70's
15 that worked hard to bring us to where we are today. Many of
16 them are suffering in the cruelest manner that you can see,
17 not all of them, but a high percentage of them.

18 That's why I think it's a high priority to make sure
19 that the Golden Years are rich and rewarding and provide
20 dignity and respect to this large segment of our population.

21 Your voting record on seniors is completely, well
22 not completely, three percent positive vote, but it's 90
23 percent against senior citizens.

24 CONGRESSMAN LUNGREN: Do you want me to respond to
25 that?

1 CONGRESSMAN MELLO: I expect you to.

2 CONGRESSMAN LUNGREN: Well, it's hard to know where
3 to begin. We're back and forth and back and forth on the basis
4 of your criticism.

5 You continue to criticize me for supporting the
6 increase in the Social Security retirement age. You might be
7 interested to know that it was an amendment presented by Jake
8 Pickle, Democratic Congressman from Texas, Chairman of the
9 Social Security Subcommittee of the Ways and Means Committee.

10 He argued that it was absolutely necessary for us to
11 do in order to support the system. He was a Member of the
12 Presidential Task Force, along with Claude Pepper and others,
13 to set up a system that would allow the Social Security system
14 to be in fact not bankrupt, to be in some fiscal order.

15 This was in the context of the consideration of the
16 Social Security Amendments of 1983. Your quote by, attributed
17 to Claude Pepper is after that. Claude Pepper is referring to
18 his belief that the system is viable to the year 2020 if you
19 take into consideration the changes that were voted in 1983.
20 This was one of the changes that was considered. This change
21 passed on a vote of 230 to 200 and part of a total package
22 that went forward with respect to those changes that you have
23 quoted Claude Pepper referring to.

24 I'm talking about my generation. My generation is
25 the generation that is going to be affected. I'm going to be

1 affected by that change. Do you think it is easy to tell
2 people my age we're going to have to work longer in order to
3 be retired, it's not. But, in fact, it is necessary.

4 If you want me to come here with a salve and suggest
5 we don't have to deal with that, you're asking the wrong
6 person.

7 I would hope that is what you want from the person
8 who is Treasurer of the State of California dealing with
9 pensions. Maybe you want me to come after I'm Treasurer and
10 tell you everything is fine with the pension system even
11 though I know it isn't. Maybe I should tell you, like the
12 Social Security system, we don't we don't need to make changes
13 because someone believes it's going to take care of itself.

14 I think I would be doing a disservice to you, I'd be
15 doing a disservice to the senior citizens in my district.

16 You challenge me to go to nursing homes and senior
17 citizen centers. I've been there.

18 I was there long before it was an issue. I used to
19 tag along with my father when he visited elderly patients over
20 the years. I've seen that for a long period of time.

21 My father is an old-fashioned type of doctor who
22 raised hell if his patients weren't getting quality care. He
23 did not care if it was the administration of a hospital,
24 nursing home, or the family. If they were not taking care of
25 their sick, particularly the elderly, he let them know it and

1 did everything he possibly could to make sure they received
2 that care.

3 So, Senator, I'm someone who has been there. I've
4 walked those halls long before I was in the halls of Congress.
5 I understand what you're saying, but at the same time, as I
6 told you the other day, I have to consider a number of
7 different priorities.

8 You take a out a vote where I voted against a COLA
9 freeze, but at the same time, you do not talk about the COLA
10 freeze presented by Representative Jim Jones, the Democratic
11 Chairman of the Budget Committee, and Representative Marvin
12 Leith, who is the Head of the Conservative Democrats in the
13 House of Representatives, and Representative Leon Pinetta.
14 You and I know him. He's hardly a Conservative Republican,
15 yet on May 23, 1985, he offered a budget resolution along with
16 the two other gentlemen and offered an amendment on that
17 budget resolution which would have imposed a one year freeze
18 on COLA's for Social Security, Federal Retirement and Veterans
19 Compensation.

20 I voted against that. I did not think that it was
21 appropriate in the context of the total budget package we were
22 considering. So I consider my vote everytime I vote.
23 If you're going to criticize me for voting for a COLA in one
24 case, I hope you give me credit for voting against a COLA
25 freeze in another case, even though it happened to be

1 introduced by the Representative in your area.

2 We can go through the votes if you want to and talk
3 about what one person did or another.

4 The very first bill that I introduced when I came
5 into Congress was what I called the Social Security Fairness
6 Act of 1979. My feeling was that Members of Congress would
7 not seriously look at the problem we had with Social Security
8 at that time unless we were under it.

9 It was too easy for us to talk about the Social
10 Security system and not worry about the problems with it
11 because we weren't part of it. I introduced a bill that said
12 the only way to be fair is to make Members of Congress part of
13 it as well.

14 That was part of the 1983 Social Security
15 Amendment. You can't find my name on it, but I was the person
16 who introduced it. That got incorporated later on.

17 Senator, what I have done in Congress is to work to
18 improve what I think to be the country that I'm a part of and
19 the government that I'm a part of. I do not always take
20 credit for every idea that I have come up with that has gotten
21 through the halls of Congress.

22 Maybe that's to my detriment as I stand before you
23 because you have a list that says that I haven't done things
24 that are important. I know what I've done. My colleagues
25 know what I have done, and outside groups, objective groups,

1 non-partisan groups, groups that don't have a particular
2 special interest in mind have suggested that I'm an effective
3 Congressman.

4 I will stand by their judgment.

5 CHAIRMAN ROBERTI: We will now proceed with the next
6 section for today.

7 Mr. Henry -- we have general testimony. There are
8 no witnesses who want to discuss bond transactions.

9 We have not structured the Committee hearings in
10 that way. We have structured them on subject rather than by
11 specific powers that the Treasurer has.

12 We have people wishing to make general comments.

13 Mr. David Low, Governmental Relations Representative
14 of the California School Employees Association, who was to be
15 here earlier is here now, and we'll hear him now.

16 MR. LOW: Mr. Chairman and Members.

17 I'm David Low with the California School Employees
18 Association. We represent the over 150,000 classified school
19 employees in California in K-12 and Community Colleges.

20 I will be brief. Many of issues we were to bring up
21 were brought this morning, and Congressman Lungren had an
22 opportunity to answer some of the questions already.

23 We are opposed to the confirmation of Congressman
24 Lungren based not only on his voting record on issues but also
25 how those votes reflect on how he would act as State

1 Treasurer.

2 For example, as the State Treasurer sits on the
3 Board of Administration for the Public Employees Retirement
4 System, and the PERS Board administers the retirement benefits
5 for over 200,000 classified school employees, they make
6 decisions on investment of the funds, administration of the
7 health benefits system, controlling all aspects of pension
8 payments for over 200,000 classified employees we have in the
9 system.

10 We are concerned with Congressman Lungren's votes
11 such as his vote for increasing the Social Security
12 eligibility from 65 to 67, his vote against raising payroll
13 taxes to fund the long-term Social Security deficit, and his
14 to vote against ensuring minimum benefits for Social Security
15 beneficiaries.

16 The PERS Board also takes positions --

17 CHAIRMAN ROBERTI: What was the last one?

18 MR. LOW: His vote against ensuring minimum benefits
19 for Social Security beneficiaries.

20 The PERS Board takes votes supporting or opposing
21 Legislation. We often go before the PERS Board for support on
22 bill we carry.

23 Congressman Lungren's record leads us to believe
24 that he will advocate against Legislation that we carry to
25 ensure adequate retirement benefits for our members and

1 beneficiaries.

2 Also as a labor union representing classified school
3 employees, we cannot close our eyes to Congressman Lungren's
4 voting record on labor, civil rights, education. We know that
5 the powers of the Treasurer are vast. We must be concerned
6 about how he will utilize his powers as State Treasurer such
7 as issuing of bonds where he may disagree with particular
8 programs.

9 The only record we can rely on is his voting record
10 in Congress. He voted against reauthorizing 11 expiring
11 education programs, which included adult education, bilingual
12 education, impact aid, immigrant education, the asbestos
13 school hazard detection act. He also voted to cut funding and
14 limit authorization for child nutrition programs, the school
15 lunch and child nutrition act.

16 While nobody can predict how Congressman Lungren
17 will act as Treasurer, we must rely on the same criteria we
18 would had he been running for the office of State Treasurer,
19 and based on this criteria, we oppose Congressman Lungren's
20 confirmation and ask you to vote no on the confirmation.

21 CHAIRMAN ROBERTI: Thank you very much.

22 Any questions?

23 Hearing none, the next witness is Henry Der,
24 Executive Director of the Chinese for Affirmative Action, and
25 the Former Chair of the State Bar Legal Services and Trust

1 Fund Commission.

2 MR. DER: Senator Roberti, Members of the Committee,
3 thank you for the opportunity this afternoon to provide
4 comments and observations about Congressman Dan Lungren's
5 nomination as State Treasurer.

6 For the past fifteen years, I have had the
7 opportunity to work with numerous citizens and public groups
8 and other interested parties to increase and enhance
9 educational opportunities for the citizens of this state.

10 Needless to say, since the early 1980's, members of
11 both major parties in California, virtually every citizen
12 group, interested parents and students all recognize that
13 education has to be the number one priority in terms of state
14 attention, funding, and consideration in order for our state
15 to maintain it's leadership role in our country, if not in the
16 world.

17 Even though the position of the State Treasurer does
18 not have a direct relationship with education in the
19 classroom, the position of the State Treasurer none the less
20 through its chairmanship on the Educational Facilities
21 Authority, the School Finance Authority and the Student Loan
22 Authority has a role to provide leadership, vision and insight
23 into the educational initiatives of our state.

24 Very briefly, it's no secret that in the State of
25 California over 500,000 of our public school children are

1 limited English proficient. This limited English proficient
2 population exceeds the state public school enrollment in 26
3 states in the United States of America.

4 Over three million of our adult citizens in our
5 state are functionally illiterate. We have the largest public
6 school class size in the entire nation. Clearly, we rank very
7 low in terms of per capita expenditure for public education.

8 Most recently I just finished service on the State
9 Commission for the Review of the Master Plan for Higher
10 Education, and clearly one of the issues that I learned as a
11 result of that Commission was the inadequate funding for the
12 over 100 community colleges for the State of California. By
13 the way, 85 percent of all minority students who go on to
14 higher education, in fact, attend the California Community
15 colleges.

