

**COPY**

UNITED STATES COMMISSION ON CIVIL RIGHTS

FACT-FINDING HEARINGS  
ON RACIAL AND ETHNIC TENSIONS  
IN AMERICAN COMMUNITIES:  
POVERTY, INEQUALITY AND DISCRIMINATION

TRANSCRIPT OF PROCEEDINGS

VOLUME IV

PAGES: 897 THROUGH 1242

PLACE: LOS ANGELES, CALIFORNIA

DATE: JUNE 16, 1993

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REPORTED BY: STEVEN W. CORNWELL  
CSR NO. 7193

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IN AMERICAN COMMUNITIES:  
POVERTY, INEQUALITY AND DISCRIMINATION

TRANSCRIPT OF PROCEEDINGS

DATE: WEDNESDAY, JUNE 16, 1993  
PLACE: SHERATON GRANDE HOTEL  
LOS ANGELES, CALIFORNIA  
BEFORE: ARTHUR A. FLETCHER  
CHAIRMAN OF THE U.S. COMMISSION  
ON CIVIL RIGHTS

COMMISSION MEMBERS IN ATTENDANCE:

- MR. CARL A. ANDERSON
- MR. BOBBY D. DOCTOR
- MR. ROBERT P. GEORGE
- MR. RUSSELL G. REDENBAUGH
- MR. CRUZ REYNOSO
- MR. CHARLES PEI WANG

ALSO IN ATTENDANCE:

- MR. KI-TAEK CHUN, DEPUTY REGIONAL DIRECTOR OF  
THE EASTERN REGION
- MR. LAWRENCE GLICK, STAFF ATTORNEY
- MS. EILEEN RUDERT, STAFF ECONOMIST AND SOCIAL  
SCIENTIST
- MS. STELLA YOUNGBLOOD, STAFF ATTORNEY
- MS. NADJA ZALOKAR, STAFF ATTORNEY

REPORTED BY: SHARON HONG MORTEN, CSR NO. 7003  
STEVEN W. CORNWELL, CSR NO. 7193

1		<u>PAGE</u>
2	ANTONIA HERNANDEZ, ESQ.	
3	PRESIDENT AND GENERAL COUNSEL, MEXICAN	
4	AMERICAN LEGAL DEFENSE AND EDUCATION	
	FUND (MALDEF)	
5	PANEL:	
6	GLICK	897
7	REYNOSO	903
8	WANG	911
9		
10	LOU DANTZLER	
11	DIRECTOR, CHALLENGERS BOYS AND GIRLS CLUB	
12	PANEL:	
13	RUDERT	915
14	ANDERSON	916
15	WANG	918
16	RUDERT	919
17	GEORGE	945
18		
19	SUSAN CLEERE FLORES	
20	DIRECTOR, YOUTH AND EMPLOYMENT SERVICES	
21	DIVISION, COMMUNITY DEVELOPMENT DEPARTMENT,	
22	CITY OF LOS ANGELES	
23	PANEL:	
24	RUDERT	920
25	ANDERSON	934
26	WANG	947
27	ANDERSON	960
28		
29	VIRGIL ROBERTS	
30	PRESIDENT, DICK GRIFFEY PRODUCTIONS, SOLAR	
31	RECORDS; AND MEMBER, PRIVATE INDUSTRY	
32	COUNCIL (PIC), CITY OF LOS ANGELES	
33	PANEL:	
34	RUDERT	948
35	ANDERSON	957
36	WANG	968
37		

1		<u>PAGE</u>
2	FRANK ROBINSON	
3	PRESIDENT, ROBINSON'S HELICOPTERS,	
4	TORRANCE, CALIFORNIA	
5	PANEL:	
6	ZALOKAR	987
7	REDENBAUGH	1000
8	WANG	1004
9	WANG	1112
10	PEDRO PALLAN	
11	OWNER, SAN ANTONIO'S BAKERY,	
12	COMPTON, CALIFORNIA	
13	PANEL:	
14	ZALOKAR	991
15	REDENBAUGH	1005
16	WANG	1005
17	ZALOKAR	1013
18	E.E. BARRINGTON	
19	PRESIDENT, GROUP IX AEROSPACE	
20	PANEL:	
21	ZALOKAR	993
22	REDENBAUGH	1007
23	RYAN SONG	
24	EXECUTIVE DIRECTOR, KOREAN AMERICAN	
25	GROCERS ASSOCIATION	
26	PANEL:	
27	ZALOKAR	996
28	WANG	1009
29	CARLTON JENKINS	
30	PRESIDENT AND MANAGING DIRECTOR,	
31	FOUNDERS NATIONAL BANK OF LOS ANGELES	
32	PANEL:	
33	GLICK	970
34	REDENBAUGH	979

1		<u>PAGE</u>
2	DR. DENISE FAIRCHILD	
3	GREATER LOS ANGELES DIRECTOR, LOCAL INITIATIVES SUPPORT CORPORATION	
4	PANEL:	
5	ZALOKAR	1016
6	WANG	1020
7	PETER UEERROTH PAST CO-CHAIR, REBUILD L.A.	
8	GLICK	1024
9	REDENBAUGH	1030
10	WANG	1037
11	WANG	1041
12	GEORGE	1046
13	FLETCHER	1052
14	TONY M. SALAZAR CO-CHAIR, REBUILD L.A.	
15	REDENBAUGH	1036
16	WANG	1040
17	FLETCHER	1060
18	GARRETT NELSON EXECUTIVE VICE PRESIDENT AND CHIEF DEVELOPMENT OFFICER, THE VONS COMPANIES, INC.	
19	PANEL:	
20	ZALOKAR	1064
21	REDENBAUGH	1068
22	ANDERSON	1071
23	ZALOKAR	1074
24	MICHAEL GAGE PRESIDENT, CALSTART	
25	PANEL:	
26	ZALOKAR	1075
27	REYNOSO	1082

1		<u>PAGE</u>
2	FORESCEE HOGAN-ROWLES	
3	EXECUTIVE DIRECTOR, COALITION FOR WOMEN'S ECONOMIC DEVELOPMENT	
4	PANEL:	
5	ZALOKAR	1084
	REYNOSO	1092
6	REDENBAUGH	1093
	REYNOSO	1093
7		
	PROFESSOR ALLEN SCOTT	
8	DIRECTOR, LEWIS CENTER FOR REGIONAL POLICY STUDIES, UNIVERSITY OF CALIFORNIA AT LOS ANGELES	
9		
10	PANEL:	
11	ZALOKAR	1096
	WANG	1114
12	REYNOSO	1127
13	PROFESSOR MANUEL PASTOR	
	DEPARTMENT OF ECONOMICS, OCCIDENTAL COLLEGE	
14		
	PANEL:	
15	ZALOKAR	1103
16	WANG	1118
	REYNOSO	1129
17	GEORGE	1132
	FLETCHER	1141
18		
	PROFESSOR EUGENE GRIGSBY	
19	DIRECTOR, CENTER FOR AFRICAN AMERICAN STUDIES, UNIVERSITY OF CALIFORNIA AT LOS ANGELES; AND PRESIDENT, THE PLANNING GROUP	
20		
21		
	PANEL:	
22	ZALOKAR	1108
23	WANG	1123
	REYNOSO	1131
24	GEORGE	1133
	ANDERSON	1136
25	GEORGE	1137

1		<u>PAGE</u>
2	ANDERSON	1137
	FLETCHER	1138
3	FLETCHER	1145
4	<u>OPEN SESSION -- UNSCHEDULED WITNESSES:</u>	
5	DORIK PERMAN	1148
6	BRIAN LEVIN	1152
7	MARCUS NEGRETE	1157
8	JOSEPH DUFF	1160
9	PANEL:	
10	FLETCHER	1164
11	NILES DEGRATE	1166
12	ROBERT GUZMAN	1170
13	DEBRA DUNN	1174
14	MORRIS GRIFFIN	1178
15	RODRIGO GARCIA	1182
16	ESTHER LOFTON	1188
17	MOLLIE BELL	1192
18	GINN DOOSE	1195
19	EDDIE BALL	1200
20	ARTURO MONTEZ	1204
21	JOSEPH AUCIELLO	1208
22	ZEKE HERNANDEZ	1211
23	PANEL:	
24	FLETCHER	1216
25	CHARLES WILLIAMS	1220

1		<u>PAGE</u>
2	MARTINEZ HERNANDEZ	1222
3	LISA HOYES	1225
4	PAULETTA OLIVER	1229
5	FANNIE CAROL BROUN	1234
6	PANEL:	
7	FLETCHER	1239
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		



1 MS. HERNANDEZ, CAN I ASK YOU TO STAND.

2 DO YOU SWEAR THAT YOU WILL TRUTHFULLY  
3 TESTIFY TO THE BEST OF YOUR ABILITY.

4 MS. HERNANDEZ: I DO.

5 MR. WANG: THANK YOU VERY MUCH. WE  
6 APPRECIATE VERY MUCH YOUR COMING. I KNOW YOU ARE  
7 UNDER A VERY, VERY TIGHT SCHEDULE. AND WE FEEL  
8 VERY GRATEFUL FOR YOUR PRESENCE. YOU REPRESENT A  
9 VERY IMPORTANT ORGANIZATION.

10 SO IF I CAN ASK THE COUNSEL TO BEGIN THE  
11 QUESTIONING.

12 MR. GLICK: THANK YOU, VICE-CHAIR.

13 I WOULD LIKE TO ASK YOU INITIALLY ABOUT  
14 THE CURRENT CASES OR EDUCATIONAL PROGRAM ACTIVITIES  
15 THAT YOU MAY HAVE UNDERWAY HERE IN SOUTHERN  
16 CALIFORNIA. I AM NOT THINKING SPECIFICALLY AND  
17 ONLY IN LOS ANGELES, BUT IN THE FIVE-COUNTY  
18 SOUTHERN CALIFORNIA REGION. WHAT IS YOUR MAJOR  
19 ACTIVITY AND PROGRAM NOW?

20 MS. HERNANDEZ: WELL, THE NATURE OF THE  
21 ACTIVITY REALLY VARIES. AND I WILL TRY TO GIVE YOU  
22 A SNAPSHOT OF IT. WE ARE VERY CONCERNED WITH THE  
23 POTENTIAL BREAKUP OF THE LAUSD SCHOOL DISTRICT.  
24 WE ARE EXTREMELY CONCERNED WITH SOME OF THE  
25 UNINTENDED CONSEQUENCES OF RATIFICATION OF THE

1 LEARN PROPOSAL, AND WE HAVE BEEN WORKING VERY  
2 ACTIVELY IN THAT AREA.

3 THE WHOLE ISSUE OF TRACKING HAS BEGUN  
4 TO SURFACE. AND WE ARE BEGINNING TO LOOK INTO HOW  
5 WE CAN CHALLENGE THE RESURGENCE OF TRACKING,  
6 ALTHOUGH IT IS EXTREMELY DIFFICULT LITIGATION TYPE  
7 OF CASE TO TAKE. BUT IT IS ON THE RISE, AND THAT'S  
8 A REAL ISSUE TO US.

9 WE JUST SETTLED A CASE WITH THE L.A.  
10 UNIFIED SCHOOL DISTRICT DEALING WITH THE  
11 ALLOCATION OF RESOURCES WITHIN THE DISTRICT.  
12 AND THAT IS BECOMING AN ISSUE MORE AND MORE  
13 OFTEN.

14 WE ALSO HAVE THE PROBLEM THAT IS RELATED  
15 TO THE BREAK UP OF THE LAUSD SCHOOL DISTRICT, AND  
16 THAT IS CERTAIN PARTS OF THE CITY WANTING TO BREAK  
17 AWAY FROM THE LARGER SCHOOL DISTRICT AND, OF  
18 COURSE, THE IMPACT THAT THAT WOULD HAVE TO POOR  
19 CHILDREN. AS YOU KNOW LAUSD IS THE SECOND LARGEST  
20 SCHOOL DISTRICT IN THE UNITED STATES. IT IS  
21 OVERWHELMINGLY MINORITY, WITH THE VAST MAJORITY  
22 BEING LATINO. AND SO THAT WHEN THERE ARE CHANGES  
23 TO A DISTRICT THAT HAS OVER 680,000 STUDENTS, THE  
24 IMPACT TO THOSE MOST VULNERABLE AGGRAVATES AN  
25 ALREADY VERY DIFFICULT SITUATION.

1                   THOSE ARE THE AREAS THAT WE ARE LOOKING  
2 AT FROM THE ADVOCACY PERSPECTIVE AND THE  
3 EDUCATIONAL PERSPECTIVE AND FROM THE LITIGATION.  
4 WHAT WE ARE ALSO LOOKING INTO, IT ALSO GOES INTO  
5 THE LEARN PROPOSAL, AND THAT IS PUTTING MORE  
6 CONTROL AT THE LOCAL SCHOOL LEVEL. ONE OF THE MOST  
7 IMPORTANT COMPONENTS FOR THAT CONCEPT TO WORK IS  
8 THE ISSUE OF PARENT PARTICIPATION.

9                   IF YOU DO NOT HAVE PARENT PARTICIPATION,  
10 WHAT LOCAL CONTROL MEANS IS THE JOCKEYING OF LOCAL  
11 CONTROL BETWEEN THE ADMINISTRATION, PRINCIPALS,  
12 AND TEACHERS, AND THE PARENTS ARE TOTALLY LEFT  
13 OUT. AND UNLESS THERE IS A MAJOR INVESTMENT OF  
14 RESOURCES TO TRAIN PARENTS, TO EDUCATE PARENTS ON  
15 HOW TO BE INVOLVED WHEN THE CONTROL IS RETURNED TO  
16 THE LOCAL LEVEL, YOU ARE GOING TO HAVE AN ALREADY  
17 EXCLUDED GROUP OF DISENFRANCHISED AND ALIENATED  
18 STUDENTS AND PARENTS MADE ALL THE WORSE.

19                   AND SO OUR EFFORTS, WE HAVE A PARENT  
20 LEADERSHIP TRAINING PROGRAM. WE ARE LOOKING INTO  
21 HOW WE CAN TAKE THAT PROGRAM TO A LARGER AUDIENCE  
22 TO INCLUDE A LARGER NUMBER OF PEOPLE. BUT IT IS AN  
23 ISSUE THAT IS NOT ONLY OF CONCERN IN SOUTHERN  
24 CALIFORNIA, BUT IT IS OF CONCERN NATIONALLY WITH  
25 THE MOVEMENT TO GO TO LOCAL CONTROL.

1 MR. GLICK: WELL, IN THE ONE SENSE YOU  
2 ARE VERY MUCH CONCERNED ABOUT THE BREAKING UP OF  
3 THE UNIFIED SCHOOL DISTRICT. AND AM I CORRECT IN  
4 ASSUMING THAT THE REASON FOR THAT IS THAT IT WOULD  
5 RESULT IN LOSS OF RESOURCES AND PERHAPS LOSS OF  
6 SKILLED TEACHERS? I AM NOT SURE I UNDERSTAND THE  
7 IMPACT OF THE BREAKUP, WHICH SOUNDS LIKE IT WOULD  
8 RETURN TO SOME LOCAL CONTROL, YET ON THE OTHER HAND  
9 LOCAL CONTROL IS VERY IMPORTANT.

10 COULD YOU CLARIFY THAT FOR ME, PLEASE.

11 MS. HERNANDEZ: WE WILL BE MORE THAN  
12 HAPPY TO SUBMIT THE ANALYSIS OF THE IMPACT OF THE  
13 BREAKUP TO THE MEMBERS OF THE COMMISSION. AND WE  
14 WILL SEND THAT TO YOU. IT IS A LOT MORE COMPLEX  
15 AND COMPLICATED. AND I WILL SAY THE GENERALITIES  
16 OF SMALL IS BETTER AND LOCAL CONTROL IS BETTER  
17 DON'T WORK. THEY ARE JUST SIMPLISTIC, WHAT I WOULD  
18 CALL CATCH WORDS THAT DON'T DEAL WITH THE  
19 COMPLEXITY.

20 WITH THE BREAKUP OF THE SCHOOL DISTRICT  
21 YOU ARE REALLY TALKING ABOUT A VERY COMPLICATED  
22 SYSTEM, EXPLOITED FOR POLITICAL REASONS IN THIS  
23 ALREADY TENSE ENVIRONMENT. WHAT IS HAPPENING WITH  
24 THE BREAKUP AND SOME OF THE PROBLEMS IS RIGHT NOW  
25 LAUSD IS GOING THROUGH A MASSIVE REALLOCATION OF

1 TEACHERS. AND IF YOU TALK TO ANY TEACHER RIGHT  
2 NOW, IN ADDITION TO GOING BACK TO THE SEMESTER  
3 SYSTEM AND IN ADDITION TO CLOSING THE YEAR, THERE  
4 IS SOME REALLOCATION OF TEACHERS, WITH THOSE HAVING  
5 MUCH MORE SENIORITY GETTING THEIR PICK OF WHERE  
6 THEY WOULD LIKE TO TEACH AND WHERE IT IS MUCH MORE  
7 DESIRABLE TO TEACH, SO THAT SOME OF THOSE CHANGES  
8 THAT YOU ALLUDED TO ARE ALREADY HAPPENING. IT HAS  
9 NOTHING TO DO WITH THE BREAKUP OF THE SCHOOL  
10 SYSTEM. WHAT YOU HAVE IN THE ISSUE OF THE BREAKUP  
11 OF THE SCHOOL SYSTEM IS CERTAIN PARTS OF THE CITY  
12 WANTING MORE ACCESS TO MORE OF THE RESOURCES.

13 YOU ARE ALREADY DEALING WITH THE  
14 INEQUITABLE DISTRIBUTION OF RESOURCES IN A SYSTEM  
15 THAT IS ALREADY STRETCHED TO THE MAXIMUM. YOU HAVE  
16 THE WHOLE ISSUE OF BUSSING. YOU HAVE THE ISSUE OF  
17 OVERCROWDING. AND THEN, OF COURSE, YOU HAVE THE  
18 MANAGEMENT ISSUES OR THE QUESTION OF HOW WELL THE  
19 SYSTEM IS MANAGED.

20 IT IS NOT AS SIMPLE AS TO SAY THAT IF  
21 YOU MAKE IT SMALLER IT IS BETTER. COMPTON SCHOOL  
22 DISTRICT IS VERY SMALL. AND IT IS, YOU KNOW, ON  
23 THE VERGE OF BANKRUPTCY. THE RICHMOND SCHOOL  
24 DISTRICT WENT INTO BANKRUPTCY. SMALL DOES NOT MEAN  
25 BETTER. LOCAL CONTROL DOES NOT MEAN BETTER UNLESS

1 YOU HAVE THE INTERESTS, OR THE VARIOUS INTERESTS,  
2 INVOLVED CAPABLE OF TAKING LOCAL CONTROL. AND  
3 RIGHT NOW FROM A POOR PARENT'S PERSPECTIVE, UNLESS  
4 YOU WORK WITH THE PARENT, LOCAL CONTROL MEANS  
5 CONTROL BETWEEN THE TEACHER AND THE PRINCIPAL. IT  
6 DOES NOT MEAN LOCAL CONTROL BY THE COMMUNITY.

7 MR. GLICK: YESTERDAY WE HEARD TESTIMONY  
8 FROM RICHARD MARTINEZ OF THE SOUTHWESTERN VOTER  
9 REGISTRATION AND EDUCATION PROJECT. AND HE  
10 INDICATED TO US THAT WHILE THE LATINO VOTE IS  
11 BECOMING STRONGER IN CALIFORNIA, IT HAS A WAYS TO  
12 GO. AND THE IMPORTANCE OF THE VOTE AS HE SO  
13 ELOQUENTLY TOLD US MEANS THAT THE CONTROL OR AT  
14 LEAST SOME IMPACT ON THE DECISION MAKING PROCESS  
15 CAN BE HAD. IS MALDEF NOW ENGAGED IN ANY OF THE  
16 DISTRICTING OR VOTING AREA CASES?

17 MS. HERNANDEZ: WELL, THE REDISTRICTING  
18 PROCESS HAS COME TO AN END OR ALMOST AT THE TAIL  
19 END. WE STILL HAVE LITIGATION IN THE VARIOUS  
20 COURTS THROUGHOUT THE COUNTRY DEALING WITH THE  
21 ISSUE OF REDISTRICTING. BUT THAT, MOST OF IT HAS  
22 ALREADY BEEN DONE. AND I WILL SAY THAT WE WERE  
23 INTIMATELY INVOLVED WITH THE REDISTRICTING IN  
24 CALIFORNIA, TEXAS, ILLINOIS, NEW MEXICO, COLORADO,  
25 ARIZONA, AND OTHER PARTS OF THE COUNTRY.

1 MR. GLICK: I AM AWARE OF THOSE CASES.  
2 BUT ARE THERE ANY ONGOING AT THIS POINT THAT WE  
3 WOULD WANT TO WATCH?

4 MS. HERNANDEZ: OUR EMPHASIS IN  
5 CALIFORNIA IS DEALING WITH ALL OF THE JURISDICTIONS  
6 WITHIN THE STATE OF CALIFORNIA, GOING DOWN TO THE  
7 CITY LEVEL, TO THE COUNTY LEVEL, GOING FROM AT  
8 LARGE TO SINGLE MEMBER DISTRICTS, WHICH IS A VERY  
9 IMPORTANT COMPONENT OF OUR STRATEGY.

10 WE ARE LOOKING AND WE HAVE DEVELOPED A  
11 LIST OF JURISDICTIONS THAT WE ARE LOOKING INTO.  
12 AND WHAT YOU WILL SEE FROM MALDEF FOR THE REST OF  
13 THE DECADE OF THE '90S IS THAT EMPHASIS ON LOCAL  
14 JURISDICTIONS THROUGHOUT THE STATE OF CALIFORNIA.

15 MR. GLICK: THANK YOU, MS. HERNANDEZ,  
16 VICE-CHAIR WANG.

17 MR. WANG: COMMISSIONER REYNOSO.

18 MR. REYNOSO: YESTERDAY WE HAD SOME  
19 TESTIMONY -- ACTUALLY TODAY ALSO -- PERTAINING TO  
20 THE ADVISABILITY IN BREAKING UP THE INS BETWEEN ITS  
21 ENFORCEMENT DUTIES AND ITS CITIZENSHIP OR SOCIAL  
22 SERVICE DUTIES, IF YOU WILL.

23 HAVE YOU OR MALDEF TAKEN A POSITION ON  
24 THAT, OR DO YOU HAVE SOME PERSONAL VIEWS?

25 MS. HERNANDEZ: WELL, I HAVE BEEN

1 DEALING WITH THE ISSUE OF THE BREAKUP OF INS SINCE  
2 1978 AND ITS VARIOUS PROPOSALS IN THE SENATE AND IN  
3 CONGRESS AND THE VARIOUS PROPOSALS THAT YOU ARE  
4 PART OF, MR. REYNOSO. SO I PERSONALLY HAVE SOME  
5 VIEWS. AND THE INSTITUTION HAS TAKEN VIEWS FOR  
6 MANY YEARS.

7 I THINK YOU NEED TO TAKE A LOOK AT THAT  
8 ISSUE FROM DIFFERENT PERSPECTIVES. RIGHT NOW IN  
9 L.A. COUNTY ALONE WE HAVE A UNIQUE OPPORTUNITY TO  
10 NATURALIZE OVER A MILLION LEGAL RESIDENTS WHO  
11 BECAME LEGAL THROUGH THE IMMIGRATION AND CONTROL  
12 ACT OF 1986. IT IS A UNIQUE OPPORTUNITY THAT NOT  
13 ONLY INS MUST TAKE, BUT THAT THE COMMUNITY MUST  
14 TAKE. AND IN REFERENCE TO THE TESTIMONY OF RICHARD  
15 MARTINEZ FROM THE SOUTHWEST VOTER REGISTRATION  
16 PROJECT, IT IS SOMETHING THAT WE ARE WORKING WITH  
17 OTHER ORGANIZATIONS TO TAKE ADVANTAGE OF.

18 THE INS DOES NOT NEED TO BE BROKEN UP TO  
19 DO THAT. AND WE MUST DO THAT IMMEDIATELY. WHAT  
20 INS NEEDS TO DO IS TO CHANNEL SOME OF ITS  
21 RESOURCES -- AND AS YOU KNOW, OVER 93 PERCENT OF  
22 THE RESOURCES GOING TO THE INS GOES TO  
23 ENFORCEMENT -- RECHANNEL SOME OF THOSE TO TAKE  
24 ADVANTAGE OF THE OPPORTUNITY TO NATURALIZE ALL OF  
25 THESE PEOPLE THAT ARE HERE TO BE NATURALIZED.



1                   ON THE LARGER LEVEL YOU ARE DEALING WITH  
2 THE ISSUE OF AN AGENCY THAT HAS NEVER REALLY  
3 PERFORMED. AND, IN FACT, IN THE HIERARCHY OF  
4 FEDERAL AGENCIES IT IS SEEN AS ONE OF THE MOST  
5 INEFFECTIVE IN IMPLEMENTING ITS MANDATE. AND  
6 THAT'S AN ISSUE THAT IS BEING DISCUSSED.

7                   SOME OF THE PROPOSALS ARE THAT THE ACTUAL  
8 CHECKING OF COMING IN OF GOODS SHOULD BE TAKEN OVER  
9 BY CUSTOMS -- AND AS YOU KNOW WHEN YOU CROSS THE  
10 BORDER, YOU REALLY GO THROUGH TWO CHANNELS AND  
11 THROUGH TWO DIFFERENT AGENCIES -- TO GIVE SOME OF  
12 THAT TO CUSTOMS TO KEEP THE ENFORCEMENT, WHICH IS  
13 WHAT INS DOES PREDOMINANTLY, WITHIN INS THE  
14 ENFORCEMENT OF OUR IMMIGRATION LAWS. AND THEN TO  
15 CREATE A SEPARATE AGENCY TO DEAL WITH THE  
16 NATURALIZATION. IT IS THE IMMIGRATION AND  
17 NATURALIZATION SERVICE. AND TO GIVE MORE IMPETUS  
18 TO THE SERVICING OF AGENCIES, THE SERVICING OF  
19 CITIZENS, WHEN THEY WANT TO BRING IN SONS OR  
20 DAUGHTERS OR RELATIVES UNDER THE IMMIGRATION LAW.  
21 AND THERE IS A LOT TO BE SAID FOR THAT.

22                   I BELIEVE IN THE PAST THIS COUNTRY HAS  
23 NOT DEVOTED RESOURCES TO NATURALIZING AND INTO  
24 ASSIMILATING THE NUMBER OF IMMIGRANTS COMING INTO  
25 OUR COUNTRY. AND I THINK THAT IT NEEDS TO DO

1 THAT. IT IS MISSING A GREAT OPPORTUNITY. I KNOW  
2 THAT IN THE DISCUSSIONS THAT HAVE BEEN HAD IN  
3 WASHINGTON, D.C., THAT THE ISSUE OF THE BREAKUP  
4 AND GIVING MORE EMPHASIS TO NATURALIZATION IS  
5 BEGINNING TO GAIN SOME ATTENTION.

6 MR. REYNOSO: COUNCILMAN HERNANDEZ  
7 TESTIFIED AS TO THE LOW NUMBER OF LATINOS WHO ARE  
8 ELIGIBLE TO REGISTER TO VOTE. HE MENTIONED THE  
9 LARGE NUMBER OF ALIENS WHO LIVE IN THIS DISTRICT,  
10 OF COURSE THE YOUNG, AND THE FRUSTRATION OF HAVING  
11 PEOPLE IN THIS COUNTRY LIKE HIS MOTHER-IN-LAW, WHO  
12 HAS BEEN HERE FOREVER AND A DAY, WHO STILL IS NOT A  
13 CITIZEN AND THEREFORE CANNOT VOTE ALTHOUGH SHE IS  
14 VERY AWARE OF THE POLITICAL ISSUES OF THE DAY, AND  
15 MENTIONED THE PROBLEMS WITH BECOMING A CITIZEN.

16 I WANT TO ASK YOU A MORE GENERAL  
17 QUESTION. WHAT WOULD BE YOUR SUGGESTIONS -- I KNOW  
18 THEY ARE SEVERAL -- IN TERMS OF HOW TO PERMIT THE  
19 LATINO COMMUNITY, THAT IS, FOR EXAMPLE IN THE  
20 HERNANDEZ DISTRICT, TO PARTICIPATE MORE FULLY IN  
21 THE POLITICAL PROCESS OF HIS DISTRICT AND THIS  
22 COUNTRY?

23 MS. HERNANDEZ: WELL, I THINK THERE ARE  
24 SEVERAL THINGS THAT CAN BE DONE AND ARE NOT THAT  
25 DIFFICULT TO DO. IN THE PAST IT IS TRUE THE

1 LATINOS HAVE HAD -- LATINOS AND CANADIANS, OR  
2 MEXICAN IMMIGRANTS TO BE MORE SPECIFIC, HAVE HAD  
3 THE LOWEST PERCENTAGE OF NATURALIZATION. A LOT OF  
4 IT HAS HAD TO DO WITH THE PROXIMITY OF THE COUNTRY  
5 THAT THEY COME FROM.

6 BUT PUTTING THAT ASIDE, ONE IS THE  
7 EMPHASIS ON NATURALIZATION. THERE IS A RISING  
8 AWARENESS OF THE IMPORTANCE AND THE NEED TO  
9 NATURALIZE. WHEN WE CONDUCTED THE NATIONAL CENSUS  
10 AWARENESS PROJECT THAT WE DID THROUGHOUT THIS  
11 COUNTRY FOR THE 1990 CENSUS -- AND, IN FACT, IT WAS  
12 EXTREMELY SUCCESSFUL -- HISPANICS HAD THE LARGEST  
13 PERCENTAGE OF AWARENESS OF THE CENSUS THAN ANY  
14 ETHNIC GROUP, INCLUDING ANGLO-SAXONS, IN THE  
15 COUNTRY.

16 WHAT WE FOUND IS THAT IN ORDER TO GET  
17 OUR COMMUNITY TO PARTICIPATE IN RESPONSE, WE HAVE  
18 TO CONVEY A CONNECTION, A CONSEQUENCE, A BENEFIT TO  
19 WHAT WE ARE ASKING THE INDIVIDUALS TO PARTICIPATE  
20 IN. AND IN WORKING WITH MALEO, WHO IS THE  
21 ORGANIZATION THAT IS PRIMARILY INTERESTED AND  
22 FOCUSED ON NATURALIZATION, IS TRYING TO GET THAT  
23 FOCUS, TO CONVEY THAT NEED AND THAT BENEFIT.

24 IN ADDITION TO THAT WE CONDUCTED SOME  
25 YEARS BACK, MALDEF CONDUCTED A SORT OF AN

1 ASSESSMENT OF WHY A COMMUNITY CANNOT NATURALIZE.  
2 AND WE FOUND THAT IN ADDITION TO TRADITIONALLY THE  
3 FEAR OF INS, THE LACK OF AWARENESS, ONE OF THE  
4 FACTORS WAS THE WHOLE ISSUE OF THE LOSING OF  
5 CITIZENSHIP IN MEXICO. I HAVE HAD EXTENSIVE  
6 DISCUSSIONS WITH REPRESENTATIVES FROM THE  
7 GOVERNMENT OF MEXICO BASICALLY WHO ARE VERY  
8 COOPERATIVE AND WANT TO BE COOPERATIVE IN HELPING  
9 US TO PASS OUT THE WORD THAT, YES, YOU LOSE YOUR  
10 CITIZENSHIP BUT THAT THERE ARE WAYS THAT, YOU KNOW,  
11 SHOULD YOU EVER DECIDE TO, TO REGAIN THAT CITIZENSHIP.  
12 BUT MOST IMPORTANTLY THE MISCONCEPTION THAT YOU  
13 CANNOT OWN THE PROPERTY OR KEEP PROPERTY, IF IN  
14 CASE YOU DO, IN THE COUNTRY THAT YOU COME FROM.

15 SO WHAT WE HAVE BEEN DOING IS TRYING TO  
16 DEAL SYSTEMATICALLY WITH THE REASONS AND THE  
17 FACTORS THAT PEOPLE HAVE STATED THAT THEY DON'T  
18 BECOME CITIZENS. I WILL ALSO TELL YOU THAT IT IS  
19 NOT ALL THE INDIVIDUAL'S DOING, THAT OF THE PEOPLE  
20 WHO APPLY FOR NATURALIZATION, MEXICAN AMERICANS  
21 HAVE THE HIGHEST REJECTION RATE OF THOSE THAT GO  
22 THROUGH THE SYSTEM. AND WHAT WE DO --

23 MR. REYNOSO: EXCUSE ME. ON YOUR  
24 PREVIOUS POINT, WE HAVE DUAL CITIZENSHIP, THE U.S.  
25 DOES. AND THE ONLY COUNTRY THAT WE HAVE DUAL

1 CITIZENSHIP WITH IS ISRAEL. WOULD IT HELP TO HAVE  
2 DUAL CITIZENSHIP WITH CANADA AND MEXICO?

3 MS. HERNANDEZ: ACTUALLY WE DON'T HAVE  
4 DUAL CITIZENSHIP IN A WAY. IT IS OTHER COUNTRIES  
5 ALLOW YOU TO KEEP YOUR CITIZENSHIP. THIS COUNTRY  
6 DOES NOT. I MEAN, YOU BECOME AN AMERICAN CITIZEN.

7 THERE ARE SOME WHERE THERE IS A  
8 PROVISION. BUT IT IS MORE, YOU KNOW, SORT OF -- IT  
9 IS THE OTHER COUNTRY'S ACTION THAT DOES IT. AND  
10 WHERE THERE IS THAT POLICY WHERE YOU ARE NOT -- YOU  
11 ARE NOT MANDATED TO GIVE UP THAT CITIZENSHIP, THAT  
12 YOU HAVE IT OR UNDER CIRCUMSTANCES YOU CAN KEEP  
13 IT. I WILL TELL YOU, COMMISSIONERS, THAT FROM A  
14 POLITICAL PERSPECTIVE, I REALLY THINK THAT  
15 POLITICALLY AS A COMMUNITY --

16 MR. REYNOSO: EXCUSE ME. I HAVE BEEN  
17 GIVEN A NOTE THAT SAYS THAT THE U.S. RECOGNIZES  
18 DUAL CITIZENSHIP WITH ISRAEL AND IRELAND.

19 MS. HERNANDEZ: AND THERE ARE SPECIFIC  
20 POLITICAL, HISTORICAL REASONS FOR THAT. AND, IN  
21 FACT, THAT HELPS ME MAKE THE POINT THAT I WAS GOING  
22 TO MAKE.

23 FROM A POLITICAL PRACTICAL PERSPECTIVE  
24 THE QUESTION THAT I ASK IS HOW MUCH ENERGY DO WE  
25 HAVE TO SPEND DOING THAT VERSUS NATURALIZING

1 INDIVIDUALS AND BRINGING THEM INTO THE MAINSTREAM?  
2 OUR APPROACH, MALDEF'S APPROACH, IS THAT WE HAVE  
3 GOT TO BRING PEOPLE INTO THE MAINSTREAM. WE HAVE  
4 GOT TO GET THEM INVOLVED IN THE POLITICAL PROCESS.  
5 WE HAVE GOT TO GET THEM AS VOTERS. WE HAVE GOT TO  
6 GET THEM TO BREATHE LIFE INTO OUR DEMOCRACY.

7 IN FACT, NOBODY IS VOTING RIGHT NOW. IT  
8 IS NOT JUST THE LATINOS. AND TO GET THEM INVOLVED,  
9 AND THERE WOULD BE A LOT OF POLITICAL RAMIFICATIONS  
10 FOR A SOLUTION THAT MIGHT BE LONG IN COMING. AND  
11 THAT IS JUST SORT OF OUR OWN PHILOSOPHICAL PERSONAL  
12 PERSPECTIVE OF THIS ISSUE.

13 MR. REYNOSO: ONE MORE QUESTION ALONG  
14 THOSE LINES. IT HAS BEEN SUGGESTED AND IMPLIED  
15 ALSO IN THE HERNANDEZ TESTIMONY THAT MAYBE PEOPLE  
16 WHO HAVE CHILDREN IN SCHOOLS, PEOPLE WHO ARE NOT  
17 U.S. CITIZENS BUT HAVE CHILDREN IN SCHOOLS, MIGHT  
18 BE ENCOURAGED AND ALLOWED TO VOTE IN SCHOOL  
19 MATTERS, AS THEY ARE IN NEW YORK AND I GUESS SOME  
20 OTHER PLACES. WHAT IS YOUR AND MALDEF'S POSITION  
21 ON THAT? DOES THAT FALL IN THE SAME CATEGORY? IT  
22 IS SUCH A TOUGH POLITICAL BATTLE THAT YOU HAVE HAD  
23 THAT PERHAPS YOU HAD BETTER APPROACH IT  
24 DIFFERENTLY.

25 MS. HERNANDEZ: ACTUALLY WE HAVE BEEN

1 LOOKING AT THAT. AS YOU KNOW CHICAGO HAS, YOU  
2 KNOW, WHEN THEY WENT TO LOCAL COMMUNITY CONTROL,  
3 THEY SAID ALL PARENTS WHO HAVE CHILDREN CAN DO  
4 THAT. TACOMA, I BELIEVE, HAS PASSED THAT  
5 LEGISLATION.

6 WHAT WE ARE DOING IS LOOKING TO SEE  
7 WHETHER, IN FACT, SUCH POLICIES DO HAVE THE EFFECT  
8 OF INCREASING THE PERCENTAGE OF THE IMMIGRANT  
9 COMMUNITY'S PARTICIPATION IN THE GOVERNANCE OF THE  
10 SCHOOL DISTRICTS. AND WE HAVE YET TO MAKE A  
11 CONCLUSION BECAUSE THOSE ARE RECENT DEVELOPMENTS.

12 MR. REYNOÑO: THANK YOU.

13 MR. WANG: COMMISSIONER ANDERSON?

14 MR. ANDERSON: PASS.

15 MR. WANG: TWO QUESTIONS, VERY QUICKLY.

16 WOULD YOU CARE TO SHARE WITH US YOUR  
17 ASSESSMENT OF OUR CITY'S RACIAL TENSION AT THIS  
18 VERY MOMENT, INTERGROUP RELATIONS FROM YOUR  
19 STANDPOINT.

20 MS. HERNANDEZ: WELL, ACTUALLY I THINK  
21 YOU ARE SORT OF ASKING THE WRONG PERSON, BUT I WILL  
22 GIVE YOU MY OPINION. I AM A POLLYANNA. MY  
23 PHILOSOPHY HAS ALWAYS BEEN OF HAVING VERY GOOD  
24 WORKING RELATIONSHIPS WITH VARIOUS GROUPS AND  
25 ETHNIC COMMUNITIES. AND MY INSTITUTION I BELIEVE

1 REFLECTS THAT, A COLLABORATIVE EFFORT. THAT IS NOT  
2 TO SAY THAT I DO NOT RECOGNIZE THAT THERE ARE SOME  
3 RACIAL TENSIONS.

4 A GREAT DEAL OF THAT RACIAL TENSIONS IS  
5 CAUSED BY THE ECONOMIC REALITIES OF THE LIVES THAT  
6 THESE PEOPLE HAVE TO LIVE. AND I WILL TELL YOU  
7 THAT IN THE MANY INTERACTIONS THAT I HAVE HAD IN  
8 DEALING WITH THE ASIAN COMMUNITY, WITH THE  
9 AFRICAN-AMERICAN COMMUNITY, I WILL TELL YOU THAT I  
10 VERY SELDOM, I HAVE NOT FOUND HATE. I FIND  
11 MISUNDERSTANDING. I FIND, YOU KNOW, COMPETITION  
12 FOR SCARCE RESOURCES. I FIND RESENTMENT.

13 AND THAT LEADS ME TO BELIEVE THAT WE  
14 HAVE A GREATER RESPONSIBILITY TO LEARN MORE ABOUT  
15 OUR NEIGHBORS AND WHO IS IN THE COMMUNITY. BUT,  
16 YOU KNOW, I DON'T SEE IT AS SEVERELY AS SOME PEOPLE  
17 SEE IT. AND I WILL TELL YOU THAT I AM THE CO-CHAIR  
18 OF THE RACIAL HARMONY TASK FORCE OF R.L.A. AND I  
19 WOULD SAY THAT I AM INVOLVED IN JUST ABOUT EVERY  
20 COLLABORATIVE EFFORT THAT HAS COME IN.

21 AND AT THE LEADERSHIP LEVEL I CAN TELL  
22 YOU THAT MOST OF OUR CASES YOU SEE OUR COUNSEL  
23 BEING CO-COUNSEL WITH THE NAACP LEGAL DEFENSE FUND,  
24 WITH THE OTHER LEGAL SOURCES WORKING IN OUR AREA, IN  
25 THE REDISTRICTING EFFORT. YOU KNOW, WE PUT OUR



1 COLLABORATIVE APPROACH TO THE TEST.

2 IN FACT, YOU DID NOT SEE MAJOR  
3 COMPETITION OR RACIAL STRIFE BETWEEN THE  
4 AFRICAN-AMERICAN COMMUNITY AND THE LATINO COMMUNITY  
5 WHEN WE SUED THE CITY IN 1987 OR WHEN WE SUED THE  
6 COUNTY IN 1990. AND, IN FACT, WHEN WE SUED THE  
7 COUNTY IN 1990 THE NAACP LEGAL DEFENSE FUND STATED  
8 IN COURT THAT FOR PURPOSES OF LIABILITY THEY WOULD  
9 ALLOW ACLU, MALDEF, AND THE JUSTICE DEPARTMENT TO  
10 PRESENT THE CASE. AND IF WE WON AND THEN WE GOT  
11 INTO THE ISSUE OF REMEDIES THAT THEY WOULD COME IN  
12 AND IN THAT CASE GET INVOLVED IN THE CASE. AND I  
13 THINK THAT THAT SAYS A LOT ABOUT OUR WORKING  
14 RELATIONSHIP.

15 I WANT TO STRESS THAT EDUCATION AND  
16 DEALING WITH THE ECONOMIC CONDITIONS IS CENTRAL TO  
17 EASING THE RACIAL TENSIONS AND SPEAKING HONESTLY  
18 AND RESPECTING THE OTHER PERSON'S PERSPECTIVE. AND  
19 I DON'T THINK THAT THE MEDIA IS REALLY, YOU KNOW,  
20 REALLY HELPING IN THIS SITUATION. AND IT IS  
21 AGGRAVATING A SITUATION THAT IS ALREADY TENSE.

22 MR. WANG: WHAT STEP DO YOU THINK THE  
23 FEDERAL GOVERNMENT SHOULD TAKE, IF ANY, TO EASE  
24 THIS INTERGROUP TENSION OR TO FOSTER BETTER  
25 INTERGROUP RELATIONS?

1 MS. HERNANDEZ: MY SENSE IS THAT THE  
2 FEDERAL GOVERNMENT IS LARGELY RESPONSIBLE. BECAUSE  
3 THEY ABANDONED THE CITIES 15 YEARS AGO. THE  
4 TENSIONS THAT YOU SEE IN LOS ANGELES ARE NO  
5 DIFFERENT THAN YOU SEE IN ATLANTA, IN NEW YORK, IN  
6 DETROIT, IN CHICAGO. AND I BELIEVE THAT THE  
7 FEDERAL GOVERNMENT NEEDS TO PAY ATTENTION TO THE  
8 INNER CITIES AND TO THE URBAN CENTERS. AND ONCE IT  
9 DOES THAT AND IT IS IN PARTNERSHIP WITH THE LOCAL  
10 AND STATE COMMUNITIES AS IT SHOULD BE, THEN YOU ARE  
11 GOING TO SEE A GREATER REDISTRIBUTION OF RESOURCES  
12 AND ATTENTION BEING PAID TO THE NEEDS OF THE POOR  
13 INNER CITY.

14 AND I BELIEVE THAT IN L.A. THERE IS A  
15 REALIZATION THAT THE SUBURBS CANNOT SURVIVE WITHOUT  
16 THE CITIES AND THERE IS A REALIZATION IN OUR  
17 SOCIETY THAT GREAT URBAN CIVILIZATIONS HAVE NOT  
18 SURVIVED BECAUSE THEY WERE SUBURBS. AND YOU NEED  
19 ECONOMIC DEVELOPMENT AND YOU NEED VIBRANT CITIES  
20 AND VIBRANT ECONOMIC INNER CITIES TO HAVE A HEALTHY  
21 SOCIETY. AND HOPEFULLY THE FEDERAL GOVERNMENT  
22 HAS BEGUN TO PAY ATTENTION TO THE INNER CITIES  
23 BECAUSE NOT ONLY HAS THE CIVIL RIGHTS COMMISSION  
24 COME TO L.A., BUT I THINK JUST ABOUT EVERY CABINET  
25 OFFICER HAS COME TO L.A. IN THE LAST THREE MONTHS.

1                   MR. WANG:  ON THAT NOTE I THINK IT IS  
2   APPARENT THAT CERTAINLY L.A. IS ONE OF THE MOST  
3   ATTRACTIVE CITIES, IF NOTHING ELSE.  WE WANT TO  
4   THANK YOU VERY, VERY MUCH FOR YOUR CONTRIBUTION  
5   AND ALSO YOUR CANDID -- COUNSEL HAS ONE MORE  
6   QUESTION?

7                   MR. GLICK:  DO YOU HAVE A STATEMENT THAT  
8   YOU BROUGHT WITH YOU, MS. HERNANDEZ, THAT WE COULD  
9   INCLUDE IN OUR RECORD?

10                  MS. HERNANDEZ:  YES, I DO.  AND I HAVE  
11   GIVEN IT ALREADY TO YOUR STAFF.

12                  MR. GLICK:  THANK YOU.

13                  MR. WANG:  THANK YOU.

14                  SO LET'S RESUME OUR PANEL ON JTPA.  AND  
15   I WANT TO APOLOGIZE FOR THE INTERRUPTIONS.. AND I  
16   HOPE YOU FIND THIS CONVERSATION WAS SOMEWHAT  
17   HELPFUL, IN ADDITION TO OUR DIALOGUE.

18                  MS. RUDERT:  RETURNING TO JTPA, THE JOB  
19   TRAINING PARTNERSHIP ACT.

20                  MR. DANTZLER, AS DIRECTOR OF THE  
21   CHALLENGERS BOYS AND GIRLS CLUB, CAN YOU TELL US  
22   WHAT IT IS AND DESCRIBE ITS PROGRAMS.

23                  MR. DANTZLER:  THE CHALLENGERS BOYS AND  
24   GIRLS CLUB IS A PLACE FOR KIDS BETWEEN THE AGE OF  
25   SIX AND 17.  IT IS A PROGRAM THAT I STARTED IN

1 '68. BECAUSE I SAW THE NEED FOR KIDS TO HAVE YOUTH  
2 DIRECTION.

3 WE STARTED WITH 12 IN THE BACK OF A  
4 TRUCK. TODAY WE HAVE A MEMBERSHIP OF OVER 2,200  
5 BOYS AND GIRLS. ONE OF THE THINGS THAT I THINK IS  
6 IMPORTANT IS THAT PARENTS NEED TO BE INVOLVED IN  
7 THE PROGRAMS ALONG WITH THE KIDS. AND FROM THAT WE  
8 HAVE MANY, MANY VOLUNTEERS OR PARENTS INVOLVED.

9 IN FACT, MOST PARENTS PUT -- MUST HAVE  
10 PUT IN AT LEAST FOUR OR EIGHT HOURS PER MONTH AT  
11 OUR FACILITIES WHILE THE KIDS ARE THERE. THE  
12 PROGRAMS RUN FROM CRAFT PROGRAMS, EDUCATION  
13 PROGRAMS, JOB TRAINING, JUST PROVIDING THINGS THAT  
14 THEY CAN DO.

15 MS. RUDERT: THANK YOU. I AM GOING TO  
16 ASK THE COMMISSIONERS TO QUESTION YOU NOW.

17 MR. WANG: COMMISSIONER ANDERSON?

18 MR. ANDERSON: THANK YOU VERY MUCH,  
19 MR. CHAIRMAN.

20 MR. DANTZLER, DOES YOUR PROGRAM RECEIVE  
21 TRAINING FROM THE JOB TRAINING PARTNERSHIP ACT?

22 MR. DANTZLER: NO, WE DO NOT.

23 MR. ANDERSON: CAN YOU EXPLAIN TO US OR  
24 GIVE US SOME IDEA OF WHAT KIND OF PROGRAMS YOU ARE  
25 FAMILIAR WITH IN YOUR AREA THAT MIGHT BENEFIT FROM

1 THAT PROGRAM, FUNDING UNDER THAT PROGRAM?

2 MR. DANTZLER: WELL, KIDS WILL BENEFIT,  
3 FIRST OF ALL. NOT ONLY THAT WE DO WORK WITH URBAN  
4 LEAGUE SOMETIMES. BECAUSE PEOPLE THAT THEY HAVE IN  
5 TRAINING THEY SEND THEM TO US AND WE HIRE SOME OF  
6 THESE PEOPLE TO WORK FOR US, YOU KNOW. AND THAT'S  
7 ONE OF THE THINGS THAT HAS BEEN VERY HELPFUL TO US  
8 ALSO.

9 BUT I THINK OTHER THAN THAT, PEOPLE TALK  
10 A LOT. AND YOU DON'T SEE ACTION. PEOPLE JUST GO  
11 OUT AND SAY WHAT CAN BE DONE, WHAT NEEDS TO BE  
12 DONE. BUT I THINK THAT IF YOU REALLY LOOK AT IT,  
13 PEOPLE SHOULD START WORKING TOGETHER ON SOME OF  
14 THESE THINGS WHERE WE COMPLAIN ABOUT, I THINK WE  
15 CAN MAKE A DIFFERENCE IN THE LIFE OF THE PEOPLE AND  
16 THE KINDS IN OUR COMMUNITY.

17 THOSE THINGS ARE VERY IMPORTANT. THAT'S  
18 WHAT WE HAVE DONE FOR 25 YEARS. WE HAVE TRIED TO  
19 MAKE A DIFFERENCE. WE ARE GOING TO CONTINUE TO  
20 MAKE A DIFFERENCE. REGARDLESS -- BECAUSE YOU HAVE  
21 HEARING HERE, YOU HAVE HEARING THERE. WHAT  
22 HAPPENS AFTER THE HEARING PEOPLE LEAVE TOWN? IS  
23 THE INFORMATION GOING ON THE SHELF SOMEPLACE? WHAT  
24 CAN WE DO WITH IT?

25 I CAN JUST HEAR THEM COMING UP IN

1 ANOTHER FIVE YEARS AND SAYING, WE NEED ANOTHER  
2 HEARING, ABOUT THE SAME THINGS THAT WE ALREADY KNOW  
3 THE ANSWERS TO.

4 MR. ANDERSON: THANK YOU.

5 MR. WANG: I SHARE YOUR FRUSTRATION,  
6 MR. DANTZLER. EVEN AS OTHER PEOPLE ADD, AS WE ARE  
7 CONDUCTING THESE HEARINGS AND WE ARE GOING TO PUT  
8 TOGETHER A REPORT. THAT REPORT IS GOING TO BE  
9 ACTUALLY PUBLISHED. IT IS PROBABLY FASTER THAN A  
10 YEAR, BUT AVERAGE TIME TO PUBLISH A REPORT IS TWO  
11 YEARS. BY THEN THE SITUATION MAY BE DIFFERENT.

12 MR. DANTZLER: YOU MIGHT BE RIGHT.

13 MR. WANG: SO YOU HAVE TO LOOK FROM THE  
14 STANDPOINT THAT BY US COMING OVER, THAT WE HAVE ON  
15 THE ONE HAND AGAIN CALLED ATTENTION TO WHOLE LOTS  
16 OF PEOPLE FOCUSING ON THIS VERY, VERY SUBJECT THAT  
17 WE ARE DISCUSSING. AND ALSO I THINK WITH THAT KIND  
18 OF ATTENTION PEOPLE WILL START WORKING ON SOME  
19 COMMON SOLUTIONS.

20 AND WE HAVE -- LIKE YOU SAID IN A  
21 SENSE, EARLY ON OUR CHAIR IS VERY, VERY COMMITTED  
22 TO SEE TO IT AND SEE THROUGH THE MTA EMPLOYMENT  
23 PROGRAMS, SUBCONTRACTS, CONCESSIONS TO MINORITY  
24 SMALL BUSINESS. THAT'S WHERE JOBS WILL BE  
25 CREATED. YOU WILL HAVE ANOTHER FIVE BILLION

1 DOLLARS THAT IS SUPPOSED TO BE SPENT IN L.A. TO  
2 BUILD ADDITIONAL TRANSPORTATION. AND THAT MONEY  
3 NEEDS TO BE SPENT AND MINORITY GROUPS NEED TO  
4 REALLY TAP INTO IT TO BE BENEFITED BY IT.

5 SO THIS IS WHERE WE WANT TO MONITOR, WE  
6 WANT TO BE SURE THOSE PROMISES MADE BY THE FEDERAL  
7 GOVERNMENT IN ESSENCE THAT THEY ARE DELIVERED. SO  
8 THAT IS OUR FUNCTION, TO MONITOR, TO KIND OF MAKE  
9 SURE THAT THEY DO WHATEVER THEY ARE SUPPOSED TO  
10 DO.

11 SO ON THAT NOTE, IF WE CAN JUST  
12 CONTINUE.

13 MS. RUDERT: OKAY, THANK YOU.

14 MR. DANTZLER, AM I WRONG, I WAS UNDER  
15 THE IMPRESSION THAT YOU OPERATE A SUMMER PROGRAM  
16 WHERE YOU OFFER PREEMPLOYMENT SKILLS TRAINING --

17 MR. DANTZLER: YES, WE DO.

18 MS. RUDERT: -- TO PARTICIPANTS UNDER THE  
19 JTPA PROGRAM?

20 MR. DANTZLER: YES, WE DO. FOR SUMMER  
21 YOUTH EMPLOYMENT PROGRAMS ONLY THAT WE DO THAT. WE  
22 HAVE APPROXIMATELY 100 KIDS THAT WE HIRE.

23 WHAT WE DO IS WE TRAIN THOSE KIDS PRIOR  
24 TO GETTING THE JOB FOR THE SUMMER, YOU KNOW. AND  
25 THEN WE PUT THEM INTO THE JOBS THAT WE NEED AT OUR

1 FACILITIES, WHETHER IT IS IN THE ARTS AND CRAFTS,  
2 EDUCATION PROGRAM, OR WHATEVER. BUT THOSE THINGS  
3 ONLY HAPPEN ONCE PER YEAR. AND THEN AFTER THAT  
4 THEN WE HAVE TO GO BACK AND GO THROUGH A  
5 CORPORATION OR FOUNDATION AND HAVE THEM PUT IN A  
6 JOBS PROGRAM FOR THE KIDS AT THE SCHOOL THERE.

7 BUT WE DO RUN THE JOB PROGRAM. IT IS  
8 NOT THROUGH JTPA, YOU KNOW, YEAR ROUND.

9 MS. RUDERT: THANK YOU.

10 MS. FLORES, CAN YOU EXPLAIN IN WHAT  
11 CAPACITY YOU WORK FOR THE CITY OF LOS ANGELES AND  
12 WHAT RESPONSIBILITY YOU HAVE FOR THE PROGRAM FUNDED  
13 BY THE JOB TRAINING PARTNERSHIP ACT.

14 MS. FLORES: I AM THE ADMINISTRATOR OF  
15 THE JOB TRAINING PARTNERSHIP ACT IN LOS ANGELES.  
16 AND I HAVE RESPONSIBILITY FOR THE OVERALL GENERAL  
17 MANAGEMENT OF THE PROGRAM IN ITS DAY-TO-DAY  
18 OPERATIONS.

19 MS. RUDERT: AND WHAT EFFECT HAVE RECENT  
20 ECONOMIC CHANGES IN SOUTHERN CALIFORNIA, SUCH AS  
21 THE DEMISE OF THE DEFENSE AND AEROSPACE INDUSTRIES  
22 AND THE EXODUS OF MANY BUSINESSES, HAD ON JOB  
23 TRAINING PROGRAMS AND TRAINEES?

24 MS. FLORES: JOBS. IN THE LAST YEAR  
25 THERE HAS BEEN OVER -- JUST THE LAST YEAR ALONE



1       THERE HAS BEEN OVER 108,000 JOBS LOST IN OUR LOCAL  
2       AREA.   SINCE 1989 THE UNEMPLOYMENT RATE HAS DOUBLED  
3       FROM 5.9 PERCENT TO OVER 11 PERCENT IN OUR LOCAL  
4       AREA.

5                   WHAT YOU HAVE ARE INDIVIDUALS BEING  
6       DISLOCATED, BECOMING CYCLICALLY UNEMPLOYED AND  
7       COMPETING IN A LABOR MARKET WHERE WE HAVE ALREADY A  
8       SUBSTANTIAL NUMBER OF STRUCTURALLY UNEMPLOYED OR  
9       INDIVIDUALS TRYING TO ENTER THE LABOR MARKET FOR  
10      THE FIRST TIME.

11                   WE ALSO HAVE A PROBLEM IN TERMS OF  
12      DEFINING OUR TRAINING.   WE HAVE DISLOCATION IN THE  
13      ECONOMY, NOT JUST THE INDIVIDUAL WORKERS, BUT IN  
14      THE ECONOMY.   YOU HAVE ENTIRE INDUSTRIES, ENTIRE  
15      OCCUPATIONAL CLUSTERS FALLING OUT OF OUR ECONOMY.

16                   EVERYONE TALKS ABOUT THE EMERGENCE OF  
17      NEW CLUSTERS, THE TRANSPORTATION INDUSTRY, FOR  
18      EXAMPLE, THE HEALTH CARE INDUSTRY, THE  
19      ENVIRONMENTAL INDUSTRY.   THEY ARE HARD PUSHED,  
20      HOWEVER, TO TELL YOU IN AN ORGANIZED FASHION WHERE  
21      AFTER ALL THAT PLANNED TRAINING, WHAT KIND OF JOBS  
22      WE WILL HAVE REQUIRING WHAT IN SOME KIND OF REGULAR  
23      TIMELY BASIS TO HELP US TO PREPARE.

24                   IN THE LAST TWO YEARS WE HAVE MOVED FROM  
25      A VERY SMALL COMPONENT, FOR EXAMPLE, OF HEALTH CARE

1 OCCUPATIONS TO MANY, MANY MORE. WE ARE TRAINING  
2 LICENSED VOCATIONAL NURSES. WE ARE TRAINING PEOPLE  
3 FOR IN-HOME HEALTH CARE. WE HAVE IN-HOME HEALTH  
4 CARE WITH AN AIDS SPECIALTY. WE HAVE DONE A  
5 TREMENDOUS AMOUNT TO TRY AND FOCUS ON THAT.

6 IT IS INTERESTING TO KNOW THAT JUST AS  
7 WE WERE STARTING THAT GEAR-UP, WITH THE RECESSION  
8 MANY OF OUR HMO'S STARTED LOSING ENROLLMENT. SO  
9 HERE WE ARE TRAINING BECAUSE THERE HAS BEEN A  
10 DEMAND IN THE HEALTH CARE INDUSTRIES, AND THEN OUR  
11 PUBLIC HEALTH CARE PROVIDERS THAT ARE DEPENDENT ON  
12 PUBLIC DOLLARS FOR THEIR SERVICES AND THEIR PLAN  
13 AND OUR HMO'S THAT ARE DEPENDENT ON EMPLOYER  
14 ENROLLMENT OR PEOPLE BEING ABLE TO CONVERT TO  
15 INDIVIDUAL ENROLLMENT START LOSING THEIR EMPLOYEE  
16 BASE OR SCALING BACK ON THEIR REHIRING AND HIRING.

17 AND THEN ALL OF A SUDDEN YOU ARE SAYING  
18 WHAT ARE WE DOING HERE? THIS IS SUPPOSED TO BE A  
19 GROWTH OCCUPATION. AND WE BEGAN TO TURN ACTUALLY  
20 TO OUR COMMUNITY BASE HEALTH PROVIDERS AND A LOT OF  
21 OTHER HEALTH CARE PROVIDERS TO BEGIN TO FOCUS OUR  
22 TRAINING TO MEET THEIR NEEDS.

23 BUT IT IS CATCH UP AND FIGURE IT OUT.  
24 AND ONE OF THE THINGS THAT WE HAVE DONE IS, FOR  
25 EXAMPLE, WITH THE TRANSPORTATION OCCUPATION WE

1 HAVE BEEN SPEAKING WITH THEM AND HAVING THEM  
2 SPEAK WITH THE EMPLOYMENT DEVELOPMENT DEPARTMENT  
3 LABOR INFORMATION PEOPLE TO SEE TO WHAT EXTENT WE  
4 CAN BEING THAT PLANNING SO WE CAN ASSURE THAT WE  
5 ARE GOING TO HAVE JOBS IN A YEAR, TWO YEARS, OR  
6 THREE YEARS FROM NOW AND WHAT DO WE NEED TO DO  
7 TODAY TO PREPARE OUR WORK FORCE FOR THAT.

8 SO, YES, IT HAS HAD MAJOR IMPLICATIONS  
9 BECAUSE THERE AREN'T AS MANY JOBS.

10 MS. RUDERT: WELL, HOW DOES THE CITY  
11 INSURE THAT JTPA FUNDS ARE DISTRIBUTED EQUITABLY  
12 ACROSS THE CITY AND TO DISADVANTAGED COMMUNITIES  
13 SUCH AS SOUTH CENTRAL LOS ANGELES?

14 MS. FLORES: THE ALLOCATION FORMULA  
15 WITHIN THE CITY OF LOS ANGELES FOR OUR GRANTS IS  
16 BASED ON CENSUS. THE CITY IS DIVIDED INTO SIX  
17 PLANNING AREAS: EAST, NORTHEAST, SOUTH CENTRAL,  
18 CENTRAL CITY, THE VALLEY, AND THE HARBOR STRIP DOWN  
19 INTO THE HARBOR.

20 BASED ON CENSUS DATA, RIGHT NOW 1990  
21 CENSUS DATA, WE ALLOCATE THE FUNDS TO THOSE AREAS.  
22 AND WE GO TO BID IN THOSE AREAS FOR PROGRAMS WHO  
23 SERVE RESIDENTS OF THOSE AREAS. THE STATISTICS  
24 THAT MS. ESPARZA CITED EARLIER ARE THE DATA THAT WE  
25 RECENTLY RAN FOR OUR PRIVATE COUNCIL TO LOOK AT HOW

1 WE ARE SERVING, BASED ON THE '90 CENSUS, VARIOUS  
2 DEMOGRAPHIC GROUPS AND VARIOUS SPECIAL NEED GROUPS  
3 IN THE CITY.

4 IT IS A SMALL PICTURE. WHAT WE INTEND  
5 TO DO WHEN WE CLOSE THIS PROGRAM YEAR OUT IS TO GO  
6 THROUGH ALL OF OUR VARIED SPECIALTY GROUPS, SPECIAL  
7 NEEDS GROUPS AND LOOK AT HOW WE PERFORMED. AND IT  
8 IS NOT ONLY THE DATA THAT SOPHIA BROUGHT TODAY.  
9 BUT THE OTHER THING WE NEED TO LOOK AT IS  
10 COMPLETION AND PLACEMENT. BECAUSE YOU CAN ENROLL.  
11 YOU MAY NOT NECESSARILY BE PLACING YOUR COMPLETING  
12 FOLKS WITH FOLLOW-UP AT CERTAIN WAGE LEVELS FOR  
13 PARITY.

14 THERE IS ANOTHER ISSUE THAT YOU HAVE TO  
15 DEAL WITH ON THE PARITY ISSUE, AND THAT IS THAT  
16 JTPA FUNDS NATIONALLY SERVE LESS THAN 4 PERCENT OF  
17 THE ELIGIBLES. AND LOCALLY LESS THAN THAT. SO I  
18 DISCOURAGE INDIVIDUALS TALKING ABOUT OVER-SERVICE  
19 TO ANY GROUP. BECAUSE THERE ARE FAR MORE ELIGIBLES  
20 IN ANY GROUP THAN WE HAVE THE CAPACITY TO SERVE.

21 HOWEVER, IF YOU JUST LOOK AT THE DOLLARS  
22 THAT WE DO HAVE AND WHETHER OR NOT WE HAVE PARITY  
23 OF SERVICE, SOUTH CENTRAL HAS PARITY OF SERVICE.  
24 THAT IS NOT THE ISSUE. THE ISSUE IS, AND THE ISSUE  
25 THAT HAS BEEN BROUGHT UP IN MANY DISCUSSIONS, IS

1 THE LOCATION OF SERVICES IN SOUTH CENTRAL. AND  
2 THAT DEFINITELY IS THE PROBLEM, PEOPLE BEING ABLE  
3 TO GO TO TRAINING IN THEIR OWN COMMUNITY.

4 AND I BELIEVE MS. ESPARZA SPOKE TO SOME  
5 OF THE ISSUES FOR THAT. I COULD ADD TO SOME OF THE  
6 THINGS THAT SHE SAID BY DISCUSSING FURTHER  
7 TRANSPORTATION. AGENCIES WANT TO MAKE THEMSELVES  
8 ACCESSIBLE TO THE LARGEST NUMBER OF FOLKS COMING  
9 FROM THE GREATEST NUMBER OF PLACES. THEREFORE,  
10 AGENCIES WILL TRY TO -- AS SOPHIA HAS INDICATED --  
11 PUT THEMSELVES BETWEEN COMMUNITIES ON MAJOR  
12 TRANSPORTATION LINES. THAT IS NOT ENCOURAGING OF  
13 EMBEDDING YOURSELF, THEN, IN A DISTINCT COMMUNITY  
14 IN OUR CITY. AND MOST OF OUR TRANSPORTATION ROADS  
15 LEAD TO DOWNTOWN OR THE CENTRAL QUARTER.

16 SO AGENCIES THAT ATTEMPT TO MAKE  
17 THEMSELVES ACCESSIBLE TO THE GREATEST NUMBER OF  
18 INDIVIDUALS TEND TO PLACE THEMSELVES IN THOSE  
19 CORRIDORS. AND THEN AGAIN I WOULD HAVE TO ECHO THE  
20 SECURITY CONCERNS, THE INSURANCE CONCERNS, THAT ARE  
21 DEFINITELY THERE FOR AGENCIES LOCATING IN MANY OF  
22 OUR COMMUNITIES IN THE CITY.

23 MS. RUDERT: WHAT IS THE CITY TRYING TO  
24 DO TO OVERCOME THE SHORTAGE OF SERVICE PROVIDERS IN  
25 THE SOUTH CENTRAL AREA LOCATED THERE?

1 MS. FLORES: WITHIN THE LAST THREE YEARS  
2 THE CITY HAS STARTED TWO PROGRAMS. ONE IS THE  
3 YOUTH OPPORTUNITY UNLIMITED PROGRAM. WE APPLIED  
4 FOR AND RECEIVED THREE YEARS AGO A FEDERAL GRANT  
5 FOR THE YOUTH OPPORTUNITY UNLIMITED PROGRAM, WHICH  
6 IS A DEPARTMENT OF LABOR INITIATIVE. THERE ARE  
7 NINE THAT WERE STARTED THREE YEARS AGO IN THE  
8 COUNTRY. THE CITY OF L.A. HAS ONE.

9 THAT PROGRAM TARGETS SIX CENSUS TRACTS,  
10 ROUGHLY IN THE VERMONT, MANCHESTER EAST AREA. THE  
11 CITY SELECTED THAT AREA BECAUSE THERE WERE NO  
12 SERVICE PROVIDERS LOCATED IN THAT AREA. THERE ARE  
13 NO PARKS LOCATED IN THOSE SIX CENSUS TRACTS. THERE  
14 WERE VERY LITTLE RESOURCES OF A HUMAN SERVICES  
15 TYPE, LET ALONE A JOB TRAINING TYPE.

16 AND THE JUNIOR HIGH SCHOOL IN THAT AREA  
17 HAD ONE OF THE HIGHEST DROPOUT RATES IN THE CITY,  
18 HAD ONE OF THE HIGHEST TEEN PREGNANCY RATE IN THE  
19 CITY. THAT'S JUNIOR HIGH I AM SPEAKING OF, NOT  
20 HIGH SCHOOL. AND NOBODY BOTHERS TO COUNT JUNIOR  
21 HIGH DROPOUT RATES. THEY ARE FAIRLY SIGNIFICANT IN  
22 SOME OF OUR COMMUNITIES IN THE CITY OF LOS ANGELES.  
23 THESE ARE YOUNG PEOPLE THAT WE HAVE LOST BEFORE  
24 THEY ARE EVEN ELIGIBLE FOR JOB TRAINING SERVICES AT  
25 THE AGE OF 14.

1                   AND SO WE WENT INTO THAT AREA.   AND OUR  
2 INTENTION WAS TO USE THE FEDERAL FUNDS TO START THE  
3 PROGRAM UP IN THAT AREA.   ONE OF THE CITY PROGRAMS,  
4 THE PRIVATE INDUSTRY COUNCIL, WAS VERY PROACTIVE IN  
5 TERMS OF PROVIDING RESOURCES AND SUPPORT TO THE  
6 PROGRAM.   AND TO CREATE A BOARD OF DIRECTORS AND TO  
7 CREATE A NEW NONPROFIT.   THAT BOARD HAS BEEN  
8 ESTABLISHED.   THE NONPROFIT IS COMPLETING THE  
9 FILING OF THEIR PAPERS.   AND HOPEFULLY BY JULY 12  
10 WE WILL HAVE A NONPROFIT WITH THEIR OWN STAFF WITH  
11 APPROXIMATELY \$1.5 MILLION OF FUNDING ANNUALLY  
12 STARTING THIS YEAR.   SO WE HAVE SPUN THAT OFF AND  
13 STARTED IT.   THERE IS A NEW ENTITY IN THE SOUTH  
14 CENTRAL AREA.

15                   IN ADDITION, WE ALSO IDENTIFIED A  
16 PROBLEM SEVERAL YEARS AGO IN THE CITY IN TERMS OF  
17 SERVICE IN OUR HOUSING DEVELOPMENTS, THE PUBLIC  
18 HOUSING AUTHORITY DEVELOPMENTS, SIGNIFICANT  
19 UNDER-SERVICE OF RESIDENTS OF THOSE DEVELOPMENTS.  
20 WE DID -- INITIALLY WE PROVIDED INCENTIVE POINTS IN  
21 SEVERAL OF OUR COMPETITIVE BID PROGRAMS TO  
22 ENCOURAGE PROVIDERS TO COME INTO THE DEVELOPMENTS,  
23 TO ACTUALLY PROVIDE SERVICES, DO THEIR OUTREACH ON  
24 SITE IN THE DEVELOPMENTS.   CHICANO SERVICE ACTION  
25 CENTER IS ONE OF THOSE PROVIDERS THAT TOOK US UP ON

1 THAT CHALLENGE AND IS PROVIDING SERVICES IN SOME OF  
2 OUR DEVELOPMENTS NOW.

3 IT WASN'T ENOUGH. SO ADDITIONALLY WE  
4 SAID, OKAY WE HAVE DONE THAT. THE OTHER THING THAT  
5 WE NEED TO DO IS PUT PROGRAM IN THE DEVELOPMENTS  
6 OURSELVES. AND WE DID THAT IN FIVE OF THE  
7 DEVELOPMENTS WITHIN THE CITY. THOSE PROGRAMS  
8 PROVIDE FAMILY JOB TRAINING SERVICES FOR THOSE WHO  
9 ARE OLD ENOUGH TO BE ELIGIBLE FOR JOB TRAINING  
10 SERVICES, AND THEY ALSO PROVIDE RECREATION AND  
11 EDUCATIONAL SUPPORT SERVICES OR OUR YOUNGER HOUSING  
12 DEVELOPMENT RESIDENTS. THOSE PROGRAMS HAVE BEEN  
13 ALSO SPUN OFF. WE HAVE SPUN THOSE OFF TO THE  
14 HOUSING AUTHORITY OF THE CITY OF LOS ANGELES AS OF  
15 OCTOBER. AND THEY HAVE NOW BECOME  
16 INSTITUTIONALIZED AND ARE OPERATIONAL.

17 AND THEN FINALLY ANOTHER THING THAT WE  
18 HAVE DONE IS IN OUR LAST COMPETITIVE BID WE GAVE  
19 BONUS POINTS FOR AGENCIES WHO COMMITTED TO LOCATING  
20 THEIR SCHOOL, THEIR BUSINESS, THEIR TRAINING SITE  
21 IN THE COMMUNITIES THAT THEY WERE PROPOSING TO  
22 SERVE AND ATTEMPT TO ENCOURAGE THEM TO DO THAT.  
23 BECAUSE THERE IS AN ACCESSIBILITY ISSUE FOR OUR  
24 PARTICIPANTS BY LOCATING IN THE COMMUNITY. BUT  
25 THERE IS ALSO I THINK AN IMPORTANT SPIN-OFF



1 BENEFIT, AND THAT IS TO BRING BUSINESS INTO THE  
2 COMMUNITY. THE PEOPLE THAT WORK AT THAT AGENCY EAT  
3 IN THAT COMMUNITY. THEY MAY SHOP IN THAT  
4 COMMUNITY. AND THERE IS A PRESENCE OF AN ACTIVE  
5 BUILDING OF SOMETHING HAPPENING IN THAT COMMUNITY  
6 THAT WE WANTED TO ENCOURAGE. BUT THERE ARE A LOT  
7 OF PRESSURES OPERATING AGAINST IT.

8 MS. RUDERT: YOU MENTIONED  
9 TRANSPORTATION. CAN YOU DESCRIBE WHAT DIFFICULTIES  
10 THE LACK OF TRANSPORTATION CREATES FOR THE JTPA  
11 PROGRAM FROM THE PERSPECTIVE OF SERVICE PROVIDERS,  
12 PROGRAM DEVELOPERS AND PARTICIPANTS, AND IN  
13 PARTICULAR HOW DOES THE LACK OF A PUBLIC  
14 TRANSPORTATION SYSTEM CONTRIBUTE TO THE SHORTAGE OF  
15 SERVICE PROVIDERS IN SOUTH CENTRAL LOS ANGELES. I  
16 THINK YOU ANSWERED --

17 MS. FLORES: -- PART OF THAT, YES.  
18 THE JOB TRAINING PARTNERSHIP ACT, AT  
19 LEAST AS CURRENTLY STRUCTURED, CAN PROVIDE  
20 TRANSPORTATION SUPPORT. AND WE DO THAT. HOWEVER,  
21 YOU CAN PROVIDE THE SUPPORT TO PAY FOR THE  
22 TRANSPORTATION. BUT THERE IS ALSO A TREMENDOUS  
23 DISINCENTIVE IF IT IS GOING TO TAKE YOU 45 MINUTES  
24 OR AN HOUR AND TWO TRANSFERS TO GET SOMEPLACE.

25 SO PART OF THE ISSUE OF TRANSPORTATION

1 IS THE COST. TRANSPORTATION IN THE CITY IS NOT  
2 INEXPENSIVE, EVEN WHEN IT IS ACCESSIBLE. AND WHEN  
3 YOU PROVIDE SUBSIDIES DURING TRAINING FOR  
4 TRANSPORTATION AND TRANSPORTATION MUST BE CONTINUED  
5 AFTER THAT PERSON IS STILL WORKING, YOU DO -- YOU  
6 KNOW, YOU WERE TALKING EARLIER ABOUT AFDC AND  
7 ADDITIONAL SUPPORT. TRANSPORTATION IS A REAL COST  
8 IN THE CITY IN TERMS OF GETTING TO JOBS AND GETTING  
9 THE THINGS THAT YOU NEED TO DO WITH YOUR LIFE DONE,  
10 ACCESSING SERVICES.

11 SO TRANSPORTATION FOR OUR SERVICE  
12 PROVIDERS IS IMPORTANT BECAUSE THEY NEED TO PUT  
13 THEMSELVES ON TRANSPORTATION LINES IN ORDER FOR  
14 PARTICIPANTS TO BE ABLE TO GET TO THEM. IT IS  
15 IMPORTANT IN TERMS OF SECURING JOBS BECAUSE ALMOST  
16 ALL OF OUR JOB TRAINING PROGRAMS -- AND I THINK  
17 THAT SOPHIA CAN ECHO THIS -- HAVE A WHOLE PART WHEN  
18 THEY ARE DOING JOB PREP AND THEY ARE PREPARING  
19 PEOPLE TO GO OUT AND BE PLACED ON HOW TO USE OUR  
20 TRANSPORTATION SYSTEMS. IT IS NOT EASY TO USE OUR  
21 TRANSPORTATION SYSTEMS. TO GO ALMOST ANYPLACE  
22 REQUIRES THAT YOU TRANSFER. AND IN ADDITION TO  
23 THAT THE TIMELINESS OF THE SCHEDULES OF WHEN OUR  
24 TRANSPORTATION RUNS ARE NOT ALWAYS NECESSARILY  
25 COMPATIBLE WITH WHEN THE EMPLOYER WANTS YOU

1 SOMEPLACE. SO THAT'S A CRITICAL ISSUE FOR OUR  
2 PARTICIPANTS AND ESPECIALLY OUR YOUNGER  
3 PARTICIPANTS.

4 USING PUBLIC TRANSPORTATION MAY MEAN  
5 TRAVELING THROUGH AREAS OF THE CITY AND  
6 WAITING ON CORNERS WHERE YOU ARE NOT NECESSARILY  
7 GOING TO FEEL SAFE. WHETHER THAT IS A PERCEPTION  
8 OR WHETHER THAT IS A REALITY, I AM NOT SURE THAT WE  
9 ARE HERE TO DISCUSS RIGHT NOW. BUT IF I FEEL  
10 UNSAFE IF I HAVE TO TRANSFER AT THIS CORNER, THEN I  
11 AM GOING TO BE DISINCLINED TO DO THAT. AS AN  
12 EXAMPLE, LAST YEAR AS A PART OF OUR SUMMER YOUTH  
13 EMPLOYMENT PROGRAM, WE WERE VERY FORTUNATE TO  
14 CONVINCED UCLA TO CREATE 250 SUMMER SLOTS. VERY  
15 EXCITING. IT MADE ALL OF THE MEDIA.

16 UCLA, AS MOST OF YOU KNOW, IS ON THE FAR  
17 WEST SIDE OF THE CITY. IN ORDER FOR OUR YOUNG  
18 PEOPLE ON THE EAST SIDE OF THE CITY TO PARTICIPATE  
19 IN THE PROGRAM ON THE WEST SIDE OF THE CITY --  
20 WHICH AT BEST IN A PRIVATE CAR IF WE WERE TO LEAVE  
21 HERE RIGHT NOW IT WOULD TAKE US 45 MINUTES TO GET  
22 TO THAT SITE -- WE WORKED WITH THE COMMUNITY BASED  
23 ORGANIZATIONS IN EAST L.A., WE WORKED WITH THE  
24 POLICE DEPARTMENT, WE WORKED WITH OUT GANG SERVICES  
25 PEOPLE AND SAID WHERE CAN WE HAVE 50 YOUNG PEOPLE

1 MEET ON THE CORNER. WE WILL PAY FOR A BUS ALL  
2 SUMMER LONG TO GET THEM TO UCLA. BUT WHERE CAN WE  
3 HAVE THE YOUNG PEOPLE MEET TO PICK THEM UP. THEY  
4 ALL SAID THERE IS REALLY NO PLACE THAT WOULD BE  
5 SAFE FOR THOSE 50 YOUNG PEOPLE.

6 SO WE SAID, OKAY, WE ARE NOT GOING TO  
7 GIVE UP ON THIS. ALL OF THE YOUNG PEOPLE FROM EAST  
8 L.A. -- AND WE HAD TWO OUT OF 50 WHO DID NOT SHOW  
9 UP THE FIRST DAY, AND BOTH OF THEM CALLED, WHICH I  
10 THINK IF ANY OF YOU HAVE WORKED WITH 14 TO  
11 21-YEAR-OLDS HAS GOT TO BE SOME RECORD IN AND OF  
12 ITSELF. WE HAD THEM ALL COME TO TERMINAL ANNEX,  
13 WHICH IS TO THE EAST SIDE OF DOWNTOWN. IT IS THIS  
14 SIDE OF THE L.A. RIVER. IT IS CONSIDERED DOWNTOWN,  
15 NOT EAST L.A.

16 THEY ALL HAD TO BE THERE BY A QUARTER OF  
17 8:00 IN THE MORNING IN ORDER FOR US TO BUS THEM TO  
18 UCLA. THEY MADE IT THERE. THEY CARED. WE DIDN'T  
19 DO IT ALL THE WAY. WE DIDN'T DO IT ALL THE WAY.  
20 YOU KNOW, WE DIDN'T PICK THEM UP AT THE DOOR. THEY  
21 ALREADY HAD TO TAKE PUBLIC TRANSPORTATION TO THAT  
22 LOCATION.

23 THAT WAS A TREMENDOUS COMMITMENT OF  
24 THOSE YOUNG PEOPLE. WE ARE TALKING OVER -- IF YOU  
25 FIGURE AT MINIMUM 20 MINUTES TO GET TO TERMINAL

1 ANNEX AND IN SOME CASES FROM EL SERENO OR THE  
2 FURTHER SIDE OF EAST L.A. TO GET TO TERMINAL ANNEX  
3 THEN ANOTHER 45 MINUTE BUS RIDE AND THEN BACK  
4 AGAIN. BUT THEY WANTED TO DO IT.

5 THAT WAS A COST OF -- WE DID THAT AT  
6 FOUR SITES IN THE CITY. WE HAD A SITE IN SOUTH  
7 CENTRAL, A SITE IN THE VALLEY, AND A SITE IN THE  
8 CENTRAL CITY TO PICK YOUNGSTERS UP FROM. IT WAS AN  
9 ENORMOUS COST. WE LEASED THOSE BUSES FOR THE  
10 SUMMER FOR OUR NINE WEEK PROGRAM.

11 THE CITY OF L.A. IS ENORMOUS. IT IS  
12 VERY BIG. AS SOME OF YOU WERE TALKING ABOUT THIS  
13 EARLIER, THAT WE GREW OUT AND NOT UP. AND OUR JOBS  
14 ARE NOT LOCATED WHERE OUR HOMES ARE. OUR TRAINING  
15 RESOURCES ARE NOT LOCATED WHERE OUR HOMES ARE. AND  
16 IN ORDER TO ACCESS -- OUR HEALTH SERVICES ARE NOT  
17 LOCATED WHERE OUR HOMES ARE. AND IN ORDER TO  
18 ACCESS ALL OF THOSE DIFFERENCE PIECES, WE ARE  
19 TOTALLY DEPENDENT ON OUR TRANSPORTATION SYSTEM.

20 AND I THINK ONE OTHER POINT IS THAT THE  
21 EMPLOYMENT DEVELOPMENT DEPARTMENT RECENTLY  
22 PUBLISHED -- AND I AM NOT SURE WHAT THEIR SOURCE  
23 DATA WAS -- A STUDY OF THE CITY OF LOS ANGELES AT  
24 THE TIME OF THE CIVIL UNREST. AND ONE OF THE  
25 POINTS THAT THEY MADE IN THERE WHICH I HAD NOT

1 PREVIOUSLY PICKED UP WAS THAT IN THE AREAS THAT  
2 WERE MOST IMPACTED BY THE CIVIL UNREST, MOST  
3 PHYSICALLY IMPACTED, MOST DAMAGE DONE BY THE CIVIL  
4 UNREST, THE UTILIZATION OF PUBLIC TRANSPORTATION IS  
5 DOUBLE. THE DEPENDENCY OF PUBLIC TRANSPORTATION IS  
6 DOUBLE THAT OF WHAT IT IS IN THE REST OF THE CITY.

7 AND I THINK THAT'S AN IMPORTANT THING  
8 FOR US TO KNOW. BECAUSE NOT ONLY DO WE HAVE POOR  
9 INFRASTRUCTURE FOR PUBLIC TRANSPORTATION, BUT WE  
10 HAVE MORE OF A DEMAND FOR IT.

11 MS. RUDERT: THANK YOU.

12 VICE-CHAIR, PERHAPS THE COMMISSIONERS  
13 HAVE SOME QUESTIONS.

14 MR. WANG: MR. REYNOSO.

15 MR. REYNOSO: I MAY ASK SOME QUESTIONS IN  
16 WRITING.

17 MR. WANG: MR. ANDERSON.

18 MR. ANDERSON: YES, MR. VICE-CHAIRMAN, I  
19 HAVE ONE QUESTION.

20 I WOULD LIKE TO GO BACK TO THE ISSUE OF  
21 UNDER-SERVICE. NOW, I TAKE YOUR POINT THAT IF  
22 THERE IS FUNDING SUFFICIENT FOR ONLY 4 PERCENT OF  
23 ELIGIBLE BENEFICIARIES UNDER THE PROGRAM, THAT IN A  
24 REAL SENSE EVERYBODY IS UNDER-SERVED OR 96 PERCENT  
25 ARE UNDER-SERVED. BUT, NONETHELESS, WITHIN VARIOUS

1 DEMOGRAPHIC PROJECTIONS WE CAN SPEAK ABOUT  
2 UNDER-SERVICE OR LESS SERVICE THAN OTHERS. I SEEM  
3 TO UNDERSTAND YOU TO SAY THAT THERE WAS  
4 UNDER-SERVICE.