16 Further on, in our state, if we look at the
17 University of California eligibility rate for under
18 represented minority groups, Blacks, Hispanics and Native
19 Americans, their ability to matriculate into the University of
20 California is deplorably low. For Blacks and Hispanics, the
21 eligibility rate is barely five percent.

22 Lastly, and probably very important, over one-third
23 of all full-time students in our universities and colleges in
24 the State of California, public and private, come from
25 families with incomes of less than \$25,000 a year, students

1 who need financial assistance or the assistance of student
2 loans to gain access to higher education.

3 Given these problems that the citizens of California
4 face, clearly education has to be an area that every
5 Californian must embrace whether we're Republicans, Democrats
6 or Independents.

7 We must fund education so that every citizen has a
8 chance to be productive members of our society. Consequently,
9 when we look at Congressman Dan Lungren's record in the U.S.
10 Congress on educational issues, his voting record demonstrates
11 that not only has he opposed adequate funding for K-12
12 education or assistance for low-income students in higher
13 education, but his voting record demonstrates that he,
14 himself, is in the minority of his own party. He's not in the
15 mainstream of those Republicans who feel that education is a
16 worthwhile priority with regards to Legislative attention and
17 Legislative funding.

18 In the area of K-12, during the past two years,
19 Congressman Lungren joined a small minority to oppose major
20 appropriation bills in '86 and '87 for funding for K-12
21 education. In fact he joined a handful of his fellow
22 Legislators to reduce the funding that was being proposed,
23 reduce it by percentages of 8 and 9 percent.

24 In the area of higher education, there was a major
25 legislation that was introduced by our own Congressman

1 Augustus Hawkins, or he was part of the effort I should say,
2 HR-3700 in 1986, which was the Higher Education Amendments of
3 1986, and this provided a significant infusion of money to
4 assist higher education institutions, and specifically with
5 HR-3700, it included specific provisions with regard to Title
6 III with regard to the Higher Education Act, to target Black
7 Colleges in the Deep South, but more importantly for those of
8 us in California, to provide funding and financial assistance
9 for those communities colleges and public universities and
10 colleges, such as Domingos Hill and San Francisco State, that
11 have large impacted minority enrollment.

12 Again, with regards to HR-3700, Congressman Lungren
13 joined a handful of minority Legislators to oppose that
14 significant funding bill. Similarly, he also opposed Senate
15 Bill 1965 that would have reauthorized federal student aid for
16 a five-year period during that particular year.

17 As a citizen of California, it saddens me to see
18 that Legislators who hopefully understand the problems of the
19 state, not only in terms of poor educational achievement, but
20 the real challenge we face as Californians in terms of
21 competition.

22 Clearly, even these bills that I have referred to is
23 not enough. I, as one citizen, cannot believe how a
24 Legislator cannot even think of putting us at an equal footing
25 with other people in your country much less not give any

1 consideration as to the challenge that our students, our
2 children must face in the years to come.

3 The work that has been done by State Senator John
4 Garamendi, in the Joint Legislative Committee of Science
5 Technology, during the last two or three years have clearly
6 pointed the way that our state has lost its competitiveness,
7 and his committee rightly pinpointed that the only way for
8 this state to regain our competitiveness in terms of
9 management, operations, and the like, is through education,
10 the adequate funding of education.

11 In closing I would like to make one other statement
12 on Legal Services. As the introduction sighted, I had the
13 privilege to Chair the Legal Services Trust Fund Commission,
14 and I don't want these hearings to be totally pessimistic or
15 bleak on Congressman Dan Lungren.

16 I would like to take this opportunity to
17 congratulate him for one thing. It was because of his
18 opposition to funding for legal services, twice he voted
19 against funding for LSE, to gut it completely, and in
20 successive years, in the early 1980's, he voted to reduce
21 funding for LSE. It was because of that particular position
22 of being totally insensitive to Legal Services to the poor,
23 that this State Senate, through the good leadership of Senator
24 Petris that you created the Legal Services Trust Fund Program
25 to make up for what President Reagan and his administration

1 tried to do in terms of gutting legal services for poor people
2 in our country.

3 It's because of this bill that over \$12 million a
4 year is being allocated to support legal services programs in
5 our state. I think that it's important to understand that
6 state leaders, Federal Legislators, state representatives must
7 continually demonstrate compassion for the poor, for those
8 that are disadvantaged, and, maybe more importantly, to
9 recognize the importance of equality under the law and the
10 importance of education as the equalizer in our society so
11 that all citizens, white, black, brown or yellow, will be
12 treated as equal citizens and become productive members of
13 society.

14 For that reason, I come before you to urge you to
15 deny the confirmation of Congressman Dan Lungren as the State
16 Treasurer based on his legislative record.

17 CHAIRMAN ROBERTI: Thank you, Mr. Der.

18 Any questions for Mr. Der? Appreciate your
19 testimony.

20 The next witness is Honorable Arcadio Viveros, Mayor
21 of the City of Parlier.

22 MR. VIVEROS: Good afternoon. Senator Roberti and
23 Members of the Committee.

24 I am Arcadio Viveros, Mayor of the City of Parlier.
25 I'm here to testify and voice my concerns regarding the

1 appointment of Mr. Dan Lungren, Congressman Lungren, to the
2 State Treasurer's office.

3 Parlier is the poorest community in the State of
4 California. As a matter of fact, in Fresno County, we have
5 three of the poorest communities in the State of California.

6 The reason why I'm here is about a week ago a group
7 of us elected officials in Fresno County got together
8 regarding this very same subject along with other Hispanic
9 leaders in Fresno County.

10 We felt that it was important for us to voice our
11 opposition to the appointment of Congressman Dan Lungren to
12 the State Treasurer's Office. As a citizen of this country and
13 as a registered voter, I would not be allowed to vote for the
14 State Treasurer of the state if it was Mr. Lungren.

15 I feel compelled to share my views on this
16 nomination. I have reviewed Mr. Lungren's background,
17 particularly his qualifications to serve as Treasurer, and
18 have serious reservations about his experience and training to
19 carry out the responsibilities of this office.

20 I'm not aware of any experience he has had in
21 managing personnel and investigating millions of dollars which
22 would require a famous Treasurer of California. A member of
23 the ethnic minority, I'm Hispanic, and I'm very sensitive and
24 aware of claims that my ethnicity has been responsible in
25 securing employment at not qualifications and ability.

1 Having had to deal with such attitudes has instilled
2 in me a desire to be fair and but firm in assuring that
3 individuals be qualified for employment.

4 It's no different in this particular appointment.
5 You have to make sure that the State Treasurer is qualified.

6 I'm supporting California and attempting to be
7 thorough and fair in assessing the qualifications of
8 Mr. Lungren, but today, I must indicate to you that I have
9 serious reservations with a lack of clear provocations that he
10 has to carry out the duties of this office.

11 I have reviewed the Congressional voting record as
12 many of other individuals testifying before you. I am
13 concerned and perturbed with the voting pattern.

14 SENATOR CRAVEN: Excuse me.

15 CHAIRMAN ROBERTI: Mr. Viveros, Senator Craven has a
16 question.

17 SENATOR CRAVEN: Mr. Mayor, a question of you, if I
18 may.

19 Are you referring to the office as an elected
20 office? You are I presume?

21 MR. VIVEROS: Yes.

22 SENATOR CRAVEN: When you talk about this entire
23 menu, you're referring about the elected office, Office of
24 Treasurer of the State of California?

25 MR. VIVEROS: Yes.

1 SENATOR CRAVEN: Can you tell me what the test is
2 for elected office in the State of California?

3 MR. VIVEROS: What is the test?

4 SENATOR CRAVEN: Yes.

5 MR. VIVEROS: If you run for office, you run on your
6 own merits, and if the voters of the state decide to vote for
7 you, you're an elected official.

8 SENATOR CRAVEN: That's what follows. There is a
9 test that precedes that.

10 What is that test?

11 MR. VIVEROS: You have to be a citizen, and you have
12 to register to vote, and then file for the candidacy for
13 office.

14 SENATOR CRAVEN: And you have to be a certain age,
15 too?

16 MR. VIVEROS: Yes, that's right.

17 SENATOR CRAVEN: He obviously meets all of those
18 qualifications.

19 MR. VIVEROS: And you have to appeal to the voters,
20 of course.

21 SENATOR CRAVEN: Well, obviously.

22 The point I was going to make is that you said that
23 you did not think he had the qualifications.

24 In addition to meeting those qualifications which
25 you have just enumerated, he is also a person who has a

1 Bachelor's Degree from a very outstanding University. He has
2 a Law Degree from an equally outstanding University. Wherein
3 is there a deficiency in his presumed education and background
4 to let him do the job of Treasurer?

5 MR. VIVEROS: I think we're talking about the
6 responsibilities that come within the office that he would be
7 managing, and that was involving the managing of a lot of
8 money that has to be done in the best interests of the
9 citizens and residents of the State of California.

10 That's where the test is. As I indicated, I'm not
11 aware of any qualifications that he possess that would make
12 him --

13 SENATOR CRAVEN: A good money manager?

14 MR. VIVEROS: Right.

15 SENATOR CRAVEN: Have you been in Parlier a long
16 time?

17 MR. VIVEROS: I've been in Parlier about half my
18 life.

19 SENATOR CRAVEN: Did you question how much money
20 management, background and experience the predecessor
21 Treasurer had?

22 MR. VIVEROS: In the State of California?

23 SENATOR CRAVEN: Yes, sir.

24 MR. VIVEROS: No, I didn't.

25 SENATOR CRAVEN: Why?

1 MR. VIVEROS: I did when I voted.

2 SENATOR CRAVEN: Did you? When you cast that vote
3 you thought, gee, I hope he knows how to balance a check
4 book?

5 MR. VIVEROS: That's right. And he hasn't had any
6 experience doing so.

7 SENATOR CRAVEN: Well, doesn't he know how to balance
8 a check book and have a lot of experience doing it?

9 MR. VIVEROS: I'm talking about having experience in
10 this particular office that would make him a good candidate
11 for this office.

12 SENATOR CRAVEN: Well, I think he's an excellent
13 candidate.

14 SENATOR CRAVEN: That's your opinion. I don't think
15 he's an excellent candidate for this office.

16 SENATOR CRAVEN: Why? Based on the lack of
17 experience which you have failed to indicate to me?

18 MR. VIVEROS: That's right. I have not discovered
19 any compelling reasons or experience that would indicate that
20 he is extremely qualified for this office.

21 SENATOR CRAVEN: Very well, thank you.

22 MR. VIVEROS: Thank you very much.

23 If I may continue, i recognize that he will not be
24 voting on such policy matters that would indicate issues
25 regarding the immigration or voting rights or legal services

1 or several other issues that is not in that office
2 responsibilities.

3 What I am concerned about is the attitude that he
4 has demonstrated in his voting record in Washington. I'm
5 concerned about specifically the money that he has to invest
6 and that attitude that he would carry in specifically programs
7 such as housing.

8 In my community in recent years, we have tried to
9 address the needs of the individuals who do not have money to
10 own their own home nor to rent a place for them to live in.

11 I think, for example, the CHFA, the California
12 Housing Financing Administration that the state has has
13 tremendously helped my community and other communities in the
14 Valley to try to address the needs of housing for those
15 moderate income and also the poor people.

16 SENATOR CRAVEN: May I interrupt you again?

17 MR. VIVEROS: Sure.

18 SENATOR CRAVEN: Now, you're going to have to tell
19 me about the housing financing and so forth.

20 Since you know the interworkings and the machinery
21 of the office, is that basically something that the Treasurer
22 does at his own initiative or is that something that somewhat
23 comes to him secondhandedly?

24 MR. VIVEROS: I'm concerned that if he does not like
25 to meet the needs of the poor people, which he has clearly

1 indicated in his voting record, that he would try to divert
2 some of those monies away from financing homes for the poor,
3 and that's the concern that I have.

4 SENATOR CRAVEN: If he had a Legislative Mandate to
5 do the contrary?

6 MR. VIVEROS: If it's a Legislative Mandate he
7 cannot, but within that office I'm sure he has a lot of
8 discretion into areas that he fits, he could have impact.

9 I'm scared for the fact that if he does not like the
10 program, that he would do his best to introduce Legislation,
11 if he so desired, to have you change some of those policies.

12 SENATOR CRAVEN: Do you have discretionary judgment
13 allowed you as the Mayor of the City of Parlier?

14 MR. VIVEROS: Yes, I do.

15 SENATOR CRAVEN: Do you take action that fly in the
16 face of good political judgment?

17 MR. VIVEROS: Do I take actions?

18 SENATOR CRAVEN: That fly in the face of good
19 political judgment?

20 MR. VIVEROS: I take action and take into
21 consideration the needs of my community and the best and
22 general benefits of the community as a whole.

23 SENATOR CRAVEN: What gives you the reason to
24 suppose and presume that he would not act in the same manner
25 since he, like yourself, is a man of good conscience?

1 MR. VIVEROS: I have read his background in terms of
2 the voting record, and it's clear to me what his whole goal
3 and objective is as a Legislator in Washington, and to support
4 programs in the nation and voting, and every single program
5 that the President had wanted to do in guiding the social
6 program.

7 By example you can pretty much determine what type
8 of person a person is.

9 SENATOR CRAVEN: You're aware of his work in the
10 immigration field and with minority people?

11 MR. VIVEROS: I'm aware that he was involved in the
12 immigration bill. There are certain areas in that I do not
13 agree to in that immigration bill, specifically that's the H-2
14 programs that will import laborers from outside the country to
15 work in the fields.

16 Where as in our own areas we have a high
17 unemployment area and high unemployment rates, specifically in
18 Fresno County is reaching at times to 19 percent. That's
19 something that we have to evaluate.

20 SENATOR CRAVEN: Is that something that really
21 you're referring to, is that a federal issue or more localized
22 and may even smack of being an issue involving labor and
23 union.

24 MR. VIVEROS: Well, it is an issue of people that do
25 not have jobs, and particularly in the Hispanic community, we

1 have the highest unemployment rate in our community because
2 there is no system in our communities in the valley that will
3 bring jobs. There is hardly any assistance from the Federal
4 Government to create an environment to create jobs.

5 For example, the revenue sharing program was taken
6 out, was gutted out.

7 SENATOR CRAVEN: Are you saying, Mr. Mayor, that you
8 have more people in your community, in your city, than you
9 have jobs available for them?

10 MR. VIVEROS: That's true.

11 We're talking about Parlier is 99 percent Hispanic,
12 a community that lives on agricultural industry.

13 SENATOR CRAVEN: What is your population?

14 MR. VIVEROS: 7,000. It is the fastest growing
15 community in the State of California, second to Palmdale.

16 SENATOR CRAVEN: You've got our work cut out for you
17 then, obviously.

18 MR. VIVEROS: As I said before, we in the State of
19 California are reaching 40 percent population, minority
20 population, that comprises of Blacks, Hispanics and Asians.

21 I feel that if we are ignored in our needs and the
22 needs of our people, that the State of California, it will be
23 the same franchise of the grayness that the state is. We, all
24 people and citizens, should have the same rights and same
25 opportunities as anyone else in this country to come ahead.

1 We should not approve the appointment of Mr. Lungren
2 because I think that with his attitude would be the same
3 franchise even further.

4 Thank you for your time.

5 CHAIRMAN ROBERTI: Thank you, Mr. Mayor.

6 The next witness is Mr. John Gamboa, Chair of the
7 Latino Issues Forum of San Francisco.

8 MR. GAMBOA: Thank you, Senator, and thank you
9 Committee.

10 First of all, I'm not the Chair of the Latino Issues
11 Forum, I'm the interim director of the Latino Issues Forum.
12 It's an umbrella organization composed of leaders of the major
13 Hispanic organizations in the state including the two largest
14 membership organizations GI Forum and LULAC.

15 I want to thank you for the opportunity to address
16 this body today. My testimony will be very brief.

17 I'm very unhappy that my first opportunity to
18 address a body such as this will be to try to convince you to
19 deny Mr. Lungren the position of State Treasurer.

20 It's not in my nature to publicly criticize another
21 human being, but I really feel that appointing Mr. Lungren is
22 a mistake that will negatively effect the health and welfare
23 of Californians, and I mean all the citizens, the minority
24 population and the majority population, the young and the old,
25 and especially the poor.

1 Mr. Lungren has shown by his Congressional voting
2 record against the California minorities that he's willing to
3 mortgage California's future. It appears to me that he has
4 taken a negative position on virtually all bills with programs
5 that would improve minorities and the poor's ability to
6 improve their lives and increase their income.

7 He has acted toward children, especially poor
8 children, in my estimation, worse than Scrooge did towards
9 Tiny Tim before the visits of ghosts.

10 Mr. Lungren does not possess, what I feel, a
11 balanced need for a state leader such a State Treasurer.

12 His record shows that he places the defense industry
13 much before he does children's lunch money. His record
14 against poor children includes voting against nutritional
15 assessments of our population, cost of living adjustments for
16 school lunches, educational appropriations, increasing day
17 care programs for working parents who can't afford adequate
18 day care, emergency school aid which would support federal
19 assistance for school desegregation, financial aid for
20 students, foreclosure relief for unemployed veterans,
21 emergency assistance for the homeless.

22 His record against poor children also includes
23 voting for reduced funding for education, cutting food stamp
24 funding, reduced funding for low-income housing. The results
25 of this record against children, especially poor children and

1 minorities, will be felt very soon negatively by all
2 Californians, but especially by our elderly.

3 It is estimated by demographic experts that by the
4 year 2030, the elderly population in California will increase
5 over 200 percent.

6 In contrast, the working age population in
7 California will only increase by 50 percent. The ethnic
8 composition of the working age population will also change
9 dramatically. Two-thirds of the working age population will
10 be minorities, and two-thirds of the minority working
11 population will be Latino.

12 In 1985, the elderly dependent ratio was 164 elderly
13 for every 1,000 working age persons. In the year 2030, the
14 elderly dependency ratio will be 357 elderly for every 1,000
15 working age persons.

16 The Anglo will compose the majority of the elderly
17 population, two-thirds of it. And the majority of the working
18 age population will be like I said, minority, two-thirds.

19 That could be generally said that the elderly Anglo
20 will be dependent on the earning capability of the working age
21 minority.

22 It could also be said that Mr. Lungren's attitude
23 toward the underprivileged as expressed by his voting record
24 is extremely shortsighted and dangerous to the future of
25 California, especially the elderly.

1 It's estimated that just the public funded portion
2 of support for the elderly will grow 700 percent from 1980 to
3 2025. My feeling is that the decision the minorities make
4 about their willingness to support the elderly will be heavily
5 colored by the treatment they receive by society in the years
6 now to the year 2010 or 2030.

7 Congressman Lungren's voting record against them
8 will certainly be one factor. How large a factor depends on
9 what happens now.

10 By appointing Mr. Lungren to Treasurer will show
11 minorities that you're willing to reward the type of voting
12 record, my feeling anyway, that Mr. Lungren has.

13 So, I ask that you do not appoint him to a position
14 that he could not be fairly elected to if the opportunity was
15 given to the state.

16 SENATOR CRAVEN: Mr. Gamboa, if I may?

17 You indicated at the outset that you are, in fact, a
18 charitable person by virtue of the remarks that you made, and
19 yet strangely you're not willing to share any charity toward
20 the nominee today.

21 You have taken your weapon and with a scatter shot,
22 you just bounced the pellets off everything that you could
23 find.

24 I just wonder how much of the background of those
25 things of which you have been critical do you really know

1 and/or understand? You've got to understand, and I'm
2 confident ^ that ^ thank you'll agree with me, that Mr.
3 Lungren has Latinos, children, underprivileged people and poor
4 within the district he represents. They may not be the
5 majority, but they're certainly there.

6 You must also presume, or I will, that a lot of
7 those people are voters. I don't understand and view and in
8 face of the fact that the Congressman has been elected five
9 times, and during the course of his service in the Congress of
10 the United States, he is been designated by a national
11 non-partisan publication, a publication that will take on
12 Democrats as well as Republicans, and he has been declared to
13 be one, in their judgment, one of the future leaders in this
14 country.

15 I can't understand if he was doing such an abysmal
16 job, and if he was the ogre which you have painted him to be,
17 how in the hell he gets elected.