5 MS. FLORES: YES, THERE WAS.

6 MR. ANDERSON: YES, THERE IS. AND SO  
7 CAN YOU TELL US SOME OF THE -- I THINK YOU TOUCHED  
8 ON SOME OF THE FACTORS WHY THERE MAY BE  
9 UNDER-SERVICE. BUT CAN YOU ELABORATE ON THAT AND  
10 EXPLAIN TO US WHAT COULD BE DONE TO CHANGE THAT.

11 MS. FLORES: I THINK PERHAPS ONE OF THE  
12 THINGS THAT COULD BE DONE WOULD BE SOME  
13 UNDERSTANDING BY INDIVIDUALS IN WASHINGTON, D.C.,  
14 THAT STRUCTURE STATUTES AND REGULATIONS UNDER WHICH  
15 WE OPERATE OF THE UNIQUENESS OF LOS ANGELES,  
16 SOUTHERN CALIFORNIA, AND OF THE ENTIRE SOUTHWEST.  
17 AND I THINK HERE I WOULD LIKE TO FOCUS VERY MUCH ON  
18 NON-ENGLISH SPEAKING LATINO ISSUES.

19 NUMBER ONE, THE JOB TRAINING PARTNERSHIP  
20 ACT PROVIDES LITTLE TO NO INCENTIVE AND, IN FACT,  
21 IT IS VIRTUALLY IMPOSSIBLE TO PROVIDE UPGRADE  
22 TRAINING WITHIN THE ACT. AND IF YOU DO, WHEN THE  
23 INSPECTOR GENERAL OR THE GAO COMES OUT, THEY WILL  
24 QUESTION -- THEY WILL ALWAYS QUESTION AND SOMETIMES  
25 YOU CAN CONVINCED THEM THAT YOU ACTUALLY DID IT

1 CORRECTLY. THEY WILL ALWAYS QUESTION IT. THEY  
2 WILL NOT ALWAYS DISALLOW IT, BUT WILL ALWAYS  
3 QUESTION IT.

4 WE KNOW AND TIME AND TIME AGAIN IT HAS  
5 BEEN SHOWN THROUGH VARIOUS STUDIES THAT THE  
6 SUBSTANTIAL PROBLEM IN OUR AFRICAN-AMERICAN  
7 COMMUNITY IS UNEMPLOYMENT. A SUBSTANTIAL PROBLEM  
8 IN OUR LATINO COMMUNITY IS UNDER-EMPLOYMENT. AND  
9 WITHOUT BEING ABLE TO DO UPGRADE TRAINING IN A  
10 SIGNIFICANT FASHION, WE ARE NOT GOING TO BE  
11 REACHING ALL OF THE INDIVIDUALS THAT WE SHOULD BE  
12 REACHING WHO ARE WORKING MINIMUM WAGE JOBS THAT  
13 HAVE A FAMILY SIZE THAT KEEPS THAT FAMILY BELOW  
14 POVERTY. AND WE HAVE TO REMEMBER THAT UP UNTIL  
15 JUST TWO YEARS AGO A FAMILY OF THREE MAKING MINIMUM  
16 WAGE WAS BELOW POVERTY, WORKING FULL-TIME.

17 SECONDLY, THE DRIVE UNDER THE NEW  
18 AMENDMENTS IS FOR US TO DO MORE AND MORE  
19 STANDARDIZED ASSESSMENT FOR OUR ENTIRE COMMUNITY,  
20 CENTRALIZED INTAKE. AND THERE ARE REASONS FOR  
21 THAT. THERE WERE SOME ABUSES. THERE WERE SOME  
22 PROBLEMS IN THE SYSTEM. SO EVERYONE HAS COME TO  
23 THIS IS WHAT YOU MUST DO IS YOU MUST MAKE  
24 EVERYTHING STANDARDIZED. THE IDEAL MODEL IS WHERE  
25 YOU HAVE EVERYBODY APPLYING FOR SERVICES AT A



1 CENTRAL LOCATION ALL RECEIVING THE SAME KIND OF  
2 ASSESSMENT AND THEN BEING REFERRED TO THE  
3 APPROPRIATE SERVICE PROVIDER, DEPENDING ON WHAT  
4 THAT SERVICE PROVIDER HAD IN THE WAY OF TRAINING.

5 WE SPEAK OVER 85 LANGUAGES IN THIS  
6 CITY. IF YOU HAD A LOCATION WHERE EVERYBODY WAS  
7 BILINGUAL, THAT WOULD STILL BE A SUBSTANTIAL NUMBER  
8 OF STAFF TO COVER ALL OF THE LANGUAGES THAT MIGHT  
9 BE COMING INTO YOUR OFFICE. TESTING INSTRUMENTS  
10 FOR STANDARDIZED ASSESSMENT DO NOT DEAL WITH ALL OF  
11 THE DIFFERENT READING AND WRITING AND LANGUAGE  
12 ISSUES.

13 THEN THERE IS ACCESSIBILITY. AND  
14 ACCESSIBILITY CAN MEAN MY AGENCY IS ON THE RIGHT  
15 CORNER FOR THE BUS LINE. AND IT CAN EVEN MEAN MY  
16 AGENCY HAS A DIVERSIFIED STAFF AND SPEAK MORE THAN  
17 ONE LANGUAGE. IT DOES NOT NECESSARILY MEAN THAT IN  
18 A CHANGING DEMOGRAPHIC COMMUNITY MY AGENCY IS SEEN  
19 BY ALL MEMBERS OF THAT COMMUNITY AS ACCESSIBLE.  
20 THAT IS SOMETHING THAT HAPPENS OVER TIME. AND  
21 THERE ARE MANY OF THE AGENCIES IN THE SOUTH CENTRAL  
22 AREA WHO APPROPRIATELY IN THE LATE '60S AND DURING  
23 THE '70S SERVED SUBSTANTIALLY AFRICAN-AMERICAN  
24 COMMUNITIES. THAT'S WHO WAS THERE.

25 THE COMMUNITY CHANGES, AND YOU HAVE A

1 GROWING LATINO POPULATION IN THE COMMUNITY. IT  
2 WILL TAKE TIME UNTIL THE NEIGHBOR SAYS TO THE  
3 NEIGHBOR OR THE MOM SAYS TO THE MOM, WHETHER IT IS  
4 A YOUTH PROGRAM OR A TRAINING PROGRAM, OH, YEAH,  
5 YOU CAN GET SERVICE THERE. THAT'S NOT JUST A BLACK  
6 PROGRAM, THAT'S NOT JUST A LATINO PROGRAM, THAT'S  
7 NOT JUST AN ASIAN PROGRAM. THAT TAKES TIME. AND  
8 THOSE CHANGING COMMUNITY PERCEPTIONS, THOSE  
9 CHANGING -- EVEN WHEN WE ARE DOING THE JOB RIGHT.

10 AND WE DON'T ALWAYS DO IT RIGHT. NOT  
11 ALL OF OUR PROGRAMS ARE DIVERSIFIED IN TERMS OF  
12 LANGUAGE SKILLS OR STAFFING. BUT EVEN WHERE ALL  
13 THAT IS DONE RIGHT. IT TAKES TIMES FOR THE  
14 COMMUNITY PERCEPTION TO OCCUR. LIMITED ENGLISH  
15 SPEAKING. I HAVE A PET PEEVE RIGHT NOW WITH THE  
16 JTPA AMENDMENT IN ITS ENTIRETY I AM FORGETTING.  
17 ONE OF JTPA PROGRAMS IS BASIC SKILLS PREPARATION.  
18 BY BASIC SKILLS INSUFFICIENCY IS SOMEBODY THAT HAS  
19 READING AND MATH CAPABILITY BELOW NINTH GRADE  
20 LEVEL. AND THAT'S ONE OF OUR TARGETED GROUPS THAT  
21 WE HAVE TO SEEK TO SERVE.

22 IF WE WANT TO USE AS A TARGET GROUP  
23 LIMITED ENGLISH SPEAKING, WE MUST USE A SPECIAL  
24 CATEGORY AND ASK THAT BE INCLUDED AS A TARGETED  
25 GROUP. NOW, I WOULD SUBMIT TO YOU THAT IF A PERSON

1 IS LIMITED ENGLISH SPEAKING OR NON-ENGLISH  
2 SPEAKING, THEY ARE BASIC SKILLS DEFICIENT IN THE  
3 ENGLISH LANGUAGE AND THERE SHOULD BE NO TESTING.  
4 BECAUSE THEY WILL DECLINE TO TEST.

5           THEY KNOW THAT THEY WILL FAIL IT. AND  
6 PEOPLE DON'T LIKE TO EMBARRASS THEMSELVES BY  
7 FAILING A TEST. AND I THINK THERE ARE PROBABLY  
8 SERVICE PROVIDERS THAT CAN TELL YOU STORIES ABOUT  
9 THEIR NOT GETTING CREDIT FOR SERVING CERTAIN TARGET  
10 GROUPS AND BOXES DON'T GET CHECKED BECAUSE PEOPLE  
11 DECLINE TO TEST BECAUSE THEY HAVE PRIDE AND THEY  
12 DON'T WANT TO TAKE SOMETHING THEY KNOW THEY ARE NOT  
13 GOING TO SUCCEED. SO THAT'S THE PROBLEM WITH  
14 LIMITED ENGLISH SPEAKING PEOPLE.

15           WITH REGARD TO THE DISABLED POPULATION,  
16 WE HAD SOME PROBLEMS WITH TWO OF OUR SERVICE  
17 PROVIDERS TO THE DISABLED COMMUNITY OVER THE LAST  
18 TWO OR THREE YEARS. AND THAT'S LED TO ITS NOT  
19 BEING RE-FUNDED. AND THAT IS SOMETHING THAT WE ARE  
20 NOT TRYING TO RESTRUCTURE TO BUILD IN SOME  
21 ADDITIONAL ACTIVITY. BUT THOSE ARE SOME OF THE  
22 GENERAL BARRIERS. IF YOU WERE TO LOOK AT -- THERE  
23 ARE GROUPS THAT ARE NOT ON HERE. AND THE PRIVATE  
24 INDUSTRY COUNSEL OF THE CITY AS I SAID, WILL BE  
25 LOOKING AT ALL OF OUR DEMOGRAPHICS WHEN WE CLOSE

1 THIS YEAR OUT.

2 YOUNG MINORITY MALES. YOUNG MINORITY  
3 MALES, I HAVEN'T RUN THE NUMBERS. BUT I WOULD BE  
4 WILLING TO GUESS THAT WE ARE UNDER-SERVING THEM.  
5 YOUNG MINORITY MALES HAVE NO SUPPORT SYSTEMS TO GET  
6 THEM THROUGH CLASSROOM TRAINING PROGRAMS. THERE IS  
7 NO FINANCIAL ASSISTANCE FOR THEM. WHAT IS  
8 AVAILABLE THROUGH JTPA IS MINIMAL AND HAS TO HAVE  
9 PAPERWORK DONE ON IT FROM HERE TO THE END OF TIME  
10 TO JUSTIFY IT. AND SO THERE IS A DISINCENTIVE FOR  
11 THE SERVICE PROVIDERS TO DO ALL THE PAPERWORK TO DO  
12 THAT. BE THAT RIGHT OR BE THAT WRONG, IT EXISTS.

13 THE JOB TRAINING PARTNERSHIP ACT SYSTEM  
14 ALSO DISCOURAGES RISK. UP UNTIL THIS JUNE 30TH OUR  
15 CONTRACTS HAD BEEN PERFORMANCE-BASED CONTRACTS, A  
16 NONPROFIT, A TRADE SCHOOL, A PUBLIC ENTITY CANNOT  
17 GET THE MONEY THAT THEY PUT INTO A PROGRAM OUT  
18 UNLESS THEY PLACE PEOPLE AT A CERTAIN WAGE IN A  
19 CERTAIN OCCUPATION. WE HAVE HAD A SUBSTANTIAL  
20 NUMBER OF PROGRAMS THAT HAVE HAD LOSSES. WE HAVE  
21 HAD PROGRAMS DECLINE FUNDS WHO HAD SUCCESSFULLY  
22 COMPETED OR ASK FOR REDUCTIONS IN FUNDS BECAUSE  
23 THEY KNOW THEY CAN'T SUPPORT THEM.

24 IT WOULD BE INTERESTING -- THE JOB TRAINING  
25 PARTNERSHIP ACT, FOR A LOT OF GOOD REASONS -- AND

1 THE PENDULUM SWINGS BACK AND FORTH. THE PENDULUM  
2 IN THE PAST FEW YEARS HAS SUNK TO THE OVERSIGHT  
3 SIDE. IT WOULD BE VERY INTERESTING FOR SOMEBODY TO  
4 NATIONALLY COMPARE NUMBERS OF THE DOLLARS SPENT ON  
5 OVERSIGHT BY THE INSPECTOR GENERAL'S OFFICE, BY THE  
6 GAO'S OFFICE, BY THE DEPARTMENT OF LABOR, BY THE  
7 STATE OF CALIFORNIA, BY MY STAFF, AND BY THE  
8 PRIVATE INDUSTRY COUNCIL ON OVERSIGHT, AND COMPARE  
9 THOSE TO THE DOLLAR FIGURES SPENT ON CAPACITY  
10 BUILDING AND TECHNICAL ASSISTANCE BY THE SAME  
11 PARTIES.

12 MY MONITORING BUDGET IS PROBABLY -- AND  
13 I AM TALKING ABOUT THE DATA THAT I HAVE TO GENERATE  
14 TO GIVE TO THE STATE AND FEDERAL GOVERNMENT. THAT  
15 BUDGET IS OF MY DIRECT STAFF COSTS IS PROBABLY 75  
16 TO 80 PERCENT OF MY BUDGET. AND I WOULD COMPARE  
17 THAT TO A BUDGET OF LESS THAN 1 PERCENT FOR  
18 TECHNICAL ASSISTANCE. AND MY STAFF ATTEMPT TO DO  
19 SOME OF THE TECHNICAL ASSISTANCE THEMSELVES. WE  
20 TRY AND DO AS MUCH TRAINING AS WE CAN WITHOUT  
21 MANDATE IN ORDER TO PROTECT THE CITY AND OUR  
22 AGENCIES TO THE EXTENT THAT WE CAN FROM LIABILITY.  
23 OUR MANDATE IS OVERSIGHT.

24 AND I THINK EARLIER YOU WERE TALKING  
25 ABOUT THE CORRECTIONAL INSTITUTION. AND WE WERE

1 TALKING ABOUT INS. I HAVE HEARD IT A COUPLE TIMES  
2 TODAY, DIFFERENT SCENARIOS ABOUT WHERE DO YOU DO  
3 CORRECTION, WHERE DO YOU DO ENFORCEMENT, AND WHERE  
4 DO YOU DO PREVENTION AND CAPACITY BUILDING AND  
5 TRAINING. AND THIS PARTICULAR SYSTEM JUST IN TERMS  
6 OF THE SYSTEM ITSELF IS WAY OVER ON THE ENFORCEMENT  
7 SIDE.

8 MR. ANDERSON: SO I HEAR A LOT OF TALK  
9 ABOUT REGULATORY REFORM. BUT YOU ARE SAYING THAT  
10 WE NEED THAT WITH JTPA.

11 MS. FLORES: THEY JUST AMENDED THE JOB  
12 TRAINING PARTNERSHIP ACT TO TAKE CARE OF ALL THE  
13 ABUSES. THOSE AMENDMENTS WERE PASSED LAST FALL.  
14 REGULATION IS INTERIM. IT STILL HAS NOT BEEN  
15 FINALIZED. THERE ARE WELL OVER 100 PAGES OF  
16 ADDITIONAL REGULATIONS. THIS IS NOT DONE WITH  
17 REGARD TO PREVIOUS REGULATIONS. THIS IS ADDITIONAL  
18 REGULATIONS.

19 ONE OF THE THINGS THAT -- JUST SOME  
20 SIMPLE THINGS THAT COST ENORMOUS AMOUNT OF MONEY.  
21 AND I DON'T THINK PEOPLE REALIZE HOW MUCH THEY  
22 COST, THE GOOD INTENTIONS OF VARIOUS AND SUNDRY.  
23 THE NEW AMENDMENTS REQUIRE THE CITY OF LOS ANGELES  
24 TO TRACK OUR FUNDS BY PROGRAM YEAR, BY COST  
25 CATEGORY. THE HOUSING AND URBAN DEVELOPMENT

1 DEPARTMENT, THE HUD PROGRAM, THEY HAD THAT  
2 REQUIREMENT UP UNTIL TWO OR THREE YEARS AGO. AND  
3 HUD SAID, DO YOU KNOW HOW MUCH THIS IS COSTING US  
4 TO DO THIS? AND DO YOU KNOW WHAT WE ARE GETTING  
5 OUT OF IT? THIS DOES NOT MAKE ANY SENSE. WE ARE  
6 NOT GOING TO REQUIRE THAT ANYMORE.

7 TWO YEARS LATER DEPARTMENT OF LABOR  
8 REQUIRES IT. ONE BEGINS TO WONDER ARE PEOPLE  
9 TALKING TO EACH OTHER. I DON'T KNOW WHAT FOLKS ARE  
10 GOING TO GET OUT OF IT EXCEPT THAT YOU WILL BE ABLE  
11 TO SAY, THIS HAPPENED HERE AND THIS HAPPENED HERE  
12 IN TERMS OF EXPENDITURES. I DON'T KNOW WHAT  
13 PROGRAM QUALITY THAT BRINGS TO OUR DELIVERY OF  
14 SERVICE. IT IS AN ENORMOUSLY EXPENSIVE THING FOR  
15 US TO DO AT THE CITY LEVEL. AND I AM SURE IT  
16 BECOMES MUCH MORE EXPENSIVE AS YOU PUSH THAT UP THE  
17 LINE.

18 MR. ANDERSON: WELL, I HAVE SOME MORE  
19 QUESTIONS, BUT MAYBE WE COULD SUBMIT SOME OF THEM  
20 TO YOU IN WRITING.

21 MS. FLORES: BE HAPPY TO ANSWER  
22 THEM.

23 MR. ANDERSON: I WOULD LIKE JUST ONE  
24 QUICK FINAL QUESTION. GOING BACK TO THE QUESTION  
25 OF UPGRADE TRAINING, TWO THINGS: WOULD YOU SEE

1 THAT AS THE PRIMARY OR THE MOST IMPORTANT REASON  
2 WHY THERE MAY BE INEQUITY IN SERVICE OR IN  
3 UNDER-SERVICE TO THE LATINO COMMUNITY?

4 MS. FLORES: I WOULD SAY IT IS A  
5 SUBSTANTIAL, SUBSTANTIAL REASON. AND ALSO IT  
6 IMPACTS OUR -- WITH A SUBSTANTIAL IMMIGRANT  
7 COMMUNITY, NOT EVEN LATINO, BUT ALL OF THE  
8 IMMIGRANT COMMUNITY. IN ADDITION TO IF YOU ARE  
9 CURRENTLY WORKING AT A MINIMUM WAGE MINIMUM SKILL  
10 JOB, THE DIFFICULTY OF GETTING JOB TRAINING  
11 SERVICES TO UPGRADE, THERE IS ADDITIONAL CURLICUE  
12 IN THE STATUTE AND REGULATIONS AND THAT IS THAT IF  
13 YOU HAVE HAD PREVIOUS EDUCATION OR EXPERIENCE IN  
14 ANY OCCUPATION EVER, ANYPLACE, THEN YOU HAVE TO DO  
15 ALL KINDS OF ADDITIONAL DOCUMENTATION AS TO WHY YOU  
16 NEED FURTHER TRAINING.

17 WE HAVE A SUBSTANTIALLY IMMIGRANT  
18 COMMUNITY APPLYING FOR OUR SERVICES. THEY MAY HAVE  
19 HAD AN EDUCATIONAL EXPERIENCE OR A JOB IN AN  
20 OCCUPATION IN THEIR HOME COUNTRY THAT WAS CALLED  
21 THE SAME THING IT IS CALLED HERE. BUT THE TOOLS,  
22 THE SYSTEMS, THE PROCEDURES HERE ARE DIFFERENT.  
23 THE CERTIFICATION MAY BE DIFFERENT. SO I WOULD  
24 SAY, YES THAT IS A SIGNIFICANT, SIGNIFICANT ISSUE.

25 MR. ANDERSON: AND THAT INEQUALITY IS



1 BUILT IN TO A BIAS THROUGH THE REGULATORY OR  
2 STATUTORY SCHEME?

3 MS. FLORES: I WOULD SAY, YES.

4 MR. ANDERSON: THANKS VERY MUCH.

5 MR. GEORGE: MR. DANTZLER, DO YOU HAVE  
6 ANY VIEWS AS TO WHAT, IF ANYTHING, CAN BE DONE BY  
7 LOCAL, STATE, OR FEDERAL GOVERNMENT TO STRENGTHEN  
8 FAMILIES IN THE COMMUNITY THAT YOU SERVE?

9 MR. DANTZLER: I THINK THEY NEED TO  
10 LISTEN TO WHAT THEY ARE SAYING INSTEAD OF JUST  
11 INFORMATION FROM THE TOP DOWN. THEY SHOULD LISTEN  
12 TO WHAT SOME OF THE PEOPLE SAY.

13 MR. GEORGE: WHAT WOULD THAT BE, IF YOU  
14 COULD EXPLAIN.

15 MR. DANTZLER: I THINK, JUST FOR AN  
16 EXAMPLE, IN THE COMMUNITY THEMSELVES, THEY HAVE  
17 SOME IDEAS OF THINGS THAT NEEDS TO BE CHANGED IN  
18 THEIR LOCAL COMMUNITY ALSO, INSTEAD OF PEOPLE JUST  
19 TELLING THEM WHAT THEY ARE GOING TO DO FOR THEM.  
20 AND I THINK THAT'S ONE OF THE REASONS WHY HOPEFULLY  
21 THAT WE HAVE BEEN KIND OF SUCCESSFUL FOR 25 YEARS  
22 IN OUR LOCAL COMMUNITY. I THINK COMMUNITY NEEDS  
23 TO, AGAIN, LOOK -- WORK WITH THEMSELVES. AND I  
24 KNOW THAT THAT'S ONE OF THE THINGS THAT HAS  
25 HAPPENED OVER THE PAST YEARS.

1                   MR. GEORGE:   HOW DO YOU ACCOUNT FOR YOUR  
2 OWN SUCCESS?

3                   MR. DANTZLER:   BECAUSE OF THE FACT WE  
4 HAVE GOT COMMUNITY INVOLVED, WE HAVE GOT PARENTS  
5 INVOLVED, WE HAVE KIDS INVOLVED.   EVERYBODY IS  
6 INVOLVED.   I NEVER THOUGHT OF THIS AS TRUE BEFORE,  
7 BUT I TEND TO BELIEVE SOMETIMES BECAUSE WE ARE NOT  
8 CONTROLLED BY FEDERAL AND LOCAL GOVERNMENT, YOU  
9 KNOW.

10                  MR. GEORGE:   IN OTHER WORDS, BECAUSE  
11 GOVERNMENT IS OUT OF THE WAY YOU CAN WORK?

12                  MR. DANTZLER:  WELL, THEY WON'T HAVE TO  
13 LISTEN TO WHAT WE SAY.   IN OTHER WORDS, WE GET SOME  
14 FUNDS.   BUT WE DON'T TOTALLY DEPEND ON THEM.   AND  
15 THAT HAS BEEN -- SO I WOULD SAY A CORPORATION  
16 FOUNDATION HAS REALLY BEEN SUPPORTIVE OF WHAT WE  
17 ARE DOING, AND WE HAVE BEEN RECEIVING SUPPORT FROM  
18 THEM BECAUSE OF WHAT WE ARE DOING.

19                  MR. GEORGE:   CAN YOU REFLECT ON SOME OF  
20 THE DIFFERENCES THAT YOU EXPERIENCE DEPENDING ON  
21 WHETHER YOUR FUNDING COMES FROM PRIVATE OR PUBLIC  
22 SOURCES?

23                  MR. DANTZLER:  PAPERWORK IS NUMBER ONE.  
24 WE DON'T HAVE A TRAIL OF A WHOLE BUNCH OF  
25 PAPERWORK.   YOU KNOW, KIND OF LIMITATION THAT THEY

1 SET ON WHAT YOU CAN DO AND WHAT YOU CANNOT DO.  
2 IT IS NOT JUST BLINDLY WHAT YOU WANT TO DO. BUT WE  
3 BECOME MORE EFFECTIVE THAT WAY ALSO.

4 JUST FOR EXAMPLE, YOU START WRITING FOR  
5 THE FEDERAL GOVERNMENT JUST HIRING KIDS FOR THE  
6 INCOME LEVEL. IF THEY DON'T GET THE INCOME LEVEL,  
7 YOU CAN'T HIRE THE KIDS. BUT FROM PRIVATE  
8 ENTERPRISE, YOU KNOW, YOU CAN HIRE THE KIDS. THOSE  
9 KIDS NEED JOBS JUST AS WELL AS ANYBODY ELSE. AND  
10 SO WHAT WE HAVE DONE IS WE HAVE PUT TOGETHER A  
11 CHART OF WHAT WE CAN GET FOR \$50,000, WE CAN GET  
12 X AMOUNT OF KIDS FOR THE SUMMER. AND PEOPLE HAVE  
13 BEEN RESPONDING TO THAT, YOU KNOW.

14 MR. GEORGE: THANK YOU.

15 MR. WANG: JUST BEFORE WE PROCEED,  
16 WOULD YOU CARE, MS. FLORES, TO COMMENT ON THE OTHER  
17 TWO -- FURTHER ON THE MAXINE WATERS CENTER. VERY  
18 BRIEFLY. I JUST WANT TO GET A RECORD.

19 MS. FLORES: YES, I WILL BE HAPPY TO.

20 THAT PARTICULAR SKILLS CENTER IS  
21 UNDER-PERFORMING IN TERMS OF THEIR CLAIMS MADE  
22 WITHIN THE ENTIRE LAUSD SKILLS CENTER PROGRAM.  
23 THE SCHOOL DISTRICT CENTERS ARE IN MANY OF THE  
24 COMMUNITIES. AND THEY ARE ACCESSIBLE. THE SKILLS  
25 CENTERS ARE NOT OUR BEST JOB DEVELOPERS AND

1 PLACEMENT ENTITIES. AND WE HAVE BEEN WORKING WITH  
2 THE SCHOOL DISTRICT TO REMEDY THAT. THEY HAVE BEEN  
3 ON CORRECTIVE ACTION STATUS FOR THE LAST YEAR.  
4 WITHIN THE SCHOOL DISTRICT THIS PARTICULAR CENTER  
5 SEEMS TO HAVE EVEN GREATER PROBLEMS. SO, YES, I  
6 COULD CONFIRM WHAT WAS SAID.

7 MR. WANG: THANK YOU.

8 MS. RUDERT: MR. ROBERTS, AS PRESIDENT  
9 AND GENERAL COUNSEL FOR AN ENTERTAINMENT COMPANY  
10 CALLED SOLAR RECORDS, YOU BRING A BUSINESS  
11 PERSPECTIVE TO THE CITY OF LOS ANGELES'S PRIVATE  
12 INDUSTRY COUNCIL. HOW LONG HAVE YOU BEEN INVOLVED  
13 WITH THE JTPA PROGRAM AS A MEMBER OF PIC?

14 MR. ROBERTS: TOO LONG. I HAVE BEEN  
15 INVOLVED NOW ABOUT FIVE YEARS.

16 MS. RUDERT: ACCORDING TO JTPA  
17 LEGISLATION, WHAT ROLE DOES THE PIC HAVE IN  
18 CREATING A PARTNERSHIP WITH PRIVATE BUSINESS?

19 MR. ROBERTS: WELL, I THINK THE  
20 PHILOSOPHICAL CONCEPT WAS TO TRY AND CREATE AN  
21 ORGANIZATION THAT WOULD HAVE A SIGNIFICANT BUSINESS  
22 COMPONENT SO THAT AS GOVERNMENT WAS GOING ABOUT ITS  
23 BUSINESS OF TRYING TO TRAIN PEOPLE FOR THE JOB  
24 MARKET THAT THERE WOULD BE CONSTANT INPUT FROM THE  
25 PRIVATE SECTOR, THAT THE PRIVATE SECTOR WOULD ALSO

1 BE INVOLVED IN BRINGING RESOURCES TO THE PROGRAM.  
2 AND I THINK THAT WAS REALLY THE IDEA.

3 WHAT WE TRIED TO DO WITH THE PIC HERE  
4 OVER THE YEARS IS TO PLAY THAT ROLE OF LETTING  
5 PRIVATE INDUSTRY HAVE AN IMPACT ON WHAT TAKES PLACE  
6 IN THE JOB TRAINING PROGRAMS.

7 MS. RUDERT: SO WHAT WOULD YOU SAY YOUR  
8 PIC IS DOING THEN TO CREATE A PARTNERSHIP WITH  
9 PRIVATE BUSINESSES?

10 MR. ROBERTS: NOT ENOUGH. THE THING  
11 THAT I HAVE TRIED TO DO SINCE I HAVE BEEN A MEMBER  
12 OF THE PIC IS TO CHANGE THE WAY YOU DO JOB  
13 TRAINING. AND I HAVE BEEN CHAIRPERSON NOW FOR  
14 THREE, FOUR YEARS OF WHAT WE CALL OUR AD HOC NEW  
15 PROGRAM COMMITTEE. WE FINALLY -- IT HAS BECOME MY  
16 PROGRAM, MY COMMITTEE.

17 WE FINALLY HAVE STARTED A PROGRAM THAT  
18 TRIES TO AGGRESSIVELY GET PRIVATE ENTERPRISE  
19 INVOLVED IN THE JOB TRAINING PROCESS. AND WE HAVE  
20 ALSO -- I WILL DESCRIBE THAT LATER. AND WE HAVE  
21 ALSO DONE I THINK A PRETTY GOOD JOB OF TRYING TO  
22 MARKET WHAT IT IS THAT PIC DOES TO BOTH THE  
23 BUSINESS COMMUNITY AS WELL AS TO POTENTIAL  
24 EMPLOYEES.

25 MS. RUDERT: IS THIS MORE OR LESS THAN

1 IS REQUIRED BY LEGISLATION?

2 MR. ROBERTS: THE LEGISLATION -- DEPENDS  
3 ON WHO READS IT AND HOW IT IS INTERPRETED. ACROSS  
4 THE COUNTRY DIFFERENT COMMUNITIES DO DIFFERENT  
5 THINGS WITH THEIR JOB TRAINING PARTNERSHIP MONEYS  
6 AND THE WAY IN WHICH IT IS USED AND THE WAY IT  
7 ORDERS LEVERAGE.

8 WHAT WE ARE TRYING TO DO WITH -- IN MY  
9 MIND I HAVE A VISION THAT IS TOTALLY DIFFERENT FOR  
10 HOW JOB TRAINING OUGHT TO BE DONE THAN THE WAY WE  
11 DO IT IN THIS PARTICULAR COMMUNITY. IN MY VIEW THE  
12 BEST WAY TO GO ABOUT JOB TRAINING IS TO FIND JOBS  
13 AND EMPLOYERS AND THEN TRAIN PEOPLE FOR THOSE  
14 JOBS.

15 THE WAY IN WHICH OUR SYSTEM BASICALLY  
16 RUNS PRESENTLY IS THERE ARE A NUMBER OF SERVICE  
17 PROVIDERS WHO TRAIN PEOPLE FOR JOBS AND THEN THEY  
18 TRY TO PLACE THEM. AND I THINK THAT WHAT WE ARE  
19 TRYING TO DO WITH OUR MODEL PROGRAM IS TO SHOW THAT  
20 THERE IS ANOTHER WAY THAT YOU CAN GET PEOPLE  
21 INVOLVED IN JOBS AND HOPEFULLY JOBS THAT HAVE A  
22 CAREER. AND THAT WAY REALLY IS TO BECOME MUCH MORE  
23 EMPLOYER FRIENDLY AND TO SPEND A GREAT DEAL MORE  
24 TIME TALKING WITH EMPLOYEES ABOUT THEIR PRESENT,  
25 MID-RANGE, AND LONG TERM NEEDS, WHAT THEY THINK

1 EMPLOYEES SHOULD HAVE IN THE WAY OF SKILLS AND  
2 BACKGROUND AND TRAINING TO MEET THOSE NEEDS, AND  
3 THEN TO DO A LOT MORE CUSTOMIZED TRAINING AND  
4 WORKING WITH EMPLOYERS.

5 SO BASICALLY WHEN YOU BRING SOMEBODY  
6 INTO YOUR TRAINING PROGRAM, YOU ARE TRAINING THEM  
7 FOR A JOB THAT ALREADY EXISTS, AS OPPOSED TO  
8 TRAINING PEOPLE AND THEN TRYING TO FIND JOBS TO  
9 PLACE THEM IN.

10 MS. RUDERT: CAN WE STOP AND LOOK FOR A  
11 MOMENT AT SERVICE PROVIDERS. WHAT ROLE DOES THE  
12 PIC PLAY IN SELECTING SERVICE PROVIDERS?

13 MR. ROBERTS: WELL, PRESENTLY WHAT THE  
14 PRIVATE INDUSTRY COUNCIL DOES IS IT PLAYS A POLICY  
15 ROLE, AN OVERSIGHT ROLE, IN SETTING FORTH THE TYPES  
16 OF REQUIREMENTS THAT WE THINK SERVICE PROVIDERS  
17 SHOULD HAVE, THE TYPES OF FACILITIES AND BACKGROUND  
18 THEY SHOULD HAVE. AND THEN THE CITY ISSUES AN  
19 RFP. PEOPLE RESPOND TO THAT RFP. THEY ARE THEN  
20 RATED. AND BASED UPON THE MONEY WE HAVE, PEOPLE  
21 THEN ARE KIND OF PICKED DOWN FROM ONE TO FIFTY, OR  
22 ONE TO WHATEVER THE NUMBER IS.

23 MS. RUDERT: WHAT CRITERIA DO THEY USE  
24 TO SELECT THEM?

25 MR. ROBERTS: WELL, THE CRITERIA

1       BASICALLY IS, ONE, THE DESIRE THAT THEY HAVE FOR  
2       TRAINING, THEIR EXPERIENCE, THEIR ABILITY TO  
3       DEMONSTRATE THAT THEY ARE GOING TO IN FACT BE ABLE  
4       TO SATISFACTORILY TRAIN PEOPLE AND PLACE THEM INTO  
5       JOBS.

6                   THE REGULATIONS FOR THE JOB TRAINING  
7       PARTNERSHIP ACT PRESENTLY STRIVE FOR WHAT IS  
8       CALLED PERFORMANCE, THAT IS TO SAY PEOPLE ARE  
9       JUDGED AND PAID BASED UPON THEIR EMPLOYMENT RATE,  
10      THEIR ABILITY TO TRAIN PEOPLE AND PLACE THEM IN  
11      JOBS.  AND SO IN LOOKING AT THE PEOPLE THAT ARE  
12      CONTRACTED WITH BY THE CITY, THE ROLE THAT THE PIC  
13      ATTEMPTS TO PLAY IS TO INSURE THAT THOSE AGENCIES  
14      THAT RECEIVE OUR MONEYS DO HAVE THE ABILITY TO DO  
15      WHAT THEY SAY THEY ARE GOING TO DO, THAT IS, TO  
16      TRAIN PEOPLE AND PLACE THEM IN THE JOBS THEY SAY  
17      THEY ARE GOING TO PLACE THEM IN.

18                   MS. RUDERT:  CURRENTLY WHAT IS THE PIC  
19      DOING TO INSURE THAT TRAINING IS OFFERED IN  
20      INDUSTRIES THAT ARE GROWING OR HAVE GROWTH  
21      POTENTIAL?

22                   MR. ROBERTS:  WE HAVE JUST -- WE JUST  
23      DID THE FIRST SORT OF MARKETING STUDY TO LOOK AT  
24      THE DEMAND OCCUPATIONS IN THIS COMMUNITY AND TO SEE  
25      WHICH DIRECTIONS WE THINK BUSINESSES ARE GOING.



1 AND THE HOPE WILL BE THAT THE NEXT RFP THAT WE DO  
2 WILL BE TO TARGET SERVICE PROVIDERS AND GIVE THEM  
3 POINTS BASED UPON THEIR ABILITY TO TRAIN PEOPLE FOR  
4 THOSE DEMAND OCCUPATIONS.

5 IT IS NOT THE WAY I WOULD DO IT. IT IS  
6 THE WAY OUR SYSTEM IS SET UP. AS I SAY, THE WAY I  
7 WOULD DO IT IS I AM NOT SURE THAT -- AND THIS IS  
8 WHAT MY MODEL PROGRAM IS DOING. I WOULD REALLY  
9 LIKE TO TALK ABOUT MY MODEL PROGRAM. BECAUSE  
10 THAT'S BASICALLY WHAT I SPEND ALL MY TIME DOING.

11 WHEN YOU GO TO DO A SURVEY AND SOMEBODY  
12 TELLS YOU THAT THE DEMAND OCCUPATIONS FOR THE  
13 FUTURE ARE X, Y, AND Z, THAT MAY OR MAY NOT BE TRUE  
14 FOR YOU IN YOUR COMMUNITY. IT REMINDS ME OF WHEN I  
15 WAS IN LAMAZE AND THEY TELL YOU GESTATION PERIOD  
16 FOR A HUMAN IS 270 DAYS, BUT YOUR MAY BE 260, IT  
17 MAY BE 265, IT MAY BE 280, BECAUSE ALL HUMANS ARE  
18 DIFFERENT.

19 IT IS THE SAME WAY WITH THE COMMUNITY.  
20 WE HAVE A GENERALIZED IDEA ABOUT WHAT DEMAND  
21 OCCUPATIONS MAY BE FOR THE FUTURE. BUT THAT  
22 DOESN'T NECESSARILY GIVE YOU THE INFORMATION TO  
23 REALLY PLACE REAL PEOPLE IN REAL JOBS. I THINK,  
24 THEREFORE, THAT THE BETTER WAY TO DO IT IS, RATHER  
25 THAN DO A SURVEY, IS TO GO AND FIND REAL EMPLOYERS

1 WHO REALLY ARE EMPLOYING PEOPLE AND FIND OUT WHAT  
2 THEY WANT. AND THEN YOU SHOULD TRAIN FOR THAT.

3 AND I HOPE THAT MY MODEL PROGRAM IS  
4 GOING TO BE SUCCESSFUL. I HAVE EVERY REASON TO  
5 BELIEVE IT WILL BE. AND IF IT IS, THEN I WOULD  
6 LIKE TO THINK THAT IT WILL BECOME A MODEL THAT WILL  
7 GROW AND WE WILL BEGIN TO CHANGE THE WAY IN WHICH  
8 WE DO JOB TRAINING IN THIS COMMUNITY.

9 LET ME SAY A LITTLE BIT MORE ABOUT THE  
10 MODEL PROGRAM WHILE I HAVE THE MIKE. ESSENTIALLY  
11 WHAT WE ARE TRYING TO DO IS MAKE BETTER USE OF  
12 COMPUTER TECHNOLOGY. WE HIRED A PERSON FROM THE  
13 PRIVATE SECTOR WHO ACTUALLY HAD HIS OWN COMPANY  
14 THAT WAS SUCCESSFUL. HE MADE A LOT OF MONEY, AND  
15 HE SOLD IT. AND HE CAME TO WORK FOR THE CITY.

16 WHAT THIS PERSON HAS BEEN DOING IS GOING  
17 OUT, TALKING TO PERSONNEL DEPARTMENTS AT LARGE,  
18 SMALL, MEDIUM SIZED BUSINESSES TO FIND OUT FROM  
19 THEM WHAT SORTS OF JOB OPENINGS THEY NOW HAVE, THEY  
20 EXPECT TO HAVE IN THE FUTURE. AND WHAT HE DOES  
21 WITH EACH OF THE EMPLOYERS THAT HE TALKS TO IS HE  
22 GETS THEM TO AGREE UPON THE DOT CODE, THAT IS TO  
23 SAY, THE BASIC REQUIREMENTS FOR THE JOB OPENINGS  
24 THAT THEY NOW HAVE OR WILL HAVE IN THE FUTURE.

25 THEN ALL THAT IS PUT INTO A COMPUTER

1 DATABASE, A LITTLE NOTEBOOK COMPUTER. THEN WHAT WE  
2 HAVE BEEN DOING, BECAUSE THE FUNDING FROM THE  
3 PROGRAM COMES FROM DISLOCATED WORKERS, IS WE HAVE  
4 BEEN GOING TO A LOT OF THE PLANTS THAT CLOSE DOWN.  
5 AND AS THE EMPLOYEES GET LAID OFF WE PUT INTO THE  
6 SYSTEM WHAT IT IS THE PEOPLE BEING LAID OFF OR  
7 DISLOCATED, WHAT IT IS THEY DO AND WHAT THEIR  
8 SKILLS ARE. THEN WHAT THE COMPUTER DOES IS THE  
9 COMPUTER CAN DO A MATCH. AND IT CAN TELL YOU FOR  
10 THOSE JOB OPENINGS THAT YOU HAVE, WHO ARE THE  
11 PEOPLE THAT ARE CLOSE BY WAY OF SKILLS THAT THEY  
12 HAVE ALREADY ATTAINED TO THOSE JOBS. AND IT CAN  
13 MORE OR LESS TELL YOU HOW MUCH TRAINING YOU NEED TO  
14 GET IN ORDER FOR YOU TO BECOME COMPETENT FOR JOB  
15 OPENINGS THAT ARE NOW AVAILABLE OR WILL BE  
16 AVAILABLE IN THE FUTURE.

17 IT CAN TELL YOU HOW MUCH YOU NEED BY WAY  
18 OF EXTRA SCHOOLING, YOU KNOW, ON-THE-JOB TRAINING,  
19 ET CETERA. AND SO WHAT WE THEN DO IS ONCE THE  
20 COMPUTER MAKES A MATCH, YOU CAN THEN BRING THOSE  
21 PEOPLE IN, YOU CAN INTERVIEW THEM, YOU CAN DO AN  
22 ASSESSMENT. AND THEN YOU SEND THEM OUT EITHER TO  
23 DO THE ADDITIONAL TRAINING OR TO THE EMPLOYER WHO  
24 IS GOING TO EMPLOY THEM. THE EMPLOYER CAN SAY,  
25 "YUP, THIS IS MY KIND OF PERSON AND IF THEY DO THE

1 TRAINING THAT IS REQUIRED FOR THE JOB I HAVE, I  
2 WILL HIRE THEM."

3 AND SO PRESENTLY WE HAVE ABOUT 4,000, I  
4 THINK, DISLOCATED WORKERS IN THE DATABASE. AND WE  
5 ARE DEVELOPING A DATABASE OF SEVERAL THOUSAND  
6 JOBS. AND THEY ARE JOBS, EVERYTHING FROM SENIOR  
7 LEVEL CORPORATE EXECUTIVE TYPES DOWN TO STOCK  
8 CLERKS AND YOUR BASIC ENTRY-LEVEL POSITIONS. AND  
9 BECAUSE THE COMPUTER HAS A PERFECT MEMORY, AS WE  
10 BEGIN TO LOAD PEOPLE ON THE SYSTEM AND THEY BEGIN  
11 TO MOVE INTO THE SYSTEM, WHENEVER JOB OPENINGS COME  
12 IN, THE COMPUTER WILL IMMEDIATELY SPIT OUT  
13 EVERYBODY WHO IS CLOSE, EVEN IF IT IS SOMEONE WHO  
14 HAS BEEN PLACED IN A JOB.

15 SO THAT IT WILL BECOME A SYSTEM WHERE IF  
16 ONCE YOU ARE IN AND YOU WANT TO STAY IN, YOU CAN  
17 STAY IN. SO YOU CAN HAVE A JOB AT ONE LEVEL. IF  
18 LATER ON A JOB AT A HIGHER LEVEL BECOMES AVAILABLE,  
19 WE WILL HAVE THE DATABASE AND WE CAN RECONTACT YOU  
20 AND SAY DO YOU KNOW THAT IF YOU GO BACK TO  
21 COMMUNITY COLLEGE AND TAKE OTHER 20 HOURS OF  
22 CREDITS THERE IS A JOB WHERE YOU CAN GET \$30,000 A  
23 PEOPLE INSTEAD OF 25.

24 SO THAT'S WHAT THE MODEL PROGRAM IS  
25 DESIGNED TO DO. WE WILL SEE IF IT WORKS OR NOT.

1       THERE ARE A LOT OF UNTESTED HYPOTHESES.    BUT THAT'S  
2       WHAT THE PIC AND MY COMMITTEE IS PUTTING DEVOTING A  
3       LOT OF TIME TO TRY AND PUT TOGETHER A SYSTEM WHERE  
4       YOU CAN DO ANOTHER WAY OF JOB TRAINING.

5                 MS. RUDERT:   MR. ROBERTS, I AM GOING TO  
6       ASK THE COMMISSIONERS IF THEY WOULD LIKE TO  
7       QUESTION YOU NOW.   VICE-CHAIR?

8                 MR. REYNOSO:   NO.   I MAY HAVE SOME  
9       QUESTIONS IN WRITING.

10                MR. WANG:   COMMISSIONER ANDERSON?

11                MR. ANDERSON:   WELL, JUST BRIEFLY I  
12       GUESS WHAT I HEAR YOU SAYING, MR. ROBERTS, IS THAT  
13       THE JOB TRAINING PARTNERSHIP ACT LACKS A BUSINESS  
14       PERSPECTIVE?

15                MR. ROBERTS:   YES, IT DOES.   AND I DON'T  
16       KNOW IF IT IS THE JOB TRAINING PARTNERSHIP ACT.   I  
17       THINK A LOT OF IT HAS TO DO WITH THE WAY IN WHICH  
18       GOVERNMENT OPERATES.   AND IT IS NOT ALL BAD, YOU  
19       KNOW.   ALL PEOPLE WHO WORK IN JOBS ARE RESPONSIBLE  
20       TO THOSE FOLKS WHO HAVE SOME KIND OF CONTROL OVER  
21       THEIR DESTINY.

22                AND THE REAL PROBLEM WITH JOB TRAINING  
23       AND A LOT OF GOVERNMENT JOBS IS THAT THE CLIENT,  
24       WHO MAY BE AN UNEMPLOYED PERSON, HAS NO CONTROL  
25       OVER THE DESTINY OF THE PEOPLE'S LIVES WHO MAY BE

1 IN THE SYSTEM. IT IS THE INSPECTOR GENERAL. IT IS  
2 THE GAO. IT IS THE MAYOR.

3 AND SO CONSEQUENTLY WHAT HAPPENS IS A  
4 GREAT DEAL OF TIME AND EFFORT IS SPENT IN  
5 SATISFYING THOSE PEOPLE ABOVE WHO HAVE SOME SORT OF  
6 CONTROL OVER YOUR LIFE, WHO CAN EMBARRASS YOU  
7 POLITICALLY, OR FIRE YOU FROM YOUR JOB. AND AS A  
8 CONSEQUENCE THERE IS NOT NEARLY ENOUGH TIME AND  
9 ATTENTION BEING FOCUSED ON THE RECIPIENTS THAT WE  
10 ARE REALLY TRYING TO HELP.

11 I THINK THAT WHAT WE HAVE TO TRY AND  
12 FIGURE OUT A WAY TO DO, THAT IS CONSISTENT WITH  
13 MAINTAINING THE FIDUCIARY RELATIONSHIP WITH THE  
14 PUBLIC PURSE, THAT WE CUT A LOT OF THE STRINGS AND  
15 RED TAPES THAT WE BEGIN TO RUN MORE EFFECTIVE .  
16 PROGRAMS THAT REALLY HELP THE LIVES OF THE PEOPLE  
17 THAT WE WANT TO HELP. AND I THINK THAT ONE OF THE  
18 THINGS THAT MAY BE OF GREAT BENEFIT TO US IN THE  
19 FUTURE IS THE USE OF TECHNOLOGY AND LOOKING AT HOW  
20 WE GO ABOUT TRYING TO TRAIN AND PLACE PEOPLE FOR  
21 JOBS IN WAYS VERY DIFFERENTLY THAN WE PRESENTLY  
22 DO.

23 MR. ANDERSON: WE HAVE HAD SOME  
24 TESTIMONY OR INFORMATION ON THE DIFFICULTY OF GOING  
25 THROUGH THE TRAINING PROCESS WITH A LACK OF SUPPORT

1 SERVICES. DO YOU THINK THAT YOUR APPROACH IS ONE  
2 WHICH -- WELL, WHILE IT MAY NOT PROVIDE MORE  
3 SUPPORT SERVICES, DO YOU THINK PSYCHOLOGICALLY IT  
4 MAKES THE LACK OF SUPPORT SERVICES PERHAPS EASIER  
5 TO BEAR, KNOWING THAT THERE IS A GOOD CHANCE FOR A  
6 JOB THERE AT THE END OF THE TRAINING? DO YOU SEE  
7 YOUR APPROACH EFFECTING THAT AT ALL OR NOT?

8 MR. ROBERTS: NO, I DON'T. WHAT I SEE  
9 MY APPROACH DOING, WHAT I HOPE IT DOES, IS THAT IT  
10 WILL FREE UP SOME RESOURCES JUST BECAUSE IT WON'T  
11 BE AS MANY PEOPLE DOING THE SAME KIND OF  
12 MONITORING, ONE. TWO, IF YOU KNOW THERE IS A REAL  
13 JOB, I THINK THERE WILL BE SOME DEGREE OF  
14 MOTIVATION THAT WILL MAKE PEOPLE STICK IN. AND NOW  
15 I AM THINKING MORE ABOUT THE AFDC RECIPIENT WHO  
16 SAYS, GOD, THE ENTRY LEVEL JOB IS \$6.50, AND I AM  
17 REALLY GIVING UP A LOT TO TAKE THIS JOB BUT I KNOW  
18 I AM ON A CAREER PATH, AS OPPOSED TO A DEAD-END  
19 JOB. SO I CAN SEE SOME MOTIVATION.

20 BUT I THINK WE WOULD BE KIDDING  
21 OURSELVES IF WE THINK THAT YOU ARE GOING TO GET  
22 SOMEBODY TO COME AND GO TO WORK AND GO THROUGH A  
23 TRAINING PROGRAM BECAUSE THEY KNOW THERE IS A REAL  
24 JOB AND YET THERE IS NO MONEY TO PAY FOR A  
25 BABY-SITTER, THERE IS NO MONEY FOR THEM TO BUY A

1 BUS PASS TO GET TO WORK. SUPPORTIVE SERVICES,  
2 THOSE FUNDS ARE FUNDS THAT ARE REALLY NEED.  
3 BECAUSE THEY DON'T CARE OF LUXURIES. THEY TAKE  
4 CARE OF BASICS, LIKE THE BUS PASS, LIKE A  
5 BABY-SITTER, LIKE LUNCH MONEY.

6 IF ANYTHING, WE NEED TO MAKE SURE THAT  
7 WE HAVE THE ABILITY TO DO SUPPORTIVE SERVICES, ONE,  
8 AND THAT ADEQUATE FUNDS ARE AVAILABLE, AND, TWO,  
9 THAT ARE SPENT. THERE ARE INSTANCES WHERE THERE  
10 ARE FUNDS FOR SUPPORTIVE SERVICES THAT ACTUALLY ARE  
11 NOT SPENT. SO I DON'T SEE DOING THINGS DIFFERENTLY  
12 WILL MAKE IT -- WILL MAKE IT EASIER. I JUST THINK  
13 IT WILL MAKE US MORE EFFICIENT.

14 MR. ANDERSON: I SEE MS. FLORES AND  
15 MS. ESPARZA NODDING, BUT YOUR NODS AREN'T GOING TO  
16 BE ON THE TRANSCRIPT. WOULD YOU LIKE TO -- MAYBE I  
17 SHOULD SAY NODDING AFFIRMATIVELY.

18 WOULD YOU LIKE TO COMMENT.

19 MS. FLORES: YES, JUST GENERALLY FROM  
20 THE SYSTEM PERSPECTIVE, YES WE NEED THE SUPPORTIVE  
21 SERVICES. AND YES THERE ARE SUPPORTIVE SERVICES  
22 FUNDS THAT ARE SOMETIMES MADE AVAILABLE TO OUR  
23 SERVICE PROVIDERS THAT ARE NOT SPENT.

24 IN THE EARLY '80S THAT WAS PART OF HOW  
25 JTPA WAS MEASURED. AND IT WAS A SYSTEMIC PROBLEM



1 BECAUSE THE FEDS ARE GOING AT THE COSTS OF  
2 UNDER-EMPLOYMENT. AND YOU DON'T GET INCENTIVE  
3 MONEYS IF YOUR COST PER EMPLOYMENT WAS TOO HIGH.  
4 AND THEY FACTORED IN THE SUPPORTIVE SERVICE COST  
5 WHEN THEY DID THAT. SO THE SYSTEM HAD A  
6 DISINCENTIVE IN IT AS STRUCTURED FOR SUPPORTIVE  
7 SERVICES.

8 THAT HAS BEEN SHIFTED OVER THE LAST TWO  
9 TO THREE YEARS. BUT IT HAS NOT BEEN FULLY  
10 CORRECTED, TO PUT IT MILDLY. SO YES THERE IS AN  
11 ISSUE THERE. AND IN OUR LAST COMPETITIVE BID WE  
12 ACTUALLY LOOKED NOT ONLY DEMONSTRATING  
13 EFFECTIVENESS IN TERMS OF PLACING FOLKS IN JOBS,  
14 BUT ALSO IN TERMS OF THE ACTUAL PERCENTAGE OF YOUR  
15 BUDGET THAT YOU HAD SPENT ON SUPPORTIVE SERVICES,  
16 GIVEN THE FOLKS THAT YOU ARE GOING TO SERVE, AND  
17 WHAT YOU WERE PROPOSING TO DO IN TERMS OF THE OTHER  
18 PROPOSERS. SO THAT'S BECOME SOMETHING THAT WE TAKE  
19 A VERY CLOSE LOOK AT.

20 AND I THINK PROBABLY SOPHIA HAS  
21 SOMETHING EVEN MORE DETAILED IN THE SERVICE  
22 CONTRACTS AREA.

23 MS. ESPARZA: WELL, THERE ARE A COUPLE  
24 OF STATEMENTS THAT I WOULD LIKE TO MAKE IN TERMS OF  
25 THE ITEMS THAT HAVE BEEN DISCUSSED. ONE OF THE

1 AREAS THAT I WANT TO ADDRESS IN TERMS OF  
2 UNDER-SERVICE, I DON'T MEAN TO SUGGEST THAT WE ARE  
3 OVERSERVING ANY POPULATION GROUP. WHAT I AM SAYING  
4 THAT IN TERMS OF THE ALLOCATION OF RESOURCES I  
5 THINK THERE IS A REAL UNDER-SERVICE TO LATINOS IN  
6 THE SYSTEM OVERALL. AND IN A SENSE BECAUSE THERE  
7 IS A PREDISPOSITION BASED ON MY ORGANIZATIONAL NAME  
8 IN TERMS OF THE AREA WE SEEK TO SERVE, BOTH IN  
9 TERMS OF GENDER, LARGELY FEMALE, AND LARGELY  
10 HISPANIC. WE SERVE BOTH YOUTH AND ADULT POPULATION  
11 GROUPS.

12 AND ONE OF THE THINGS THAT I DO KNOW  
13 ABOUT THE REGULATIONS IS THAT IT IN FACT WORKS  
14 AGAINST LATINOS MORE SO THAN IT WOULD TOWARD ANY  
15 OTHER ETHNIC GROUP. AND I CAN SPEAK TO THAT  
16 BECAUSE OUR ORGANIZATION HAS OFFICES IN THE SAN  
17 FERNANDO VALLEY WHICH MAY NOT HAVE A LARGE LATINO  
18 POPULATION, AS WELL AS THROUGH THE COUNTY OF LOS  
19 ANGELES. WE STRETCH OUT ALL THE WAY OUT TO THE  
20 POMONA AREA WHERE WE HAVE PROBABLY A MIX OF A THIRD  
21 BLACK, A THIRD HISPANIC AND A THIRD ANGLO-SAXON.

22 AND THE DIFFICULTY IN TERMS OF  
23 QUALIFYING HISPANICS IN THE SYSTEM IS MUCH GREATER  
24 THAN IN TERMS OF BEING ABLE TO SECURE THE  
25 ELIGIBILITY DOCUMENTATION FOR ANY OTHER ETHNIC

1 GROUP. AND I THINK THAT THE LEGISLATION IS WRITTEN  
2 IN SUCH A WAY THAT, IN FACT, IT DOES WORK AGAINST A  
3 CERTAIN POPULATION GROUP MORE SO THAN IT DOES THE  
4 OTHER. SO I WANTED TO MAKE THAT POINT.

5 THE OTHER POINT TO THAT IS SOMETHING  
6 THAT SUE MENTIONED. AND THAT IS THAT IN TERMS OF  
7 ELIGIBILITY OF CRITERIA AND INCOME WE HAVE IN THE  
8 LATINO COMMUNITY A POPULATION THAT HAS COME -- AND  
9 ESPECIALLY AN IMMIGRANT POPULATION -- THAT HAS COME  
10 TO THE UNITED STATES TO WORK. SO THEY DON'T  
11 PERCEIVE THE TRAINING PART OF IT AS IMPORTANT TO  
12 THEM IMMEDIATELY AS THE EMPLOYMENT PART OF IT.

13 SO WE NEED TO, IN FACT, ALMOST LOOK AT  
14 THE LEGISLATION IN TERMS OF HOW IT IS APPLIED AND  
15 HOW IT IS IMPLEMENTED HERE LOCALLY TO ADDRESS THE  
16 ISSUES OF BEING ABLE TO PLACE A PERSON AND  
17 CONCURRENTLY TRAIN. BECAUSE THE LATINO POPULATION  
18 FINDS IT VERY DIFFICULT, ESPECIALLY IF THEY ARE  
19 UNDER AMNESTY, TO LEAVE A JOB AND NOT SUPPORT THAT  
20 FAMILY AND BE ABLE TO PROVE THAT THEY ARE GOING TO  
21 BE ABLE TO PASS THROUGH THAT AMNESTY PHASE WITHOUT  
22 FEAR THAT THEY MAY JEOPARDIZE THEIR LEGAL STATUS.

23 IN ADDITION TO THIS WE HAVE A GRAY  
24 ECONOMY THAT HAS ALWAYS IMPACTED THE LATINO  
25 COMMUNITY. BUT MOST RECENTLY IT HAS IMPACTED

1 CABINET POSITIONS IN THE UNITED STATES. AND THAT  
2 IS THAT -- WE IN THE LATINO COMMUNITY KNOW VERY  
3 WELL OF THE GRAY ECONOMY AND HOW IT IMPACTS OR  
4 AFFECTS OUR FAMILIES. BECAUSE PEOPLE MAY HAVE  
5 MARGINAL JOBS AND MAY BE PAID CASH. AND OUR  
6 EMPLOYERS DO NOT PAY SOCIAL SECURITY, TAXES, AND  
7 EVERYTHING ELSE THAT THEY ARE SUPPOSED TO. I GUESS  
8 MS. ZOE BAIRD AND A COUPLE OF OTHER PEOPLE HAVE NOW  
9 FOUND OUT THAT THEY CAN LOSE THEIR JOBS, TOO.

10 BUT THE LATINO MEMBERS HAVE FOUND OUT --  
11 THEY ARE VERY CONCERNED IN TERMS OF WHETHER THEY  
12 ARE IN LINE FOR JTPA PROGRAMS, WHETHER THEY ARE  
13 GOING TO JEOPARDIZE THE STATUS OF ANY OTHER  
14 EXTENDED FAMILY MEMBER. BECAUSE OUR COMMUNITY HAS  
15 WHEN YOU ARE LOOKING AT ELIGIBILITY WE HAVE TO  
16 INCLUDE EVERYBODY'S INCOME IN THAT HOUSEHOLD. AND  
17 SOMETIMES YOU NEED FOUR OR FIVE MEMBERS IN THE  
18 FAMILY WHO WORK.

19 AND YOU ASK THE PERSON, WELL, BECAUSE  
20 THE INSPECTOR GENERAL IS GOING TO COME DOWN AND  
21 THEY ARE GOING TO DO AN ANALYSIS AND THEY ARE GOING  
22 TO DO TESTS AND THEY ARE GOING TO SAY HOW IS THIS  
23 PERSON ABLE TO PAY LIGHT, PHONE, RENT, GAS IF THEY  
24 WERE ONLY EARNING \$150 OR \$200. AND YOU HAVE TO  
25 INCLUDE EVERYBODY'S INCOME, INCLUDING THE YOUTH

1 MEMBERS WHO MIGHT LEAVE SCHOOL EARLY TO PARTICIPATE  
2 IN THAT.

3 SO I THINK THAT THE SYSTEM AS A WHOLE, I  
4 CANNOT REALLY ADDRESS IT IN TERMS OF ANY OTHER  
5 ETHNIC GROUP. BUT THAT PARTICULAR ETHNIC GROUP I  
6 THINK THAT LEGISLATION REALLY WORKS AGAINST THAT  
7 GROUP IN TERMS OF BEING ABLE TO ACCESS AND WANTING  
8 TO PARTICIPATE. AND I CAN TELL YOU MANY INSTANCES  
9 WHERE PEOPLE WALK IN, THEY FILL OUT THE  
10 APPLICATION, THEY COME THROUGH, THEY BRING ALL  
11 THEIR DOCUMENTATION, WE START ASKING QUESTIONS, AND  
12 THEY ASK FOR THOSE DOCUMENTS BACK.

13 HOW THIS IS GOING TO HAPPEN NOW IN  
14 FUTURE WITH THE NEW AMENDMENTS WHERE WE ARE  
15 SUPPOSED TO TRACK AN INTERESTED PARTY TO AN  
16 APPLICANT AND HOW THAT APPLICANT BECOMES A -- OR  
17 HOW THAT CANDIDATE BECOMES A PARTICIPANT AND HOW WE  
18 ARE SUPPOSED TO KEEP THAT PAPER TRAIL FOR THE GAO  
19 AND EVERYBODY ELSE WHO COMES ALONG, I REALLY DON'T  
20 KNOW WHAT THAT IS GOING TO DO IN TERMS OF EVEN  
21 FURTHER DISSUADING PEOPLE FROM PARTICIPATING.  
22 SO THAT IS, I THINK, IN TERMS OF WHAT I MEANT I  
23 DIDN'T MEAN TO SUGGEST THAT, YOU KNOW, ANYBODY ELSE  
24 WAS DOING SO MUCH BETTER. BUT I THINK IN TERMS OF  
25 THAT THAT'S A REAL CONCERN.

1                   THE OTHER CONCERN THAT I HAVE IN TERMS  
2 OF JTPA, AND THAT IS AS A PROVIDER, IS THAT THE  
3 REGULATIONS ARE NOW SWINGING THE OTHER WAY IN TERMS  
4 OF OVERSIGHT. OUR ORGANIZATION HAS BEEN SUCCESSFUL  
5 IN TERMS OF THE FIXED UNIT PRICE CONTRACTING  
6 SYSTEM. AND IT TOOK US A TIME AND WE TOOK A LOSS  
7 THE FIRST YEAR THAT WE TRANSITIONED FROM SEATA TO  
8 JTPA BECAUSE WE NEEDED TO ADD THAT BUSINESS  
9 PERSPECTIVE INTO OUR OPERATION AND THAT RISK  
10 MANAGEMENT IN TERMS OF WHAT WE DO.

11                   AND OUR ORGANIZATION HAS BEEN EFFECTIVE  
12 IN TERMS OF PLACING CLIENTS ON JOBS BECAUSE OUR  
13 BOARD OF DIRECTORS DECIDED TO INCENTIVIZE STAFF IN  
14 TERMS OF HOW WE PAY. SO EVERYBODY GETS PAID ON A  
15 MINIMUM BASE LIKE YOU WOULD BE IF YOU WERE A USED  
16 CAR SALESPERSON. AND BASED ON YOUR PERFORMANCE AND  
17 YOUR PRODUCTION, THEN YOU GET PAID SUBSEQUENTLY  
18 THROUGH THAT. THAT HAS WORKED EFFECTIVELY FOR US.  
19 BECAUSE IT HAS BROUGHT A MARRIAGE BETWEEN OUR STAFF  
20 AND OUR CLIENT. THAT CLIENT'S ECONOMIC WELFARE IS  
21 LINKED TO OUR STAFF'S ECONOMIC WELFARE.

22                   AND MOVING BACK AGAIN INTO A JTPA LINE  
23 ITEM PROGRAM, YOU ARE NOT GOING TO BE ABLE TO LOOK  
24 AT CREATIVE WAYS OF MAKING A PROGRAM WORK. BECAUSE  
25 YOU ARE SO HAMSTRUNG BY ALL OF THE RESTRICTIONS IN

1 TERMS OF EVEN HOW YOU ANSWER A CALL, FROM THIS  
2 POINT FORWARD HOW YOU GIVE SOMEBODY AN APPLICATION,  
3 AND WHEN YOU BEGIN ASSESSMENT. BECAUSE ONCE YOU  
4 BEGIN ASSESSMENT, THAT PERSON ALL OF A SUDDEN  
5 BECAUSE A PROGRAM PARTICIPANT. AND THAT'S GOING TO  
6 HAVE A DIRECT CORRELATION IN TERMS OF OUR  
7 PERFORMANCE TO THE SYSTEM AND INDIVIDUALLY TO  
8 CONTRACTORS BECAUSE YOU ARE NO LONGER BEING ABLE TO  
9 RISK MANAGE SOME OF THE THINGS THAT YOU WERE  
10 BEFOREHAND.

11 SO WHEN YOU TALKED ABOUT OVERREGULATION  
12 AND WHAT IT DID, IT IS GOING TO HAVE A VERY  
13 NEGATIVE EFFECT ON THIS. HERE LOCALLY IT IS GOING  
14 TO HAVE A VERY NEGATIVE EFFECT, I THINK, ON CERTAIN  
15 POPULATIONS, MORE SO THAN OTHERS. BECAUSE I THINK  
16 THAT THE ONE THING THAT THE ASIAN COMMUNITY AND THE  
17 LATINO COMMUNITY SHARE IN L.A., IS THAT THEY HAVE A  
18 COMMITMENT TO HAVING COME TO THIS COUNTRY TO WORK.  
19 AND SO TRAINING IS GOING TO HAVE TO BE SOMETHING  
20 THAT SOMEHOW IS GOING TO BE MANAGED OR WILL HAVE TO  
21 BE LOOKED AT TO BE MANAGED CONCURRENTLY. AND I  
22 DON'T KNOW IF THAT'S SOMETHING THAT PEOPLE IN  
23 WASHINGTON WILL LISTEN EFFECTIVELY TO.

24 MR. ANDERSON: THANK YOU.

25 MR. WANG: MY FINAL QUESTION TO

1 MR. ROBERTS VERY BRIEFLY, WE ARE RUNNING OUT OF  
2 TIME. BUT I JUST WANTED TO GET YOUR FEELINGS ABOUT  
3 REBUILD L.A., WHETHER -- I MEAN, THE JOB CREATION  
4 ASPECT OF PARTICULARLY OF THAT EFFORT, ARE YOU  
5 FAMILIAR WITH IT OR WHAT CAN YOU --

6 MR. ROBERTS: WELL, I AM FAMILIAR WITH  
7 IT NOW. AND I THINK REBUILD L.A. HAS DONE --  
8 CONTRARY TO A LOT OF WHAT I THINK HAS BEEN SAID IN  
9 THE PRESS -- HAS DONE A REMARKABLE JOB OF  
10 ATTRACTING INVESTMENT CAPITAL BACK INTO THE  
11 COMMUNITY, WHICH I THINK BECOMES AN IMPORTANT  
12 VEHICLE TO CREATE JOBS IN THE COMMUNITY. THEY HAVE  
13 ACTUALLY ATTRACTED ABOUT A HALF A BILLION DOLLARS  
14 IN CAPITAL TO THE COMMUNITY. THEY HAVE BEEN TO A  
15 LOT OF GROCERY STORES THAT HAVE GOT TO BE REBUILT.  
16 IN TERMS OF THE IMPACT UPON JOBS -- I MEAN,  
17 OBVIOUSLY THOSE ARE NEWLY CREATED JOBS -- R.L.A.  
18 HAS NOT HAD A, QUOTE, UNQUOTE, AN INSTITUTIONAL  
19 RELATIONSHIP WITH JTPA.

20 ONE OF THE THINGS THAT I HOPE WILL TAKE  
21 PLACE AS WE GO FORWARD WITH A NEW MAYOR AND WITH  
22 THE CONSTRUCTION OF THE MTA IS THAT JTPA WILL PLAY  
23 AN INCREASINGLY IMPORTANT ROLE IN MAKING CERTAIN  
24 THAT OUR PARTICIPANTS, THAT THE CLIENTS WE SERVE,  
25 GET EMPLOYED BY A LOT OF THE NEW CONSTRUCTION AND A



1 LOT OF THE REBUILDING THAT IS GOING TO TAKE PLACE  
2 IN THE SOUTHERN CALIFORNIA AREA.

3 MR. WANG: THANK YOU VERY MUCH.

4 AND WE REALLY -- IF COUNSEL HAS ANY MORE  
5 QUESTIONS?

6 MR. WANG: OKAY. THANK YOU VERY MUCH..

7 MR. GLICK: NO.

8 MR. DOCTOR: UNDER THE BROAD TOPIC OF  
9 ECONOMIC DEVELOPMENT, WE WILL BE TALKING NEXT ABOUT  
10 VARIOUS OF SMALL BUSINESS DEVELOPMENT IN THE  
11 INNER CITY. WE WOULD LIKE TO INVITE TO COME TO  
12 THE WITNESS TABLE FRANK ROBINSON, PEDRO PALLAN,  
13 E. E. BARRINGTON, RYAN SONG, AND CARLTON JENKINS.

14 MR. WANG: CAN I ASK YOU TO STAND WITH  
15 YOUR RIGHT HAND RAISED.

16 DO YOU SWEAR OR AFFIRM THAT YOU WILL  
17 TRUTHFULLY TESTIFY TO THE BEST OF YOUR ABILITIES?

18 (ALL PANEL MEMBERS REPLIED IN THE  
19 AFFIRMATIVE.)

20 MR. WANG: WELCOME TO OUR SESSIONS ON --  
21 THIS IS A PARTICULAR SECTION ON ECONOMIC  
22 DEVELOPMENT. WE WILL TALK ABOUT VARIOUS SMALL  
23 BUSINESS DEVELOPMENT IN THE INNER CITY.

24 MR. GLICK: I WOULD LIKE TO START, AND  
25 THEN DR. ZALOKAR WILL WORK TOGETHER WITH ME ON THIS

1 PANEL.

2 I WOULD LIKE TO START WITH MR. JENKINS,  
3 IF I MAY. AM I CORRECT THAT YOU ARE THE MANAGING  
4 DIRECTOR OF FOUNDERS NATIONAL BANK? IS THAT  
5 CORRECT?

6 MR. JENKINS: THAT IS CORRECT.

7 MR. GLICK: IN TALKING TO YOUR STAFF YOU  
8 MAY HAVE USED THE TERM THAT IT IS VERY IMPORTANT  
9 THAT IN SOUTH CENTRAL L.A. THERE BE A GROWTH OF  
10 CAPITAL INFRASTRUCTURE. THAT'S A TERM THAT I HAVE  
11 BEEN TOLD THAT YOU USED. AND THAT CAN HAVE A  
12 NUMBER OF DIFFERENT MEANINGS. AND I WOULD LIKE TO  
13 HAVE YOU SHARE WITH US YOUR DEFINITION OF "CAPITAL  
14 INFRASTRUCTURE" AS YOU USE IT.

15 MR. JENKINS: WELL, I THINK THAT THE  
16 CONTEXT THAT THAT QUESTION WAS POSED ORIGINALLY,  
17 LET ME TAKE YOU BACK FOR A SECOND AND HAVE YOU  
18 UNDERSTAND THAT FOUNDERS NATIONAL BANK IN  
19 LOS ANGELES IS THE ONLY AFRICAN-AMERICAN OWNED  
20 COMMERCIAL BANK IN THE STATE OF CALIFORNIA. THAT  
21 IS SPECIFIC TO OUR DISCUSSION TODAY. IT IS EVEN  
22 MORE SIGNIFICANT IN THAT IT IS THE ONLY COMMERCIAL  
23 BANK, BLACK-OWNED OR MAJORITY-OWNED, THAT IS  
24 HEADQUARTERED IN SOUTH CENTRAL LOS ANGELES.

25 AND UNDERSTAND THAT FOUNDERS IS ONLY TWO

1 AND A HALF YEARS OLD. WHAT THAT SAYS IS THAT PRIOR  
2 TO OUR EXISTENCE FOR THE LAST 25 YEARS THERE HAS  
3 NOT BEEN AN AFRICAN-AMERICAN OWNED COMMERCIAL BANK  
4 IN THE STATE, CERTAINLY NOT ONE IN SOUTH CENTRAL  
5 LOS ANGELES.

6 AND I WOULD SUGGEST TO YOU THAT AS WE  
7 LOOK AT THE ISSUES THAT CONFRONT OUR COMMUNITY,  
8 EQUAL ACCESS TO A GENUINE PROVIDER OF CAPITAL AND  
9 CREDIT HAS NOT BEEN THERE HISTORICALLY. AND YOU  
10 DON'T REBUILT -- OR I SHOULD SAY BUILD A COMMUNITY  
11 WITHOUT PROVIDING IT WITH SOME KIND OF BUILDING  
12 BLOCK. AND I WOULD PERCEIVE THAT INSTITUTIONS SUCH  
13 AS OURS THAT ARE DEDICATED SPECIFICALLY TO THAT  
14 COMMUNITY ARE EXTREMELY IMPORTANT RELATIVE TO  
15 PROVIDING AN ACTUALIZING ON THE DREAMS AND DESIRES  
16 OF THE COMMUNITY.

17 WE ARE A BUSINESS LENDER PREDOMINANTLY,  
18 HAVING CHOSEN THAT IN DEFERENCE TO THE FACT THAT  
19 THERE ARE PROVIDERS OF HOME LOAN PRODUCT IN THE  
20 COMMUNITY. WE HAVE FOUND IN OUR DISCOURSE ALMOST  
21 ON A DAILY BASIS THAT THE CONCERN THE COMMUNITY HAS  
22 IS SIMPLY ITS INABILITY TO ACCESS CAPITAL AND  
23 CREDIT IN A VERY MEANINGFUL WAY. AND I SAY THAT TO  
24 SAY THAT WHILE THERE ARE PRESUMABLY PROVIDERS IN  
25 THAT COMMUNITY, THAT IS TO SAY BANKS WHO HAVE

1 BRANCHES THERE, THEY ARE SOMEWHAT DISINGENUOUS IN  
2 THE WAY IN WHICH THEY APPROACH OUR COMMUNITY.

3 WHAT I MEAN IS THEY DO NOT DEPLOY THE  
4 SAME KIND OF CAPITAL, ENERGY, TALENT, PRODUCTS, AND  
5 SERVICES TO THIS COMMUNITY AS FOR EXAMPLE THEY DO  
6 IN MARKETING THEIR FORTUNE 500 COMPANIES OR THEIR  
7 LATIN AMERICAN NETWORK, OR THEIR EUROPEAN NETWORK.  
8 AND I WOULD SUGGEST THAT IS -- IS A -- YOU KNOW,  
9 ALMOST CRIMINAL. TO TAKE DEPOSIT DOLLARS OUT OF A  
10 COMMUNITY AND NOT REDEPLOY THOSE DOLLARS BACK INTO  
11 THAT COMMUNITY IS PROBLEMATIC FOR THAT COMMUNITY.

12 AND IT IS CRITICAL THAT WHERE THERE IS  
13 SOMEONE WHO HAS THIS AS THEIR PURVIEW THAT THEY LOOK  
14 SERIOUSLY AT WHATEVER THE IMPEDIMENTS ARE TO THE  
15 CREATION OF MORE BANKS LIKE MINE CERTAINLY, AND I  
16 THINK MORE IMPORTANTLY CONTINUING TO BE  
17 HEAVY-HANDED WITH THOSE INSTITUTIONS THAT WOULD  
18 PROVIDE EXCUSES OR REASONS NOT TO PROVIDE OUR  
19 COMMUNITIES WITH ACCESS TO CAPITAL AND CREDIT  
20 SIMILARLY TO THAT WHICH THEY PROVIDE TO OTHER PARTS  
21 OF THIS COMMUNITY.

22 MR. GLICK: WELL, IS THERE IN YOUR  
23 COMMUNITY WHERE THE BANK IS ACTING, IS THERE A  
24 DEMAND, ENTREPRENEURIAL GROUP, A FLOWING GROUP  
25 THAT HAS DEMAND FOR COMMERCIAL CAPITAL?

1                   MR. JENKINS: WELL, LET ME SAY THIS. WE  
2 HAVE OPEN FOR TWO YEARS. AND ALMOST FROM DAY ONE  
3 WE HAVE HAD I WOULD SUGGEST AN EIGHT- TO TEN-WEEK  
4 BACKLOG OF WHAT WE PERCEIVE TO BE VERY QUALITY  
5 ORIENTED CREDIT REQUESTS. I HAVE ENGAGED AT  
6 PRESENT FOUR CONSULTANTS JUST TO TAKE UP THE SLACK  
7 OR THE DEMAND FROM MY OWN STAFF TO BE SURE THAT  
8 THESE PEOPLE ARE GIVEN TIMELY RESPONSE.

9                   AND, YOU KNOW, THESE ARE THE REQUESTS  
10 THAT -- AND RECOGNIZE THAT I AM TRAINED IN MAJOR  
11 BANKS. SO THAT I HAVE THE SAME SKILLS AS THOSE WHO  
12 WOULD SUGGEST THAT YOU CAN'T LEND IN THIS  
13 COMMUNITY.

14                   WE IN TWO YEARS HAVE 20 TO \$25 MILLION  
15 IN BUSINESS-ORIENTED PRODUCT IN THAT COMMUNITY  
16 ALREADY, ANOTHER \$25 MILLION IN MULTI-FAMILY REAL  
17 ESTATE PRODUCT, FOR A TOTAL OF ABOUT 52,  
18 \$53 MILLION. THE ONLY LOSS THAT THE BANK HAS  
19 SUSTAINED IN TWO AND A HALF YEARS COMES AS A RESULT  
20 OF A BANKER WHO WAS UNEMPLOYED AND LOST HIS JOB AND  
21 FILED BANKRUPTCY. THAT IS SOMEONE WHO NORMALLY  
22 WOULD HAVE BEEN ONE OF OUR BETTER CREDITS, TURNED  
23 OUT TO BE THE ONLY PROBLEM.

24                   AND I ASSURE YOU THAT WE HAVE MONEY OUT  
25 TO CHURCHES, TO MINORITY CONTRACTORS, TO COMMUNITY

1       BASED ORGANIZATIONS. WE HAVE GOT MONEY OUT TO A  
2       FORMER PRISONER, A CONVICT WHO WAS RECENTLY  
3       RELEASED AND CREATED A PROGRAM TO SELL HAIR CARE  
4       PRODUCTS TO FELLOW PRISONERS. AND HE IS TURNING  
5       INTO BEING ONE OF OUR MORE SIGNIFICANT CLIENTS IN  
6       THAT COMMUNITY.

7                       WE ARE NOT UNIQUE. THAT IS TO SAY, WE  
8       DON'T DO ANYTHING THAT I WOULD PERCEIVE TO BE  
9       EXTRAORDINARILY DIFFERENT IN HOW WE UNDERWRITE  
10      CREDIT. ALL THAT WE DO IS WE SIMPLY TRY TO  
11      UNDERSTAND WHO OUR BORROWERS ARE AND THEIR  
12      PARTICULAR SENSITIVITIES, THEIR PECULIARITIES,  
13      THEIR TENDENCIES TO POTENTIALLY LIVE BEYOND THE  
14      NORMAL RATIOS THAT ONE WOULD PRESCRIBE, THEIR  
15      TENDENCIES TO HAVE POTENTIALLY BAD CREDIT  
16      SOMETIMES, THEIR POTENTIAL TO HAVE HAD TWO OR THREE  
17      JOB CHANGES IN THE LAST YEAR, THE NEED SOMETIMES TO  
18      WORK TWO OR THREE JOBS, ONE OF WHICH MAY BE A CASH  
19      PAYING JOB.

20                      WE SIMPLY TAKE ALL OF THOSE THINGS INTO  
21      ACCOUNT IN MAKING A CREDIT DECISION. WE PERCEIVE  
22      OURSELVES TO BE WHAT A COMMUNITY BANK USED TO BE,  
23      THAT IS TO SAY, YOU KNEW WHO YOU WERE LENDING YOUR  
24      MONEY TO. AND THOSE BORROWERS HAVE A GENUINE SENSE  
25      OF PRIVATE CONCERN IN YOUR BETTERMENT AS AN

1 INSTITUTION, RECOGNIZING THAT SHOULD SOMETHING EVER  
2 HAPPEN TO OUR INSTITUTION, THIS COMMUNITY WILL NOT  
3 HAVE AGAIN ANOTHER AFRICAN-AMERICAN OWNED  
4 INSTITUTION.

5 WE HAVE SHAREHOLDERS. WE ARE GENUINELY  
6 PROFIT MOTIVATED. SO WE DON'T GIVE IT AWAY I  
7 ASSURE YOU. WE SIMPLY DEPLOY THE RIGHT KIND OF  
8 TALENT AND ENERGY TO GET IT DONE. IT IS A REAL  
9 SIMPLE EQUATION FOR US.

10 MR. GLICK: WE HAVE LEARNED FROM  
11 YOURSELF THAT YOU HAD AN EQUITY INVESTMENT FROM THE  
12 ARCO CORPORATION OF A SUBSTANTIAL AMOUNT.

13 MR. JENKINS: RIGHT.

14 MR. GLICK: HAVE YOU HAD ANY CONTACTS  
15 WITH ANY OTHER MAJOR FINANCIAL INSTITUTIONS OR  
16 COMMERCIAL INSTITUTIONS THAT COULD PUT SOME MORE  
17 FUNDING INTO YOUR INSTITUTION FOR FURTHER  
18 RETAILING?

19 MR. JENKINS: WELL, LET ME GET INTO THE  
20 CONTEXT OF YOUR QUESTION AND LET ME JUST SAY THAT  
21 THE PRESS ANNOUNCEMENT FOR THE ARCO PARTICIPATION  
22 TOOK PLACE, I BELIEVE, DECEMBER THE 7TH. ONLY  
23 YESTERDAY DID I RECEIVE FORMAL APPROVAL, OR SHOULD  
24 I SAY THAT I RECEIVED A MESSAGE THAT APPROVAL IS ON  
25 THE WAY, FOR ARCO TO ACTUALLY MAKE THE INVESTMENT

1 IN MY BANK.

2 WHAT THAT MEANS BASICALLY THE GOVERNMENT  
3 OR THOSE WHO REGULATE MY BANK HAVE TAKEN SIX MONTHS  
4 TO APPROVE A SITUATION THAT WAS PERHAPS THE MOST  
5 POSITIVE TRANSACTION THAT A MINORITY BANK IN --  
6 CERTAINLY IN MY TIME AS A BANKER HAS EVER SEEN. IT  
7 TOOK SIX MONTHS. AND IN MOST OF THAT CIRCUMSTANCE  
8 ARCO WAS MADE TO BE THE VILLAIN IN TRYING TO DO  
9 SOMETHING THAT WAS AS PRO-MINORITY  
10 BANKING AS IS POSSIBLE.

11 BUT TO ANSWER YOUR DIRECT QUESTION, BANK  
12 OF AMERICA HAS MADE A SIMILAR COMMITMENT, A LITTLE  
13 SMALLER. THEREFORE, IT IS JUST A HOLDING ISSUE.  
14 BUT THEY HAVE COMMITTED ABOUT A MILLION DOLLARS TO  
15 SUPPORT THE ARCO PIECE.

16 WE HAVE TWO OTHER ANNOUNCEMENTS THAT WE  
17 ARE NOT ABLE TO MAKE TODAY. BUT THEY WILL  
18 APPROXIMATE ANOTHER MILLION AND A HALF DOLLARS OF A  
19 SIMILAR NATURE. THE IMPORTANCE OF THE ARCO  
20 TRANSACTION, IT HAD NEVER BEEN DONE BEFORE ANYWHERE  
21 IN THE COUNTRY. IT IS THE FIRST TIME THAT  
22 CORPORATE AMERICA HAS UNDERSTOOD THE LEVERAGING  
23 POSSIBILITIES OF A DOLLAR IN A MINORITY  
24 INSTITUTION.

25 THERE ARE THOSE WHO WOULD SUGGEST THAT A



1 DOLLAR OF CAPITAL TRANSLATES INTO 10 TO \$15 IN  
2 POTENTIAL LENDING CAPABILITY. SO ARCO'S  
3 INVESTMENT, DEPENDING ON HOW YOU LOOK AT IT, COULD  
4 MEAN BETWEEN 15 AND \$30 MILLION IN AND OF ITSELF  
5 NEW LENDING CAPABILITY FOR THIS COMMUNITY. IT IS A  
6 VERY, VERY MEANINGFUL KIND OF THING.

7 AND AS THE COMMISSION IS LOOKING AT THE  
8 KINDS OF OPTIONS THAT DO EXIST, I WOULD ENCOURAGE  
9 STRONGLY THAT YOU LOOK AT THAT TRANSACTION AND  
10 POTENTIALLY THE BARRIERS TO THAT TRANSACTION TO  
11 INSURE THAT WHERE CORPORATE AMERICA IS NOW COMING  
12 AROUND THE CORNER ON THIS CONCEPT, THAT THERE IS A  
13 SUPPORT MECHANISM AND CERTAINLY A MECHANISM TO  
14 INSURE SOME MOVEMENT OF THE PROCESS TO ALLOW THAT  
15 TO HAPPEN.

16 MR. GLICK: WELL, YOU INDICATED THAT IT  
17 HAS TAKEN SUCH A LONG TIME FOR THAT ARCO LOAN TO BE  
18 APPROVED. WOULD THAT BE BECAUSE OF DIFFERENT  
19 STANDARDS BEING APPLIED, OR WAS THAT JUST SIMPLY A  
20 NORMAL TIME FRAME, OR JUST SLOWNESS?

21 MR. JENKINS: COMBINATION OF A NUMBER OF  
22 THINGS. CERTAINLY ITS NOVELTY CREATED ITS OWN  
23 SHARE OF PROBLEMS. THERE ARE SOME VERY ARCHAIC  
24 BANK HOLDING COMPANY ACT REQUIREMENTS WHICH  
25 POTENTIALLY KICK IN DEPENDING UPON THE AMOUNT OF

1 OWNERSHIP A CORPORATION HAS IN THE BANK. AND IT  
2 WAS DESIGNED I THINK SOMETIME AGO TO INSURE THAT  
3 BANKS WERE NOT TAKEN OVER BY INSURANCE COMPANIES,  
4 ET CETERA.

5 BUT I WOULD SUBMIT THAT IN THE CONTEXT  
6 OF OUR TRANSACTION, WHICH WAS SIMPLY A SITUATION  
7 WHERE ARCO WAS MAKING AN INVESTMENT IN MY  
8 INSTITUTION, HAD NO INTEREST IN MANAGING IT OR  
9 RUNNING IT OR BEING ON THE BOARD OR ANY OF THOSE  
10 THINGS THAT WOULD CREATE AN OWNERSHIP PROBLEM, THAT  
11 THERE SHOULD HAVE BEEN OR SHOULD BE A MECHANISM TO  
12 INSURE THAT THAT MOVES FLUID.

13 I CAN'T UNDERSCORE TO YOU HOW DIFFICULT  
14 IT IS TO START A MINORITY BANK, AND EVEN HARDER TO  
15 RAISE THE CAPITAL FOR ONE. I HAVE TO THIS DAY NOT  
16 BEEN ABLE TO RAISE CAPITAL IN MY COMMUNITY,  
17 PRINCIPALLY BECAUSE THEY DON'T HAVE IT, BUT  
18 SECONDARILY BECAUSE A BANK INVESTMENT IS A VERY  
19 ESOTERIC KIND OF INVESTMENT.

20 SO I AM DEPENDENT ON CORPORATIONS LIKE  
21 ARCO. AND I WOULD LIKE HOPEFULLY TO BE ABLE TO  
22 HAVE RAISED BETWEEN THREE AND \$4 MILLION IN THE  
23 LAST SIX TO NINE MONTHS WITH THIS PARTICULAR  
24 CONCEPT. AND IT IS SOMETHING THAT IS GAINING  
25 GROUND. IT HAS BEEN DONE SEVERAL TIMES SINCE

1 ACROSS THE COUNTRY, I THINK OURS HAVING BEEN A VERY  
2 SUCCESSFUL MODEL FOR IT.

3 MR. GLICK: THANK YOU. I WOULD LIKE TO  
4 TURN OVER TO THE COMMISSIONERS TO PROCEED WITH  
5 QUESTIONS FOR MR. JENKINS. AND THEN AFTER THAT IS  
6 FINISHED, WE WILL GO TO THE OTHER WITNESSES.

7 MR. WANG: MR. REDENBAUGH.

8 MR. REDENBAUGH: THANK YOU.

9 MR. JENKINS, WHICH REGULATORY AGENCY?

10 MR. JENKINS: OFFICE OF THE COMPTROLLER  
11 OF THE CURRENCY.

12 MR. REDENBAUGH: OFFICE OF THE  
13 COMPTROLLER OF THE CURRENCY.

14 MR. JENKINS: RIGHT. THERE WERE SOME  
15 FEDERAL RESERVE ISSUES. AND THE FEDERAL RESERVE  
16 SAN FRANCISCO OFFICE WAS EXTRAORDINARILY HELPFUL IN  
17 MOVING THE PROCESS, TO THE EXTENT THAT THEY HAD  
18 APPROVED IT SEVERAL MONTHS PRIOR TO IT MOVING ON TO  
19 THE O.C.C.

20 MR. REDENBAUGH: AND YOU FOUND THE  
21 FEDERAL RESERVE BOARD DISTRICT BANK IN  
22 SAN FRANCISCO COOPERATIVE ON OTHER --

23 MR. JENKINS: YES. BECAUSE THEY HAD TO  
24 WORK ON BOTH OUR ARCO PIECE AND OUR BANK OF AMERICA  
25 PIECE ALMOST CONCURRENTLY. I THINK THE DIFFERENCE

1 IS THAT THEY SIMPLY UNDERSTOOD MORE THE SPIRIT OF  
2 THE INVESTMENT AND WERE MOTIVATED TO INSURE THAT  
3 THE FEDERAL RESERVE IN AND OF ITSELF WAS NOT THE  
4 STUMBLING BLOCK IN NOT ALLOWING SOMETHING LIKE THAT  
5 WHICH HAD SO MUCH POSITIVE ASSOCIATED WITH IT TO  
6 MOVE FORWARD.

7 MR. REDENBAUGH: DO YOU THINK THAT WHEN  
8 YOU DO ANOTHER ONE OF THESE YOU WILL HAVE LESS  
9 DIFFICULTY WITH THE COMPTROLLER OF THE CURRENCY?

10 MR. JENKINS: "YES" AND "NO."

11 WHAT WE HAVE HAD TO DO IS, AT LEAST IN  
12 THIS FIRST SERIES OF STOCK PURCHASES, WE HAVE  
13 CREATED WHAT WE HOPE TO BE A COOKIE CUTTER  
14 CONCEPT. NOW, THAT ASSUMES THAT ALL OF THE  
15 PROSPECTIVE CORPORATIONS THAT I APPROACH WILL WANT  
16 TO BUY INTO THIS PARTICULAR SERIES OF PREFERRED  
17 STOCK THAT WE HAVE CREATED.

18 SHOULD I DEVIATE, THEN I AM BACK TO  
19 SQUARE ONE. AND I HAVE TO START THE PROCESS ALL  
20 OVER AGAIN.

21 MR. REDENBAUGH: YOU HAVE A SHELF  
22 APPROVAL?

23 MR. JENKINS: THAT'S BASICALLY IT. UP  
24 TO A CERTAIN AMOUNT WITH CERTAIN CONDITIONS THAT  
25 ARE FIXED, BASICALLY.

1 MR. REDENBAUGH: WHAT ARE SOME OF THE  
2 OTHER OBSTACLES THAT YOU HAVE ENCOUNTERED  
3 PARTICULARLY IN THE REGULATORY, OR ANY, AREA?

4 MR. JENKINS: WELL, I MEAN, FROM A  
5 REGULATORY POINT OF VIEW WE EXIST IN AN ENVIRONMENT  
6 THAT IS UNIQUE, I GUESS, TO THIS COMMUNITY IN THAT  
7 THERE HASN'T BEEN A BLOCK-OWNED COMMERCIAL BANK IN  
8 25 YEARS. SO WHAT THAT MEANS IS WE ARE AN ANOMALY  
9 IN EVERY IMAGINABLE SENSE. WE ARE REGULATED BY THE  
10 OCC AND AN EXAMINATION TEAM THAT HAS NEVER EXAMINED  
11 A MINORITY-OWN BANK, THEY HAD NEVER COME IN AND  
12 LOOKED AT A BANK WHERE MOST OF THE CREDIT HAS BEEN  
13 MINORITY-OWNED AND MINORITY DRIVEN.

14 SO THERE HAS BEEN SOME -- I HATE TO USE  
15 THE WORD "ADVERSARIAL." BUT THERE HAS BEEN A LOT  
16 OF DISAGREEMENT, I GUESS, WITH RESPECT TO THE KIND  
17 OF LENDING THAT WE DO AND OUR UNDERWRITING  
18 CRITERIA.

19 MR. REDENBAUGH: I MIGHT BE ALLOWED TO  
20 COMMENT AS SOMEBODY KNOWLEDGEABLE IN THE AREA. IT  
21 APPEARS THAT THE EXAMINERS HAVEN'T EXACTLY DONE A  
22 WONDERFUL JOB IN MAJORITY-OWNED BANKS.

23 MR. JENKINS: CORRECT. YOU ARE  
24 CORRECT.

25 MR. REDENBAUGH: THEN I CAN UNDERSTAND,

1 THAT WHILE YOU MAY HAVE PRESENTED THEM DIFFICULT OR  
2 PERHAPS UNUSUAL CIRCUMSTANCES, THEY HAVEN'T ALWAYS  
3 PERFORMED PARTICULARLY WELL IN THE MORE NORMAL  
4 SITUATION.

5 MR. JENKINS: YOU ARE CORRECT. AND I AM  
6 TAKING YOUR COMMENT AND SIMPLY SUGGESTING THAT OURS  
7 ADDED ANOTHER LEVEL OF CONCERN AND CONFUSION. WE  
8 HAVE BEEN EXAMINED POTENTIALLY SEVEN TIMES IN TWO  
9 YEARS, WHICH IN AND OF ITSELF IS UNIQUE, I AM TOLD,  
10 AND ALWAYS DISCONCERTING. WE WENT THROUGH A CRA  
11 EXAMINATION LAST YEAR, WHICH WAS EXTRAORDINARILY  
12 STRESSFUL, GIVEN THAT OUR INSTITUTIONS --

13 MR. REDENBAUGH: THERE WAS SOME THOUGHT  
14 THAT YOU MIGHT BE IN COMPLIANCE WITH CRA?

15 MR. JENKINS: WELL, NO, NOT  
16 NECESSARILY. I THINK THE DISAGREEMENT SIMPLY COMES  
17 TO HOW YOU MEASURE ONE'S CRA COMMITMENT, I GUESS,  
18 RECOGNIZING THAT A LOT OF BANKS HAVE BEEN ABLE TO  
19 MOVE SATISFACTORILY IN THAT ENVIRONMENT BY VIRTUE  
20 OF HOW LARGE THE CHECKBOOK IS. WE DIDN'T HAVE THAT  
21 LUXURY AND WON'T HAVE FOR SOME TIME, AND BECAUSE WE  
22 WERE BRAND NEW, HAD ONLY BEEN LENDING FOR A YEAR AT  
23 THAT TIME, SO IT WAS JUST A VERY DIFFICULT TIME FOR  
24 US.

25 BUT YET THERE AREN'T VERY MANY

1 INITIATIVES IN THAT COMMUNITY THAT ARE ECONOMIC IN  
2 NATURE THAT OUR INSTITUTION IS NOT INVOLVED IN,  
3 DIRECTLY OR INDIRECTLY. WE ARE BY MANY STRETCHES  
4 THE MOST VISIBLE BANK, CERTAINLY IN THIS STATE, AND  
5 DEPENDING UPON WHO YOU TALK TO, IN THE COUNTRY OF  
6 MINORITY BANKS, PARTICULARLY IN LIGHT OF OUR  
7 CAPITAL CREATION ISSUES, AND MORE IMPORTANTLY OUR  
8 DIRECTION IN THE COMMUNITY. WE LEGISLATE. WE HAVE  
9 A LOBBYIST FULL TIME. WE HAVE BEEN SUCCESSFUL IN  
10 TRYING TO PRESERVE WHAT FEW MINORITY PREFERENCES DO  
11 EXIST IN CERTAIN SEGMENTS OF THE GOVERNMENTAL  
12 STATUTE, PARTICULARLY THE RTC.

13 WE JUST TRY TO DEAL WITH MINORITY  
14 BANKING IN A VERY UNIVERSAL AND BROAD SENSE, TO  
15 JUST TRY TO GET PEOPLE TO UNDERSTAND THAT IT IS  
16 CRITICAL TO THE DEVELOPMENT OF THE COMMUNITY AND  
17 ITS ENTREPRENEURIAL BENT. I MEAN, WITHOUT BANKS  
18 LIKE MINE, IT IS -- WE WERE TALKING ABOUT JOB  
19 TRAINING AND EDUCATIONAL POSSIBILITIES, THINGS LIKE  
20 THAT. WELL, YOU HAVE TO UNDERSTAND THAT A DREAM  
21 REALIZED IS HIS OWNERSHIP. AND OUR INSTITUTION IS  
22 DESIGNED HOPEFULLY TO CAUSE THAT TO HAPPEN. AND  
23 WITHOUT THAT, YOU JUST DON'T HAVE A COMMUNITY THAT  
24 IS STANDING ON ITS OWN TWO FEET. AND THAT IS OUR  
25 MISSION. IT IS CLEAR AND SIMPLE.

1 MR. REDENBAUGH: WHAT CAN -- EXCUSE ME  
2 FOR INTERRUPTING.

3 WHAT WOULD YOU LIKE TO SEE DONE TO MAKE  
4 IT EASIER FOR YOU AND OTHER ORGANIZATIONS LIKE  
5 YOURS TO SPRING UP ALL ACROSS THE COUNTRY? WHAT  
6 CHANGES WOULD YOU RECOMMEND? AND I ASK THE  
7 QUESTION FROM THE BACKGROUND THAT YOU HAVE AS A  
8 COMMERCIAL BANKER AND SOMEONE ALREADY SUCCESSFUL IN  
9 THE FIELD.

10 MR. JENKINS: WELL, TWO THINGS I WILL  
11 DO. AND I APOLOGIZE THAT I DON'T HAVE IT WITH ME.  
12 I BELIEVE THAT I SUPPLIED TO THE COMMISSION EARLIER  
13 A LIST OF LEGISLATIVE REMEDIES THAT WE HAD  
14 PREPARED. AND IF YOU DO NOT HAVE THAT AVAILABLE, I  
15 WILL BE HAPPY TO DO THAT AGAIN. WE HAVE PREPARED  
16 OUR OWN LEGISLATIVE AGENDA.

17 MR. REDENBAUGH: WE WOULD VERY MUCH LIKE  
18 TO HAVE THAT, IF WE DON'T ALREADY.

19 MR. JENKINS: AND HAVING SAID THAT, LET  
20 ME JUST SPEAK TO TWO THINGS.

21 AS WE SIT, TO MY KNOWLEDGE THERE IS ONLY  
22 ONE AREA -- AND THAT IS TO SAY THE RTC -- THAT DOES  
23 HAVE SPECIFICALLY EMBODIED IN IT CERTAIN MINORITY  
24 PREFERENCES OR MINORITY OPTIONS THAT ALLOW FOR THE  
25 CREATION OF BANKS LIKE MINE. MINE WAS, IN FACT, AN



1 RTC OWNED INSTITUTION PRIOR TO OUR ACQUISITION TWO  
2 YEARS AGO. AND WE USED A PORTION OF THE RTC  
3 FUNDING BILL THAT ALLOWS FOR THE GOVERNMENT TO  
4 MATCH CAPITAL INJECTIONS, ONE THIRD/TWO THIRD.

5 WE WERE ABLE TO LEVERAGE ONE DOLLAR FOR  
6 TWO DOLLARS ADDITIONALLY TO CREATE THE INITIAL  
7 CAPITAL FOR OUR INSTITUTION. THE RTC HAPPENS TO BE  
8 THE ONLY PLACE WHERE THAT DOES EXIST. AND WITHOUT  
9 THAT, VERY CANDIDLY OUR INSTITUTION WOULDN'T EXIST  
10 TODAY, IT IS VERY SIMPLE. TO AMASS THE TYPE OF  
11 CAPITAL NECESSARY, IN MOST CASES FIVE TO \$7 MILLION,  
12 IT IS ALMOST IMPOSSIBLE IN THE MINORITY COMMUNITY  
13 TO DO THAT, TO CREATE A BANK SUCH AS OURS.

14 MR. REDENBAUGH: IN WHAT YOU HAVE  
15 RECOMMENDED, HAVE YOU RECOMMENDED ANY CHANGES IN  
16 THE TAX CODES?

17 MR. JENKINS: A COUPLE. ACCELERATED  
18 DEPRECIATION. POTENTIALLY THE RETURN OF N.O.L.'S  
19 THAT WERE ASSOCIATED WITH THE PRIOR INSTITUTIONS  
20 IF, IN FACT, THERE WERE ANY, SO THAT THE BUYERS  
21 WERE ABLE TO AMASS THE CAPITAL TO DO IT. TAX  
22 CREDIT FOR THE INVESTMENT IN A MINORITY INSTITUTION.

23 THERE WERE TWO OR THREE OTHERS.

24 MR. REDENBAUGH: ANYTHING TO DO WITH  
25 CAPITAL GAINS?

1 MR. JENKINS: YES. AND I THINK THAT  
2 CLEARLY WOULD SPEAK TO SOME INCENTIVE --

3 MR. REDENBAUGH: YOU BELIEVE THAT WOULD  
4 SUBSTANTIALLY INCREASE YOUR ABILITY TO RAISE  
5 CAPITAL?

6 MR. JENKINS: CLEARLY. CLEARLY.

7 AND I THINK ALSO IT WOULD ALLOW FOR  
8 OTHER PEOPLE TO STEP INTO THE ARENA. I MEAN, IT IS  
9 AN ARENA A LOT OF FOLKS REALLY JUST DON'T  
10 UNDERSTAND AND CAN'T FIND AN INCENTIVE FOR, OTHER  
11 THAN -- PARTICULARLY SINCE THE RETURN ON ONE'S  
12 INVESTMENT IS KIND OF ESOTERIC. IT TAKES A LONG  
13 TIME TO GENERATE A RETURN ON A BANK INVESTMENT.

14 MR. REDENBAUGH: WELL, THERE ARE A  
15 NUMBER OF US THAT WANT TO COMMEND -- THAT DO  
16 COMMEND AND ENCOURAGE YOU. WE ARE FOLLOWING WITH  
17 INTEREST THE PROGRESS YOU AND OTHER BANKS LIKE  
18 YOURS, LIKE THE UNITED BANK OF PHILADELPHIA.

19 I YIELD TO MY COLLEAGUES, AND I HAVE NO  
20 FURTHER QUESTIONS.

21 MR. JENKINS: IF I COULD THE BANK I  
22 PHILADELPHIA IS CURRENTLY ATTEMPTING TO AVAIL  
23 THEMSELVES OF THAT RTC MEASURE THAT WE WERE ABLE  
24 TO. BUT THEY CAN'T DO IT WITHOUT SOMETHING BEING  
25 ON THE TABLE TO PROVIDE SOME INCENTIVE. SO IT IS A

1       VERY IMPORTANT CONCEPT THAT THERE BE THESE KINDS OF  
2       DIVISIONS.  IT CAN BE TOUGH TO INSURE THAT WE HAVE  
3       A FIGHTING CHANCE.

4               MR. REDENBAUGH:  AGAIN, IT GETS BACK TO  
5       INCENTIVES MAKE A DIFFERENCE.

6               MR. JENKINS:  THEY DO.  CLEARLY.

7               MR. WANG:  MR. GEORGE.

8               MR. GEORGE:  NO, THANK YOU.

9               MR. WANG:  MR. ANDERSON.

10              MS. ZALOKAR:  I WOULD LIKE TO TURN THE  
11       QUESTIONING TO FRANK ROBINSON.

12              MR. ROBINSON, AS PRESIDENT OF A FIRM  
13       THAT MANUFACTURES HELICOPTERS IN TORRANCE,  
14       CALIFORNIA, WHICH IS JUST SOUTH OF LOS ANGELES, CAN  
15       YOU TELL US HOW MANY PERMANENT EMPLOYEES YOU HAVE,  
16       WHAT PERCENTAGE OF THESE EMPLOYEES ARE MEMBERS OF  
17       RACIAL AND ETHNIC MINORITY GROUPS, AND WHAT TYPES  
18       OF JOBS YOU HIRE THEM, PARTICULARLY WHAT SKILL  
19       LEVELS?

20              MR. ROBINSON:  I HAVE ABOUT 460  
21       EMPLOYEES.  58 PERCENT OF THEM ARE MINORITIES.  WE  
22       HAVE ALL DIFFERENT TYPES OF SKILL LEVELS AND  
23       DISCIPLINES, EVERYTHING FROM PEOPLE DOING RIVETING,  
24       WELDING, MECHANICS, MACHINISTS, ELECTRICIANS,  
25       PILOTS.  EVEN LAWYERS.  WE HAVE A VERY WIDE RANGE.

1                   IT IS, GENERALLY SPEAKING, A FAIRLY  
2   DESIRABLE EMPLOYMENT IN THAT WE HAVE A MINIMUM  
3   STARTING WAGE FOR ANY NEW TRAINEES WHO KNOW  
4   ABSOLUTELY NOTHING OF \$9 AN HOUR. AND FROM THERE  
5   IT GOES ON UP. WE HAVE ALWAYS BEEN ABLE TO KEEP  
6   OUR AVERAGE HOURLY WAGE AT LEAST A DOLLAR AN HOUR  
7   ABOVE THE NATIONAL AVERAGE FOR FACTORY WORKERS.

8                   MS. ZALOKAR: THANK YOU. CAN YOU  
9   DESCRIBE THE BUSINESS CLIMATE IN TORRANCE AS IT  
10  AFFECTS YOUR FIRM. AND, IN PARTICULAR, CAN YOU  
11  COMMENT BOTH ON THE POSITIVE FEATURES OF THE  
12  CLIMATE AND THE NEGATIVE FEATURES OF DOING BUSINESS  
13  IN SOUTHERN CALIFORNIA.

14                  MR. ROBINSON: WELL, THE BIG ADVANTAGE  
15  IN SOUTHERN CALIFORNIA FOR US IS GOOD FLYING  
16  WEATHER AND IT IS GENERALLY A NICE PLACE TO LIVE.  
17  THE CITY OF TORRANCE HAS BEEN EXCELLENT. WE HAVE  
18  HAD VERY GOOD COOPERATION FROM THE CITY OF  
19  TORRANCE. ON THE OTHER HAND, OTHER GOVERNMENT  
20  AGENCIES HAVE NOT BEEN QUITE SO COOPERATIVE.

21                  WE HAVE A GREAT DEAL OF PROBLEM WITH THE  
22  AQMD, THE AIR QUALITY MANAGEMENT DISTRICT, BECAUSE  
23  THEY MAKE IT VERY, VERY DIFFICULT FOR US TO USE ANY  
24  GOOD QUALITY PAINTS, THEY MAKE IT DIFFICULT FOR US  
25  TO BOND ROTOR BLADES. WE ARE VERY MUCH IN FAVOR OF

1 WHAT THEY ARE TRYING TO ACCOMPLISH. WE ALL LIKE  
2 CLEAN AIR.

3 BUT UNFORTUNATELY, AGENCIES OF THAT TYPE  
4 ARE FREQUENTLY STAFFED WITH PEOPLE WHO HAVE  
5 ABSOLUTELY NO EXPERIENCE IN MANUFACTURING, KNOW  
6 NOTHING OF THE PROBLEMS OR COMPLEXITY OF  
7 MANUFACTURING. AND SO THEY TEND TO EDICT RULES AND  
8 REQUIREMENTS AND REGULATIONS WHICH ARE EXTREMELY  
9 DIFFICULT, IF NOT IMPOSSIBLE TO COMPLY WITH.  
10 THAT PROBABLY HAS BEEN THE BIGGEST SINGLE  
11 INTERFERENCE THAT WE HAVE HAD.

12 THE OTHER THING, RIGHT NOW WE ARE A  
13 GROWING COMPANY. WE WANT TO EXPAND. I WANT TO  
14 HIRE ANOTHER -- OH, ANOTHER ABOUT 200 MORE  
15 EMPLOYEES TO WORK IN THE FACTORY. UNFORTUNATELY,  
16 THE TAX STRUCTURE WHICH IS GOING INTO EFFECT IN THE  
17 NEAR FUTURE MAKES THAT VERY, VERY DIFFICULT. AS IN  
18 THIS CORPORATION, WE ARE TAXED AT THE INDIVIDUAL  
19 RATE. SO THE NEW TAX RATES, OF COURSE, BETWEEN  
20 STATE AND FEDERAL WILL INCREASE OUR INCOME TAX TO  
21 ABOUT 50 PERCENT. WELL, THAT'S ONLY HALF THE  
22 PROBLEM.

23 THE OTHER HALF IS THAT THE AMORTIZATION  
24 RATE THAT WE HAVE TO DEPRECIATE A NEW BUILDING OVER  
25 IS PRESENTLY 31 AND A HALF YEARS. UNDER THE LAW

1 WHICH IS NOW BEFORE CONGRESS, THEY ARE GOING TO  
2 INCREASE THAT TO 39 YEARS. OKAY, HERE IS THE  
3 DILEMMA. I WANT TO BUILD A NEW \$10 MILLION MODERN  
4 EFFICIENT FACTORY.

5 IN ORDER TO BE ABLE TO DO THAT, I AM  
6 FIRST GOING TO HAVE TO GIVE THE STATE AND FEDERAL  
7 GOVERNMENTS \$10 MILLION. THAT'S BECAUSE IT IS  
8 GOING TO HAVE TO BE PAID FOR OUT OF AFTER-TAX  
9 DOLLARS. THEN I WILL BE ABLE TO AMORTIZE  
10 2-1/2 PERCENT PER YEAR OF THAT, WHICH MEANS THAT --  
11 WELL, SEE, I AM 63 NOW. I WILL BE ABLE TO AMORTIZE  
12 THAT BUILDING BY THE TIME I AM 102. WELL, THAT'S  
13 NOT VERY MUCH INCENTIVE TO PUT THAT KIND OF MONEY  
14 INTO A NEW MODERN TYPE OF FACILITY.

15 MR. GLICK: MR. CHAIRMAN, MAY I  
16 INTERRUPT FOR JUST A MOMENT.

17 MR. WANG: SURE.

18 MR. GLICK: MR. JENKINS HAS SOMETHING OF  
19 AN URGENT NEED TO BE LEAVING. WE ARE RUNNING LATE,  
20 AND IF YOU COULD POSSIBLY EXCUSE HIM I WOULD  
21 APPRECIATE IT.

22 MR. WANG: CERTAINLY. WE APPRECIATE  
23 YOUR ATTENDANCE.

24 MR. JENKINS: THANK YOU.

25 MS. ZALOKAR: MR. ROBINSON, ONE MORE

1 QUESTION. DOES THE COST OF WORKERS' COMPENSATION  
2 INSURANCE, IS THAT A MAJOR PROBLEM FOR YOUR FIRM?

3 MR. ROBINSON: WORKMEN'S COMPENSATION?

4 MS. ZALOKAR: YES.

5 MR. ROBINSON: OH, YES, IT IS FOR ANY  
6 MANUFACTURING COMPANY IN CALIFORNIA. THE LEGAL  
7 ENVIRONMENT HERE HAS GOTTEN SO BAD THAT A GREAT  
8 DEAL OF THE MONEY WHICH GOES INTO THE WORKMEN'S  
9 COMP IS BEING CONSUMED PURELY IN THE LEGAL  
10 PROCESS. AND EVEN THOUGH THE BENEFITS I THINK  
11 UNDER WORKMEN'S COMPENSATION IN CALIFORNIA ARE NOT  
12 EVEN ON A PAR WITH THE REST OF THE COUNTRY, THE  
13 COST IS MUCH HIGHER MAINLY BECAUSE OF THE AMOUNT  
14 THAT IS BEING CONSUMED IN THE LEGAL PROCESS.

15 MS. ZALOKAR: I WOULD LIKE TO PROCEED TO  
16 THE QUESTIONING OF THE WITNESSES, THE REST OF THEM,  
17 AND THEN I WILL TURN THE QUESTIONING OVER TO THE  
18 COMMISSIONERS.

19 MR. WANG: OKAY.

20 MS. ZALOKAR: I WILL CONTINUE WITH  
21 MR. PALLAN.

22 MR. PALLAN, WE UNDERSTAND YOU HAVE  
23 OPERATED A BAKERY IN COMPTON, CALIFORNIA, FOR 33  
24 YEARS. CAN YOU TELL US BRIEFLY ABOUT THE NUMBER,  
25 THE LEVELS OF SKILLS, AND THE ETHNIC BACKGROUNDS OF

1 YOUR EMPLOYEES.

2 MR. PALLAN: YES. I HAVE BEEN IN  
3 BUSINESS IN COMPTON FOR THE LAST 33 YEARS. I HAVE  
4 A SPECIALTY SHOP. WE MANUFACTURE MEXICAN-STYLE  
5 PASTRIES. THE DEMOGRAPHICS HAVE -- THE CHANGE IN  
6 THE DEMOGRAPHICS HAVE BEEN VERY GOOD TO US.

7 WE HAVE BEEN EXPANDING EVERY YEAR FOR  
8 THE LAST I WOULD SAY MAYBE 30 YEARS. THE LAST  
9 COUPLE OF YEARS DUE TO -- WELL, I HAVE GOT TO TELL  
10 YOU I AM IN AN EXCEPTIONAL POSITION. BECAUSE WE  
11 ARE ALREADY ESTABLISHED. WE DON'T NEED ANY MONEY  
12 FOR DEVELOPMENT.

13 BUT OUR PRESENT DILEMMA IS THIS MONSTER  
14 THAT WE HAVE ON OUR BACK OF WORKMEN'S COMPENSATION.  
15 I AM PAYING EXTREMELY HIGH PREMIUMS DUE TO  
16 FRAUDULENT CLAIMS, WHICH I HAVE NO DEFENSE. THE  
17 LAW DOES NOT GIVE ME ANY AVENUES TO DEFEND MYSELF  
18 AGAINST THESE CLAIMS. AND THE INSURANCE COMPANIES  
19 PAY THEM, AND I HAVE TO PAY THE PREMIUMS.

20 I DID HAVE INTENTIONS -- AND I SAY THAT  
21 PAST TENSE -- OF EXPANDING MY BUSINESS. BUT DUE TO  
22 THESE PROBLEMS WITH WORKMEN'S COMP, RED LINING IN  
23 THE CITY OF COMPTON BY THE INSURANCE COMPANIES --  
24 WE WERE THERE IN THE FIRST RIOTS, IN '65, AND THE  
25 RIOTS OF '92 WE SURVIVED.



1                    BUT DUE TO PROBABLY SOME OF THESE  
2 FACTORS WE ARE HIGH RISK, WE ARE CONSIDERED HIGH  
3 RISK. AND WE PAY EXORBITANT PREMIUMS FOR OUR  
4 INSURANCE POLICIES. THIS DOES NOT HELP US OUT  
5 ANY. ALL THIS PREMIUM, I MEAN WE COULD SINK  
6 INTO -- REINVEST INTO OUR BUSINESSES, WHICH WE ARE  
7 NOT BEING ABLE TO.

8                    I DON'T WORRY ABOUT BORROWING MONEY FROM  
9 FOUNDERS BANK -- HE IS LOCATED IN COMPTON ALSO --  
10 BECAUSE IT IS ONLY A LOAN AND YOU HAVE TO PAY IT  
11 BACK. AND WHEN YOU ARE NOT COMPETITIVE IN YOUR  
12 FIELD ANYMORE, THEN SOMETHING IS WRONG. I CANNOT  
13 RAISE MY PRICES ANY LONGER BECAUSE COMPETITION  
14 REALLY WON'T ALLOW ME TO. I WILL JUST GO UNDER.

15                    THIS IS THE DILEMMA THAT MY ESTABLISHED  
16 BUSINESS IS CONCERNED WITH RIGHT AT THIS MOMENT  
17 RIGHT NOW. WE ARE NOT EVEN THINKING OF ASKING FOR  
18 LOANS.

19                    MS. ZALOKAR: THANK YOU VERY MUCH.

20                    MR. BARRINGTON, AS THE PRESIDENT OF A  
21 SMALL AEROSPACE PARTS MANUFACTURING FIRM IN SOUTH  
22 CENTRAL LOS ANGELES, CAN YOU TELL US ABOUT YOUR  
23 EMPLOYEES, THEIR RACIAL AND ETHNIC BACKGROUND, THEIR  
24 STILL LEVELS, AND WHAT TYPES OF WORK THEY DO.

25                    MR. BARRINGTON: THE STILL LEVELS ARE

1 SIMILAR TO MR. ROBINSON'S SKILLS LEVELS IN AIRCRAFT  
2 MANUFACTURING, SIMILAR. WE HAVE PEOPLE WHO OPERATE  
3 MACHINES AND DRILL AND RIVET, WELD, AND ASSEMBLY.  
4 THAT'S BASICALLY -- AND PAINT AND PROCESS.

5 IN TERMS OF NUMBERS, WE HAVE BEEN FROM A  
6 HIGH IN 1971 OF 175 PEOPLE TO A CURRENT EMPLOYMENT  
7 OF ABOUT 25, WHICH IS ACCOUNTABLE TO A LOT OF  
8 FACTORS, THE DOWNTURN IN THE INDUSTRY AND SOME  
9 BUILT-IN STRUCTURAL PROBLEMS THAT ARE FACED BY MOST  
10 SMALL PARTS MANUFACTURERS IN GENERAL.

11 MS. ZALOKAR: I DON'T THINK THAT YOU  
12 TOLD US THE ETHNIC AND RACIAL BACKGROUNDS OF YOUR  
13 EMPLOYEES.

14 MR. BARRINGTON: IT IS ABOUT 50/50, BLACK  
15 AND LATINO.

16 MS. ZALOKAR: THANK YOU. COULD YOU  
17 PLEASE DESCRIBE FOR US THE BARRIERS MANUFACTURING  
18 FIRMS SUCH AS YOURS FACE IN DOING BUSINESS IN SOUTH  
19 CENTRAL LOS ANGELES, AND PARTICULARLY PARTS  
20 MANUFACTURING FIRMS. FOR INSTANCE, DO WORKERS'  
21 COMPENSATION OR ENVIRONMENTAL REGULATIONS AFFECT  
22 YOU OR DO YOU HAVE OTHER PROBLEMS THAT ARE MORE --

23 MR. BARRINGTON: WELL, I THINK YOU HAVE  
24 TO SEPARATE THE PROBLEMS. THERE ARE SOME GENERIC  
25 PROBLEMS THAT ALL OF US ARE FACED WITH: WORKMEN'S

1 COMP, AND THE AQMD, AND THINGS OF THAT TYPE. AND  
2 THEN THERE ARE ALSO SOME GENERIC PROBLEMS THAT ARE  
3 FACED BY MOST SMALL MANUFACTURERS, IN THAT  
4 TRADITIONALLY SMALL MANUFACTURERS LIKE OURSELVES,  
5 AS DISTINGUISHED FROM MR. ROBINSON, HAVE -- WE  
6 BUILT A PART TO PRINT. MR. ROBINSON'S ENGINEERS  
7 WILL DESIGN A PART OR COMPONENT, AND HE WILL GIVE  
8 US THE PRINT, AND WE WILL MAKE THAT PART.

9 NOW, WE ARE IN COMPETITION WITH HUNDREDS  
10 OF OTHER SHOPS IN THIS AREA WHO CAN PERFORM THE  
11 SAME LEVEL OF QUALITY. SO THAT WHAT  
12 DISTINGUISHES -- WHAT MAY DISTINGUISH US FROM  
13 SOMEONE ELSE IS PRICE, WHICH MEANS THAT PRICE IS  
14 THE DRIVER IN TERMS OF WHO MR. ROBINSON WOULD AWARD  
15 THE CONTRACT TO. AND IF PRICE IS THE DRIVER, THEN  
16 THAT MEANS THAT YOU ARE SUPPLYING A COMMODITY. AND  
17 IF YOU ARE SUPPLYING A COMMODITY, THEN THAT AFFECTS  
18 YOUR BALANCE SHEET, WHICH IS ANOTHER PROBLEM.  
19 BECAUSE IF YOUR PRICE IS A DRIVER, YOU ARE NOT  
20 REALLY BUILDING UP ANY ENTERPRISE VALUE OVER A  
21 PERIOD OF TIME. AND THAT'S A GENERIC PROBLEM THAT  
22 IS FACED BY ALL SMALL MANUFACTURERS SUCH AS  
23 OURSELVES.

24 THE OTHER GENERIC PROBLEM THAT WE HAVE  
25 IS A BALANCE SHEET PROBLEM. SINCE YOU ARE IN A

1 COMMODITY BUSINESS, YOU ARE FORCED TO RUN YOUR  
2 BUSINESS BY YOUR PROFIT AND LOSS STATEMENT, NOT THE  
3 BALANCE SHEET. AND SINCE YOUR BALANCE SHEET IS NOT  
4 BUILDING UP VALUE, THEN YOU MAY BE IN A POSITION TO  
5 GET A BANK LOAN BUT YOU CERTAINLY CANNOT ATTRACT  
6 EQUITY INVESTMENT OF SOMEONE WHO HAS A PROPRIETARY  
7 PRODUCT OR A -- OR AN ITEM LIKE MR. ROBINSON HAS.  
8 HE HAS A PRODUCT THAT -- AND HIS PRODUCT HAPPENS TO  
9 BE A VERY UNIQUE DESIGN. THOSE OF US WHO ARE IN  
10 THE BUSINESS ARE VERY FAMILIAR. THE REST OF THE  
11 BUSINESS IS GOING SOUTH, BUT HE IS GOING NORTH  
12 BECAUSE HE HAS A UNIQUE DESIGN, AND HE HAS BEEN  
13 VERY SUCCESSFUL.

14 THOSE SET OF CIRCUMSTANCES DO NOT APPLY  
15 THEMSELVES TO THE MAJORITY OF SMALL MANUFACTURERS  
16 SUCH AS OURSELVES. SO THERE IS A DILEMMA, TOO.  
17 AND THAT SITUATION IS FACED BY THE MAJORITY OF  
18 SMALL AIRCRAFT PARTS MANUFACTURERS IN SOUTHERN  
19 CALIFORNIA.

20 MS. ZALOKAR: THANK YOU. I WILL NOW  
21 ASK A QUESTION OF MR. SONG.

22 FROM YOUR VANTAGE POINT AS THE EXECUTIVE  
23 DIRECTOR OF THE KOREAN-AMERICAN GROCERS ASSOCIATION  
24 OF SOUTHERN CALIFORNIA, CAN YOU TELL US ABOUT THE  
25 SECURITY PROBLEMS FACED BY THE KOREAN-AMERICAN

1 GROCERS WHO HAVE STORES IN NEIGHBORHOODS SUCH AS  
2 SOUTH CENTRAL LOS ANGELES?

3 MR. SONG: SOUTH CENTRAL LOS ANGELES  
4 AREA, THE SECURITY PROBLEM IS PRETTY MUCH NOT ONLY  
5 A GROCERS' PROBLEM BY AN AREA-WIDE PROBLEM. AS YOU  
6 PROBABLY KNOW, THE LOS ANGELES RIOT LAST YEAR  
7 PRODUCED NUMEROUS AMOUNTS OF DAMAGE. AND THE  
8 FIGURE, IN OUR ASSOCIATION ALONE THERE WERE 580  
9 STORES WERE AFFECTED DURING THE RIOT, "AFFECTED"  
10 MEANING LOOTED, BURNED, OR BOTH. AND OF THAT ABOUT  
11 200 STORES ARE COMPLETELY BURNED.

12 AND EVEN BEFORE THAT THERE WERE A LOT OF  
13 PROBLEMS WITH LOOTING, THE PROBLEMS DIRECTLY  
14 ASSOCIATED WITH THE OPERATION OF THE STORE. BUT  
15 OUTSIDE OF THOSE PROBLEMS ASSOCIATED DIRECTLY WITH  
16 THE OPERATION OF THE STORE, THERE WERE AREA-WIDE  
17 PROBLEMS OF GANG VIOLENCE, PROSTITUTION, DRUG  
18 DEALING. AND THOSE ARE NOT ADEQUATELY ADDRESSED.

19 AND I THINK THAT THOSE GROCERS WHO GO  
20 INTO THE AREA PROBABLY KNEW THE RISK. AND AFTER  
21 THE RIOT, EVEN THOSE PROBLEMS DID NOT DIMINISH.  
22 WHEN I SAW THE POLICE REPORT, THAT IT SAYS AFTER  
23 THE RIOT HARD CRIMES THAT INVOLVES HOMICIDES AND  
24 THOSE HARD CRIMES, HAS GONE UP. WHEREAS THOSE  
25 MINOR CRIMES HAS GONE DOWN. IT SEEMS TO INDICATE

1 THAT THE RIOT DID NOT REALLY RAISE AWARENESS IN THE  
2 COMMUNITY, AT LEAST PART OF THE COMMUNITY.

3 THE KIND OF THE SECURITY PROBLEMS THAT  
4 WE FACE IN THE KOREAN COMMUNITY IS PROBABLY A LITTLE  
5 BIT PECULIAR AT THIS POINT. BECAUSE AFTER THE RIOT  
6 WE EXPERIENCED ENORMOUS HEIGHT IN THE SECURITY  
7 PROBLEMS AND CRIME PROBLEMS. FOR EXAMPLE, IN THE  
8 FIRST THREE MONTHS OF THIS YEAR WE HAD ABOUT FIVE  
9 GROCERS KILLED IN A NUMBER OF DIFFERENT OCCASIONS.  
10 I DON'T THINK MOST OF THEM RELATE TO ANY RACIAL  
11 TENSIONS DIRECTLY, BUT IT SEEMS TO ME THAT THE  
12 CRIME PROBLEMS AND THE SECURITY CONCERNS IN THE  
13 SOUTH CENTRAL AREA HAS NOT DIMINISHED AT ALL.

14 MS. ZALOKAR: CAN YOU DESCRIBE THE  
15 RELATIONSHIP BETWEEN KOREAN-AMERICAN GROCERS AND  
16 THE POLICE IN LOS ANGELES, AND IN PARTICULAR DO  
17 KOREAN-AMERICAN GROCERS HAVE DIFFICULTIES GETTING  
18 POLICE PROTECTION, EITHER BECAUSE OF LANGUAGE  
19 DIFFICULTIES OR OTHER REASONS?

20 MR. SONG: YES, THOSE PROBLEMS STILL  
21 PERSIST. BUT I HAVE TO SAY THAT AFTER  
22 CHIEF WILLIAMS BECAME THE HEAD OF THE POLICE  
23 DEPARTMENT, THE SITUATION HAS IMPROVED A LITTLE BIT  
24 AND IS STILL IMPROVING. THE TANGIBLE RESULT OF HIS  
25 COMMUNITY-BASED POLICY IS THAT THERE ARE SOME

1       REGULAR MEETINGS BETWEEN THE POLICE DEPARTMENT AND  
2       THE KOREAN PEOPLE, ESPECIALLY IN THE WILSHIRE  
3       BRANCH AND THE HOLLYWOOD BRANCH AND NEAR  
4       KOREATOWN.  THERE IS A REGULAR MEETING INSTITUTED.

5                BUT I DON'T SEE THAT KIND OF INITIATIVE  
6       IN THE SOUTH CENTRAL AREA.  BECAUSE IT SEEMS TO ME  
7       THAT WHENEVER THERE IS A MEETING, THE INITIATIVE  
8       COMES FROM COMMUNITY SUCH AS KOREATOWN, AND IT  
9       COULD COME FROM THE POLICE DEPARTMENT ITSELF.  AND  
10      ALSO THE LANGUAGE PROBLEMS STILL IS A CONSIDERABLE  
11      FACTOR IN REACHING OUT TO THE POLICE DEPARTMENT.

12      AND I GUESS VICE VERSA, WOULD BE THE SAME.

13                ABOUT 30 PERCENT OF THE KOREAN  
14      POPULATION IS FLUENT IN ENGLISH, WHICH MEANS THAT  
15      70 PERCENT STILL HAS DIFFICULTY.  NOT ONLY LANGUAGE  
16      BARRIERS, BUT CULTURAL BARRIERS ALSO.  SO IT IS  
17      EXTREMELY HARD FOR THEM TO APPROACH THE POLICE  
18      DEPARTMENT OR TO REPORT THE CRIMES IN AN EASY  
19      MANNER.  I THINK THE TRAINING IN OTHER LANGUAGES OF  
20      THE POLICE DEPARTMENT SHOULD BE INSTITUTED.  I SAW  
21      THE REPORT THAT THOSE KIND OF TRAINING HAS SEEN  
22      SOME SUCCESS IN OTHER PARTS OF THE COUNTRY.  AND  
23      BECAUSE OF THE RACIAL MAKEUP OF THIS CITY OF LOS  
24      ANGELES, I THINK THOSE KIND OF PROGRAMS ARE CRUCIAL  
25      IN THE FUTURE.

1                   MS. ZALOKAR:  THANK YOU.  I AM GOING TO  
2  TURN THE QUESTIONING OVER TO THE COMMISSIONERS AT  
3  THIS TIME, WITH THE POSSIBILITY THAT I MAY ASK A  
4  FEW MORE AT THE END.

5                   MR. WANG:  OKAY.

6                   COMMISSIONER REDENBAUGH.

7                   MR. REDENBAUGH:  I WOULD LIKE TO BEGIN  
8  WITH MR. ROBBINS.

9                   IS IT ROBBINS?

10                  MR. ROBINSON:  ROBINSON.

11                  MR. REDENBAUGH:  ROBINSON.  IT SEEMS  
12  THAT THE PRINCIPAL ADVANTAGE THAT SOUTHERN  
13  CALIFORNIA HAS FOR AN ORGANIZATION LIKE YOURS  
14  SOMEWHAT OVER OTHER LOCATIONS, WE HAVE THIS GOOD  
15  FLYING WEATHER, BUT WE NEED A MORE HOSPITABLE  
16  BUSINESS CLIMATE?

17                  MR. ROBINSON:  WELL, AS YOU GO EAST, THE  
18  CLIMATE FROM A BUSINESS POINT OF VIEW WOULD  
19  PROBABLY GET A LITTLE BIT BETTER IN ARIZONA,  
20  NEVADA, NEW MEXICO, OR TEXAS.  BUT, THERE AGAIN,  
21  EVEN THOUGH YOU HAVE CLEAR WEATHER FOR FLYING, YOU  
22  DO HAVE RATHER HOT WEATHER IN THE SUMMER AND COLD  
23  WEATHER IN WINTER.

24                  IN AIRCRAFT WE TEND TO USE VERY LARGE  
25  BUILDINGS.  AND THE COST GOES UP QUITE RAPIDLY IF



1 YOU HAVE TO HEAT THAT IN THE WINTERTIME AND AIR  
2 CONDITION IT IN THE SUMMERTIME. SO THAT, IN  
3 ADDITION TO THE FLYING WEATHER, GIVES CALIFORNIA A  
4 VERY NATURAL ADVANTAGE IN AIRCRAFT MANUFACTURING.

5 MR. REDENBAUGH: AND THAT GIVES YOU A  
6 CERTAIN IMMOBILITY?

7 MR. ROBINSON: ANOTHER ADVANTAGE  
8 ACTUALLY FOR US, WE EXPORT 60 PERCENT OF OUR  
9 HELICOPTERS. AND THE CLOSE PROXIMITY OF THE PORT  
10 OF LOS ANGELES AND LAX MEANS THAT WE CAN, EITHER BY  
11 SHIP OR BY AIR, SHIP OUR HELICOPTERS TO PRETTY MUCH  
12 ANYWHERE IN THE WORLD. WE EXPORT THEM TO ABOUT 30  
13 DIFFERENT COUNTRIES.

14 MR. REDENBAUGH: GIVEN THAT YOU EXPORTS  
15 MORE THAN HALF OF YOUR PRODUCTION, HAVE YOU  
16 CONSIDERED MOVING YOUR PRODUCTION ELSEWHERE?

17 MR. ROBINSON: YES. WE HAVE BEEN  
18 APPROACHED BY COMPANIES IN A NUMBER OF DIFFERENT  
19 FOREIGN COUNTRIES WHO WOULD LIKE US TO EITHER MOVE  
20 THERE OR LICENSE THEM, ONE OR THE OTHER. AND WE  
21 HAVE LOOKED AT THAT A LITTLE BIT. WE HAVE LOOKED  
22 AT THE POSSIBILITY OF MEXICO. I WOULD HATE TO DO  
23 THAT. BUT I GUESS I COULD FORESEE CERTAIN  
24 CIRCUMSTANCES IN THE FUTURE THAT WOULD BE DESPERATE  
25 ENOUGH SO THAT WE WOULD HAVE TO CONSIDER DOING

1 THAT.

2 MR. REDENBAUGH: WHAT ARE THE  
3 RECOMMENDATIONS THAT YOU WOULD MAKE TO US TO  
4 IMPROVE THE CLIMATE FOR YOUR COMPANY AND COMPANIES  
5 LIKE YOURS LOCATED IN THE SOUTHERN CALIFORNIA  
6 AREA?

7 MR. ROBINSON: YOU MEAN STATE OR  
8 FEDERAL?

9 MR. REDENBAUGH: DON'T LIMIT YOURSELF TO  
10 EITHER.

11 MR. ROBINSON: OKAY. WELL THE PROBLEM  
12 WITH CALIFORNIA AS A STATE I THINK IS THAT IT IS SO  
13 OVERREGULATED. IT ALSO OF COURSE IS A VERY HIGH  
14 TAX STATE. AND EVERYTHING IS UNDER REGULATION. NO  
15 MATTER WHAT YOU DO IN CALIFORNIA THE PAPERWORK  
16 REQUIRED IS TWO OR THREE TIMES WHAT IT WOULD BE IN  
17 MANY OTHER STATES. AND, OF COURSE, THE AGENCIES  
18 THAT I HAVE MENTIONED EARLIER.

19 AS FAR AS THE FEDERAL GOES, I THINK THE  
20 BIGGEST PROBLEM THERE IS THE RATHER AGGRESSIVE TAX  
21 STRUCTURE, PARTICULARLY BECAUSE OF THAT VERY, VERY,  
22 VERY LONG AMORTIZATION PERIOD FOR ANY NEW PLANT AND  
23 FACILITIES. AND JUST RELATIVE TO US I THINK IT IS  
24 ONE OF THE PRIMARY REASONS WHY AMERICA IS FALLING  
25 SO FAR BEHIND THE REST OF THE WORLD IN MODERN

1 MANUFACTURING. IN OTHER WORDS, WE ARE SEEING  
2 INDUSTRY AFTER INDUSTRY GOING OVER OVERSEAS.

3 AND THE REASON FOR THAT IS THAT AMERICAN  
4 PLANTS AND FACILITIES ARE OLD. AND THEY ARE  
5 GETTING OLDER. BUT WHO WANTS TO BUILD A NEW MODERN  
6 PLANT WHEN YOU HAVE TO AMORTIZE IT OVER EITHER 31  
7 AND A HALF YEARS -- IF THAT BILL GOES THROUGH, AND  
8 I AM SURE IT WILL -- OR 39 YEARS. REALLY YOU WANT  
9 DOWN IN THE FIVE OR TEN YEAR PERIOD WOULD BE MUCH  
10 MORE PROGRESSIVE AND WOULD PROVIDE A REAL STRONG  
11 INCENTIVE FOR AMERICAN INVESTORS TO BUILD NEW,  
12 MODERN, AND VERY COMPETITIVE MANUFACTURING PLANTS.

13 MR. REDENBAUGH: ARE YOU SAYING THAT AN  
14 INCREASE IN THE CORPORATE TAX RATE AND THE TOP  
15 LEVEL PERSONAL TAX RATE ARE NOT LIKELY TO IMPROVE  
16 THE ECONOMY?

17 MR. ROBINSON: I AM AFRAID I AM, YES.

18 MR. REDENBAUGH: HOW WOULD YOUR  
19 BUSINESS BE IMPACTED BY, SAY, A 10 PERCENT PAYROLL  
20 TAX TO FINANCE HEALTH CARE REFORM?

21 MR. ROBINSON: WELL, IT WOULD ROUGHLY  
22 INCREASE OUR -- THE PRICE OF OUR PRODUCT BY THAT  
23 SAME AMOUNT AND WOULD HURT OUR COMPETITIVE POSITION  
24 TO THAT SAME DEGREE.

25 MR. REDENBAUGH: OKAY, THANK YOU.

1 MR. WANG: ANY OTHER QUESTIONS.

2 MR. REYNOSO: NO, NO QUESTIONS.

3 MR. WANG: MR. ROBINSON, CAN I ASK YOU,  
4 ARE YOU INVOLVED IN ANY OF THE TRAINING PROGRAMS  
5 FOR, SAY, UNSKILLED TO --

6 MR. ROBINSON: OH, YES. I WOULD SAY  
7 THAT AT LEAST HALF OF THE EMPLOYEES THAT WE BRING  
8 IN ARE UNSKILLED WHEN THEY COME TO WORK FOR US.  
9 AND WE SET UP CLASSES TO TRAIN THEM IN WHAT -- IN  
10 AIRCRAFT ASSEMBLY AND SO ON. IN CERTAIN AREAS WE  
11 CAN'T DO THAT. I MEAN, A SKILLED MACHINIST IS A  
12 SKILLED MACHINIST. THAT TAKES MANY YEARS. SO WE  
13 WILL TEND TO HIRE AN EXPERIENCED MACHINIST. AND  
14 THE SAME WITH A CLASS A WELDER.

15 BUT PRACTICALLY ALL THE PEOPLE ON OUR  
16 ASSEMBLY LINE AND OTHER PEOPLE WORKING IN JOBS OF  
17 THAT TYPE, THEY COME TO US PRETTY MUCH WITHOUT ANY  
18 PRIOR SKILL OR TRAINING. AND WE FIND THAT WE CAN  
19 BRING THEM UP TO SPEED FAIRLY -- FAIRLY QUICKLY.

20 MR. WANG: ARE YOU MONITORED BY THE TAX  
21 CREDIT FROM THE JTPA PROGRAM?

22 MR. ROBINSON: NO. THE ONLY PROGRAM  
23 THAT WE EVER PARTICIPATED IN -- AND THAT WAS MANY  
24 YEARS AGO -- WAS THE SEATA PROGRAM. AND WE DID  
25 BRING IN A NUMBER OF EMPLOYEES A NUMBER OF YEARS

1       AGO.    BUT THAT WAS DISCONTINUED, OH, I GUESS IT WAS  
2       MORE THAN TEN YEARS AGO.

3               MR. WANG:    THAT WAS SUBSTITUTED BY  
4       JTPA.    SO THERE IS STILL A SIMILAR KIND OF  
5       STRUCTURE THERE.    BUT YOU ARE NOT --

6               MR. ROBINSON:   NO, WE ARE NOT INVOLVED  
7       IN ANY GOVERNMENT PROGRAMS.

8               MR. WANG:    WE WILL CONTINUE WITH THE  
9       OTHER --

10              MR. REDENBAUGH:   YES.    I WOULD ASK ANY  
11       OF THE OTHER THREE WITNESSES WHAT RECOMMENDATIONS  
12       THEY WOULD HAVE FOR US TO ENHANCE THE ECONOMIC  
13       OPPORTUNITY FOR BUSINESSES OF THEIR TYPE.

14              MR. PALLAN:   MR. COMMISSIONER, MY MAIN  
15       CONCERN WOULD BE WORKMEN'S COMPENSATION.    AND AS I  
16       UNDERSTAND IT, THE ASSEMBLY AND SENATE HAVE  
17       APPROVED BILLS REFORMING WORKMEN'S COMPENSATION.  
18       AND I BELIEVE THEY ARE IN SACRAMENTO READY FOR THE  
19       GOVERNOR TO SIGN THEM.    I THINK THAT WOULD HELP MY  
20       BUSINESS TREMENDOUSLY.

21              MR. WANG:    WHY IS IT SO -- I MEAN, I  
22       HAVE HEARD SINCE I HAVE COME TO L.A. A LOT OF TALK  
23       ABOUT WORKMEN'S COMP.    EVERY STATE HAS WORKMEN'S  
24       COMP.    THAT'S A NATIONAL PROGRAM.    I THINK -- I  
25       MEAN IN NEW YORK, ANY EMPLOYER HAS TO PROVIDE

1 WORKMEN'S COMPENSATION. IT IS THE BOARD -- THE  
2 STATE BOARD. BUT THE -- I GUESS INJURY, LIKE IF  
3 YOU ARE INJURED ON THE JOB, THEN YOU ARE OFFERED  
4 COMPENSATION. IS THERE AN OVERUTILIZATION? IS  
5 THAT IT?

6 MR. PALLAN: I BELIEVE THAT IT IS THE  
7 FRAUD WHAT IS WITHIN THE SYSTEM OF THE WORKMEN'S  
8 COMPENSATION, LEAVING THE EMPLOYER WITHOUT ANY  
9 RECOURSE. THERE IS NO WAY YOU CAN DEFEND YOURSELF,  
10 WHETHER YOU BELIEVE IT IS A FRAUDULENT CASE. THEY  
11 CAN GO -- THE EMPLOYEE CAN GO TO ANY MEDICAL  
12 FACILITY AS MANY TIMES AS THEY WISH. AND NATURALLY  
13 ON THE MEDIA -- ENGLISH, SPANISH, OR ANY OTHER  
14 LANGUAGE -- THEY ARE CONSTANTLY ADVERTISING THAT IF  
15 YOU HAVE BEEN LAID OFF, OR WHATEVER, YOU CAN GET  
16 COMPENSATED. AND THAT'S WHAT MAKES THE PREMIUMS  
17 EXTREMELY HIGH.

18 MR. WANG: WE WILL CERTAINLY LOOK INTO  
19 THAT. MY UNDERSTANDING FROM THE NEW YORK SYSTEM,  
20 IS THAT OF THE EMPLOYMENT INSURANCE BENEFIT, A LOT  
21 OF UTILIZATION OF THAT BECAUSE OF THE HIGH  
22 UNEMPLOYMENT RIGHT NOW.

23 MR. PALLAN: I HAVE ALWAYS HAD IN MY 33  
24 YEARS WORKMEN'S COMPENSATION. AND I THINK  
25 PREMIUMS WERE NOT EXTREME. THEY DIDN'T BECOME

1 EXTREME UNTIL ABOUT THREE, FOUR YEARS AGO. THEY  
2 ESCALATED OVER 100 PERCENT. AND THAT REALLY, YOU  
3 KNOW, KIND OF SHAKES UP A BUSINESS.

4 MR. REDENBAUGH: OTHER RECOMMENDATIONS  
5 FOR CHANGES IN REGULATION, CHANGES IN RULES?

6 MR. BARRINGTON: IN ADDITION TO THE  
7 DEPRECIATION AND THE TAXATION PROBLEMS, ISSUES THAT  
8 MR. ROBINSON BROUGHT UP THAT ACT AS AN IMPEDIMENT  
9 TO INVESTMENT, I WOULD RECOMMEND SOMETHING IN THE  
10 AREAS OF TECHNOLOGY.

11 NUMBER ONE IN THE AREA OF MANUFACTURING  
12 PROCESS TECHNOLOGY, WHAT WE ARE FINDING IS THAT THE  
13 CAPABILITIES -- LET ME GIVE YOU THE BACKGROUND OF  
14 THAT, IS THAT WE NO LONGER COMPETE IN A DOMESTIC  
15 ECONOMY. IT IS A WORLDWIDE ECONOMY. SO THOSE OF  
16 US WHO ARE SITUATED IN SOUTH CENTRAL LOS ANGELES  
17 ARE NOT JUST COMPETING WITH FIRMS IN ARIZONA AND  
18 THE REST OF CALIFORNIA. WE ARE COMPETING WITH  
19 FIRMS THROUGHOUT THE WORLD.

20 AND WHAT WE ARE FINDING IS THAT SMALL  
21 MANUFACTURERS IN THE UNITED STATES IN GENERAL ARE  
22 FALLING BEHIND OUR COUNTERPARTS IN OTHER PARTS OF  
23 THE WORLD IN USING MODERN MANUFACTURING PROCESS  
24 TECHNOLOGY -- TECHNOLOGIES AND PROCESSES.

25 AND WHAT WE HAVE FOUND IS THAT THE TRAINING

1 PROGRAMS THAT HAVE BEEN DEVELOPED TO ASSIST  
2 MANUFACTURING COMPANIES UPGRADE THEIR TECHNOLOGY  
3 ARE REALLY SKEWED TO BENEFIT LARGE COMPANIES. SO  
4 THAT'S ONE AREA.

5 THE OTHER AREA IN TECHNOLOGY IS  
6 TECHNOLOGY TRANSFER. IN THE AEROSPACE AND THE  
7 AIRCRAFT BUSINESS, AT LEAST FOR THE NEXT THREE  
8 YEARS UNTIL '95, TILL COMMERCIAL AIRCRAFT PICKS UP  
9 AGAIN, THE BUSINESS BASE AVAILABLE FOR THOSE IN  
10 AIRCRAFT MANUFACTURING IS GOING TO BE DIMINISHING.  
11 AND SO THEN THERE IS A NEED TO TRANSFER THAT  
12 TECHNOLOGY TO OTHER INDUSTRIES WHERE YOU CAN GROW.

13 AND ALONG WITH THAT IS THE NEED TO BE  
14 ABLE TO TRANSFER YOUR BASE TECHNOLOGY THAT YOU HAVE  
15 INTO ANOTHER NICHE WHERE YOU NO LONGER ARE  
16 PRODUCING A COMMODITY BUT WHERE YOU HAVE PICKED UP  
17 THE TECHNOLOGY THAT YOU HAVE A PRODUCT THAT HAS A  
18 VALUE ADDED AND A COMPETITIVE BASIS WHERE YOU CAN BE  
19 COMPETITIVE IN THE WORLDWIDE MARKET HAVING A  
20 PROPRIETARY COMPONENT.

21 IN OUR CASE, WE HAVE BEEN VERY FORTUNATE  
22 THAT WE WERE SELECTED TO PARTICIPATE IN THE  
23 CONSORTIUM THAT WAS ESTABLISHED HERE IN CALIFORNIA  
24 HERE, CALSTART, A PRIVATE PUBLIC CONSORTIUM THAT  
25 WAS ESTABLISHED TO FACILITATE THE DEVELOPMENT OF A



1 TRANSPORTATION COMPONENT MANUFACTURING CAPABILITY,  
2 TRANSFERRING THE CAPABILITIES OF THOSE OF US WHO  
3 HAVE BEEN IN AIRCRAFT INTO TRANSPORTATION  
4 TECHNOLOGY.

5 SO IF YOU LOOK AROUND IN THE VAST  
6 RESERVOIR OF TECHNOLOGY AVAILABLE OF AEROSPACE  
7 COMPANIES AND IN OUR NATIONAL LABS, THERE IS A LOT  
8 OF TECHNOLOGY THAT IS AVAILABLE FOR TRANSFER TO  
9 FIRMS SUCH AS OURSELVES, THAT YOU COULD UPGRADE OUR  
10 TALENT AND --

11 MR. REDENBAUGH: SO YOU ARE RECOMMENDING  
12 THAT MORE OF THAT BE DONE?

13 MR. BARRINGTON: WELL, WITH EMPHASIS ON  
14 SMALL COMPANIES. BECAUSE THERE AGAIN THE PRESENT  
15 OPERATION IS SKEWED TOWARDS LARGE COMPANIES. BUT  
16 FOR THE FACT THAT WE WERE ABLE TO ENTER INTO AND BE  
17 A MEMBER OF CALSTART, THIS CONSORTIUM, THAT  
18 OPPORTUNITY WOULDN'T HAVE BEEN MADE AVAILABLE TO  
19 US. BUT THOSE OPPORTUNITIES NEED TO BE MADE  
20 AVAILABLE TO THE VAST MULTITUDE OF SMALL  
21 MANUFACTURERS. SO THOSE ARE THE RECOMMENDATIONS  
22 THAT I WOULD MAKE.

23 MR. REDENBAUGH: GOOD. THANK YOU.

24 MR. WANG: MR. SONG?

25 MR. SONG: YES, I WOULD JOIN IN THE

1 RECOMMENDATIONS OF THE OTHER PANEL MEMBERS. THE  
2 CONCERN IS THE OVERREGULATION OF SMALL BUSINESSES.

3 WE IN THE KOREAN-AMERICAN GROCERS  
4 ASSOCIATION, THE LOCAL CHAPTER IN SOUTHERN  
5 CALIFORNIA WHICH HAS ABOUT 3500 MEMBERS ALL IN  
6 SOUTHERN CALIFORNIA. WE ARE A MEMBER OF NATIONAL  
7 K-GROW SYSTEM WHICH HAS ABOUT 20,000 MEMBERS ALL  
8 ACROSS U.S.

9 IN CALIFORNIA SITUATION BECAUSE WE ARE  
10 MOSTLY A SMALL BUSINESS, SO WE HAVE TO BE CONCERNED  
11 ABOUT WHAT KIND OF REGULATIONS ARE COMING FROM THE  
12 CITY, STATE, AND FEDERAL. AND I HAVE NOTICED THAT  
13 EVEN THOUGH MOST OF THE STORES, THE MOM AND POP  
14 SIZE STORES, THEY HAVE TO GO THROUGH AN ARRAY OF  
15 PERMIT PROCESSES AND REGULATION COMPLIANCE  
16 PROCESSES BEFORE THEY ARE COMFORTABLY IN A LEGAL  
17 COMPLIANCE STAGE. AND THAT IS ESPECIALLY TRUE FOR  
18 ORDINARY SITUATIONS OF VICTIMS OF RIOT LAST YEAR.

19 AS I MENTIONED BEFORE, THERE WERE ABOUT  
20 200 KOREAN-AMERICAN GROCERS STORES COMPLETELY BURNT  
21 LAST YEAR. AND IN THE CITY OF L.A. NOT ONE OF THEM  
22 HAS COME BACK TO THEIR BUSINESS. I THINK THAT IS  
23 EXTRAORDINARY. AND THE REASON BEING THAT THE CITY  
24 OF LOS ANGELES REQUIRES AN ADDITIONAL PERMIT  
25 PROCESS, WHICH WAS LARGELY USED TO ROADBLOCK THOSE

1 STORES TO COME BACK TO THEIR LIVELIHOOD. AND THIS  
2 CONTROVERSY HAS BEEN TERMED THE LIQUOR STORE  
3 CONTROVERSY. BUT THAT IS MISLEADING. BECAUSE MOST  
4 OF THE GROCER STORES THAT ARE MEMBERS, THAT ABOUT 15  
5 TO 20 PERCENT OF THE FLOOR SPACE IS DEDICATED TO  
6 THE BEER OR WINE OR LIQUOR ITEMS. BUT 85 PERCENT OR  
7 80 PERCENT ARE DEDICATED TO THE GROCERY ITEMS.

8 AND THEY PROLIFERATE ONLY BECAUSE THERE  
9 ARE NOT MANY ACTUALLY -- ACTUALLY A VERY LITTLE  
10 NUMBER OF LARGER SUPERMARKETS THAT RESIDENTS  
11 REQUIRE. AND THIS CASE IS AKIN TO WHAT IS  
12 HAPPENING IN THE SAN FRANCISCO COUNTY, WHICH HAS  
13 EVEN HIGHER CONCENTRATION OF LIQUOR OUTLETS OR THE  
14 GROCERY STORES. THEIR STORES OVER THERE IS ALSO  
15 GROCERS STORES WITH A LIQUOR DEPARTMENT. BUT  
16 BECAUSE OF THE GEOGRAPHICAL CONFIGURATION -- A LOT  
17 OF HILLS OVER THERE -- THEY DO NOT HAVE LARGE  
18 SUPERMARKETS IN SUBURBAN AREAS DOWN THERE, TOO.  
19 THAT'S WHY THERE ARE A LOT OF CORNER MARKETS,  
20 CONVENIENCE MARKETS.

21 AND BECAUSE OF SAME -- SIMILAR REASONS,  
22 I GUESS, SOUTH CENTRAL AREAS HAVE PROLIFERATION OF  
23 A LOT OF CORNER STORES. NOT BECAUSE OF  
24 GEOGRAPHICAL CONSIDERATION, BUT BECAUSE OF ECONOMIC  
25 CONSIDERATION AND THE LACK OF INVESTMENT FROM THE

1 MAINSTREAM FOOD INDUSTRIES. THESE LIQUOR STORES  
2 HAVE PROLIFERATED.

3 FOR EXAMPLE, A TYPICAL LIQUOR STORE  
4 WOULD DEAL WITH THE FOOD STAMP PROGRAM, WHICH BY  
5 LAW THE STORE HAS TO CARRY 50 OR MORE PERCENT AS  
6 GROCERY ITEMS. THEY CARRY THE CHECK CASHING  
7 PROGRAMS OR MONEY ORDERS BECAUSE OF THE LACK OF THE  
8 FINANCIAL INSTITUTIONS DOWN THERE. ALL IN ALL THEY  
9 ARE CONTRIBUTING TO THE NEED OF THE COMMUNITIES.

10 BUT BECAUSE OF THE GENERAL CRIME  
11 PROBLEMS AND BECAUSE OF THE LACK OF ACCOUNTABILITY  
12 ON THE PART OF POLICE DEPARTMENT, THE ELECTED  
13 OFFICIALS, FOR THAT MATTER, IT SEEMS TO ME THAT THE  
14 VICTIMS RECEIVE THE BRUNT OF THE CRITICISMS,  
15 DESERVED AND UNDESERVED. AND BECAUSE OF THAT, CITY  
16 OF LOS ANGELES HAS BEEN ACTIVE IN BLOCKING THE  
17 PROCESS OF THEIR GOING BACK TO THEIR BUSINESSES.

18 MR. WANG: MR. ROBINSON, I AM GOING TO  
19 TAKE THE TIME TO ASK YOU TWO MORE QUESTIONS.

20 YOU MENTIONED ABOUT 30 COUNTRIES THAT  
21 YOU ARE DOING BUSINESS WITH.

22 MR. ROBINSON: YES.

23 MR. WANG: IF WE HAVE A GOOD POLICY OF  
24 ENCOURAGING AND ALSO ASSISTING YOU TO DEVELOP YOUR  
25 WORLDWIDE MARKETS SO AS TO HELP THE BALANCE OF

1 TRADE, WOULD YOU EXPAND YOUR BUSINESS TO SELL MORE  
2 TO THE INTERNATIONAL MARKET?

3 MR. ROBINSON: NO, ACTUALLY WE DON'T  
4 NEED ANY HELP. WE WOULD RATHER NOT HAVE ANY  
5 GOVERNMENT CONTRACTS OR ANY GOVERNMENT  
6 INTERFERENCE. BECAUSE, YOU KNOW, IT TENDS TO MAKE  
7 YOU LESS EFFICIENT.

8 WE JUST WANT TO HAVE A FAIR TAX  
9 STRUCTURE AND LESS RED TAPE, LESS -- I HATE TO USE  
10 THE WORD -- BUT LESS HARASSMENT BY GOVERNMENT.  
11 THAT WOULD BE THE BEST HELP THEY COULD DO FOR US.

12 MR. WANG: THEN COME BACK TO, IF YOU  
13 WERE TO EXPAND YOUR BUSINESS, LIKE TO SELL MORE  
14 HELICOPTERS, SAY OUT ON THE INTERNATIONAL MARKET,  
15 WOULD YOU THEN -- AND THEN IF THE GOVERNMENT WILL  
16 BE LESS ON YOUR BACK BUT PROVIDE YOU WITH MORE TAX  
17 INCENTIVES, WOULD YOU CONSIDER OPENING UP, SAY,  
18 MANUFACTURING OF THE PARTS IN SOUTH CENTRAL?

19 MR. ROBINSON: WE ALREADY SUBCONTRACT A  
20 LOT OF INDIVIDUAL PARTS WITH MANY SMALLER  
21 SUBCONTRACTORS IN SOUTH CENTRAL.

22 MR. WANG: THANK YOU. THANK YOU VERY  
23 MUCH.

24 MS. ZALOKAR: I HAVE JUST ONE MORE  
25 QUESTION FOR MR. PALLAN.

1 AS A MEMBER OF THE HISPANIC CHAMBER OF  
2 COMMERCE IN COMPTON, SOMEBODY WHO IS ACTIVE IN  
3 THAT ORGANIZATION, I WAS WONDERING IF YOU COULD  
4 COMMENT ON THE PROBLEMS THAT HISPANIC BUSINESSES  
5 ESPECIALLY MIGHT HAVE IN DEALING WITH BUREAUCRACIES  
6 IN THAT CITY RELATIVE TO OTHER SMALL BUSINESSES.

7 MR. PALLAN: YES, I AM THE IMMEDIATE  
8 PAST PRESIDENT OF THE LATINO CHAMBER OF COMMERCE.  
9 I AM A BUSINESS PERSON IN COMPTON. I AM ACTIVE IN  
10 THE CIVIL RIGHTS MOVEMENT. I AM A HUMANITARIAN AND  
11 PAST COMMISSIONER OF THE PERSONNEL COMMISSION OF  
12 THE COMPTON UNIFIED SCHOOL DISTRICT.

13 THIS -- I ALMOST FEEL OBLIGATED -- I  
14 FEEL OBLIGATED TO INFORM THIS COMMISSION THAT IN  
15 .COMPTON, CALIFORNIA, AT THE PRESENT TIME IS A HOT  
16 SPOT FOR CIVIL UNREST BETWEEN THE LATINO COMMUNITY  
17 AND THE AFRICAN-AMERICAN COMMUNITY. FOR THIS LAST  
18 THREE WEEKS THE STUDENTS WHICH MAKE UP 57 PERCENT  
19 OF THE DISTRICT HAVE EITHER WALKED OUT OF THEIR  
20 CLASSROOMS OR HAVE DEMONSTRATED AT THE SCHOOLS DUE  
21 TO RACIAL SLURS, DISCRIMINATORY ATTITUDES,  
22 HUMILIATION, AND A LACK OF GOOD EDUCATION.

23 WE HAVE ASKED THE CITY OF COMPTON, THE  
24 UNIFIED SCHOOL DISTRICT, TO IMPLEMENT AN  
25 AFFIRMATIVE ACTION PROGRAM TO GUARANTEE EQUAL

1 EMPLOYMENT OPPORTUNITIES TO ALL THE COMMUNITY. AND  
2 THEY HAVE LITERALLY REFUSED TO. I WOULD LIKE TO  
3 SUBMIT THIS INFORMATION FROM THE CONGRESSIONAL RECORD  
4 WHICH WILL SUBSTANTIATE MY CLAIMS TO THESE  
5 CHARGES.

6 WE HAVE APPROACHED OUR LEGISLATIVE  
7 REPRESENTATIVES: CONGRESS, STATE SENATE, ASSEMBLY.  
8 THEY REFUSE TO ADDRESS THIS ISSUE BECAUSE OF ITS  
9 SENSITIVITY. THEY DO NOT WANT TO BE PITTING ONE  
10 MINORITY AGAINST THE OTHER. BUT ON THE OTHER HAND,  
11 WHO IS GOING TO DEFUSE THIS SITUATION? AND I ASK  
12 FOR YOUR HELP IN THIS MATTER.

13 MS. ZALOKAR: THANK YOU. I WOULD HOPE  
14 THAT YOU WOULD SUBMIT THAT FOR THE RECORD.

15 MR. PALLAN: YES, I HAVE THE  
16 DOCUMENTATION WITH ME.

17 MS. ZALOKAR: THANK YOU VERY MUCH.

18 MR. WANG: THANK YOU VERY MUCH. WE DO  
19 APPRECIATE YOU COMING TO SHARE YOUR THOUGHTS WITH  
20 US.

21 AND OUR RECORD WILL BE OPEN FOR 30 MORE  
22 DAYS TO SUBMIT ANY ADDITIONAL DOCUMENTS.

23 MR. DOCTOR: MR. CHAIRMAN, ON THE BROAD  
24 SUBJECT OF ECONOMIC DEVELOPMENT, WE WILL DISCUSS  
25 PROMISING INNER CITY DEVELOPMENT AND JOB CREATION

1 INITIATIVES. AND IN THAT CONNECTION WE WOULD LIKE  
2 TO CALL DR. DENISE FAIRCHILD, GARRETT NELSON,  
3 MICHAEL GAGE, AND FORESCEE HOGAN-ROWLES.

4 MR. WANG: I WOULD LIKE YOU TO STAND  
5 WITH YOUR RIGHT HAND RAISED WHILE I READ THIS.

6 DO YOU SWEAR OR AFFIRM THAT YOU WILL  
7 TRUTHFULLY TESTIFY TO THE BEST OF YOUR ABILITY?

8 (ALL PANEL MEMBERS REPLIED IN THE  
9 AFFIRMATIVE.)

10 MR. WANG: THANK YOU. PLEASE BE  
11 SEATED.

12 I APOLOGIZE FOR KEEPING YOU LONGER THAN  
13 NECESSARY, BECAUSE WE JUST KIND OF ALWAYS RUN OUT  
14 OF TIME. SO WE WILL JUST PROCEED RIGHT INTO IT.  
15 THE COUNSEL CAN TAKE IT OVER.

16 MS. ZALOKAR: I WILL BEGIN WITH  
17 DR. FAIRCHILD. I WAS WONDERING AS THE GREATER LOS  
18 ANGELES DIRECTOR OF THE LOCAL INITIATIVES SUPPORT  
19 CORPORATION, OR LISC, CAN YOU BRIEFLY DESCRIBE THE  
20 WORK OF LISC AND TELL US A LITTLE BIT ABOUT THE  
21 SOURCES OF LISC'S FUNDING.

22 DR. FAIRCHILD: LISC IS A NATIONAL  
23 ORGANIZATION. WE PROVIDE FINANCING, TECHNICAL  
24 ASSISTANCE, AND TRAINING TO RESIDENTS IN LOW INCOME  
25 COMMUNITIES SO THAT THEY CAN RECLAIM THEIR OWN



1 COMMUNITY THROUGH REHABING AND BUILDING NEW HOUSING  
2 AS WELL AS DOING COMMERCIAL AND ECONOMIC  
3 DEVELOPMENT INITIATIVES AND OTHER SOCIAL SERVICE  
4 PROGRAMS. OUR MAIN EMPHASIS IS TURNING BLIGHTED  
5 COMMUNITIES INTO VIBRANT, ECONOMICALLY VIBRANT  
6 RESIDENTIAL AND COMMERCIAL AREAS.

7 WE RECEIVE OUR SOURCES OF FINANCING FROM  
8 THE PRIVATE SECTOR, FROM CORPORATIONS, FROM  
9 FINANCIAL INSTITUTIONS, AS WELL AS FROM  
10 FOUNDATIONS. WE MAKE THOSE PRIVATE SECTOR  
11 RESOURCES AVAILABLE TO NONPROFIT COMMUNITY  
12 DEVELOPMENT CORPORATIONS IN THE INNER CITY.

13 WE ESSENTIALLY HAVE BEEN REBUILDING THE  
14 INNER CITY OF LOS ANGELES WELL BEFORE REBUILD  
15 L.A., AND WE HAVE BEEN DOING IT IN INNER CITY  
16 COMMUNITIES ACROSS THE COUNTRY. THE MISSION OF  
17 LISC IS TO ACTUALLY CREATE STAKEHOLDERS IN THE  
18 INNER CITY, IN GIVING THEM A SENSE OF OWNERSHIP AND  
19 CONTROL OF THEIR DESTINY BY BRINGING INFORMATION  
20 SKILLS AND RESOURCES TO THEM. WE ARE IN ESSENCE  
21 CLINTON'S CONCEPT OF A COMMUNITY DEVELOPMENT BANK.  
22 FUNDAMENTALLY WE ARE A FINANCIAL INSTITUTION, AND  
23 WE ENGAGE IN SOCIAL INVESTMENT LENDING AND  
24 INVESTMENT.

25 MS. ZALOKAR: CAN YOU GIVE US A LITTLE

1 BIT MORE OF A PICTURE OF HOW YOUR REVOLVING GRANT  
2 FUND WORKS AND HOW COMMUNITY-BASED ORGANIZATIONS  
3 MIGHT USE THOSE FUNDS.

4 DR. FAIRCHILD: WE HAVE A WHOLE FAMILY  
5 OF FINANCIAL SERVICES THAT WE MAKE AVAILABLE TO  
6 NONPROFIT COMMUNITY DEVELOPMENT CORPORATIONS. ONE  
7 OF THE MOST SOUGHT-AFTER RESOURCES IS OUR  
8 PREDEVELOPMENT LOAN FUND. IT IS A REVOLVING LOAN  
9 FUND. IT IS CAPITALIZED THROUGH GRANT RESOURCES  
10 FROM FINANCIAL AND PHILANTHROPIC INSTITUTIONS.

11 WE PROVIDE UP TO \$50,000 AT 0 PERCENT  
12 INTEREST TO THE CDC'S TO ENGAGE IN A VARIETY OF  
13 REAL ESTATE ACTIVITIES, TO ACTUALLY TAKE A CONCEPT  
14 OF A BLIGHTED STREET CORNER OR VACANT LOT AND TURN  
15 THAT VACANT LOT INTO A NEW KIND OF RESIDENTIAL OR  
16 COMMERCIAL DEVELOPMENT PROJECT. SO THAT  
17 PREDEVELOPMENT FINANCING PROVIDES FOR FUNDS FOR  
18 APPRAISALS, TO AUCTION THE LAND, TO DO PHASE ONE  
19 ENVIRONMENTAL WORK, TO DO EVERYTHING IT TAKES TO  
20 ACTUALLY PACKAGE THIS AND CREATE A LOAN PRODUCT FOR  
21 A PUBLIC OR PRIVATE LENDER.

22 SO THAT IS WHAT WE CONSIDER HIGH RISK UP  
23 FRONT CAPITAL. BECAUSE THIS MONEY IS NOT  
24 COLLATERALIZED OR SECURED BY ANYTHING. WHAT WE DO  
25 IS GO ON THE FAITH OF THE ORGANIZATION ITSELF THAT

1 IT WILL BE AROUND TO SEE THE DEVELOPMENT THROUGH  
2 COMPLETION AND THAT, IN FACT, THE ORGANIZATION IS  
3 WORKING TOWARDS THE ENTIRE REVITALIZATION OF ITS  
4 NEIGHBORHOOD.

5 SO THAT'S HOW OUR REVOLVING LOAN FUND  
6 WORKS. AND WHILE IT IS NOT SECURED AND IT IS NOT  
7 INTEREST BEARING, WE DO ANTICIPATE THAT THEY WILL  
8 PAY US BACK WITH THE FIRST SOURCE OF TAKE-OUT  
9 FINANCING, WHICH COULD BE EITHER THE ACQUISITION OF  
10 THE CONSTRUCTION FINANCING THAT COMES IN THROUGH  
11 THE PUBLIC OR PRIVATE SECTOR.

12 IN ADDITION TO THAT, WE ALSO HAVE LOW  
13 INTEREST LOANS THROUGH A REVOLVING LOAN FUND THAT  
14 WE MAKE AVAILABLE OF 6 PERCENT INTEREST MONEY UP TO  
15 \$250,000 TO ALLOW THESE NONPROFIT CDC'S TO PAY FOR  
16 MORE EXTENDED PREDEVELOPMENT COSTS, TO PAY FOR GAP  
17 CONSTRUCTION FINANCING, OR TO ALSO PROVIDE THEM  
18 WITH MINIFIRMS WHICH ALLOWS FOR THEM TO TAKE  
19 BASICALLY AN EIGHT YEAR MORTGAGE WITH THAT KIND OF  
20 MONEY.

21 AND FINALLY WE HAVE AN EQUITY INVESTMENT  
22 FUND, WHICH IS CAPITALIZED THROUGH THE TAX CREDIT  
23 PROGRAM WHICH ALLOWS CORPORATIONS A TAX CREDIT FOR  
24 INVESTING IN AFFORDABLE HOUSING. LAST YEAR WE PUT  
25 \$39 MILLION ON THE STREET. AND ABOUT 90 PERCENT OF

1 THAT MONEY WAS MADE AVAILABLE TO LOS ANGELES  
2 COMMUNITY DEVELOPMENT CORPORATIONS AND PRODUCED  
3 OVER 800 UNITS OF AFFORDABLE HOUSING IN SOUTH  
4 LOS ANGELES, EAST LOS ANGELES AND THE CENTRAL  
5 AREA.