18 MR. GAMBOA: That's also a surprise to me, Senator
19 Craven.

20 SENATOR CRAVEN: We share something in common.
21 It just does not make what I would call good sense
22 does it?

23 MR. GAMBOA: It does not appear to be.

24 SENATOR CRAVEN: Then one of us is wrong somewhere
25 along the line, or we're overlooking something.

1 MR. GAMBOA: Mr. Craven, I hope that time doesn't
2 show that you're wrong by appointing Mr. Lungren to this
3 position.

4 SENATOR CRAVEN: Well, I thank you for those
5 remarks.

6 You know, as I said in my outset referring to your
7 words, you showed charity, and I'm willing to have that
8 charity. You know they say there are three things, faith,
9 hope and charity. The greatest of these is charity. I'm not
10 going to factor out hope, and certainly I'm not going to
11 overlook faith because I have the faith in the man, his
12 background.

13 There is nothing in his make up that would indicate
14 or move or veer him in the direction of so many of the
15 indictments which you have leveled against him. None at all.

16 He is a man, in my judgment, as little as I know
17 him, and I don't know him well, who I think is a person of
18 compassion. He is a person who I think has all of the
19 characteristics that you would hope to find in an elected
20 official. I really feel that sincerely.

21 MR. GAMBOA: Mr. Craven, I did not take this
22 position very lightly. It was a review of his voting records
23 that led me to this position.

24 I'm sorry we disagree.

25 SENATOR CRAVEN: I'm sorry, too. I'm sure that in

1 his rebuttal the Congressman will pick those things up, I
2 think as he has done heretofore, rebut it with a great deal
3 deal of aplomb.

4 Thank you, John, for your testimony.

5 CHAIRMAN ROBERTI: Thank you, Mr. Gamboa.

6 Finally, our last witness -- well, our last witness
7 on the schedule is Mr. Arnold Torres, the Former President of
8 the League of United Latin American Citizens.

9 MR. TORRES: Mr. Roberti, before I begin, I want to
10 express my appreciation to the Committee and compliment the
11 Chairman of the Committee and the Members for sitting here the
12 whole time.

13 I testified at least 20 times in Washington on
14 confirmations of Mr. Reagan's nominees, and usually we only
15 had one. So, contrary to the charges of unfairness, I must
16 say that you all have been here a great deal of time and I
17 very much appreciate for that fact.

18 CHAIRMAN ROBERTI: I might point out that it's a
19 self-serving statement, thank you, that we are here, and it
20 wasn't according to our original schedule. Our original
21 schedule was to go the first week in February, but out of
22 deference to both the administration and Congressman Lungren,
23 we postponed that by two weeks, even though if the assumption
24 is made that there are a lot of Democrats opposed to the
25 Congressman's confirmation, that gives us much less time to

1 pursue a so-called Democratic position of opposition.

2 We put it off for two weeks. I appreciate your
3 comment because it gave me the chance to make mine.

4 MR. TORRES: I also wanted to say, and I think that
5 the Congressman would agree with me, in the Senate nominees
6 don't have a chance to rebut as extensively as Mr. Lungren has
7 and to show his articulate wares and the weapons that he has
8 at his disposal.

9 In the six years that I represented the League of
10 United Latin American Citizens, the country's largest Hispanic
11 civil rights group, in Washington, I had, most of time I would
12 characterize it as, the privilege of working with him; often
13 times against him.

14 But I think that in the last day and a half that
15 he's been with you, as well as before the Assembly, I think he
16 has definitely demonstrated his formidable weapons and his
17 abilities.

18 I have to say that Mr. Lungren is one of the best
19 prepared Members of Congress that I ever dealt with. That
20 could be a sad commentary on other Members of Congress or, in
21 fact, as I mean it to be, a very strong compliment to Mr.
22 Lungren.

23 I think he's demonstrated that today and yesterday.
24 He is very well prepared and has always been. He has always
25 provided access to those of us who had differences with his

1 opinio and his votes.

2 I have no complaints with regards to that. I would
3 never personally characterize him as a racist.

4 I indicated at times the many, many arguments we had
5 on the cable news network, over the 20 or 30 time I testified
6 before his subcommittee, that he was supporting things that in
7 our opinion were somewhat along the lines of bigotry, but I
8 never would say that Mr. Lungren is a bigot or Mr. Lungren is
9 a racist. I do not believe that under any circumstances.

10 I do believe, however, that there are certain things
11 that I would like to bring to the attention of the Committee
12 based on six years of working with Mr. Lungren, based on six
13 years of knowing what his record is.

14 I'm not concerned about how people rate him. I
15 think that the fact that people regard him as one of the
16 outstanding Members of Congress, I think that is probably very
17 well merited.

18 I'm not concerned whether the AFLCIO votes against
19 him and says that he's only got a 10 percent rating. Voting
20 tallies are, in my opinion, very relevant to some extent.

21 I think more tallying are the comments that he
22 makes, the rationale that he uses in explaining his votes and
23 the things that he's done in the past.

24 That's what brings us to the concern that I want to
25 bring to this Committee. Mr. Lungren has indicated to you

1 today that he thought you want fiscal responsibility, that you
2 want someone who has job responsibility, that you want someone
3 with integrity, someone who is proud of the job that they have
4 executed and hope to be executing in the near future.

5 But unfortunately, what Mr. Lungren has not
6 indicated is that you also want to have a person who is
7 receptive, responsive, open and willing to actually
8 incorporate perspectives of people that do not necessarily
9 conform to his view of the world.

10 Mr. Lungren is probably one of the most adept people
11 at being able to respond to criticisms or to concerns that
12 have been raised on the records yesterday and today. And as I
13 am about to leave, he may chose to ignore what I've said, or
14 he may go into an extremely long and very articulate
15 explanation of why he's done what he's done.

16 It is unfortunate that he and I could could not
17 debate these issues, because he and I had extensive time
18 together on the Voting Rights Act on Immigration. The reason
19 why these two issues are very important is because they
20 illustrate, in my opinion, a tendency that he does have, which
21 is of concern should he be confirmed as Treasurer.

22 Mr. Dan Walters of the Sacramento Bee and other
23 outstanding journalists of this city and this state have not
24 been able to make the linkage of what Mr. Lungren has done and
25 how he has voted in the past with his job as Treasurer of the

1 State of California.

2 Mr. Lungren, if in fact he is confirmed by you all,
3 will be the Treasurer of all Californians, not of his
4 Congressional District, Mr. Craven, but all Californians.

5 In that regard, the number people who are poor, the
6 number of people who are Hispanic, the number of people who
7 are Black, the number of people who have a lot of concerns
8 with some of the things that he has done, increases
9 significantly, Mr. Craven, significantly.

10 I think that may be one of the reasons why he has
11 always been elected, and also he's very well prepared.

12 SENATOR CRAVEN: Well, I don't think philosophy is
13 changed by a virtue of volume.

14 MR. TORRES: No, sir. I'm not saying that they do.
15 What I'm trying to say to you is that by virtue of the fact
16 that he becomes the Treasurer, he's not the Treasurer of the
17 Congressional District that he represents now. He's the
18 Treasurer of the of California that has, in 1980 had,
19 according Population Reference Bureau, 32.3 percent minorities
20 in the State of California.

21 In 1990, over 40 percent of this state's population
22 will be will be minorities. What I'm trying to say, and I
23 think it has been brought out repeatedly, and I'm not going to
24 belabor his votes on education, immigration, all of these
25 other things. What it shows to me, and this is what always

1 concerned me when I had to deal with him -- he would talk to
2 me. He would meet me outside of a hearing room, on the Floor,
3 on the side of the Rayburn room, off the side of the House
4 Floor. No problem. He's very accessible and very willing to
5 get into a banter and get into a long discussion.

6 The problem is when we would come to talk to him and
7 say, look, we understand your going to have to vote this way
8 on this issue, and I'm not going to belabor it anymore, but
9 would you help us on this one.

10 There is only one exception that I can recollect in
11 when he did that, and that was on search warrants for
12 agricultural, for the INS to come on to the fields of
13 agriculture in order to do inspections of people's
14 documentation. That was the one thing that I knew if I went
15 to him and said would you support this because you're going to
16 do this other number on us on this other issue, we need you on
17 this one, he would say yes, and he did.

18 That's the one exception. I think that it -- I do
19 not question Mr. Lungren's integrity.

20 What I question is, I have my reality, Hispanics
21 have their reality, people who are poor have their reality,
22 people who need legal services have their reality. There is a
23 tremendous amount of realities out there.

24 What Mr. Lungren, unfortunately, has done, in my
25 opinion, during his tenure in Congress is to somehow insist

1 that the realities that he has is, in fact, the one that he
2 will impose. He has not been open to somehow incorporating 20
3 percent of the time, 10 percent of the time, 15 percent of the
4 time.

5 The perspective of those of us outside of mainstream
6 America have always wanted Wants him to somehow understand. I
7 can go tit-for-tat with him. I know his record. I know what
8 he said on the House Floor. I've got all kinds of stuff here
9 ready to go. You all don't have the time. I certainly don't
10 have that luxury to get into that kind of debate with him.

11 We had it once or a couple of times on cross fire on
12 immigration on the English issue as well. I don't think it
13 makes much difference what he will say in responding to how he
14 voted on those issues.

15 I think the most important thing is that he will be
16 the Treasurer, if confirmed, for all of California. How will
17 he somehow -- will he, better yet, change his almost
18 reluctance at times to incorporate the perspectives of people
19 who are not within the realm of his reality? Will he seek to
20 impose his realities on those people who have suffered?

21 I'll give you one great example of that. The Voting
22 Rights Act Extension. He did a lot of work on that. He may
23 have done more work on it than people would like to believe,
24 and he may not have done as much as he would like people to
25 believe.

1 Let me give you some facts. 2,800 pages of
2 testimony. Three volumes on VRA. Over 180 witnesses. I
3 don't know how many field hearings you all had. You must have
4 had at least five, I think. Over 160 of those witnesses, Mr.
5 Craven, testified, on the record, saying please extend the
6 Voting Rights Act as it is. Mr. Lungren, before the Assembly
7 Committee, on the record, in fact, it says here -- maybe you
8 can get to the same page. H-6961 of the Floor debate on this
9 issue.

10 He indicates, and this is what is troubling, he
11 indicates that in response to Mr. Conniers comments, he
12 indicates that I still do not believe all of the angels or all
13 of the devils of this country live in one part of the country
14 or another.