6 THIS YEAR WE SHOULD HAVE ABOUT \$40  
7 MILLION OF EQUITY INVESTMENTS FOR A SIMILAR NUMBER  
8 OF UNITS, PROJECTS THAT ARE ACTUALLY RUN BY, OWNED  
9 BY, AND DEVELOPED BY NONPROFIT COMMUNITY  
10 DEVELOPMENT CORPORATIONS.

11 MS. ZALOKAR: THANK YOU. I HAVE NO MORE  
12 QUESTIONS FOR DR. FAIRCHILD AT THIS TIME.

13 MR. WANG: COMMISSIONER REDENBAUGH?

14 MR. REDENBAUGH: MOVE TO PROCEED. I  
15 HAVE NOTHING.

16 MR. WANG: COMMISSIONER ANDERSON?

17 MR. ANDERSON: NO.

18 MR. WANG: DR. FAIRCHILD, CAN YOU  
19 EXPLAIN A LITTLE BIT MORE ABOUT THE NATIONAL  
20 ORGANIZATION THAT YOU ARE PART OF?

21 DR. FAIRCHILD: THE ORGANIZATION WAS  
22 CREATED BACK IN 1979 BY THE FORD FOUNDATION AND A  
23 NUMBER OF OTHER CORPORATIONS. IT WAS CREATED SORT  
24 OF ON THE EDGE OF THE WAR ON POVERTY. AT THAT TIME  
25 IF YOU REMEMBER, IT WAS REALIZED THAT PEOPLE LIVING

1 IN CONDITIONS OF POVERTY ARE THE BEST EXPERTS ON  
2 WHAT TO DO ABOUT THOSE CONDITIONS.

3 MR. WANG: HOW MANY CITIES ARE YOU  
4 OPERATING IN?

5 DR. FAIRCHILD: WE ARE OPERATING IN 30  
6 CITIES ACROSS THE UNITED STATES. AND WE ARE IN THE  
7 PROCESS OF STARTING OPERATIONS IN THREE ADDITIONAL  
8 CITIES WITHIN THE COURSE OF THE NEXT YEAR.

9 MR. WANG: INCLUDING NEW YORK?

10 DR. FAIRCHILD: OH, ABSOLUTELY. IN  
11 FACT, WE ARE HEADQUARTERED IN NEW YORK CITY.

12 MR. WANG: SO YOU ARE SAYING THAT THE 40  
13 MILLION THAT YOU GOT IS ALL FROM PROFIT-MAKING  
14 GROUPS, IN TERMS OF INVESTMENT? OR IS IT  
15 CONTRIBUTIONS?

16 DR. FAIRCHILD: THAT WAS STRICTLY  
17 INVESTMENT RESOURCES MADE POSSIBLE THROUGH THE 1986  
18 TAX REFORM ACT. THAT 40 MILLION IS STRICTLY FOR  
19 THE STATE OF CALIFORNIA, HOWEVER. ON A NATIONWIDE  
20 BASIS, LAST YEAR THE 1992 EQUITY FUND, WE RAISED  
21 \$245 MILLION.

22 MR. WANG: DO YOU RAISE THAT 40 MILLION  
23 YOURSELF, OR DO YOU TAKE IT OUT OF THE NATIONAL  
24 POOL?

25 DR. FAIRCHILD: OH, NO. WE RAISE THAT

1       LOCALLY WITH CORPORATIONS IN THE STATE OF  
2       CALIFORNIA, CORPORATIONS SUCH AS ARCO, WALT DISNEY,  
3       GREAT WESTERN FINANCIAL. WE HAVE A LIST OF ABOUT  
4       TEN OR 11 INVESTORS FOR THE 1992 FUND. WARREN  
5       BUFFETT HAS BEEN OUR MAJOR INVESTOR ON THE NATIONAL  
6       LEVEL. WE ALSO GET INVESTMENT RESOURCES FROM  
7       FANNIE MAE AND FREDDIE MAC.

8               MR. WANG:   HOW ABOUT THE GOVERNMENT?  
9       HAS THE GOVERNMENT CONTRIBUTED ANY PART OF IT?

10              DR. FAIRCHILD:  OH, NO.  NO, THEIR  
11       CONTRIBUTION IS ACTUALLY NOT REALIZING SOME OF THE  
12       TAX DOLLARS THAT THEY WOULD THROUGH THE TAX CREDIT  
13       PROGRAM.

14              MR. WANG:  OKAY.

15              MR. GLICK:  I WOULD LIKE TO ASK YOU,  
16       VICE-CHAIR, TO EXCUSE DR. FAIRCHILD NOW.  I KNOW  
17       SHE HAS ANOTHER COMMITMENT.  AND IF IT WOULD BE  
18       POSSIBLE FOR YOU TO EXCUSE HER NOW.  AND THEN IN  
19       HER PLACE, I WOULD LIKE YOU TO LET ME CALL  
20       MR. PETER UEBERROTH TO JOIN THE PANEL THAT IS  
21       SEATED NOW BECAUSE WE HAVE MADE A COMMITMENT TO HIM  
22       ALSO.

23              MR. WANG:  THANK YOU VERY MUCH,  
24       DR. FAIRCHILD.

25              DR. FAIRCHILD:  I WOULD LIKE TO SUBMIT

1 TO YOU SOME INFORMATION ABOUT OUR ECONOMIC  
2 DEVELOPMENT INITIATIVE AND SECTORAL WORK THAT WE  
3 ARE DOING TO LINK INNER CITY COMMUNITIES TO THE  
4 GROWTH INDUSTRIES IN THIS REGION AND BRINGING JOBS  
5 AND BUSINESS OPPORTUNITIES IN THE INNER CITY FROM  
6 THOSE GROWTH INDUSTRIES. AND OUR GOAL IS TO RAISE,  
7 AGAIN, INVESTMENT RESOURCES TO MAKE IT POSSIBLE FOR  
8 THESE NONPROFIT COMMUNITY DEVELOPMENT CORPORATIONS  
9 TO BE OWNERS AND PARTICIPANTS IN THESE GROWTH  
10 INDUSTRIES.

11 SO I WILL LEAVE THAT WITH YOU FOR THE  
12 RECORD.

13 MR. GLICK: WE WILL ADD IT TO THE  
14 RECORD, DR. FAIRCHILD.

15 MR. UEERROTH, WILL YOU JOIN THE PANEL,  
16 PLEASE.

17 MR. WANG: I ASK YOU TO REMAIN STANDING,  
18 MR. UEERROTH.

19 MR. UEERROTH, CAN I ASK YOU TO STAND  
20 AND RAISE YOUR RIGHT HAND. I WILL --

21 MR. UEERROTH: IN ORDER TO FACILITATE,  
22 IF YOU DON'T MIND, I WOULD LIKE MY -- I AM NO  
23 LONGER A CO-CHAIR OF R.L.A. -- BUT ONE OF THE  
24 CO-CHAIRS TO JOIN ME SO WE HAVE CURRENT  
25 INFORMATION.

1 MR. WANG: SURE.

2 DO YOU SWEAR OR AFFIRM THAT YOU WILL  
3 TRUTHFULLY TESTIFY TO THE BEST OF YOUR ABILITIES?

4 (BOTH PANEL MEMBERS REPLIED IN THE  
5 AFFIRMATIVE.)

6 MR. WANG: THANK YOU. PLEASE BE  
7 SEATED.

8 MR. GLICK: MR. SALAZAR, HOW SHOULD BE  
9 PUT IT, TONY OR ANTHONY.

10 MR. SALAZAR: TONY.

11 MR. GLICK: LET ME BEGIN,  
12 VICE-CHAIR WANG, WITH MR. UEBERROTH.

13 THE WHOLE PURPOSE AS WE UNDERSTAND IT  
14 FROM THE BEGINNING OF REBUILD L.A. WAS TO ENCOURAGE  
15 THE PRIVATE SECTOR TO INVEST INTO THE INNER CITY OF  
16 LOS ANGELES WHERE THE -- IN PART WHERE THE DAMAGE  
17 FROM LAST YEAR'S RIOTS OCCURRED. AND I WOULD LIKE  
18 TO HAVE YOU INDICATE TO US WHAT YOU HAVE SEEN AS  
19 THE IMPEDIMENTS TO SUCH INVESTMENT AND WHAT  
20 ADVANTAGES THE BUSINESS MIGHT FIND TO INVESTING  
21 CAPITAL INTO VARIOUS KINDS OF ACTIVITY, BUSINESS  
22 PROFIT-MAKING ACTIVITIES, IN THE TORN AREAS OF THE  
23 CITY?

24 MR. UEBERROTH: LET ME TRY. THAT'S A  
25 VERY BROAD QUESTION.



1 MR. GLICK: IT IS. IT IS INDEED.

2 MR. UEBERROTH: BASICALLY THE PRIVATE  
3 SECTOR HAS NOT BEEN INVOLVED IN THE INNER CITIES IN  
4 LOS ANGELES. I WILL SPEAK ONLY IN LOS ANGELES,  
5 ALTHOUGH I HAVE FAMILIARITY WITH MOST OF THE INNER  
6 CITIES IN AMERICA. IT HAS NOT REALLY BEEN A FACTOR  
7 SINCE THE SECOND WORLD WAR. AND IN YOUR QUESTION  
8 YOU SAID WE WERE PUT TOGETHER FOR THE PURPOSE --  
9 R.L.A. -- FOR THE PURPOSE OF INVESTING IN THE RIOT  
10 TORN AREAS, OR SOMETHING ALONG THOSE LINES.

11 WE BASICALLY CAME TOGETHER FOR THE SOLE  
12 PURPOSE OF GETTING PRIVATE SECTOR INVESTMENT,  
13 TRAINING, HIRING, ANY KIND OF ACTIVITY BY THE  
14 PRIVATE SECTOR, IN ALL OF THE POVERTY AREAS OF  
15 SOUTHERN CALIFORNIA, NOT JUST THE AREAS THAT WERE  
16 RIOT TORN. THERE WERE MANY AREAS WHERE THERE WAS  
17 NO EVIDENCE OF THE RIOTS, BUT STILL NEEDED THE  
18 PRIVATE SECTOR TO BE INVOLVED.

19 NEIGHBORHOODS IN AMERICA THAT DO WELL  
20 ALL HAVE SOME PRIVATE SECTOR INVOLVEMENT IN A MAJOR  
21 WAY, AS AN EMPLOYER, AS AN INVESTOR, AS A TRAINER.  
22 AND SO BASICALLY IT IS OUR BELIEF THAT THERE HAS  
23 BEEN A SOMEWHAT REAL AND SOMETIMES INVISIBLE RED  
24 LINE AROUND PARTS OF OUR INNER CITIES IN AMERICA.  
25 AND PRIVATE SECTOR HAS BEEN ENCOURAGED NOT TO BE

1 THERE, FOR MANY REASONS.

2 FROM YOUR STANDPOINT, I THINK THE MOST  
3 IMPORTANT THING IS THAT WE BELIEVE THAT WHAT NEEDS  
4 TO BE DONE IS THAT THE FEDERAL GOVERNMENT, WHICH  
5 HAS YET UNDER EITHER ADMINISTRATION TO PASS ANY  
6 LEGISLATION FOR THE INNER CITIES OF AMERICA, SHOULD  
7 PROVIDE INCENTIVES, NOT MONEY, BUT INCENTIVES, FOR  
8 A TEN-YEAR PERIOD FOR THE MAJOR INNER CITIES OF  
9 AMERICA SO THEY CAN GET A CHANCE TO CATCH UP.

10 AND BASICALLY LOS ANGELES HAS BEEN  
11 EXPERIENCING REAL INVESTMENT BY THE PRIVATE  
12 SECTOR. BUT IT WOULD BE -- IT WOULD INCREASE  
13 SUBSTANTIALLY IF IT HAD GOVERNMENT SUPPORT.

14 MR. GLICK: YOU INDICATED THAT THE INNER  
15 CITIES HAVE NOT BEEN THE SITE OF LARGE BUSINESS  
16 INVESTMENT FOR MANY, MANY YEARS. WHAT CONDITIONS  
17 DID R.L.A. EXPECT TO CHANGE SO THAT IT WOULD BE  
18 INTERESTING TOO FROM A BUSINESS STANDPOINT FOR  
19 LARGE ORGANIZATIONS -- BUSINESS ORGANIZATIONS -- TO  
20 GO INTO THE INNER CITIES? IN OTHER WORDS, WHAT I  
21 AM GETTING AT, WHAT FACTORS WOULD HAVE BEEN  
22 CHANGED?

23 MR. UEBERROTH: WELL, BASICALLY R.L.A.  
24 HAS NO POWER TO CHANGE ANY FACTORS, IT HAD NO  
25 AUTHORITY FROM ANY GOVERNMENTAL BODY AT ALL. ALL

1 WE HAD WAS WE HAD THE POWER OF INFLUENCE, A  
2 VOLUNTEER ORGANIZATION. AS YOU KNOW, MY POSITION  
3 WAS UNPAID, UNEXPENSE-REIMBURSED IN ANY WAY.

4 IT WAS FOR THE SOLE PURPOSE OF  
5 ENCOURAGING THE PRIVATE SECTOR TO PARTICIPATE IN  
6 THE INNER CITY. OUR ONE LEVERAGE, IF YOU THINK  
7 WHAT YOU ARE LOOKING FOR, IS THE FACT THAT IT IS A  
8 WHOLLY UNDER-SERVED MARKET, THAT THE INNER CITIES  
9 IN AMERICA ARE WHOLLY UNDER-SERVED IN ALMOST ALL  
10 ASPECTS OF COMMERCIAL BEHAVIOR.

11 AND SO WE HAVE ATTEMPTED TO AND HAVE  
12 SUCCESSFULLY CONVINCED COMPANIES THAT -- NOT FOR  
13 ALTRUISTIC REASONS, BUT FOR PROFIT MAKING REASONS,  
14 THEY SHOULD NO LONGER IGNORE THE INNER CITY. AS  
15 YOU KNOW AND ALL OF YOUR PANELISTS KNOW -- OR  
16 COMMISSION MEMBERS KNOW -- THAT COSTS IN THE  
17 INNER CITY ARE HIGHER THAN IN ANY OTHER PART OF  
18 AMERICA, THE COST FOR A QUART OF MILK OR A LOAF OF  
19 BREAD. AND IF YOU BRING COMPETITION AND YOU BRING  
20 INVESTMENT TO THE INNER CITY, THE PRICES AND THE  
21 QUALITY OF THE GOODS AND SERVICES INCREASE FOR THE  
22 PEOPLE WHO LIVE IN THE INNER CITY.

23 SO WE HAD NO SPECIAL MAGIC. WE JUST  
24 TRIED TO CONVINCED PEOPLE IT WAS A GOOD MARKET WITH  
25 GOOD AND DECENT PEOPLE THAT DESERVED THE SAME

1 CHANCE THAT ALL THE SUBURBS HAVE AND THAT IF THEY  
2 WOULD TRY IT, WE WOULD WORK WITH THEM. AND IT  
3 SHOULD WORK OUT WELL FOR THEM. SO THE PRIVATE  
4 SECTOR INVOLVEMENT HAS COME WITHOUT ANY GOVERNMENT  
5 INCENTIVE, WHOLLY WITHOUT GOVERNMENT INCENTIVE, IN  
6 FACT, GOVERNMENT DISINCENTIVE.

7 MR. GLICK: GOVERNMENT DISINCENTIVE?

8 MR. UEBERROTH: AT TIMES, SURE.

9 MR. GLICK: CAN YOU GIVE US SOME IDEA OF  
10 WHAT FACTORS YOU ARE SPECIFICALLY THINKING OF.

11 MR. UEBERROTH: WELL, I COULD -- IT  
12 WOULD BE LEGION. I DON'T HAVE TIME. THE WORKER'S  
13 COMPENSATION IN THE STATE OF CALIFORNIA, THE  
14 BANKING REGULATIONS. YOU CAN GO ON ENDLESSLY. THE  
15 PERMITTING PROCESS. ALL KINDS OF THINGS THAT  
16 ARE -- ARE DEVELOPMENT FEES. YOU CAN GO ON AND ON  
17 THE REASONS WHY NOT TO DO ANYTHING IN THE  
18 INNER CITY, ALONG MANY OTHER THINGS THAT GO ON  
19 THAT ARE NOT GOVERNMENT.

20 MR. GLICK: THAT WAS GOING TO BE MY NEXT  
21 QUESTION. BECAUSE IN YOUR CAPACITY AS CHAIR OF THE  
22 CALIFORNIA COUNCIL ON COMPETITIVENESS, YOU HAVE  
23 MADE A STRONG PITCH FOR CHANGING THE REGULATORY  
24 PATTERNS THAT WOULD MAKE IT MORE INVITING FOR  
25 BUSINESSES TO COME TO SOUTHERN CALIFORNIA. WOULD

1 YOU GIVE US SOME IDEA OF WHAT YOU MEAN BY  
2 REGULATORY PICTURE. I AM NOT QUOTING, BUT THAT'S  
3 ESSENTIALLY WHAT WE UNDERSTAND YOU TO HAVE MEANT.

4 MR. UEBERROTH: WELL, I WOULD SUBMIT OUR  
5 REPORT -- I WOULD BE PLEASED TO SEE THAT THE REPORT  
6 IS SUBMITTED TO EVERY MEMBER OF THE COMMISSION. IT  
7 IS QUITE DETAILED. AND IT WAS A YEAR'S AMOUNT OF  
8 WORK. AND I REALLY WON'T TRY AND SUMMARIZE IT.

9 ANY BUSINESS PERSON -- CALIFORNIA HAS  
10 DEVELOPED AN ANTIJOB ENVIRONMENT OVER THE LAST  
11 NUMBER OF YEARS. THIS IS CALIFORNIA, NOT FEDERAL,  
12 NOW. AND THAT ANTIJOB BIAS HAS ENCOURAGED PEOPLE  
13 TO TAKE JOBS OUT OF THE STATE OF CALIFORNIA. SO  
14 THAT REPORT CALLS ON THE WAY CALIFORNIA CAN CHANGE  
15 ITS ANTIJOB ENVIRONMENT SO THAT MORE PEOPLE WILL BE  
16 HIRED IN THE INNER CITY AND THE REST OF  
17 CALIFORNIA. THAT REPORT WAS DESIGNED FOR THE  
18 ENTIRE STATE OF CALIFORNIA. IT WAS A YEAR'S WORK  
19 BY DEMOCRATS, REPUBLICANS, SMALL AND LARGE  
20 BUSINESS. AND I THINK IT WAS PRETTY WELL RECEIVED  
21 BY BOTH SIDES OF THE AISLE.

22 MR. GLICK: CHAIRMAN FLETCHER, I WOULD  
23 LIKE THE COMMISSIONERS TO PICK UP THE QUESTIONING  
24 NOW OF MR. UEBERROTH.

25 MR. FLETCHER: LET ME FIRST YIELD TO ANY

1 MEMBERS OF THE PANEL. RUSSELL?

2 MR. REDENBAUGH: YES. WE HAVE HEARD A  
3 LOT OF TESTIMONY HERE IN THE LAST TWO DAYS THAT I  
4 WOULD CHARACTERIZE AS OF A DEPRESSING NATURE, OF A  
5 NATURE THAT CAUSES THIS COMMISSIONER TO CONCLUDE  
6 THAT QUITE OFTEN POLICIES OF THE GOVERNMENT WORSEN  
7 THE VERY CONDITIONS THEY ARE INTENDED TO IMPROVE.  
8 WE HAVE HEARD AGAIN AND AGAIN REPORTS OF EXCESSIVE  
9 REGULATION. AND WE CERTAINLY MUST CONCLUDE THAT  
10 THE INNER CITIES FACE THE HIGHEST COSTS AND  
11 HIGHEST TAXES AND HIGHEST REGULATIONS THAN ANY  
12 AREAS IN THIS COUNTRIES.

13 SPECIFICALLY WHAT MORE CAN BE DONE TO  
14 ENCOURAGE PRIVATE SECTOR INVOLVEMENT? BECAUSE IT  
15 APPEARS THAT THERE IS CLEARLY NOT A LOT OF -- NOT A  
16 LOT OF PRIVATE SECTOR INVESTMENT IN THE INNER  
17 CITIES.

18 MR. UEBERROTH: LET ME RESPECTFULLY  
19 DISAGREE WITH ONE PART OF WHAT YOU SAID.

20 GIVEN THE ENVIRONMENT OF SOUTHERN  
21 CALIFORNIA, THERE HAS BEEN AN IMPRESSIVE PRIVATE  
22 SECTOR INVESTMENT IN THE INNER CITY IN SOUTHERN  
23 CALIFORNIA. NORMALLY WHAT FOLLOWS --

24 I WILL LET THIS GENTLEMAN FINISH OVER  
25 HERE.

1 MR. FLETCHER: EXCUSE ME. WOULD YOU  
2 TAKE YOUR CONVERSATION OUTSIDE.

3 AUDIENCE MEMBER: I HAVE NOTHING TO TALK  
4 ABOUT.

5 MR. UEBERROTH: BASICALLY THE PRIVATE  
6 SECTOR INVESTMENT HAS BEEN SUBSTANTIAL. AND I CAN  
7 CHARACTERIZE THAT FOR YOU, I BELIEVE.

8 MR. REDENBAUGH: IF YOU WOULD, PLEASE.  
9 I AM UNAWARE OF IT.

10 MR. UEBERROTH: I WILL GIVE YOU A LITTLE  
11 DETAIL IN A MINUTE. MORE IMPORTANTLY --

12 AUDIENCE MEMBER: NOBODY HAS TOLD YOU TO  
13 TAKE ME OUTSIDE. DON'T LIE.

14 MR. FLETCHER: HOLD IT JUST A MINUTE. I  
15 AM GOING TO ASK HIM TO TAKE YOU OUT IN A VERY FEW  
16 MINUTES IF YOU DON'T --

17 AUDIENCE MEMBER: IF YOU WOULD TELL HIM  
18 TO STOP INTERFERING WITH ME -- I DIDN'T ASK HIM TO  
19 TALK TO ME ABOUT ANYTHING.

20 MR. FLETCHER: I AM GOING TO LET THE  
21 PROCESS GO FORWARD. PLEASE BE QUIET. THIS IS  
22 GOING TO BE ONE OF THE MOST IMPORTANT WITNESSES WE  
23 HEAR.

24 PLEASE CONTINUE, SIR.

25 MR. UEBERROTH: LET ME START BY SAYING

1 THAT AFTER A RIOT TAKES PLACE THE NORMAL PROCEDURE  
2 IS ANY INVESTMENT THAT IS IN THE INNER CITY GOES  
3 AWAY AND STAYS AWAY. IN NEW JERSEY IT TOOK THEM --  
4 NEWARK, AS SOME OF YOU KNOW WELL, IT TOOK NEARLY 20  
5 YEARS GET ONE FULL-SERVICE GROCERY STORE, AND IT  
6 NEEDED GOVERNMENT SUPPORT AND GOVERNMENT FUNDING.

7 LOS ANGELES IN A TWO-YEAR PERIOD WILL  
8 HAVE OVER A DOZEN NEW FULL-SERVICE GROCERY STORES,  
9 SOME OF WHICH ARE ALREADY OPEN, WITH GOOD POLICIES,  
10 HIRING FROM THE INNER CITY, TRAINING FROM THE  
11 INNER CITY, AND THOSE KINDS OF THINGS. THEY  
12 HAVE -- THIS COMMISSION CAN BE SUPPLIED WITH AND  
13 MANY OF YOUR VERY QUALITY STAFF MEMBERS HAVE MET  
14 WITH OUR PEOPLE AND THEY HAVE A LOT OF THAT DATA.

15 BUT THE OPPOSITE HAS HAPPENED IN  
16 LOS ANGELES, THE PRIVATE SECTOR HAS BEGUN TO  
17 RESPOND FOR THE FIRST TIME. I WILL GIVE YOU ONE  
18 OTHER JUST SPECIFIC EXAMPLE, A DALLAS, TEXAS,  
19 COMPANY, CHIEF AUTO SUPPLY, QUICK DATA, 28 STORES,  
20 ALL 28 LOOTED, SEVEN OF THEM BURNED TO THE GROUND.  
21 WHAT DECISION DO YOU MAKE? YOU MOVE OUT OF TOWN  
22 NORMALLY.

23 THEY SAID, NO, WE ARE GOING TO TRAIN IN  
24 THE INNER CITY, WE ARE GOING TO REOPEN THE 21  
25 STORES THAT WERE NOT BURNED TO THE GROUND. THEY



1 REOPENED ALL 21. THEN THEY REBUILT THE SEVEN THAT  
2 WERE BURNED TO THE GROUND AND THOSE THAT THEY  
3 COULD, THEY BUILT LARGER. NOW THEY ARE IN THE  
4 PROCESS OF OPENING 15 MORE NEW STORES AND ABOUT 400  
5 NET NEW JOBS.

6 THAT'S A PRIVATE SECTOR INVESTMENT WITH  
7 NO INCENTIVE FROM THE GOVERNMENT. THAT JUST HAS  
8 HAPPENED. LOS ANGELES IS EXPERIENCING AN  
9 INTERESTING NEW KIND OF PRIVATE SECTOR INVOLVEMENT  
10 IN THE INNER CITY.

11 NOW, THE FIRST PART OF YOUR QUESTION IS  
12 WHAT HAS THE GOVERNMENT DONE TO HELP OR WHAT THINGS  
13 COULD IT DO. IT HAS DONE NOTHING TO HELP. IT HAS  
14 DONE NOTHING TO HELP. IT NEEDS TO PROVIDE  
15 INCENTIVES TO HAVE MANY OTHER COMPANIES FOLLOW THE  
16 PATTERN OF THE VONS SUPERMARKETS, OF THE SMART &  
17 FINAL SUPERMARKETS, OF THE CHIEF AUTO SUPPLIES, OF  
18 THE OTHER KINDS OF COMPANIES THAT ARE MOVING INTO  
19 THE INNER CITY WITH INVESTMENT AND WITH TRAINING.

20 YOU HAVE HEARD PANELISTS TODAY TALK TO  
21 YOU ABOUT TRAINING. I DIDN'T SEE ON THE AGENDA  
22 ANYBODY FROM THE DOZEN PRIVATE SECTOR TRAINING  
23 SCHOOLS THAT ARE OPENING OR ARE OPENED, MANY  
24 ALREADY OPENED -- YOU CAN DRIVE AND SEE THEM --  
25 THAT ARE TRAINING PEOPLE TODAY. AND THOSE PEOPLE

1 ALL GET JOBS. ALL GET JOBS. IT IS RIGHT KIND OF  
2 TRAINING AMERICA SHOULD DO.

3 THE GOVERNMENT SHOULDN'T COME IN AND  
4 TRAIN A BUNCH OF PEOPLE WHERE THERE ARE NO JOBS.  
5 WE HAVE INTERVIEWED LOTS OF YOUNGSTERS WHO HAVE  
6 GONE THROUGH THREE GOVERNMENT TRAINING PROGRAMS AND  
7 HAVE NEVER HAD A DAY'S WORTH OF WORK. IF THEY GO  
8 THROUGH THE TOYOTA TRAINING PROGRAM AT TOYOTA OR  
9 PIONEER ELECTRONICS TRAINING PROGRAM, THESE ARE ALL  
10 PRIVATE SECTOR, TOTALLY FUNDED BY THE PRIVATE  
11 SECTOR, WITH NO INCENTIVES, THEY GET A JOB WHEN IT  
12 IS OVER WITH. ALL OF THEM GET A JOB.

13 SO IT IS A DIFFERENT KIND OF PROGRAM  
14 THAT IS HAPPENING IN LOS ANGELES. AND I HOPE YOU  
15 WOULD GO BACK AND TALK ABOUT THE GOVERNMENT IN  
16 WASHINGTON PROVIDING INCENTIVES SO THAT -- THERE IS  
17 NO CURRENT INCENTIVE TO DO THIS OTHER THAN BUSINESS  
18 PRACTICES AND MAYBE MARKET SHARE. IF THE  
19 GOVERNMENT WOULD PUT SOME INCENTIVES, THEY WOULD BE  
20 AN ADDED NORMAL INVESTMENT IN THE INNER CITY. AND  
21 THAT'S WHAT IS NEEDED TO ALLOW THE INNER CITY TO  
22 CATCH UP.

23 MR. GLICK: WHAT'S THAT?

24 MR. UEBERROTH: A TEN YEAR -- INCENTIVES  
25 FOR ANYONE WHO WILL INVEST, HIRE, OR TRAIN IN THE

1 INNER CITY, A TEN-YEAR ECONOMIC ADVANTAGE, NOT  
2 ENTERPRISE ZONE, BUT A GREEN LINE AROUND AN AREA  
3 THAT NOW HAS A RED LINE. IF THAT WOULD HAPPEN, IT  
4 WOULD HELP PEOPLE WHO HAVE LONG BEEN OVERLOOKED AND  
5 PUSHED ASIDE IN THE INNER CITY.

6 MR. REDENBAUGH: I AM VERY INTRIGUED  
7 WITH WHAT YOU SAY. WHAT WOULD BE THE DIFFERENCE  
8 BETWEEN THAT, A TEN-YEAR MORATORIUM, AND AN  
9 ENTERPRISE ZONE?

10 MR. UEBERROTH: WELL, IT IS NOT A  
11 MORATORIUM. I DIDN'T SAY THAT. I DIDN'T USE THAT  
12 WORD. AN INCENTIVE THAT WAS TAX POSITIVE FOR  
13 INVESTMENT IN THE INNER CITY. THERE IS NONE NOW.

14 YOU CAN EVEN -- THE FEDERAL GOVERNMENT  
15 COULD TAX POSITIVE THE INDIVIDUALS IN THE  
16 INNER CITY. BECAUSE AS YOU KNOW, IF A MOTHER OF  
17 TWO IS ON WELFARE AND SHE GOES AND SHE DECIDES SHE  
18 WANTS TO HELP GET -- A SINGLE MOTHER OF TWO WANTS  
19 TO GET OUT OF THE POVERTY RANGE AND WANTS TO GET  
20 BACK INTO THE WORK FORCE, LET'S ASSUME SHE HAS  
21 BEEN, SHE IS VIRTUALLY TAXED 90 PERCENT BY OUR  
22 CURRENT SYSTEM.

23 WE ASKED THE FEDERAL GOVERNMENT UNDER  
24 BOTH ADMINISTRATIONS TO IN THE INNER CITY ONLY  
25 ALLOW THAT WORKING MOTHER WHO GOES BACK TO WORK TO

1 HAVE SOME SHELTER. NOT TOTAL SHELTER. THEY CAN  
2 STILL COLLECT TAXES FROM HER. BUT SOME SHELTER ON  
3 HER EARLY INCOME, HER BEGINNING INCOME, SO THAT SHE  
4 IS NOT TAXED, YOU KNOW, IN EFFECT 90 PERCENT BY THE  
5 TWO OR THREE TAXES THAT COME DOWN, PLUS THE LOSS OF  
6 WELFARE, SO THAT SHE HAS A NEGATIVE IMPACT OF  
7 90 PERCENT.

8 MR. REDENBAUGH: AND WE SEE IN SOME  
9 CASES OVER 125 PERCENT.

10 MR. SALAZAR: I JUST WANT TO RESPOND TO  
11 YOUR ENTERPRISE ZONE QUESTION.

12 THE ENTERPRISE ZONE RIGHT NOW JUST TALKS  
13 UP ABOUT 20 SQUARE MILES. AND AS PETER SAID  
14 EARLIER, WE ARE FOCUSING ON AREAS THAT -- AREAS OF  
15 NEED. AND OUR TARGET POPULATION AND AREA IS WHERE  
16 AT LEAST 20 PERCENT OR MORE OF THE POPULATION  
17 RESIDE IN POVERTY. IN LOS ANGELES THAT'S 163  
18 SQUARE MILES. THAT'S TWO AND A HALF MILLION PEOPLE  
19 WITHIN THIS AREA.

20 MR. REDENBAUGH: THEN THE PROBLEM YOU  
21 HAVE WITH ZONES IS IT IS TOO LIMITED?

22 MR. SALAZAR: IT IS TOO SMALL.

23 MR. REDENBAUGH: RIGHT.

24 MR. SALAZAR: IT IS TOO SMALL, TOO  
25 LIMITED IN ORDER TO IMPACT THE INNER CITY THAT

1       NEEDS A WHOLE LOT OF ATTENTION.

2                   MR. REDENBAUGH:   SO YOU WOULD INTRODUCE  
3       INCENTIVES TO PEOPLE WHO LIVE, WORK, AND INVEST.

4                   MR. SALAZAR:   THAT'S RIGHT.   AND  
5       INCENTIVES EVEN -- WHEN YOU TALK ABOUT  
6       DISINCENTIVES OR WRONG INCENTIVES, FOR INNER CITIES  
7       RIGHT NOW JUST FOCUSING ON HOUSING.   WHEN YOU LOOK  
8       AT THE LOW INCOME HOUSING TAX CREDIT, ONE GETS A  
9       30 PERCENT BONUS ON THE LOW INCOME HOUSING TAX  
10      CREDIT WHEN THEY BUILD MORE LOW INCOME HOUSING IN  
11      LOWER INCOME AREAS.

12                   SO WE ARE "INCENTING" PEOPLE TO BUILD MORE  
13      LOW INCOME HOUSING IN MORE DISTRESSED  
14      NEIGHBORHOODS, WHICH IS CREATING MORE IMPACTION.  
15      THE INCENTIVE SHOULD BE TO CREATE MORE MODERATE  
16      INCOME HOUSES IN LOWER INCOME AREAS AS WELL.   YOU  
17      KNOW, TO -- TO GIVE PEOPLE OPTIONS AND NOT TO LOCK  
18      THEM INTO POOR NEIGHBORHOODS.

19                   MR. REDENBAUGH:   THANK YOU.

20                   MR. WANG:   WE HAVE HEARD OVER THE LAST  
21      COUPLE OF DAYS A LOT OF -- A COMMENT ABOUT  
22      HEADLINES AND THAT THEY DON'T SEE RESULTS, THEY  
23      FIND THAT THEY ARE VERY FRUSTRATED, EVEN THOUGH IT  
24      IS ALREADY A YEAR AFTER, NOTHING SINCE HAS REALLY  
25      BEEN DONE TO THE EXTENT TO SATISFY THEM.

1                   SO I WOULD LIKE TO ASK MR. UEBERROTH, DO  
2 YOU THINK IF WE FOLLOW THE GAME PLAN THAT YOU HAVE  
3 TOGETHER WITH REBUILD L.A. WHEN WE CAN SEE SOME  
4 TANGIBLE, REAL POSITIVE KIND OF OUTCOME? FIVE  
5 YEARS? TEN YEARS FROM NOW?

6                   MR. UEBERROTH: ABOUT FIVE MINUTES IF  
7 YOU GET IN YOUR CAR AND GO LOOK. IT IS JUST THAT  
8 SIMPLE. IT IS JUST THAT SIMPLE.

9                   YOU CAN ALWAYS FIND SOMEBODY THAT HASN'T  
10 GOTTEN A JOB. YOU KNOW, THERE IS HUGE UNEMPLOYMENT  
11 IN THE INNER CITY. AND WE TRIED TO BURN THE PLACE  
12 DOWN. IT IS NOT A PLACE THAT PEOPLE ARE RUNNING  
13 TO. BUT I GAVE YOU A COUPLE OF SPECIFIC EXAMPLES.  
14 AND YOU CAN GO DRIVE AND THE STORES ARE OPEN.

15                   IN MANY FOUR CORNERS -- THERE ARE MANY  
16 FOUR-CORNER INTERSECTIONS IN THE CITY WHERE ALL  
17 FOUR CORNERS WERE DESTROYED. AND ALL FOUR CORNERS  
18 HAVE BEEN REBUILT AND -- BETTER AND HIRING MORE  
19 PEOPLE. BUT AFTER THE BANNERS COME DOWN AND  
20 SOMEBODY SPRAYS A LITTLE GRAFFITI AND PEOPLE DRIVE  
21 BY, YOU ARE NOT SURE THAT ANYTHING WAS EVER BURNED  
22 DOWN. WE SHOULD MAYBE HAVE A SIGN THAT SAYS "THIS  
23 PLACE USED TO BE BURNED DOWN."

24                   SO IT WILL NEVER BE ENOUGH. BUT THE  
25 CITY OF LOS ANGELES FIRE DEPARTMENT SAID IN THEIR

1 REPORT -- I BELIEVE THAT I AM ACCURATE, AND CORRECT  
2 ME IF I AM WRONG -- THAT 58 POINT SOMETHING, ALMOST  
3 60 PERCENT OF ALL THE BURNED-OUT STRUCTURES HAVE  
4 BEEN REBUILT. MANY MORE ARE UNDER. AND THE REST  
5 ARE BASICALLY MOSTLY TIED UP IN LICENSING PROBLEMS  
6 WITH THE CITY, WHICH IS A VALID ARGUMENT ON BOTH  
7 SIDES.

8 ONE OTHER THING THAT YOU MIGHT WANT TO  
9 FOCUS ON, IS SOMETHING THAT IN THIS CITY HAS BEEN  
10 OVERLOOKED, CERTAINLY BY THE FEDERAL GOVERNMENT IN  
11 ANY MAJOR WAY, IS THE HUGE AMOUNT OF VICTIMS,  
12 INNOCENT AMERICANS, MOSTLY -- THE VAST MAJORITY  
13 PEOPLE OF COLOR, WHO HAD SOME KIND OF ENTERPRISE  
14 THAT WAS DESTROYED. AND MANY WITH LANGUAGE  
15 BARRIERS AND ALL KINDS OF PROBLEMS THAT REALLY  
16 HASN'T BEEN ADDRESSED.

17 NOW, THAT'S NOT OUR JOB AT ALL. WE ARE  
18 TRYING TO BRING PRIVATE SECTOR TO PLAY. I TALKED  
19 TO YOU ABOUT REBUILDING. THEN THERE IS ALL THE  
20 PEOPLE THAT ARE MAKING NEW INVESTMENTS. IN  
21 ANOTHER SIX MONTHS TO A YEAR WHEN THEY PUBLISH THE  
22 1993 RESULTS OF THE ECONOMICS OF SOUTHERN  
23 CALIFORNIA, THE ONLY UP-TICK THAT I THINK THAT  
24 THERE WILL BE IN ALL OF SOUTHERN CALIFORNIA WILL  
25 BE, I THINK, THE INNER CITY.

1 MR. SALAZAR: ACCORDING TO THE CITY'S  
2 RECORDS THERE WERE 1,120 PROPERTIES, BUILDINGS THAT  
3 WERE DESTROYED IN THE RIOTS LAST YEAR. 50 PERCENT  
4 OF THOSE ARE REBUILT, ARE UP. 10 PERCENT ARE UNDER  
5 CONSTRUCTION. ANOTHER 10 PERCENT ARE IN THE  
6 PERMITTING PROCESS.

7 WHEN YOU LOOK AT THE LICENSING ISSUE,  
8 THE INSURANCE PROBLEMS, THE WHOLE ISSUE OF WHETHER  
9 THERE IS GOING TO BE LIQUOR STORES OR GUN STORES  
10 ALLOWED TO BE REBUILT BACK IN THE CITIES, THOSE  
11 PERMITTING STORES HAVE BEEN PUT ON HOLD. SO THERE  
12 HAS BEEN AN ENORMOUS AMOUNT OF RECONSTRUCTION.

13 I WOULD LIKE TO ADD THE VICTIMS -- THE  
14 VICTIMS WE ARE TALKING ABOUT ARE PEOPLE, SPANISH  
15 SPEAKING PEOPLE, KOREAN-AMERICANS, MANY .  
16 AFRICAN-AMERICANS, SMALL ENTREPRENEURS WHO GOT HIT  
17 IN THE RIOTS, WHO LOST -- WHO WERE RUNNING SMALL  
18 BUSINESS OPERATIONS, HAD ALL THEIR EQUITY IN IT,  
19 LOST IT, FEMA CAME IN, SMALL BUSINESS  
20 ADMINISTRATION CAME IN, AND DID ABOUT AS POOR A  
21 JOB AS ONE CAN EXPECT AND ONE CAN HAVE.

22 AND MANY OF THESE ENTREPRENEURS, SMALL  
23 BUSINESS PEOPLE, ARE STILL TRYING TO -- ARE STILL  
24 STRUGGLING TO GET BACK INTO THE ECONOMY. AND THOSE  
25 ARE VERY VALUABLE RESOURCES THAT WE HAVE HERE IN



1 THE CITY. THESE ARE PEOPLE WHO KNOW HOW TO RUN A  
2 BUSINESS. THESE ARE PEOPLE WHO CHURN THAT ECONOMY  
3 IN THE INNER CITY. THESE ARE PEOPLE THAT WE NEED  
4 TO HAVE BACK OUT THERE WORKING. AND WE DIDN'T  
5 HAVE -- THEY DID NOT HAVE THE ASSISTANCE NECESSARY  
6 TO DO THAT.

7 MR. WANG: GIVEN THE ARGUMENT THAT YOU  
8 HAVE PRESENTED THAT, OKAY THE CONSTRUCTION OF  
9 50 PERCENT UP, BUT WE HAVE ONLY 10 PERCENT OF  
10 BUSINESS THAT ARE OPEN. AND YOU MENTIONED ABOUT  
11 THE LICENSING. WHAT CAN WE DO ABOUT THAT? IS  
12 THERE A COORDINATED EFFORT?

13 I THINK THERE IS A COMMENT MADE BY A  
14 NUMBER OF PEOPLE THAT THEY STILL HAVE TO TRAVEL TO  
15 AGENCY, AGENCY, AGENCY. AND YOU CITED SBA AND FEMA  
16 AND MANY OTHERS. IS THERE A COORDINATING BODY  
17 THAT BRINGS ALL THE LICENSING AND ALL THE RECORDING  
18 AGENCIES INTO ONE ROOM, UNDER ONE ROOF, SO THAT WE  
19 CAN KIND OF REALLY ATTACK IT TOGETHER?

20 MR. UEBERROTH: WE REPRESENT THE PRIVATE  
21 SECTOR. THE PERMITTING PROCESS IS TOO SLOW. YOU  
22 NEED OTHER WITNESSES TO ANSWER THAT QUESTION.

23 MR. WANG: ANY SUGGESTIONS?

24 MR. UEBERROTH: NO. THE SUGGESTIONS WE  
25 HAVE MADE ENDLESSLY, ENDLESSLY. I AM NOT GOING

1 TO -- THERE HAS BEEN HEARINGS BY STATE, FEDERAL,  
2 ELECTED OFFICIALS FROM EVERY WALK OF LIFE,  
3 AD NAUSEAM ON THIS ISSUE. AND, YOU KNOW, WE HAVE  
4 NO POWER TO TALK ABOUT THE GOVERNMENT AND TALK  
5 ABOUT PERMITTING.

6 FRANKLY, WE SAW THE STATE OF CALIFORNIA  
7 UNDER ONE OF OUR DIRECTORS, TOM SALES, DO A  
8 ONE-STOP ON THE STATE PERMITTING. IT HAS YET TO BE  
9 JOINED BY COUNTY AND CITY. THAT'S NOT OUR GAME.  
10 WE HAVE OTHER VERY LEARNED PEOPLE HERE WHO CAN TALK  
11 TO YOU ABOUT CITY GOVERNMENT.

12 MR. WANG: PEOPLE ON THE STREET, THEY  
13 DON'T DIFFERENTIATE THE PRIVATE SECTOR. THEY THINK  
14 REBUILDING L.A., THAT IS WHAT THEY ALL LOOK AT AS  
15 REALLY THE BEACON OF --

16 MR. UEBERROTH: WE ARE A LITTLE PRIVATE  
17 SECTOR CHARITY, TINY LITTLE PRIVATE SECTOR CHARITY,  
18 BUDGET IS LESS THAN ONE CONGRESSIONAL OFFICE, LESS  
19 THAN YOUR AIR TICKETS TO COME HERE. WE ARE A TINY  
20 LITTLE FORCE, BUT IT IS A GROWING FORCE THAT SHOULD  
21 BE COPIED IN EVERY CITY IN AMERICA. BECAUSE UNLESS  
22 SOLUTIONS IN AMERICA COME FROM THE PRIVATE SECTOR  
23 AND NOT FROM THE GOVERNMENT, UNLESS THE LITTLE  
24 BUSINESSES THAT CAN GET BACK IN BUSINESS HAVE  
25 ANCHOR STORES AND MAJOR STORES LIKE EVERY OTHER

1 PART OF SOCIETY, AND BANKS SO YOU DON'T HAVE TO PAY  
2 A FEE TO CASH A CHECK -- WHERE ELSE DO YOU PAY A  
3 FEE TO CASH A CHECK? I AM NOT TELLING YOU ANYTHING  
4 YOU DON'T ALL KNOW MUCH BETTER THAN ME. WHERE DO  
5 YOU PAY A FEE TO CASH A CHECK? WHERE IN AMERICA?  
6 ONE PLACE. THE INNER CITY. NO FARMER PAYING A FEE  
7 TO CASH A CHECK. I DO A LITTLE FARMING.

8 INCIDENTALLY, ON THE REBUILD, YOU GO  
9 AROUND THE COUNTRY. GO FIND OUT WHERE THE RIOTS  
10 WERE 20 YEARS AGO, AND YOU ARE GOING TO FIND THAT  
11 THEY HAVE ONLY REBUILT 10 PERCENT. NOBODY GOES  
12 THERE. THEY PUT BLACKTOP OVER THAT AREA AND SAY  
13 "LISTEN, LET'S NOT GO HERE BECAUSE HERE IS WHERE YOU  
14 GET BURNED DOWN."

15 LOS ANGELES IS HAVING A BIT OF A  
16 RENAISSANCE. AND IT IS A GOOD START. IT IS NOT  
17 NEARLY ENOUGH. IT IS NOT NEARLY ENOUGH TO SEE, NOT  
18 NEARLY ENOUGH TO TOUCH, AND NOT EVERYONE IS GOING  
19 TO GET A JOB. BUT IT IS A REAL MAJOR FORCE IN THE  
20 RIGHT DIRECTION. GIVEN GOVERNMENT INCENTIVES, IT  
21 WOULD REALLY BLOSSOM.

22 AND ALSO PRESIDENT CARTER'S GROUP WERE  
23 OUT HERE TODAY -- NOT PRESIDENT CARTER, HIS KEY  
24 PEOPLE -- ONE MORE TIME BECAUSE WE HAVE A GREAT  
25 COOPERATION WITH THE ATLANTA PROJECT. AND THEY ARE

1       SEEING HOW IT IS WORKING.  BECAUSE THEY WANT A FULL  
2       SERVICE GROCERY STORE IN THE INNER CITY.

3                        THAT WILL SWEEP THE NATION,  
4       INCIDENTALLY.  WHEN YOU HAVE SO MANY COMING INTO  
5       OURS -- RALPHS AND VONS AND SMART & FINAL AND LUCKY  
6       MARKET AND ALL THESE PEOPLE COMING IN -- AND WE ARE  
7       NOT THERE IN A MAJOR WAY AS ALL THESE PEOPLE COME  
8       IN, THAT'S GOING TO IMPACT THE OTHER CITIES.  
9       BECAUSE THERE IS GOING TO BE SOME COPYING WHICH IS  
10      GOING TO BE VERY HELPFUL.  WHEN A MAJOR OPERATOR  
11      GOES INTO A SHOPPING CENTER, THE LITTLE BUSINESSES  
12      AROUND, THE LOCALLY-OWNED BUSINESSES, THE  
13      MINORITY-OWNED BUSINESSES HAVE A CHANCE TO  
14      FLOURISH.  IF THEY ARE JUST THERE BY THEMSELVES, IT  
15      IS AWFUL TOUGH TO SURVIVE.

16                   MR. WANG:  I JUST DON'T WANT TO LEAVE  
17      THE IMPRESSION, AS YOU HAVE HINTED AT, THAT  
18      REBUILD L.A. IS SUCH A SMALL KIND OF OUTFIT.  BUT I  
19      THINK LIKE YOU HAVE SAID, OR YOUR INFERENCE, FOR  
20      EXAMPLE, THROUGH THE COLLECTIVE EFFORT BY THE  
21      PRIVATE SECTOR, I THINK REBUILD L.A. IS A CHARTERED  
22      ORGANIZATION BY THE CITY.

23                   MR. UEBERROTH:  NO, IT IS NOT.  IT IS  
24      NOT CHARTERED BY ANYBODY.  THAT'S WRONG.  TAKE IT  
25      OUT OF THE RECORD.  HE IS TYPING IT OVER THERE.  WE

1 ARE NOT CHARTERED BY THE CITY.

2 IT IS A LITTLE CHARITY. IT IS A LITTLE  
3 NOT FOR PROFIT, BUT WITH ONE SINGLE MOTIVE, AND  
4 THAT'S TRY AND CONVINCING THE PRIVATE SECTOR YOU  
5 CANNOT AVOID THE INNER CITY IF AMERICA IS GOING TO  
6 BE GREAT, YOUR OWN ENTERPRISE WILL NOT BE  
7 SUCCESSFUL, WHATEVER YOU ARE IN, WHATEVER BUSINESS  
8 YOU ARE IN, IF YOU AVOID THE INNER CITY. PLUS IT  
9 IS UNFAIR. PLUS IT IS BAD BUSINESS.

10 THE CHAIRMAN OF SMART & FINAL, HE HAS  
11 GOT THREE STORES GOING IN THE INNER CITY. THAT IS  
12 A GROCERY CHAIN, FOR THOSE WHO ARE VISITORS AND  
13 DON'T KNOW THAT, AND A VERY COMPETITIVE ONE. 100  
14 YEAR OLD COMPANY. HE SAID IT IS THE HIGHEST VOLUME  
15 AND THE HIGHEST PROFITS OF ANY NEW STORE OPENINGS .  
16 ARE THESE THREE NEW STORES IN THE INNER CITY. AND  
17 HE HAS GOT PRICES DOWN SO THAT PEOPLE IN THE  
18 INNER CITY ARE GOING TO GET A FAIR PRICE AND A  
19 CHANCE TO HAVE THE SAME BENEFITS AS THE PEOPLE IN  
20 THE SUBURBS.

21 MR. WANG: YOU SEE, YOU HAVE ASSUMED THE  
22 RESPONSIBILITY, WHETHER IT IS PRIVATE, WHETHER IT  
23 IS ON YOUR OWN INITIATIVE, THAT YOU ARE TAKING ON  
24 THIS RESPONSIBILITY OF REBUILD L.A. AND --

25 MR. UEBERROTH: NO, NO. WE ARE NOT

1 TAKING RESPONSIBILITY. I WANT TO CORRECT YOU. WE  
2 ARE ONE OF MANY ORGANIZATIONS. THERE IS MANY  
3 ORGANIZATIONS DOING THE SAME THING. AND THEY ARE  
4 ALL TERRIFIC. THERE IS EVERY ONE. THERE IS ONE  
5 CREATED BY A CONGRESSWOMAN LOCALLY. THERE IS ONE  
6 THAT IS CREATED BY CHURCHES.

7 MR. WANG: BUT THERE IS ONLY ONE  
8 REBUILD L.A. THERE IS ONLY ONE REBUILD L.A.;  
9 RIGHT? THERE IS NO OTHER ORGANIZATION THAT CARRIES  
10 THAT NAME; RIGHT?

11 MR. UEBERROTH: WELL, YOU CAN'T HAVE --  
12 YOU WOULDN'T HAVE TO HAVE THE SAME NAME. THERE IS  
13 ONLY ONE U.S. COMMISSION ON CIVIL RIGHTS.

14 MR. WANG: BUT YOU HAVE THE  
15 RESPONSIBILITY.

16 MR. FLETCHER: A LOT OF FOLKS THINK  
17 THERE ARE OTHERS, THOUGH.

18 MR. UEBERROTH: WELL, WE WILL SELL YOU  
19 THE NAME FOR A DOLLAR IF YOU WILL INVEST IN THE  
20 INNER CITY.

21 MR. GEORGE: MR. UEBERROTH, I GOING TO  
22 ASK YOU TO UMPIRE -- I REALIZE THAT YOU HAVE A BIT  
23 OF EXPERIENCE AT THAT. SO I AM GOING TO ASK YOU TO  
24 UMPIRE A LITTLE DISPUTE THAT WE HAVE AMONG PEOPLE  
25 WHO TESTIFIED HERE AND A DISPUTE THAT I DARE SAY WE

1 WILL HAVE AS COMMISSIONERS TRY AND PREPARE A  
2 REPORT.

3 YESTERDAY ON ONE SIDE WE HEARD SOME  
4 TESTIMONY THAT STRATEGIES THAT RELY ON DEREGULATION  
5 AND LOWERING WAGES ARE BOUND TO FAIL BECAUSE THEY  
6 WILL FORCE COMPETITION ONLY ON THE BASIS OF PRICE  
7 THEREBY FORCING A DOWNWARD SPIRAL OF WAGES AND  
8 LIVING STANDARDS. WE ALSO HEARD TESTIMONY ABOUT  
9 THE NEED TO ADOPT POLICIES TO RAISE WAGES AMONG THE  
10 WORKING POOR. AND AMONG THE POLICIES THAT WERE  
11 SUGGESTED WERE INCREASING THE MINIMUM WAGE AND  
12 ENCOURAGING UNIONIZATION. NOW, THAT WAS ON THE ONE  
13 HAND.

14 ON THE OTHER HAND, WE HEARD TESTIMONY  
15 SAYING THAT THAT IS PRECISELY WHAT WE NEED TO DO IN  
16 ORDER TO STIMULATE ECONOMIC REVITALIZATION IN OUR  
17 INNER AREAS WAS DEREGULATION AND CUTTING DOWN OUR  
18 BUREAUCRACY AND, INDEED, CUTTING OR GETTING RID OF  
19 THE MINIMUM WAGE, WHICH WAS DESCRIBED BY ONE OF OUR  
20 WITNESSES AS THE TEEN-AGE BLACK UNEMPLOYMENT ACT.

21 NOW, DO YOU COME DOWN ONE WAY OR ANOTHER  
22 IN THIS DISPUTE?

23 MR. UEBERROTH: FIRST OF ALL, OUR  
24 ORGANIZATION DOES NOT HAVE AN OPINION ON THE  
25 SUBJECT OF THE MINIMUM WAGE.

1 MR. GEORGE: HOW ABOUT PETER UEBERROTH?

2 MR. UEBERROTH: THE VALUE OF HIS OPINION  
3 IS VASTLY OVERRATED. I DON'T LIKE THE FRAMING. A  
4 PERSONAL OPINION WOULD GO A LITTLE SOMETHING LIKE  
5 THIS.

6 I THINK THE MINIMUM WAGE IS TOO LOW.  
7 HOW MUCH TOO LOW NEEDS TO BE STUDIED. BUT I THINK  
8 THE MINIMUM WAGE IS TOO LOW. I THINK WHAT NEEDS TO  
9 BE CHANGED IS THE FACT THAT IF THE MOTHER OF TWO --  
10 SINGLE MOTHER OF TWO, GOES BACK AND SHE GETS ABOVE  
11 MINIMUM WAGE, BUT ALL THAT IS WIPE OUT AND LOST  
12 IMMEDIATELY, SO I SAID IT IS A 90 PERCENT TAX, AND  
13 ONE OF YOUR HONORED COMMISSIONERS SAID IT AS EVEN  
14 AS 125 PERCENT TAX, I HAVE TO ADVISE HER DON'T TAKE  
15 A JOB. STAY HOME WITH YOUR CHILDREN. YOU DON'T  
16 HAVE ENOUGH NET LEFT OVER TO PAY FOR A BABY-SITTER  
17 WHEN YOUR CHILDREN COME HOME FROM GRAMMAR SCHOOL.

18 SO I THINK THAT ANYTHING -- THERE IS NO  
19 SINGLE SOLUTION. IT SOUNDS LIKE YOUR SPEAKERS ON  
20 BOTH SIDES WERE LOOKING FOR SINGLE SOLUTIONS, AND  
21 SAYING EITHER YOU SOLVE IT LEFT OR YOU SOLVE IT  
22 RIGHT. YOU SOLVE IT BY BOTH THOSE HANDS COMING  
23 TOGETHER AND FIGURING OUT HOW CAN WE MAKE IT BETTER  
24 FOR THE INNER CITY ALONE. FOR INSTANCE, YOU USED  
25 THE WORD BETTER WAGES AND UNIONIZATION AS THE SAME



1     THING.  I DON'T HOLD THOSE THE SAME THING.  I THINK  
2     THAT LABOR HAS TO GET ENLIGHTENED.  I THINK THAT  
3     GOVERNMENT HAS TO GET ENLIGHTENED AND TAKE THE  
4     SHACKLES OFF THE SMALL BUSINESS PERSON IN THE  
5     INNER CITY.

6                 NOW, IF I TAKE YOU TO ANY SMALL BUSINESS  
7     IN THE INNER CITY -- AND I AM GOING TO HAVE TO TAKE  
8     SOME LANGUAGE SKILLS ALONG WITH ME BECAUSE I BARELY  
9     SPEAK ENGLISH.  BUT IF I WERE TO TAKE YOU THERE,  
10    THEY WOULD, FOR INSTANCE, SAY ONE OF THE THINGS  
11    THAT IS PUTTING -- WITHOUT EXCEPTION -- THEM OUT OF  
12    BUSINESS IS THE STATE OF CALIFORNIA'S WORKERS'  
13    COMPENSATION LAWS WHICH IMPACT MORE THE  
14    MINORITY-OWNED AND INNER CITY BUSINESSES.

15                YOU JUST CAN'T -- I MEAN, YOU HAVE TO  
16    PICTURE YOURSELF AS AN INNER CITY PERSON AND SEE  
17    WHAT CAN HAPPEN TO YOU WHEN YOU HAVE GOT  
18    REGULATIONS, 500 PAGES OF REGULATIONS COMING AT YOU  
19    THAT YOU HAVE TO HIRE PEOPLE TO EVEN FIGURE OUT  
20    WHAT THEY ARE OR THEY CLOSE YOUR BUSINESS.  AND  
21    THEN YOU HAVE WORKERS' COMPENSATION WHICH IS THE  
22    HIGHEST IN THE NATION OR ABOUT THE HIGHEST IN THE  
23    NATION.  THE WORKER, INCIDENTALLY, IS DOWN GETTING  
24    ONLY ABOUT 43RD IN THE NATION.  AND THAT'S WHAT THE  
25    WORKER GETS.

1                   SO THAT'S THE CASE WHERE LABOR AND  
2                   MANAGEMENT HAS NOT GOTTEN TOGETHER AND THROWN THE  
3                   PEOPLE OUT OF OFFICE IN SACRAMENTO. IT IS ON ALL  
4                   THE MAJOR NETWORKS. I MEAN, YOU HAVE READ ABOUT  
5                   THE DISGRACE OF SOUTHERN CALIFORNIA WORKER'S COMP.  
6                   THAT IMPACTS THE INNER CITY PERSON. AND THEN THE  
7                   FACT THAT THE BENEFITS GO AWAY AS SOON AS AN  
8                   UNEMPLOYED INNER CITY PERSON TRIES TO GET A JOB AND  
9                   HAS CHILDREN, THE BENEFITS GO AWAY. THOSE ARE  
10                  IMPACT ITEMS THAT COULD BE CHANGED, THEY COULD BE  
11                  CHANGED VERY QUICKLY, AND NET NOT COST THE  
12                  GOVERNMENT ANY MONEY. THAT'S JUST MANAGING  
13                  BETTER. AND IT WOULD DRAMATICALLY HELP PEOPLE IN  
14                  THE INNER CITY.

15                  MR. GEORGE: WE HAVE HEARD SOME  
16                  TESTIMONY ABOUT CAPITAL FORMATION AND HOW CAPITAL  
17                  FORMATION IS A CRUCIAL ELEMENT IN THE OVERALL  
18                  SOLUTION. WOULD YOU FAVOR A FORM THAT WOULD GIVE  
19                  CAPITAL GAINS TAX CUT RELIEF OR ELIMINATE THE  
20                  CAPITAL GAINS TAX FOR INNER CITY BUSINESSES?

21                  MR. UEBERROTH: I WOULDN'T ELIMINATE  
22                  IT. BUT I WOULD GIVE SOME INCENTIVE. I WOULD GIVE  
23                  IT SOME RELIEF IF IT IS IN THE INNER CITY. AGAIN,  
24                  IT IS TOUGH TO HIRE IN THE INNER CITY BECAUSE THERE  
25                  IS MORE TRAINING NECESSARY. ANYBODY WHO TRIES TO

1 TELL YOU HIRING IN THE INNER CITY YOU DON'T HAVE TO  
2 TRAIN AS MUCH AS YOU DO IN THE SUBURBS, IS NOT  
3 TELLING THE TRUTH. YOU HAVE TO TRAIN MORE IN THE  
4 INNER CITY. SO IF YOU HAVE TO SPEND THAT MONEY,  
5 THERE BE SOME INCENTIVE THAT MAKES YOU BREAK EVEN  
6 AT LEAST. THE INNER CITIES NEED INCENTIVES FOR TEN  
7 YEARS TO CATCH UP.

8 MR. GEORGE: SO IT SOUNDS TO ME THAT  
9 YOUR MESSAGE OVERALL IS THAT THE SOCIALLY  
10 RESPONSIBLE THING TO DO IS TO LOWER THE COST OF  
11 DOING BUSINESS IN THE INNER CITIES; IS THAT RIGHT?

12 MR. UEBERROTH: YES. TO LOWER THE COST  
13 TO DO BUSINESS AND TO TRAIN. TO MAKE INCENTIVES TO  
14 TRAIN AND HIRE. PEOPLE IN THE INNER CITY DESERVE A  
15 CHANCE TO HAVE A JOB. IF ALL THE BUSINESSES ARE  
16 LOCATED ELSEWHERE, I MEAN, THERE IS A PREJUDICE  
17 RIGHT THERE. THEY HAVE GOT TO GET IN THE CAR AND  
18 DRIVE FOREVER TO FIND A JOB. THE JOB SHOULD BE  
19 THERE.

20 I MEAN, YOU TAKE SOME OF THE MOST -- YOU  
21 KNOW, THE SIMPLEST BUSINESSES THAT ARE LOCATED IN  
22 EVERY SINGLE COMMUNITY BUT THE INNER CITY. I MEAN,  
23 THAT'S AN OUTRAGE. IT IS NOT FAIR. AND IT IS ALSO  
24 NOT SMART BY THE BUSINESSES. I MEAN, IT IS JUST  
25 NOT SMART. THAT'S WHAT R.L.A. IS ABOUT, TRYING TO

1 EXPLAIN IT TO THEM, SHOW IT TO THEM, AND TAKE THEM  
2 TO THE ONES WHO HAVE ALREADY OPENED THEIR  
3 BUSINESSES AND THEY ARE ALREADY DOING THINGS AND  
4 LET THEM MEET AND TALK. AND THEN THE NEXT ONE  
5 COMES AND THE NEXT ONE COMES AND THE NEXT ONE  
6 COMES.

7 AND IF IT WAS A SUCCESS -- AND SOME OF  
8 YOUR MEMBERS HAVE DONE A VERY GOOD JOB ABOUT  
9 TALKING ABOUT THE REGULATION STRANGULATION AND ALL  
10 THE PERMITTING PROCESS. IF IT WAS CLEAR THAT, YOU  
11 KNOW, IN THE INNER CITY IF ALL THE FORMS ARE FILLED  
12 OUT YOU HAD A 30-DAY PERIOD WHERE YOU HAD TO BE  
13 FINISHED WITH PERMITS AT THE VARIOUS GOVERNMENT  
14 LEVELS, SOME INCENTIVE FOR DOING BUSINESS THERE,  
15 PEOPLE WOULD BE DOING BUSINESS THERE. RIGHT NOW  
16 THAT DOESN'T EXIST.

17 MR. GEORGE: THANK YOU.

18 MR. FLETCHER: CARL?

19 MR. ANDERSON: NO.

20 MR. FLETCHER: FIRST LET ME THANK YOU  
21 FOR COMING AND SHARING YOUR VIEWS. LET ME PREFACE  
22 MY REMARKS WITH A STATEMENT FIRST.

23 SOMETIMES AS INDIVIDUALS WE HAVE A TOUGH  
24 TIME PERCEIVING THE PERCEPTION THAT OTHER FOLK HAVE  
25 OF US AND THE IMPORTANCE OR LACK THEREOF OF OUR

1 INVOLVEMENT. IN MY CASE, I HAVE BEEN IN THE CIVIL  
2 RIGHTS STRUGGLE FOR 50 YEARS. AND MY ARGUMENT HAS  
3 ALWAYS BEEN, YOU CAN'T SOLVE AN ECONOMIC PROBLEM  
4 WITH A SOCIAL PROGRAM. IT JUST DOESN'T WORK. AND  
5 SO I HAVE WAITED FOR YEARS, 50 TO BE EXACT, FOR THE  
6 DAY THAT THE CORPORATE AMERICA MIGHT FIND A REASON  
7 TO GET INTO THE GAME.

8 AND I SAY THAT TO SAY THIS, THAT WHEN I  
9 READ THAT YOU, SIR, WERE GOING TO BE INVOLVED IN  
10 REBUILD L.A., TO USE MY FRIEND RUSSELL'S TERM, I  
11 SAID, "THERE IS THE SNOWFLAKE THAT WILL START THE  
12 AVALANCHE. WITH HIM LEADING THE MOVEMENT, THERE IS  
13 A REAL POSSIBILITY THAT CORPORATE AMERICA WILL ROLL  
14 UP THEIR SLEEVES AND GET IN THE GAME."

15 NOW, THAT BRINGS ME TO MY REAL CONCERN.  
16 THE PERCEPTION ACROSS THE COUNTRY IS THAT  
17 REBUILD L.A. HAS NOT WORKED AND THAT IT IS NOT  
18 LIKELY TO WORK. AND THE FACT THAT IT HASN'T WORKED  
19 WILL CAUSE THE CORPORATE LEADERSHIP OF OTHER  
20 COMMUNITIES -- INCLUDING THE ONE WHERE I LIVE AND  
21 TEACH SCHOOL, THE UNIVERSITY OF DENVER BUSINESS  
22 SCHOOL -- WILL SAY PETER AND REBUILD L.A. DIDN'T  
23 MAKE IT. WHY SHOULD WE BELIEVE THAT WE ARE ANY  
24 DIFFERENT AND CAN DO ANY BETTER? UNDER THE  
25 CIRCUMSTANCES, WE HAVEN'T HAD THE VIOLENCE AND WHAT

1 HAVE YOU THAT THEY HAD AND THEREFORE THEY HAD A  
2 NEED THAT EVERYBODY COULD SEE, AND YET THEY  
3 COULDN'T MAKE IT HAPPEN.

4 AND I THINK YOU HAVE BEEN A PARTIAL  
5 SUCCESS AND PROBABLY A PARTIAL FAILURE. I AM  
6 CURIOUS TO KNOW THEN IF THAT'S THE CASE, WHAT HAVE  
7 YOU DONE THAT YOU THINK THAT YOU HAVE DONE WELL  
8 THAT YOU THINK COULD BE TRANSPORTED TO OTHER  
9 CITIES? IN OTHER WORDS, IT IS AS IF TO SAY THIS  
10 PROBLEM IS IN L.A. BUT IT IS NOT OF L.A.

11 WE HAD INFORMED -- THIS COMMISSION HAD  
12 INFORMED THE PRESIDENT AND THE CONGRESS AND ALL 50  
13 OF THE GOVERNORS IN THIS COUNTRY THAT SOMETHING  
14 LIKE WHAT WAS GOING TO HAPPEN IN WATTS -- WHAT I  
15 CALL WATTS TWO -- WAS ON THE VERGE OF HAPPENING,  
16 AND THEY SAID, NO, NO, IT CAN'T BE. THEN WHEN IT  
17 DID HAPPEN THEY ASKED ME TO COME OUT HERE AND TAKE  
18 A QUICK LOOK. AND I WENT BACK AND I APPEARED  
19 BEFORE THE SENATE BANKING AND URBAN AFFAIRS  
20 COMMITTEE. AND I SAID IT IS TIME NOW FOR THE  
21 CORPORATE AMERICA AND THE BANKS IN PARTICULAR TO  
22 SUIT UP AND GET IN THE GAME. AND THERE WAS A  
23 FEELING THAT WE WILL WAIT AND SEE WHAT PETER  
24 UEBERROTH AND REBUILD L.A. DOES.

25 SO IF YOU WERE TO TALK TO THE HOUSE AND

1 SENATE BANKING COMMITTEE RIGHT NOW AND THEY WERE  
2 ASKING FOR YOUR ADVICE AS TO HOW TO MAKE WHATEVER  
3 YOUR VISION WAS WORK, WHAT THREE OR FOUR THINGS  
4 WOULD YOU TELL THEM THAT GOVERNMENT MUST DO TO BE A  
5 PART OF URGING THE CORPORATE COMMUNITY TO GET IN  
6 THE GAME? WHAT MUST THEY DO?

7 MR. UEBERROTH: WELL, FIRST,  
8 GOVERNMENT -- I HAVE TALKED ABOUT INCENTIVES. LET  
9 ME TELL YOU WHAT I THINK IS GOING TO HAPPEN. I  
10 WOULD LIKE TO RESPECTFULLY DISAGREE.

11 R.L.A. IF IT TRAINS ONE PERSON AND GETS  
12 ONE NEW JOB IS A SUCCESS. AND AS IT HAS BEEN  
13 GOING -- AND THOSE ARE IN THE THOUSANDS -- IT IS A  
14 SUCCESS. IT IS NOT AN IMMEDIATE SUCCESS. AND  
15 THAT'S THE PRIMARY REASON THAT I STEPPED AWAY AS  
16 CO-CHAIR. BECAUSE THERE IS A FASCINATION --  
17 NEGATIVE FASCINATION -- WITH THIS FELLOW WHO IS  
18 LIVING IN A HOTEL DOWNTOWN WHILE HE IS DOING IT AND  
19 ALL THAT NONSENSE. AND THE OTHER CO-CHAIRS, MY  
20 FELLOW CO-CHAIRS, ARE EQUALLY OR MORE TALENTED.

21 DO NOT WORRY ABOUT THE CORPORATE AMERICA  
22 KNOWING THAT R.L.A. IS A SUCCESS. BECAUSE THAT  
23 TOM-TOM BEATS VERY WELL, TOO. AND THEY KNOW --  
24 LIKE I GAVE YOU AN EXAMPLE, I TALKED TO YOU ABOUT  
25 CHIEF AUTO SUPPLY. PRETTY SOON YOU WILL HEAR AN

1 ANNOUNCEMENT IN A FEW DAYS ABOUT TRAK AUTO  
2 SUPPLY. BIG SURPRISE, A COMPETITOR.

3 MAJOR INVESTMENT, NEW STORES -- BUSINESS  
4 GOES WHERE BUSINESS DOES WELL. AND AS THEY BEGIN  
5 TO UNDERSTAND THE PHENOMENON THAT PEOPLE IN THE  
6 INNER CITY ARE DECENT BILL PAYING, HARDWORKING  
7 PEOPLE AND YOU CAN MAKE MONEY THERE AS WELL AS YOU  
8 CAN MAKE MONEY IN BEVERLY HILLS, AS THAT IS BEING  
9 KNOW, IT WILL DO VERY WELL IN DENVER, THANK YOU.  
10 AND I COULD TALK TO YOU ABOUT THE TOP TEN CORPORATE  
11 LEADERS IN DENVER AND TELL YOU THAT THEY ALREADY  
12 KNOW.

13 SO I HAVE NO FEAR. THE MEDIA BE DAMNED  
14 WHAT THE MEDIA SAYS. THESE PEOPLE LEARN FROM OTHER  
15 BUSINESS PEOPLE. HEY, IT IS WORKING. DID YOU HEAR  
16 WHAT THIS GUY DID, DID YOU HEAR WHAT THAT PERSON  
17 DID, DID YOU HEAR WHAT THAT ORGANIZATION DID? SO  
18 THAT WILL CIRCULATE. THE GOVERNMENT SHOULD NOT ASK  
19 CORPORATE AMERICA TO JOIN THE GAME. THEY SHOULD  
20 QUIT TALKING AND HAVING ALL THESE BANKING --  
21 WHETHER IT IS SENATE BANKING OR THE REST, THEY  
22 SHOULD TAKE AND PASS SOME INCENTIVE FOR THE INNER  
23 CITIES OF AMERICA. THEY SHOULD INCLUDE DENVER,  
24 THEY SHOULD INCLUDE DETROIT, THEY SHOULD INCLUDE  
25 NEWARK AND WASHINGTON, D.C., RIGHT UNDER THEIR



1 NOSES. THERE SHOULD BE SOME INCENTIVES.

2 NOW, HOW CAN IT BE THAT IT HAS BEEN WELL  
3 OVER A YEAR SINCE THE RIOTS, WE HAVE HAD TWO  
4 DIFFERENT ADMINISTRATIONS IN THERE, NOT ONE IOTA OF  
5 LEGISLATION PASSED FOR A CHANGE IN THE INNER CITIES  
6 IN AMERICA? THAT'S AN OUTRAGE. I AM MAD ABOUT  
7 IT. IT IS UGLY. IT IS WRONG. AND THEY OUGHT TO  
8 DO SOMETHING.

9 SO WHAT I WOULD TELL YOU TO DO, WITH  
10 RESPECT, IS TO TRY AND GO BACK AND SAY, THERE IS A  
11 BEGINNING IN LOS ANGELES THAT SHOULD BE WATCHED  
12 CAREFULLY. AND FRANKLY R.L.A. WILL BE COPIED BY  
13 EVERY SINGLE MAJOR INNER CITY IN AMERICA. IT JUST  
14 WILL.

15 I AM AN EMPLOYER IN THE INNER CITY IN  
16 CHICAGO. I THINK I AM THE LARGEST EMPLOYER IN THE  
17 INNER CITY IN CHICAGO. THERE AIN'T ANYBODY ELSE.  
18 AND I KNOW THAT IF THERE WERE REAL INCENTIVES IN  
19 THE INNER CITY IN CHICAGO, MY PREDECESSOR WOULD NOT  
20 HAVE TAKEN HALF OF THAT BUSINESS AND MOVED IT TO  
21 WISCONSIN AND IOWA SO THERE IS ONLY HALF LEFT. HE  
22 WOULD HAVE KEPT IT ALL IN THERE, AND A COMPETITOR  
23 WOULD HAVE COME IN, TOO.

24 SO YOU HAVE GOT TO HAVE INCENTIVES FROM  
25 THE GOVERNMENT TO INVEST, TRAIN, AND HIRE IN THE

1 INNER CITY. IT IS OVERLY SIMPLE. INVEST, TRAIN,  
2 AND HIRE IN THE INNER CITY. GIVE THE PEOPLE AN  
3 EQUAL CHANCE, AND IT WILL BLOSSOM.

4 MR. FLETCHER: CAN YOU BE SPECIFIC ABOUT  
5 THE INCENTIVES? JUST A COUPLE OF THEM.

6 MR. UEBERROTH: WELL, I WOULD THINK IF  
7 SOMEBODY -- IF SOMEBODY HIRES SOMEBODY, THERE  
8 SHOULD BE SOME KIND OF A TAX CREDIT. IF YOU HIRE  
9 SOMEBODY THAT IS UNEMPLOYED AND PUT THEM TO WORK  
10 AND THEY STAY EMPLOYED FOR TWO YEARS AND THEY  
11 BECOME A TAXPAYER, WE SHOULD TAKE A LOOK AT THOSE  
12 TAXES THAT THE GOVERNMENT IS GETTING AND GIVE HALF  
13 OF THEM BACK TO THAT EMPLOYER THAT TOOK THAT PERSON  
14 THAT HAD NO CHANCE, TOOK THE CHANCE WITH THE  
15 PERSON, AND HIRED THEM AND TRAINED THEM. GIVE HALF  
16 OF THEM BACK. THE GOVERNMENT IS MAKING MONEY.  
17 LET'S SPLIT IT.

18 LET'S DO SOMETHING THAT MAKES SENSE SO  
19 THAT YOU START TO PLAY THE REAL GAME. YOU KNOW  
20 WHAT REALLY HAPPENS TODAY -- AND IT HAPPENS IN  
21 ALMOST ALL THE INNER CITIES YOU REPRESENT. AFTER  
22 THE RIOTS -- AND, YOU KNOW, WHEN WAS THE LAST MAJOR  
23 DISRUPTION THAT WE HAD IN AN INNER CITY AFTER  
24 LOS ANGELES? IT WAS WHEN A BASKETBALL CHAMPIONSHIP  
25 WAS WON IN PORTLAND AND THERE WAS A SMALL RIOT IN

1 CHICAGO. AND SO THE CAUSES, YOU DON'T KNOW WHAT  
2 THE CAUSES ARE. THERE COULD HAVE BEEN, YOU KNOW, A  
3 STORM GOING THROUGH SOUTH FLORIDA.

4 WHATEVER THE CAUSES ARE, WHAT YOU NEED  
5 TO DO IS IMMEDIATELY BRING ABOUT AN INCENTIVE FOR  
6 PEOPLE TO GO AND INVEST IN THAT AREA, TRAIN PEOPLE  
7 IN THAT AREA, AND HIRE PEOPLE IN THE AREA. AND  
8 WHAT THAT SHOULD BE, I KNOW NOT GOING TO ARGUE WITH  
9 THE GOVERNMENT. THEY KNOW WHAT THEY ARE DOING.  
10 BUT WHATEVER THE GAIN, WHATEVER THEY ARE GAINING  
11 OUT OF THE INNER CITY, GIVE HALF BACK.

12 YOU SEE, FIGURE OUT THE ECONOMICS OF ONE  
13 PERSON WHO IS ON WELFARE. SO THAT'S A HUGE COST TO  
14 THE GOVERNMENT, LOTS OF TAXPAYER MONEY GOING OUT,  
15 THAT'S GOING OUT OF THE DOOR. SO THAT PERSON COMES  
16 OFF WELFARE AND IS HIRED AND IS NOW PAYING TAXES.  
17 SO NOT ONLY YOU DON'T HAVE TO PAY HERE, YOU GOT  
18 THIS MONEY COMING IN HERE. WELL, GIVE HALF OF THAT  
19 MONEY BACK TO THE PERSON WHO TOOK THE CHANCE, HIRED  
20 AND TRAINED THEM. OR GIVE HALF THE MONEY BACK TO  
21 THE EMPLOYEE LET HIM HAVE A CHANCE TO STAND ON HIS  
22 FEET, OR HER FEET.

23 IT IS NOT COMPLICATED STUFF. BUT  
24 EVERYBODY AVOIDS IT BECAUSE THEY ARE ALL PLAYING  
25 POLITICAL GAMES. AND, YOU KNOW, IT IS NONSENSE.

1                   HOW COULD IT BE THAT THERE IS NOT ONE  
2 IOTA OF FEDERAL LEGISLATION ON THE INNER CITIES? I  
3 THINK PEOPLE KNEW SOMETHING HAPPENED HERE. AND  
4 EVERY SINGLE REPUBLICAN AND DEMOCRAT THAT I EVER  
5 HEARD OF HAS BEEN OUT HERE LOOKING AROUND. AND  
6 THEY HAVE ALL BEEN ON TELEVISION. BUT WHEN THE  
7 HELL ARE THEY GOING TO DO SOMETHING?

8                   MR. FLETCHER: I JUST WANTED YOU TO KNOW  
9 THAT I WANTED YOUR WORDS IN PRINT, JUST THE WAY YOU  
10 FEEL ABOUT IT. I FEEL THE SAME WAY. AND I HAVE A  
11 HARD TIME GETTING THEM TO UNDERSTAND IT. AND I  
12 THINK THE ASSUMPTION IS BECAUSE I DON'T OWN A BIG  
13 BUSINESS OR SOMETHING I COULDN'T KNOW WHAT GOES  
14 ON. AND I KEEP TRYING TO TELL THEM WHAT WORKS IN  
15 THE SUBURBS WILL WORK IN THE INNER CITY IF YOU DARE  
16 TO GIVE IT A TRY.

17                  MR. UEBERROTH: THAT'S R.L.A. THAT'S  
18 OUR WHOLE PHILOSOPHY. IF THE SAME CHANCE IS GIVEN  
19 IN THE INNER CITY THAT THE SUBURBS HAVE, THEN IT IS  
20 GOING TO WORK.

21                  MR. SALAZAR: LET ME SAY BESIDES JOB TAX  
22 CREDIT, CAPITAL INVESTMENT CREDIT, THOSE THAT  
23 INCENT BUSINESSES THAT COME BACK IN, BUT THERE ARE  
24 ALSO PEOPLE THERE WHO OWN PROPERTY. THERE ARE  
25 HOMEOWNERS IN THE INNER CITY WHO ARE NOT INCENTED

1 TO REINVEST BACK IN THEIR PROPERTY BECAUSE OF THE  
2 DISINVESTMENT THAT IS GOING ON BY GOVERNMENT AND BY  
3 EVERYBODY ELSE. THEY ARE NOT INVESTING IN THE  
4 INFRASTRUCTURES. THEY ARE NOT INVESTIGATING IN THE  
5 PARKS AND SCHOOLS AND EVERYWHERE ELSE THAT NEEDS TO  
6 HAPPEN. SHE SHOULD ALSO INCENT THEM, GIVE THEM  
7 SOME KIND OF CREDIT TO INVEST IN THEIR OWN HOME.  
8 IF WE ARE BUILDING AND REINVESTING IN THE SMALL  
9 BUSINESSES AND BRINGING CAPITAL INVESTMENT BACK IN,  
10 LET'S INVEST -- LET'S GET THEM TO INVEST BACK IN  
11 THEIR HOME.

12 ANOTHER -- JUST THE STRUCTURAL ISSUE IS  
13 THAT IT IS TIME FOR GOVERNMENT TO FOLLOW WHAT IS  
14 DEVELOPMENT IN THE INNER CITY. AFTER THE RIOTS IN  
15 THE '60S, WE ALL SAW GOVERNMENT RUSH IN WITH A LOT  
16 OF MILLIONS OF -- WITH MANY MILLIONS OF DOLLARS TO  
17 TRY TO STABILIZE THE ECONOMY, TO TRY TO JUMP START  
18 IT, TO TRY TO KEEP INVESTMENT DOLLARS BACK IN THE  
19 VALUE OF HOMES. AND PRIVATE SECTOR TOOK A WHILE.  
20 THE INVESTMENT THAT HAS GONE BACK IN THE CITY HAS  
21 BEEN WITHOUT GOVERNMENT INCENTIVES, HAS BEEN  
22 WITHOUT THAT. IT IS TIME FOR GOVERNMENT TO  
23 FOLLOW.

24 REBUILD L.A. IS GOING TO WORK. AND IT  
25 IS WORKING AND BUSINESSES ARE INVESTING NOT BECAUSE

1 REBUILD L.A. IS A CHARTER ENTITY OF THE CITY, NOT  
2 BECAUSE IT IS PART OF A COMMUNITY GROUP OUT THERE.  
3 IT IS BECAUSE IT IS TIED TO THE PRIVATE SECTOR, AND  
4 THE PRIVATE SECTOR ALSO FEELS A COMFORT LEVEL TO  
5 COME BACK IN AND INVEST. AND THERE ARE PARTNERS  
6 THERE. AND THEY KNOW THAT THE GOVERNMENT AND  
7 COMMUNITY GROUPS WILL BE PARTNERS WITH THEM.

8 SO IT IS ALSO THAT LITTLE STRUCTURAL  
9 ISSUE AND WHERE DO PEOPLE -- WHERE DO YOU PLACE AN  
10 ORGANIZATION LIKE THIS.

11 MR. UEBERROTH: A LOT OF THE PRIVATE  
12 SECTOR DOESN'T HAVE ALL THE FACTS. A LOT OF THE  
13 PRIVATE SECTOR DOES NOT HAVE ALL THE FACTS -- DO  
14 NOT HAVE ALL THE FACTS. WHATEVER. MY SAN JOSE  
15 STATE EDUCATION.

16 SOME OTHER THINGS THAT WE DO IS TO HELP  
17 THEM FIND AND LINK UP WITH MINORITY FIRMS TO  
18 CONSTRUCT THEIR BUSINESSES, TO FIND OUT HOW TO GO  
19 ABOUT HIRING. BECAUSE IT IS A NEW AREA, A NEW  
20 FIELD. AND EVERY CITY SHOULD HAVE SOME LITTLE  
21 PRIVATE SECTOR GROUP THAT IS JUST IN THE BUSINESS,  
22 PRIVATE SECTOR TRAINING, HIRING, AND INVESTING IN  
23 THE INNER CITY. EVERY CITY SHOULD HAVE SOME LITTLE  
24 GROUP THAT DOES THAT. WE ARE THE GROUP THAT DOES  
25 THAT, AND WE ARE GOING TO CONTINUE TO DO IT.

1 DON'T WORRY ABOUT THE CREDIT. THREE,  
2 FOUR, FIVE YEARS FROM NOW BY THE COPYING ALONE YOU  
3 WILL KNOW THAT IT HAS BEEN VERY SUCCESSFUL.  
4 BECAUSE EVERY CITY WILL HAVE ONE. ALREADY IT IS  
5 HAPPENING IN OTHER CITIES. AND THEY BETTER DO IT.  
6 BECAUSE THE RIOT TORN AREAS, PLEASE GO VISIT THEM.  
7 GO VISIT DETROIT. THERE IS NO INVESTMENT. IT IS  
8 JUST, LEAVE THOSE AREAS ALONE AND PUT BLACKTOP DOWN  
9 AND LET'S HOPE THAT SOMETHING GOOD HAPPENS WITHOUT  
10 OUR HELP. THAT JUST DOESN'T WORK.

11 YOU HAVE BEEN KIND TO LISTEN TO US. AND  
12 YOU HAVE GOT A NUMBER OF MUCH MORE LEARNED PEOPLE  
13 HERE TO LISTEN TO.

14 MR. FLETCHER: YOU HAVE GOTTEN INTO THE  
15 RECORD THE WAY I WANTED YOU TO BE THERE.

16 MR. UEBERROTH: THANK YOU.

17 MR. FLETCHER: THANK YOU VERY MUCH FOR  
18 YOU TIME. OUR RECORD IS OPEN FOR 30 DAYS. AND IF  
19 THERE IS ANYTHING THAT YOU DIDN'T SAY HERE THAT YOU  
20 WANTED TO GET IN, PLEASE LET ME KNOW. BECAUSE AT A  
21 MINIMUM WHAT THIS COMMISSION WANTS, WE WANT TO PUT  
22 SOME PRESSURE, IF YOU WILL, WITH THE INFORMATION  
23 THAT WE HAVE, ON THE HOUSE AND THE SENATE AND SEE  
24 IF WE WANT GET THAT LEGISLATION THAT YOU TALKED  
25 ABOUT.

1                   MR. UEBERROTH: LET ME THANK ALL OF YOU  
2 YOU ARE ALL SACRIFICING YOUR TIME TO SIT HERE AND  
3 DO THIS. I AM A GRANDFATHER, AND I MISSED MY FIRST  
4 GRANDCHILD'S GRADUATION TO FIT AROUND TO BE HERE.  
5 WELL, YOU SACRIFICED A LOT MORE THAN I DID. WE ARE  
6 GRATEFUL FOR YOUR EFFORTS.

7                   MR. FLETCHER: THANK YOU VERY MUCH.

8                   NEXT WITNESS.

9                   MS. ZALOKAR: I WOULD LIKE TO RESUME THE  
10 QUESTIONING WITH MR. NELSON.

11                   MR. NELSON, AS THE EXECUTIVE  
12 VICE-PRESIDENT AND CHIEF DEVELOPMENT OFFICER OF  
13 VONS COMPANIES, COULD YOU TELL US ABOUT VONS'  
14 RECENT DECISION TO BUILD A NUMBER OF SUPERMARKETS  
15 IN INNER CITY LOS ANGELES. AND IN PARTICULAR CAN  
16 YOU TELL US OF HOW MANY SUPERMARKETS VONS HAS FIRM  
17 PLANS TO BUILD, WHEN VONS MADE THE DECISION, AND  
18 WHAT PROMPTED VONS TO MAKE THIS DECISION.

19                   MR. NELSON: IN LATE 1991 AS WE WERE  
20 LOOKING AT OUR MARKET SHARE AND LOOKING AT OUR  
21 GROWTH OPPORTUNITIES, IT BECAME APPARENT TO US THAT  
22 THERE WAS A VERY LARGE MARKET WITHIN THE HEART OF  
23 OUR LARGER MARKET THAT WE WEREN'T SERVING. NOW,  
24 THIS DOESN'T A BIG SURPRISE TO US. BUT WE DID  
25 LEARN THAT WE HAD 1,700,000 PEOPLE IN A SINGLE



1 AREA, THE INNER CITY OF LOS ANGELES, THAT COULDN'T  
2 SHOP AT A VONS STORE EVEN IF THEY WANTED TO.

3 IN FEBRUARY OF 1992 WE MADE A DECISION,  
4 WE MADE THE INTERNAL DECISION, TO INVEST  
5 \$100,000,000 OF OUR CAPITAL TO BUILD STORES IN THE  
6 INNER CITY. NOT UNLIKE MANY CORPORATE STRATEGIC  
7 DECISIONS, OUR DECISION WAS NOT PUBLICLY  
8 ANNOUNCED. WE DIDN'T INTENTIONALLY NOT ANNOUNCE  
9 IT. WE SIMPLY WENT ABOUT BEGINNING TO EXECUTE THAT  
10 DECISION.

11 THE \$100,000,000 SHOULD BUILD TEN TO 12  
12 STORES, DEPENDING ON HOW LARGE THOSE STORES ARE OR  
13 HOW EXPENSIVE THE LAND HAPPENS TO BE. ON APRIL  
14 29TH, HOWEVER, WE SAT IN FRONT OF TELEVISION SETS,  
15 AS WE DID ON THE 30TH AND THE 1ST OF MAY AS WELL,  
16 LOOKING AT THAT PORTION OF THE CITY THAT WE HAD  
17 SAID WE ARE GOING TO INVEST \$100,000,000 OF OUR  
18 CAPITAL, WATCHING IT BURN. AND I THINK YOU WILL  
19 UNDERSTAND THAT IT DIDN'T TAKE MUCH FOR US TO BEGIN  
20 TO CHALLENGE OUR DECISION AS TO WHETHER OR NOT WE  
21 HAVE MADE A VERY INTELLIGENT ECONOMIC DECISION.

22 BY THAT SUNDAY NIGHT, I THINK IT WAS THE  
23 3RD OF MAY, WE REAFFIRMED OUR DECISION. WE MADE A  
24 FEW CHANGES. WE DECIDED THAT WE WOULD DO IT AS  
25 FAST AS POSSIBLE, NOT OVER A FIVE- OR SIX-YEAR

1 PERIOD AS WE HAD ORIGINALLY INTENDED. WE HAD A  
2 BETTER SENSE OF EITHER A SOCIAL OPPORTUNITY OR A  
3 SOCIAL RESPONSIBILITY THAT AROSE OUT OF THE RIOTS,  
4 ONE THAT REALLY WE HAD NOT FOCUSED ON AS WE MADE  
5 OUR ORIGINAL DECISION. AND WE WANTED TO BE SURE  
6 THAT WE ADDRESSED THAT IN OUR STRATEGY.

7 WE ALSO DECIDED THAT AT THE RIGHT TIME  
8 WE WOULD COME OUT OF THE CLOSET. WE WOULD, IN  
9 FACT, ANNOUNCE THIS STRATEGIC DECISION. BECAUSE WE  
10 FELT THAT THE PEOPLE OF LOS ANGELES WOULD PROBABLY  
11 BENEFIT FROM IT.

12 MS. ZALOKAR: COULD YOU PLEASE TELL US  
13 HOW MANY AND WHAT TYPES OF JOBS EACH SUPERMARKET  
14 WILL HAVE AND HOW MANY OF THOSE JOBS WILL GO TO  
15 RESIDENTS OF THE COMMUNITIES IN WHICH THE STORES  
16 ARE LOCATED.

17 MR. NELSON: WELL, FIRST, NEARLY ALL OF  
18 THE JOBS, ALTHOUGH NOT ALL OF THE JOBS, WILL GO TO  
19 TRADE AREA RESIDENTS, THOSE PEOPLE WHO LIVE IN THE  
20 TRADE AREA OF THE STORES. THERE WILL BE A FEW JOBS  
21 THAT WON'T. THERE WILL BE MANAGER JOBS INITIALLY  
22 THAT WON'T BECAUSE IT IS NOT LIKELY WE WILL FIND  
23 SKILLED, TRAINED MANAGERS IN THE IMMEDIATE TRADE  
24 AREA.

25 BUT OTHER THAN THAT AND A SCATTERING OF

1 SKILLED, SEASONED PEOPLE FROM OUR OTHER STORES, THE  
2 EMPLOYEES WILL BE EMPLOYEES FROM THE TRADE AREA.  
3 A TYPICAL STORE MIGHT EMPLOY AS FEW AS 50 PEOPLE IF  
4 IT IS A SMALL STORE. IN A LARGE STORE, A HIGH  
5 VOLUME STORE, IT MIGHT EMPLOY OVER 200 PEOPLE.

6 MS. ZALOKAR: WHAT IS VONS DOING TO  
7 INSURE THAT THE COMMUNITY RESIDENTS RECEIVE THE  
8 NECESSARY TRAINING TO QUALIFY FOR THESE JOBS? AND  
9 IN PARTICULAR COULD YOU TELL US ABOUT YOUR  
10 PREEMPLOYMENT TRAINING PROGRAM.

11 MR. NELSON: WELL, WE HAVE DIVIDED THE  
12 EMPLOYMENT INTO THREE CATEGORIES. THE FIRST  
13 CATEGORY WE WOULD DEFINE AS NOT JUST UNEMPLOYED,  
14 BUT ESSENTIALLY UNEMPLOYABLE WITHOUT FURTHER  
15 TRAINING, NOT JUST JOB TRAINING, BUT BASIC LIFE  
16 SKILL TRAINING. AND WE ARE EMPLOYING A SIGNIFICANT  
17 PERCENTAGE OF EACH STORE'S EMPLOYEE BASE FROM THAT  
18 GROUP, THE UNEMPLOYED AND ESSENTIALLY  
19 UNEMPLOYABLE.

20 WE HAVE DEVELOPED SPECIFIC TRAINING  
21 PROGRAMS FOR THOSE PEOPLE. IN FACT, WE HAVE A  
22 PILOT PROGRAM THAT BEGAN IN MID-MARCH, A PILOT  
23 PROGRAM OF 24 STUDENTS, 18 OF WHOM WILL BE  
24 GRADUATING ON THE 25TH OF THIS MONTH. NOT AS HIGH  
25 A PERCENTAGE OF GRADUATES AS WE HAD ORIGINALLY

1 HOPED, BUT A RATE WE ARE CONVINCED WE CAN IMPROVE.

2 THAT'S ESSENTIALLY A 12- TO 16-WEEK  
3 SPECIAL TRAINING PROGRAM THAT IS BEFORE ANY JOB  
4 TRAINING. THE INDIVIDUALS WHO ARE ACCEPTED FOR  
5 THAT PROGRAM ARE GUARANTEED EMPLOYMENT BY VONS IF  
6 THEY COMPLETE THE PROGRAM AND IF THEY PASS THE DRUG  
7 TEST.

8 MS. ZALOKAR: IS THAT PROGRAM AT LEAST  
9 PARTIALLY FUNDED BY THE JOB TRAINING PARTNERSHIP  
10 ACT FUNDS?

11 MR. NELSON: YES, IT IS.

12 MS. ZALOKAR: I WOULD LIKE TO TURN OVER  
13 THE QUESTIONING OF THIS WITNESS.

14 MR. WANG: COMMISSIONER?

15 MR. REDENBAUGH: WHAT CHANGED IN TERMS  
16 OF YOUR ABILITY TO SEE THIS AS A MARKET  
17 OPPORTUNITY?

18 MR. NELSON: OVER A PERIOD OF 20 OR 30  
19 YEARS VONS ESSENTIALLY WITHDREW FROM THE  
20 COMMUNITY. IT IS NOT THAT WE DIDN'T HAVE STORES  
21 THERE. WE DID. BUT WE CLOSED SMALL STORES AND  
22 TOOK ADVANTAGE OF THE GROWTH AND INCOME  
23 OPPORTUNITIES IN THE SUBURBAN AREAS. DURING THE  
24 '70S AND '80S IT WAS RELATIVELY EASY TO MAKE A GOOD  
25 INVESTMENT DECISION TO INVEST IN NEW STORES IN

1 SUBURBAN AREAS.

2 AS THE ECONOMY IN SOUTHERN CALIFORNIA  
3 BEGAN TO SLOW DOWN IN THE LATE '80S AND AS  
4 POPULATION BEGAN -- GROWTH BEGAN TO SLOW DOWN IN  
5 SUBURBAN AREAS, IT BECAME APPARENT THAT IF WE WERE  
6 GOING TO MEET OUR GROWTH COMMITMENTS WE HAD TO LOOK  
7 ELSEWHERE. WE ALSO HAD THE ADVANTAGE OF  
8 ADVERTISING UMBRELLA IN THE INNER CITY. WE HAD THE  
9 ADVANTAGE OF MANUFACTURING, DISTRIBUTION FACILITIES  
10 THAT WERE LITERALLY WITHIN MILES OF THE INNER  
11 CITY.

12 WE CONCLUDED THAT IT WAS AN ECONOMIC  
13 OPPORTUNITY FOR US TO SERVE THESE NEARLY TWO  
14 MILLION PEOPLE WHO WERE NOT NOW BEING SERVED BY VONS  
15 OR ANY OTHER MODERN SUPERMARKET FACILITY.

16 MR. REDENBAUGH: SO YOU HAVE A RATHER  
17 UNUSUAL CIRCUMSTANCE, THEN, IN THAT -- IN THAT THIS  
18 IS AN IN-FILL OPPORTUNITY FOR YOU

19 MR. NELSON: THAT'S RIGHT.

20 MR. REDENBAUGH: -- THAT YOU WOULDN'T  
21 HAVE IN AN URBAN AREA OUTSIDE OF YOUR TRADE AREA?

22 MR. NELSON: THAT'S CORRECT, YES.

23 MR. REDENBAUGH: WHAT HAS BEEN YOUR  
24 EXPERIENCE TO DATE?

25 MR. NELSON: WELL FIRST, OUR FIRST NEW

1 STORE WON'T OPEN UNTIL NOVEMBER. THE PROCESS IS  
2 ALWAYS A LONG TERM ONE. THE TYPICALLY A NEW STORE  
3 TAKES AT LEAST THREE YEARS FROM COMMITMENT TO  
4 OPENING. AND IN CITIES IT MIGHT TAKE FIVE OR MORE  
5 YEARS. WE ARE PLEASED THAT WE WILL BE ABLE TO OPEN  
6 OUR FIRST NEW STORE AS EARLY AS NOVEMBER OF THIS  
7 YEAR. WE WILL BE OPENING IN COMPTON IN NOVEMBER  
8 AND IN POMONA IN NOVEMBER.

9 MR. REDENBAUGH: LET ME ASK THE OBVIOUS  
10 QUESTION. THE ADDITIONAL TWO YEARS IS THE  
11 PERMITTING REQUIREMENT?

12 MR. NELSON: YES. PERMITTING IS SURELY  
13 A PART OF IT. BUT THAT'S NOT THE ONLY DELAY OR  
14 TIME CONSUMING FACTOR. LAND ACQUISITION IS A MAJOR  
15 OBSTACLE FOR BUILDING LARGE SUPERMARKETS IN THE  
16 CITIES. IT IS VERY DIFFICULT TO FIND FIVE OR SIX  
17 OR SEVEN ACRES IN ONE PARCEL. AND IF WE ARE  
18 SUCCESSFUL IN FINDING THAT KIND OF ACREAGE IN ONE  
19 PARCEL, IT WOULD BE RARE TO HAVE IT ZONED  
20 PROPERLY. MORE TYPICALLY WE ARE FACING MULTIPLE  
21 PARCELS, LAND ASSEMBLAGE, TYPICALLY MULTIPLE  
22 OWNERS, ALL OF WHICH IMPLIES TIME.

23 MR. REDENBAUGH: AND INCREASES YOUR  
24 COST?

25 MR. NELSON: THAT'S RIGHT.

1 MR. REDENBAUGH: SO IT IS TOO EARLY TO  
2 TALK ABOUT YOUR BUSINESS EXPERIENCE. WHAT OTHER  
3 BUSINESSES DO YOU SEE MOVING IN, FOLLOWING YOU IN?

4 MR. NELSON: WELL, WE ARE HOPEFUL THAT  
5 THERE WILL BE A GROUNDSWELL OF SMALL RETAIL  
6 BUSINESS DEVELOPMENT AROUND THE SUPERMARKET. WE  
7 BELIEVE THAT THE TRAFFIC THAT WE ATTRACT, THAT WE  
8 GENERATE, SHOULD BE AN INVITATION TO INDIVIDUAL  
9 RETAIL INVESTMENT, ALTHOUGH BECAUSE LAND IS SO  
10 SCARCE IT IS DIFFICULT FOR US TO BUILD CENTERS THAT  
11 HAVE ADDITIONAL RETAIL SPACE ADJACENT TO THOSE  
12 SUPERMARKETS.

13 MR. REDENBAUGH: DO YOU OPERATE  
14 THROUGHOUT CALIFORNIA?

15 MR. NELSON: WE DO NOT OPERATE IN THE  
16 BAY AREA, NO. WE ARE JUST A SOUTHERN CALIFORNIA  
17 COMPANY, ALTHOUGH WE DO CROSS OVER THE BORDER INTO  
18 LAS VEGAS. WE OPERATE 350 STORES, LARGELY IN  
19 SOUTHERN CALIFORNIA.

20 MR. WANG: CARL, DO YOU HAVE A  
21 QUESTION?

22 MR. ANDERSON: THANK YOU, MR. CHAIRMAN.

23 WE HAVE HEARD A NUMBER OF WITNESSES,  
24 TODAY AND YESTERDAY, TELL US THAT WHAT WE REALLY  
25 HAVE TO HAVE IN THE INNER CITY IS BUSINESS

1 INCENTIVES. AND HERE YOU ARE TELLING US THAT A  
2 BUSINESS HAS MADE A MAJOR COMMITMENT TO THE INNER  
3 CITY WITHOUT THOSE INCENTIVES. CAN YOU TALK ABOUT  
4 THAT A LITTLE BIT, TO HELP US UNDERSTAND WHY YOU  
5 ARE ABLE TO MAKE THAT KIND OF A COMMITMENT AND WHY  
6 FOR OTHER SIMILAR BUSINESSES TO MAKE THE TYPE OF  
7 COMMITMENT YOU ARE MAKING THEY NEED SUBSTANTIAL  
8 INCENTIVES TO DO IT?

9 MR. NELSON: WE ARE PROBABLY NOT UNIQUE,  
10 BUT WE ARE UNUSUAL. WE ARE A MARKET LEADER HERE IN  
11 SOUTHERN CALIFORNIA, AND YET WE DON'T SERVE SOME  
12 TWO MILLION OF PEOPLE IN SOUTHERN CALIFORNIA.  
13 THOSE PEOPLE LIVE WITHIN OUR DISTRIBUTION NETWORK,  
14 WITHIN OUR ADVERTISING UMBRELLA, THEY ARE FAMILIAR  
15 WITH OUR REPUTATION AS TO QUALITY, PRICE, SERVICE.

16 SO WE HAVE A UNIQUE -- NOT UNIQUE -- BUT  
17 UNUSUAL OPPORTUNITY THAT OTHERS MAY NOT HAVE. IF  
18 THOSE DECISIONS WERE RELATIVELY EASY FOR US AND IT  
19 WAS A RELATIVELY EASY DECISION, IT WAS PROBABLY NOT  
20 MUCH HARDER THAN OTHERS TO FACE.

21 WE ARE NOT NAIVE, HOWEVER, IN VIEWING  
22 THE COSTS OF OPERATING IN THE INNER CITY. WE DO  
23 NOT BELIEVE THAT OUR OPERATING COSTS ARE GOING TO  
24 BE CONSISTENT WITH OUR SUBURBAN STORES. WE DO HAVE  
25 ROUGHLY 20 STORES THAT OPERATE ON THE FRINGE OF THE



1 INNER CITIES. THEY ARE SMALLER OLDER STORES, AND  
2 THE OPERATING COSTS OF THOSE STORES ARE CONSISTENTLY  
3 HIGHER THAN SUBURBAN STORES.

4 FORTUNATELY, AS A RESULT OF THE DENSITY  
5 IN THE INNER CITY, WE EXPECT THAT OUR SALES PER  
6 SQUARE FOOT OR OUR SALES PER STORE WILL BE  
7 SIGNIFICANTLY GREATER THAN THE CHAIN AVERAGE. I  
8 THINK WE HEARD BOB MENTION THAT SMART & FINAL'S  
9 EXPERIENCE IN THE THREE STORES THEY HAVE RECENTLY  
10 OPENED IN THE INNER CITY IS BETTER THAN CHAIN  
11 AVERAGE. AND IT IS LARGELY A FUNCTION OF THE  
12 NUMBER OF PEOPLE WHO LIVE CLOSE TO THE STORE.

13 MR. ANDERSON: SO, OBVIOUSLY, FROM THE  
14 STANDPOINT OF SELF-INTEREST YOU HAVE MADE THE  
15 DECISION TO COME INTO THE CITY LIKE THIS. BUT FROM  
16 THE STANDPOINT OF YOUR EXPERIENCE IN INDUSTRY,  
17 ASIDE FROM HOW IT WOULD AFFECT YOUR COMPANY, DO  
18 YOU SUPPORT THAT NOTION THAT THERE HAVE TO BE  
19 STRONG INCENTIVES?

20 MR. NELSON: YES, I SURELY DO. AND EVEN  
21 WE AT VONS ARE FACING SIGNIFICANT COST FACTORS,  
22 LAND COST FACTORS, THAT WE HAVEN'T ANTICIPATED FOR  
23 US TODAY AND THAT WILL MAKE IT DIFFICULT FOR US TO  
24 ROUND OUT OUR \$100,000,000 INVESTMENT.

25 I AM NOT SURE ANY HAS YET MENTIONED AT

1 LEAST IN THE LAST COUPLE OF HOURS THAT THE STATE OF  
2 CALIFORNIA DON'T HAS FINALLY I BELIEVE -- AND I  
3 HOPE THE GOVERNOR HAS SIGNED IT -- PASSED A BILL  
4 THAT IS ENTITLED I THINK IT IS THE LOS ANGELES  
5 REVITALIZATION ZONE BILL. ESSENTIALLY IT PROVIDES  
6 STATE BENEFITS, STATE TAX INCENTIVE BENEFITS, FOR  
7 MUCH BROADER AREAS THAN THE FEDERAL AND STATE  
8 ENTERPRISE ZONES THAT ARE NOW IN EXISTENCE.

9 I BELIEVE THAT IF THOSE STATE ZONE  
10 BENEFITS WERE EXPANDED TO FEDERAL TAX BENEFITS AS  
11 WELL, WE WOULD SEE A SIGNIFICANT INCREASE IN  
12 INVESTMENT IN THE INNER CITY, INCLUDING THE VONS  
13 COMPANIES.

14 MR. WANG: ANYTHING MORE?

15 MS. ZALOKAR: I HAVE JUST ONE MORE  
16 QUESTION. I WANT TO KNOW WHAT VONS IS DOING TO  
17 INSURE THAT MINORITY-OWNED FIRMS ARE HELPING TO  
18 BUILD AND SERVICE ITS STORES?

19 MR. NELSON: WELL, WE ARE REACHING OUT  
20 TO THE MINORITY-OWNED BUSINESS COMMUNITY IN A WAY  
21 WE NEVER HAVE BEFORE, REACHING OUT TO IDENTIFY  
22 QUALIFIED FIRMS, INCLUDING CONSTRUCTION FIRMS. WE  
23 HAVE ENCOURAGED SUCCESSFUL GENERAL CONTRACTORS TO  
24 FORM GENERAL -- TO FORM JOINT VENTURES WITH  
25 MINORITY-OWNED CONSTRUCTION COMPANIES. WE HAVE AT

1 THIS TIME ENGAGED NEARLY ALL MINORITY-OWNED  
2 BUSINESSES TO BUILD THE STORES THAT ARE NOW UNDER  
3 CONSTRUCTION. AND, IN FACT, MOST OF THOSE  
4 CONTRACTS WERE WON IN A COMPETITIVE BIDDING  
5 PROCESS.

6 BUT THE ONE THING WE HAVEN'T DONE AND  
7 THE ONE THING WE DID NOT INTEND TO DO IS TO FORM A  
8 MINORITY-OWNED BUSINESS DEPARTMENT IN THE COMPANY.  
9 WE BELIEVE THAT THE INTEGRATION OF THE  
10 MINORITY-OWNED BUSINESS INTO THE FABRIC OF VONS IS  
11 THE ONLY WAY THAT THOSE RELATIONSHIPS WILL ENDURE  
12 AT VONS.

13 MS. ZALOKAR: THANK YOU.

14 I WOULD LIKE TO TURN THE QUESTIONING  
15 OVER TO MR. GAGE. MR. GAGE, CAN YOU DESCRIBE VERY  
16 BRIEFLY THE MISSION OF CALSTART, THE CONSORTIUM OF  
17 WHICH YOU ARE PRESIDENT.

18 MR. GAGE: THE MISSION OF CALSTART IS TO  
19 CREATE AN INDUSTRY THAT WILL CREATE JOBS. IT IS  
20 THAT SIMPLE.

21 MS. ZALOKAR: COULD YOU TELL THE  
22 COMMISSIONERS WHY YOU BELIEVE THAT THAT INDUSTRY,  
23 WHICH IS THE ELECTRIC CAR INDUSTRY, IS A GOOD  
24 PROSPECT FOR SOUTHERN CALIFORNIA AND IN PARTICULAR  
25 WHY DOES SOUTHERN CALIFORNIA HAVE A COMPETITIVE

1 EDGE IN PRODUCING ELECTRIC CARS AND WHAT IS THE  
2 POTENTIAL MARKET FOR ELECTRIC CARS?

3 MR. GAGE: I WOULD START BY SAYING IT IS  
4 MORE THAN JUST ELECTRIC CARS. WE ARE ADVANCED  
5 TRANSPORTATION TECHNOLOGIES. AND THAT INCLUDES  
6 EVEN NATURAL GAS VEHICLES. AND I OFTEN SAY THAT  
7 BECAUSE THE GAS COMPANY ALSO SITS ON MY BOARD OF  
8 DIRECTORS.

9 BUT, IN FACT, WE DID START WITH AN  
10 EMPHASIS ON ELECTRIC VEHICLES. AND WE STILL ARE  
11 KNOWN AS PRIMARILY AN ELECTRIC VEHICLE INDUSTRY.  
12 AND LET ME SAY THAT THERE ARE SEVERAL REASONS WHY  
13 WE BELIEVE IT WILL BE SUCCESSFUL, WHY WE BELIEVE  
14 THERE IS A HUGE MARKET POTENTIAL, AND WHY WE THINK  
15 THAT CALIFORNIA DOES HAVE AN ADVANTAGE.

16 FIRST OF ALL, AS YOU KNOW, THE  
17 CALIFORNIA AIR QUALITY BOARD HAS SET THE STANDARD  
18 THAT 2 PERCENT OF ALL VEHICLES OFFERED FOR SALE IN  
19 CALIFORNIA BY 1998 MUST BE ZERO EMISSION VEHICLES.  
20 THOSE VEHICLES CAN ONLY BE ELECTRIC VEHICLES.  
21 THAT'S ALL THAT QUALIFIES AS ZERO EMISSION  
22 VEHICLES. THAT WOULD BE IN 1998 A MINIMUM OF  
23 20,000 VEHICLES. THAT ESCALATES IN THE YEAR 2003  
24 TO 10 PERCENT OF ALL VEHICLES OFFERED FOR SALE, OR  
25 200,000 VEHICLES, IN THE YEAR 2003.

1                    BUT WE ALSO KNOW THAT IN ADDITION TO THE  
2 CALIFORNIA STANDARD, 17 OF THE 19 WORLD AUTO  
3 MANUFACTURERS ARE CURRENTLY AGGRESSIVELY INVOLVED  
4 IN DEVELOPING ELECTRIC AUTOMOBILES. AND  
5 CONSEQUENTLY WE KNOW THAT MANY COUNTRIES IN EUROPE  
6 REQUIRE WITHIN THE NEXT COUPLE OF YEARS THAT  
7 ELECTRIC VEHICLES BE ON THEIR STREETS. IN FRANCE,  
8 IN SWEDEN, AND ITALY, THEY ALL HAVE REQUIREMENTS  
9 THAT ELECTRIC VEHICLES IN SOME NUMBERS BE ON THEIR  
10 STREETS. IN ADDITION, THEY ARE ACTUALLY SHUTTING  
11 DOWN IN SOME INSTANCES THEIR CENTRAL CITIES TO  
12 NONELECTRIC VEHICLES BECAUSE OF THE CULTURAL  
13 POLLUTION AND DIMINISHMENT BY AIR POLLUTION OF  
14 THEIR CULTURAL ARTIFACTS FROM INTERNAL COMBUSTION  
15 ENGINE EMISSIONS.

16                    SO WE BELIEVE THERE IS A HUGE GLOBAL  
17 MARKET FOR ELECTRIC VEHICLES AS WELL. IN FACT, IN  
18 MEXICO CITY, THERE ARE TWO MILLION AUTOMOBILES IN  
19 MEXICO CITY. 80 PERCENT OF THE POLLUTION COMES  
20 FROM AUTOMOBILES IN MEXICO CITY. AND IF YOU  
21 ELIMINATED ONE EIGHTH, 250,000 VEHICLES, YOU WOULD  
22 ELIMINATE 50 PERCENT OF THE AUTO EMISSION -- OR  
23 50 PERCENT OF THEIR POLLUTION IN MEXICO CITY BY  
24 ELECTRIFYING THEIR JITNEYS, THEIR BUSES, AND THEIR  
25 TAXES, YOU COULD ELIMINATE LITERALLY 50 PERCENT OF

1 AIR AIRBORNE EMISSIONS. SO THERE ARE HUGE  
2 OPPORTUNITIES. WE KNOW THAT CITIES AROUND THE  
3 GLOBE ARE LOOKING AT THIS ALREADY.

4 SECONDLY, WE KNOW THAT THE AUTOMOBILE  
5 MANUFACTURERS ARE GEARING UP FOR IT. AND, THIRDLY,  
6 CALIFORNIA BECAUSE OF ITS AEROSPACE INDUSTRY HAS  
7 COMPETITIVE ADVANTAGE. BECAUSE THEY PUT ENORMOUS  
8 EMPHASIS ON LIGHT-WEIGHT MATERIAL, ON ENERGY  
9 EFFICIENT OPERATIONS AND ON HIGH VALUE ADDED  
10 PRODUCT AND HIGH QUALITY PRODUCTS, ALL OF THOSE  
11 AREAS FIT ELECTRIC VEHICLES SUBSTANTIALLY LIKE A  
12 GLOVE. SO THAT IN TRANSFERRING THOSE TECHNOLOGIES  
13 TO ELECTRIC CARS AND/OR NATURAL GAS VEHICLES, THERE  
14 ARE ENORMOUS OPPORTUNITIES IN CALIFORNIA THAT  
15 FRANKLY DON'T EXIST ANYWHERE ELSE IN THE WORLD.  
16 AND ONLY A FEW OTHER PLACES COME CLOSE TO HAVING  
17 THE SAME COMPETITIVE ADVANTAGE THAT CALIFORNIA  
18 DOES.

19 MS. ZALOKAR: COULD YOU ESTIMATE HOW  
20 MANY JOBS THE ELECTRIC CAR INDUSTRY IS LIKELY TO  
21 CREATE IN SOUTHERN CALIFORNIA OVER THE NEXT FEW  
22 YEARS, WHAT TYPES OF JOBS WILL BE CREATED, AND ALSO  
23 CAN YOU TELL US WHAT THE PROSPECTS ARE FOR  
24 MINORITIES GETTING A LARGE PORTION OF THESE JOBS,  
25 OR A PORTION OF THESE JOBS.

1                   MR. GAGE: WE HAVE ESTIMATED AT CALSTART  
2                   THAT IF WE HAVE ONE THIRD -- IN CALIFORNIA --  
3                   ONE THIRD OF THE ELECTRIC VEHICLE INDUSTRY BY THE  
4                   YEAR 2000 THAT THAT WILL LIKELY EQUAL ABOUT 55,000  
5                   JOBS. THERE WAS A UCLA STUDY THAT WAS ANNOUNCED  
6                   JUST LAST WEEK THAT I HAVE FORGOTTEN THE ACTUAL  
7                   NUMBERS THAT WERE IN THAT STUDY. I HAVE ASKED FOR  
8                   A COPY OF IT. BUT IT WAS IN THE NEIGHBORHOOD OF  
9                   24,000 JOBS IN SOUTHERN CALIFORNIA THAT THEY  
10                  BELIEVED WOULD BE CREATED BY AN ELECTRIC VEHICLE  
11                  INDUSTRY. I THINK THEY WERE A LITTLE CONSERVATIVE,  
12                  BUT THAT IS HOW ACADEMIA SHOULD BE. NONETHELESS,  
13                  THEY WERE ONLY FOCUSING ON SOUTHERN CALIFORNIA, NOT  
14                  ALL OF CALIFORNIA WHICH WE WERE TALKING ABOUT.  
15                  WE BELIEVE THAT WE WILL CREATE THOUSANDS OF JOBS BY  
16                  THE END OF THIS YEAR, IN LESS THAN 18 MONTHS OF  
17                  EXISTENCE IN THIS ELECTRIC VEHICLE INDUSTRY AND  
18                  55,000 BY THE YEAR 2000.

19                         IN TERMS OF MINORITY -- WELL, IN TERMS  
20                         OF TYPE OF JOBS, FIRST AND FOREMOST YOU ARE LOOKING  
21                         AT HIGH WAGE, HIGH SKILLED JOBS IN THE  
22                         MANUFACTURING END OF THE BUSINESS. YOU ARE LOOKING  
23                         AT MACHINIST JOBS, YOU ARE LOOKING AT AUTO WORKER  
24                         JOBS, BUT PREDOMINANTLY IN THE MACHINIST AREA,  
25                         HIGH WAGE, HIGH SKILL JOBS. THOSE ARE EXACTLY THE

1 KIND OF JOBS THAT ARE GOING OUT OF EXISTENCE AS THE  
2 AEROSPACE INDUSTRY MEETS ITS DECLINE IN CALIFORNIA.

3 IN ADDITION TO THAT, THERE ARE THE JOBS  
4 OF INSTALLING THE ELECTRIC AND NATURAL GAS  
5 INFRASTRUCTURE, VEHICLE INFRASTRUCTURE, IN THE  
6 STATE, WHICH IS ENORMOUS. IT IS A DRAMATIC  
7 CHANGE. AND WE ARE INVOLVED ALREADY IN INSTALLING  
8 THAT INFRASTRUCTURE. BUT INSTALLING IT IN  
9 EVERYONE'S HOME, INSTALLING IT IN THE EQUIVALENT  
10 OF SERVICE STATIONS THROUGHOUT THE STATE WILL  
11 CREATE A SUBSTANTIAL NUMBER OF ELECTRICAL JOBS, THE  
12 TYPICAL I.B.E.W. JOBS, WHICH ARE ALSO HIGH WAGE,  
13 HIGH SKILL JOBS. IT WILL ADD A SUBSTANTIAL NUMBER  
14 OF JOBS JUST IN TERMS OF THE DEVELOPMENT INDUSTRY  
15 THAT GOES ALONG WITH IT. SO WE BELIEVE THE  
16 PREPONDERANCE OF THESE JOBS ARE HIGH WAGE, HIGH  
17 SKILL.

18 WE BELIEVE THAT THERE ARE ENORMOUS  
19 OPPORTUNITIES WITHIN THE MINORITY COMMUNITY TO  
20 BRING THE MINORITY COMMUNITY IN. YOU HEARD EARLY  
21 TODAY FROM AN EARLIER PANEL FROM ONE OF OUR BOARD  
22 MEMBERS, DR. JOE BARRINGTON, WHO WAS HERE. AND WE  
23 HAVE ESTABLISHED SOME DIRECT LINKAGES WITH MINORITY  
24 COMMUNITIES FROM SOUTH CENTRAL AND EAST L.A. AND  
25 WE BELIEVE IT IS CRITICAL THAT THEY BE BROUGHT IN.



1 IN FACT, WE HAVE DEVELOPED INTERNSHIPS WITH CAL  
2 STATE L.A.'S ENGINEERING DEPARTMENT. AND THEY ARE  
3 BY THE WAY THE ONLY MINORITY INSTITUTION,  
4 EDUCATIONAL INSTITUTION, IN THE STATE OF  
5 CALIFORNIA.

6 WE HAVE DEVELOPED THOSE LINKAGES TO  
7 ESTABLISH MINORITY ENGINEERING INTERNSHIPS WITH ALL  
8 OF THE 60 COMPANIES, OR 60 ENTITIES, INVOLVED WITH  
9 CALSTART NOW SO THAT WE CAN GET PEOPLE IN AT THE  
10 GROUND FLOOR LEVEL.

11 WE ALSO HAVE RECRUITED IN A COMPANY  
12 CALLED SOLAR ELECTRIC ENGINEERING THAT JUST OPENED  
13 THEIR CONSTRUCTION -- OR THEIR MANUFACTURING  
14 FACILITY IN SOUTH CENTRAL LOS ANGELES. AND THEY  
15 INTEND TO ACTUALLY MANUFACTURE ELECTRIC VEHICLES IN  
16 SOUTH CENTRAL LOS ANGELES, IN ADDITION TO  
17 DR. BARRINGTON WHO WAS HERE EARLIER WHO OWNS GROUP  
18 IX AEROSPACE.

19 SO THERE ARE ENORMOUS OPPORTUNITIES. WE  
20 ARE WORKING WITH THE INTERNATIONAL ASSOCIATION OF  
21 MACHINISTS, THAT ALSO SITS ON OUR BOARD OF  
22 DIRECTORS, TO ASK THEM TO BRING IN AT LEAST THE  
23 EQUIVALENT OF OUR POPULATION DIVERSITY INTO  
24 TRAINING PROGRAMS WITH US, MINORITIES IN AT LEAST  
25 AN EQUIVALENCY AS WE BRING PEOPLE BACK ONTO THE JOB

1 FROM PEOPLE WHO HAVE LOST THEIR JOBS IN THE  
2 AEROSPACE INDUSTRY.

3 MS. ZALOKAR: THANK YOU VERY MUCH. I  
4 WOULD LIKE TO TURN THE QUESTIONING OF THIS WITNESS  
5 OVER TO THE COMMISSIONERS.

6 MR. REYNOSO: I UNDERSTAND THAT YOU HAVE  
7 PRODUCED A PROTOTYPE ELECTRIC CAR ALREADY. IS THAT  
8 READY TO GO, OR ARE YOU STILL DOING MORE  
9 ENGINEERING, ET CETERA? BECAUSE I READ THAT  
10 COMPETITORS, I.E., THE BIG AUTO COMPANIES, ARE VERY  
11 MUCH INTO THIS BECAUSE THEY SEE THAT -- WELL, THEY  
12 SEE THE WRITING ON THE WALL IN TERMS OF THE  
13 NECESSITY TO PROVIDE ELECTRIC CARS. ARE YOU GOING  
14 TO COMPETE WITH THEM? ARE YOU GOING TO WORK IN  
15 COOPERATION WITH THE BIG AUTO MAKERS? WHAT IS THAT  
16 RELATIONSHIP?

17 MR. GAGE: THE RELATIONSHIP IS ONE, I  
18 WOULD SAY, ON THEIR PART IS LOVE/HATE. IN  
19 FAIRNESS, THEY TRY TO DISCOUNT US TO SOME  
20 EXPERIENCE. THEY DO NOT LOVE THE 2 PERCENT SALES  
21 REQUIREMENT AT ALL. IN FACT, THEY ARGUED  
22 VOCIFEROUSLY AGAINST THEM.

23 I WOULD SAY FOR THAT REASON IF WE CAN  
24 SHOW THAT IT CAN BE DONE, WE BOTH HELP THEM ON THE  
25 ONE HAND AND CAUSE THEM TO CHANGE ON THE OTHER. SO

1 THAT'S ALWAYS A DIFFICULT PROCESS TO GO THROUGH.

2 BUT BY AND LARGE WE HAVE A GOOD WORKING  
3 RELATIONSHIP WITH THEM. THE SHOWCASE ELECTRIC  
4 VEHICLE WAS DESIGNED TO SHOWCASE 20 DIFFERENT  
5 TECHNOLOGIES. AND IT HAS DONE THAT AT THE L.A.  
6 AUTO SHOW, THE GENEVA AUTO SHOW, THE TOKYO TRADE  
7 SHOW, AND IT HAS GONE AROUND THE WORLD, AS WELL AS  
8 AROUND THE U.S., SHOWING THOSE TECHNOLOGIES.

9 MR. REYNOSO: IF THE AUTO INDUSTRY DOES  
10 NOT DEVELOP AN ELECTRIC CAR QUICKLY ENOUGH, WILL  
11 YOUR ORGANIZATION AND THE MANY FOLK THAT ARE PART  
12 OF IT BE ABLE TO PRODUCE YOUR OWN ELECTRIC CAR TO  
13 PUT IT ON THE MARKET IN SOUTHERN CALIFORNIA? IT  
14 SEEMS TO ME THAT SOUTHERN CALIFORNIA IS LARGE  
15 ENOUGH TO BE ITS OWN MARKET, IF YOU WILL. AND SO I  
16 JUST WONDERED WHAT YOUR PLANS ARE IN THAT REGARD.

17 MR. GAGE: COMMISSIONER REYNOSO, WE  
18 BELIEVE THAT THERE ARE ENORMOUS OPPORTUNITIES.  
19 FOR EXAMPLE, WE JUST SUBMITTED ANOTHER APPLICATION  
20 TO ARPA JUST LAST WEEK. AND I WOULD SAY THAT IN  
21 THAT APPLICATION THERE WERE FOUR ELECTRIC  
22 AUTOMOBILE MANUFACTURERS AND FIVE ELECTRIC BUS  
23 MANUFACTURERS PARTICIPATING IN THAT PROGRAM. THAT  
24 IS, CALSTART IS HERE TO PROMOTE THE INDUSTRY AND TO  
25 GET IT MOVING.

1                    THAT'S NINE ELECTRIC VEHICLE  
2        MANUFACTURERS ALREADY HERE IN CALIFORNIA.    AND  
3        THAT'S NOT ALL OF THEM.    THERE ARE ACTUALLY A  
4        COUPLE OF ADDITIONAL ONES WHO FOR WHATEVER REASON  
5        HAVE NOT COME UP TO ALLOW US TO HELP THEM.    BUT WE  
6        BELIEVE THEY WILL.

7                    THE SHORT ANSWER TO YOUR QUESTION IS  
8        THAT YES, WE BELIEVE THERE ARE PLENTY OF  
9        OPPORTUNITIES TO CREATE IT HERE IF THEY DON'T.    AND  
10       FRANKLY THEY CAN LICENSE, IF THEY WANT TO,  
11       MANUFACTURERS HERE IN CALIFORNIA TO DO THE JOB FOR  
12       THEM IF THEY REALLY DON'T WANT TO DO THEM TO MEET  
13       THEIR 2 PERCENT REQUIREMENTS.    SO WE THINK THERE  
14       ARE ENORMOUS OPPORTUNITIES FOR CALIFORNIA AND ALSO  
15       FOR THE AUTOMOBILE MANUFACTURERS.    THEY HAVE YET  
16       TO SEE THIS AS A PROFIT CENTER.    THEY SEE IT AS A  
17       COST OF GOING BUSINESS.    AT SOME POINT THEY WILL  
18       SEE IT AS A PROFIT CENTER.    AND THAT'S WHEN IT WILL  
19       REALLY TAKE OFF.

20                    MR. REYNOSO:    THANK YOU.

21                    MS. ZALOKAR:    I WOULD LIKE TO CONTINUE  
22        THE QUESTIONING WITH FORESCEE HOGAN-ROWLES.

23                    AS EXECUTIVE DIRECTOR FOR THE COALITION  
24        FOR WOMEN'S ECONOMIC DEVELOPMENT CAN YOU EXPLAIN  
25        BRIEFLY THE WORK OF THAT ORGANIZATION.

1 MS. HOGAN-ROWLES: SURE. I WILL REFER  
2 TO THE COALITION FOR WOMEN'S ECONOMIC DEVELOPMENT  
3 BY THE ACRONYM CWED. WE WERE DESIGNED AND  
4 FOUNDED IN 1989 -- ACTUALLY 1988. AND THE ORIGINAL  
5 RESEARCH WAS DONE ON THE PROJECT FROM 1986 TO  
6 1987. SO THIS -- ACTUALLY WE ARE IN OUR FIFTH YEAR  
7 OF OPERATION. WE ASSIST LOW INCOME PEOPLE IN  
8 STARTING AND MANAGING MICROBUSINESSES.

9 WE ALSO OPERATE THE LARGEST  
10 MICROENTERPRISE LOAN FUND IN SOUTHERN CALIFORNIA.  
11 AND WE MAKE WHAT IS CALLED NONTRADITIONAL LOANS TO  
12 LOW INCOME BUSINESS OWNERS. WE DO TWO DIFFERENT  
13 KINDS OF LENDING. WE DO WHAT IS CALLED PEER  
14 LENDING, WHICH IS AN IDEA TAKEN FROM THE THIRD  
15 WORLD COUNTRIES, AND PLACED IN AN URBAN  
16 ENVIRONMENT. WHAT WE HAVE DONE IS ACTUALLY PROVEN  
17 THAT IT CAN WORK. NOW, THERE WAS SOME CONCERN THAT  
18 YOU COULDN'T TAKE A THIRD WORLD MODEL AND PLACE IT  
19 WITHIN AN URBAN ENVIRONMENT AND HAVE IT WORK. WHAT  
20 WE HAVE PROVEN IS THAT IT DOES.

21 THE SECOND KIND OF LENDING THAT WE DO IS  
22 CALLED INDIVIDUAL LENDING. IT IS BASICALLY THE  
23 SAME MODEL THAT TRADITIONAL FINANCIAL INSTITUTIONS  
24 EMPLOY. HOWEVER, WE HAVE SOME DIFFERENT CRITERIA  
25 THAT IS A BIT MORE -- IT HELPS IN A LOT OF WAYS THE

1       LOW INCOME BUSINESS OWNERS TO ACCESS CREDIT.

2                   THE OTHER THING WE OFFER IS TRAINING.  
3       AND OUR PHILOSOPHY IS BASED ON A PEER PHILOSOPHY IN  
4       WHICH WE BELIEVE THAT WHEN PEOPLE COME TOGETHER  
5       IN A GROUP AND THEY DECIDE TO BETTER THEMSELVES  
6       THROUGH SEVERAL EMPLOYMENT, THAT IF THEY HAVE PEER  
7       SUPPORT EITHER THROUGH THEIR OWN COLLEAGUES OR  
8       THEIR OWN FRIENDS WITHIN THE NEIGHBORHOOD OR PEOPLE  
9       THAT THEY KNOW THAT ARE IN SIMILAR BUSINESSES, THEN  
10      THEY CAN IN FACT SUCCEED.

11                   AND SO WHAT WE DO IN OUR TRAINING IS DO  
12      THAT IN VERY SMALL NUMBERS, NO MORE THAN 15 OR 20  
13      PEOPLE IN A CLASS, OR A SESSION. AND WE ENCOURAGE  
14      THE GROUP TO SUPPORT EACH OTHER. WE ALSO REQUIRE  
15      HOMEWORK IN THAT SESSION. IT IS A 12-WEEK TRAINING  
16      COURSE. AND YOU HAVE TO HAVE BEEN IN BUSINESS FOR  
17      SIX MONTHS OR MORE. WE ALSO OFFER A FOUR-WEEK  
18      TRAINING COURSE WHICH WE CALL GET READY FOR  
19      BUSINESS BECAUSE WE FOUND THAT NUMBER OF PEOPLE  
20      WOULD START THE BUSINESS PLAN CLASS AND REALIZE  
21      THAT IT WASN'T FOR THEM.

22                   SO WE OFFER PEOPLE TOOLS SO THAT THEY  
23      CAN SELF-SELECT THEMSELVES INTO THE PROGRAM OR OUT  
24      OF THE PROGRAM. IN THE FOUR-WEEK SESSION YOU HAVE  
25      TO HAVE BEEN IN BUSINESS FOR LESS THAN SIX MONTHS

1 OR READY TO START. AND THE PURPOSE OF THE GET  
2 READY FOR BUSINESS WORKSHOP IS FOR PEOPLE TO  
3 DETERMINE WHETHER OR NOT THEIR BUSINESS IS A VIABLE  
4 ONE, IF THEIR BUSINESS COULD BE A VIABLE ONE, IF  
5 THEIR IDEA COULD WORK, IF THEY HAVE THE TOOLS THAT  
6 THEY NEED, AND WHAT THE PRICING LOOKS LIKE,  
7 WHAT THE COMPETITIVE ENVIRONMENT IS. AND IT GIVES  
8 PEOPLE AN OPPORTUNITY TO DETERMINE IF THEY WANT TO  
9 CONTINUE TO ACTUALLY START A BUSINESS.

10 SO BASICALLY WE OFFER THE THREE  
11 PROGRAMS, IN SUMMARY. AND THAT IS THE  
12 ENTREPRENEURIAL TRAINING, IN TWO DIFFERENT  
13 SESSIONS, A FOUR-WEEK AND A 12-WEEK, AND TWO TYPES  
14 OF LENDING, PEER LENDING AND INDIVIDUAL LENDING.

15 MS. ZALOKAR: COULD YOU TELL THE  
16 COMMISSIONERS WHAT TYPES OF BUSINESSES YOUR CLIENTS  
17 GO INTO AND HOW SUCCESSFUL THESE BUSINESSES HAVE  
18 BEEN.

19 MS. HOGAN-ROWLES: YOU KNOW, ONE THING I  
20 WANT TO DO IS DEFINE WHAT WE MEAN BY "SUCCESS."  
21 BECAUSE I THINK THAT IS ALWAYS CRITICAL THAT IF WE  
22 START TO TALK ABOUT THE POPULATION THAT WE WORK  
23 WITH, IT IS CRITICAL THAT THE IDEA OF SUCCESS BE  
24 UNDERSTOOD IN THE TERMS IN WHICH IT IS ACCESSED.

25 AND ONE WAY THAT I CAN DO THAT IS THAT

1 THE PEOPLE THAT WE WORK WITH ARE LOW INCOME AND  
2 VERY LOW INCOME, MEANING THEY ARE PROBABLY -- WE  
3 USE THE HUD GUIDELINES. SO WE ARE TALKING ABOUT UP  
4 TO \$24,500 FOR '92. WE JUST GOT OUR NEW LETTER AND  
5 WE ARE UP TO ABOUT \$25,700 IN L.A. COUNTY FOR A  
6 SINGLE PERSON IS LOW INCOME. IN OTHER PARTS OF THE  
7 COUNTRY THAT'S MIDDLE INCOME. IN FACT, IN  
8 DIFFERENT PARTS OF CALIFORNIA IT IS MIDDLE INCOME.  
9 SO IT IS A PRETTY HIGH NUMBER OF PEOPLE THAT WE  
10 ACTUALLY SERVE.

11 AND WHAT WE LOOK AT IS THE DIFFERENCE OR  
12 INCREASE IN SMALL INCREMENTS IN A PERSON'S INCOME  
13 FROM THE TIME THAT THEY BEGIN IN OUR PROGRAM TO THE  
14 TIME -- AND WE MEASURE THINGS IN SIX MONTH  
15 INTERVALS -- TO THE TIME THAT THEY LEAVE OUR  
16 PROGRAM OR THEY DECIDE TO ACCESS ANOTHER LOAN OR  
17 THEY DECIDE TO GET SOME ADDITIONAL TRAINING. WHAT  
18 THAT MEANS IS THAT WE HAVE PEOPLE THAT ARE COMING  
19 TO US THAT ARE MAKING MAYBE \$400 A MONTH. AND THEY  
20 DON'T HAVE ANY OTHER SOURCES OF INCOME. YES, MAYBE  
21 THEY ARE RECEIVING SOME GOVERNMENT ASSISTANCE, BUT  
22 MAYBE THEY HAVEN'T HAD A TELEPHONE.

23 SO THEY USE THEIR ADDITIONAL INCOME TO,  
24 IN FACT, ACCESS A TELEPHONE SO THAT THEY NOW HAVE A  
25 TELEPHONE IN THEIR HOME AND THEY DON'T HAVE TO GO



1 TO A PHONE BOOTH. THAT'S ONE MEASURE OF SUCCESS,  
2 SOME ADDITIONAL INCOME TO SUPPLY A BASIC NEED THAT  
3 THEY SEE AS BEING IMPORTANT.

4 ANOTHER MEASURE OF SUCCESS THAT WE LOOK  
5 AT IS THE ABILITY TO OPEN A BANK ACCOUNT. MOST OF  
6 THE PEOPLE THAT WE ASSIST HAVE NEVER HAD BANK  
7 ACCOUNTS. AND THEY, IN FACT, ARE A LARGE  
8 POPULATION TO A GREAT DEGREE THE PEOPLE THAT GO TO  
9 THE CHECK CASHING STOPS AND GO TO THE GROCERY  
10 STORES TO CASH CHECKS. AND THEY DON'T HAVE A  
11 MECHANISM TO SAVE THEIR MONEY AND/OR PREPARE  
12 CHECKS.

13 SO THEY ARE, IN FACT, SPENDING MONEY NOT  
14 ONLY TO BUY A MONEY ORDER OR CASHIER'S CHECK. BUT  
15 THEY ARE ALSO UNABLE TO SAVE. AND THERE IS A  
16 GREATER DEGREE OF OPPORTUNITY FOR CRIME TO BE  
17 INFLICTED UPON THEM BECAUSE THEY ARE CARRYING LARGE  
18 AMOUNTS OF MONEY AROUND FOR SHORT PERIODS OF TIME.

19 SO THE ABILITY TO OPEN A CHECKING ACCOUNT OR THE  
20 ABILITY TO OPEN A SAVINGS ACCOUNT IS WHAT WE LOOK  
21 AT AS A MEASURE OF SUCCESS.

22 THE OTHER THING THAT WE LOOK AT IS THE  
23 ABILITY OF THAT PERSON TO PAY THEIR EMPLOYEES. AND  
24 A LOT OF THE PEOPLE THAT WE SERVE IN FACT ARE  
25 SELF-EMPLOYED BUT THEY ARE CALLED THE WORKING

1 POOR. WHAT THAT MEANS IS THEY ARE WORKING 10, 12  
2 HOURS A DAY AND THEY ARE WORKING SIX DAYS,  
3 SOMETIMES SEVEN DAYS A WEEK, BUT THEY ARE MAKING  
4 \$400 A MONTH. AND SO THEY ARE, IN FACT, NOT ABLE  
5 TO ACCESS ANOTHER JOB BECAUSE THEY HAVE GOT TO MAKE  
6 THAT BUSINESS WORK OR IT IS DIFFICULT FOR THEM TO  
7 INCREASE THEIR INCOME. SO WHAT WE ARE LOOKING AT  
8 IS THEIR ABILITY TO SAVE AND HOW THEY CAN SAVE THAT  
9 MONEY.

10 SO WHAT WE DO IS TRY TO ENCOURAGE PEOPLE  
11 TO SAVE. AND THEY PAY THEIR KIDS. THEY PAY THEIR  
12 FAMILY. AND WHAT WE ARE TRYING TO DO IS GET THEM  
13 TO THE POINT WHERE THEY CAN, IN FACT, PAY  
14 THEMSELVES AND PAY THEIR FAMILIES SO THAT EVERYBODY  
15 IS GETTING AN INCOME. SO OUR MEASUREMENT OF  
16 SUCCESS AT THIS POINT DEALS MOSTLY WITH SMALL  
17 INCREMENTAL STEPS THAT THE BUSINESS OWNERS CAN  
18 MAKE.

19 TO DATE WE STARTED LENDING -- AND WE  
20 HAVE TO MEASURE THAT IN SOME WAYS BY THE MONEY THAT  
21 WE HAVE LENT. WE STARTED LENDING IN 1990. OUR  
22 AVERAGE LOAN SIZE IS \$1500. AND WE HAVE SINCE THEN  
23 CREATED ABOUT 400 JOBS IN TERMS OF -- WELL, WE  
24 COUNT THE BUSINESS OWNER HIMSELF. WE COUNT THE  
25 OTHER PEOPLE THAT WORK IN THAT BUSINESS. AND WE

1       COUNT THOSE BUSINESSES THAT, IN FACT PAY SOMEONE OR  
2       HAVE HIRED SOMEONE ELSE.   AND IN THAT NUMBER  
3       INCLUDES CONTRACT WORK, SEASONAL JOBS, AND PART  
4       TIME EMPLOYMENT.

5                   MS. ZALOKAR:   COULD YOU DESCRIBE WHAT  
6       THE NATURE OF THE BUSINESSES ARE, JUST SO WE HAVE  
7       THAT ON THE RECORD.

8                   MS. HOGAN-ROWLES:   SURE.   A LOT OF LIGHT  
9       MANUFACTURING, WORD PROCESSING, DESKTOP PUBLISHING,  
10      PHOTOGRAPHY PRINTING, LIGHT ALTERATIONS, CLEANING  
11      BUSINESSES.   MOST OF IT TENDS TO BE THE  
12      NEIGHBORHOOD KINDS OF BUSINESSES IS THAT AFFECT --  
13      ONE THING I THINK IS IMPORTANT THERE IS THAT THE  
14      PEOPLE HAVE SOME SKILL LEVEL IN THOSE AREAS AND,  
15      TWO, THEY ARE EASY TO START AND THE MARKET ENTRY IS  
16      EASY.

17                   THERE IS ALSO STREET VENDING, A LOT OF  
18      CATERING.   SOME PEOPLE GET INTO GIFT ITEMS.   BUT  
19      THOSE THAT TEND TO MOVE FORWARD HAPPEN TO BE THOSE  
20      THAT -- A LOT OF RETAIL SALES BECAUSE IT IS EASY  
21      ENTRY, EASY ACCESS PARTICULARLY HERE IN SOUTHERN  
22      CALIFORNIA WITH THE GARMENT INDUSTRY.   A LOT OF  
23      POTTERY THAT IS MADE HERE.

24                   BUT MOSTLY WHAT WE FIND IS THAT PEOPLE  
25      THAT ARE DOING BUSINESSES LIKE CLEANING,

1 ALTERATIONS, LIGHT MANUFACTURING -- WHEN I SAY THAT  
2 I AM TALKING ABOUT SEWING AND MANUFACTURING  
3 CLOTHING -- THOSE TEND TO BE THE EASIEST ACCESS,  
4 AND THEY ALREADY COME WITH SKILLS. AND THOSE ARE  
5 THE ONES THAT TEND TO BE MOST POPULAR.

6 MS. ZALOKAR: THANK YOU. I WILL TURN THE  
7 QUESTIONING OVER TO THE COMMISSIONERS.

8 MR. REYNOSO: YOUR ORGANIZATION IS THE  
9 COALITION FOR WOMEN'S ECONOMIC DEVELOPMENT. ARE  
10 ALL YOUR CLIENTS WOMEN?

11 MS. HOGAN-ROWLES: NO. WE ORIGINALLY --  
12 AND WE WERE FOUNDED AND WE LIKE TO STICK TO OUR  
13 MISSION. THE REASON WE WERE FOUNDED WAS BECAUSE  
14 THE PART OF THE RESEARCH THAT CAME FORTH WAS THAT  
15 WOMEN WERE GROSSLY UNDERSERVED IN L.A. COUNTY AND  
16 THERE WEREN'T ANY EXISTING ORGANIZATIONS THAT  
17 SERVED THE NEEDS OF POOR WOMEN. THERE WASN'T A  
18 MECHANISM TO ACCESS CREDIT AND FINANCING FOR LOW  
19 INCOME WOMEN THAT WANTED TO BECOME SELF-EMPLOYED,  
20 AND SO CWED WAS STARTED.

21 SINCE THEN WE HAVE SERVED BOTH WOMEN AND  
22 MEN. BUT WE HAVE DECIDED NOT TO CHANGE OUR NAME  
23 BECAUSE WE STILL WANT TO TARGET AND ASSIST WOMEN  
24 BECAUSE THEY HAPPEN TO BE THE LARGEST SEGMENT OF  
25 SINGLE HEADS OF HOUSEHOLDS AND THE LARGEST SEGMENT

1 WITHIN THE LOW INCOME POPULATION.

2 MR. REDENBAUGH: FROM WHENCE DO YOU GET  
3 THE MONEY FOR THE LOANS?

4 MS. HOGAN-ROWLES: THAT COMES FROM  
5 SEVERAL SOURCES, MOSTLY PRIVATE UNTIL 1992. OUR --

6 MR. REDENBAUGH: EXCUSE ME. WHEN YOU  
7 SAY "PRIVATE," IS THAT FROM INDIVIDUALS?

8 MS. HOGAN-ROWLES: FOUNDATIONS. AND WE  
9 HAVE -- YES, OUR ORIGINAL MICROLOAN FUND WAS FUNDED  
10 IN 1989 BY A GRANT FROM THE CHARLES STEWART MOUNT  
11 FOUNDATION, BANK OF AMERICA, AND ONE ANONYMOUS  
12 DONOR. THAT WAS A PRIVATE DONOR.

13 SINCE THEN WE HAVE EXTENDED THE LOAN  
14 FUND TO INCLUDE MORE GRANTS FROM SOURCES LIKE  
15 CITIBANK, ARCO HAS GIVEN MONEY INTO THE FUND. AND  
16 WE HAVE ALSO EXPANDED AND WE MANAGING A LOAN FUND  
17 FOR MULTI-BANK COMMUNITY REINVESTMENT COMMITTEE  
18 HERE. WE ALSO NOW HAVE A CONTRACT TO MANAGE THE  
19 FUND FOR THE HOUSING AUTHORITY OF LOS ANGELES. AND  
20 OUR LARGEST LOAN IS THAT WE ALSO OPERATE THE  
21 MICROLOAN DEMONSTRATION PROGRAM FOR THE SBA AS ITS  
22 FIRST INTERMEDIARY IN LOS ANGELES. AND THAT IS A  
23 LOAN TO THE ORGANIZATION IN THE AMOUNT OF  
24 \$750,000.

25 MR. REYNOSO: WHAT IS THE LONGEST PERIOD

1 THAT A LOAN IS MADE? I THINK MOST OF THEM ARE  
2 RELATIVELY SHORT PERIODS.

3 MS. HOGAN-ROWLES: YES. THE SMALL  
4 LOANS -- ACTUALLY WE HAVE TWO STAGES OF LOANS. WE  
5 CAN LEND UP TO \$25,000. HOWEVER, OUR LOANS HOVER  
6 AROUND LESS THAN 5,000. LIKE I SAID EARLIER, THE  
7 AVERAGE BEING 1500, ALTHOUGH I THINK IT IS  
8 IMPORTANT THAT I MENTION THAT AS PEOPLE COME BACK --  
9 BECAUSE WE CALL IT A REVOLVING LOAN FUND. PEOPLE  
10 WILL COME TO US AND GET A LOAN. AND THEY WILL COME  
11 BACK FOR FUTURE LOANS. WE HAVE PEOPLE RIGHT NOW ON  
12 THEIR THIRD AND FOURTH LOANS. AND THEY ARE UP TO  
13 FIVE, SIX, 7,000. BUT THE AVERAGE LOAN PERIOD IS  
14 12 TO 18 MONTHS FOR FIRST STAGE LOANS, WHICH IS \$50  
15 TO \$5,000. AND UP TO FIVE YEARS FOR UP TO  
16 \$25,000.

17 MR. REYNOSO: WHAT IS YOUR RATE OF  
18 REPAYMENT AS COMPARED TO, SAY, COMMERCIAL BANKS?

19 MS. HOGAN-ROWLES: WE HAVE A 95 PERCENT  
20 REPAYMENT RATE, WHICH IS VERY HIGH COMPARED TO OUR  
21 BROTHER AND SISTER BANKERS. THE REASON THAT IS,  
22 HOWEVER -- AND I THINK THAT IS THE CRITICAL  
23 ISSUE -- IS THAT WE OFFER TECHNICAL ASSISTANCE  
24 THROUGHOUT THE COURSE OF THE LOAN. AND WE ALSO  
25 OFFER THE TECHNICAL ASSISTANCE AND THE TRAINING

1 BEFORE A LOAN EVER GOES OUT. BECAUSE WHAT WE DO IS  
2 WHAT WE CALL CHARACTER-BASED BENDING. IN DOING  
3 THAT WE KNOW THAT THE CREDIT RECORDS ARE HORRIBLE.  
4 WE KNOW THAT PEOPLE HAVE PROBABLY NO CREDIT IN SOME  
5 INSTANCES, AND IF IT WAS, IT IS BAD CREDIT. AND WE  
6 ALSO KNOW THAT THEY HAVEN'T HAD THE ABILITY TO GET  
7 TRADITIONAL FINANCING FROM A BANK.

8 SO WE LOOK AT THINGS LIKE CHARACTER.  
9 THEIR ABILITY TO COMPLETE OUR COURSE, OUR TRAINING  
10 COURSE, WHICH IS 12 WEEKS. THERE IS AN ATTENDANCE  
11 REQUIREMENT. THEIR ABILITY TO COMPLETE THE  
12 BUSINESS PLAN. AND WE THROUGHOUT THE COURSE OF THE  
13 LOAN, IN OUR LOAN DOCUMENTS THEY ACTUALLY HAVE TO  
14 SIGN A LOAN DOCUMENT THAT SAYS, YES I AM GOING TO  
15 ATTEND MY CLASS IN TECHNICAL ASSISTANCE TWICE A  
16 MONTH AND MY BOOKS ARE GOING TO BE OPENED AND YES I  
17 UNDERSTAND THAT YOU ARE GOING TO BE AT MY BUSINESS  
18 SITE MAYBE ONCE A MONTH, SOMETIMES TWICE A MONTH,  
19 AND YES I UNDERSTAND THAT EACH TIME YOU CALL ME I  
20 HAVE GOT TO HAVE THE ANSWER FOR YOU AND IF I CAN'T  
21 YOU HAVE THE RIGHT TO COME OUT AND WORK WITH ME.

22 MR. REYNOSO: I CAN TELL THAT THE FEDERAL  
23 GOVERNMENT IS A PUSSYCAT COMPARED TO YOU FOLKS.

24 THANK YOU VERY MUCH.

25 MR. WANG: I AM OFFERING YOU AN

1 OPPORTUNITY IF YOU CARE TO USE IT, IF YOU CARE TO  
2 COMMENT ON MR. UEBERROTH'S SUGGESTION EARLIER AS A  
3 PARTING COMMENT, IF YOU WOULD CARE TO. IT IS  
4 PURELY VOLUNTARILY.

5 MR. GAGE: NO COMMENT.

6 MS. HOGAN-ROWLES: NO, NOT FROM ME.

7 THANK YOU.

8 MR. WANG: THANK YOU.

9 OUR FINAL PANEL FOR THE DAY. WE  
10 CERTAINLY WANT TO THANK YOU FOR YOUR PATIENCE.  
11 WILL THE COUNSEL CALL THE NAMES OF THE LAST PANEL.

12 MS. ZALOKAR: YES. PROFESSOR PASTOR,  
13 PROFESSOR SCOTT, AND PROFESSOR GRIGSBY, PLEASE.

14 MR. WANG: I WOULD ASK YOU TO STAND UP  
15 AND RAISE YOUR RIGHT HAND AS I READ A STATEMENT.

16 DO YOU SWEAR OR AFFIRM THAT YOU WILL  
17 TESTIFY TO THE BEST OF YOUR ABILITY?

18 (ALL PANEL MEMBERS REPLIED IN THE  
19 AFFIRMATIVE.)

20 MR. WANG: THANK YOU. PLEASE BE  
21 SEATED.

22 MS. ZALOKAR: I WILL BEGIN THE  
23 QUESTIONING WITH PROFESSOR SCOTT.

24 PROFESSOR SCOTT, AS AN EXPERT ON  
25 INDUSTRIAL DEVELOPMENT, CAN YOU EXPLAIN WHY YOU



1 BELIEVE THAT THE FREE MARKET CANNOT BE RELIED UPON  
2 AS A SOURCE OF ECONOMIC DEVELOPMENT FOR SOUTHERN  
3 CALIFORNIA AND WHY THERE IS A NEED FOR A REGIONAL  
4 INDUSTRIAL POLICY.

5 MR. REYNOSO: I COULD TELL THAT'S THE  
6 EASY QUESTION.

7 PROFESSOR SCOTT: LET ME JUST TAKE A  
8 LITTLE ISSUE WITH THE QUESTION. MY BELIEF IS NOT  
9 THAT THE FREE MARKET DOESN'T WORK. I HAVE A LOT OF  
10 FAITH IN THE POWER AND EFFICACY OF FREE MARKETS.

11 THE ANALYSES WHICH I HAVE BEEN CARRYING  
12 OUT IN THE LAST SEVERAL YEARS, PARTICULARLY ON THE  
13 ECONOMIC DEVELOPMENT IN SOUTHERN CALIFORNIA,  
14 SUGGEST TO ME THAT THERE ARE SERIOUS FAILURES IN  
15 CERTAIN AREAS OF OPERATION OF MARKETS AND  
16 PARTICULARLY IN THE MATTER OF INDUSTRIAL PRODUCTION  
17 IN SOUTHERN CALIFORNIA AND THAT THERE IS A ROLE OF  
18 A DEFINITE, A HIGHLY DEFINABLE BUT NEVERTHELESS A  
19 POSITIVE ROLE, FOR GOVERNMENTAL ORGANIZATIONS AND  
20 AGENCIES IN ECONOMIC DEVELOPMENT AND WHAT I WOULD  
21 CALL QUASI-POLITICAL ORGANIZATIONS, COMMUNITY  
22 GROUPS, ASSOCIATIONS OF EMPLOYERS AND OTHER  
23 ORGANIZATIONS WHO CAN PLAY A SIGNIFICANT ROLE.

24 AND THE ARGUMENTS I HAVE BEEN MAKING, IN  
25 OTHER WORDS, ARE ARGUMENTS THAT MORE EFFECTIVE AND

1 MORE COMPETITIVE FORMS OF INDUSTRIAL DEVELOPMENT IN  
2 SOUTHERN CALIFORNIA CAN BE ACHIEVED, PARTICULARLY  
3 WHEN WE TAKE INTO ACCOUNT THE SUCCESSES THAT WE SEE  
4 IN PLACES LIKE JAPAN AND GERMANY. AND IT CAN BE  
5 ACHIEVED MORE EFFECTIVELY BY FORMS OF COMPETITION  
6 COMBINED WITH COOPERATIVE INTERACTION BETWEEN  
7 FIRMS, BETWEEN FIRMS AND GOVERNMENT, AND BETWEEN  
8 DIFFERENT PLAYERS IN THE ECONOMIC SYSTEM, THAN BY  
9 AN ABSOLUTELY ALL-OUT WAR OF ALL AGAINST ALL IN A  
10 SORT OF 19TH CENTURY LAISSEZ-FAIRE COMPETITIVE  
11 MARKET.

12 MS. ZALOKAR: CAN YOU GIVE US SOME IDEA  
13 OF WHAT SORT OF ENTITIES YOU ARE DISCUSSING, WHAT  
14 SORT OF NON-PRIVATE SECTOR ENTITIES YOU ARE  
15 DISCUSSING?

16 PROFESSOR SCOTT: YES. IN THE PREVIOUS  
17 SESSION WE HAVE HEARD THE TESTIMONY OF MICHAEL  
18 GAGE, WHO IS THE PRESIDENT OF CALSTART. CALSTART  
19 IS A NOT-FOR-PROFIT, PRIVATE/PUBLIC ORGANIZATION,  
20 PRECISELY THE KIND OF COOPERATIVE ORGANIZATION THAT  
21 FILLS GAPS IN THE OPERATION OF MARKETS IN THE  
22 INDUSTRIAL SYSTEM OF SOUTHERN CALIFORNIA THAT IS  
23 TRYING TO CREATE AND HAS SO FAR SUCCESSFULLY IN MY  
24 OPINION CREATED A CONSORTIUM, A COLLABORATIVE OF  
25 MANUFACTURERS, IN WHICH MANUFACTURERS WORK NOT

1 THROUGH MARKETS, BUT THROUGH THE ADMINISTRATIVE  
2 ORGANIZATION PROVIDED BY CALSTART TO POOL  
3 RESOURCES, TO POOL SKILLS, AND IN THE PROCESS TO  
4 CREATE SYNERGIES THAT OTHERWISE WOULD NOT BE  
5 PRESENT AND TO GIVE A PUSH, AN EARLY DEVELOPMENT,  
6 TO THE ELECTRIC CAR INDUSTRY IN SOUTHERN  
7 CALIFORNIA. THIS WOULD BE ONE EXAMPLE.

8           THERE ARE MANY OTHER EXAMPLES THAT YOU  
9 COULD CITE AROUND THE NEEDS FOR COOPERATIVE FORMS  
10 OF TECHNOLOGY DEVELOPMENT, LABOR TRAINING, WHICH  
11 ARE TYPICALLY AREAS WHERE THE PRIVATE SECTOR FAILS  
12 VERY BADLY IN PROVIDING THE RIGHT QUANTITY AND  
13 QUALITY OF LABOR SKILLS. INFORMATION SERVICES OF  
14 VARIOUS KINDS. IMPORT/EXPORT. ORGANIZATIONS THAT  
15 PERHAPS HAVE SOME KIND OF PUBLIC SUPPORT OF ONE  
16 KIND AND ANOTHER. VARIOUS SORTS OF SERVICES,  
17 PARTICULARLY IN AREAS WHERE MARKET FAILURES OCCUR.  
18 THESE ARE ALL VERY VIABLE AND IMPORTANT AND  
19 SIGNIFICANT AREAS WITHIN WHICH NONPRIVATE  
20 GOVERNMENTAL AND OTHER ASSOCIATIONS CAN COME IN AND  
21 ADD TO THE OVERALL PRODUCTIVITY AND COMPETITIVITY  
22 OF THE ECONOMIC SYSTEM.

23           MS. ZALOKAR: EARLIER WE HEARD  
24 TESTIMONY -- AND I KNOW YOU WERE IN THE AUDIENCE --  
25 FROM SEVERAL SMALL BUSINESS OWNERS WHO WERE

1 SPEAKING ABOUT HOW THEY WERE HURT BY VARIOUS  
2 GOVERNMENT REGULATIONS WHICH RAISED THE COST OF  
3 DOING BUSINESS IN LOS ANGELES, SUCH AS  
4 ENVIRONMENTAL STANDARDS AND THE HIGH COST OF  
5 WORKERS' COMPENSATION INSURANCE. WOULD YOU SUPPORT  
6 RELAXING THESE TYPES OF REGULATIONS? HOW WOULD YOU  
7 SUGGEST DEALING WITH THEIR PROBLEMS?

8 PROFESSOR SCOTT: WELL, THERE IS NO  
9 QUESTION THAT THE REGULATIONS IN THE WAY THEY ARE  
10 ADMINISTERED NEED REFORM. THERE IS ALWAYS ROOM FOR  
11 REFORM. AND IT IS QUITE CLEAR THAT WORKER'S  
12 COMPENSATION, FOR EXAMPLE, IS VERY BADLY IN NEED OF  
13 REFORM. BUT I THINK IT WOULD BE A MAJOR ERROR TO  
14 THINK THAT IF YOU REFORM WORKER'S COMPENSATION OR  
15 IF YOU DO AWAY OF WITH OTHER REGULATORY  
16 ARRANGEMENTS LIKE, FOR EXAMPLE, THE ENVIRONMENTAL  
17 REGULATIONS WHICH GOVERN BUSINESS ACTIVITY IN  
18 SOUTHERN CALIFORNIA, THAT IF YOU DO AWAY WITH THOSE  
19 REGULATIONS THAT THIS THEN OPENS THE DOOR TO  
20 ALL-OUT ECONOMIC GROWTH AND DEVELOPMENT IN SOUTHERN  
21 CALIFORNIA. I THINK THAT WOULD BE A SERIOUS ERROR  
22 TO THINK THAT.

23 AND ON THE CONTRARY, THERE IS ALWAYS THE  
24 REAL POSSIBILITY THAT WHEN YOU RELAX THOSE KINDS OF  
25 REGULATIONS, YOU OPEN THE DOOR TO SHORT-RUN AND

1 OPPORTUNISTIC FORMS OF ECONOMIC BEHAVIOR WHICH ARE  
2 IN THE END SELF-DEFEATING. AND BY THAT I MEAN IN  
3 PARTICULAR THAT DOING AWAY WITH THE REGULATIONS --  
4 LET'S SAY WORKERS' COMPENSATION, OR WITH MINIMUM  
5 WAGE REGULATIONS -- OPENS THE DOOR TO ENLARGING  
6 THE POOL OF LOW WAGE AND LOW SKILL WORKERS IN  
7 SOUTHERN CALIFORNIA. AND THAT IS NOT A RECIPE FOR  
8 CONTINUED COMPETITIVITY IN THE NEW GLOBAL ECONOMY  
9 THAT IS NOW AROUND US.

10 MS. ZALOKAR: CAN YOU THINK OF SOME  
11 SPECIFIC EXAMPLES OF INDUSTRIES TO APPLY YOUR  
12 THEORY TO?

13 PROFESSOR SCOTT: A SPECIFIC EXAMPLE  
14 OF --

15 MS. ZALOKAR: I AM JUST THINKING OF  
16 SOMETHING THAT MIGHT BE ABLE TO ILLUSTRATE HOW THIS  
17 IS TO --

18 PROFESSOR SCOTT: WELL, YES. IN  
19 SOUTHERN CALIFORNIA, FOR EXAMPLE, WE SEE THAT THE  
20 INDUSTRIAL MIX IN SOUTHERN CALIFORNIA IS A PECULIAR  
21 ONE. BECAUSE IT HAS MANY, MANY VERY HIGH SKILLED,  
22 HIGH WAGE INDUSTRIES, FROM THE MOVIE INDUSTRY TO  
23 AEROSPACE. BUT IT ALSO HAS MANY, MANY VERY LOW  
24 WAGE AND LOW SKILL INDUSTRIES AS WELL. LIKE THE  
25 FURNITURE INDUSTRY, FOR EXAMPLE, OR LIKE THE

1 JEWELRY INDUSTRY OR LIKE THE CLOTHING INDUSTRY IN  
2 LOS ANGELES.

3 I THINK THAT THE FURNITURE INDUSTRY IS  
4 AN EXAMPLE OF AN INDUSTRY WHICH HAS BEEN CAUGHT UP  
5 IN A COMPETITIVE STRATEGY THAT HAS FOCUSED ABOVE  
6 ALL ON COST CUTTING. AND HENCE THE FURNITURE  
7 INDUSTRY IS THE INDUSTRY IN SOUTHERN CALIFORNIA  
8 WHICH IS MOST FIXATED ON GETTING RID OF THE VARIOUS  
9 REGULATIONS WHICH IT SEES AS BEING A SHACKLE TO ITS  
10 FURTHER DEVELOPMENT. BUT, IN FACT, IT SEEMS TO ME  
11 THAT THE FURNITURE INDUSTRY MADE A WRONG TURN  
12 SOME POINT -- AT SOME POINT IN ITS HISTORY IN  
13 SOUTHERN CALIFORNIA WHEN IT MOVED FROM BEING A HIGH  
14 WAGE AND RELATIVELY HIGH SKILL INDUSTRY INTO AN  
15 INCREASING LOW WAGE, LOW SKILL INDUSTRY AND AN  
16 INDUSTRY WHICH INCREASINGLY CANNOT COMPETE, IN  
17 FACT, WITH HIGH QUALITY PRODUCERS.

18 IT ATTEMPTS TO COMPETE WITH LOW QUALITY  
19 PRODUCERS. AND THAT IS A GAME WHICH ULTIMATELY IT  
20 CAN NEVER WIN BECAUSE THERE ARE ALWAYS YET MORE LOW  
21 WAGE PRODUCERS ROUND THE CORNER COMING IN. AND  
22 HENCE IT KEEPS TRYING -- THERE ARE EXCEPTIONS, OF  
23 COURSE, IN THE FURNITURE INDUSTRY TO WHAT I AM  
24 SAYING.

25 BUT BY AND LARGE IT IS AN INDUSTRY WHICH

1       SEEKS TO PROFIT CONTINUALLY BY PRESSING DOWN ON  
2       COSTS, AS OPPOSED TO WHAT I WOULD TAKE TO BE A MORE  
3       VIABLE COMPETITIVE STRATEGY FOR GETTING INTO OTHER  
4       SECTORS IN SOUTHERN CALIFORNIA AND AN OBJECTIVE FOR  
5       ECONOMIC DEVELOPMENT POLICY IN SOUTHERN CALIFORNIA  
6       WHICH IS TO BEGIN TO MOVE UP THE SCALE OF HIGHER  
7       WAGES AND HIGHER SKILLS AND TO COMPETE ON THE BASIS  
8       OF QUALITY, RATHER THAN UNIDimensionALLY ON THE  
9       BASIS OF COST.

10               MS. ZALOKAR:   THANK YOU.

11               I WOULD LIKE TO CONTINUE TO QUESTION  
12       EACH OF THE WITNESSES, AND THEN TURN THE QUESTIONING  
13       OVER THE COMMISSIONERS.

14               PROFESSOR SCOTT:   BY THE WAY, IF I MAY I  
15       HAVE A WRITTEN SEGMENT HERE WHICH CONTAINS MANY OF  
16       THE ITEMS I WOULD LIKE TO PRESENT.   AND IF IT IS  
17       APPROPRIATE, I COULD READ IT INTO THE RECORD.

18               MR. GLICK:   YES, THANK YOU.

19               MS. ZALOKAR:   PROFESSOR PASTOR, CAN YOU  
20       GIVE US A BRIEF DESCRIPTION OF THE DIFFERENCES  
21       BETWEEN LATINO POVERTY AND BLACK POVERTY ON THE  
22       AVERAGE IN LOS ANGELES.

23               PROFESSOR PASTOR:   THE RESEARCH THAT I  
24       HAVE DONE LOOKING AT LATINO POVERTY IN LOS ANGELES  
25       EMERGED FROM A REPORT THAT I DID ON LATINOS AND THE

1 LOS ANGELES UPRISING IN THE ECONOMIC CONTEXT. AND  
2 IN THAT REPORT ONE OF THE FIRST THINGS THAT WE TRY  
3 TO INSIST WAS THAT, IN FACT, ECONOMICS WAS AT THE  
4 ROOT OF THE UPRISING IN LOS ANGELES. IF WE LOOK  
5 AT THE MOST DAMAGED AREAS IN LOS ANGELES, WE FIND  
6 THAT POVERTY RATES ARE TWICE AS HIGH, THE PER  
7 CAPITA INCOME IS HALF AS HIGH, AND THE RATES OF  
8 HOME OWNERSHIP ARE HALF AS HIGH. IN FACT, USING  
9 STATISTICAL TESTS WITHOUT EVEN TAKING INTO ACCOUNT  
10 RACE OR ETHNICITY, YOU CAN USE THOSE ECONOMIC  
11 VARIABLES TO PREDICT 80 PERCENT OF THE CENSUS  
12 TRACTS THAT IN FACT EXPLODED INTO VIOLENCE.  
13 SO IT IS IMPORTANT TO LOOK AT ECONOMICS AND  
14 CERTAINLY IMPORTANT THAT THE COMMISSION IS DOING  
15 THAT TODAY.

16 ONE OF THE THINGS THAT IS AN UNTOLD  
17 STORY OF THIS UPRISING THOUGH IS THAT IN THOSE MOST  
18 DAMAGED TRACKS 49 PERCENT OF THE RESIDENTS ARE  
19 LATINO. AND SO IT BECOMES IMPORTANT TO LOOK AT THE  
20 QUESTION OF LATINO POVERTY AND HOW, IN FACT, IT  
21 MIGHT BE DIFFERENT THAN THE KINDS OF MODELS THAT  
22 ARE USUALLY USED TO EXPLAIN POVERTY. WE HAVE ON  
23 THE ONE HAND A SORT OF CONSERVATIVE MODEL WHICH  
24 BLAMES POVERTY ON THE LACK OF A WORK ETHIC, THE  
25 LACK OF INITIATIVE, ET CETERA, ON THE PART OF THE



1 POOR THEMSELVES.

2 WE HAVE A SORT OF DOMINANT LIBERAL  
3 PARADIGM WHICH LOOKS AT MODELS OF URBAN UNDERCLASS,  
4 WHICH BASICALLY ARGUES THAT THE POVERTY OF URBAN  
5 AREAS EMERGES FROM A DISCONNECTION WITH THE LABOR  
6 MARKET AND A FAMILY STRUCTURE WHICH IS UNDER GREAT  
7 STRAIN WITH HIGH RATES OF SINGLE-HEADED -- SINGLE  
8 FEMALE-HEADED HOUSEHOLDS. BUT THOSE TWO  
9 CHARACTERISTICS AND THE LACK OF A WORK ETHIC DO NOT  
10 AT ALL EXPLAIN LATINO POVERTY IN LOS ANGELES.