15 When you put that in the context of the whole
16 debate, when you put that in the context of over 160
17 witnesses, and I can get the volumes for you, no problem, I
18 can go back to my office. 160 witnesses who said realities,
19 our realities, collectively and individually as human beings
20 has been that we have suffered at the hands of this.

21 He even goes on to say on that same page that in
22 fact they catalogued a chamber of horrors in many cases which
23 convinced, I think the Gentleman from Illinois, Mr. Hyatt,
24 myself the fact that we needed pre-clearance.

25 But you see, here's the qualifier. Mr. Lungren

1 agreed with the concept of pre-clearance. He agreed very
2 wholeheartedly with the concept of pre-clearance. What we he
3 did not agree with was the concept of the people who wanted
4 and needed and were in desperate need of that pre-clearance
5 the way they had experienced it and the way they felt it would
6 actually be of assistance to them.

7 He turned around and decided to support an amendment
8 that was the opposite of what 160 witnesses told him they
9 needed. That's what is troubling me.

10 Here is another section, very quickly. Immigration.
11 He indicates, and he said this quite a few time in the years
12 that I was with him, he talked about people living in holes in
13 Southern California. Doggone it.

14 San Diego County.

15 SENATOR CRAVEN: I've got them living in my
16 neighborhood.

17 MR. TORRES: Mr. Lungren and I remember so he knows
18 I won't quote him out of context.

19 He says that these people are living in holes, that
20 something has to be done. I remember he said that. He said it
21 at least five times on the record in the days that I debated
22 with him, it was a six-year debate on immigration.

23 And I once asked him, what do you propose to do
24 about those holes? This was not on the record for the
25 hearing, but after his comment. He wanted to support

1 immigration reform because in his opinion immigration reform
2 and legalization would, in fact, remedy the problem for those
3 people.

4 Legalization is not going to remedy the problems of
5 those people living in holes, Mr. Craven. No, immigration
6 reform is still not going to remedy the problems of those
7 people living in those holes in Southern California or San
8 Diego County.

9 What I thought Mr. Lungren would have wanted to do
10 was to institute and have some laws out there that would make
11 sure that people, whether they are legal or illegal, never
12 live under those conditions.

13 And if you read -- doggone it, I forgot to bring it.
14 I don't have it with me now, but if you had read what I
15 thought was the intensity of his comments, I would have
16 thought that he would have taken that extra step and said, I
17 will lead. I will show and demonstrate and manifest my
18 commitment to this population by taking affirmative steps, not
19 just by supporting what is on the table, not simply by doing
20 everything he could -- and I must give him a lot of the credit
21 for passing the immigration reform bill.

22 Mr. Mello, in this regard he is excellent. He made
23 this thing go. He revived it in a way that no one else has.
24 I must give him that credit. I didn't like the bill. Never
25 would have supported it, but he gave it that movement, and he

1 allowed it to pass. But he never once said, okay, I'm going
2 to do something directly to try to remedy that problem.

3 That's my point. On the VRA and on this issue,
4 illustrate the fact that he has his reality. Anything that is
5 out of whack with that reality, he bristles and says, fiscal
6 concerns, government jurisdiction, intergovernmental
7 relations -- he has and always will be able to explain his
8 votes very well. He is excellent at that.

9 But if Treasurer, if confirmed as Treasurer, is he
10 going to continue to do that when it comes to student loan
11 difficulties, and all the things you heard before you today
12 and yesterday and the Assembly heard. What will he do?

13 He's going to say, I will carry out the mandate of
14 the Legislature. I will carry out the mandate of the
15 Governor. That's irrelevant to me. The Legislature isn't
16 going to be governing and overseeing every action that he
17 takes. That's not your responsibility.

18 And the Governor -- we're not here to discuss the
19 Governor. So, we shouldn't even discuss what mandate the
20 Governor is going to give him.

21 My concern, as a Californian, not necessarily as a
22 Hispanic, Mr. Craven, but as Californian in a state that is
23 becoming a state of people of color.

24 Will Mr. Lungren be able to expand his reality and
25 understand that people cannot fit his view. People cannot fit

1 his perspective, and try to do something that will allow them
2 to come into that mainstream a little bit quicker.

3 That does not mean he has to always agree with us.
4 He never did, gee whiz. If at least 10 percent of the time he
5 had come with us, I wouldn't be up here today. I would not
6 have come up here today because I like Dan Lungren, and I
7 respect his preparation and his intelligence, and and I wish
8 other Members of Congress were just like that as well when I
9 was there.

10 I'm troubled by the things I've told. I hope as you
11 go about your business of deciding, that it will not be a
12 partisan vote, because you, Mr. Craven, you're a Senator of a
13 district of not just people who share your opinion, you're the
14 Senator of a district that has varying opinions and that
15 Treasurer, and statewide officer must have be flexible in
16 order to have a balance in those opinions.

17 The concern I've got, once again, is I wonder if he
18 does. I hope as you continue with your deliberations that you
19 may have with the Governor or whatever you all are going to do
20 about -- this idea that this is a partisan fight should be
21 completely removed from the table.

22 You're all going to be voting for Californians, darn
23 it. You all are going to be voting for people of color who
24 have got a lot of problems. This gentleman is in a position
25 as a result of Mr. Unruh's job, who I would love to criticize,

1 unfortunately the gentleman has passed away.

2 Mr. Unruh was not perfect. He was far from
3 perfect. Now, we have the chance to improve to on that
4 model. I generally hope this Committee, and I compliment you
5 again, not because you're a Democrat, but because you have
6 bent over backwards to allow Mr. Lungren to get his comments
7 on the record, and I think that is very fair.

8 I appreciate your time and indulgence. I know you
9 all want to celebrate, I think Chinese New Year. I'm sorry if
10 we overstepped the boundries or whatever.

11 I sincerely hope that you will be extremely
12 deliberate in your deliberations. I certainly hope that this
13 idea that is a partisan fight be removed from the table
14 because this is California's future. This gentleman in the
15 position that he may occupy is the very key to that future.

16 That future includes over 40 percent people of
17 color, and that is a major concern to me as a person of color
18 in California.

19 Thank you very much.

20 CHAIRMAN ROBERTI: Thank you, Mr. Torres.

21 Any questions? No.

22 Thank you.

23 We are going to take a break.

24 We have Mr. Raymond Johnson still to testify from
25 Los Angeles NAACP, and any others in the audience who wish to

1 speak. Then we'll have a rebuttal from Congressman Lungren.

2 We'll break for ten minutes.

3 (Thereupon a brief recess was taken.)

4 CHAIRMAN ROBERTI: The Committee will come to
5 order.

6 We have a quorum.

7 Mr. Raymond Johnson, Jr., President of the Los
8 Angeles Chapter of Jr. of the National Association NAACP.

9 MR. JOHNSON: Thank you very much, Senator Roberti
10 and other Members of this Committee for the opportunity to
11 appear before you to discuss the appointment of Daniel E.
12 Lungren for the new Treasurer for the State of California.

13 I would like to point out to you that this is an
14 opportunity that is not taken lightly. We consider it an
15 important issue in the State of California, and one which our
16 branch, and I feel many members of the Black Community wishes
17 us to take a stand on at this particular time.

18 We are opposed, the Los Angeles Branch of the NAACP
19 is opposed, to Mr. Lungren taking the position as Treasurer,
20 and we seek that you -- request that you vote against his
21 obtaining that position.

22 On February 10, the Executive Committee of the
23 Branch did meet, and at that time, the Executive Committee
24 voted unanimously to oppose Mr. Lungren for his position as
25 the State Treasurer.

1 Recently I had the pleasure of meeting Mr. Lungren
2 when he was in Los Angeles. I come here not to advocate him
3 being a racist or him being a bigot in any regard, but here to
4 point out to you the issues which are of very vital concern to
5 us in the State of California, and on a national basis as
6 well.

7 The Los Angeles Branch is the largest branch on the
8 west coast. We have over 9,000 members. They represent not
9 just Blacks but other ethnic groups and other racial groups as
10 well. We consider ourselves to be in the forefront of the
11 civil rights advocacy here in the State of California. We're
12 also the third largest branch in the nation.

13 As a result, we are able to receive a lot of
14 information regarding activities in Congress from our national
15 office, and we have a very good relationship with our
16 Legislative Lobbyist in Washington, D.C.

17 It's our position that Mr. Lungren in this
18 particular case was nominated to fill this position of State
19 Treasurer because of his ideology, and as a result of that, we
20 feel and seek from you that you vote against him for the very
21 same reason.

22 In 1980, to give you an example of why we feel he's
23 insensitive to many of the views of minorities, particularly
24 the Blacks, in 1980 he voted against the revisions of the Fair
25 Housing Act, HR-5200, which were designed to strengthen the

1 Federal Fair Housing Laws in this country.

2 In 1987, before the House Judiciary Committee, he
3 voted against the Hate Crimes Statistics Act, HR-3193. That
4 bill would require the collection of valuable data relating to
5 racial, religious, sexual orientation and ethnic hate crimes
6 throughout this country.

7 I would like to point out you that this year the
8 NAACP Los Angeles Branch, reported a 150 percent increase in
9 the number of hate crimes against minorities in the City of
10 Los Angeles. 150 percent increase. Primarily race related
11 hate crimes.

12 I would like to point out that the Los Angeles
13 County Human Relations Commission also reported an increase.
14 Their increase that they reported was was 300 percent. It's
15 very important that a viable common data base bank be
16 developed or implemented in order to record, in order to
17 follow, in order to track any type of racial violence directed
18 towards minorities in this country, especially Blacks.

19 Without that we're unable to monitor, unable to
20 Legislate in those areas to make sure that the conduct is not
21 curbed. That's why it was very important for this particular
22 amendment and that we receive Mr. Lungren's support.

23 We did not receive it. As a result, that, in
24 effect, shows that there is insensitivity on his part to
25 really look at and really see the concerns of a very large

1 minority in this country has it relates to the quality of
2 life, particularly the racial violence directed towards them.

3 In 1984 and 1987, he supported efforts to decrease
4 or eliminate funding for Legal Services Corporation, HR-4169.
5 Those funds were needed to assure equal and adequate
6 representation by those who can least afford legal redress,
7 the poor and the minorities in this particular country.

8 Our legal redress at the NAACP has been flooded over
9 the last several years with requests for assistance. We are
10 unable to respond. We are unable to send those individuals,
11 who need the help, who need the assistance, to the various
12 agencies that received funding from the Legal Services
13 Association because their funding has been drastically cut.