11 LATINOS HAVE THE HIGHEST RATE OF LABOR  
12 FORCE PARTICIPATION OF ANY ETHNIC GROUP IN THIS  
13 CITY. IN SOUTH CENTRAL, FOR EXAMPLE, LATINO MALE  
14 LABOR FORCE PARTICIPATION IS ABOVE 80 PERCENT. FOR  
15 NON-LATINO MALES IT IS AROUND 58 PERCENT. AND  
16 LATINO HOUSEHOLDS ARE 60 PERCENT MORE LIKELY TO  
17 CONSIST OF MARRIED COUPLES WITH CHILDREN, THE SORT  
18 OF OZZIE AND HARRIET KIND OF FAMILY, EXCEPT THAT  
19 IN THESE FAMILIES OZZIE ACTUALLY GOES TO WORK. YOU  
20 MAY REMEMBER THAT OZZIE TENDED TO STAY HOME IN THE  
21 TV SHOW.

22 SO REALLY WHAT WE HAVE IS A GROUP IN LOS  
23 ANGELES THAT IS DOING EVERYTHING BY THE RULES --  
24 WORKING HARD, STARTING BUSINESSES, KEEPING FAMILIES  
25 INTACT -- AND WINDING UP BEING THE POOREST GROUP IN

1 LOS ANGELES. PER CAPITA LATINO INCOME IS ABOUT  
2 45 PERCENT OF OVERALL PER CAPITA INCOME. LATINO  
3 FAMILIES TEND TO BE THREE TIMES MORE LIKELY IN THE  
4 CITY OF LOS ANGELES THAN NON-LATINO FAMILIES TO  
5 FALL BELOW THE POVERTY LINE.

6 WE HAVE A GOT GROUP THAT IS VERY POOR,  
7 BUT THAT IS WORKING AND KEEPING FAMILIES INTACT.  
8 AND THE REASON IS NOT A DISCONNECTION FROM THE  
9 LABOR MARKET, NOR IS IT FAMILY STRUCTURE PER SE OR  
10 THE HIGH RATES OF POVERTY FEMALE-HEADED  
11 HOUSEHOLDS. WHAT IT IS REALLY IS LOW WAGES OF THE  
12 JOBS THAT PEOPLE DO HAVE. AND WHAT THAT MEANS IS  
13 THAT WE NEED TO REALLY SHIFT PART OF OUR STRATEGY  
14 IN TERMS OF DEALING WITH URBAN POVERTY AWAY FROM  
15 JUST JOB CREATION TO LOOKING AT THE JOBS THAT  
16 PEOPLE DO HAVE AND WHETHER OR NOT THERE ARE WAYS TO  
17 RAISE THE WAGES IN THOSE JOBS TO ON THE ONE HAND  
18 INCREASE THE EDUCATIONAL LEVEL SO THAT PEOPLE CAN  
19 ESCAPE WHAT IS A SECONDARY LABOR MARKET, BUT ALSO  
20 ON THE OTHER HAND DIRECTLY RAISE WAGES IN THOSE  
21 SECONDARY LABOR MARKETS.

22 MS. ZALOKAR: HOW WOULD FEDERAL POLICY  
23 INTERVENE IN SUCH A WAY AS TO INCREASE WAGES IN THE  
24 LABOR MARKET?

25 PROFESSOR PASTOR: WELL, THERE ARE TWO

1 CLEAR WAYS TO INCREASE WAGES IN THE SECONDARY LABOR  
2 MARKETS. ANOTHER THING THAT THE FEDERAL GOVERNMENT  
3 CAN DO BEFORE I SAY THAT IS TO BEGIN TO PROVIDE  
4 MORE EDUCATIONAL FUNDS, MORE MONEY, SO THAT PEOPLE  
5 CAN -- PARTICULARLY YOUNG PEOPLE -- CAN ESCAPE FROM  
6 SECONDARY LABOR MARKETS AND INTO THE GOOD, HIGH  
7 WAGE JOBS THAT PROFESSOR SCOTT WAS JUST TALKING  
8 ABOUT.

9 BUT IN TERMS OF THE SECONDARY LABOR  
10 MARKET, AN INCREASE IN THE MINIMUM WAGE IS LONG  
11 OVERDUE. AND IT IS ALSO QUITE FEASIBLE. THERE WAS  
12 A RECENT ARTICLE IN BUSINESS WEEK ABOUT THE  
13 SHIFTING IN ECONOMISTS' THINKING ABOUT THIS ISSUE.  
14 ECONOMISTS HAVE LONG PROPOSED AN INCREASE IN THE  
15 MINIMUM WAGE. BUT WHAT THEY ARE BEGINNING TO  
16 REALIZE IS THAT A LOW WAGE, LOW SCALE SOCIETY IS  
17 NOT REALLY A BASE FOR COMPETITION IN THE WORLD  
18 MARKET. AND ECONOMETRIC STUDIES ARE SHOWING THEM  
19 THAT INCREASES IN THE MINIMUM WAGE ARE NOT VERY  
20 COSTLY IN TERMS OF THE NUMBER OF JOBS, FOR IN THE  
21 SPECIFIC CASE OF CALIFORNIA WHEN IT RAISED ITS  
22 MINIMUM WAGE A COUPLE OF YEARS AGO, WE ACTUALLY HAD  
23 EMPLOYMENT GROWTH AT THE LOW WAGE LEVEL, PARTLY  
24 BECAUSE LOW WAGE WORKERS TEND TO SPEND MORE MONEY  
25 AND CIRCULATE IT IN SUCH A WAY AS TO GENERATE MORE

1 JOBS. SO I THINK THAT ONE CLEAR THING THAT THE  
2 FEDERAL GOVERNMENT CAN DO IS GO FOR AN INCREASE IN  
3 THE MINIMUM WAGE.

4 THE SECOND THING THAT THE FEDERAL  
5 GOVERNMENT CAN HELP WITH IS LABOR LAW REFORM TO  
6 MAKE IT EASIER FOR UNIONS TO ORGANIZE. ONE OF THE  
7 MAJOR INITIATIVES HERE IN THE CITY OF LOS ANGELES  
8 THAT HAVE HELPED LATINO WORKERS HAS TO DO WITH  
9 UNIONIZATION EFFORTS ON THE PART OF SERVICE  
10 EMPLOYEES INTERNATIONAL UNION TO ORGANIZE JANITORS,  
11 ON THE PART OF THE CARPENTERS UNION TO ORGANIZE  
12 DRYWALLERS, MOSTLY LATINO WORKERS. AND IN BOTH  
13 THOSE CASES THERE HAVE BEEN MAJOR VICTORIES WHICH  
14 HAVE HELPED THE LIVES OF WORKING PEOPLE.

15 THE OTHER THING TO MOVE BEYOND WORKERS  
16 INTO ENTREPRENEURS IS FOR THE FEDERAL GOVERNMENT TO  
17 BEGIN TO PUT SOME TEETH INTO THE COMMUNITY  
18 REINVESTMENT ACT AND TO TRY TO STOP WHAT AMOUNTS TO  
19 AN EFFECTIVE CREDIT BLOCKADE OF MINORITY  
20 ENTREPRENEURS IN THE CITY OF LOS ANGELES AND  
21 ELSEWHERE.

22 MS. ZALOKAR: THANK YOU VERY MUCH.

23 MOVE ON TO PROFESSOR GRIGSBY.

24 AS A PROFESSOR OF URBAN PLANNING AND THE  
25 DIRECTOR OF THE AFRO-AMERICAN STUDY CENTER AT UCLA,

1 AS WELL AS THE PRESIDENT OF YOUR OWN CONSULTING  
2 FIRM, YOU ARE IN A UNIQUE POSITION TO SUGGEST  
3 ECONOMIC DEVELOPMENT STRATEGIES THAT LOS ANGELES  
4 SHOULD PURSUE. CAN YOU BEGIN BY GIVING US A BRIEF  
5 ANALYSIS OF THE ECONOMIC SITUATION IN LOS ANGELES  
6 TODAY AND THE TYPES OF POLICIES THAT ARE MOST  
7 LIKELY TO HELP INNER CITY COMMUNITIES IN  
8 LOS ANGELES

9 PROFESSOR GRIGSBY: I CAN CERTAINLY TRY.  
10 IF YOU HAD THE ANSWER TO THAT QUESTION, YOU  
11 WOULDN'T BE HERE IN LOS ANGELES.

12 LET ME TRY TO BUILD ON WHAT MY TWO  
13 COLLEAGUES HAVE SAID HERE. I THINK IN ORDER TO  
14 MOVE FORWARD IN A POLICY FORMULATION AND  
15 IMPLEMENTATION PERSPECTIVE ONE NEEDS TO HAVE A  
16 BETTER UNDERSTANDING OF THE HISTORY AT LEAST FOR  
17 THE PAST TEN YEARS WITHIN THE LOS ANGELES CONTEXT.  
18 AND IT GOES SOMETHING LIKE THIS.

19 IN THE DECADE OF THE '80S THE ECONOMY IN  
20 CALIFORNIA GREW FASTER THAN IT PERHAPS HAD IN ANY  
21 OTHER PERIOD IN THE HISTORY OF THE STATE OF  
22 CALIFORNIA. HOWEVER, THE NUMBER OF PERSONS, OR THE  
23 RATE OF NUMBER OF PERSONS, IN POVERTY GREW IN  
24 TANDEM WITH THAT ECONOMIC GROWTH. WHEN WE EXAMINE  
25 IT CLOSELY, WE FIND THAT THE GROWTH WAS PRIMARILY

1 IN CAPITAL, NOT IN JOB CREATION.

2 WE ALSO FIND THAT THERE WAS A  
3 DIFFERENTIATION BETWEEN THE HIGH WAGE, HIGH SKILL,  
4 LOW WAGE, LOW SKILL WORKER BASE WITHIN THE CONTEXT  
5 OF THIS GROWTH. WE FIND THE DEINDUSTRIALIZATION.  
6 WE FIND THE MOBILITY OF EMPLOYMENT OPPORTUNITIES  
7 AND MANUFACTURING FROM SO-CALLED CENTRAL CITIES TO  
8 SUBURBAN AREAS. AND WE FIND AN INCREASING  
9 CONCENTRATION OF POVERTY IN THE SO-CALLED INNER  
10 CITY AREA. SO ON THE ONE HAND TREMENDOUS GROWTH  
11 AND PROSPERITY, ON THE OTHER HAND THE SHARPENING OF  
12 THE WIDENING DIVIDE, AS ONE OF MY COLLEAGUES FROM  
13 UCLA LABELS IT.

14 WHAT DOES THIS MEAN IN TERMS OF POLICY  
15 AND INTERVENTION STRATEGIES? I THINK IT FIRST  
16 CALLS US TO QUESTION THE OLD CLICHE THAT A RISING  
17 TIDE RAISES ALL BOATS. THAT IS, AS WE EXAMINE THE  
18 GLOBALIZATION OF THE ECONOMY, GROWTH IN THE ECONOMY  
19 TIED TO SO-CALLED GROWTH IN JOBS IS NOT NECESSARILY  
20 SYNONYMOUS. YOU CAN GROW CAPITAL WITHOUT GROWING  
21 JOBS. INDEED, THE COMPETITIVE GLOBAL ECONOMY, IN  
22 FACT, MEANS THAT YOU MINIMIZE THE NUMBER OF JOBS AS  
23 A PART OF THE COST CUTTING FUNCTION AND YOU  
24 MAXIMIZE PROFITABILITY THROUGH CAPITAL.

25 THAT HAS TREMENDOUS IMPLICATIONS ON THE

1 AVAILABILITY OF JOBS, THE RELATIONSHIP OF THOSE  
2 JOBS TO LABORERS AND THE WAGE STRUCTURE OF THOSE  
3 JOBS. WHILE MANUEL CORRECTLY EMPHASIZED THE PLIGHT  
4 OF LATINOS, THE EMPHASIS THERE IS UNDER-EMPLOYMENT,  
5 WHILE THEY ARE FULLY EMPLOYED. FOR AFRICAN-AMERICANS  
6 IT IS UNEMPLOYMENT, NO JOBS. AND YET THE RESULTS  
7 IN TERMS OF NO INCOME, OR AT LEAST NOT SUFFICIENT  
8 INCOME TO FUNCTION IN THE CAPITAL OF SOCIETY, IS  
9 REALLY THE NET SAME RESULT.

10 SO WHEN WE START TO ASK OURSELVES ABOUT  
11 INTERVENTION STRATEGIES, I THINK THERE IS A SERIOUS  
12 FLAW TO ASSUME THAT GROWING THE ECONOMY AND GROWING  
13 JOBS WILL OF NECESSITY BENEFIT THE POPULATION THAT  
14 MANUEL TALKS ABOUT, A LARGER GROWING NUMBER OF  
15 INNER CITY DWELLERS. SO THERE IS NO NECESSARY LINK  
16 BETWEEN GROWING JOBS AND ALLEVIATING THE CONDITIONS  
17 OF INNER CITY POVERTY. I THINK THAT'S AN IMPORTANT  
18 PARADIGM SHIFT.

19 SECONDLY, AS WE THINK ABOUT NOTIONS OF  
20 RESTRUCTURING, ISSUES LIKE THE AEROSPACE OR CREATING  
21 ALTERNATIVE INDUSTRIES, WE HAVE TO ASK OURSELVES IN  
22 THE OLD STRUCTURE WHAT WAS THE PROPORTION OF  
23 MINORITY LOW SKILL, LOW WAGE EMPLOYMENT IN THOSE  
24 SECTORS TO START WITH. NOT VERY HIGH. SO THAT  
25 WHEN WE RESTRUCTURE A HIGHLY COMPETITIVE NEW SET OF

1 INDUSTRIES WITH THE EXCESS LABOR POOL WE HAVE NOW  
2 IN THE HIGH WAGE, HIGH EDUCATED GROUP, THE  
3 PROBABILITY OF CREATING A SUFFICIENT NUMBER OF  
4 EXCESS JOBS TO ABSORB AGAIN THIS LOW SKILLED, LOW  
5 WAGE POOL IS REALLY NOT VERY PROMISING. SO WHILE  
6 WE MAY FOCUS ON THIS SORT OF RESTRUCTURING AND NEW  
7 OPPORTUNITY, THE LIKELIHOOD THAT IT IS GOING TO  
8 SIGNIFICANTLY IMPROVE THE PLIGHT OF INNER CITY  
9 DWELLERS SHOULD BE REEXAMINED QUITE CLOSELY.

10 THERE IS ALSO THE ISSUE OF CHALLENGING  
11 THE ASSUMPTION THAT WE CAN GROW JOBS COMMENSURATE  
12 WITH THE GROWTH OF LABOR. I AM NOT SURE THAT WE  
13 CAN IN A COMPETITIVE GLOBAL ECONOMY. INDEED, I  
14 THINK LOS ANGELES IS A STRIKING EXAMPLE OF A FIRST  
15 WORLD CITY BECOMING A THIRD WORLD CITY, WHERE ONE  
16 OF THE SIMILAR CHARACTERISTICS IS THAT WE HAVE AN  
17 EXPANDING LABOR WHICH WE CANNOT ABSORB IN THE  
18 WORKPLACE.

19 WHAT MANY THIRD WORLD COUNTRIES DO TO  
20 TRY TO ACCOMMODATE THIS IS FOCUS ON SOMETHING  
21 CALLED THE INFORMAL ECONOMY. THAT IS, THEY TRY TO  
22 SUPPORT THE ABILITY OF STREET VENDORS, SUPPORT THE  
23 ABILITY OF LENDING CIRCLES, SUPPORT THE ABILITY OF  
24 PEOPLE TO HAVE A DIGNIFIED WAY OF PARTICIPATING IN  
25 EXCHANGE IN ORDER TO SURVIVE. IN THIS CITY WE DO



1 THE OPPOSITE. WE PENALIZE STREET VENDORS. WE MAKE  
2 IT IMPOSSIBLE FOR SMALL BUSINESSES TO OPERATE TWO  
3 AND THREE OUT OF A SHOP, WE DO CODE ENFORCEMENT, WE  
4 DO A LOT OF THINGS TO PROHIBIT THE SURVIVABILITY OF  
5 AN INFORMAL ECONOMY WHICH IS RAPIDLY GROWING.

6 I THINK FROM A POLICY PERSPECTIVE WE  
7 NEED TO EXAMINE THE LEGITIMACY OF THAT IN OUR MAJOR  
8 URBAN CITIES, PARTICULAR LOS ANGELES, SO THAT, IN  
9 SUMMARY, IN TERMS OF POLICY INTERVENTION, ONE,  
10 SIMPLY RELYING ON BIG BUSINESS TO GROW JOBS IS  
11 PROBABLY NOT A REALITY IF WE WANT TO IMPACT INNER  
12 CITY DWELLERS; TWO, A MAJOR FOCUS ON RESTRUCTURING  
13 AS A POTENTIAL NEW JOB CREATION TO DO THAT IS  
14 LIKELY NOT TO OCCUR; THREE, IF WE INVESTED MORE  
15 IN GROWING EXISTING SMALL BUSINESSES CURRENTLY  
16 LOCATED IN INNER CITY AREAS, OF WHICH THERE ARE A  
17 NUMBER, BUT WHICH STUDIES THAT WE HAVE CONDUCTED  
18 SHOW MANY OF THEM WHO HAVE BEEN THERE 25 YEARS OR  
19 LONGER, EMPLOY 50 OR SO EMPLOYEES, DO NOT  
20 PARTICIPATE IN A CREDIT ECONOMY. THEY DO NOT HAVE  
21 LINES OF CREDIT AT MAJOR FINANCIAL INSTITUTIONS.

22 IF INDEED WE COULD GROW 50 PERCENT OF  
23 THOSE BY 100 PERCENT, WE HAVE A SIGNIFICANT IMPACT  
24 ON THE INNER CITY AND THE INNER CITY EMPLOYMENT.  
25 FOR EXAMPLE, IF R.L.A. INSTEAD OF ATTEMPTING TO

1 CREATE NEW LENDING POOLS AND NEW MECHANISMS OF  
2 ACQUIRING AND ACCUMULATING CAPITAL, HAD INVESTED  
3 THAT SAME ENERGY IN GROWING THE EXISTING MINORITY  
4 FINANCIAL INSTITUTIONS, I THINK YOU WOULD HAVE SEEN  
5 AN IMMEDIATE EFFECT IN THE LOAN DISTRIBUTION,  
6 EMPLOYMENT, AND SORT OF CAPITAL DISTRIBUTION IN A  
7 WAY THAT IT IS NEEDED AND IN A WAY THAT WE HAVE NOT  
8 YET SEEN IT.

9 AND I GUESS FINALLY I WOULD SAY THAT THE  
10 NEW STRATEGY MUST BEGIN TO ASK OURSELVES, MUCH LIKE  
11 ALLEN HAS TALKED ABOUT, WHAT IS THE ROLE OF THE  
12 PUBLIC SECTOR IN CONCERT WITH THE PRIVATE SECTOR TO  
13 FORM THE KIND OF PARTNERSHIPS THAT WILL ASSURE THAT  
14 THE BENEFITS OF PUBLIC POLICY IN FACT ARE DIRECTED  
15 IN LARGE PART TO THOSE MOST IN NEED, AS OPPOSED TO  
16 THE GREATER BENEFITS OF PUBLIC POLICY PERHAPS GOING  
17 TO THOSE LEAST IN NEED.

18 MS. ZALOKAR: THANK YOU. I WOULD LIKE  
19 TO TURN THE QUESTIONING OVER TO THE COMMISSIONERS.

20 MR. WANG: I WILL JUST IN THE INTEREST  
21 OF TIME ASK THREE QUESTIONS. AND I HOPE YOU WILL  
22 CARE TO COMMENT.

23 MY FIRST QUESTION IS RELATED TO  
24 MR. UEBERROTH'S COMMENT, IN PARTICULAR WE HAVE NO  
25 URBAN POLICY AND WE NEED WASHINGTON TO PASS

1 LEGISLATION TO COME UP WITH URBAN POLICY. I WOULD  
2 LIKE YOU TO COMMENT UPON THAT, ONE. SECONDLY, HE  
3 TALKED ABOUT INCENTIVE, DO WE NEED INCENTIVES TO  
4 THE PRIVATE SECTOR TO NOT ONLY SET UP  
5 MANUFACTURING, PROVIDE JOBS IN THIS, AS HIS ANSWER  
6 TO THE LONG TERM UNEMPLOYED. AND THEN A THIRD  
7 QUESTION, I WOULD LIKE YOU TO COMMENT ABOUT  
8 REBUILD L.A., YOUR GENERAL UNDERSTANDING ABOUT  
9 WHETHER SO FAR FROM YOUR ASSESSMENT THAT IT HAS  
10 BEEN SUCCESSFUL OR NOT SUCCESSFUL AND WHY.

11 START WITH PROFESSOR SCOTT.

12 PROFESSOR SCOTT: I WILL TRY AND ANSWER  
13 THE THREE QUESTIONS ALL IN ONE BRIEF ANSWER.

14 I THINK THE -- CERTAINLY FROM THE  
15 EVIDENCE I HAVE HEARD THIS AFTERNOON -- I HAVE BEEN  
16 IN THE AUDIENCE FOR THE LAST TWO HOURS LISTENING TO  
17 WHAT HAS BEEN GOING ON -- THERE ARE A LOT OF USEFUL  
18 AND IMPORTANT EFFORTS GOING ON TO TRY TO TURN  
19 AROUND THE ECONOMIC SITUATION IN SOUTH CENTRAL AND  
20 IN OTHER POVERTY AREAS OF SOUTHERN CALIFORNIA. AND  
21 I SUPPORT AND APPLAUD ALL OF THOSE EFFORTS.

22 THE THING I HAVEN'T HEARD AND THE THING  
23 THAT STRIKES ME NEVERTHELESS AS BEING PERHAPS THE  
24 MOST IMPORTANT ISSUE THAT WE HAVE TO DEAL WITH  
25 CONCERNS THE FUNDAMENTAL STRATEGY OF ECONOMIC

1 DEVELOPMENT AND THE ROLE THAT PUBLIC AGENCIES CAN  
2 PLAY IN THIS.

3 WHAT I AM TRYING TO SAY IS THIS. IT IS  
4 NOT ENOUGH TO HAVE A SORT OF SHOTGUN APPROACH. IT  
5 IS NOT ENOUGH TO JAWBONE INVESTORS TO COME IN, TO  
6 LOCATE A GROCERY STORE HERE, A MOVIE THEATER THERE,  
7 A RECYCLING PLANT THERE. THAT'S ALL VERY WELL AND  
8 GOOD. AND THAT ADDS DEFINITELY, AND IS SOMETHING  
9 TO BE SUPPORTED.

10 BUT WHAT YOU WANT IS AN ECONOMIC  
11 DEVELOPMENT PROCESS WHICH INSURES THAT YOU HAVE  
12 THOSE INVESTMENTS NOT JUST NEXT YEAR, NOT JUST  
13 THREE YEARS FROM NOW, BUT TEN YEARS FROM NOW WITH  
14 AN INCREMENT. IN OTHER WORDS, YOU NEED TO SET IN  
15 MOTION A PROCESS OF DEVELOPMENT SUCH THAT THERE IS  
16 AN ENDOGENOUS, AN INTERNAL, PROCESS OF  
17 ENTREPRENEURIAL ACTIVITY AND GROWTH AND CREATION  
18 IN THE EMASCULATED MARKETS. AND I THINK YOU GET  
19 THAT BY BEING HIGHLY SELECTIVE AND HIGHLY FOCUSED  
20 IN HOW YOU APPROACH THE PROBLEM OF ECONOMIC  
21 DEVELOPMENT.

22 IN PARTICULAR YOU HAVE TO PAY ATTENTION  
23 TO THE FACT THAT SUCCESSFUL URBAN INDUSTRIES COME  
24 IN CLUSTERS. THEY DON'T COME IN JUST INDIVIDUAL  
25 DISPARATE UNIQUE FIRMS. THEY COME IN SYSTEMS OF

1 FIRMS WHICH HAVE ALL SORTS OF SYNERGIES WITH ONE  
2 ANOTHER. LIKE IN THE CLOTHING INDUSTRY, FOR  
3 EXAMPLE. THE CLOTHING INDUSTRY IS AN INDUSTRY  
4 WHICH IS HIGHLY ORGANIZED INTO SETS OF  
5 MANUFACTURERS AND SUBCONTRACTORS, SERVICE  
6 SUPPLIERS, AND OTHER MANY, MANY DIFFERENT FACETS  
7 TO THE INDUSTRY, ALL OF WHICH CREATE WHAT  
8 ECONOMISTS WOULD CALL POSITIVE EXTERNALITIES AND,  
9 IF YOU LIKE IN ANOTHER LANGUAGE, POSITIVE  
10 SYNERGIES, DEVELOPMENTAL SYNERGIES. AND YOU NEED  
11 TO PAY VERY CAREFUL ATTENTION TO THAT. BECAUSE  
12 THOSE STRUCTURES OF MANUFACTURING ACTIVITIES BECOME  
13 FOCI OF GROWTH AND DEVELOPMENT AND OF  
14 ENTREPRENEURIAL ACTIVITY. .AND THEY CREATE  
15 STRUCTURES OF OPPORTUNITIES, BOTH COMMERCIALY AND  
16 ENTREPRENEURIALY WHICH ARE IMPORTANT TO THE WHOLE  
17 DEVELOPMENT PROCESS.

18 SO THE POINT THAT I WOULD ADD TO THE  
19 QUESTION YOU ASKED ABOUT INCENTIVES, WHAT CAN  
20 GOVERNMENT DO AND HAS REBUILD L.A. BEEN SUCCESSFUL  
21 OR NOT, IS THAT THIS ISSUE OF BUILDING AND FOCUSING  
22 ON CLUSTERS, CLUSTER INDUSTRIES AS FOCI FOR ECONOMIC  
23 DEVELOPMENT, BECOMES VERY, VERY IMPORTANT. IT IS  
24 NOT ENOUGH TO PUT IN INCENTIVES, SIMPLY INCENTIVES,  
25 OR, LET'S SAY, AN ENTERPRISE ZONE. WHAT YOU HAVE

1 TO DO IS PAY ATTENTION TO THE WHOLE WAY IN WHICH  
2 THE INDUSTRIAL MANUFACTURING SYSTEM IS STRUCTURED  
3 AND ITS DEVELOPMENTAL DYNAMICS.

4 SOME OF THE THINGS THAT CAN BE DONE --  
5 AND I THINK CALSTART, FOR EXAMPLE, IS A VERY  
6 IMPORTANT OBJECT LESSON IN GETTING A PARTICULAR  
7 INDUSTRY GOING, IN BEGINNING THE TASK OF CREATING  
8 THOSE KINDS OF SYNERGIES BY BUILDING NETWORKS OF  
9 PRODUCERS WHO INTERFACE WITH ONE ANOTHER AND  
10 INTERACT WITH ONE ANOTHER AND HAVE ALL SORTS OF  
11 VERY IMPORTANT TECHNOLOGICAL INTERRELATIONSHIPS TO  
12 ONE ANOTHER. AND OF COURSE, CALSTART IS A PRODUCT  
13 OF FEDERAL POLICY. IT CAME INTO EXISTENCE IN  
14 RESPONSE TO THE AMENDMENT TO THE 1991  
15 TRANSPORTATION ACT MAKING MONEY AVAILABLE FOR THESE  
16 KINDS OF CONSORTIA. SO ONE AREA, FOR EXAMPLE,  
17 WOULD BE FOCUSING ON DEVELOPMENTAL CONSORTIA FOR  
18 INNER CITY AREAS THAT WOULD PROMOTE THE CLUSTER  
19 INDUSTRY IDEA.

20 MR. WANG: THANK YOU.

21 PROFESSOR PASTOR: WELL, LET ME BRIEFLY  
22 COMMENT ON THOSE. I THINK UEBERROTH IS RIGHT IN  
23 SAYING THAT WE LACK A NATIONAL URBAN POLICY  
24 AGENDA. AND I THINK THE POLITICS OF THAT ARE VERY  
25 DIFFICULT, GIVEN WHO VOTES. AND INCREASING THE

1 VOTE IS MOVING TOWARDS SUBURBAN AREAS. AND THE  
2 SUBURBAN AREAS ARE FORGETTING THEIR RELIANCE ON THE  
3 URBAN CORES. THE URBAN CORES ARE INCREASINGLY  
4 POPULATED BY PEOPLE OF COLOR. AND THAT IS AN ISSUE  
5 OF RACE IN THE WAY THAT PEOPLE VOTE AND CARE ABOUT  
6 PUBLIC POLICY.

7 THERE ISN'T A LOT OF PUBLIC PRESSURE TO  
8 REALLY HAVE A NATIONAL URBAN STRATEGY. BUT IT IS  
9 ABSOLUTELY ESSENTIAL TO THE HEALTH OF THIS  
10 COUNTRY. AND WHAT IS ESSENTIAL IS THAT WE  
11 RECONCEIVE IT SO THAT IT IS NOT A SINGLE  
12 RESPONSIBILITY FOR EXAMPLE OF A DEPARTMENT OF  
13 HOUSING AND URBAN DEVELOPMENT. BECAUSE, IN FACT,  
14 THE NUMBER OF INTERVENTIONS THAT NEED TO GO ON ARE  
15 GOING TO REQUIRE ACTION IN EDUCATION, IN HEALTH, IN  
16 THE LABOR DEPARTMENT.

17 YOU MAY NOTICE THAT THE RECOMMENDATIONS  
18 THAT I MADE WITH REGARD TO ADDRESSING LATINO  
19 POVERTY ESSENTIALLY WOULD BE THINGS THAT WOULD BE  
20 COMING OUT OF THE LABOR DEPARTMENT AND THE COMMERCE  
21 DEPARTMENT, AND NOT OUT OF URBAN DEVELOPMENT. IN  
22 OTHER WORDS, I REALLY THINK THERE IS A NEED FOR A  
23 MULTIAGENCY STRATEGY AND A POLITICAL COMMITMENT.  
24 AND WHATEVER PART YOU CAN BE OF GENERATING THAT IS  
25 IMPORTANT.

1                   WITH REGARD TO INCENTIVES I THINK THERE  
2    OUGHT TO BE TWO TYPES.   IT SEEMS TO ME THAT  
3    BUSINESSES DO NEED INCENTIVES TO LOCATE.   BUT IT IS  
4    NOT REALLY RELIEF FROM REGULATION.   WHAT IT IS  
5    REALLY IS HELP WITH GETTING THROUGH THE REGULATIONS.  
6    ONE OF CONCEPTS THAT HAS BEEN FLOATING DURING THE  
7    LAST ELECTORAL CAMPAIGN FOR MAYOR HERE, WHICH I  
8    THINK WILL GET IMPLEMENTED AND WOULD HAVE GOTTEN  
9    IMPLEMENTED UNDER MICHAEL WOO AS WELL, IS A NOTION  
10   OF ONE-STOP PERMIT PROCESSING, SO THAT DEVELOPMENT  
11   PROJECTS BASICALLY GET A DEVELOPMENT OFFICER  
12   ASSIGNED TO THEM WHICH HELPS THEM RUN THE GAUNTLET  
13   OF REGULATIONS.

14                   WE NEED CLEAN AIR IN LOS ANGELES.   WE  
15   NEED PROTECTION OF OUR WORKERS IN TERMS OF  
16   OCCUPATIONAL SAFETY AND HEALTH.   WE CANNOT AFFORD  
17   TO RELAX ANY OF THE STANDARDS THAT WE, IN FACT, DO  
18   HAVE.   BUT WE NEEDN'T CREATE SO MANY COMPLEX  
19   HURDLES, SO MANY DIFFERENT AGENCIES, THAT A  
20   BUSINESS OWNER HAS TO GO THROUGH THAT IT IS  
21   IMPOSSIBLE TO DEVELOP.

22                   I AM INTRIGUED IN TERMS OF INCENTIVES AS  
23   WELL BY ONE THING THAT PRESIDENT CLINTON HAS  
24   PROPOSED, AND THAT IS A NOTION OF EMPOWERMENT ZONES  
25   IN WHICH YOU DON'T REALLY RELY ON TAX BREAKS TO GET



1       BUSINESSES TO LOCATE, WHICH HAS BEEN SHOWN TO BE  
2       FAIRLY UNSUCCESSFUL, BUT YOU REALLY RELY ON  
3       ORGANIZING COMMUNITY GROUPS TO ENGAGE IN COMMUNITY  
4       POLICING, TO HAVE NEIGHBORHOOD ORGANIZATIONS AND  
5       NEIGHBORHOOD PLANNING.  AND I THINK WE NEED TO MORE  
6       BROADLY CONCEIVE WHAT WE MEAN BY AN ENTERPRISE  
7       ZONE.  WHAT WILL ATTRACT BUSINESS IS NOT A LACK OF  
8       TAXES.  BUT WHAT WILL ATTRACT BUSINESS IS A SAFE  
9       COMMUNITY, NEIGHBORHOOD SUPPORT, AND A SKILLS  
10      BASE.

11                   LET ME MAKE ONE COMMENT ABOUT  
12      REBUILD L.A.  AND IT REALLY TAKES OFF FROM A -- I  
13      GOT MY LETTER ABOUT TESTIFYING HERE, AND IT SAID  
14      THAT ONE OF THE THINGS I MIGHT BE ASKED FINALLY  
15      SINCE AN EARLIER WITNESS IS LIKELY TO TESTIFY ABOUT  
16      THE NEED TO A RETURN TO A FIXED-VALUE DOLLAR SUCH  
17      AS IN THE GOLD STANDARD YOU MAY BE ASKED FOR  
18      TESTIMONY ON THAT SUBJECT.  I THINK THAT WAS A  
19      LITTLE SCARY.  PART OF THE REASON IS THAT -- I  
20      DON'T KNOW IF ANYBODY CAME UP AND ACTUALLY SAID  
21      THAT.  BUT THAT'S LIKE IF WE DID THIS ONE THING,  
22      EVERYTHING WOULD BE OKAY.  IF WE JUST FIXED THE  
23      VALUE OF THE DOLLAR IT WOULD BE OKAY.

24                   REBUILD L.A. HAS BEEN ASKED TO DO TOO  
25      MUCH.  AND EVERYBODY THOUGHT THIS WAS THE ONE THING

1 THAT WOULD SAVE LOS ANGELES. THEY HAVE BEEN ASKED  
2 TO DO TOO MUCH. THE ONE THING THAT REBUILD L.A.  
3 CAN DO, IN FACT, IS TO BRING IN SOME CORPORATE  
4 INVESTMENT INTO THE DISTRESSED AREAS. IN FACT,  
5 THERE IS A LOT OF OTHER ISSUES WHICH HAVE TO GO  
6 FORWARD IN TERMS OF COMMUNITY DEVELOPMENT,  
7 COMMUNITY PARTICIPATION, NONPROFIT CORPORATIONS,  
8 AND THAT SORT OF THING.

9 IN FACT, WHAT REBUILD L.A. SINCE IT HAS  
10 A CORPORATE BASE SHOULD BE ASKED TO DO IS TO  
11 CHALLENGE ITSELF, NOT JUST WITH REGARD TO  
12 PUTTING IN A NEW VONS, BUT WITH REGARD TO GETTING  
13 THE BANKING INDUSTRY IN THIS CITY TO CHANGE ITS  
14 PRACTICES WHICH EFFECTIVELY RED LINE AGAINST  
15 MINORITY NEIGHBORHOODS, TO GET THE CORPORATIONS  
16 THAT ARE LOCATED IN DOWNTOWN LOS ANGELES TO GIVE UP  
17 THEIR UNION-BUSTING TACTICS WHICH HAVE CREATED  
18 POVERTY IN THE CITY OF LOS ANGELES, TO REALLY LOOK  
19 AT THESE ISSUES AND CHALLENGE THEMSELVES AND  
20 RECOGNIZE THAT ACTIONS THAT THEY TAKE THAT, IN  
21 FACT, DENY ECONOMIC DEVELOPMENT OPPORTUNITIES TO  
22 SMALL BUSINESS, TO MINORITY COMMUNITIES, TO  
23 MINORITY WORKERS, ARE IN FACT DETRIMENTAL TO THE  
24 BUSINESS HEALTH OF THIS CITY.

25 THAT'S REALLY THE KIND OF LEADERSHIP

1 THAT I WOULD HAVE LIKED TO SEE FROM PETER UEBERROTH  
2 IS TO HAVE HIM REALLY TURN AROUND AND CHALLENGE THE  
3 BANK OF AMERICA AND SECURITY PACIFIC -- NOW THEY  
4 ARE ALL ONE BANK -- TO REALLY OPEN UP THE CREDIT  
5 GATES TO MINORITY ENTREPRENEURS.

6 MR. WANG: THANK YOU.

7 PROFESSOR GRIGSBY: I WOULD CERTAINLY  
8 AGREE THAT WE DON'T HAVE A NATIONAL URBAN POLICY,  
9 BUT I AM NOT SURE THAT WE SHOULD HAVE A NATIONAL  
10 URBAN POLICY. WHAT WE SHOULD HAVE IS LEADERSHIP  
11 THAT SAYS THAT CITIES IN AMERICA ARE VERY IMPORTANT  
12 AND THAT WE SHOULD SAY THE FEDERAL GOVERNMENT'S  
13 COMMITMENT IS TO CITIES, OR TO HEALTH VITAL  
14 CITIES, AND ASK OURSELVES HOW WE GET THERE. I  
15 THINK A PART OF THAT FOCUS WOULD BE UNDERSTANDING  
16 THE REGIONAL DIFFERENCES WITHIN THIS COUNTRY WITHIN  
17 THE CONTEXT OF A NATIONAL GOVERNMENT.

18 I DON'T BELIEVE WE CAN EVER RETURN TO  
19 THE NATIONAL POLICY CONCEPT THAT WE DID IN THE DAYS  
20 ON THE WAR IN POVERTY BECAUSE WE HAVE MAJOR  
21 REGIONAL DIFFERENCES. ONCE WE UNDERSTAND THAT WE  
22 HAVE THESE MAJOR REGIONAL DIFFERENCES, THEN WE CAN  
23 OURSELVES WHAT ROLE MIGHT THE FEDERAL GOVERNMENT  
24 PLAY AND HOW MIGHT THAT LINK TO INCENTIVES. AGAIN  
25 AS A PART OF NATIONAL GOVERNMENT, WE MIGHT ASK

1        OURSELVES WHAT WOULD HAPPEN IF WE HAD A STATE OF  
2        THE CITY OR A STATE OF THE REGIONS REPORT ANNUALLY  
3        OR BIANNUALLY IN ORDER TO UNDERSTAND FROM WHENCE WE  
4        HAVE COME AND WHERE WE ARE GOING AND WHETHER -- YOU  
5        KNOW, WHETHER WE KNOW WHETHER WE ARE MAKING A  
6        DIFFERENCE OR NOT. WE DON'T HAVE SUCH AN ANNUAL  
7        REPORT AT THE MOMENT.

8                    IF WE WERE FOCUSING ON REGIONAL  
9        CONCEPTS, WHEN WE START TO LOOK AT LOS ANGELES  
10       METROPOLITAN AREA YOU NEED TO KEEP IN MIND THAT  
11       THERE ARE 89 INCORPORATED CITIES IN LOS ANGELES  
12       COUNTY. THAT MAKES FOR A VERY INTERESTING  
13       CONSTELLATION RELATIVE TO DECISION MAKING. BUT  
14       THERE IS SOME CONSONANCE, IT SEEMS TO ME -- MANUEL  
15       WAS ABSOLUTELY CORRECT -- ABOUT THE RELATIONSHIP  
16       BETWEEN SO-CALLED SUBURBAN CITIES AND URBAN RINGS  
17       AND THE MOTION THAT THEY HAVE NO RESPONSIBILITY.

18                    I THINK IF YOU WILL LOOK AT A MAJOR  
19        PIECE OF THE EMPLOYMENT SECTOR, IT IS IN DOWNTOWN  
20        LOS ANGELES. IF YOU LOOK AT HOW PEOPLE GET THERE,  
21        IT IS ON FREEWAYS. IF YOU LOOK AT WHERE THEY GO  
22        TO RECREATE, IT IS AT THE COLISEUM AND SPORTS  
23        ARENA. IF YOU LOOK AT WHERE THEY GO TO GET  
24        CULTURE, IT IS AT M.O.C.A., IT IS AT L.A. COUNTY  
25        ART MUSEUM.

1                   SUBURBANITES -- EXCUSE THE EXPRESSION --  
2   PIMP OFF THE INNER CITY WITHOUT HAVING TO PAY THE  
3   PIPER.   SO WHEN WE START TO LOOK AT THESE REGIONAL  
4   ARRANGEMENTS AND ASK OURSELVES ABOUT INFRASTRUCTURE  
5   INVESTMENT, WE MUST ASK WHAT COULD WE DO FROM A  
6   FEDERAL LEVEL TO FORCE A LITTLE MORE COOPERATION  
7   ABOUT FAIR HOUSING, ABOUT UNEMPLOYMENT RATES,  
8   ABOUT EQUITY IN THE DISTRIBUTION OF GOODS AND  
9   SERVICES, TIED TO FINANCING OF REGIONAL  
10  INFRASTRUCTURE, SUCH AS RAPID RAIL SYSTEMS, SUCH  
11  AS SEWER TREATMENT PLANTS, SUCH AS NEW HIGHWAYS.  
12  THERE IS WHERE I THINK THE FEDERAL GOVERNMENT CAN  
13  PROVIDE SOME LEVERAGE AND PROVIDE SOME INCENTIVE  
14  AND MAYBE GET SOME INTERJURISDICTIONAL COOPERATION  
15  TO LINK WHAT, IN FACT, IS SORT OF A LAISSEZ FAIRE  
16  RELATIONSHIP BETWEEN COMPETING JURISDICTIONS WHERE,  
17  IN A SENSE, THE MINORITIES OR INNER CITY RESIDENTS  
18  PAY A DISPROPORTIONAL SHARE OF PRICE FOR OTHERS TO  
19  BENEFITS.

20                   WHEN WE TALK ABOUT REBUILD L.A., I  
21  CERTAINLY AGREE WITH WHAT MANUAL SAID, THERE HAS  
22  BEEN TOO MUCH EXPECTATION PLACED UPON WHAT IT IS  
23  THEY COULD DO.   I THINK A SYMBOLIC GESTURE WAS VERY  
24  IMPORTANT TO GET A COMMITMENT OF CORPORATE AMERICA  
25  TO INNER CITIES.   BUT I THINK THEY DROPPED THE BALL

1 IN A NUMBER OF AREAS, ONE OF WHICH IS NOT  
2 UNDERSTANDING HOW AN URBAN AREA WORKS AND BEING  
3 ABLE TO CAPITALIZE ON INVESTMENT THAT HAS ALREADY  
4 BEEN MADE.

5 FOR EXAMPLE, \$183 BILLION IS SUPPOSED TO  
6 BE INVESTED IN REGIONAL RAIL NETWORK IN THE LOS  
7 ANGELES METROPOLITAN AREA. PRIOR TO THE CIVIL  
8 UNREST THERE WASN'T EVEN CONSIDERATION OF A RAIL  
9 SYSTEM IN THE HEART OF SOUTH CENTRAL LOS ANGELES.  
10 NOW THEY ARE TRYING TO THINK ABOUT HOW TO DO THAT,  
11 ALTHOUGH AS OF ACTION TAKEN THIS MORNING THEY HAVE  
12 NOW TAKEN ALL THE FUNDING OUT OF ANY POTENTIAL LINE  
13 DOWN THE CRENSHAW CORRIDOR.

14 HOWEVER, THE BLUE LINE BETWEEN CENTRAL  
15 LOS ANGELES AND LONG BEACH IS OPERATIONAL. R.L.A.  
16 NEVER CONCEIVED OF A STRATEGY THAT WOULD LINK  
17 CHANGES IN LAND USE POLICY DENSIFICATION AND  
18 INCENTIVES FOR EMPLOYMENT CONCENTRATION ADJACENT TO  
19 THE BLUE LINE FOR WHICH INFRASTRUCTURE HAS ALREADY  
20 BEEN DEVELOPED, FOR WHICH YOU COULD CAPITALIZE ON  
21 PUBLIC INVESTMENT AND EXPENDITURE AS A PART OF THE  
22 CONTRIBUTION. IT IS LINKING RELATIONSHIPS IN A  
23 COORDINATED FASHION IN URBAN AREAS THAT IS SORELY  
24 MISSING IN PUBLIC POLICY.

25 MR. WANG: THANK YOU VERY MUCH.

1 THE FLOOR IS OPEN, COMMISSIONERS.

2 MR. REYNOSO: WELL, MAYBE THE LAST  
3 REMARK IS WHAT PROFESSOR SCOTT HAD IN MIND.  
4 PROFESSOR SCOTT, YOU INDICATED THAT THERE WAS A  
5 NEED FOR LOCAL PLANNING, AND YOU MENTIONED THE  
6 EFFORTS BY MR. GAGE IN SORT OF A PRIVATE LOCAL  
7 PLANNING. AND I WANTED YOU TO EXPLORE A LITTLE  
8 BIT FURTHER IF YOU AGREE WITH THE OTHERS, IF YOU  
9 AGREE THERE OUGHT TO BE MORE LOCAL PLANNING TO  
10 HOW THAT MIGHT TAKE SHAPE OR WHAT WOULD BE THE  
11 INGREDIENTS.

12 IT SEEMS TO ME -- I MAY BE WRONG -- THAT  
13 IF, FOR EXAMPLE, A LOCAL PLANNING GROUP OR  
14 ORGANIZATION INCLUDING EMPLOYERS AGREED WITH  
15 PROFESSOR PASTOR THAT ONE OF THE THINGS THAT IS  
16 NEEDED IS HIGHER MINIMUM WAGE, THAT THAT WOULD BE  
17 VERY INFLUENTIAL IN WASHINGTON BECAUSE WE HAVE OF  
18 COURSE MANY, MANY FOLKS WHO ARGUE EXACTLY THE  
19 OPPOSITE.

20 SO MY QUESTION IS HOW DOES THE LOCAL  
21 PLANNING HAPPEN, AND HOW DO THE LOCAL PLANNERS  
22 INFLUENCE PUBLIC POLICY? IF IT HAPPENS.

23 PROFESSOR SCOTT: WELL, THAT'S A VERY  
24 DIFFICULT QUESTION. LET ME TRY TO BEGIN TO GET  
25 INTO IT BY INDICATING THAT I HEARD THE OTHER DAY

1        THAT THE SOUTHERN CALIFORNIA ASSOCIATION OF  
2        GOVERNMENTS IS NOW PUSHING THE IDEA OF A REGIONAL  
3        ECONOMIC COUNCIL.  AND IT SEEMS TO ME THAT THAT IS  
4        AN IDEA WHOSE TIME HAS COME.  PARTICULARLY IN A  
5        REGION LIKE SOUTHERN CALIFORNIA WHICH HAS VERY  
6        DISTINCTIVE KINDS OF ECONOMIC STRUCTURES AND  
7        VERY DISTINCTIVE KINDS OF ECONOMIC PROBLEMS,  
8        PARTICULARLY TODAY AT THIS MOMENT OF ECONOMIC AND  
9        SOCIAL CRISIS IN SOUTHERN CALIFORNIA, I THINK  
10       THAT SOMETHING LIKE A REGIONAL ECONOMIC COUNCIL  
11       WHICH BROUGHT TOGETHER THE MAIN CONSTITUENCIES IN  
12       THE REGION -- EMPLOYERS, LOCAL GOVERNMENT, THE  
13       BANKS, LABOR AND COMMUNITY GROUPS -- TO TALK ABOUT  
14       THE PROCESS OF LOCAL ECONOMIC DEVELOPMENT AND  
15       HAMMER OUT AGREEMENTS ABOUT THE BEST WAY TO GO, TO  
16       TRY TO COORDINATE AND TO STRATEGIZE AROUND THE  
17       FUTURE OF THE REGION, WOULD BE A VERY IMPORTANT  
18       FIRST STEP IT SEEMS TO ME IN THIS PROCESS OF LOCAL  
19       PLANNING AND OF THIS REGION, TAKING CONSCIOUSNESS  
20       OF, YES, ECONOMIC IDENTITY AND ITS ECONOMIC  
21       PROBLEMS AND TRYING TO DO SOMETHING CREATIVE AND  
22       SIGNIFICANT ABOUT THEM.

23                    AND THIS IDEA OF REGIONAL ECONOMIC  
24       COUNCILS, BY THE WAY, IS BY NO MEANS A NEW ONE.  IT  
25       HAS WORKED VERY WELL IN GERMANY, WHERE THIS FORM OF



1 ORGANIZATION HAS BEEN PARTICULARLY SUCCESSFUL IN  
2 PRODUCING VIABLE LOCAL ECONOMIC DEVELOPMENT  
3 PROGRAMS. AND IN PARTICULAR WHERE YOU HAVE FORMS  
4 OF ORGANIZATION AND YOU HAVE LOTS OF SUBCOMMITTEES,  
5 FOR EXAMPLE, INDUSTRY SUBCOMMITTEES, THAT DEAL WITH  
6 PARTICULAR INDUSTRIES AND THEN FILTER THE  
7 INFORMATION BACK UP TO THE REGIONAL COUNCIL.

8 AND WHERE YOU HAVE THAT FORM OF  
9 COORDINATED ACTIVITY IN WHICH ALL PARTICIPANTS PLAY  
10 A ROLE AND HAVE A POLITICAL VOICE, I THINK THAT  
11 THAT WOULD BE AN EXTREMELY IMPORTANT FIRST STEP IN  
12 THE KIND OF LOCAL PLANNING AND THE KIND OF ACTION  
13 WHICH I THINK NEEDS TO BE BROUGHT TO BEAR ON THIS  
14 REGION IF WE ARE TO SOLVE OVER THE LONG TERM THE  
15 ECONOMIC PROBLEMS WE FACE AND TO RECOVER THE  
16 COMPETITIVITY OF THE REGION IN GLOBAL MARKETS.

17 PROFESSOR PASTOR: WELL, BRIEFLY,  
18 PLANNING IS MEANT TO OVERCOME WHAT ARE CALLED  
19 COLLECTIVE ACTION PROBLEMS, WHICH IS, FOR EXAMPLE,  
20 THE THREE OF US SITTING MIGHT NOT DECIDE  
21 INDIVIDUALLY TO INVEST, BUT IF WE KNEW THAT THE  
22 OTHERS WOULD INVEST, WE WOULD INVEST BECAUSE THERE  
23 WOULD BE A KIND OF SYNERGISM THAT PROFESSOR SCOTT  
24 IS TALKING ABOUT.

25 SOLVING COLLECTIVE ACTION PROBLEMS

1 THROUGH PLANNING ISN'T SOMETHING THAT IS DONE JUST  
2 THROUGH THE STATE, ALTHOUGH THE GOVERNMENT CAN PLAY  
3 AN IMPORTANT ROLE, BRINGING BUSINESSES TOGETHER,  
4 BRINGING COMMUNITY RESIDENTS TOGETHER, COMMUNITY  
5 ORGANIZATIONS, TO TRY TO FIGURE OUT THE COMMUNITY  
6 WILL DO THIS, BUSINESS WILL DO THAT. THESE ARE THE  
7 KINDS OF THINGS I THINK THAT CAN MOVE US FORWARD.  
8 AND IT CERTAINLY NEEDS TO HAPPEN AT A REGIONAL  
9 LEVEL BECAUSE THE SOUTHERN CALIFORNIA ECONOMY  
10 IS A SINGLE REGIONAL ECONOMY, VERY INTERCONNECTED.

11 ONE CONCERN, THOUGH -- AND I WOULD  
12 RE-STRESS SOMETHING THAT PROFESSOR GRIGSBY TALKED  
13 ABOUT -- IS THAT MUCH OF THE DISCUSSION ABOUT  
14 REGIONAL DEVELOPMENT IS DISCONNECTED FROM THE  
15 DISCUSSION ABOUT COMMUNITY DEVELOPMENT IN POOR  
16 NEIGHBORHOODS. WE ARE ALL VERY CONCERNED RIGHT NOW  
17 ABOUT REVIVING THE AEROSPACE INDUSTRY. BUT IF WE  
18 DO AND TAKE ADVANTAGE OF THOSE WORKERS' SKILLS, IT  
19 IS NOT CLEAR THAT IT WILL BE HELPING MUCH MINORITY  
20 COMMUNITIES OR HAVING THE BENEFITS OF THAT TRICKLE  
21 DOWN TO LOW INCOME COMMUNITIES IN THE INNER CITY.

22 WE REALLY NEED TO HAVE A SERIOUS  
23 DISCUSSION OF HOW TO LINK TOGETHER SOME SORT OF  
24 REGIONAL STRATEGY WITH THE WHOLE QUESTION OF  
25 COMMUNITY DEVELOPMENT. WE KNOW WHAT WILL WORK FOR

1 COMMUNITY DEVELOPMENT: LOCAL NEIGHBORHOOD PLANNING,  
2 CREDIT TO SMALL ENTREPRENEURS, IMPROVEMENT IN  
3 CONDITIONS FOR WORKERS. THESE SORTS OF THINGS WORK  
4 AT A LOCAL LEVEL, AND WE CAN CONNECT THAT SET OF  
5 POLICIES THAT WE ARE FINALLY BEGINNING TO REALIZE  
6 WORK, WITH A REGIONAL PLANNING.

7 PROFESSOR GRIGSBY: I AM NOT SURE I CAN  
8 ADD MUCH MORE, OTHER THAN TO SAY THAT I THINK ONE  
9 OF THE CORNERSTONES OF ANY SORT OF REGIONAL  
10 PLANNING IS A QUESTION OF FINANCING. AND THAT  
11 UNLESS WE UNDERSTAND HOW DEVELOP A BETTER WAY OF  
12 FINANCING LOCAL SERVICES THROUGH SOME FORM OF A  
13 REGIONAL MECHANISM, AS OPPOSED TO POINT-OF-SALE TAX  
14 OR PROPERTY-BASED TAX, THEN WE ARE GOING TO  
15 CONTINUE TO HAVE A MAJOR PROBLEM AND THAT IF  
16 NOTHING ELSE, EXAMINING ALTERNATIVE FINANCING  
17 MECHANISMS AT THE REGIONAL LEVEL MAY BE ONE OF THE  
18 MOST EFFECTIVE WAYS TO INDEED ADDRESS SOME OF THE  
19 BIG ISSUES. AND AN UNDERPINNING OF THAT,  
20 OBVIOUSLY, IS INFRASTRUCTURE AND THE RELATIONSHIP  
21 NOW BETWEEN REGIONAL REDISTRIBUTION OF MONEYS AND  
22 HOW TO PAY FOR THAT INFRASTRUCTURE. BUT EQUALLY  
23 IMPORTANT IS WHO BENEFITS FROM THE INFRASTRUCTURE  
24 INVESTMENT.

25 MR. REYNOSO: THANK YOU VERY MUCH.

1 FURTHER QUESTIONS FROM THE COMMISSION?

2 MR. GEORGE: I HAVE A QUESTION FOR THE  
3 GROUP. I WAS INTRIGUED BY PROFESSOR PASTOR'S  
4 LITTLE WHIMSY ABOUT THE THREE OF YOU GOING INTO  
5 BUSINESS TOGETHER. IF THAT HAPPENED, OBVIOUSLY IT  
6 WOULD BE A COALITION OF DIFFERENT ETHNIC GROUPS.  
7 WE ARE GOING TO HEAR TESTIMONY TOMORROW I  
8 UNDERSTAND FROM SOMEONE WHO THINKS THAT THAT IS AN  
9 IMPORTANT THING FOR LOS ANGELES, GIVEN THE  
10 DIVERSITY OF THE CITY, THE REMARKABLE DIVERSITY OF  
11 THE CITY.

12 DO YOU THINK -- EACH OF YOU, DO YOU  
13 THINK THAT THAT IS AN IMPORTANT AND WORTHWHILE  
14 THING TO STIMULATE, BUSINESS VENTURES THAT ARE  
15 JOINTLY OWNED BY PEOPLE FROM DIFFERENT ETHNIC  
16 GROUPS, AND IF SO DO YOU HAVE ANY IDEAS ABOUT HOW  
17 TO CREATE INCENTIVES TO STIMULATE THAT KIND OF  
18 DEVELOPMENT?

19 PROFESSOR PASTOR: WELL, LET ME JUST SAY  
20 THAT I GUESS IT IS A LITTLE BIT MORE THAN WHIMSY  
21 SINCE GENE AND I HAVE ACTUALLY WORKED TOGETHER ON  
22 SOME PROJECTS. AND ONE OF THE PROJECTS -- THIS IS  
23 NOT --

24 MR. REYNOSO: FOR MONEY?

25 PROFESSOR PASTOR: FOR MONEY, YES. AND

1 THEN WE HAVE ALSO DONE STUFF NOT FOR MONEY.

2 ISN'T THAT TRUE, GENE?

3 PROFESSOR GRIGSBY: THAT'S TRUE.

4 PROFESSOR PASTOR: SOME WORK THAT WE  
5 HAVE DONE WITH NONPROFIT COMMUNITY ORGANIZATIONS.  
6 AND ACTUALLY ONE OF THE PROJECTS THAT GENE AND I  
7 AND A NUMBER OF OTHERS DID WAS TO BRING TOGETHER A  
8 COALITION OF AFRICAN-AMERICAN, LATINO, ASIAN,  
9 PACIFIC AMERICAN URBAN PLANNERS AND COMMUNITY  
10 LEADERS OVER THE LAST FOUR YEARS TO BE TALKING  
11 ABOUT ECONOMIC POLICY IN THE REGION, NOT THAT MANY  
12 PEOPLE HAVE STARTED BUSINESSES TOGETHER.

13 IT SEEMS TO ME THAT THAT IS A VERY  
14 USEFUL IDEA AND THAT SOME OF THIS HAS TO BE DONE A  
15 BIT THROUGH JAWBONING, A BIT THROUGH BRINGING  
16 PEOPLE TOGETHER. I AM NOT SURE WHAT THE STATE OR  
17 GOVERNMENT INCENTIVES COULD BE FOR SOMETHING LIKE  
18 THAT. BUT PEOPLE WHO WORK TOGETHER --

19 MR. GEORGE: WELL, I WASN'T TALKING  
20 NECESSARILY ABOUT STATE. ANY INCENTIVES THAT YOU  
21 CAN THINK OF, ANY MOVES. THEY COULD BE PRIVATE.

22 PROFESSOR GRIGSBY: I CAN GIVE YOU THREE  
23 VERY CONCRETE SPECIFIC EXAMPLES. NUMBER ONE, I  
24 THINK THE APPROACH AND THE PHILOSOPHY AND THE  
25 IDEOLOGY IS THE RIGHT DIRECTION. AND IT IS GOING

1 TO HAPPEN ANYWAY, JUST GIVEN THE NATURE OF THE  
2 POPULATION GROUPS THAT EXIST AT LEAST IN SOUTHERN  
3 CALIFORNIA. BUT LET'S BE FAR-FETCHED FOR A MOMENT  
4 AND SAY THAT VONS DIDN'T INVEST IN TEN NEW STORES  
5 IN SOUTH CENTRAL LOS ANGELES.

6 BY THE WAY, MY TAKE ON THAT IS THAT IF  
7 THEY CARRY THAT PLAN OUT AS PROPOSED, THAT WILL BE  
8 A NET ECONOMIC DISINCENTIVE FOR SOUTH CENTRAL LOS  
9 ANGELES. AND THE REASON PRIMARILY IS, TAKE ONE  
10 EXAMPLE OF ONE VONS STORE, 160 EMPLOYEES, TWO  
11 MANAGERS, BOTH OF THE MANAGERS PROBABLY WILL NOT  
12 LIVE IN SOUTH CENTRAL. THOSE ARE THE HIGHEST PAID  
13 WAGE EMPLOYEES. THE OTHER 158 FOR THE MOST PART  
14 WILL BE CLERKS AND/OR STOCK PEOPLE, PART TIME, NO  
15 BENEFITS, MINIMUM BENEFITS, EVEN IF UNIONIZED.

16 ASSUME THAT GENERATES A MILLION DOLLAR A  
17 YEAR PAYROLL AND 80 PERCENT OF THAT GOES TO SOUTH  
18 CENTRAL LOS ANGELES. BOY IS THAT A GREAT ECONOMIC  
19 BENEFIT. BUT TO GENERATE A MILLION DOLLAR PAYROLL,  
20 YOU HAVE GOT TO HAVE FIVE MILLION DOLLARS WORTH OF  
21 GROSS. THAT MEANS OVER FOUR MILLION BUCKS LEAVES  
22 SOUTH CENTRAL LOS ANGELES, FOR EACH OF THOSE TEN  
23 STORES, TO GO TO VONS CORPORATE. LOUSY ECONOMIC  
24 DEVELOPMENT DEAL FOR SOUTH CENTRAL LOS ANGELES.

25 WHAT'S THE ALTERNATIVE? WHAT IF VONS

1 DIDN'T INVEST IN THOSE TEN STORES, BUT IN FACT TOOK  
2 A LOOK AT 50 KOREAN STORES THAT WERE BURNED DOWN,  
3 SET UP A MECHANISM TO EXPAND FIFTY 5,000 SQUARE  
4 FOOT STORES TO FIFTY 25,000 SQUARE FOOT STORES AND  
5 CREATED EQUITY PARTICIPATION ON THE PART OF  
6 NEIGHBORHOOD GROUPS. VONS SUPPLIES THOSE STORES ON  
7 THE SAME DISCOUNT BASIS AS THEY WOULD SUPPLY THE  
8 TEN STORES. VONS HAS NO NEW EMPLOYEES, NO CAPITAL  
9 INVESTMENT, AND WORKS OUT A GOODWILL DEAL AND  
10 PROVIDES GREATER ECONOMIC BENEFIT TO SOUTH CENTRAL  
11 LOS ANGELES. THAT'S ONE POTENTIAL EXAMPLE OF A  
12 MULTIETHNIC PARTNERSHIP.

13 GIVE YOU A SECOND EXAMPLE. I HAVE  
14 HELPED TO FORM A COMMUNITY-BASED FOR-PROFIT  
15 DEVELOPMENT CORPORATION, CAPITALIZING ON THE  
16 \$100,000,000 OF PUBLIC INVESTMENT IN EXPOSITION  
17 PARK, CALLED THE EXPOSITION PARK COMMUNITY  
18 DEVELOPMENT CORPORATION. THE IDEA IS TO BE A  
19 HOLDING COMPANY CAPITALIZED BY LOCAL COMMUNITY  
20 PEOPLE WHO LIVE WITHIN A TWO AND A HALF MILE RADIUS  
21 OF THE PARK.

22 A RESIDENT OR BUSINESS OWNER PAYS A  
23 THOUSAND BUCKS FOR EQUITY INTEREST. WE HAVE FOUR  
24 OPERATING CLIENTS -- A LANDSCAPE MAINTENANCE  
25 COMPANY, A SECURITY COMPANY, AN EVENTS MANAGEMENT,

1 AND A PARKING MANAGEMENT COMPANY -- ALL PREDICATED  
2 ON CONTINUED PUBLIC INVESTMENT IN THE PARK AND OUR  
3 ABILITY TO LEVERAGE THOSE WITH OTHER BUSINESS  
4 OPPORTUNITIES AROUND THE PARK. SO WE ARE USING  
5 PUBLIC INVESTMENT TO BENEFIT THE COMMUNITY  
6 DIRECTLY THROUGH CAPITAL FORMATION, AS OPPOSED TO  
7 JOB CREATION, WHICH IS WHAT CAPITALISM REALLY IS  
8 ALL ABOUT. IT IS A MULTIETHNIC COMMUNITY,  
9 MULTIETHNIC PARTICIPATION IN A CAPITALIST VENTURE.

10 THE THIRD EXAMPLE YOU HAVE ALREADY HEARD  
11 ABOUT TODAY, CWED. THAT'S A MULTIETHNIC DEAL THAT  
12 INVOLVES VERY LOW WAGE INDIVIDUALS TO PARTICIPATE  
13 INCREASING IN THE CAPITAL ECONOMY. THOSE KINDS OF  
14 EXAMPLES WILL OCCUR MORE AND MORE.

15 MR. GEORGE: THANK YOU.

16 MR. REYNOSO: COMMISSIONER ANDERSON?

17 MR. ANDERSON: WELL, I REALLY DIDN'T  
18 HAVE A QUESTION. BUT JUST YOUR LAST ANSWER MAKES  
19 ME WONDER. WHY IS VONS A GOOD DEAL, THEN, FOR THE  
20 SUBURBS? OR IS IT GENERALLY NOT A GOOD DEAL AT ALL  
21 FOR ANYBODY?

22 PROFESSOR GRIGSBY: IT IS A GOOD DEAL  
23 FOR THE EQUITY OF THE OWNERS. WHAT IT PROVIDES FOR  
24 SOUTH CENTRAL LOS ANGELES IS POTENTIALLY BETTER  
25 ACCESS TO GOOD SERVICES. BUT THAT'S NOT ECONOMIC



1 DEVELOPMENT. THAT'S A SERVICE DELIVERY STRATEGY.  
2 SIMILARLY WITH NOT-FOR-PROFIT COMMUNITY-BASED  
3 ORGANIZATIONS. IT IS A GREAT SERVICE DELIVERY  
4 STRATEGY, NOT CAPITAL ACCUMULATION FOR THE BENEFIT  
5 OF INDIVIDUALS, WHICH IS WHAT CAPITALISM IS ALL  
6 ABOUT.

7 MR. ANDERSON: OKAY.

8 MR. GEORGE: WELL, IS THAT TRUE FOR THE  
9 SUBURBS, TOO?

10 PROFESSOR GRIGSBY: YES.

11 MR. GEORGE: SO IT IS NOT AN ESPECIALLY  
12 BAD DEAL FOR THE INNER CITIES. IT IS BAD WHETHER  
13 IT IS IN THE SUBURBS OR THE INNER CITIES EXCEPT AS  
14 A SERVICE DELIVERY STRATEGY?

15 PROFESSOR GRIGSBY: WITH PERHAPS ONE  
16 MITIGATING ISSUE HERE, MORE SUBURBANITES OFTEN HAVE  
17 THE OPPORTUNITY TO BE EQUITY PARTICIPANTS IN EITHER  
18 THE SHOPPING MALL OR THE PACKAGE DEAL THROUGH  
19 INVESTMENT STRATEGIES THAN WOULD INNER CITY  
20 PEOPLE.

21 MR. ANDERSON: WELL, LET ME JUST PURSUE  
22 ANOTHER MINUTE. VONS IS DOING WHAT IT DOES --  
23 CORRECT? -- AND IT DOES IT IN THE SUBURBS, AND NOW IT  
24 WANTS TO DO IT IN THE INNER CITY. NOW, WE DON'T  
25 TELL VONS IN THE SUBURBS THAT YOU ARE NOT REALLY

1 DOING ANYTHING FOR US, SO IT IS NOT A BENEFIT FOR  
2 YOU TO BE HERE?

3 PROFESSOR GRIGSBY: NO. WE SAY WHAT YOU  
4 ARE DOING IN THE INNER CITY IS NOT ECONOMIC  
5 DEVELOPMENT STRATEGY. IT IS A SERVICE DELIVERY.

6 MR. GEORGE: WELL, WHAT YOU ARE DOING  
7 WHEREVER YOU ARE DOING IT IS SERVICE DELIVERY.

8 PROFESSOR GRIGSBY: RIGHT. NOT ECONOMIC  
9 DEVELOPMENT, PARTICULARLY FOR THE INNER CITY --

10 MR. ANDERSON: BUT THAT'S THE NATURE OF  
11 WHAT THEY DO; ISN'T IT?

12 PROFESSOR GRIGSBY: NO QUIBBLE THAT THAT  
13 IS THE NATURE. JUST DON'T PASS IT OFF AS AN  
14 ECONOMIC DEVELOPMENT STRATEGY. WHEN THEY HAVE DONE  
15 BUILDING THEIR TEN STORES, DON'T SAY WE HAVE MADE A  
16 TREMENDOUS ECONOMIC DEVELOPMENT CONTRIBUTION TO  
17 SOUTH CENTRAL LOS ANGELES.

18 MR. FLETCHER: I AM CURIOUS TO KNOW  
19 ABOUT THE PROSPECT FOR CAPITAL FORMATION IN THE --  
20 IN THE -- IN THIS INNER CITY. CAN YOU TALK A  
21 LITTLE BIT. I AM ASSUMING THAT IF WE REALLY WANT  
22 TO GET THE ECONOMIC DEVELOPMENT GOING IN WHAT I  
23 CALL THIRD WORLD NEIGHBORHOODS, THAT SOME OF THE  
24 START-UP SEED MONEY HAS TO COME FROM THOSE  
25 PARTICULAR NEIGHBORHOODS AS IT HE PERTAINS TO THIS

1 MONEY. COULD YOU TALK ABOUT CAPITAL FORMATION  
2 IN CERTAIN THIRD WORLD NEIGHBORHOODS.

3 PROFESSOR GRIGSBY: SURE. I WILL GIVE  
4 YOU TWO EXAMPLES. WE ARE WORKING WITH A COALITION  
5 OF CHURCH GROUPS NOW.

6 MR. FLETCHER: I WAS HOPING YOU WOULD  
7 START THERE.

8 PROFESSOR GRIGSBY: I WON'T NAME THE  
9 GROUPS OR INDICATE WHICH ONES. BUT I CAN TELL YOU  
10 THAT THEY ARE DOING APPROXIMATELY 100,000 A WEEK OF  
11 GROSS OF CASHFLOW FOR WHICH THEY ARE NOT PAYING  
12 MEANINGFUL INVESTMENT STRATEGIES FOR THAT  
13 CAPITALIZATION. SOME OF THEM HAVE COALESCED AND  
14 HAVE DECIDED TACTICALLY THAT THEY WANT TO BUY THE  
15 ENTIRE BLOCK SURROUNDING AS A LAND BANKING  
16 STRATEGY. AND IT IS A STRATEGY TO PREVENT  
17 ENCROACHMENT IN TERMS OF THEIR NEIGHBORHOODS AND  
18 ENHANCE QUALITY OF LIFE. THAT'S ONE EXAMPLE OF  
19 CAPITAL FORMULATION.

20 AND THE EXAMPLE OF THE EXPOSITION PARK  
21 GROUP THAT I TALKED ABOUT --

22 MR. FLETCHER: IS THE CENTERPIECE OF  
23 THAT THE LAND BANKING?

24 PROFESSOR GRIGSBY: YES.

25 MR. FLETCHER: OKAY. GO AHEAD.

1                   PROFESSOR GRIGSBY:   THE SECOND ONE THAT  
2   I TALKED ABOUT, THE EXPOSITION PARK COMMUNITY  
3   DEVELOPMENT CORPORATION, IF OUR PROSPECTIVES ARE  
4   ANYWHERE CORRECT, GIVEN THE MARKET AREA AT 1,000  
5   BUCKS PER HOUSEHOLD WE CAN CAPITALIZE THAT AT ABOUT  
6   \$25 MILLION.   AND WE HAVE DEVELOPED A LOAN PROGRAM  
7   TO ALLOW PEOPLE TO PAY OVER THREE-YEAR TIME PERIOD,  
8   AND WE WILL LEND YOU THE MONEY AT A LOW INTEREST  
9   RATE IN ORDER FOR YOU TO PLAY IN THIS CAPITAL GAME.

10                   MR. FLETCHER:   LET ME ASK YOU ANOTHER  
11   ONE.   WHEN I LOOK AT THE MERGER AGREEMENTS -- I AM  
12   TALKING ABOUT COMMUNITY REINVESTMENT RIGHT NOW.   AS  
13   I LOOK AT THE MERGER AGREEMENTS THAT HAVE BEEN  
14   PASSED OFF AS LEGITIMATE COMMUNITY REINVESTMENT  
15   INSTRUMENTS, I NOTICED THE DOLLAR VOLUMES THAT IS  
16   SUPPOSED TO BE SET ASIDE FOR REINVESTMENT IN THOSE  
17   NEIGHBORS.   I HAVE REVIEWED THAT, ONE, COMMERCIAL  
18   BANKS AREN'T TICKLED TO DEATH, TO SAY THE LEAST,  
19   ABOUT BEING A MAJOR CATALYST FOR GETTING THE  
20   COMMUNITY REINVESTMENT PROGRAM UP AND RUNNING.

21                   DOES IT MAKE SENSE TO CALL ON THOSE BANKS  
22   AND SAY TO THEM EXTEND A LINE OF CREDIT, IF NOT  
23   THEIR HARD CASH, EXTEND A LINE OF CREDIT TO AN  
24   ECONOMIC DEVELOPMENT TRUST FUND, BANK, OR WHATEVER  
25   YOU CALL IT, AND MAKE THAT RESOURCE AVAILABLE?   AND

1 THEN WHEN THE BUSINESSES BECOME BANKABLE -- PLUS  
2 THE TECHNICAL ASSISTANCE, ET CETERA. WHEN THE  
3 BUSINESSES FINALLY BECOME BANKABLE THEN MOVE THEM  
4 OVER TO THE -- OVER TO THE COMMERCIAL BANKING  
5 SIDE? BUT IN THE MEANTIME, RATHER THAN WAIT ON  
6 FEDERAL LEGISLATION -- I HAVE A PROBLEM, I AM  
7 EXCITED BY THE THOUGHT OF A COMMUNITY REINVESTMENT  
8 BANK. BUT BY THE TIME WE GET THE FEDERAL  
9 LEGISLATION OUT OF THERE, THE ENABLING LEGISLATION,  
10 THE PARTY WILL BE OVER, SO TO SPEAK, AND NOTHING  
11 WILL HAVE HAPPENED.

12 I AM CURIOUS TO KNOW WHAT SHOULD BE  
13 RECOMMENDED BY THIS COMMISSION WITH RESPECT TO THOSE  
14 COMMITMENTS THAT HAVE BEEN MADE? POINT, I  
15 UNDERSTAND THAT WHEN BANK OF AMERICA MERGED WITH --  
16 WHAT WAS IT, SECURITY PACIFIC? -- THAT THEY MADE  
17 WHAT A 10, \$15 BILLION COMMITMENT TO ECONOMIC  
18 DEVELOPMENT IN DEPRESSED NEIGHBORHOODS. THERE IS A  
19 GREAT SENSE THAT SUGGESTS THAT THOSE DOLLARS BE PUT  
20 INTO A TRUST FUND SO THAT THEY CAN BE USED  
21 IMMEDIATELY, AS OPPOSED TO WAITING UNTIL THESE  
22 DEPRESSED NEIGHBORHOOD ENTREPRENEURS RAISE  
23 THEMSELVES TO THE LEVEL THAT THEY QUALIFY FOR THOSE  
24 LOANS.

25 PROFESSOR PASTOR: WELL, THAT IDEA MIGHT

1 MAKE SENSE. I THINK THAT ONE OF THE PROBLEMS WITH  
2 COMMUNITY REINVESTMENT IS THAT IT IS PREDICATED ON  
3 BANKS NEEDING TO MAKE LOANS IN THE AREAS WHERE THEY  
4 TAKE DEPOSITS, WHICH MEANS THAT WHEN THEY ABANDONED  
5 AREAS IN TERMS OF HAVING BANKING SERVICES, THEN  
6 THEY ALSO HAVE NO RESPONSIBILITY IN THE COMMUNITY  
7 REINVESTMENT ACT TO MAKE LOANS TO THOSE SAME  
8 AREAS. SO WHAT YOU SEE IN SOUTH CENTRAL LOS  
9 ANGELES, FOR EXAMPLE, IS A WHOLESAL FLIGHT OF  
10 BANKING SERVICES, AND THEN, OF COURSE, BANKING  
11 LOANS ARE NOT AVAILABLE EITHER.

12 SO THERE IS A NEED TO ADDRESS THE ISSUE  
13 OF GETTING SERVICES AND LOANS IN AREAS THAT ARE  
14 CURRENTLY UNDERSERVED. AND THE CRA DOESN'T  
15 NECESSARILY ADDRESS THAT. I THINK THAT ANOTHER  
16 THING WHICH NEEDS TO HAPPEN -- I MEAN, OBVIOUSLY  
17 THE COALITION FOR WOMEN'S ECONOMIC DEVELOPMENT IS  
18 IN A VERY SPECIAL NICHE. BUT I THINK ANYBODY  
19 FAMILIAR WITH BANKING IS STRUCK BY A 95 PERCENT  
20 REPAY RATE ON LOANS. PART OF IT IS THAT THEY KNOW  
21 HOW TO MAKE THOSE LOANS. THEY ACTUALLY SPEND A LOT  
22 OF TIME IN THE COMMUNITY. THEY KNOW HOW TO  
23 DISTINGUISH BETWEEN LOANS APPLICANTS IN TERMS OF  
24 WHO WILL BE GOOD FOR A LOAN BASED ON COMMUNITY  
25 REPUTATION AND CHARACTER AND WHO WILL NOT BE GOOD

1 FOR A LOAN BASED ON THEIR COMMUNITY REPUTATION AND  
2 CHARACTER.

3 BECAUSE THE BANKS ARE NOT IN THE  
4 COMMUNITIES, WHEN THEY BEGIN TO SAY WE WILL NOW  
5 LEND TO MINORITY BUSINESSES, THEY ACTUALLY DON'T  
6 KNOW HOW TO DISTINGUISH BETWEEN WHO IS GOOD AND WHO  
7 IS BAD. THEY ALSO HAVE A PROBLEM WITH MAKING  
8 MICROLOANS, VERY SMALL LOANS WHICH ARE VERY  
9 EFFECTIVE FOR THE COMMUNITY, BECAUSE EACH LOAN HAS  
10 A FIXED AMOUNT OF TRANSACTION COST, THE MORE LOANS  
11 YOU MAKE, THE MORE EXPENSIVE IT GETS. THAT'S AN  
12 ECONOMIC PROBLEM. AND I WOULD HOPE THAT THE BANKS  
13 WOULD TAKE THAT ON.

14 BUT IN TERMS OF THE LEARNING CURVE, YOU  
15 KNOW, AS THE COALITION FOR WOMEN'S ECONOMIC  
16 DEVELOPMENT LEARNED TO MAKE MICROLOANS BY GOING TO  
17 THE THIRD WORLD, SO TOO MUST BANK OFFICERS AT THE  
18 BANK OF AMERICA LEARN HOW TO MAKE MICROLOANS IN THE  
19 UNITED STATES BY WORKING WITH THE COALITION FOR  
20 WOMEN'S ECONOMIC DEVELOPMENT. THERE IS A LACK OF  
21 KNOWLEDGE OUT THERE ON THE PART OF THE BANKING  
22 OFFICERS. AND I THINK THAT ONE OF THE LOAN  
23 OFFICERS, THAT ONE OF THE THINGS THAT COULD BE VERY  
24 USEFUL IS TO ATTACH SOME LOAN OFFICERS TO COMMUNITY  
25 ORGANIZATIONS, TO GROUPS LIKE COALITION FOR WOMEN'S

1 ECONOMIC DEVELOPMENT, TO THE SOUTH SHORE COMMUNITY  
2 BANK, SO THAT THEY CAN LEARN HOW TO MAKE THESE  
3 LOANS, AS WELL AS PROVIDE THE CAPITAL.

4 BECAUSE RIGHT NOW THEY MIGHT PROVIDE THE  
5 CAPITAL, BUT RIGHT NOW THEY DON'T KNOW HOW TO MAKE  
6 THE LOANS. IN FACT, A LOT OF THE LOANS THAT THEY  
7 WILL MAKE WILL GO BAD BECAUSE THEY DON'T KNOW HOW  
8 TO MAKE THEM. AND THEN THEY WILL PRONOUNCE THE  
9 PROGRAM A GIANT DISASTER. AND I THINK WE REALLY  
10 NEED TO SERIOUSLY CONSIDER THE LEARNING CURVE FOR  
11 THE BANKERS THEMSELVES IN TERMS OF GETTING INTO THE  
12 DISTRESSED AREAS.

13 MR. FLETCHER: OKAY, I HEARD THAT. LET  
14 ME SEE IF I CAN -- I AGREE TWO THINGS WILL HAPPEN.  
15 YOU WOULD SAY TO THE BANKS THAT YOU -- THAT WILL  
16 TRAIN YOUR STAFF TO THE POINT THAT THEY ARE GOOD AT  
17 WHAT YOU WANT THEM TO DO INTERNALLY. BUT IN ORDER  
18 FOR A TRANSACTION TO TAKE PLACE, THE FOLKS WHO ARE  
19 SUPPOSED TO PARTICIPATE NEED TO UNDERSTAND HOW TO  
20 RESPOND TO THE TRANSACTION. THAT CALLS FOR, AS FAR  
21 AS I AM CONCERNED, A DIFFERENT KIND OF TRAINING.  
22 AND I THINK WE ARE SAYING THE SAME THING.

23 SOMEONE HAS TO BE INVOLVED IN TRAINING  
24 PEOPLE WHO LIVE IN THE NEIGHBORHOOD HOW TO RESPOND  
25 TO THE OFFER TO TRANSACT. IS THAT BASICALLY WHAT



1 YOU ARE SAYING?

2 PROFESSOR PASTOR: I AM SAYING THAT THE  
3 LEARNING HAS TO OCCUR ON BOTH SIDES. BOTH THE  
4 BANKS HAVE TO LEARN HOW TO MAKE THESE KIND OF LOANS  
5 IN DISTINGUISHING BETWEEN APPLICANTS, AND OF COURSE  
6 THE APPLICANTS NEED TO LEARN HOW TO DO THE CORRECT  
7 BUSINESS PAPERWORK AND APPLY FOR THE LOANS AND THAT  
8 SORT OF THING. SO, YES, I AM AGREEING WITH WHAT  
9 YOU ARE SAYING.

10 PROFESSOR GRIGSBY: AND AN INTERMEDIATE  
11 STEP MIGHT BE TO CREATE REALLY A COUNCIL OF SMALL  
12 BUSINESS OPERATORS, PUT THEM IN CHARGE OF A LENDING  
13 POOL. SO THAT YOU DEVELOP THE EXPERTISE AND THE  
14 CAPABILITIES AMONG THE GROUP WHO NEEDS TO, IN FACT,  
15 POLICE THEIR OWN, MANAGE, AND LEARN HOW TO WORK  
16 WITHIN REALLY THE CAPITAL ECONOMY.

17 I MENTIONED A LITTLE BIT EARLIER THAT  
18 THERE ARE A NUMBER OF SMALL BUSINESSES IN SOUTH  
19 CENTRAL LOS ANGELES, HAVE BEEN THERE 25 YEARS OR  
20 LONGER, HAVE 50 OR MORE EMPLOYEES, NEVER HAD A LINE  
21 OF CREDIT. THESE ARE ENTREPRENEURIAL ENTERPRISES  
22 WHERE THE PEOPLE HAVE BASICALLY FOUND WHAT I CALL  
23 THEIR LEVEL OF INCOMPETENCE. THEY RUN GOOD  
24 BUSINESSES. THEY ARE PROFITABLE. BUT THEY DO NOT  
25 KNOW THE NUANCES OF A GOOD BALANCE SHEET, THE

1 NUANCES OF CAPITAL FINANCING, OF DEBT FINANCING, OF  
2 CASH FLOW ANALYSIS, OF WHICH IF THEY SIMPLY HAD  
3 THAT KIND OF HELP AND BY MANAGING A FAIRLY SIZABLE  
4 POOL WHICH WOULD BE LOANED AMONG THEMSELVES MUCH  
5 LIKE THE CWED MODEL, I THINK THE DEFAULT RATE WOULD  
6 BE EXTREMELY LOW, I THINK THE RETURN WOULD BE  
7 EXTREMELY HIGH. AND CERTAINLY THE BENEFITS WOULD  
8 BE TREMENDOUS.

9 MR. FLETCHER: VERY GOOD. ALL RIGHT.  
10 THANK YOU VERY MUCH.

11 MR. REYNOSO: PROFESSOR SCOTT,  
12 PROFESSOR PASTOR, PROFESSOR GRIGSBY, I THANK YOU  
13 FOR JOINING US AND SHARING YOUR THOUGHTS WITH US  
14 THIS AFTERNOON.

15 MR. GLICK: MR. CHAIRMAN, WE ARE GOING  
16 TO GO INTO THE OPEN SESSION OF OUR HEARING TODAY.

17 AND I WOULD LIKE TO ADVISE THE PERSONS  
18 WHO HAVE SIGNED UP TO TESTIFY THAT BECAUSE OF THE  
19 NUMBER OF PEOPLE WHO WISH TO BE HEARD, WE HAVE TO  
20 HAVE A VERY STRICT LIMITATION ON THE TIME THAT EACH  
21 WITNESS CAN HAVE. WE HAVE TO BE VERY CAREFUL IN  
22 USING OUR TIME SO THAT WE GET THE POINTS IN THAT  
23 EACH INDIVIDUAL WANTS TO MAKE ON THE RECORD AND YET  
24 DOES NOT TAKE AWAY TIME FROM ANOTHER INDIVIDUAL WHO  
25 ALSO HAS THE RIGHT TO TESTIFY.