14 Let me point out to you, I'm not a representative, I
15 am not speaking to you as a representative of the State Bar of
16 California. I'm not speaking on behalf of the State Bar of
17 California; however, I do sit on the Executive Committee of
18 the California State Bar as it relates to the Legal Service
19 Commission. On that particular committee, I see first hand the
20 need for continued legal services for minority and poor.

21 I see the lack of funding that is available and has
22 been available in the past because of the budget cuts and
23 because of actions such as Mr. Lungren which actually hurt the
24 minorities and poor who really need most additional legal
25 services and legal redress.

1 We don't have that, in part, because of the rhetoric
2 and, in part, because of the philosophy of Mr. Lungren. I
3 would like to point out also in 1981, he sought to weaken the
4 Voting Rights Extension Act, HR-3112, by introducing an
5 amendment to eliminate the requirement for bilingual ballots.

6 Also, you heard previously through the last speaker
7 discussion as to pre-clearance and his attempt to weaken that
8 effort despite the fact of many, many individuals coming
9 before him and discussing with him the fact that we needed to
10 leave the pre-clearance provisions intact in order to make
11 sure that protections are provided to individuals who might be
12 subjected to voting rights discrimination in various states
13 throughout this country.

14 In 1984, HR-5490, he voted against broadening the
15 Civil Rights Act of 1984 which would have helped to increase
16 the protection as it relates to race, creed and religion.

17 In 1985, he voted against HR-1460 which was designed
18 to impose sanctions against South Africa. That's a very, very
19 sensitive subject to Blacks and other minorities in this
20 country, especially to Blacks at a time when we are seeking to
21 educate Blacks as to the problems in South Africa, how the
22 majority of the population in the nation of South Africa is
23 subjected to all kinds of crimes committed by a government who
24 has no respect for life, liberty or self-determination by the
25 majority of the people.

1 This came at a very unfortunate time. He played a
2 part in trying to defeat the HR-1460.

3 In 1986, he voted against the override of President
4 Reagan's veto of sanctions against South Africa through
5 HR-4868.

6 In the area of economic development, he supported
7 the lattice substitute amendment that called for the
8 elimination of the Small Business Administration and housing
9 programs.

10 I'm a member of the National Boards Economic
11 Development Committee, and as such, I'm very concerned about
12 economic development programs and how they relate to Blacks
13 and other minorities in this country. There is a lack of
14 sensitivity in Congress as it relates to the Small Business
15 Administration and as it relates to economic development for
16 Blacks and Black businesses. We need to strengthen them. We
17 need to strengthen them through more and additional funding.

18 However, if we were to look at it through Mr.
19 Lungren's eyes, we would find that those agencies, such as
20 Small Business Administration, would no longer be around.

21 In 1986, he supported the Hiller amendment which
22 reduced by \$95 million the amount of direct loan authority
23 contained in the main bill for the Small Business
24 Administration. That is something which really concerns us.
25 We need more funding. We need more availability to the

1 minority community to mainstream work in the State of
2 California and in this country; and if we don't have
3 additional funding through loan programs, we're not going to
4 get it.

5 In 1984, he voted to cut funding and limit
6 authorization for school lunch and programs and child
7 nutrition programs and the Child Nutrition Act. That was
8 something again that directly affects the poor and minorities
9 and Blacks in this country.

10 In 1984, he voted to cut spending for education from
11 \$1.7 billion to \$944 million.

12 In 1986, he voted against new aid for protection
13 advocacy programs for the mentally ill.

14 He demonstrates an insensitivity, not racist, not
15 biased -- excuse me, not bigotry, an insensitivity regarding
16 Blacks, women's and other minorities. These are very important
17 issues in the State of California that concern you say because
18 you will find in your work there will be bond issues relating
19 to the concerns of the Black community.

20 It's questionable whether Dan Lungren would support
21 bond initiatives in favor of Blacks.

22 The NAACP voting record of Mr. Dan Lungren while he
23 was in Congress is very poor. If I may point out, in the 98th
24 Congress his record, he received a grade point average of 30
25 percent. When I was going to school, 30 percent was very low,

1 and I think for Congress it's still very low, especially when
2 it's related to NAACP concerns.

3 He voted against the emergency jobs, the rescission
4 relief. He voted against health care of the unemployed. He
5 voted against the Civil Rights Commission, the amendment for
6 removal for cause only. He voted against the Community
7 Renewal Employment Act. He voted against the ERA. He voted
8 against emergency housing. He voted against the child
9 nutrition programs.

10 In hte 99th Congress, he received a grade point
11 average of 40 percent. So his record is very as it relates to
12 the NAACP.

13 He will be sitting on very important commissions.
14 He will be sitting on and very important boards. He will be
15 chairing many of them. I would like to read some of those we
16 feel are important to the Blacks Community: The California
17 Educational Facilities Authority; the California Health
18 Facilities Financing Authority; California Housing Bond Credit
19 Committee; California Industrial Development Finance Advisory
20 Commission; California School Finance Authority; California
21 Student Loan Authority; the Hazardous Substance Clean-up
22 Committee; the Veterans Debenture Finance Committee; the
23 California Housing Finance Agency. These are some of the
24 examples where we would have serious concerns about Dan
25 Lungren as the State Treasurer.

1 As has been pointed out, he has been accessible.
2 You can approach him. You can talk to him. He will make
3 himself available. However, he holds and looks at the world,
4 as some of you may have heard, through his own prescription of
5 tinted rose-colored glasses. It is very difficult to pierce
6 that or suggest to him that the tinting color of that needs to
7 be removed, and that you need some clear glasses to really see
8 what the issues and problems are.

9 That is our concern. He is approachable; however,
10 we cannot get him to come around to support the issues in
11 those interests of those issues to support Blacks in this
12 country, and as State Treasurer, we would have the same
13 concerns.

14 Based upon that, ladies and gentlemen, we would ask
15 you to vote against Dan Lungren as State Treasurer.

16 Thank you very much.

17 CHAIRMAN ROBERTI: Thank you very much, Mr. Johnson.

18 Any questions?

19 Hearing none, we appreciate your testimony.

20 Is there anyone else in the audience who chooses to
21 make a statement this afternoon?

22 Seeing none, any questions from the Committee?

23 Congressman Lungren, you may conclude.

24 CONGRESSMAN LUNGREN: Thank you very much, Mr.
25 Chairman.

1 I must say that after listening to some of the
2 comments this afternoon it reminds me of what Yogi Berra said,
3 Deja Vu all over again.

4 I have heard the recitation of my shortcomings more
5 times than when I heard it when my mom used to talk about it
6 when I was a kid.

7 Let me go over some of them and hopefully not take
8 us too much past the time that we would like to leave.

9 I guess I just have a slightly different viewpoint
10 of responsible government than some who have spoken. I get the
11 idea that some who have spoken believe that if you're the
12 father and mother of a family and your children ask you for
13 things or your spouse asks you for things as well as your
14 children, and you give them everything that they ask for but
15 you drive the family into bankruptcy, according to the
16 definition of some of the people who opposed me, you're to be
17 considered commendable and compassionate.

18 But if you look at how much money you have in the
19 family check book, and you realize that you can't give
20 everybody everything. You have to make some difficult
21 decisions and turn some requests down. You're not just
22 Scrooge, according to someone who appeared here, you're, to
23 quote Mr. Gamboa, worse than Scrooge.

24 I've heard of exaggeration and hyperbole, but I
25 think I've heard of it more loudly or extensively than that.

1 I don't understand why we as Legislators believe
2 that somehow we are immune to the laws of nature, or I guess
3 you would call them economic nature, that are imposed upon us
4 as individuals or as family members.

5 I think it's a disaster for me to say to my family,
6 we only have \$10,000 to spend for a variety of things. Since
7 you've all requested \$20,000 worth of things, I'm going to be
8 the fine parent, and I'm going to give you everything you've
9 asked for.

10 But according to some of those who criticized me,
11 that's what I should be doing in Congress. You know, you
12 wonder how you get a deficit. Everybody is against the
13 deficit. I don't know if there is anybody on this panel for
14 the deficit.

15 I know nobody in Washington is for the deficit.
16 Every person running for President of the United States today,
17 and there are a lot of them, both Democrat and Republican are
18 against the deficit. To be American and for Mom and apple pie,
19 and everything else, you have got to be against the deficit
20 today.

21 The question is, who is going to do something about
22 the deficit? You say yes to every single request that comes
23 down the line no matter how worthy or unworthy, you're going
24 to have a deficit.

25 I believe we're never going to attack the Federal

1 Deficit until we realize, yes, you go after waste, fraud and
2 abuse. You can eliminate waste, fraud and abuse. After
3 you've eliminated waste, fraud and abuse, you're still going
4 to have a deficit.

5 What it means is that you have to look at worthy
6 programs and make some tough decisions. We do that in our
7 family lives. We do that in our individual lives. And yet
8 somehow we say as elected representatives, we're immune from
9 that, and so whatever special interest group wants to come
10 before us, and they're all worthy -- remember, special
11 interest is someone who has a particularized interest. That
12 does not mean they're bad or wrong. We all have
13 particularized interests.

14 But in total, collectively, we'll drive this country
15 into bankruptcy. I've tried to take a stand against that all
16 the years I've been in the Congress. If you want to condemn
17 me for that, that's fine.

18 If your collective judgment is that you want a
19 Treasurer not concerned about fiscal responsibility, that's
20 fine. Try and sell that to the voters.

21 There was a mention here about my position on legal
22 services. I happen to believe that among all the things that
23 the Federal Government is required to do, when you make tough
24 decisions, one of the things you have to look at is are there
25 alternative sources of revenue, and are there alternative

1 opportunities to provide those services.

2 I made the judgment that in the area of legal
3 services there is an alternative to the Federal Government
4 paying the bill. One of them is, one part of that answer is a
5 State Trust Fund, which we developed here in California, where
6 otherwise idle trust fund money held by attorneys or dedicated
7 to the expenditure on behalf of attorneys doing work for those
8 who cannot afford an attorney.

9 The second element of that is the change of the
10 legal profession. From the time I've been in Congress to the
11 present time, we've seen a drastic change in the legal
12 profession.

13 You can virtually go to a hardware store now and see
14 a store front attorney. They advertise on television. They
15 have available facilities now, statewide, some across
16 statelines. Some of us who are attorneys may not like that.
17 We may think that we ought to be considered professionals. We
18 shouldn't have commercialized the profession, but, in fact, it
19 has benefitted the people because a lot of people have access
20 to the law where they didn't have it before.

21 The third thing I would say is we ought to have more
22 pro bono work by attorneys. I did it when I was actively
23 practicing law, and I think we all should do it. I think the
24 State Bar ought to consider the possibility of requiring pro
25 bono work by all Members of the State Bar as a condition of

1 licensure. I don't find that state action as inordinate. I
2 find that state action which is appropriate.

3 You practice law with a license in the State of
4 California, in part, because you qualify for it, but, in part,
5 because you're given the right to do that under the law. I
6 don't see why conditioning that right on doing a percentage of
7 pro bono work is wrong.

8 As a matter of fact, if we did that, we would have
9 far more legal services available for the poor people in our
10 state and nation than you have now. You would have people in the
11 area. You would have people experienced with working. You
12 would have people who could take cases and deal with the cases
13 on a regular basis.

14 That's my approach. You may disagree with my
15 approach. I happen to think that my approach is more
16 effective, and, in part, I think California has shown the way
17 respect to that.

18 With respect to the question of the last comments by
19 the representative of the NAACP. I've already talked about the
20 Fair Housing Amendments. If you would like, we could go
21 through that. I keep being criticized on my vote on an
22 amendment that was 205 to 204. I suppose that means that 204
23 Members of Congress were out of the mainstream and
24 insensitive, but not bigoted remember, but insensitive,
25 because they had an slightly different approach. An approach

1 which says the people who charge with violating the Fair
2 Housing Laws who run the risk of having at least
3 quasi-criminal sanctions brought against them ought to have
4 the right to have a judge hear that case as opposed to an
5 Administrative Law Judge in the very agency upon which they
6 are going to be judged.

7 I'm sure that we all have heard of David Brodder,
8 he's a writer of some note. The Washington Post article of
9 August 17, 1983, referring to comments I made on the Floor of
10 the House in support of Martin Luther King holiday, he said,
11 concluding his remarks on me, in 1981 conservative Lungren
12 played a key role in extending the Voting Rights Act. He
13 doesn't say worked to lessen it. He doesn't say worked to
14 weaken it. He doesn't say got on the train after it was
15 already going.

16 He said, in 1981, conservative Lungren played a key
17 role in extending the Voting Rights Act. That's not a special
18 interest group talking. That's not a Republican or Democrat
19 talking. That's David Brodder who I had always thought was
20 considered to be a reasonable interpreter of political events
21 on the national scene.

22 With respect to the Hate Crimes Statistic Act, I've
23 mentioned to you time and again what that is. It doesn't
24 work. If I thought it worked, I'd support it. With respect to
25 the question of violence against gays and lesbians, I was one

1 of those who stepped forward and said that that ought to be
2 included in a bill if we're going to have such a bill and got
3 credit for that in Washington where it happened, even though
4 it's difficult to get credit here when you've done that.

5 With respect to the Voting Act Rights and changing
6 the pre-clearance, the statement was made that we should have
7 left the pre-clearance the way it was. If that's the case,
8 nobody should have supported the Voting Rights Act. An
9 essential element of the extension of the Voting Rights Act
10 was to create a pre-clearance provision, the Pre-Clearance
11 Provision Amendment which allowed people to come out from
12 under it. It was an existing pre-clearance in the Voting
13 Rights Act that was to expire. It would have expired. The
14 question was how did you get an opportunity to extend it? You
15 extended it by making one significant change in it, allowing
16 certain jurisdictions that had proven good faith over a
17 considerable period of time to come out from under the
18 pre-clearance provision.

19 I made the statement that Mr. Torres related to you.
20 By the way, he stopped on the way out and assured me that his
21 testimony was not to be taken against me.

22 I hope you all understood that. He said he wanted
23 to make very clear. He was neutral. He confessed surprise
24 that I would suggest that it came out any other way. That's
25 just by-the-by.

1 Mr. Torres was talking about the question when we
2 were dealing in the area of the Voting Rights Act about the
3 pre-clearance as well. All I can say to you is that I worked
4 to make sure that we passed it.

5 He quoted me as saying on the Floor of the House, "I
6 don't believe all the angels and all the devils live in a
7 particular part of the country."

8 I try not to categorize people generally. I try not
9 to categorize people by their race or their creed or their
10 color or what group they belong to. I happen to think one of
11 the mistakes we make often times as elected officials is we
12 tend to look at people as groups rather than individuals.

13 My point on the Floor of the House at that time was
14 there are good people of good will in the South as well as
15 other places. They have control of process. When they, over
16 a period of time, make changes in the process, when they have
17 made make progress, when that progress has become permanent,
18 not temporary, they ought to be recognized for it, and that
19 probably will encourage other people to change the way they
20 act so that they, in fact, will stop discriminating, so they,
21 in fact, will change some of the policies that we'd seen, and
22 they would, in fact, eliminate the parade of horrors that many
23 of us saw.

24 I find it interesting when my friend Arnold Torres
25 was talking to you and saying to you, he didn't oppose me, by

1 the way, but also saying that he could never get me to go
2 their way. There was a specific instance where I changed. I
3 came in with some question about whether we should continue
4 with the application of the Voting Rights Act that had been on
5 the books for 20 years because it was passed as a temporary
6 measure. It was after I heard the testimony that I was
7 convinced of the fact that we had continuing problems in the
8 South, that I supported it, and that I played a key role in
9 extending it.

10 He also says that you can't get me to sit down and
11 work with groups other than myself. I don't know what that is
12 supposed to mean. I guess that's supposed to mean other than
13 Catholic, other than white, or other than from a family of
14 seven kids, or other than Long Beach, or other than from the
15 Governor's particular area. I'm not sure exactly what it
16 means, but again, it seems to categorize people from where
17 they come from.

18 Let me just share a letter I received from the
19 Director of policy of Analysis from the National Council of La
20 Raza, on June 26, 1986.

21 Interesting enough, his last name is not one that
22 appears to be Hispanic, Charles Kamasaki, Director of Policy
23 Analysis for the National Council of La Raza. He writes it to
24 me on that date: "Just a short note of appreciation for your
25 support of the Schuman Amendment," Congressman Schuman,

1 Democrat from New York, "clarifying document verification
2 under employer sanctions. As you know, we promoted,"
3 referring to La Raza, "the Amendment because we believe that
4 it furthers and implements the uniform verification concept
5 that you and other proponents of employer sanctions have
6 argued will reduce the potential for discrimination.

7 "I was terribly impressed with the sincerity and
8 conviction of your statement supporting by the amendment,
9 having just gone through what some might describe as a brutal
10 final day of mark-up, and at that late hour, you cannot know
11 how appreciative I was for your support.

12 "Given all the given, the identity of the sponsor,
13 the difficulty he had explaining the amendment, understandable
14 tension and interpersonal dynamics of the situation, et
15 cetera, I found your strong support very gratifying.

16 "You've always had a reputation for personal and
17 intellectual integrity. I now see that this is
18 well-deserved. With respect and appreciation, Charles
19 Kamasaki, Director of Policy Analysis, National Council of La
20 Raza."

21 Two months ago, I was requested both by telephone
22 and by letter, to be a member of the dinner committee for the
23 annual fundraising drive for MALDF in Los Angeles. When I told
24 them I would be happy to do it, I was told by the President of
25 the organization if I could possibly attend, they would

1 honored if I would be sit at the head table with her.

2 I don't understand how they ask somebody who is so
3 evidently devoid of concern for people of color to do that
4 sort of thing. I take them at their word when they invite me
5 as a honored guest that perhaps they have some respect for
6 me.

7 Mr. Der, who represents here one organization, but
8 also is part of an organization who sent out the first press
9 release against me. Part of an organization, Californians for
10 a Responsible Government, sent out a press release talking
11 about the very same things you heard today, how I'm not
12 qualified, how I'm insensitive, and listed there are all of
13 the people who are against me. One of the groups they list as
14 against me to show my insensitivity to minorities was the
15 Vietnamese Student Association from the University of
16 California, Davis.

17 I was kind of surprised at that because of all the
18 work that I have done with the Vietnamese throughout Southern
19 California and the country in resettlement.

20 I received this letter from that same organization
21 which, according to Mr. Der and the press release, he and
22 Mr. Cetes sent out and others sent out was against me.

23 I received this particular letter "Dear Congressman
24 Lungren, we the Vietnamese Student Association of the
25 University of California, Davis, would like to send you warm

1 congratulations for being the Governor's nominee for
2 California State Treasurer and best wishes on your upcoming
3 confirmation hearings.

4 "As refugees, Vietnamese students are grateful for
5 your distinctive leadership in the United States House of
6 Representatives in fighting to retain and improve many vital
7 assistance programs for refugees. We owe our successes, as
8 well as the successes of our community in this county in part
9 to your compassion and commitment to refugees.

10 "Besides being a dedicated friend to the refugees
11 and immigrants, you've also been a distinctive leader for all
12 Californians. Your record of conscientious legislation based
13 on just principles attest to your high qualifications to be
14 California State Treasurer.

15 "As California citizens, the Vietnamese students at
16 U.C. Davis hope to be part of the grassroots support for your
17 confirmation. Once again, we wish you to best of luck in your
18 hearings, and hopefully in your new job as our State
19 Treasurer. Duk Ti Yo, President Vietnamese Student
20 Association, U.C. Davis."

21 This is one of the people listed in the press
22 release that Mr. Der and others sent out against me to show my
23 insensitivity to those who happen to be minorities in this
24 country, particularly Asians.

25 I wonder how much he knows about me, and how much he

1 knows about those who support me or who are against me.

2 He suggests that one of his concerns are city
3 colleges, community colleges and their importance to
4 California. He suggests that somehow I'm not supportive of
5 that.

6 I don't know where he gets that. My mother completed
7 her education at Long Beach City College. My wife, whom I met
8 at Yosemite, after her father died while she was in high
9 school in Inglewood, attended El Camino College while she
10 happened to be working two to three jobs to support herself
11 and her widowed mother. My wife graduated from El Camino
12 College, changing her major from math to secretarial science
13 because she needed a more practical immediate job so that she
14 could take care of herself and her widowed mother.