1 WITH THAT UNDERSTANDING I WOULD LIKE TO  
2 CALL DORIK PERMAN, BRIAN LEVIN, CLAUDE GREEN, JORGE  
3 SILVA.

4 ARE THOSE INDIVIDUALS HERE?

5 MR. FLETCHER: THE PERSONS WHOSE NAMES  
6 HE CALLED PLEASE TAKE YOUR SEATS ON THE PODIUM.

7 MR. GLICK: I WILL CALL THE LIST AGAIN,  
8 PLEASE. DORIK PERMAN, BRIAN LEVIN, CLAUDE GREEN,  
9 JORGE SILVA.

10 MR. FLETCHER: THE PERSONS WHOSE NAMES  
11 HE CALLED, IF YOU ARE HERE PLEASE TAKE YOUR SEATS  
12 ON THE PODIUM.

13 MR. GLICK: CLAUDE GREEN IS APPARENTLY  
14 NOT HERE.

15 IS JOE DUFF HERE? EDDIE BAIL? IS EDDIE  
16 BAIL WITH US? EDMUNDO LOPEZ?

17 MR. FLETCHER: I WOULD LIKE TO GET ALL  
18 THE CHAIRS OCCUPIED.

19 MR. GLICK: YES. MR. NEGRETE?

20 MR. FLETCHER: WOULD YOU STAND, PLEASE,  
21 AND RAISE YOUR RIGHT HANDS. ANSWER IN THE  
22 AFFIRMATIVE ON THIS QUESTION, PLEASE.

23 DO YOU SWEAR OR AFFIRM THAT YOU WILL  
24 TRUTHFULLY TESTIFY TO THE BEST OF YOUR ABILITY?

25 (ALL PANEL MEMBERS REPLIED IN THE

1 AFFIRMATIVE.)

2 MR. GLICK: WE WILL BEGIN WITH

3 MR. DORIK PERMAN.

4 MR. PERMAN: FIRST OF ALL, I WOULD LIKE  
5 TO THANK THE STAFF, MR. GLICK, FOR ACCOMMODATING US  
6 AT THIS LATE DATE. I CERTAINLY APPRECIATE THAT.  
7 UNFORTUNATELY, THAT'S ABOUT THE ONLY GOOD THING I  
8 HAVE TO SAY TO THIS COMMISSION.

9 A BRIEF HISTORY SO YOU UNDERSTAND. I AM  
10 AN ENTERTAINER AND AN ACTIVIST FOR THE HANDICAPPED  
11 AND THE DISABLED. I AM DORIK PERMAN, AND THEY CALL  
12 ME THE GODFATHER OF THE DISABLED.

13 AND THE REASON THAT I CAME HERE TO  
14 ADDRESS THE COMMISSION ARE BECAUSE THERE ARE SOME  
15 VERY, VERY SERIOUS PROBLEMS THAT ARE NOT BEING  
16 ADDRESSED BY YOU PEOPLE RUNNING AROUND THE COMPANY  
17 TRYING TO IMPRESS EVERYBODY. I LOOKED AT YOUR  
18 TWO-DAY AGENDA. NOT ONE DISABLED LEADER WAS  
19 INVITED TO THIS CONFERENCE. AND I WILL REMIND  
20 EVERYBODY WE ARE THE LARGEST MINORITY IN THE  
21 COUNTRY. WE OUTNUMBER BLACKS AND JEWS AND ASIANS.  
22 AND WE ARE TIRED OF BEING THE CHOPPED LIVER OF OUR  
23 SOCIETY.

24 THE FIRST ISSUE THAT I WANT TO ADDRESS  
25 IS THE CALIFORNIA STATE HATE CRIME LAWS,

1 SPECIFICALLY STATE PENAL CODE 422.6, WHICH  
2 PROHIBITS HATE CRIMES AND PROVIDES FOR ENHANCED  
3 SENTENCES. GUESS WHO, AS USUAL, IS THE ONLY  
4 MINORITY THAT IS NOT PROTECTED BY CALIFORNIA'S HATE  
5 CRIME LAW? THE ANSWER, AS USUAL, THE DISABLED.

6 IT IS OKAY IN CALIFORNIA TO DO A HATE  
7 CRIME AGAINST THE DISABLED. AND I WILL REMIND THIS  
8 COMMISSION THAT CALIFORNIA HAVING SUCH A LAW THAT  
9 DOES NOT INCLUDE THE DISABLED IS A VIOLATION OF THE  
10 AMERICANS WITH DISABILITIES ACT, WHICH PROVIDES  
11 FOR NONDISCRIMINATION BY A STATE GOVERNMENT  
12 SERVICE. AND I AM HERE BECAUSE THIS COMMISSION AND  
13 THE FEDERAL GOVERNMENT MUST COMPEL THE STATE OF  
14 CALIFORNIA TO NOW INCLUDE THE DISABLED AS VICTIMS  
15 OF HATE CRIMES.

16 WE HAVE WHEELCHAIRS STOLEN. I HAVE HAD  
17 MY HANDICAPPED VAN STOLEN. AS AN ENTERTAINER, I  
18 HAVE COME TO THE NIGHTCLUB AND FOUND PEOPLE WRITING  
19 ON MY POSTERS "FUCKING RETARD." NOW, I WANT HATE  
20 CRIME PROTECTION. AND I WANT THIS COMMISSION TO  
21 SEE TO IT.

22 ISSUE NUMBER TWO. MY CALIFORNIA MONTHLY  
23 BENEFITS, SSI AND SSP, WHICH IS GIVEN TO ME SO  
24 THAT I MAY LIVE INDEPENDENTLY AND GIVEN TO OTHER  
25 DISABLED AND BLIND PERSONS SO THAT THEY MAY LIVE

1 INDEPENDENTLY. WELL, CALIFORNIA'S PORTION OF THE  
2 MONTHLY SSI VIOLATES FEDERAL LAW, VIOLATES THE  
3 AMERICANS WITH DISABILITIES ACT, BECAUSE IT GIVES  
4 BLIND PERSONS \$70 A MONTH MORE THAN THE MOST  
5 SEVERELY DISABLED, MORE THAN SOMEONE LIKE MYSELF  
6 WHO CANNOT FEED THEMSELVES, WHO CANNOT HOLD UP A  
7 PIECE OF PAPER TO READ FOR THEMSELVES, WHO CAN'T  
8 EVEN TAKE THEMSELVES TO THE BATHROOM.

9 WHAT KIND OF CIVIL RIGHTS IS THIS WHEN  
10 WE GIVE EXTRA MONEY TO ONE DISABILITY IN DIRECT  
11 VIOLATE OF FEDERAL LAW. NOW, I HAVE BROUGHT THIS  
12 TO THE SYSTEM. AND I HAVE BROUGHT IT TO THE TOP.  
13 I HAVE BROUGHT IT TO JANET RENO'S ATTENTION. I  
14 HAVE BEEN TOLD BY THE DEPARTMENT OF JUSTICE THAT IT  
15 DOES NOT APPEAR THAT THEY ARE SUPPOSED TO ENFORCE  
16 THE LAW.

17 AND WHAT I ASK OF JANET RENO AND ALL OF  
18 THESE PRESUMPTUOUS PANELISTS, I WANT THE LAW  
19 ENFORCED AS THE LAW IS WRITTEN. NOW, I REALIZE  
20 THAT IT MIGHT NOT BE VERY POPULAR TO TAKE MONEY  
21 AWAY FROM THE BLIND IN ORDER TO MAKE US EQUAL. BUT  
22 I AM CERTAINLY NOT, THEN, THE EQUAL TO ALL THE  
23 OTHER MINORITIES IN THIS COUNTRY IF I AM NOT EVEN  
24 EQUAL TO THE BLIND.

25 NOW, I AM OFFERING TO THE COMMISSION IN

1 THIS ENVELOPE MY LETTER TO CALIFORNIA GOVERNOR PETE  
2 WILSON AND MY LETTER TO JANET RENO DEMANDING THAT  
3 CALIFORNIA'S PORTION OF MY MONTHLY CHECK BE EQUAL  
4 TO THE PENNY WITH ANY BLIND PERSON RECEIVING  
5 BENEFITS. AND THAT'S SOMETHING THAT IS GOING TO  
6 CHANGE.

7 THE LAST ISSUE THAT I HAVE TO ADDRESS  
8 YOU PEOPLE IS THE ONE THAT IS CLOSEST TO MY HEART.  
9 I CAME HERE SIX YEARS AGO TO PURSUE MY DREAM AS A  
10 ROCK AND ROLL ENTERTAINER. AND I HAVE FOUND THAT  
11 40 YEARS OF ROCK AND ROLL INDUSTRY SINCE THE  
12 BEGINNING OF ROCK AND ROLL, THEY DO NOT LET PEOPLE  
13 BORN DISABLED BE RECORDING ARTISTS. AGAIN, I HAVE  
14 BEEN TOLD IF I WAS BLIND I WOULD HAVE MY RECORD  
15 DEAL. AND LAST WEEK THE DISABLED BEGAN FIGHTING  
16 BACK.

17 AND FOR THE FIRST TIME IN THE HISTORY OF  
18 THIS COUNTRY LAST WEEK THE EEOC ACCEPTED FOUR  
19 DISABLED CHARGES OF EMPLOYMENT DISCRIMINATION WHICH  
20 I AM BRINGING ON BEHALF OF MYSELF AND MY FELLOW  
21 DISABLED ARTISTS AGAINST MCA RECORDS. AND THOSE  
22 CHARGES ARE ALSO OFFERED TO THE COMMISSION.

23 MR. GLICK: THANK YOU, MR. PERMAN. I  
24 BELIEVE YOUR TIME HAS BEEN EXCEEDED. WE WILL TAKE  
25 THE MATERIAL THAT YOU HAVE AND INCLUDE IT INTO THE

1 RECORD OF THIS HEARING. AND WE APPRECIATE YOUR  
2 TESTIMONY.

3 I WOULD LIKE TO CALL, THEN, MR. BRIAN  
4 LEVIN.

5 MR. LEVIN: THANK YOU FOR HAVING ME  
6 TONIGHT. I WOULD JUST LIKE TO SAY SOMETHING TO THE  
7 LAST SPEAKER. I BELIEVE CALIFORNIA DOES HAVE  
8 COVERAGE IN THE HATE CRIMES STATUTE HERE. WHAT I  
9 WOULD DO FOR YOU IS I WORK AND CONSULT WITH FRIENDS  
10 OF MINE ON THE CALIFORNIA FAIR HOUSING COMMISSION  
11 AND ALSO THE L.A. COUNTY DISTRICT ATTORNEY'S  
12 OFFICE. I WILL GIVE YOU MY NUMBER AFTER THIS HAS  
13 CEASED, AND I WILL MAKE SURE THAT YOUR CASE GETS TO  
14 THEIR ATTENTION. THANK YOU.

15 MR. FLETCHER: THANK YOU VERY MUCH.

16 MR. PERMAN: ACCORDING TO THE CITY  
17 ATTORNEY CALIFORNIA DOES NOT INCLUDE THE DISABLED  
18 IN THE HATE CRIME LAW. NOW, IF THE CITY ATTORNEY  
19 IS MISINFORMED ON THE LAW --

20 MR. LEVIN: THANKS YOU.

21 I WOULD LIKE TO THANK CHAIRMAN FLETCHER,  
22 THE COMMISSION, AND THE STAFF FOR AFFORDING ME THE  
23 OPPORTUNITY TO MAKE THIS STATEMENT TONIGHT.

24 MY NAME IS BRIAN LEVIN. I AM A VISITING  
25 SCHOLAR AT THE STANFORD UNIVERSITY SCHOOL OF LAW,



1 WHERE I SPECIALIZE IN BIAS CRIME POLICY  
2 IMPLEMENTATION AND POOR COUNSELING. I AM ALSO  
3 LEGAL AFFAIRS DIRECTOR OF THE CENTER FOR THE STUDY  
4 OF ETHNIC AND RACIAL VIOLENCE. I HAVE BEEN WORKING  
5 WITH INDIVIDUALS THROUGHOUT THE COUNTRY, INCLUDING  
6 LEGISLATORS, THE U.S. ATTORNEY GENERAL, AND THE  
7 WISCONSIN ATTORNEY GENERAL, IN CONNECTION WITH THE  
8 UNITED STATES SUPREME COURT HATE CRIMES CASES WHICH  
9 COUNCILMAN B. MITCHELL DECIDED LAST FRIDAY.

10 UNFORTUNATELY, THE NEWS I HAVE IS NOT  
11 VERY OPTIMISTIC. BIAS MOTIVATED VIOLENCE HAS  
12 INCREASED SIGNIFICANTLY DURING 1992. OUT OF THE 11  
13 REPRESENTATIVE JURISDICTIONS I SURVEYED, SIX HAD  
14 RECORD LEVELS, INCLUDING LOS ANGELES, OF BIAS  
15 CRIMES, WITH AN AVERAGE INCREASE OF 19 PERCENT.  
16 THAT IS APPROXIMATELY SIX TIMES THE RATE OF  
17 INCREASE IN VIOLENT CRIME FOR THE FIRST HALF OF  
18 1992. EIGHT OF THE 11 JURISDICTIONS ALSO REPORTED  
19 INCREASES. I HAD ANOTHER -- ANOTHER THREE  
20 JURISDICTIONS THAT REPORTED INCREASES, BUT I DID  
21 NOT INCLUDE THEM IN THE STUDY BECAUSE OF DIFFERING  
22 METHODOLOGIES.

23 THE NATIONAL GAY AND LESBIAN TASK FORCE  
24 REPORTED A RECORD NUMBER OF CRIMES, IN ADDITION TO  
25 THE RECORD NUMBER OF BIAS HOMICIDES FOR 1992.

1        ADDITIONALLY, AND ANTIDEFAMATION LEAGUE HAD THE  
2        SECOND HIGHEST NUMBER OF ANTI-SEMITIC INCIDENTS  
3        SINCE THE REPORTING SYSTEM WAS IMPLEMENTED ABOUT  
4        15 YEARS AGO.    THE FBI'S BIAS CRIME REPORTED FOR  
5        1991 COUNTED APPROXIMATELY 4560 BIAS CRIME CASES,  
6        BUT ONLY 4.6 PERCENT OF LAW ENFORCEMENT AGENCIES  
7        COULD IDENTIFY ANY CASE AT ALL IN THEIR  
8        JURISDICTION.

9                    MY CONSERVATIVE ESTIMATE OF THE NUMBER  
10        OF CASES BASED ON MY RESEARCH WITH STANFORD  
11        UNIVERSITY SUGGESTS THAT THE NUMBER HAS INCREASED  
12        AT 10 TIMES THAT FIGURE AND PROBABLY MORE, DUE TO  
13        THE MASSIVE DEGREE OF UNREPORTING THAT GOES ON IN  
14        THIS, PARTICULARLY WITH THE AREA OF IMMIGRANTS,  
15        UNDOCUMENTED INDIVIDUALS, AND ASIANS AND GAY  
16        AMERICANS.    BUT FOR THE NATION IN GENERAL AND  
17        LOS ANGELES SPECIFICALLY, NUMBERS TELL ONLY PART OF  
18        THE STORY.    THESE NUMBERS WILL ALWAYS BE SMALL  
19        BECAUSE THE AMOUNT OF UNDERREPORTING THAT OCCURS.

20                    STEP ONE, YOU NEED A NATIONAL  
21        VICTIMIZATION SURVEY OF BIAS VIOLENCE.    WE HAVE A  
22        VICTIMIZATION SURVEY THAT AS OF NOW DOES NOT  
23        INCLUDED BIAS VIOLENCE.    I BELIEVE THE KEY HERE IS  
24        TO EXAMINE THE CAUSAL FACTORS REGARDING BIAS  
25        VIOLENCE TO DETERMINE WHAT THE FUTURE LOOKS LIKE,

1 RATHER THAN LOOKING MERELY AT NUMBERS. BECAUSE  
2 THESE NUMBERS ARE VERY VOLATILE AND CHANGE  
3 OBVIOUSLY FROM ONE YEAR FROM THE NEXT.

4 DEMOGRAPHICS. THE L.A. METROPOLITAN  
5 AREA IS A HIGHLY SEGREGATED AREA. AT THE SAME TIME  
6 THERE ARE SHIFTS IN POPULATIONS, RESULTING IN  
7 INTERGROUP TENSIONS. IT IS CRUCIAL THAT WE UTILIZE  
8 CENSUS AND SCHOOL ENROLLMENT DATA THAT WE HAVE SO  
9 THAT WE MAY INTERVENE PROACTIVELY TO TARGET  
10 COMMUNITIES IN TRANSITION.

11 AS AN EXAMPLE OF THAT WE ARE SEEING FOR  
12 INSTANCE VIOLENCE THAT TOOK PLACE AGAINST AN  
13 AFRICAN-AMERICAN FAMILY WHICH MOVED INTO A  
14 PREDOMINANTLY LATINO AREA. THERE IS ALSO A SHIFT  
15 IN THE SERVICE SECTOR ECONOMY. IN ADDITION  
16 85 PERCENT OF NEW ENTRANTS TO THE WORK FORCE,  
17 ACCORDING TO THE NATIONAL INSTITUTE AGAINST  
18 PREJUDICE AND VIOLENCE, WILL BE IMMIGRANTS,  
19 MINORITIES, AND WOMEN. HERE IN L.A. OCCUPATIONAL  
20 SHIFTS ARE EXTENSIVE, ESPECIALLY IN LIGHT OF THE  
21 AFTEREFFECTS OF THE CIVIL DISORDER LAST YEAR AND  
22 THE DECOMMISSIONING OF THE DEFENSE INDUSTRY.

23 THERE IS ALSO A PERSISTENCE OF NEGATIVE  
24 STEREOTYPING. THE NATIONAL OPINION RESEARCH CENTER  
25 REPORTED IN 1990 REPORTS THAT 62 PERCENT OF WHITE

1 AMERICANS BELIEVE BLACKS ARE LAZIER. WHEN WE LOOK  
2 AT THE SOCIAL SURVEYS, WHAT WE ARE FINDING IS  
3 ALTHOUGH THERE IS AN ABSTRACT DESIRE TO RID  
4 DISCRIMINATION, THERE IS STILL AN ALARMING RATE OF  
5 NEGATIVE STEREOTYPING OF ASIANS, OF MINORITIES, OF  
6 THE DISABLED, OF JEWS. AND THESE STEREOTYPES WHICH  
7 EXIST, WHICH ARE EXACERBATED IN BOTH THE SOCIAL  
8 AND POLITICAL STRUCTURE, SET OUT CERTAIN GROUPS TO  
9 BE LEGITIMATE VICTIMS OF BIAS VIOLENCE. THAT IS  
10 INDEED A PROBLEM.

11 THESE CRIMES ARE VERY DETERABLE. TO THE  
12 EXTENT THAT PEOPLE ACT ON STEREOTYPES, IF WE  
13 INSTITUTE PROGRAMS WE CAN CAUSE A MASSIVE REDUCTION  
14 IN THIS.

15 I WILL BE WRAPPING UP JUST BRIEFLY.

16 MR. GLICK: VERY QUICKLY, PLEASE, --

17 MR. LEVIN: THANK YOU.

18 MR. GLICK: -- MR. LEVIN.

19 MR. LEVIN: LASTLY, WE HAVE A  
20 CONTINUATION OF VIOLENCE GENERALLY. FROM 1987 TO  
21 1991 VIOLENT CRIME RATE HAS GONE UP 24 PERCENT IN  
22 THIS COUNTRY, AND THAT HAS AFFECTED US. ALSO YOUTH  
23 AND SCHOOLS, UNFORTUNATELY WE ARE SEEING A MASSIVE  
24 AMOUNT OF BIAS CRIMES TAKE PLACE IN SCHOOLS. A  
25 1989 L.A. COUNTY SURVEY REVEALED APPROXIMATELY 1200

1 INCIDENTS OF BIAS CRIMES IN THE SCHOOLS. THAT'S  
2 DOUBLE THE NUMBER OF REPORTED CASES WE HAVE IN  
3 NEW YORK, WHICH IS --

4 MR. GLICK: MR. LEVIN, IF YOU HAVE A  
5 DOCUMENT, COULD --

6 MR. LEVIN: SURE.

7 MR. GLICK: -- YOU GIVE US THAT. YOUR --

8 MR. LEVIN: OKAY.

9 MR. GLICK: -- TIME HAS BEEN EXCEEDED.

10 MR. LEVIN: OKAY. THANK YOU VERY MUCH.

11 I WOULD LIKE TO ENTER INTO THE RECORD A DOCUMENT  
12 WHICH I BROUGHT WITH ME TO --

13 MR. GLICK: PLEASE GIVE THEM TO THE  
14 HEARING CLERKS WHO ARE SITTING ON YOUR RIGHT.

15 AND I WOULD GO THEN TO MR. NEGRETE.

16 MR. NEGRETE: THANK YOU.

17 MY NAME IS MARCUS NEGRETE. MR. LOPEZ,  
18 PRESIDENT OF ARIANZA AND CHAIRMAN OF LET, LATINOS  
19 FOR EQUITY IN TRANSIT, IS UNAVAILABLE TO BE HERE.  
20 SO I AM REPRESENTING MR. LOPEZ.

21 ARIANZA IS A STATEWIDE ORGANIZATION THAT  
22 ADVOCATES FOR HISPANIC AND NATIVE AMERICANS IN THE  
23 AREAS OF BUSINESS, CONTRACTING, AND EMPLOYMENT.

24 LET IS A 17-MEMBER ORGANIZATION THAT ADVOCATES ON  
25 BEHALF OF ITS MEMBERS IN THE LOS ANGELES AREA.

1 GRANTEES OF DEPARTMENT OF TRANSPORTATION FUNDS  
2 SUCH AS THE MTA, CALTRANS, OCTA -- ORANGE COUNTY  
3 TRANSPORTATION AUTHORITY -- DISCRIMINATE AGAINST  
4 ETHNIC MINORITIES, PARTICULARLY AGAINST HISPANICS.  
5 THIS PATTERN OF DISCRIMINATION IS APPARENT IN THREE  
6 AREAS: NUMBER ONE, IN HIRING PRACTICES; NUMBER  
7 TWO, SELECTION PROCESS FOR PROJECTS TO BE FUNDED;  
8 AND NUMBER THREE, SELECTION PROCESS FOR  
9 PROFESSIONAL CONTRACTS.

10 HIRING PRACTICES OF THE GRANTEE EXCLUDES  
11 HISPANICS AND NATIVE AMERICANS IN EXECUTIVE  
12 POSITIONS, MID-MANAGEMENT POSITIONS. SELECTION  
13 PROCESS FOR PROJECTS TO BE FUNDED CAN BE DOCUMENTED  
14 IN THE MTA 30-YEAR PLAN. THE ORGANIZATIONS OR  
15 GRANTEES WHO DO NOT HAVE COMMUNITY OUTREACH I DO  
16 NOT THINK CAN UNDERSTAND THE NEEDS OF ITS  
17 COMMUNITIES IN WHICH IT IS SERVED.

18 PROFESSIONAL CONTRACTS. THE PROCESS  
19 FAVORS ESTABLISHED FIRMS DUE TO LENGTH OF TIME IN  
20 BUSINESS AND FIRMS' EXPERIENCE. AN EMERGING FIRM  
21 CANNOT COMPETE WITH A FIRM THAT MAY HAVE 20 TO 50  
22 YEARS MORE EXPERIENCE. THE SELECTION PROCESS MUST  
23 FOCUS ON THE FIRM'S CAPABILITY AND A STAFF WHO WILL  
24 PERFORM THE WORK.

25 OUR RECOMMENDATIONS ARE THE FOLLOWING.

1 NUMBER ONE, LATINOS MUST BE IN EXECUTIVE POSITIONS  
2 AND ADMITTED TO HIGH MANAGEMENT POSITIONS. TWO,  
3 THE MTA ADOPT THE HISPANIC EMPLOYMENT PLAN THAT WAS  
4 SUBMITTED TO THEM BY LET. THREE, POLICY BE  
5 ESTABLISHED THAT STATES PROMOTIONS INCLUDE CRITERIA  
6 OF ETHNIC DIVERSITY AND CONSIDERATION FOR HISPANIC  
7 EMPLOYEES. NUMBER FOUR, MTA FUND TRANSIT PROJECTS  
8 IN EAST L.A., PARTICULARLY THE ELECTRIC TROLLEY BUS  
9 PROJECT. THAT IS TO SAY, THAT IT INCLUDE HISPANIC  
10 COMMUNITIES IN THEIR PLAN THAT MEET ITS TRANSIT  
11 NEEDS. AND NUMBER FIVE, THE DOT, DEPARTMENT OF  
12 TRANSPORTATION, SHOULD MONITOR THE GRANTEES AND  
13 ENFORCE THEIR POLICIES. THAT IS TO SAY, THE DOT  
14 SHOULD PERFORM SITE AUDITS, RECOMMEND CORRECTIVE  
15 ACTION, AND ENFORCE THE POLICIES IF THE GRANTEE  
16 DOES NOT PERFORM.

17 I WOULD LIKE TO THANK YOU FOR THE  
18 OPPORTUNITY TO COME BEFORE THE COMMISSION.  
19 MR. LOPEZ WILL BE SUBMITTING A DETAILED WRITTEN  
20 TESTIMONY AND OTHER INFORMATION TO BACK UP OUR  
21 CONCERNS AND OUR RECOMMENDATIONS.

22 MR. REYNOSO: THANK YOU. THE RECORD I  
23 UNDERSTAND STAYS OPEN FOR 30 DAYS. SO IF IT COULD  
24 BE DONE WITHIN THAT TIME.

25 MR. CHAIRMAN?

1 MR. FLETCHER: FINE. I WAS JUST GOING  
2 TO SAY THE SAME THING.

3 MR. REYNOSO: OH, EXCUSE ME.

4 MR. GLICK: MR. JOE DUFF.

5 MR. DUFF: THANK YOU VERY MUCH.

6 COMMISSIONER, STAFF, MY NAME IS JOSEPH  
7 DUFF. I AM PRESIDENT OF THE LOS ANGELES NAACP AND  
8 HAVE BEEN PRESIDENT OF THAT ORGANIZATION SINCE  
9 1989. I AM AN ATTORNEY. AND IN MY PRIVATE WORK I  
10 WORK AS A LEGAL ADVISER OF THE CHARLES R. DREW  
11 UNIVERSITY OF MEDICINE AND SCIENCE.

12 I ALSO AM PLEASED TO BE ABLE TO ADDRESS  
13 YOU TODAY. I PROBABLY WAS MORE APPROPRIATELY IN  
14 THE SESSION YESTERDAY. I HAVE LITTLE TO SAY ABOUT  
15 ECONOMIC DEVELOPMENT AND MORE TO SAY ABOUT THE  
16 OTHER ISSUES HAVING TO DEAL WITH THE RESURGENCE OF  
17 RACIAL AND ETHNIC TENSIONS. AND THAT IS REALLY OUR  
18 AREA OF EXPERTISE. AND THOUGH I DO RESPECT THE  
19 CHAIRMAN'S FEELING ABOUT ECONOMICS BEING AT THE  
20 ROOT OF THESE RESURGENCE OF PROBLEMS, I DON'T HAVE  
21 A LOT TO OFFER BEYOND WHAT SOME OF THESE OTHER  
22 EXPERTS HAVE SAID ON THE ISSUES.

23 BUT ON THE QUESTION OF RESURGENCE OF  
24 RACIAL AND ETHNIC TENSION, WHICH I KNOW HAS BEEN  
25 THE GREAT MANDATE OF THIS COMMISSION SINCE ITS



1 INCEPTION, AND HAS BEEN THE SUBJECT OF GREAT DEBATE  
2 OVER THE LAST 12 YEARS, I THINK THAT THE RESURGENCE  
3 OF RACIAL AND ETHNIC TENSIONS IS A PREDICTABLE  
4 RESULT OF THE ATTACK ON CIVIL RIGHTS THAT HAS  
5 MANIFESTED ITSELF SINCE 1980 AT LEAST IN A  
6 CONCENTRATED FORM AND OBVIOUSLY WAS A PART OF  
7 THE -- A CENTRAL PART OF THE PROBLEM IN THE CIVIL  
8 RIGHTS REVOLUTION. THAT REVOLUTION WAS NEVER A  
9 ONE-SIDED BATTLE. IT WAS ALWAYS A BATTLE AGAINST  
10 GREAT ODDS AND AGAINST GREAT SYSTEMIC FORCES THAT  
11 WANTED NOT TO HAVE PROGRESS.

12 I BELIEVE THAT IN LOS ANGELES IN  
13 PARTICULAR AND IN CALIFORNIA, WE HAVE PROBABLY BEEN  
14 A PARADIGM OF THAT BATTLE. HERE IN LOS ANGELES I  
15 CAN SPEAK SPECIFICALLY ABOUT THE BATTLE FOR SCHOOL  
16 DESEGREGATION WHICH WAS A SUBJECT OF ONE OF THE  
17 COMMITTEE'S LAST INVESTIGATIONS IN 1966. THAT  
18 BATTLE HAD JUST STARTED IN 1963 AND WENT ALL THE  
19 WAY THROUGH THE CALIFORNIA SUPREME COURT TO COME  
20 TO A CONCLUSION IN '76 INDICATING THAT SCHOOL  
21 DESEGREGATION WAS TO TAKE PLACE UNDER A MANDATE OF  
22 THE COURT, AND GOING FROM 1976 JUST IN FOUR YEARS  
23 TO A REVERSAL OF EQUITY SUCH THAT THE COURT  
24 ANNOUNCED THAT A PROPOSITION WHICH SOUGHT ON ITS  
25 FACE TO ELIMINATE SCHOOL DESEGREGATION HAD SET ITS

1 SIGHTS ON SO-CALLED SCHOOL BUSING WAS FOUND TO BE  
2 CONSTITUTIONAL. AND FROM THAT POINT ON THE WHOLE  
3 EQUITY CONSIDERATION OF SCHOOL DESEGREGATION WHICH  
4 SHOWED THE GREATEST PROMISE FOR CHANGE OF THE  
5 SYSTEM WAS ABANDONED.

6 SINCE 1980 THE RHETORIC OF THE  
7 ADMINISTRATION AND THE RHETORIC OF THE CALIFORNIA  
8 GOVERNMENT AND LOCAL GOVERNMENT, INCLUDING THE CITY  
9 GOVERNMENT, HAS BEEN AWAY FROM EQUITY AND BEEN AWAY  
10 FROM THINGS LIKE SCHOOL DESEGREGATION TO THE POINT  
11 THAT THEY ARE NOW EVEN CONSIDERED PASSE, TO THE  
12 POINT THAT PEOPLE WHO TALK ABOUT IMPROVING HOUSING  
13 BY WAY OF OPENING UP OPPORTUNITIES FOR HOUSING,  
14 OPENING UP OPPORTUNITIES FOR SCHOOLS, DEMANDING  
15 METROPOLITAN SOLUTIONS FOR SCHOOL DESEGREGATION,  
16 ARE CONSIDERED PASSE AND OUT OF PLACE.

17 I THINK THAT THE UPRISING THAT TOOK  
18 PLACE LAST YEAR WAS A FOREGONE CONCLUSION WHEN YOU  
19 HAVE SUCH TYPES OF DISASTERS IN PUBLIC EQUITY THAT  
20 PEOPLE ARE NOT BLIND, THEY ARE NOT STUPID. THEY  
21 SEE THAT THE GREAT POTENTIAL REWARDS FOR BEING IN  
22 THE SYSTEM ARE YANKED AWAY FROM THEM, WHEN THEY WIN  
23 LEGAL BATTLES, THE LAW IS CHANGED, WHEN THEY START  
24 TO HAVE AN ASCENDANCY THE GOVERNMENT THEN SIMPLY  
25 SAYS WE ARE CHANGING THE POLICY AND YOU ARE NO

1 LONGER A PART OF THE AGENDA, YOU ARE NO LONGER A  
2 PART OF THE PRIORITIES AND, IN FACT, THE PRIORITIES  
3 ARE JUST THE OPPOSITE, WE ARE GOING TO MOVE THE  
4 OTHER WAY.

5 I THINK THAT IT IS IMPOSSIBLE TO KEEP  
6 PEOPLE BOTTLED UP AND CONTAINED. IT IS IMPOSSIBLE  
7 TO KEEP THEM FROM LOOKING AT THE REALITIES OF  
8 PRACTICES SUCH AS THE RED LINING PRACTICES. AND I  
9 SPEAK OF RED LINING IN TWO WAYS: RED LINING IN THE  
10 WAY OF WITHDRAWAL OF SERVICES FROM THE COMMUNITY  
11 THAT WAS DESCRIBED EARLIER IN THE ECONOMIC ARGUMENT  
12 WITH RESPECT TO THE MERCHANTS AND THE BANKS, AND  
13 THE OTHER IS THE RED LINE THAT PLACES A LINE AROUND  
14 THE COMMUNITY TO GIVE THE COMMUNITY MORE BURDEN IN  
15 LIVING IN A COMMUNITY SUCH AS WHAT WE FACE FROM THE  
16 AUTO OR LIFE INSURANCE AGENT OR CARRIER, WHERE WE  
17 ARE PAYING HIGHER RATES. AND SUCH IS THE LACK OF  
18 AVAILABILITY OF INSURANCE IN THE RELINED AREAS  
19 WHERE WE ARE HAVING TO DO MORE TO GET THE SAME KIND  
20 OF COVERAGE.

21 I THINK THAT UNTIL THE SOCIETY AND THIS  
22 COMMISSION AGAIN RESUMES THAT LEADERSHIP BURDEN OF  
23 TALKING ABOUT THE MANTLE OF PROTECTING AND  
24 EXTENDING CIVIL RIGHTS, THAT SPECIFIC AGENDA THAT  
25 TALKED ABOUT EQUAL PROTECTION, AND ITS PROTECTION

1 AS THE LEADING PART OF THE COMMISSION OF THE  
2 FEDERAL GOVERNMENT CIVIL RIGHTS AGENDA, WE WON'T BE  
3 ABLE TO GET IT BACK. ON THE ONE HAND, WE WON'T  
4 HAVE THE ATTENTION OF PEOPLE AND WILL CONSTANTLY  
5 HAVE THINGS LOST IN THE RHETORICAL ARGUMENTS ABOUT  
6 THINGS LIKE REVERSE DISCRIMINATION.

7 MR. GLICK: MR. DUFF, I BELIEVE YOUR  
8 TIME HAS BEEN EXCEEDED.

9 MR. DUFF: THANK YOU.

10 MR. FLETCHER: MAY I ASK A QUESTION OF  
11 YOU, PLEASE.

12 WHEN IS THE NAACP NATIONAL MEETING?

13 MR. DUFF: IN JULY, BEGINNING JULY THE  
14 10TH. IT IS GOING TO BE IN INDIANAPOLIS, INDIANA.

15 MR. FLETCHER: I WOULD SOME APPRECIATE  
16 SOME DIRECTION FROM THE NAACP WITH REFERENCE TO  
17 THEIR PERCEPTION OF WHAT THE CIVIL RIGHTS  
18 COMMISSION'S MISSION IS AT THIS PARTICULAR TIME SO  
19 THAT ONCE THAT MEETING IS OVER THERE IS SOMETHING  
20 IN YOUR REPORTED THAT SPEAKS SPECIFICALLY FOR THE  
21 NAACP'S PERCEPTION AND DESIRE WITH RESPECT TO THIS  
22 COMMISSION GOING BACK TO ITS FULL CONFIGURATION.

23 WE NOW HAVE SIX REGIONAL OFFICES. WE  
24 SHOULD HAVE TEN. AND WE NEED TO BE ABLE TO HAVE  
25 THE IMPACT THAT YOU TALKED ABOUT.

1 MR. DUFF: I RECALL -- I DON'T RECALL  
2 THE CHAIRMAN SPEAKING AT THE CONVENTION IN THE PAST  
3 COUPLE OF YEARS, BUT I RECALL THERE WAS A  
4 RESOLUTION RELATING TO THAT --

5 MR. FLETCHER: I WOULD LIKE TO SEE A  
6 DISCUSSION ON THAT IN THE FACE OF THE NEW -- IF YOU  
7 RECALL WHEN I SPOKE DOWN THERE WATTS  
8 HADN'T HAPPENED, WATTS TWO HADN'T HAPPENED YET.

9 MR. DUFF: YES.

10 MR. FLETCHER: I WOULD LIKE TO ASK THE  
11 NAACP UNDER ITS NEW YOUNG LEADERSHIP TO SPEAK TO  
12 THAT RESOLUTION AND GET IT IN TO THE COMMISSION SO  
13 WE CAN INCLUDE IT IN OUR REPORT AS A RESULT OF THIS  
14 MEETING.

15 MR. DUFF: MR. CHAIRMAN, I WOULD BE VERY  
16 HAPPY TO PASS THAT ALONG AND BE INVOLVED IN THAT  
17 PROCESS. AND WE WILL GET BACK TO YOU.

18 MR. FLETCHER: THANK YOU VERY MUCH.

19 MR. GLICK: I CALL NILES DEGRATE.  
20 ROBERT GUZMAN. MORRIS GRIFFIN. ALBERT JOHNSON.

21 DO WE HAVE MR. GUZMAN? AND DO WE HAVE  
22 MR. DEGRATE?

23 MR. DEGRATE: HERE.

24 MR. GLICK: DO WE HAVE MR. JOHNSON? DO  
25 WE HAVE MORRIS GRIFFIN?

1 MR. GRIFFIN: YES.

2 MR. GLICK: DO WE HAVE DEBRA DUNN? IS  
3 DEBRA DUNN HERE?

4 MS. DUNN: RIGHT HERE.

5 MR. GLICK: COULD WE GIVE THE PANEL THE  
6 OATH.

7 MR. FLETCHER: LET ME SWEAR THEM.

8 WOULD YOU PLEASE STAND. ALL OF YOU  
9 PLEASE STAND, RAISE YOUR RIGHT HAND, AND ANSWER IN  
10 THE AFFIRMATIVE.

11 DO YOU SWEAR OR AFFIRM THAT YOU WILL  
12 TRUTHFULLY TESTIFY TO THE BEST OF YOUR ABILITIES?

13 (ALL PANEL MEMBERS REPLIED IN THE  
14 AFFIRMATIVE.)

15 MR. FLETCHER: THANK YOU VERY MUCH.  
16 PROCEED, MR. COUNSEL.

17 MR. GLICK: MR. DEGRATE, WOULD YOU GO  
18 FIRST, PLEASE.

19 MR. DEGRATE: MY NAME IS NILES DEGRATE.  
20 JURIS DOCTOR DEGREE, AND I HAVE WORKED IN THE  
21 AEROSPACE INDUSTRY FOR APPROXIMATELY TEN YEARS AS A  
22 SENIOR CONTRACT ADMINISTRATOR.

23 AN ISSUE THAT I WOULD LIKE TO ADDRESS  
24 VERY SPECIFICALLY -- AND I KNOW THAT WE HAVE A  
25 BRIEF TIME -- IS THE ISSUE OF THE CIVIL RIGHTS

1       CONCEPT OF QUOTAS.  IT IS A COMPLETE MISNOMER.  
2       WHAT HAS HAPPENED IS THAT THERE IS AN ABUNDANCE, A  
3       MALICIOUS ABUNDANCE, OF DISCRIMINATION IN THE  
4       AEROSPACE INDUSTRY.

5               WHEN YOU APPLY THE CONCEPT OF QUOTAS AS  
6       THE EMPLOYERS CONCEPT IS THAT WHAT IT HAS HAPPENED  
7       IS THAT ALL OF OUR JOBS HAVE COME FROM THE INNER  
8       CITY, AND THEY HAVE GONE TO THE SUBURBS.  THE  
9       THEORY BEING IS THAT THEY ARE NOW BASING THE  
10      CONCEPT OF AFFIRMATIVE ACTION AS IT DID ONCE  
11      PERTAIN TO A PRIMA FACIE AS A DISPARATE IMPACT, IS  
12      THAT SUDDENLY WE ARE NOW TALKING ABOUT THE  
13      PERCENTAGES AND THE POPULATIONS OF PERSONS WITHIN  
14      THE COMMUNITY.

15              IF YOU MOVE THE EMPLOYERS TO A  
16      POPULATION WHERE THERE ARE NO BLACKS OR NO  
17      MINORITIES, ESSENTIALLY THE ZERO PROBABILITY  
18      CONCEPT SIMPLY SAYS IS THAT A PERSON OR A COMPANY  
19      NO LONGER HAS THE RESPONSIBILITY OF HIRING ANY  
20      MINORITIES WHATSOEVER, MAINLY BECAUSE BASED ON ITS  
21      POPULATION OF A ZERO FACTOR OR A SMALL PERCENTAGE  
22      FACTOR.  THEREFORE, WHAT THE PRIMA FACIE CASE USED  
23      TO BE THAT IF THERE ARE NO MINORITIES, ONE COULD  
24      ESTABLISH A PRIMA FACIE CASE THAT THERE WAS SOME  
25      DEGREE OF DISCRIMINATION THEREFORE SHIFTING THE

1 BURDEN OF PROOF.

2 THE CONCEPT THAT WE NOW HAVE -- AND I  
3 THINK THERE WAS A PROPOSAL MADE BY ONE OF THE  
4 LEGISLATURES TO SAY THAT THIS, IN THE 1990-'91  
5 CIVIL RIGHTS BILL THAT THIS IS NOT A QUOTA BILL.  
6 THAT WAS ONE OF THE MOST DEVASTATING PROPOSALS EVER  
7 TO THE CIVIL RIGHTS ACT BECAUSE WHAT HAPPENED IS IS  
8 THAT IT PROVIDED ALL OF THE EMPLOYERS TO ESCAPE THE  
9 CONSEQUENCES OF DISCRIMINATION, INTENTIONAL  
10 DISCRIMINATION, UNDER THE AUSPICES OF SOME DE FACTO  
11 NEUTRALIZATION PERMISSIBILITY.

12 SO, THEREFORE, THERE WILL NEVER BE A  
13 VERY GOOD CASE OF DISCRIMINATION BASED ON A ZERO  
14 CAPACITY. BECAUSE ALL OF THE COMPANIES HAVE  
15 PURPOSELY CIRCUMVENTED THE CIVIL RIGHTS ACT BY  
16 MOVING TO THE SUBURBS. SO YOU CAN TALK ABOUT  
17 INCENTIVES. YOU CAN TALK ABOUT MORALITIES. YOU  
18 CAN TALK ABOUT ANY NUMBER OF THINGS. BUT THE PLAIN  
19 AND SIMPLE FACT OF THE MATTER IS IS THAT IT IS NO  
20 MORE THAN UNADULTERATED RACISM. AND IT WILL NEVER  
21 END. IN FACT, IT IS GETTING MORE POPULAR BY THE  
22 MOMENT.

23 IF YOU TURN ON YOUR TELEVISIONS, IF YOU  
24 WALK DOWNTOWN, YOU WILL SEE NOTHING BY WHITE MEN  
25 AND WHITE WOMEN IN WHITE SUITS OR DARK SUITS



1 WORKING. IF YOU TURN ON THE TV YOU TALK ABOUT THE  
2 YEAR OF THE WOMAN. THE YEAR OF THE WOMAN MEANS THE  
3 YEAR OF THE WHITE WOMAN. NOW, I DON'T UNDERSTAND  
4 SOMETHING. IF THE WHITE MAN IS PREJUDICED AND THE  
5 WHITE WOMAN IS NOT FREE, SOMEBODY IS NOT DOING  
6 THEIR HOMEWORK. BECAUSE NOW WHAT YOU HAD IS THAT  
7 YOU HAVE THE CONCEPT OF SUPERIORITY.

8 YOU HAVE THE ELEVATION OF THE WHITE MAN,  
9 WHICH HAS ALWAYS BEEN THE CASE, AND YOU HAVE THE  
10 ELEVATION NOW OF THE WHITE WOMAN. SO YOU GO BACK  
11 NOW TO THE OLD DAYS NOW. YOU WALK AROUND THE  
12 STREETS. YOU SEE BLACK MEN LAYING AND SLEEPING  
13 DOWN ON THE STREETS. AND YOU SEE THE WHITE  
14 EMPLOYERS GOING AND GETTING THE IMMIGRANTS BECAUSE  
15 THERE IS A PROFIT MARGIN TO BE GAINED FROM THAT.  
16 AND THEY ARE BYPASSING OUR BROTHERS AND SISTERS,  
17 WHICH THE CIVIL RIGHTS ACT WAS INTENDED TO PROVIDE  
18 JOBS FOR.

19 THE PERCEPTION OF THE CIVIL RIGHTS  
20 COMMISSION IS THAT IT IS AN INEPT ORGANIZATION. NO  
21 POWER, NO CONCERN ABOUT DISCRIMINATION WHATSOEVER,  
22 AND YET THIS -- THIS WHOLE PROCESS IS NO MORE THAN  
23 INTELLECTUAL SUBTERFUGE. FOR EXAMPLE, YOU HAVE 250  
24 PUBLICATIONS HERE. 250 PUBLICATIONS DATING BACK  
25 FROM TEN TO 20 YEARS, OF PUBLICATIONS ABOUT CIVIL

1 RIGHTS. WELL, I WILL BE DAMMED. DON'T YOU KNOW  
2 WHAT -- DO YOU EVER GET IT?

3 IT IS AN ESTABLISHED FACT THAT RACISM IS  
4 A ALIVE AND WELL IN AMERICA. YOU TALK ABOUT ETHNIC  
5 CLEANSING. WE HAVE LAID THE PREDICATIONS NOW TO  
6 GO -- REMEMBER MUSLIMS ARE A DARKER RACE OF  
7 PEOPLE. AND YOU TALKING ABOUT THE DARKER RACE OF  
8 PEOPLE AGAINST THE WHITE RACE OF PEOPLE. THERE  
9 WILL EVENTUALLY BE IN AMERICA AND I SAY SOON A  
10 CIVIL WAR. BECAUSE I AM NOT GOING TO STAND FOR  
11 DISCRIMINATION ANYMORE, MY BROTHERS AND SISTERS ARE  
12 NOT GOING TO STAND FOR DISCRIMINATION ANYMORE. AND  
13 WHO IS TO SAY ANYBODY IS SUPPOSE TO LIVE BETTER  
14 THAN SOMEBODY ELSE? WE ARE --

15 MR. GLICK: MR. DEGRATE, YOUR TIME IS UP  
16 AT THIS POINT.

17 MR. DEGRATE: MY PLEASURE. THANK YOU.

18 MR. GLICK: THANK YOU VERY MUCH.

19 MR. GUZMAN?

20 MR. GUZMAN: GOOD AFTERNOON. I WANT TO  
21 THANK YOU FOR THE OPPORTUNITIES TO ADDRESS THIS  
22 COMMISSION ON AREAS CONCERNING THE METROPOLITAN  
23 TRANSPORTATION AUTHORITY. THAT AGENCY IS COMPRISED  
24 OF THE PAST LOS ANGELES TRANSPORTATION COMMISSION  
25 AND THE PAST SOUTHERN CALIFORNIA RAPID TRANSIT

1 DISTRICT. MY NAME IS ROBERT GUZMAN. I AM THE  
2 NATIONAL PRESIDENT FOR THE SOCIETY OF HISPANIC  
3 PROFESSIONAL ENGINEERS, THE LARGEST HISPANIC  
4 ENGINEERING SOCIETY IN THE UNITED STATES. WE HAVE  
5 OVER 165 CHAPTERS NATIONWIDE WITH A STRONG PRESENCE  
6 HERE IN LOS ANGELES. WE ARE ALSO A PARTNER OF A  
7 CERTIFIED MINORITY-OWNED COMPANY WITH THE MTA  
8 SPECIALIZING IN OFFICE AUTOMATION TRAINING.

9 I HAVE BEEN INVOLVED IN THE COMMUNITY  
10 ORGANIZATIONS FOR 18 YEARS. I AM CURRENTLY ON THE  
11 ADVISORY COMMITTEE GOVERNOR PETE WILSON FOR THE  
12 STATE OF CALIFORNIA. I SAID RECENTLY -- I MOST  
13 RECENTLY SAT ON TWO AGENCIES IN THE STATE OF  
14 CALIFORNIA, TRANSPORTATION AND THE DEPARTMENT OF  
15 GENERAL SERVICES. THE LAST YEAR I HAVE BEEN  
16 WORKING WITH THE OTHER MINORITY BUSINESS LEADERS  
17 FROM THE HISPANIC AND NATIVE AMERICAN INDIAN AND  
18 WOMEN-OWNED BUSINESS COMMUNITIES. WE FORMED A  
19 COUNCIL. THROUGH THE FRUSTRATIONS THESE  
20 COMMUNITIES WERE HAVING WITH LACTC WE FELT WE HAD  
21 TO ELEVATE THIS COUNCIL TO A HIGHER LEVEL.  
22 DURING THE MERGER INVOLVED THE STATE SENATE AND  
23 ASSEMBLY WE WERE ABLE TO HAVE AN AMENDMENT THAT  
24 CREATED THE COUNCIL FOR MTA. THE BILL WAS SIGNED  
25 LATE LAST YEAR.

1 THE LAST FOUR OR FIVE MONTHS THERE HAS  
2 BEEN MUCH TENSION BUILDING UP IN THE HISPANIC  
3 COMMUNITY ABOUT BEING LEFT OUT OF THE TRANSIT  
4 SERVICES. THE 30-YEAR PLAN HAS NOW COME UNDER  
5 ATTACKS BY LET, LATINOS FOR EQUITY IN TRANSIT. IN  
6 THE 30-YEAR PLAN -- IF YOU HAVE NOT SEEN THIS, THE  
7 PURPLE AREAS THAT ARE ON CONSIDERATION FOR THE  
8 30-YEAR PLAN. IF YOU LOOK AT THIS PURPLE AREAS ARE  
9 PRIMARILY TO THE EAST OF THE -- OF THE BLUE LINE,  
10 IS PRIMARILY HISPANIC DISTRICTS. AND YET THIS WILL  
11 BE SOMETHING THAT IF THEY EVER FIND THE MONEY  
12 AFTER THE \$180 BILLION THAT ARE USED UP, THEN MAYBE  
13 THE EAST SIDE WILL HAVE A TRANSIT SYSTEM.

14 LET WENT PUBLIC AND OBTAINED SOME  
15 TELEVISION AND RADIO COVERAGE. HISPANIC  
16 LEGISLATORS IN BOTH CITY, COUNTY, STATE, AND  
17 FEDERAL HAVE NOW BEGUN TO ADDRESS INEQUITIES OF  
18 THIS PLAN.

19 BECAUSE THE ATTACKS BY LET, THE STAFF  
20 OF MTA BEGAN TO REVIEW THE 30-YEAR PLAN. IN A  
21 RECENT MTA COMMISSION MEETING IT WAS DISCLOSED THAT  
22 THE 30-YEAR PLAN HAS A SHORTFALL OF BILLIONS OF  
23 DOLLARS. SO NOW THEY HAVE BEGUN TO REVIEW PROJECTS  
24 FOR CONSIDERATION OF FUNDING. IN THE EAST L.A.  
25 AREA THERE IS NO CURRENT RAIL PLAN UNTIL AFTER THE

1 30-YEAR PLAN. THE ONLY OTHER PROJECT THAT IS  
2 CURRENTLY IN PRELIMINARY DESIGN THAT ENTERS THAT  
3 AREA IS UNDER FIRE BY STAFF FOR TERMINATION.

4 MTA IS -- MTA IS SAYING THAT WE ARE  
5 GOING TO NEED MORE MONEY TO GET A PROJECT THAT  
6 QUALIFIES FOR ONE TO NINE RATIO FROM THE EPA PLUS  
7 IT MEETS AQMD MANDATES FROM MTA TO REDUCE THE BUS  
8 EMISSIONS BY 30 PERCENT IS UNDER FIRE. THE 30-YEAR  
9 PLAN IS A REFLECTION OF ITS MANAGEMENT. SINCE  
10 HISPANICS WERE NOT AT THE EXECUTIVE BRANCH OF THE  
11 MTA WHEN THE 30-YEAR PLAN WAS DRAWN UP AND  
12 ACCEPTED, IT IS NO WONDER THAT IT REFLECTS A LACK  
13 OF TRANSIT SERVICES INTO HEAVILY POPULATED HISPANIC  
14 AREAS. HISPANICS FROM EARLIER TESTIMONY ARE A KEY  
15 RIDERSHIP OF THE PUBLIC TRANSIT.

16 WE HAVE A RIGHT TO HAVE EQUAL ACCESS  
17 TO PUBLIC TRANSPORTATION, BUT UNDER MTA'S PLAN WE  
18 DON'T. THE OLD LACTC STAFF HAS MADE TWO  
19 RECOMMENDATIONS WHICH HAVE BEEN -- WHICH HAVE  
20 RECEIVED PUBLIC BACKLASH. EXAMPLE IS THE SUMITOMO  
21 INCIDENT AND THE CHANDLER SUBWAY STANDARD. MTA IS  
22 A SUPERFUNDED AGENCY WHICH COULD HAVE AN  
23 OPPORTUNITY TO PROVIDE EMPLOYMENT FOR MANY THAT ARE  
24 UNEMPLOYED. AND YET IT HAS YET TO ADOPT AND  
25 IMPLEMENT TO ALLOW ACCESS TO THE TRANSPORTATION

1 INDUSTRY.

2 TODAY IF YOU LIVE IN LOS ANGELES AND  
3 WOULD LIKE TO PURSUE FULL TIME EMPLOYMENT WITH MTA,  
4 IF YOU DON'T HAVE EXPERIENCE IN THE TRANSPORTATION  
5 INDUSTRY YOU WON'T QUALIFY. YET I HAVE BEEN TOLD  
6 THAT IF THEY NEED EXPERIENCED TRANSPORTATION  
7 ENGINEERS, THEY WILL LOOK FOR THEM IN OTHER CITIES  
8 THAT HAVE BUILT LIGHT AND HEAVY RAIL.

9 MY RECOMMENDATION TO THIS COMMISSION IS  
10 TO HAVE AN INDEPENDENT AUDIT OF MTA EMPLOYMENT  
11 STATISTICS AND ITS PRIME CONTRACTORS ON BOTH THE  
12 RED LINE AND THE BLUE LINE. THE CHANGE OF POLICY  
13 OF GOOD FAITH IS ALSO -- IS ALSO UNENFORCEABLE.

14 MR. GLICK: MR. GUZMAN, YOUR TIME HAS  
15 EXPIRED. IF YOU WANT TO PUT THAT DOCUMENT INTO THE  
16 RECORD OF THE HEARING, PLEASE GIVE IT TO THE CLERK  
17 SITTING --

18 MR. GUZMAN: OKAY. I WILL ALSO SUBMIT  
19 THE EMPLOYMENT STATISTICS THAT WE HAVE ALSO  
20 PREPARED.

21 MR. GLICK: FINE. THANK YOU VERY MUCH.

22 DEBRA DUNN, PLEASE.

23 MS. DUNN: THANK YOU FOR ALLOWING ME TO  
24 ADDRESS YOU TODAY. I AM HERE TO TALK A LITTLE BIT  
25 ABOUT DISCRIMINATION. AND I HOPE THAT YOUR

1 COMMISSION WILL TAKE EFFORTS TO HELP END WHAT SO  
2 MANY PEOPLE ARE EXPERIENCING HERE IN THE UNITED  
3 STATES.

4 NEXT WEEK MY DAUGHTER WILL BE LEAVING  
5 FOR AN INTERNSHIP IN WASHINGTON, D.C. SHE IS 19  
6 YEARS OLD AND ALREADY SHE HAS SEEN AND EXPERIENCED  
7 ENOUGH DISCRIMINATION IN THE UNITED STATES TO LAST  
8 FOR A LIFETIME. SHE HAS BEGUN TO QUESTION HER  
9 DECISION ABOUT WHETHER SHE WANTS TO ENTER INTO THE  
10 LAW PROFESSION. SHE ASKED ME THE OTHER DAY WHAT WE  
11 AFRICANS IN AMERICA, AS SHE CALLS US, HAVE GAINED  
12 IN THE PAST 10 YEARS. BEFORE I COULD RESPOND SHE  
13 SAYS, "I THINK WE HAVE BEEN PUSHED BACKWARDS,  
14 MOMMA."

15 I AM HERE TO TELL YOU MY STORY BECAUSE I  
16 KNOW THAT SOMETHING MUST BE DONE. AND I AM HOPING  
17 THAT EFFORTS WILL BE MADE. I ENTERED CORPORATE  
18 AMERICA IN THE EARLY '80S. I WORKED HARD, 40-PLUS  
19 HOURS, ATTENDED COLLEGE AT NIGHT, RAISED A FAMILY.  
20 AFTER APPROXIMATELY 12 YEARS AND ONE SEMESTER  
21 BEFORE MY GRADUATION I RECEIVED A MID-LEVEL  
22 MANAGEMENT POSITION.

23 DURING THE COMPETITION IT WAS NARROWED  
24 DOWN TO MYSELF AND ANOTHER FELLOW MALE EMPLOYEE. I  
25 RECEIVED THE TITLE, THE POSITION, THE

1 RESPONSIBILITIES, THE PRIVATE OFFICE. BUT I DID  
2 NOT RECEIVE THE SALARY. NOW, HAD THE MALE RECEIVED  
3 THIS POSITION, HE WOULD HAVE WITH MY SMALL RAISE  
4 BEEN MAKING IN EXCESS OF \$40,000. WITH MY  
5 PROMOTION I MADE LESS THAN 30,000.

6 WORKING WITH BUDGETS AND ALL ACCOUNTS, I  
7 DISCOVERED THAT MY SECRETARY, WHO HAD BEEN WITH THE  
8 COMPANY LESS THAN ONE YEAR, HAD AN ANNUAL INCOME OF  
9 OVER \$35,000. FURTHER RESEARCH REVEALED THAT I WAS  
10 THE LOWEST-PAID EMPLOYEE. I WAS ALSO THE ONLY  
11 BLACK EMPLOYEE IN THIS COMPANY -- IN THIS DIVISION,  
12 RATHER.

13 I CONFRONTED PERSONNEL AND LET MY  
14 MANAGER KNOW THIS, WHICH RESULTED IN MY BECOMING  
15 HARASSED. WHEN I WENT TO THE EEO OFFICE AND ASKED  
16 FOR HELP, THEY TOLD ME THAT THEY BELIEVED MY STORY,  
17 THEY HAD HAD REPORTS ABOUT THIS COMPANY. BUT THE  
18 LAWS HAD THEIR HANDS TIED. THEY COULDN'T HELP ME.

19 THIS WAS NOT THE FIRST TIME THAT I HAD  
20 EXPERIENCED DISCRIMINATION WITH THIS COMPANY. BUT  
21 AFTER MY HEALTH SUFFERED AND I REALIZED THAT  
22 EVENTUALLY I WOULD HURT MYSELF OR I WOULD HURT  
23 SOMEONE ELSE I GAVE UP. I RESIGNED. THAT COMPANY,  
24 GARRETT AVIATION, AEROSPACE, A DIVISION OF  
25 ALLIED-SIGNAL CORPORATION, AFTER 12 YEARS OF MY



1 GOOD RECORDS -- BECAUSE BELIEVE YOU ME OTHERWISE I  
2 WOULD NOT HAVE BEEN PROMOTED TO MID-LEVEL  
3 MANAGEMENT -- HAVE SLANDERED ME AND CONTINUED TO  
4 TRY TO DISCOURAGE EMPLOYERS FROM HIRING ME.

5 I STARTED OVER AND WAS HIRED BY THE  
6 FEDERAL GOVERNMENT. I FOUND THAT DISCRIMINATION IS  
7 ALIVE AND WELL IN THIS ORGANIZATION ALSO. I WAS  
8 THE ONLY BLACK THAT WAS HIRED FOR MY RECENT  
9 POSITION. I HAD QUALIFICATIONS AND AN OFFICE OF  
10 PERSONNEL MANAGEMENT RATING THAT PROVED THAT I  
11 SHOULD HAVE STARTED AT A HIGHER RATE, BUT THEY  
12 IGNORED THIS AND BROUGHT ME IN AT A LOWER RATE. AS  
13 I SAID, I WAS THE ONLY BLACK PERSON HIRED.

14 WHEN I HEARD ABOUT YOUR HEARINGS HERE  
15 TODAY, I DECIDED THAT I WOULD COME ON IN JUST TO  
16 LET YOU KNOW ABOUT THE DISCRIMINATION THAT WE ARE  
17 SUFFERING HERE IN L.A. AND TO LET YOU KNOW THAT  
18 THIS IS WHY YOU HAVE SO MUCH RANGE WITHIN THE CITY  
19 ALSO. NOT ONLY DO WE NOT FIND JOBS, BUT WE HAVE NO  
20 PLACE TO TURN WHEN WE HAVE PROBLEMS.

21 I AM NOT HERE TO ASK YOU TO HELP ME  
22 BECAUSE I AM A STRONG BLACK WOMAN. I DON'T WANT MY  
23 GRANDCHILDREN TO COME HERE AND FIND THEMSELVES IN  
24 THE POSITION THAT I FOUND MYSELF IN. AND I KNOW  
25 THAT IF THIS CONTINUES, WE WILL HAVE REVOLUTION

1       HERE IN THE UNITED STATES.

2                   MR. GLICK:   MR. GRIFFIN.

3                   MR. GRIFFIN:   GREETINGS, MR. FLETCHER,  
4 MEMBERS OF THE COMMISSION, AND YOU THE VIEWING  
5 AUDIENCE.

6                   OUR CITY LOS ANGELES, CALIFORNIA, HAS  
7 GONE THROUGH MORE POLITICAL POSITIONS THAN ANY  
8 OTHER CITY IN THE UNITED STATES.   AND YET I SIT  
9 HERE SAYING THAT IT IS BUSINESS AS USUAL.   AS YOU  
10 MAY OR MAY NOT KNOW, I AM A MEMBER OF THE L.A.  
11 COALITION FOR JUSTICE AND THE POLICE BRUTALITY  
12 COMMITTEE.   AND I SIT IN ON A GREAT DEAL OF BUDGET  
13 AND FINANCE COMMITTEES HERE IN THE CITY OF LOS  
14 ANGELES.   AND I AM SEEING THAT A GREAT DEAL OF  
15 POLICE BRUTALITY IS STILL OCCURRING AND A LOT OF  
16 THE OFFICERS ARE GETTING AWAY WITH NO REPRIMAND.

17                   AS YOU MAY OR MAY NOT KNOW,  
18 PROPOSITION F WAS PASSED BY US LOS ANGELESIANS.  
19 AND PROPOSITION F WAS DESIGNED SO THAT WE COULD  
20 CURTAIL THE BEHAVIOR OF POLICE OFFICERS.   AND YET  
21 WE STILL SIT HERE WITH 350 -- WITH 300,000, 50,000,  
22 46,000 OF POLICE BRUTALITY EXCESSIVE USES OF CASES,  
23 AND YET NOTHING IS DONE TO THESE OFFICERS WHEN WE  
24 TALK ABOUT SUSPENSION OR SOME TYPE OF REPRIMAND  
25 THAT NEEDS TO BE DONE TO CURTAIL THEIR BEHAVIOR.

1                   IT IS IMPORTANT THAT YOU UNDERSTAND.  
2           AND I NEED YOU TO PUT IT ON THE RECORD, LET THE  
3           RECORD REFLECT THAT I AM A SUPPORTER AND VOTER OF  
4           BILL CLINTON, AL GORE, BARBARA BOXER, AND DIANE  
5           FEINSTEIN. I AM ALSO A PRODUCT OF DR. MARTIN  
6           LUTHER KING. I AM ALSO A PRODUCT OF ROBERT AND  
7           BOBBY KENNEDY, AS WELL AS MALCOLM X.

8                   IT IS IMPORTANT ALSO TO MENTION THAT  
9           POLICE BRUTALITY AND THE JUDICIAL SYSTEM ARE A  
10          SERIOUS CAUSE OF DEPRESSION, PLUS NO JOBS PAYING  
11          DECENT SALARIES SIMPLY DESTROYS MOTIVATION AND  
12          HOME. 68 PEOPLE WERE SHOT BY POLICE -- OR 68  
13          PEOPLE WERE SHOT BY POLICE IN 1992. 61 WERE SHOT  
14          IN 1991, 69 IN 1990, 68 IN 1989, AND 61 PEOPLE WERE  
15          SHOT IN 1988, AND 56 IN 1987.

16                  IT IS IMPORTANT TO MENTION THIS BECAUSE  
17          I WANT YOU TO SEE THAT WITH OUR NEW ELECTED MAYOR,  
18          DICK RIORDAN, WE WANT TO LET YOU KNOW THAT HE WON  
19          ON THE PREMISE OF PUTTING MORE POLICE OFFICERS INTO  
20          THE STREETS. WE WANT TO ALSO MENTION THAT WE HAVE  
21          FIVE TO 7,000 MORE LAW BREAKING CITIZENS COMING  
22          INTO OUR ENVIRONMENT THIS SUMMER. WE FORESEE THAT  
23          THERE WILL BE ANOTHER POSSIBLE UPRISING IF WE DON'T  
24          HAVE YOU GO BACK TO THE WHITE HOUSE AND TELL THE  
25          CONGRESS THAT WE NEED JOBS AND WE NEED HELP HERE IN

1 LOS ANGELES.

2 WHEN YOU LOOK AT THE UNITED STATES MAP,  
3 YOU SEE MAINE AS THE HEAD. YOU SEE FLORIDA AND  
4 TEXAS AS THE FEET. YOU SEE CALIFORNIA AS THE ASS,  
5 BETTER KNOWN AS THE BUTTOCKS. BUT I WANT YOU TO  
6 KNOW THAT WE ARE NOT LAST AND WE ARE NOT LOST EVEN  
7 THOUGH WE ARE LOS ANGELES.

8 WE WANT YOU TO SPREAD THE WORD THAT WE  
9 NEED JOBS HERE IN OUR CITY. WE ALSO WANT YOU TO  
10 UNDERSTAND THAT WE FELT CHEATED WHEN YOU GAVE  
11 KOREANS 20 TO \$30,000 TO COME HERE TO LOS ANGELES  
12 AND MOVE INTO OUR ENVIRONMENT. AND WE FELT CHEATED  
13 WHEN WE AS BLACK AMERICANS FOUGHT IN ALL THE WORLD  
14 WARS FOR THIS COUNTRY AND WAS BYPASSED IN NOT BEING  
15 GIVEN THAT OPPORTUNITY FIRST AND FOREMOST WHEN WE  
16 WERE TOLD IN THE '60S TO GET AN EDUCATION, IN THE  
17 '70S WE WERE TOLD -- IN THE '70S IT WAS A THING  
18 THAT WE WAS TOLD THAT DOPE WAS FALLING INTO OUR  
19 SYSTEM THAT KILLED THE KENNEDYS AS WELL AS  
20 MALCOLM X. AND THEN IN THE '80S WE HAVE GOT THE  
21 KOREANS MOVING HERE. AND HERE WE ARE AT THE '90S.

22 SO IT IS IMPORTANT THAT YOU SEND THAT  
23 MESSAGE. IT IS IMPORTANT TO SEND THE MESSAGE THAT  
24 WE ARE TALKING ABOUT OUR CIVIL RIGHTS, WE ARE  
25 TALKING ABOUT A SITUATION WHERE WE AS HUMAN -- WE

1 ARE HUMAN BEINGS AND THAT EVEN THOUGH WE WERE  
2 NOT -- EVEN THOUGH WE HAVE BEEN ON WELFARE AND YOU  
3 HAVE GIVEN US INCENTIVES TO GET JOBS, THAT THESE  
4 JOBS WERE \$5 AND THERE IS NO WAY THAT WE CAN  
5 SURVIVE AND LIVE OFF OF \$5 AN HOUR. IT IS  
6 IMPORTANT FOR YOU TO SEND THE MESSAGE THAT THERE IS  
7 NO WAY THAT WE CAN PAY FOR OUR KIDS UNDER THIS SAME  
8 TYPE OF THING THAT THIS ISN'T GIVE US ANY MEDI-CAL  
9 OR MEDICARE WHEN WE WERE SUPPOSEDLY TRYING TO HAVE  
10 SOME KIND OF A SENSE TO GO TO WORK.

11 WE NEED YOU TO SEND THAT MESSAGE,  
12 MR. FLETCHER. WE NEED YOU TO SEND THAT MESSAGE,  
13 MEMBERS OF THIS COMMISSION. WE NEED YOU TO TELL  
14 THESE PEOPLE BACK THERE THAT THESE PEOPLE IN  
15 CALIFORNIA NEED SOME FINANCIAL AID AND THAT IF DICK  
16 RIORDAN DOES -- EVEN THOUGH DICK RIORDAN HAS BEEN  
17 ELECTED, WHERE IS HE GOING TO PUT THESE JOBS? IS  
18 HE GOING TO PUT THESE JOBS IN THE OUTSKIRTS, OR IS  
19 HE GOING TO PUT THESE JOBS IN THE CITY OF LOS  
20 ANGELES? IT IS VERY IMPORTANT THAT WE, THE PEOPLE  
21 OF LOS ANGELES, SEND YOU THE MESSAGE THAT WE NEED  
22 HELP.

23 MR. GLICK: THANK YOU, MR. GRIFFIN.

24 I WOULD LIKE TO CALL RODRIGO GARCIA.  
25 DALLAS WILLIAMSON, MOLLIE BELL, GINN DOOSE.

1 MR. FLETCHER: WILL YOU PLEASE STAND AND  
2 RAISE YOUR RIGHT HAND?

3 I NOTICE THERE IS AN EMPTY CHAIR. COULD  
4 WE CALL ANOTHER --

5 MR. GLICK: ESTHER LOFTON.

6 MR. FLETCHER: ESTHER LOFTON, WOULD  
7 YOU RESPOND.

8 MS. LOFTON: RIGHT HERE.

9 MR. FLETCHER: THANK YOU. JUST A  
10 SECOND. WOULD YOU EACH RAISE YOUR RIGHT HAND AND  
11 RESPOND IN THE AFFIRMATIVE.

12 DO YOU SWEAR OR AFFIRM THAT YOU WILL  
13 TRUTHFULLY TESTIFY TO THE BEST OF YOUR ABILITY.

14 (ALL PANEL MEMBERS REPLIED IN THE  
15 AFFIRMATIVE.)

16 MR. FLETCHER: THANK YOU.

17 COUNSEL, PLEASE PROCEED.

18 MR. GLICK: RODRIGO GARCIA, WILL YOU  
19 PROCEED, MR. GARCIA.

20 MR. GARCIA: THANK YOU.

21 GOOD EVENING, COMMISSIONERS. I WOULD  
22 LIKE TO SPEAK ON TWO ITEMS. ONE IS GOING TO BE THE  
23 MEDIA IMPACT ON THE LATINO COMMUNITY. THE OTHER  
24 ONE IS MORE ON TRANSPORTATION.

25 I WISH TO EXPRESS TO YOU THAT I FEEL THE

1 MEDIA INDUSTRY IN GENERAL DOES NOT DEVELOP A  
2 POSITIVE ATTITUDE OF ALL OF OUR CITIZENS, LATINO OR  
3 NON-LATINO. THEY DO NOT PORTRAY POSITIVE IMAGES OF  
4 PEOPLE AND DO NOT DEVELOP POSITIVE ROLE MODELS FOR  
5 OUR YOUTH TO ASPIRE TO BECOME. THIS IS  
6 PARTICULARLY DAMAGING TO OUR LATINO YOUTH WHO HAVE  
7 TOO FEW ROLE MODELS TO EMULATE AND ARE VERY MUCH  
8 INFLUENCED BY TELEVISION AND MOVIES.

9 I WISH TO RECOMMEND TO THE FEDERAL  
10 COMMUNICATIONS COMMISSION AND CONGRESS AND THE  
11 ADMINISTRATION AND THE MEDIA INDUSTRY THAT PUBLIC  
12 SERVICE ANNOUNCEMENTS BE DEVELOPED WHICH SHOW  
13 POSITIVE ROLE MODELS SAYING TO THE YOUTH, "YOU CAN  
14 DO IT, GO FOR IT." THESE ANNOUNCEMENTS SHOULD BE  
15 SHOWN REPEATEDLY DURING STATION BREAKS, AT PRIME  
16 TIME ON TELEVISION AND RADIO, BROADCAST IN ENGLISH  
17 AND SPANISH. IN TIME WE WILL BEGIN TO MAKE A  
18 CHANGE ON OUR YOUTH AND ULTIMATELY ON OUR SOCIETY.

19 THE SECOND SUBJECT, DEAR COMMISSIONERS,  
20 AS CITIZENS OF THIS NATION AND RESIDENTS OF  
21 LOS ANGELES WE WISH TO EXPRESS OUR CONCERN ABOUT  
22 INEQUITIES WHICH EXIST HERE IN LOS ANGELES DUE TO  
23 THE IMPACT OF DECISIONS MADE BY VARIOUS AGENCIES AT  
24 LOCAL, STATE, AND FEDERAL LEVELS, INEQUITIES IN THE  
25 SELECTION OF EMPLOYEES AND APPOINTMENTS IMPACT

1 CONTRACT AWARDS AND PROJECT SELECTION. THE  
2 UNDERREPRESENTATION OF LATINOS IN EXECUTIVE  
3 POSITIONS OF VARIOUS AGENCIES HAS CREATED  
4 BUREAUCRACIES WHICH ARE INSENSITIVE TO LATINO AND  
5 OTHER UNDERREPRESENTED COMMUNITIES.

6 THE AWARDING OF CONTRACTS AND THE  
7 SELECTION OF PARTIES ARE DETERMINED BY KEY  
8 PERSONNEL. SHOULD THESE PEOPLE NOT BE AWARE OF OR  
9 SHOULD THEY NOT BE SENSITIVE TO THE COMMUNITY'S  
10 NEEDS, THEY WILL MAKE SELECTIONS WHICH MIRROR THEIR  
11 OPEN PHILOSOPHIES AND ATTITUDES WITH NO REGARDS TO  
12 LATINOS. CONSIDERING THE HIRING OF STAFF AND  
13 AWARDING OF CONTRACTS, THESE ARE PRIME ECONOMIC  
14 ISSUES WHICH IMPACT THE SURROUNDING COMMUNITY.  
15 CRIME, POVERTY, EDUCATIONAL ATTAINMENT ARE IMPACTED  
16 BY THE ECONOMIC HEALTH OF THE COMMUNITY.

17 ALTHOUGH LATINOS ARE HARD-WORKING AND  
18 LOYAL EMPLOYEES, OFTEN THEY ARE LAST TO BE HIRED  
19 AND FIRST TO BE FIRED. HOW WILL THEY EVER MAKE IT  
20 TO EXECUTIVE POSITIONS IF THEY ARE NEVER GIVEN THE  
21 OPPORTUNITY? SMALL BUSINESS IS THE BACKBONE OF ANY  
22 COMMUNITY. YET LATINO-OWNED BUSINESSES OFTEN ARE  
23 IGNORED BY GOVERNMENTAL AGENCIES, CONTRACTS ARE  
24 OFTEN AWARDED TO NON-MINORITY BUSINESS EXECUTIVE  
25 PERSONNEL. THE LATINO COMMUNITY NEEDS SUCCESSFUL



1 ENTREPRENEURS WHO CAN SERVE AS ROLE MODELS AND WHO  
2 CAN CONTRIBUTE TO THE COMMUNITY BY PROVIDING JOBS  
3 AND POLITICAL INFLUENCE. WITHOUT A STRONG BUSINESS  
4 COMMUNITY, LATINOS WILL REMAIN SERVANTS OF THOSE  
5 WHO CONTROL THE PURSE STRINGS.

6 FINALLY, THE SELECTION OF CAPITAL  
7 IMPROVEMENT PROJECTS IS OFTEN INITIATED BY  
8 EXECUTIVE PERSONNEL IN THESE AGENCIES. THE  
9 LOCATION AND TYPE OF PROJECTS HAVE PROFOUND IMPACTS  
10 ON THE COMMUNITIES. THE LOCATION OF PROJECTS CAN  
11 HELP ECONOMIC DEVELOPMENT IN ONE AREA OVER  
12 ANOTHER. THESE ARE CRITICAL DECISIONS WHICH,  
13 AGAIN, ARE DECIDED BY EXECUTIVE PERSONNEL.

14 WE WISH TO RECOMMEND TO THE CONGRESS AND  
15 THE ADMINISTRATION THE FOLLOWING ACTION ITEMS, THAT  
16 THE REGIONAL -- THAT REGIONAL MINORITY ADVISORY  
17 COUNCILS COMPOSED OF MINORITY BUSINESS ASSOCIATIONS  
18 AND INDIVIDUALS BE ESTABLISHED AT THE U.S.  
19 DEPARTMENT OF TRANSPORTATION. ONLY BY HAVING  
20 DIRECT ACCESS WILL CITIZENS OF OUR RESPECTIVE  
21 COMMUNITIES BE ABLE TO SHARE EQUITABLY.

22 TWO, THAT THE DEO GOALS BE CONVERTED TO  
23 SEPARATE MINORITY AND WOMEN BUSINESS ENTERPRISES  
24 GOALS AND THAT THE SERVICE TRANSPORTATION ACT GOALS  
25 BE INCREASED TO 25 PERCENT FOR MBE'S AND 10 PERCENT

1 WBE'S. THIS WILL HELP PROMOTE SMALL BUSINESS  
2 DEVELOPMENT IN THE MINORITY COMMUNITIES.

3 THREE, INCREASE EMPLOYMENT OF LATINOS AT  
4 THE DEPARTMENT OF TRANSPORTATION TO MEET PARITY AT  
5 ALL LEVELS, ESPECIALLY THE EXECUTIVE AND  
6 ADMINISTRATION POSITIONS. FOUR, INCREASE  
7 EMPLOYMENT OF LATINOS AT LOCAL, STATE, AND FEDERAL  
8 BOARDS AND COMMISSIONS. FIVE, REQUIRE THAT LOCAL  
9 AND STATE AGENCIES WHICH RECEIVE FEDERAL FUNDS MEET  
10 AFFIRMATIVE ACTION GOALS AT ALL LEVELS OF  
11 EMPLOYMENT, MEET THEIR MWBE GOALS AND SELECT  
12 PROJECTS WHICH ARE EQUITABLY DISTRIBUTED TO SERVE  
13 THE CITIZENS OF THE SURROUNDING COMMUNITY, HOLD  
14 THEIR FUNDING IF THEY DO NOT MEET THESE MINIMUM  
15 REQUIREMENTS.

16 SIX, PROVIDE FUNDING OF MAJOR  
17 TRANSPORTATION PROGRAMS IN LOS ANGELES WHICH INVEST  
18 IN INFRASTRUCTURE AND SERVE THE ETHNIC POPULATION.  
19 SPECIFIC PROJECT RECOMMENDATIONS ARE THE ELECTRIC  
20 TROLLEY BUS, WHICH WILL SERVE THE GREATEST  
21 RIDERSHIP, MOST ECLECTIC POPULATIONS. PHASE ONE  
22 WILL SERVE 300,000 DAILY RIDERS, WILL REMOVE 1,000  
23 TONS OF EMISSIONS ANNUALLY FROM THE SOUTH COAST AIR  
24 BASIN AND WILL PROVIDE MUCH-NEEDED CONSTRUCTION AND  
25 MANUFACTURING JOBS. THIS PROJECT WILL BE ELIGIBLE

1 FOR '91 FEDERAL FUNDING AS A CLEAN AIR PROJECT. B,  
2 EXTEND AND ACCELERATE EAST SIDE RAIL PROJECTS LIKE  
3 THE SAN GABRIEL CORRIDOR ROUTE FIVE EXTENSION TO  
4 NORWALK AND DEVELOP AN EAST MULTIMODAL STATION.  
5 C, FUND AN ALAMEDA CORRIDOR PROJECT WHICH WILL  
6 ALLOW LOS ANGELES TO KEEP ITS COMPETITIVE EDGE AS A  
7 WORLD PORT SERVING THE PACIFIC RIM.

8 SEVEN, ESTABLISH AND FUND IN LOS ANGELES  
9 A TRANSPORTATION RESEARCH AND DEVELOPMENT CENTER TO  
10 HELP BUILD A NEW INDUSTRY TO REPLACE THE  
11 DIMINISHING DEFENSE AND AEROSPACE INDUSTRY. WE  
12 HOPE THAT YOU HAVE LISTENED TO US TODAY AND RESPECT  
13 US AS EQUAL CITIZENS OF THIS NATION, READY AND  
14 ACTIVELY WORKING TO IMPROVE THE QUALITY OF LIFE,  
15 NOT ONLY FOR LATINOS, BUT FOR ALL AMERICANS WE NEED  
16 YOUR SUPPORT. THANK YOU VERY MUCH.

17 MR. GLICK: THANK YOU, MR. GARCIA.

18 MR. FLETCHER: I NOTICE THAT YOU  
19 MENTIONED THE SERVICE TRANSPORTATION ACT, BUT YOU  
20 LEFT THE INTERMODAL TRANSPORTATION ACT OUT. DID  
21 YOU --

22 MR. GARCIA: YOU ARE RIGHT. THE  
23 INTERMODAL TRANSPORTATION ACT, YES.

24 MR. FLETCHER: YOU SEE, I WAS LISTENING  
25 TO YOU.

1                   . MR. GARCIA: THANK YOU VERY MUCH.

2                   MR. GLICK: CAN WE HAVE ESTHER LOFTON,  
3 PLEASE.

4                   MS. LOFTON: I, ESTHER LOFTON, HEREIN  
5 ENTER TESTIMONY RELATIVE TO THE ADMINISTRATION OF  
6 JUSTICE AND HOW SUCH LACK THEREOF CONTRIBUTES  
7 GREATLY TO THE UNREST IN THE INNER CITY COMMUNITY  
8 AND LIMITS ITS ECONOMIC VIABILITY.

9                   IT HAS BEEN PUBLISHED SEVERAL TIMES THAT  
10 THE RIOTS OF 1965 AND THE APRIL 29, 1992, RIOTS  
11 WERE THE RESULT OF INEPT INNER CITY LEADERS,  
12 PRIMARILY INTERESTED IN THEIR OWN SELF-INTERESTS.  
13 THIS LEADERSHIP FEELS NO RESPONSIBILITY ABOUT  
14 MAKING THE SYSTEM WORK, DELEGATING THIS  
15 RESPONSIBILITY EITHER TO THE FEDERAL GOVERNMENT,  
16 THE STATE GOVERNMENT, OTHER ETHNICS INCLUDING AN  
17 IMMIGRANT POPULATION, AND OFTEN EVEN THE VICTIMS.

18                   AS A RESULT OF THIS SELF-LESS INEPTITUDE  
19 PEOPLE LIVING WITHIN THESE JURISDICTIONS ARE  
20 EXPOSED TO THE FULL IMPACT OF OTHERS' DECISIONS OF  
21 ALL OTHER PEOPLES AND GROUPS WITHOUT RESPITE. TO  
22 LIVE IN A DEMOCRATIC REPUBLIC WITHOUT  
23 REPRESENTATION IS EXTREMELY DANGEROUS, BUT THE ONLY  
24 OPTIONS OF LIFE BEING EITHER OF THE FOLLOWING:  
25 A, THE INFLICTION OF PAINS AND PENALTIES UPON

1 RESIDENTS, OR TWO, A SILENT SENTENCE OF DEATH, BOTH  
2 OF WHICH ARE PROHIBITED BY THE CONSTITUTION OF THE  
3 UNITED STATES, ARTICLE ONE, SECTION NINE, PARAGRAPH  
4 THREE, WHICH IS THE ORIGINAL CIVIL RIGHT. JANUARY  
5 THE 2ND, 1993, WAS THE 130TH ANNIVERSARY OF THE  
6 EMANCIPATION PROCLAMATION. NEVERTHELESS THE  
7 INSTITUTION OF SLAVERY STILL LIVES AND THRIVES IN  
8 THE INNER CITIES OF AMERICA.

9 I AM GOING TO DESCRIBE HEREIN THE  
10 ANATOMY OF THE DESTRUCTION OF INNER CITY FAMILIES  
11 AND FAMILIES OF THIS SOCIAL -- BASIC SOCIAL  
12 STRUCTURE OF ANY SOCIETY. ALONG WITH THE  
13 DESCRIPTION YOU WILL SEE THE TOTAL CAPITULATION OF  
14 AMERICAN INSTITUTIONS WITHIN THE INNER CITY,  
15 INSTITUTIONS PRIMARILY OF THE COUNTY OF LOS ANGELES  
16 MEANT TO DESTROY AND ANNIHILATE ONE OF THE POOREST,  
17 BLACKEST FAMILIES IN THIS AREA.