15 My then attended Long Beach University where she
16 still is at this point in time, on senior status, as someone
17 in the accounting field.

18 She worked her way through school. Her senior year
19 in high school she spend half the day working and half the day
20 going to school. And you suggest to me that I don't
21 understand what it's like for people who are other than
22 privileged.

23 The Mayor of the community of 7,000 criticizes me, a
24 person who represents over 550,000 people and have been for 10
25 years, for my lack of qualification. I don't know how to

1 manage money.

2 I'm part of a largest corporate board of directors
3 in the world. We make decisions on the largest budget in the
4 world. Sometimes I'm not very proud of fact that we have the
5 largest budget in the world, but we do.

6 I have specific responsibility for part of that
7 budget. It deals with the national security interests of the
8 United States, as well as all the courts, as well as the
9 Justice Department, the FBI, the DEA and others. I do not
10 understand how people can say that I don't have any ability or
11 experience in managing money.

12 I understand that people have a right to go through
13 all this, and I would be happy to go on the question of
14 divestment and SBA and everything else. I understand
15 according to the script that we're to discuss those issues
16 tomorrow unless something had changed.

17 I would ask the Chairman, are we going to have a
18 perspective on Human Rights/Equal Opportunity tomorrow? Or am
19 I to discuss it here today?

20 CHAIRMAN ROBERTI: It's scheduled for tomorrow, and
21 I think that would be appropriate.

22 CONGRESSMAN LUNGREN: Thank you.

23 I would also say with respect to the question raised
24 by Mr. Torres and others that I cannot go outside myself, that
25 I'm confined by my experiences. I told you yesterday, if you

1 want to go find major agriculture in my district, you're not
2 going to find it. I did not have any need to look after the
3 interests of California agriculture to support my political
4 base. I did it because I thought it was right for
5 California.

6 I went out of my way to find out something that had
7 very little letters to do with my own district because I
8 thought it was important for California.

9 I've said before, I have a large number of
10 Cambodians in my home town, but because of the actions of you
11 gentlemen and gentlewomen of both this body and the other
12 body, most of those people have been taken out of my
13 district. I still felt a need to service them as best I
14 could.

15 I don't know how many of the people that have come
16 up here and testified against me joined me down at Camp
17 Pendleton when the Vietnamese were there, arriving as the boat
18 people from Viet Nam, to try and give them simple instruction
19 in the law. I don't know how many of those who criticized me
20 were down there. I didn't recognize them. I don't know how
21 many were down there. I don't know how many crawled through
22 the spider holes in Northern San Diego County to see what kind
23 of circumstances that people have lived in, which is one of
24 the reasons I worked so hard on immigration to try and change
25 the circumstances that give rise to that sort of thing.

1 I don't know how many votes you get crawling around
2 in those spider holes in Southern California.

3 Maybe you can tell me.

4 I didn't have to do that. It's not in my district.
5 Those are people of color. I was concerned about them whether
6 they were people of color or otherwise.

7 I thought one of the things that I did when I worked
8 and one of the reasons I worked on the Martin Luther King
9 holiday was to show there is a consensus of conscience in this
10 country on the question of civil rights. There is more that
11 keeps us together than separates us on those questions.

12 I do not understand what benefit is achieved by
13 trying to suggest that if someone is not following the exact
14 remedy that we've come up in terms of our idea about how to
15 handle a particular problem, that makes them insensitive to
16 civil rights.

17 I don't understand it. I think that's moving us in
18 the wrong in civil rights. You're not going to build a
19 consensus everytime you create a division. I guess you're
20 damned if you do and damned if you don't.

21 When I support the Voting Rights Act, I was
22 criticized because it was already moving along. When I
23 support an effort to try and come up with a compromise to make
24 sure it passes, I'm trying to weaken the bill.

25 When I change my mind on the Martin Luther King

1 holiday and become the first conservative who comes out to
2 support it, I did it for political reasons.

3 People are entitled to their criticism. They can go
4 ahead with their criticism.

5 As Senator Roberti said yesterday, you know, you're
6 in the big city. I've been in the big city for the last ten
7 years, Senator.

8 CHAIRMAN ROBERTI: You told me that this morning.

9 CONGRESSMAN LUNGREN: I know that we can have
10 criticisms. I just wonder what we do when we try to divide
11 people rather than trying to bring people together. We try
12 and bring up partisanship where partisanship doesn't need to
13 be there.

14 Where we try and suggest that people are incapable
15 of handling a job, I'll be happy to stand before the voters in
16 less than three years and let them make that judgment. I just
17 find it -- even if I were not the nominee sitting here, I
18 would find it hard to believe that any Member of Congress who
19 had any reputation for competence being criticized and having
20 it suggested that he or she is incapable of being Treasurer
21 for the State of California.

22 We have a tremendous obligations in the Congress, as
23 you have tremendous obligations here, and I don't denigrate
24 the obligations that you have or the jobs you do here.

25 I think it's a little silly to somehow suggest that

1 because we're divided, you're here in Sacramento and I'm in
2 Washington, that somehow you folks would be qualified, any of
3 those of you that sit here to be Treasurer, but any of us who
4 sit in Washington are not, or for us in Washington to say that
5 somehow we're qualified for positions in any administration
6 back there and you folks aren't because you haven't been to
7 Washington. That doesn't make sense and I think we know that.

8 I hope we'll conclude tomorrow with our final day.
9 I'm glad to see that my witnesses are going to appear. Maybe
10 you'll find that one or maybe more than one may have a good
11 thing to say about me. I hope that you'll be here.

12 CHAIRMAN ROBERTI: We'll all be here.

13 Senator Mello.

14 SENATOR MELLO: Mr. Arnold Torres is still here.

15 May I ask him to come back up and clarify the
16 statement that the Congressman made make while I believe you
17 were out of the room.

18 Perhaps I could paraphrase that. He stated that
19 after you left, you went by and said I was not opposing you or
20 words to that affect.

21 I'm not clear whether you want the records expunged
22 of all the statements you made or whether you were telling him
23 something --

24 MR. TORRES: Mr. Mello, I think that I came before
25 you as the Former Executive Director, to share with you the

1 opinions and experiences that I had with Mr. Lungren.

2 It's really as an individual irrelevant whether
3 Arnold Torres thinks he's fit to serve or not.

4 I do think, nonetheless, that the opinions that I
5 had to raise to you were of absolute importance for you to
6 consider. That's really the important thing.

7 The other thing I want to clarify, which I
8 appreciate the opportunity for which you have asked me, and I
9 can come now and clarify, I think that Mr. Lungren has done an
10 extremely effective job now of coming back and not being clear
11 with what his position is. This is the point that I tried to
12 raise to you.

13 It's very disheartening to hear when he
14 misrepresents things that took place, for example, Charles
15 Kamasaki letter, his action on the pre-clearance on the Voting
16 Rights Act. These are things that are still troubling.
17 Nobody is expecting him to be a Mexican. Nobody is expecting
18 him to vote like a Mexican. Nobody is expecting him to do any
19 of those things, but it's inconceivable to me that he's still
20 wondering why. Witness after witness has raised concerns with
21 his record.

22 Mr. Roberti did not call and ask us to testify. The
23 Democratic Party didn't ask us to come in and testify. Some
24 of us did it out of conviction of principal and some
25 integrity.

1 No difference than what Mr. Lungren says motivates
2 him to do the things that he's done. But yet we have at least
3 attempted to balanced and understanding that people are not
4 always going to agree with our perspectives. If that were to
5 be the case, we would oppose Mr. Roberti's re-election
6 because you do not always agree with the things that we would
7 like to have done.

8 We don't see that flexibility. In regard to my
9 personal opinion with regard to Mr. Lungren being Treasurer or
10 not, is really irrelevant to this Committee.

11 What it relevant, in my opinion, is the experiences
12 that I had with him, and the perspective that I think that I
13 gave to this Committee. That is really important, and they
14 are not personal derogatory or denegrating comments toward Mr.
15 Lungren. They are, in my opinion, the limitation that an
16 individual has.

17 SENATOR MELLO: All the statements you made on the
18 record are in opposition to his confirmation and you are
19 opposed to him, opposed to his confirmation.

20 MR. TORRES: I don't take a position on whether I
21 oppose personally Mr. Lungren or not. I made that -- I
22 thought I made it clear by the comments that I made that I
23 took no position. It's not up to me to take a position.

24 I'm not representing LULAC any longer. I'm not
25 representing an institution. I do represent my personal

1 opinion. My personal opinion I have made very clear. I would
2 have a lot of difficulties and I wanted you to think about
3 those difficulties, and I think it's important. The way I vote
4 as an individual, I will cast my vote, if he gets confirmed
5 and he runs. It is at that time that I have the right to cast
6 my vote and let you know how I think things ought to be.

7 Thank you, Mr. Mello, for asking me to clarify.

8 CHAIRMAN ROBERTI: Senator Ellis.

9 SENATOR ELLIS: I was sitting here when you had your
10 exchange with the Congressman during the break. I could not
11 hear, but I got a sense of what was going on.

12 Would you just say yes or no. Did you come back in
13 during the break and say I was not speaking in opposition?

14 MR. TORRES: I made it very clear to Mr. Lungren
15 that I did not indicate opposition to him. Now, if you want to
16 come back, Mr. Ellis, and say that that's an affirmative
17 position, then I think that's your decision that's your
18 prerogative.

19 SENATOR ELLIS: If you say now that you came in and
20 told Congressman Lungren that you were not speaking in
21 opposition to him, then you were not speaking in opposition to
22 him.

23 MR. TORRES: I was asked whether I took a position
24 of opposition to him. I indicated to you just now that I took
25 no position. That's exactly it. That's exactly the thrust of

1 what I told Mr. Lungren. I took no position.

2 SENATOR ELLIS: You did not take a position, but you
3 spoke in opposition; is that correct?

4 MR. TORRES: I think the comments should be
5 interpreted in the way you chose interpret them, Mr. Ellis,
6 Mr. Mello, Mr. Roberti, thank you.

7 CHAIRMAN ROBERTI: Fine. Thank you, Senator.

8 We're concluded for today. We'll stand adjourned
9 until 9:30 tomorrow morning.

10 (Thereupon the hearing was adjourned
11 at 5:05 p.m.)

12 --oOo--