18 THIS FAMILY INCLUDED A MOTHER, A FATHER,  
19 AND EIGHT CHILDREN. TO THIS DATE NOT ONE MEMBER OF  
20 THIS FAMILY UNIT HAS A CRIMINAL RECORD OF ANY  
21 KIND. THIS IS ALL DOCUMENTED IN THE SUPERIOR COURT  
22 OF THE STATE OF CALIFORNIA FOR THE COUNTY OF LOS  
23 ANGELES, CASE NUMBER 895188. YET THE MOTHER AND  
24 FATHER WERE CONVICTED OF VIOLATION OF EDUCATION  
25 CODE 12101, FAILURE TO SEND CHILDREN TO SCHOOL,

1 WITHOUT THE BENEFITS OF AN ATTORNEY, A CLEAR DENIAL  
2 OF DUE PROCESS AND A SIDESTEP OF THE DECISION OF  
3 GITTELSON VERSUS FLORIDA, WHICH MANDATED THAT AN  
4 ATTORNEY MUST ALSO BE COMPETENT. AT THE TIME OF  
5 THIS ARREST, THE MOTHER WHO HAD PUT UP A \$20 BAIL,  
6 WAS ALSO CLIPPED OF THAT BAIL MONEY BY A TRAFFIC  
7 JUDGE WHO HAD SUSPENDED THE SENTENCE FOR TIME  
8 GIVEN. DESPITE THE FACT THAT THIS WAS  
9 APPROPRIATELY AND SPECIFICALLY PRESENTED THROUGH  
10 PETITION TO THE ATTORNEY GENERAL OF THE STATE OF  
11 CALIFORNIA, THIS \$20 STILL HAS NOT BEEN REFUNDED.

12 ENTER THE PROBATION DEPARTMENT, THE  
13 COUNTY OF LOS ANGELES. THE COURT REFERRED THE  
14 ABOVE MATTER TO A PROBATION OFFICER, WHO FELT HER  
15 ONLY OPTION REGARDING THESE PARENTS WAS TO PLACE  
16 THEM ON THE PROBATION, REGARDLESS OF THE FACT THAT  
17 THE DUE PROCESS LAWS -- DUE PROCESS PROVISIONS WAS  
18 NOT RESPECTED. THIS PROBATION OFFICER ISSUED --  
19 OR RECOMMENDED THAT THE BENCH WARRANT BE ISSUED.  
20 BUT THE PARENTS REFUSED TO COME TO COURT TO LET HER  
21 BE THEIR REPRESENTATIVE. SHE ALSO LATER REENACTED  
22 A BENCH WARRANT THAT WAS RESCINDED BY THE JUDGE AND  
23 TRIED TO HAVE THESE PEOPLE ARRESTED ON THE SPOT.  
24 THIS ARREST WAS ABORTED BY HER SUPERVISOR SAM  
25 TOLL. THIS FAMILY HAS ENDURED MANY ARRESTS OF

1 THEIR CHILDREN. THEIR FAMILY HAS BEEN BROKEN UP BY  
2 THE SOCIAL WELFARE DEPARTMENT. AND THEY HAVE  
3 SPENT -- THE CHILDREN HAVE SPENT SEVERAL YEARS IN  
4 JAIL. INFANTS HAVE EVEN BEEN PUT ON PROBATION.

5 I AM ONE OF THE PARENTS IN THIS FAMILY  
6 UNIT. I AM THE MOTHER. AND AS YOU CAN SEE, I AM  
7 STILL HERE AND I AM STILL SURVIVING. I AM STILL  
8 MARRIED TO MY HUSBAND, AND HE ALSO SURVIVED. BUT  
9 THE TRAGEDY HERE, THE GREAT TRAGEDY HERE, IS THAT  
10 THIS MAN IS AN HONORABLY DISCHARGED DISABLED COMBAT  
11 AMERICAN VETERAN OF A FOREIGN WAR. HE HAS COME  
12 BACK TO THIS COUNTRY DISABLED, PROTECTED  
13 INSTITUTIONS THAT HAS PROVIDED THAT NEITHER HE NOR  
14 HIS POSTERITY THE PROTECTION FOR WHICH HE FOUGHT.

15 IN CLOSING, 895188 STILL PENDS, PURELY  
16 FOR THE LACK OF REPRESENTATION BY INNER CITY PEOPLE  
17 WHO ARE FULLY AWARE OF THE IMPACT. AND IT INVOLVES  
18 THE RIGHT TO WORK AND THE DENIAL BY AN INSTITUTION  
19 OF THE AMERICAN PEOPLE WHICH SOUGHT TO DEPRIVE EACH  
20 OF THESE PARENTS OF THE RIGHT TO WORK, THE MOST  
21 BASIC CIVIL RIGHT IN OUR LAND AND WITHOUT WHICH YOU  
22 HAVE NO OTHER RIGHTS.

23 MR. GLICK: MRS. LOFTON, I AM AFRAID  
24 YOUR TIME HAS EXPIRED.

25 MS. LOFTON: I HAVE ONE MORE PARAGRAPH,

1 VERY SHORT.

2 MR. GLICK: VERY QUICKLY, THEN.

3 MS. LOFTON: I WOULD LIKE TO JUST QUOTE  
4 THIS LAST ONE. THERE ARE CASES WHERE AN INDIVIDUAL  
5 HAS BEEN WRONGLY TREATED BY HIS GOVERNMENT. AND  
6 ABOUT THE ONLY WAY -- UNLESS THE INDIVIDUAL RESULTS  
7 TO COURT THAT EVEN IN SOME CASES THE COURTS ARE NOT  
8 ABLE TO GIVE PROPER RELIEF -- THE ONLY AREA AVENUE  
9 OPEN TO THE INDIVIDUAL IS THROUGH HIS  
10 REPRESENTATION. WHEN YOU FIND A BONA FIDE ERROR  
11 HAS BEEN MADE, I SUGGEST THAT YOU MAKE AN EFFORT TO  
12 REMEDY THIS. THIS IS THE BASIC RESPONSIBILITY OF  
13 ALL REPRESENTATION OF ALL TYPES. AND THIS WAS  
14 PUBLISHED BY MORRIS UDALL, WHO WAS A UNITED STATES  
15 SENATOR.

16 MR. GLICK: THANK YOU MRS. LOFTON.

17 MOLLIE BELL, PLEASE.

18 MS. BELL: I WOULD LIKE TO ADDRESS THE  
19 U.S. COMMISSION ON CIVIL RIGHTS. MY NAME IS  
20 MOLLIE BELL, AND I AM STRAIGHT OUT OF COMPTON. AND  
21 I CAME HERE JUST TO SHARE WITH YOU SOME FEW THINGS  
22 THAT WE BELIEVE ARE DISCRIMINATORY PRACTICES. I  
23 WAS GOING TO SPEAK ABOUT THE BANKING, BUT I JUST  
24 DECIDED WHILE I WAS HERE JUST TO SAY SOME THINGS ON  
25 THE YOUNG MEN KNOWN AS THE L.A. FOUR PLUS.



1                   ON APRIL 29, 1992, LOS ANGELES GOT  
2 ANGRY, AND THERE WAS A COSMIC SPONTANEOUS EXPLOSION  
3 THAT ROCKED THE WORLD. AND WHEN THAT HAPPENED, A  
4 FEW PEOPLE CHOSE TO FIND A FEW PEOPLE TO MAKE TO BE  
5 THE SCAPEGOAT. THEY ARE KNOWN AS THE L.A. FOUR  
6 PLUS. LET ME JUST SAY A FEW THINGS ABOUT THOSE  
7 YOUNG MEN KNOWN AS THE L.A. FOUR PLUS. ONE OF THE  
8 L.A. FOUR PLUS DEFENDANTS IS CHARGED WITH  
9 ATTEMPTED MURDER, AND HE MAY RECEIVE A LIFE  
10 SENTENCE FOR ALLEGEDLY OPENING THE DOOR TO REGINALD  
11 DENNY'S TRUCK. ANOTHER IS CHARGED WITH ASSAULT  
12 WITH A DEADLY WEAPON FOR KICKING A MOTORIST WITH A  
13 PAIR OF CONVERSE TENNIS SHOES. ONE OF THE  
14 DEFENDANTS ARE CHARGED WITH ATTEMPTED MURDER,  
15 TORTURE, AND OF MAYHEM.

16                   BUT THE RODNEY KING DEFENDANTS ARE  
17 MERELY -- WERE MERELY CHARGED WITH ASSAULT. THE  
18 REGINALD DENNY DEFENDANTS HAVE BEEN LOCKED AWAY IN  
19 CHAINS, RELEASES, AND MAXIMUM SECURITY. BUT THE  
20 RODNEY KING DEFENDANTS WERE NEVER JAILED. THE  
21 HIGHEST BAIL FOR THE REGINALD DENNY DEFENDANTS IS  
22 \$580,000. BUT THE HIGHEST BAIL FOR THE RODNEY KING  
23 DEFENDANTS WAS \$30,000 FOR THE STATE TRIAL AND IT  
24 WAS ONLY \$5,000 FOR THEIR FEDERAL TRIAL.

25                   AND SOON JA DU'S BAIL WAS \$250,000 FOR

1 MURDERING LATASHA HARLINS. WHAT HAPPENED TO USE A  
2 GUN GO TO JAIL? DID YOU KNOW THAT THE TOTAL BAIL  
3 FOR THE REGINALD DENNY DEFENDANTS WAS OVER  
4 \$1 MILLION? BUT THE TOTAL BILL FOR THE RODNEY KING  
5 DEFENDANTS WAS ONLY 95,000 FOR THE STATE TRIAL AND  
6 20,000 FOR THE FEDERAL TRIAL. THE REGINALD DENNY  
7 DEFENDANTS WERE COERCED INTO WAIVING THEIR MIRANDA  
8 RIGHTS, AND THEY DID NOT HAVE AN ATTORNEY PRESENT  
9 WHEN THEY WERE VIGOROUSLY INTERROGATED AFTER THE  
10 EARLY MORNING RAIDS THE DAY OF THEIR ARREST.

11 THE REGINALD DENNY DEFENDANTS DO NOT  
12 HAVE EXTENSIVE CRIMINAL RECORDS, AS CHARGED BY THE  
13 THEN-CHIEF DARYL GATES, THE THEN IRA REINER AND THE  
14 FBI. DID YOU KNOW THAT -- THIS IS A JUST CAUSE.  
15 THE FIFTH AMENDMENT RIGHTS FOR REASONABLE BAIL WERE  
16 VIOLATED. CIVIL RIGHTS AND HUMAN DIGNITY  
17 VIOLATED. JUSTICE AND FAIRNESS WAS IGNORED.

18 WE, THE PEOPLE, WILL NOT BE LULLED BY  
19 PROPAGANDA WHILE OUR RIGHTS ARE THREATENED AND  
20 VIOLATED. WE BELIEVE THAT ON THAT DAY FOR THREE  
21 DAYS THE CITY OF LOS ANGELES HAD NO LAW. AND WHEN  
22 THERE IS NO LAW, HOW DO YOU GET LAW BREAKERS? WE  
23 BELIEVE THAT EVERYTHING SHOULD BE GIVEN AMNESTY  
24 BECAUSE WE WERE HURT AND WE WERE ANGRY. AND WE  
25 WILL NOT ACCEPT THE TRANQUILIZING DRUG OF

1 GRADUALISM ANY LONGER. WE WANT YOU TO KNOW THAT  
2 RACISM -- PARAPHRASING MARTIN LUTHER KING, RACISM  
3 IS ON ITS DEATHBED. AND IT IS UP TO YOU PEOPLE AS  
4 TO HOW MUCH THIS FUNERAL IS GOING TO COST.

5 MR. GLICK: THANK YOU, MISS BELL.

6 GINN DOOSE, PLEASE.

7 MS. DOOSE: I WOULD LIKE TO THANK THE  
8 PANEL OF THE UNITED STATES COMMISSION ON CIVIL  
9 RIGHTS FOR ALLOWING ME TO SPEAK TODAY. I HAVE  
10 PREPARED A STATEMENT THAT I AM GOING TO READ.

11 MY NAME IS GINN DOOSE. I LIVE IN SIMI  
12 VALLEY, CALIFORNIA. I AM NOT AFFILIATED WITH ANY  
13 SPECIAL GROUP. I WILL MERELY PROVIDE YOU WITH MY  
14 POINT OF VIEW, BASED ON FACTS AND DOCUMENTATION I  
15 HAVE IN MY POSSESSION. CIVIL RIGHTS IS NO LONGER  
16 JUST A RACIAL ISSUE. TODAY'S CIVIL RIGHTS ISSUES  
17 ARE VERY COMPLEX, AND THEY DEAL WITH A WIDE RANGE  
18 OF VIOLATIONS. I FEEL OUR CIVIL RIGHTS ACT WAS  
19 ONE OF THE SINGLE MOST IMPORTANT DOCUMENTS EVER  
20 PASSED. NOTHING IS MORE IMPORTANT TO WE, THE  
21 PEOPLE, THAN PRESERVATION OF OUR CIVIL RIGHTS,  
22 UNLESS IT IS ADMINISTERING AND ENFORCING THOSE  
23 RIGHTS. WHAT IS THE POINT OF HAVING CIVIL RIGHTS  
24 FROM OUR GOVERNMENT, IF OUR GOVERNMENT WON'T  
25 ENFORCE THEM?

1                   DURING THE HEARINGS YESTERDAY SOMEBODY  
2                   POINTED OUT THAT THE GOVERNMENT CAME INTO BEING TO  
3                   HELP THE PEOPLE DO WHAT THEY COULDN'T DO  
4                   THEMSELVES.   OUR GOVERNMENT'S JOB IS TO ADMINISTER  
5                   AND ENFORCE THE FEDERAL REGULATIONS AND LAWS  
6                   ENACTED BY CONGRESS.   THE LANGUAGE IS THERE.   IT IS  
7                   SPELLED OUT IN THE FEDERAL REGULATIONS.   WE NEED  
8                   ONLY TO START ENFORCING THEM.

9                   UNDER TITLE 44 CFR CHAPTER ONE, SECTION  
10                  7.1, FEDERAL REGULATIONS THAT GOVERN THE CIVIL  
11                  RIGHTS ACT OF 1964 STATE, NO PERSON SHALL BE  
12                  DEPRIVED OR DENIED BENEFITS OF ANY PROGRAM THAT  
13                  RECEIVES FEDERAL ASSISTANCE FROM FEMA, FEDERAL  
14                  EMERGENCY MANAGEMENT AGENCY.   FEMA IS NONCOMPLIANT  
15                  TO ADMINISTER AND ENFORCE THEIR OWN FEMA PROGRAM  
16                  WITHIN THE FEMA FLOOD PLAIN, WHICH HAS CAUSED  
17                  DAMAGES TO MY PROPERTY AND MY FAMILY HOME.

18                  I FINALLY HAD TO FILE A LAWSUIT AGAINST  
19                  FEMA FOR THE VIOLATION OF THE CIVIL RIGHTS AND THE  
20                  NONCOMPLIANCE TO ADMINISTER AND ENFORCE THE FEDERAL  
21                  REGULATIONS.   DUE TO THE COMPLEXITY OF THE  
22                  SITUATION, NO ONE I SPOKE TO WANTED TO TAKE  
23                  RESPONSIBILITY FOR WHAT HAD HAPPENED.   SO THE  
24                  FEDERAL COURTS DELAYED MY CASE FROM GOING FORWARD  
25                  INTO COURT.

1                    THEN I FILED A WAIVER OF FEES. I WAS  
2 TOLD I WASN'T INDIGENT ENOUGH AND THAT MY CLAIM WAS  
3 FRIVOLOUS. EVEN THOUGH I WAS BELOW THE POVERTY  
4 LEVEL AND MY HANDICAPPED SISTER WAS RECEIVING SSI,  
5 WHO WAS LIVING WITH ME. THE POINT I AM GETTING TO  
6 IS FEMA DROPPED THE BALL. IT WAS FEMA'S  
7 RESPONSIBILITY TO ADMINISTER AND ENFORCE  
8 DEVELOPMENT WITHIN THE FEMA FLOOD PLAIN UNDER  
9 TITLE 44, CHAPTER ONE, SECTION 59 THROUGH 77.

10                    BY NOT DOING THEIR JOB, MY CIVIL RIGHTS  
11 WERE VIOLATED, UNDER FEMA'S OWN PROVISIONS. MY  
12 CASE WAS DELIBERATELY DELAYED AND SET ASIDE FOR TEN  
13 MONTHS. THE FINAL OUTCOME WAS WE WERE THROWN OUT  
14 OF OUR HOME WHILE UNDER THE PROTECTION OF THE RTC,  
15 A GOVERNMENT AGENCY.

16                    UNDER THE FOURTEENTH AMENDMENT, IT  
17 STATES, "NOR SHALL ANY STATE DEPRIVE ANY PERSON OF  
18 LIFE, LIBERTY, OR PROPERTY, WITHOUT THE DUE PROCESS  
19 OF LAW; NOR DENY TO ANY PERSON WITHIN ITS  
20 JURISDICTION THE EQUAL PROTECTION OF THE LAWS." IN  
21 MY PARTICULAR CASE IT IS NOT JUST THE FACT THAT MY  
22 FAMILY'S CIVIL RIGHTS WERE VIOLATED, BUT WHO  
23 VIOLATED THEM? WHEN THE UNITED STATES GOVERNMENT  
24 WON'T ADMINISTER AND ENFORCE THE FEDERAL  
25 REGULATIONS, THUS VIOLATING THESE CIVIL RIGHTS, WHO

1 DO YOU TURN TO?

2 LET'S FACE IT, NOBODY WANTS TO TAKE ON  
3 THE UNITED STATES GOVERNMENT. SO YOU ARE LEFT TO  
4 REPRESENT YOURSELF. THIS SITUATION REGARDING MY  
5 FAMILY SHOULD NEVER HAVE TAKEN PLACE. WHEN THE  
6 FEDERAL REGULATIONS WERE NOT ENFORCED, WE HAD NO  
7 ONE TO PROTECT US.

8 IT IS MY CONCERN, WHAT IF WE AS A NATION  
9 DON'T START TAKING A STRONGER PART IN THE VOICE OF  
10 OUR GOVERNMENT, WE WILL NEVER HAVE EQUAL RIGHTS FOR  
11 ALL. WE WILL CONTINUE TO SEE VIOLATIONS OF THE  
12 CIVIL RIGHTS GROW IN LOS ANGELES AREA AND OTHER  
13 AREAS. WE HAVE THE TOOL. THE LANGUAGE IS WRITTEN  
14 WITHIN THE LAWS AND REGULATIONS. WE SIMPLY NEED TO  
15 REPEAT WHAT PART WE EXPECT OUR GOVERNMENT TO PLAY.

16 I WOULD LIKE TO SEE A STRONGER  
17 ENFORCEMENT MEASURE APPLIED TO THE EXISTING LAWS.  
18 AND WE WRITTEN INSTRUCTIONS -- EXCUSE ME. WRITTEN  
19 INSTRUCTIONS HANDED OUT AT STATE AND FEDERAL COURTS  
20 THAT EXPLAIN WHERE TO FIND NEEDED INFORMATION FOR  
21 PERSONS THAT MUST REPRESENT THEMSELVES. IF PRO PER  
22 LITIGANTS UNDERSTOOD WHAT ACTIONS WERE TO BE TAKEN  
23 IN ORDER TO PROCEED, THE PRO PER LITIGANT WOULDN'T  
24 BE CONSIDERED WASTING THE COURT'S TIME.  
25 THE TIME -- IT IS TIME TO REALIZE THAT WE ARE ALL

1 ENTITLED TO BE HEARD IN A COURT OF LAW. HOW MUCH  
2 MONEY A PERSON HAS SHOULD NOT BE THE DECIDING  
3 FACTOR IN A CASE, BUT RATHER WAS THE LAW BROKEN.

4 THE WAY THE COURT SYSTEM IS SET UP NOW  
5 IT IS IMPOSSIBLE FOR THE POOR TO HAVE EQUAL JUSTICE  
6 OR PROTECTION UNDER THE LAW. TO QUOTE THE UNITED  
7 STATES ATTORNEY GENERAL, MS. JANET RENO, "OUR COURT  
8 SHOULD BE USER FRIENDLY." I WOULD ASK THIS PANEL  
9 TO TAKE STEPS TO ASSURE ALL THE PEOPLE WITH RIGHTS  
10 TO BE HEARD IN A COURT OF LAW. IF THEY CAN'T  
11 AFFORD AN ATTORNEY AND JUSTICE WOULD BE SERVED,  
12 THEN PROVIDE ONE FOR THEM. WE NEED TO CONSIDER THE  
13 NEEDS OF ALL THE PEOPLE. I STRONGLY SUGGEST THAT  
14 UNTIL WE ADDRESS THE PROBLEMS OF ADMINISTRATING AND  
15 ENFORCING THE LAWS WE ALREADY HAVE, JUSTICE SYSTEM  
16 WILL NEVER BE EQUAL.

17 IN CLOSING ASK YOURSELF WHEN DID IT  
18 BECOME ACCEPTABLE POLICY FOR THE GOVERNMENT TO  
19 DECIDE WHO WILL BE ALLOWED CIVIL RIGHTS AND  
20 PROTECTION UNDER THE LAW AND WHO WON'T.

21 THANK YOU.

22 MR. GLICK: THANK YOU, MS. DOOSE.

23 I CALL NOW EDDIE BALL. ARTURO MONTEZ.

24 ZEKE HERNANDEZ. AND JOSEPH AUCIELLO.

25 MR. FLETCHER: PLEASE STAND AND

1 RAISE YOUR RIGHT HAND. ANSWER IN THE AFFIRMATIVE.

2 DO YOU SWEAR OR AFFIRM THAT YOU WILL  
3 TRUTHFULLY TESTIFY TO THE BEST OF YOUR ABILITIES.

4 (ALL PANEL MEMBERS REPLIED IN THE  
5 AFFIRMATIVE.)

6 MR. GLICK: I WILL CALL EDDIE BALL,  
7 PLEASE.

8 MR. BALL: I WANT TO THANK YOU FOR  
9 ALLOWING ME, MR. CHAIRMAN AND THE COMMITTEE,  
10 PERMISSION FOR ALLOWING ME TO APPEAR FOR THIS  
11 COMMISSION.

12 I WOULD LIKE TO ADD THAT I UNDERSTAND  
13 THE ROLE OF THIS COMMISSION IS ONLY TO -- IT IS  
14 UTILIZED AS AN ADVISORY BOARD. YOU COLLECT DATA,  
15 PUBLISH A REPORTED. OFTENTIMES YOUR DATA IS  
16 UTILIZED. OFTENTIMES IT IS IGNORED, AS WE HAVE  
17 SEEN FOR THE LAST 20 YEARS. AND ALSO REALIZE THAT  
18 FOR THE LAST EIGHT YEARS WITH THE REPUBLICAN  
19 ADMINISTRATION IN OFFICE, THERE WAS A DRIVE TO  
20 DISMANTLE THIS COMMISSION ALTOGETHER, WHICH ONCE  
21 AGAIN HAS NO ENFORCEMENT POWER, ONLY JUST AN  
22 ADVISORY BOARD.

23 SO IT GIVES US REFLECTION ON WHERE OUR  
24 GOVERNMENT IS GOING IN THAT AREA. BUT IN SPITE OF  
25 THAT, THERE ARE PEOPLE OF GOODWILL, ALL OF US



1 AMERICANS HAVE ENDEAVORED TO CARRY FORTH THIS  
2 MISSION, TO BRING CIVIL RIGHTS TO ALL ITS  
3 CITIZENS.

4 UNFORTUNATELY, ONE ISSUE HAS NOT BEEN  
5 ADDRESSED IN THE ISSUE OF CIVIL RIGHTS. AND THAT  
6 IS THE ISSUE OF CORRUPTION IN ENFORCEMENT OF CIVIL  
7 RIGHTS, WHICH THE LADY JUST SPOKE ABOUT BRIEFLY.  
8 WE HERE IN SOUTHERN CALIFORNIA HAVE BEEN DEALING  
9 WITH THAT TYPE OF CORRUPTION IN THE ENFORCEMENT OF  
10 CIVIL RIGHTS MAINLY BY THE EEOC AND THE OFFICE OF  
11 CONTRACT COMPLIANCE AGAINST THE AEROSPACE  
12 INDUSTRY. WHY IS THAT SO?

13 NUMBER ONE, MOST PEOPLE MAY NOT REALIZE  
14 THIS, BUT THE AEROSPACE INDUSTRY IS AN INDUSTRY  
15 WHICH IS PROTECTED BY THE GOVERNMENT. THAT IS, IF  
16 I OR A GROUP OF PEOPLE FILE A COMPLAINT AGAINST THE  
17 AEROSPACE INDUSTRY OR A LAWSUIT, THEY DON'T CARE.  
18 WHY? BECAUSE THE EXPENSE OF DEFENDING THAT  
19 LAWSUIT, THEY CAN CHARGE IT TO THE CONTRACT.  
20 THAT'S WHY THEY TELL US, FILE AS MANY COMPLAINTS AS  
21 YOU WISH TO. WE HAVE SEEN THAT HAPPEN OVER THE  
22 LAST 20 YEARS.

23 IN 1987 I APPEARED BEFORE THE EDUCATION  
24 LABOR COMMITTEE OF THE HOUSE. PRIOR TO THAT I  
25 SUBMITTED DATA SHOWING WHERE THE EEOC, AFTER

1 INVESTIGATING A DEFENSE CONTRACTOR IN LOS ANGELES  
2 FOR A PERIOD OF ROUGHLY FOUR YEARS, MADE A FINDING  
3 THAT THAT COMPANY HAD DISCRIMINATED AGAINST BLACKS,  
4 HISPANICS, ASIANS, ALL FORMS OF DISCRIMINATION  
5 AGAINST PROTECTED GROUPS. THAT LAWSUIT WAS FILED  
6 IN 1978.

7 THEN IN 1980, WHEN MR. REAGAN TOOK  
8 OFFICE -- MR. REAGAN, BY THE WAY, APPOINTED AS A  
9 U.S. ATTORNEY GENERAL THE LAWYER FROM THE LAW FIRM  
10 WHICH REPRESENT THIS PARTICULAR COMPANY AND HIS  
11 LAWYER ALSO, WILLIAM FRENCH SMITH. AND GUESS WHAT  
12 HAPPENED? THAT LAWSUIT WAS REDUCED FROM COVERING A  
13 CLASS OF PEOPLE DOWN TO SIX PEOPLE. IF THAT WASN'T  
14 CORRUPTION, PEOPLE, TELL ME WHAT.

15 BUT ALONG WITH THAT -- THAT'S THE PAST.  
16 WE FIND THE SAME CONDITION EXISTS TODAY. AS A  
17 RESULT OF THAT I AM REQUESTING THAT THE U.S. CIVIL  
18 RIGHTS COMMISSION REQUEST THAT THE SENATE COMMITTEE  
19 ON LABOR AND HUMAN RESOURCE AND THE HOUSE COMMITTEE  
20 ON EDUCATION LABOR INVESTIGATE THE ENFORCEMENT OF  
21 THE CIVIL RIGHTS LAWS AGAINST THE AEROSPACE  
22 INDUSTRY IN SOUTHERN CALIFORNIA BY THE EEOC AND THE  
23 OFFICE OF FEDERAL CONTRACT COMPLIANCE.

24 AS AN EXAMPLE, THE EEOC INVESTIGATED AN  
25 AIDS BIAS COMPLAINT AND FOUND A PATTERN OF

1 DISCRIMINATION AGAINST A MAJOR DEFENSE CONTRACTOR,  
2 THE NUMBER ONE IN THE NATION, BY THE WAY, AT ITS  
3 ST. LOUIS DIVISION. AT THE SAME TIME THERE WAS AN  
4 OPEN ISSUE OF AIDS DISCRIMINATION AGAINST AIRCRAFT  
5 PILOTS AT THIS CONTRACTOR'S LONG BEACH DIVISION.  
6 NOW, MY QUESTION IS HOW DO YOU SEPARATE AIDS  
7 DISCRIMINATION FOR A PILOT AGAINST ANY OTHER  
8 INDIVIDUAL? NEVERTHELESS, THEY DID IT.

9 THE QUESTION IS WHY DID THE EEOC  
10 INVESTIGATE THE AIDS BIAS COMPLAINT IN ST. LOUIS  
11 AND THE LONG BEACH DIVISION AND INVESTIGATE THE  
12 OTHER CIVIL RIGHTS COMPLAINT AGAINST THIS  
13 CONTRACTOR? NEXT QUESTION IS HOW DID THE OFFICE OF  
14 CONTRACT COMPLIANCE -- WELL, THE QUESTION IS DID  
15 THE OFFICE OF CONTRACT COMPLIANCE PUT THE  
16 CONTRACTOR IN COMPLIANCE IN SPITE OF THE FINDING BY  
17 THE EEOC AND THE PATTERN OF DISCRIMINATION AT  
18 ST. LOUIS AND THE FINDING AT THE LONG BEACH  
19 DIVISION? AND ALSO THERE WAS ANOTHER COMPLAINT  
20 AGAINST THIS CONTRACTOR FILED AT EEOC.

21 MR. GLICK: MR. BALL, I AM AFRAID YOU  
22 HAVE GOT ABOUT 10, 15 SECONDS.

23 MR. BALL: SO I AM SUBMITTING TO YOU  
24 GENTLEMEN, MR. FLETCHER, AND IN CONCLUSION OUR  
25 COMPLAINTS AGAINST THIS CONTRACTOR. WE ARE

1 REQUESTING THAT YOU REQUEST THAT THE SENATE  
2 COMMITTEE ON LABOR AND HUMAN RESOURCE AND THE HOUSE  
3 COMMITTEE ON EDUCATION LABOR, THE EEOC, AND THE  
4 OFFICE OF FEDERAL CONTRACTS INVESTIGATE OUR  
5 COMPLAINTS WITH THE UNION ALONG WITH THOSE ON FILE  
6 WITH THE EEOC, ALONG WITH THIS COMPLAINT.

7 THANK YOU.

8 MR. GLICK: THANK YOU, MR. BALL.

9 MR. MONTEZ?

10 MR. MONTEZ: GOOD EVENING. THANK YOU  
11 VERY MUCH FOR STAYING UP SO LATE.

12 MY BACKGROUND IS URBAN PLANNING. I AM  
13 WITH LULAC. I AM A STATE DIRECTOR OF URBAN  
14 AFFAIRS. I WORKED ON REAPPORTIONMENT. AND ONE OF  
15 THE THINGS THAT WE DID FIND IS THE GROWTH PATTERNS,  
16 AND THAT'S WHAT I WOULD LIKE TO TALK TO YOU ABOUT  
17 TONIGHT AND WHERE THE LATINO COMMUNITY IS. BECAUSE  
18 THERE SEEMS TO BE NOT ONLY OUTSIDE OF THE  
19 COMMUNITY, BUT EVEN WITHIN THE COMMUNITY A LOT OF  
20 IGNORANCE DUE TO THAT.

21 PRIMARILY LET ME GIVE YOU A LITTLE BIT  
22 OF HISTORY. MOST OF US WERE LOCATED HERE IN EAST  
23 L.A. AREA, BASICALLY AROUND THE BRICK YARDS AND  
24 SUCH, AND DOWN IN SANTA ANA AROUND THE PACKING  
25 HOUSES. WHAT WE HAVE FOUND IS THE LATINO COMMUNITY

1 HAS BASICALLY STILL STAYED IN THE EAST L.A. AREA  
2 AND HAS GROWN FROM SANTA ANA UP THIS WAY.

3 AS WHITES HAVE FLED, SELLING THEIR HOMES  
4 BUYING BACK UP INTO THE CHINO HILLS, MARINO, AND  
5 ALL THOSE OTHER AREAS, THEY HAVE LEFT THIS  
6 INFRASTRUCTURE BACK ON OUR BACKS WITH THE BONDS AND  
7 EVERYTHING ELSE. AND NOW WE ARE FACED WITH IT. SO  
8 NOW IF YOU CAN LOOK AT IT IN A REVERSE TRIANGLE,  
9 LATINOS RIGHT NOW REPRESENT IN SOME OF THE SCHOOL  
10 DISTRICTS 60 PERCENT, SOME OF THEM 90 PERCENT.  
11 ALSO THE LATINO COMMUNITY, HALF OF IT IS UNDER 18  
12 YEARS OF AGE. SO EVEN UNDER REAPPORTIONMENT WE  
13 CANNOT GET THE VOICES OUT TO GET THE VOICE HEARD.

14 WHAT WE NEED FROM THE CIVIL RIGHTS  
15 COMMISSION IN THE AREA OF COMPTON, WE NEED THE  
16 ABILITY TO BE ABLE TO HAVE IMMIGRANTS TO BE ABLE TO  
17 VOTE IN SCHOOL DISTRICTS. WE CANNOT GET POLICY SET  
18 ON READING WHEN WE CANNOT GET ANY VOICE INTO THOSE  
19 PROGRAMS ON GANGS AND THOSE OTHER ISSUES. GANGS  
20 HAVE BEEN AROUND IN THE LATINO COMMUNITY FOR OVER  
21 50 YEARS, LONGER THAN THEY HAVE PROBABLY BEEN IN  
22 ANY OTHER COMMUNITIES OF COLOR. AND IT DIDN'T  
23 BECOME A PROBLEM UNTIL IT BECAME A PROBLEM IN  
24 BEVERLY HILLS. WHEN THE UZI'S SHOWED UP THERE,  
25 THEN IT WAS A PROBLEM.

1           BUT I WOULD LIKE YOU TO ALSO LOOK AT IS  
2 THE INFRASTRUCTURE AS THESE AREAS HAVE BEEN  
3 VACATED, WE HAVE BEEN LEFT WITH THESE LOCKS. IT  
4 WAS NONMINORITY CONTRACTORS THAT HAVE COME IN, AND  
5 WE ARE FACING THOSE LONG TERM, 20 YEAR BONDS. MOST  
6 OF THEM ARE NOW GOING TO 20 YEAR AND 30 YEAR  
7 BONDS.

8           NOW THERE IS TALK ABOUT AN INCREASE IN  
9 SALES TAX. WHO ARE THE BIGGEST CONSUMER BASED  
10 PEOPLE OF COLOR? WHO SPENDS THAT MONEY? US. WHO  
11 USES IT? SOMEBODY ELSE. WHO SITS ON THOSE  
12 BOARDS? IT IS NOT US. ON THE AIRPORTS, THERE IS  
13 NO LATINOS. IN THE PORT AUTHORITY, NO LATINOS. IN  
14 THIS AREA HERE IN THE TRANSPORTATION BOARDS, IT IS  
15 ELECTED OFFICIALS.

16           WHAT WE NEED IS SPECIAL DISTRICTS,  
17 WHETHER IT BE A MOSQUITO DISTRICT, A WATER  
18 DISTRICT, OR ANY DISTRICT, THAT THOSE DISTRICTS BE  
19 ELECTED BY PEOPLE UNDER THE VOTING RIGHTS ACT AND  
20 THAT THEY BE ELECTED BY DISTRICT. I DON'T WANT TO  
21 SEE WHAT HAS HAPPENED LIKE HAS HAPPENED IN THE  
22 SOUTH, THE ADMINISTRATION CAN TAKE YOUR TESTIMONY  
23 AND THEN USE IT AGAINST ME IF THEY WANT TO LATER.

24           I DO NOT BELIEVE THAT ONCE YOU MORE  
25 PEOPLE IN THAT ARE ELECTED AND THEN TRANSFER THOSE

1 POWER BASES TO SOME OTHER AUTHORITY. IT SHOULD  
2 STAY WITH THOSE PEOPLE THAT ARE PAYING THE TAXES.  
3 THAT IS WHY PEOPLE ARE TICKED OFF. THAT IS WHY YOU  
4 HAVE SEEN THE RIOTING. THEY WERE ABLE TO CALM IT  
5 DOWN IN EAST L.A. WHILE WE SAW THE REST OF THE CITY  
6 GO UP IN FLAMES.

7 I HAVE WORKED ON THE PROJECTS IN THIS  
8 AREA FOR ALMOST 10, 15 YEARS. AND IT WAS AMAZING.  
9 I HAD SOME OF MY WORKERS TELL ME, ART, IT TOOK  
10 US -- WE WERE DOWN IN ALAMITOS. AND THEY SAID, IT  
11 TOOK US ALMOST TEN BLOCKS TO FIND A DOUGHNUT SHOP.  
12 BUT WE SAW THESE AREAS -- AND IT WASN'T THE NICE  
13 YUPPIE PLANNERS THAT WERE BUILDING THESE AREAS UP.  
14 IT WAS PEOPLE TAKING MONEY OUT OF THEIR POCKET AND  
15 TAKING A RISK. THEY WEREN'T LOOKING FOR  
16 INCENTIVES. THEY WERE LOOKING FOR HOPE AND  
17 OUTLOOK.

18 IT WAS THE AMNESTY PEOPLE THAT MOVED IN  
19 AND REPOPULATED COMPTON. IT IS NOW 60 PERCENT  
20 LATINO. IT IS THOSE PEOPLE THAT ARE GOING TO BRING  
21 THE FUTURE TO THESE INNER CITIES. THEY ARE NOT  
22 ASKING FOR POLICE PROTECTION. AND THEY ARE NOT  
23 ASKING FOR POLICE THAT LIVE IN SIMI VALLEY. THEY  
24 ARE NOT ASKING FOR JUDGES THAT LIVE IN BEVERLY  
25 HILLS.

1 WE NEED JUDGES THAT ARE ELECTED IN THOSE  
2 AREAS. IF NOTHING ELSE HAPPENS, GENTLEMAN, TAKE IT  
3 BACK TO THIS ADMINISTRATION. LULAC IS GOING DOWN  
4 THE LEGAL ROAD LIKE WE DID IN TEXAS. WE ARE GOING  
5 DOWN THE LEGAL ROAD, LIKE WE HAVE DONE IN  
6 EDUCATION, FOR EQUITY AND --

7 MR. GLICK: MR. MONTEZ, JUST A COUPLE  
8 MORE SECONDS, PLEASE.

9 MR. MONTEZ: OKAY.

10 WHAT I WOULD LIKE TO SAY IS THAT THE  
11 RECOMMENDATIONS IS THAT PERFORMANCE STANDARDS BE  
12 TIED IN TO ALL FEDERAL FUNDING, WHETHER IT BE EPA  
13 OR -- THAT WE BE GIVEN THE SAME CONSIDERATION AS A  
14 DOGCATCHER AND ANY OTHER SECRETARY, THAT IF HE CAN  
15 COME DOWN HERE AND PROTECT THE SPECIES, WE, THE  
16 PEOPLE OF COLOR, SHOULD BE PROTECTED FROM OUR OWN  
17 SPECIES.

18 MR. GLICK: THANK YOU, MR. MONTEZ.

19 MR. MONTEZ: THANK YOU VERY MUCH.

20 I CALL MR. AUCIELLO.

21 MR. AUCIELLO: MY NAME IS JOSEPH  
22 AUCIELLO. I LIVE IN SIMI VALLEY, BUT PLEASE DON'T  
23 HOLD THAT AGAINST ME. I AM HERE TONIGHT AS A  
24 PROFESSOR, INDUSTRY CONSULTANT, AND AN AUTHOR. AND  
25 I HEAR YOUR CONCERNS, AND I FEEL YOUR CONCERNS



1 DEEPLY.

2 NOW, I CAN GIVE YOU THE LOGIC AND THE  
3 STRATEGY TO GET THOSE GOOD JOBS, THOSE DECENT  
4 JOBS. WE ARE NOT GOING TO GET THEM JUST BY ASKING  
5 FOR THEM. WE ARE GOING TO GET THOSE JOBS BY BEING  
6 PREPARED FOR THEM.

7 I AM GOING TO GIVE YOU A FORMULA RIGHT  
8 NOW. HERE COMES THE TEST. NO, JUST KIDDING. WHAT  
9 IT IS, IT STARTS WITH WORKER TRAINING. WORKER  
10 TRAINING HAS TO BE PART OF EVERY ECONOMIC SYSTEM.  
11 OUR WORKERS ARE SOMEWHAT DEPRIVED BY THE  
12 EDUCATIONAL SYSTEM. WORKER TRAINING HAS TO INCLUDE  
13 SKILLS TRAINING IN MACHINE SHOP, BLUEPRINT READING,  
14 MATHEMATICS, ENGLISH, COMMUNICATION, AND ESPECIALLY  
15 PROBLEM SOLVING, EMPLOYEE EMPOWERMENT. AND THIS  
16 WHOLE GESTALT IS CALLED TOTAL QUALITY MANAGEMENT,  
17 THE BIG THREE LETTERS, TQM.

18 IF WE HAVE TQM TRAINING AND THE WORKERS  
19 ARE EMPOWERED, THEY CREATE EXCELLENT PRODUCTS.  
20 EXCELLENT PRODUCTS -- GUESS WHAT? -- CREATE THEIR  
21 OWN MARKET SHARE. AS MARKET SHARE EXPANDS, JOBS  
22 ARE CREATED. AND PEOPLE WHO ARE EMPLOYED GET  
23 RAISES AND PROMOTIONS. NOBODY GIVES YOU ANYTHING  
24 IN THIS WORLD. YOU HAVE TO WORK FOR IT. WORKER  
25 TRAINING, TQM, EXTENDED MARKETS.

1                   LET ME TELL YOU A STORY. MY SPEECH  
2 TONIGHT IS SHORT AND HOPEFULLY EMPHATIC. HERE IS  
3 THE STORY OF TWO UNNAMED COMPANIES THAT I HAVE  
4 TAUGHT AT. COMPANY A HAD LITTLE WORKER TRAINING.  
5 THE WORKERS WERE ROBOTS ON AN ASSEMBLY LINE. I SAW  
6 ALCOHOLISM, ABSENTEEISM, THE MORALE WAS DASTARDLY  
7 BAD. PRODUCTIVITY WAS POOR. EVERYTHING WAS LOW IN  
8 THAT COMPANY EXCEPT ABSENTEEISM, WHICH WAS VERY  
9 HIGH. THE COMPANY IS CLOSED. IT IS CLOSED TODAY.  
10 SOME OF MY FORMER STUDENTS ARE NOW HOMELESS.

11                   COMPANY B NEEDED A CONTRACT WITH A MAJOR  
12 SUPPLIER, WAS COMPETING WITH A PACIFIC RIM COMPANY,  
13 GOT TRAINING FUNDS, EMPOWERED THE WORKERS, TAUGHT  
14 THEM TOTAL QUALITY MANAGEMENT, TAUGHT THEM TO  
15 THINK, TO FEEL, TO ACT, TO BE RESPONSIBLE. THAT  
16 COMPANY WON A CONTRACT AWAY FROM A PACIFIC RIM  
17 COMPANY FOR \$40 MILLION. THAT COMPANY TODAY IS  
18 ALIVE AND VIBRANT AND PEOPLE ARE WORKING AND I AM  
19 DAMNED PROUD OF IT.

20                   SO MY POINT TO YOU IS, IF YOU WANT A  
21 STABLE SOCIETY, WE DON'T WANT UNREST, WE WANT  
22 HOMES, WE WANT A LAWN TO MOW AND A CAR TO WASH.  
23 WHAT I AM TELLING YOU, TRAINING, MARKET SHARE, JOB  
24 CREATION, STABLE SOCIETY, ARE ALL TOGETHER. AND I  
25 THINK THAT WORKER TRAINING SHOULD BE EMPHASIZED, TO

1 MAKE WORKER TRAINING PART OF EVERY PERSON'S WORK  
2 LIFE.

3 THANK YOU.

4 MR. BALL: MAY I RESPOND TO HIS TQMS  
5 CONCEPT BRIEFLY?

6 MR. GLICK: VERY BRIEFLY, VERY BRIEFLY,  
7 PLEASE.

8 MR. BALL: I DISAGREE WITH THIS  
9 GENTLEMAN. BECAUSE I WORKED UNDER THE TQMS PROGRAM  
10 WITH A MAJOR CONTRACTOR. AND IN SPITE OF THAT,  
11 DISCRIMINATION AGAIN ENTERS THE PICTURE. WE WERE  
12 TRAINED, ET CETERA. I MYSELF AM LAID OFF NOW.  
13 I DON'T HAVE ANY SENIORITY. THERE ARE SIX PEOPLE  
14 THAT I KNOW OF, LESS TIME THAN I, LESS TRAINING  
15 THAN I, WHO ARE STILL WORKING. THEY HAPPEN TO BE  
16 CAUCASIAN. SO DISCRIMINATION IS A PROBLEM, SIR.

17 MR. GLICK: THANK YOU.

18 I WOULD THEN CALL UPON MR. ZEKE  
19 HERNANDEZ.

20 MR. ZEKE HERNANDEZ: THANK YOU,  
21 MR. CHAIRMAN. MEMBERS OF THE COMMISSION,  
22 MR. DIRECTOR, MY NAME IS ZEKE HERNANDEZ. I AM THE  
23 STATE DIRECTOR FOR LULAC, LEAGUE OF UNITED LATIN  
24 AMERICAN CITIZENS, WHICH WAS FORMED IN 1929 IN  
25 TEXAS. CALIFORNIA WAS FORMED IN 1946. IT STARTED

1 AS A RESULT OF SOME RESIDENTS BANDING TOGETHER  
2 BECAUSE THEIR CHILDREN COULDN'T GO TO SCHOOL.  
3 THEIR CHILDREN COULDN'T GO TO SCHOOL THAT WAS  
4 NEARBY AROUND THE CORNER. BECAUSE THEIR CHILDREN  
5 WERE FORCED TO ANOTHER SCHOOL DOWN THE WAYS.

6 AND SO THEY FORMED TOGETHER AND FILED A  
7 LAWSUIT. AND IT WAS -- IT WAS LOST AT THE LOCAL  
8 LEVEL. IT WAS LAWSUIT THAT WAS CALLED EVENTUALLY  
9 MENDEZ AGAINST THE BOARDS OF EDUCATION OF  
10 WESTMINSTER AND OF SANTA ANA. THE MEMBERS GATHERED  
11 TOGETHER AND FORMED TO FILE THE LAWSUIT. IT WAS  
12 UPHOLD IN THE NINTH DISTRICT COURT OF APPEALS,  
13 1947.

14 YOUNG MAN CAME BACK EAST, CAME TO SANTA  
15 ANA, DID SOME RESEARCH, INTERVIEWED A NUMBER OF  
16 THEM, A NUMBER OF LULAC MEMBERS, WENT BACK -- HE  
17 LEARNED WELL -- AND HE FILED ANOTHER LAWSUIT IN  
18 1952. THIS YOUNG MAN LATER CAME TO BE THE  
19 HONORABLE -- AND HE WAS HONORABLE AT THAT TIME,  
20 TOO -- THURGOOD MARSHALL, A MEMBER OF THE U.S.  
21 SUPREME COURT. HE FILED THE LAWSUIT IN 1952 WHICH  
22 DECLARED SEGREGATION ILLEGAL THROUGHOUT THE LAND.  
23 FOR THE 1946 CASE DECLARED SEGREGATION LEGAL IN THE  
24 COUNTY OF ORANGE.

25 SO HE LEARNED WELL. BUT WE HAVE LEARNED

1 FROM THURGOOD MARSHALL. WE THINK OF HIM LOOKING  
2 DOWN AT US. BOBBY, JOHN, MARTIN LUTHER KING, THEY  
3 ARE LOOKING DOWN AT US AND LOOKING DOWN AT WHAT WE  
4 ARE DOING IN CIVIL RIGHTS. I HAVE SOME REAL  
5 CONCERNS. AND I JUST WANTED TO STATE THEM. BUT I  
6 DON'T THINK IT SHOULD STOP HERE WHERE YOU GO BACK  
7 TO WASHINGTON, D.C. AND YOU DO YOUR REPORT AND  
8 YOU MIGHT BE GOING TO MIAMI, AND YOU MIGHT BE GOING  
9 TO ONE OR TWO OTHER CITIES. AND YOU WILL HOLDING A  
10 HEARING, AND YOU MAY BE LISTENING AND SPENDING A  
11 MAJORITY OF YOUR TIME LISTENING TO PEOPLE.  
12 THIS IS THE BIG DIFFERENCE. I JUST LOOK  
13 A LOOK AT THIS. THIS IS A BIG DIFFERENCE HERE.  
14 YOU SEE THAT? SCHEDULED WITNESSES, YOU SPENT A LOT  
15 OF TIME WITH THESE WITNESSES. UNSCHEDULED  
16 WITNESSES, HANDWRITTEN. I DO GIVE YOU CREDIT.  
17 BECAUSE I KNOW WE WENT THROUGH THE SIXTIES, AND I  
18 KNOW THAT SOME PEOPLE WALKED OUT EARLIER. PROBABLY  
19 GOT TIRED AFTER A LONG DAY. BUT THERE HAVE TO BE  
20 SOME PEOPLE TO COME BACK IN. BECAUSE THESE PEOPLE  
21 HERE, ALTHOUGH THEIR TESTIMONY HAS BEEN EMOTIONAL  
22 SOMETIMES AND YOU HAVE NOT, PROBABLY NOT ASKED MANY  
23 QUESTIONS, THEY ARE TESTIMONY FROM EXPERT WITNESSES  
24 WHEN WE HAVE NOT GIVEN THEM THEIR DUE TIME TO  
25 EXPRESS THEIR CONCERNS, HOW THEY FELT, PROBABLY

1 CONDEMNED BY VIOLATIONS OF CIVIL RIGHTS IN THIS  
2 NATION OF OURS.

3           LATINOS ARE BEING IGNORED BY THE CIVIL  
4 RIGHTS COMMISSION ALSO. INJUSTICE IS BEING CARRIED  
5 OUT AGAINST LATINO IMMIGRANTS, LATINO BUSINESSES,  
6 LATINO FAMILIES, AND HOPEFULLY IT HASN'T BEEN  
7 BLESSED THOSE INJUSTICES. BUT IF WE GO BACK TO  
8 WASHINGTON, D.C., AND DON'T DO ANYTHING, THERE HAS  
9 BEEN SOME BLESSING OF INJUSTICES. IT IS YET  
10 ANOTHER WEDGE BEING POUNDED INTO THE HEART AND SOUL  
11 OF LATINO EMPOWERMENT BY IGNORING THE TESTIMONY OF  
12 LATINOS WHO CAN TESTIFY FIRSTHAND, THE ONGOING  
13 VIOLATIONS OF CIVIL RIGHTS OF LATINOS IN  
14 LOS ANGELES AND IN CALIFORNIA ALSO.

15           CIVIL RIGHTS COMMISSION HAS PROVEN ITS  
16 INABILITY TO NETWORK IN THE LATINO COMMUNITY BY  
17 DE-EMPHASIZING TESTIMONY BY LATINOS AT THE  
18 SCHEDULED HEARINGS. IN FACT, THERE WERE NO LATINO  
19 ORGANIZATIONS AND/OR LATINOS SCHEDULED TO SPEAK ON  
20 THE LOCAL LEADERSHIP FROM CIVIL RIGHTS  
21 ORGANIZATIONS AS THE COMMISSION CONVENED ITS  
22 HEARING YESTERDAY. YET OTHER ETHNIC COMMUNITIES  
23 WERE REPRESENTED. NOT ONE LATINO PERSON WAS  
24 SCHEDULED TO SPEAK UNDER COMMUNITY AND EXPERT  
25 WITNESSES. YET THERE ARE MANY COMMUNITY NONLEADERS

1 WHO ARE EXPERTS IN POLICE PRACTICES AND ABUSES. WE  
2 CAN TELL YOU HOW WE FELT. WE CAN TELL YOU. AND I  
3 AM SURE THAT YOU KNOW THOSE, YOU YOURSELVES, THOSE  
4 THAT STAYED LATE. I KNOW YOU KNOW HOW WE FEEL.

5 IT IS HOPED THAT CIVIL RIGHTS COMMISSION  
6 WILL SOON SCHEDULE ANOTHER MEETING. IF YOU ARE NOT  
7 ABLE TO, THEN DELEGATE THE STATE ADVISORY COMMITTEE  
8 TO HOLD OTHER MEETINGS IN CALIFORNIA SO THAT THEY  
9 CAN TAKE BACK TO YOU EXPERT TESTIMONY. I HOPE THAT  
10 YOU DO SO.

11 I WOULD LIKE TO SAY MORE. BUT I THINK  
12 THAT IT HAS BEEN A LONG DAY FOR YOU. I BELIEVE  
13 THAT -- WELL, JUST SAY -- JUST A FEW -- JUST A  
14 SHORT TIME AGO THERE WAS SOMETHING THAT HAPPENED IN  
15 OAKLAND --

16 MR. GLICK: JUST A FEW SECONDS, MR. --

17 MR. ZEKE HERNANDEZ: SOMETHING HAPPENED  
18 IN OAKLAND AND THE FIRE DEPARTMENT RESPONDED TO  
19 IT. AND THEY THOUGHT IT WAS TAKEN CARE OF. WELL,  
20 IT WASN'T TAKEN CARE OF. BECAUSE IT BURST OUT  
21 AGAIN. THOSE ARE THE FLAMES THAT WHIPPED THROUGH  
22 OAKLAND. AND LET ME TELL YOU IT IS STILL  
23 SMOLDERING.

24 WHAT HAPPENED IN LOS ANGELES WAS NOT  
25 COMPLETELY TAKEN CARE OF. IT IS STILL SMOLDERING.

1 WE HOPE AND WE PRAY TO GOD THAT IT IS NOT BROTHERS  
2 AND SISTERS AGAINST EACH OTHER, BLACKS AND LATINOS  
3 AND ASIANS AGAINST EACH OTHER.

4 MR. GLICK: MR. HERNANDEZ --

5 MR. ZEKE HERNANDEZ: AND WE HOPE IT  
6 DOESN'T COME TO THE TIME WHEN IT IS WE THREE GET  
7 TOGETHER AGAINST THE WHITES. BUT WE ALL SHOULD GET  
8 TOGETHER TO TAKE CARE OF THINGS SO THAT WE LIVE IN  
9 PEACE AND HARMONY. THAT'S WHAT NEEDS TO BE DONE.  
10 AND IF YOU WERE TO TAKE THAT MESSAGE IN NONEXPERT  
11 TESTIMONY, BUT --

12 MR. GLICK: THANK YOU, MR. HERNANDEZ.

13 MR. ZEKE HERNANDEZ: -- BUT IF YOU ARE  
14 GOING TO TAKE THAT TESTIMONY BACK, I AM SURE THAT  
15 YOU WILL COME OUT WITH A REPORT AND WILL COME OUT  
16 WITH SOME RECOMMENDATIONS THAT WE CAN LOOK UP.

17 THANK YOU VERY MUCH.

18 MR. FLETCHER: I AM GOING TO THROW THE  
19 BALL BACK TO YOU.

20 MR. ZEKE HERNANDEZ: GO AHEAD.

21 MR. FLETCHER: I HAVE HEARD ALL OF THIS  
22 CRITICISM. AND I CAN'T RESIST FIRING BACK.

23 MR. ZEKE HERNANDEZ: GO RIGHT AHEAD.

24 MR. FLETCHER: THE NAACP DID NOT TESTIFY  
25 TO HAVE OUR BUDGET INCREASED. LULAC DIDN'T TESTIFY



1 TO HAVE OUR BUDGET INCREASED. NOT A SINGLE CIVIL  
2 RIGHTS ORGANIZATION THAT SHOULD HAVE BEEN BEHIND US  
3 TO GET OUR BUDGET INCREASED, OUR STAFF ENLARGED, SO  
4 WE COULD DO THE KIND OF HEARING THAT YOU HAVE ASKED  
5 FOR. NOT SINCE I HAVE BEEN THE CHAIRMAN HAVE THE  
6 NATIONAL -- WHAT IS THE NAME OF THE -- LEADERSHIP  
7 CONFERENCE, DIDN'T HAVE A WORD. THEY WERE ALL  
8 THINKING THAT THE CIVIL RIGHTS COMMISSION WOULD GO  
9 DOWN THE DRAIN.

10 IT DIDN'T GO DOWN THE DRAIN. AND THIS  
11 YEAR OUR BUDGET IS COMING UP. AND AT THIS MOMENT I  
12 KNOW OF NO CIVIL RIGHTS ORGANIZATION THAT HAS BEEN  
13 HERE TONIGHT TO CRITICIZE WHO HAS DARED TO CALL THE  
14 BLACK CAUCUS AND SAY SUPPORT THE CIVIL RIGHTS  
15 COMMISSION, DARED TO CALL -- DARED TO CALL THE  
16 WOMEN'S CAUCUS AND SAY SUPPORT THE CIVIL RIGHTS  
17 COMMISSION'S BUDGET. THE HISPANIC CAUCUS, SUPPORT  
18 THE CIVIL RIGHTS COMMISSION'S BUDGET. NOT ONE.

19 NOW, THIS THING GOES TWO WAYS. I AM  
20 PREPARED TO DO ALL I CAN POSSIBLY DO TO SEE TO IT  
21 THAT WHAT YOU WANT TO BE DONE IS DONE. BUT THIS  
22 WORKS TWO WAYS. I CAN GUARANTEE YOU THAT THE  
23 ASSOCIATED GENERAL CONTRACTORS WORKS OVERNIGHT,  
24 AROUND THE CLOCK, TO SEE TO IT THAT OUR BUDGET  
25 DOESN'T INCREASE. I CAN ASSURE YOU THAT EVERY

1 MAJOR ORGANIZATION THAT DOESN'T WANT THIS  
2 COMMISSION TO UNEARTH THE FACTS AND MAKE SOMETHING  
3 HAPPEN ARE MAKING SURE THAT OUR BUDGET IS NOT  
4 ENLARGED, OUR STAFF IS NOT ENLARGED, AND THAT WE DO  
5 NOT HAVE THE MONEY TO GET INTO THE FIELD AND DO  
6 WHAT YOU WANT TO DO. SO IF YOU WANT IT DONE, LET'S  
7 PLAY BOTH ENDS OF THE FIELD.

8 MR. ZEKE HERNANDEZ: I THINK SOMEBODY  
9 SAID THAT. THIS IS THE FIRST CONFERENCE IN  
10 WASHINGTON, D.C. LET'S EXTEND THIS HONEYMOON.  
11 AND I THINK WE SHOULD WORK IN PARTNERSHIP WITH THE  
12 CIVIL RIGHTS COMMISSION IN OUR COMMUNITY. NOW WE  
13 ARE A COMMUNITY.

14 LET ME SAY THIS. IN NOVEMBER WE ELECTED  
15 SOMEBODY FROM THE SOUTH. WE ELECTED PEOPLE FROM  
16 SOUTH OF THE BORDER, PEOPLE FROM THE DEEP SOUTH,  
17 ELECTED SOMEBODY FROM THE SOUTH TO DO SOME THINGS.  
18 NOT TO POUND ON US, BUT TO BE WITH US. THAT  
19 SOUTHERNER NEEDS TO DO SOMETHING. AND WE RELAY  
20 THAT MESSAGE TO YOU, OUR PRESIDENT WILL DO WHAT IS  
21 NECESSARY TO DO AWAY WITH VIOLATIONS OF CIVIL  
22 RIGHTS. AND MR. CHAIRMAN, I AM WITH YOU, OUR  
23 COMMUNITY IS WITH YOU. LET'S GET TOGETHER.

24 BECAUSE WHEN I CALLED YESTERDAY AND  
25 ASKED TO BE HERE, I WAS TOLD, WELL, YOU CAN'T DO

1 MUCH, BECAUSE EVERYTHING HAS BEEN TAKEN CARE OF IN  
2 WASHINGTON, D.C. IT IS TOO FAR AWAY.

3 THANK YOU. I HAVE ENJOYED THIS  
4 PARTNERSHIP HERE WITH OUR COMMUNITY, AS WELL AS THE  
5 ASIAN, AS WELL AS OTHER COMMUNITIES THAT WE WANT TO  
6 BRING TOGETHER.

7 MR. FLETCHER: I WANT BILL CLINTON TO  
8 HEAR FROM YOUR ORGANIZATION THAT YOU WANTED US  
9 HERE. I WANT THE NAACP PEOPLE TO HEAR THAT -- I  
10 WANT BILL CLINTON TO HEAR FROM THEM, TO KNOW THAT  
11 YOU WANTED US HERE. AND I WANT YOU TO ALSO SAY  
12 THROUGH YOUR MAIL THAT WHEN WE BRING THE REPORT IN  
13 WITH YOUR RECOMMENDATIONS, WE WANT BILL CLINTON AND  
14 WE ALSO WANT THE LEADERSHIP OF THE HOUSE AND THE  
15 SENATE TO PACKAGE OUR RECOMMENDATIONS GET THEM  
16 THROUGH THE LEGISLATIVE PROCESS, APPROPRIATE THE  
17 MONEY, HIRE THE STAFF, GET INTO THE FIELD, AND GET  
18 IT ENFORCED.

19 MR. ZEKE HERNANDEZ: YOU ARE A GOOD  
20 PERSON. AND I WILL KNOW YOU GET THINGS DONE.

21 MR. GLICK: I WILL CALL CHARLES  
22 WILLIAMS. IS CHARLES WILLIAMS HERE? LISA  
23 MCMANAGAL. MARTINEZ HERNANDEZ. LISA HOYES. AND  
24 FANNIE CAROL BROWN.

25 MR. FLETCHER: ALL PLEASE STAND.

1 MR. GLICK: IS FANNIE CAROL BROUN  
2 HERE?

3 MR. FLETCHER: RAISE YOUR RIGHT HANDS.  
4 PLEASE ANSWER IN THE AFFIRMATIVE.

5 DO YOU SWEAR OR AFFIRM THAT YOU WILL  
6 TRUTHFULLY TESTIFY TO THE BEST OF YOUR ABILITY.

7 (ALL PANEL MEMBERS REPLIED IN THE  
8 AFFIRMATIVE.)

9 MR. FLETCHER: PLEASE BE SEATED.

10 MR. GLICK: CALL CHARLES WILLIAMS FIRST,  
11 PLEASE.

12 MR. WILLIAMS: I WOULD LIKE TO THANK  
13 MOST OF ALL MR. FLETCHER FOR INVITING ME TO TESTIFY  
14 ON BEHALF OF BEING AN EMPLOYEE OF THE MOTION  
15 PICTURE INDUSTRY. I AM A 23-YEAR MEMBER OF THE  
16 MOTION PICTURE INDUSTRY. I DON'T HAVE A PREPARED  
17 STATEMENT. BUT I CAN JUST TELL YOU SOME FACTS AS  
18 TO THE UNFAIRNESS IN WHICH I HAVE BEEN GIVEN IN  
19 THAT INDUSTRY AND OTHER BLACKS AND 40-YEARS AND  
20 OLDER HAVE BEEN GIVEN.

21 THE UNION IN WHICH WE HAVE NOW DON'T  
22 GIVE US ANY REPRESENTATION AT ALL. I PRESENTLY  
23 HAVE A LAWSUIT GOING AGAINST ONE OF THE MAJOR  
24 STUDIOS. THEY HAVE MORE OR LESS IN THE LAST FIVE  
25 YEARS BLACKBALLED ME TO A DEGREE TO WHERE MY INCOME

1 HAS DROPPED FROM 50,000 TO 15,000 A YEAR. YOU  
2 WOULD THINK THAT THE HAVING THE AMOUNT OF TIME IN  
3 WHICH I HAVE IN THAT INDUSTRY, THAT THE LONGEVITY  
4 WOULD PUT YOU IN A POSITION TO MAKE MONEY. BUT IT  
5 HAS PUT ME IN A POSITION TO NOT MAKE MONEY.

6 I AM THE FIRST BLACK EVER TO OBTAIN THE  
7 TITLE OF CONSTRUCTION COORDINATOR FOR THE  
8 INDUSTRY. SINCE I GAINED THAT TITLE, MY WORK  
9 AVAILABILITY HAS DROPPED 50 PERCENT. AFTER FILING  
10 THE LAWSUIT IT DROPPED EVEN FOR. AS OF TODAY I AM  
11 MAKING MY LIVING BY BECOMING, AFTER GETTING THE  
12 KNOWLEDGE THAT I GOT IN THAT 23 YEARS, I BECAME A  
13 GENERAL CONTRACTOR. THAT'S THE WAY I AM MAKING MY  
14 LIVING NOW.

15 IF BY CHANCE THERE IS ANYTHING THAT THE  
16 COMMISSION CAN DO TO TAKE THE MOTION PICTURE  
17 INDUSTRY BACK TO THE PROCESS IN WHICH THEY HAD  
18 WHICH WAS CALLED THE MINORITY LABOR POOL, I WOULD  
19 APPRECIATE IT AND ALL OF THE BLACK AND OVER-40  
20 MEMBERS IN THE MOTION PICTURE INDUSTRY WOULD  
21 APPRECIATE THAT, TOO. I HAVE A NUMBER OF  
22 CO-MEMBERS OF THE UNION CALLING ME UP DAILY ASKING  
23 ME WHAT CAN THEY DO TO IMPROVE UPON THE WORK  
24 AVAILABILITY FOR THEM. I CAN'T TELL THEM ANYTHING,  
25 OTHER THAN GO TO YOUR UNION REP. THE UNION REP

1 SELLS YOU DOWN THE DRAIN. BECAUSE THE PRODUCERS  
2 ARE CONTROLLING THE UNION AS OF 1990, WHEN THEY  
3 HAD A BIG PROCESS OF HIRING EMPLOYEES FOR BEING ON  
4 THE BACKLOT AT UNIVERSAL STUDIOS. THEY BROUGHT IN  
5 A LOT OF OUTSIDE PEOPLE IN WHICH THE UNION BUSINESS  
6 AGENT STATED THAT HE WAS ABLE TO BRING THE UNION  
7 OUT OF THE RED BY MAKING A MILLION DOLLARS. IF YOU  
8 BRING IN 500 PEOPLE AT \$3800 A SHOT, YOU ARE GOING  
9 TO RAISE A MILLION DOLLARS WITH NO PROBLEM. BUT  
10 THAT'S NOT HELPING THE OVERALL MEMBERSHIP.

11 AND I WOULD LIKE TO SEE THE COMMISSION  
12 INVESTIGATE THE UNION IN THIS SITUATION, AND ALSO  
13 IF BY CHANCE IT IS POSSIBLE GO BACK TO THE MINORITY  
14 LABOR POOL SITUATION IN WHICH THEY HAD IN THE '70S  
15 WHEN I GOT IN THE INDUSTRY.

16 THANK YOU.

17 MR. GLICK: THANK YOU, MR. WILLIAMS.

18 MR. MARTINEZ? MR. HERNANDEZ, I AM

19 SORRY.

20 MR. MARTINEZ HERNANDEZ: EVERYBODY DOES  
21 THAT, IT'S OKAY. MARTINEZ HERNANDEZ.

22 MY NAME IS MARTINEZ HERNANDEZ. AND I  
23 AM A RESIDENT OF EAST LOS ANGELES. I AM ALSO AN  
24 ORGANIZER OF A GROUP CALLED THE LABOR COMMUNITY  
25 STRATEGY CENTER. WE DO WORK AROUND POLICY

1 DECISIONS IN LOS ANGELES. AND ONE OF THE MAJOR  
2 FOCUSES RIGHT NOW IS ON THE ISSUE OF PUBLIC  
3 TRANSPORTATION.

4 IN THE '40S, '50S, AND '60S COMMUNITIES  
5 OF COLOR WERE DECIMATED BY FREEWAYS THAT SERVICED A  
6 LOT OF PEOPLE IN THE URBAN AREAS. RIGHT NOW HERE  
7 IN L.A. WE ARE HAVING THE SAME SIMILAR SITUATION  
8 WITH THE MTA ALONG WITH FUNDS THAT ARE BEING SPENT  
9 ON THE RAIL SYSTEM, AS OPPOSED TO THE BUS SYSTEM  
10 OUT HERE IN LOS ANGELES, WHICH SERVICES MOSTLY  
11 LOWER INCOME PEOPLE OF COLOR IN OUR CITY.

12 PEOPLE OF COLOR AND POOR PEOPLE IN  
13 LOS ANGELES DEPEND ON BUS SERVICE. WE JUST CAME  
14 FROM A HEARING THIS AFTERNOON AT THE MTA DISCUSSING  
15 THE BUDGET SHORTFALL THAT THEY ARE HAVING RIGHT  
16 NOW. AND THE FIRST THING THAT THEY WERE TALKING  
17 ABOUT WAS CUTTING SERVICE IN THE BUSES. THEY WERE  
18 TRYING TO FIND ANY WAY TO FUND A LOT OF THE RAIL  
19 SYSTEM. BUT THE FIRST THING THAT CAME OUT THAT  
20 THEY WERE PLANNING ON CUTTING WAS BUS SERVICE.

21 PEOPLE IN -- THERE WAS A UCLA STUDY  
22 ABOUT PEOPLE REGARDING NUTRITION IN LOS ANGELES AND  
23 PEOPLE IN LOWER INCOME COMMUNITIES HAVE VERY LITTLE  
24 ACCESS TO GROCERY STORES, THEY HAVE VERY LITTLE  
25 ACCESS TO A LOT OF THINGS. AND THAT'S THE FIRST

1     THING THAT THEY WANTED TO CUT, ONE OF THE FIRST  
2     THINGS.   PEOPLE HAVE INADEQUATE TRANSPORTATION  
3     ACCESS, AND UNLESS -- THE GENTLEMAN THAT WAS HERE  
4     TALKING ABOUT VONS -- THEY HAVE A VONS EVERY FEW  
5     BLOCKS, VERY FEW OF THESE PEOPLE CAN HAVE ACCESS TO  
6     GROCERY STORES WHERE THEY CAN BUY FOOD AFFORDABLY.

7             THE STUDY ALSO FOUND THAT AS MUCH -- A  
8     FAMILY WILL SPEND AS MUCH AS OVER \$400 MORE ON  
9     GROCERIES THAN SOMEONE WHO HAS ACCESS TO A VONS  
10    MARKET OR A RALPHS OR ANYTHING LIKE THAT.   THEY  
11    HAVE NO OTHER ACCESS TO LOWER-PRICED FOOD.   SO WHAT  
12    WE ARE WORRIED ABOUT IS THE BUSES ARE GETTING VERY  
13    OLD AND THERE IS NOT ENOUGH LOCAL SERVICE IN THOSE  
14    PARTICULAR AREAS.   AND ALSO IS THERE ANY WAY WE CAN  
15    FIND SOME SUBSIDIES HERE, TOO.

16            AND WE ARE ASKING THAT THE COMMISSION  
17    INVESTIGATE, MAYBE EVEN TRY TO HALT ANY FUNDINGS OF  
18    THE MTA, UNTIL THERE IS AN INVESTIGATION ABOUT THE  
19    INEQUITY BETWEEN FUNDING SUBSIDIES FOR THE BUS  
20    SERVICE, WHICH IS VERY, VERY LOW IN SERVICE FOR  
21    VERY LOW INCOME COMMUNITIES, AND AS FAR AS THE  
22    INEQUITY IN SUBSIDIES FOR THE RAIL SYSTEM, WHICH IS  
23    VERY, VERY HIGH AND SEEM TO SERVICE MORE THE  
24    SUBURBAN PUBLIC, HIGHER INCOME GROUP OF PEOPLE THAN  
25    THE OTHER AREAS.



1                   THANK YOU VERY MUCH FOR COMING DOWN  
2           HERE.   AND I AM GOING TO BE ON THE PHONE TO BILL  
3           CLINTON TOMORROW.

4                   MR. GLICK:   LISA HOYES, PLEASE.

5                   MS. HOYES:   HI, I AM LISA HOYES, AND I  
6           WORK WITH MARTINEZ AT THE LABOR COMMUNITY STRATEGY  
7           CENTER.   I AM OUR TRANSPORTATION ORGANIZER.   AND I  
8           WANT TO JUST FOLLOW UP ON SOME OF THE THINGS HE  
9           SAID.

10                   OVER THE NEXT 30 YEARS L.A. COUNTY HAS  
11           \$160 BILLION TO SPEND ON TRANSPORTATION.   THE  
12           QUESTION IS IN WHOSE INTEREST IS THAT MONEY GOING  
13           TO BE SPENT.   WE BELIEVE THE TRANSIT NEEDS IN  
14           COMMUNITIES WHO HAVE THE HIGHEST LEVEL OF TRANSIT  
15           USE, THE LOWEST LEVEL OF ACCESS TO QUALITY MASS  
16           TRANSIT, AND THE HIGHEST LEVELS OF TRANSIT  
17           OVERCROWDING IN THE COUNTRY SHOULD BE THE FIRST  
18           PRIORITY OF THE AGENCY.

19                   ALSO JUST IN TERMS OF ADDRESSING THE  
20           QUESTION OF TRANSPORTATION POLICY, WE THINK THE  
21           BUS-CENTERED MASS TRANSIT SYSTEM MAKES SENSE.  
22           BECAUSE FOR THE SAME AMOUNT OF RESOURCES COMMITTED,  
23           YOU CAN PROVIDE SO MUCH MORE NECESSARY ACCESS, NOT  
24           ONLY IN THE COMMUNITIES THAT NEED IT MOST, BUT IN  
25           ALL COMMUNITIES.   THE INFRASTRUCTURE IS THERE.   WE

1 HAVE GOT THE BUSES. WE HAVE GOT THE ROADS BUILT.  
2 FOR EVERY DOLLAR YOU PUT INTO RAIL, YOU SERVE FAR,  
3 FAR FEWER PEOPLE THAN YOU COULD WITH A  
4 COMPREHENSIVE MASS TRANSIT SYSTEM FOCUSING ON  
5 BUSES.

6 THE PROBLEM IS IN TERMS OF CLOUT,  
7 POLITICAL ABILITY TO INFLUENCE DECISION MAKING, LOW  
8 INCOME PEOPLE OF COLOR WHO HAVE ZILCH OR VERY  
9 LITTLE TRANSIT ACCESS NOW HAVE A HARDER TIME  
10 INFLUENCING MTA. BECAUSE IT IS HARD TO MAKE  
11 HEARINGS DURING THE DAY. BECAUSE WE SOMEHOW DON'T  
12 SPEAK AS LOUD AS DEVELOPERS WITH A LOT OF MONEY,  
13 SOMETHING. BUT THAT HAS TO CHANGE.

14 AND JUST TO POINT OUT IN A LITTLE MORE  
15 GRAPHIC TERMS HOW BAD THIS INEQUITY IS, THE 204  
16 VERMONT BUS LINE HAS A SUBSIDY OF ABOUT 34 CENTS  
17 PER PASSENGER PER RIDE. THE METROLINK SERVING  
18 SUBURBAN OUTLYING AREAS, \$58 PER PASSENGER PER  
19 RIDE. THE PUBLIC SECTOR SUBSIDY PER PASSENGER ON  
20 THE BLUE LINE WAS OVER NINE TIMES THAT OF THE NINE  
21 BUS LINES -- NINE BUS LINES COMBINED SERVICING  
22 CORRIDORS. WE CAN GIVE YOU MORE COMPLETE FIGURES.  
23 BUT WE FIND THIS STAGGERING AND UNACCEPTABLE.  
24 ALSO METRO RAIL WILL SERVE ONLY 1.5 PERCENT OF THE  
25 COMMUTERS IN THIS COUNTY. AND WHAT WE ARE FINDING

1 NOW IS THAT JUST SERVING THE DEFICIT ON THE RAIL IS  
2 EATING UP ALL OUR OPERATING FUNDS.

3 SO IN TERMS OF THINGS WE ASK FOR THAT  
4 HOPEFULLY YOU CAN HELP US WITH, IS ITE, THE  
5 INTERMODAL TRANSPORTATION EFFICIENCY ACT, THE  
6 SECTION NINE FUNDING, I BELIEVE IT IS, FOR  
7 OPERATING COSTS ISN'T HIGH ENOUGH AT ALL. I HAD AN  
8 OPPORTUNITY TO MEET FEDERICO PENA. AND HE SAID  
9 CONGRESS DIDN'T HAVE MUCH OF AN INTEREST IN  
10 ALLOCATING MONEY FOR OPERATING COSTS. AND WE ARE  
11 SAYING THAT SOMEHOW THEY HAVE TO FIND THAT  
12 INTEREST. BECAUSE IT IS OUR FIRM BELIEF THAT CIVIL  
13 RIGHTS PROTECTION'S EQUAL ACCESS EQUAL PROTECTION  
14 IS BEING VIOLATED WHEN YOU SEE THESE SUBSIDIES.

15 SO WE ARE ASKING TO INSURE THAT THE MTA  
16 BE FORCED SOMEHOW TO MEET PERFORMANCE CRITERIA IN  
17 TRANSPORTATION. WE CAN DO MORE WITH BUSES,  
18 PROVIDE MORE SERVICE, MORE ACCESS. MAKE IT  
19 INCUMBENT ON THE AGENCY TO PROVE THAT IS BEST TO  
20 PROVIDE THESE GOLDEN TRACKS THAT AREN'T SERVING OUR  
21 COMMUNITIES.

22 THEN IN MY LAST FEW SECONDS, I WANT TO  
23 ADDRESS SOMETHING MICHAEL GAGE SAID, CALSTART,  
24 EARLIER. HE SAID, YOU KNOW, WE HAVE GOT A COUPLE  
25 OF INTERNAL PROJECTS AT CAL STATE L.A. CALSTART

1 HAS GOT -- \$6 BILLION? -- \$6 MILLION WORTH OF  
2 PUBLIC FUNDS COMING FROM THE CALIFORNIA AND FEDERAL  
3 GOVERNMENT OUT OF AN \$18 MILLION BUDGET. WE THINK  
4 THAT COMMUNITIES IN SOUTH L.A. THAT HAVE LOST  
5 50,000 MANUFACTURING JOBS IN THE LAST 20 YEARS HAVE  
6 TO SEE MORE THAN JUST A LITTLE COLLEGE INTERN  
7 PROGRAM AT CAL STATE L.A. AND WHEN YOU TALK ABOUT  
8 THAT, WHAT ABOUT HIGH WAGE, HIGH PAYING JOBS WITH  
9 BENEFITS, WHAT DO THEY GIVE BACK TO THE PUBLIC FOR  
10 THE TAX DOLLARS THEY TAKE?

11 WE HAVE A PUBLICATION THAT WE WILL  
12 SUBMIT TO YOU CALLED RECONSTRUCTING LOS ANGELES  
13 FROM THE BOTTOM UP. WE CHALLENGE THE UEBERROTH  
14 ECONOMIC STRATEGY THAT INVITES CAPITAL INTO THE  
15 COMMUNITIES ON THEIR TERMS, LOWERING DEPARTMENTS  
16 AND REGULATIONS, PROMISING PEOPLE LOW PAID LABOR.  
17 UEBERROTH ACTUALLY SAID, QUOTE, THAT HIGH WAGE JOBS  
18 PROVIDE DIGNITY. WELL, WE THINK THEY PROVIDE -- I  
19 DIDN'T MEAN THAT. MINIMUM WAGE JOBS PROVIDE  
20 DIGNITY TO THE WORKERS. AND IF IT'S FOR THINGS  
21 LIKE JANITORS, IT PROVIDES POVERTY TO THE WORKERS  
22 HERE. WE NEED HIGH WAGE JOBS WITH BENEFITS.

23 SO WE THINK THAT LIKE THESE IDEAS IN  
24 FEDERAL ENTERPRISE ZONES THAT REPLICATE CONDITIONS  
25 OF POVERTY, WE DON'T WANT TO MOVE IN THAT DIRECTION.

1 LIKE THE GENTLEMAN FROM VONS WAS SAYING, MAKE IT  
2 EASY FOR US TO BE HERE. WE ARE SAYING NO, NO, YOU  
3 HAVE A SOCIAL RESPONSIBILITY IF YOU ARE USING OUR  
4 TAX DOLLARS TO PAY YOUR PROPERTY TAXES. THESE  
5 COMPANIES ARE RUNNING AROUND SEEING WHO WILL GIVE  
6 THEM THE BEST DEAL. WE WANT THEM TO COME BACK WITH  
7 AN OBLIGATION TO PAY A DECENT MINIMUM WAGE, A  
8 RAISED MINIMUM WAGE.

9 AND, LASTLY, IF THERE IS ANY WAY TO PUT  
10 SOME PRESSURE ON THE STATE GOVERNMENT -- I DON'T  
11 KNOW IF THIS IS POSSIBLE, TOO -- TO STOP TAKING OUR  
12 PROPERTY TAXES TO PROVIDE STATE SERVICES AT THE  
13 STATE LEVEL. WE NEED THAT MONEY IN OUR LOCAL  
14 COMMUNITIES. THERE IS SOME PARKS THAT ARE GOING TO  
15 CLOSE IF WILSON PROCEEDS WITH HIS BUDGET PLAN.

16 MR. GLICK: THANK YOU.

17 PAULETTA OLIVER, PLEASE.

18 MS. OLIVER: GOOD EVENING, MR. FLETCHER  
19 AND THE OTHER MEMBERS OF THE PANEL AND THOSE IN THE  
20 AUDIENCE. MY NAME IS PAULETTA OLIVER. AND I AM  
21 THE REPRESENTATIVE SPOKESPERSON FOR THE DARYL HARTS  
22 JUSTICE COMMITTEE. DARYL HARTS WAS AN  
23 AFRICAN-AMERICAN MAN WHO WAS MURDERED BY THE LOS  
24 ANGELES POLICE DEPARTMENT ON APRIL 5TH, 1993.  
25 DARYL HARTS WAS AN UPCOMING FEDERAL WITNESS IN

1 AN UPCOMING TRIAL SCHEDULED FOR AUGUST OF THIS  
2 YEAR AGAINST THE LAPD FOR THE RACIALLY MOTIVATED  
3 AND SAVAGE BEATING OF ANOTHER AFRICAN-AMERICAN MAN  
4 IN VAN NUYS. SINCE 1991 WHEN THE INITIAL BRUTALITY  
5 CASE BEGAN, DARYL HAS BEEN -- HAS RECEIVED MANY  
6 INTIMIDATING AND VERY -- MADE VISITS BY THE LAPD  
7 DEPARTMENT THAT COULD BE DEEMED AND INTERPRETED AS  
8 BEING FORMS OF HARASSMENT.

9 ON APRIL 5TH, 1993, DARYL RECEIVED THE  
10 MOST ULTIMATE FORM OF HARASSMENT THAT COULD BE  
11 PERPETRATED BY THE POLICE DEPARTMENT ON THE  
12 COMMUNITY, AND THAT IS MURDER. DARYL WAS A RECENT  
13 GRADUATE OF RIO HONDO POLICE ACADEMY. HE GRADUATED  
14 IN THE TOP 10 PERCENT OF HIS CLASS ACADEMICALLY.  
15 HE WAS ALSO NOTED BEST ATHLETE. AND HE ALSO  
16 RECEIVED THE DISTINCTION OF THE SECOND-BEST  
17 MARKSMAN, THEREBY RECEIVING THE DISTINCTION OF A  
18 SHARPSHOOTER.

19 DARYL HAD JUST ARRIVED AT HIS HOME ON I  
20 THINK IT WAS A MONDAY EVENING AT APPROXIMATELY  
21 7:30. AND DARYL'S LIFE WAS TAKEN BY OFFICERS,  
22 WHITE OFFICERS. AND I THINK THAT RECORD NEEDS TO  
23 REFLECT THAT. BECAUSE WE HAVE A HISTORY IN THIS  
24 COUNTRY OF CRIMES PERPETRATED BY LAW ENFORCEMENT.  
25 AND IN MANY CASES IN THE AMNESTY INTERNATIONAL

1 REPORT, THE CHRISTOPHER COMMISSION REPORT, AND THE  
2 WEBSTER REPORT ALL CONCLUSIVELY REPORTED THAT THE  
3 WHITE OFFICERS IN THIS COMMUNITY AND THIS COUNTRY  
4 HAVE USED THE LAW ENFORCEMENT INSTITUTION TO  
5 BASICALLY PRACTICE FORMS OF GENOCIDE AND WHITE  
6 SUPREMACY AGAINST OUR PEOPLE. AND NOT JUST  
7 AFRICAN-AMERICAN PEOPLE, BUT LATINO PEOPLE.

8 I WOULD LIKE TO READ YOU SOMETHING FROM  
9 THE AMNESTY INTERNATIONAL REPORT THAT SAYS THAT,  
10 THERE HAS BEEN A DISTURBING NUMBER OF CASES IN  
11 RECENT YEARS IN WHICH LAW ENFORCEMENT OFFICIALS  
12 IN L.A. HAVE RESORTED TO EXCESSIVE FORCE, SOMETIMES  
13 AMOUNTING TO TORTURE OR OTHER CRUEL, INHUMAN, OR  
14 DEGRADING TREATMENT. THE USE OF EXCESSIVE FORCE  
15 HAS INCLUDED PHYSICAL BRUTALITY AND USE OF LETHAL  
16 FORCE, INCLUDING FIREARMS, IN VIOLATION OF  
17 INTERNATIONAL STANDARDS. POLICE DOGS ALSO APPEAR  
18 TO HAVE BEEN USED TO INFLICT UNWARRANTED INJURY  
19 ON SUSPECTS, PARTICULARLY IN BLACK OR LATINO  
20 NEIGHBORHOODS. MANY CASES OFFICERS APPEAR TO HAVE  
21 ACTED WITH IMPUNITY, SUCH AS THESE OFFICERS,  
22 OFFICERS BRUCE NELSON AND BRENT RICHARDS, AND/OR  
23 HAVE RECEIVED ONLY MINOR DISCIPLINARY ACTIONS. THE  
24 EVIDENCE SUGGESTS THAT RACIAL MINORITIES,  
25 ESPECIALLY BLACKS AND LATINOS, HAVE BEEN SUBJECTED

1 TO DISCRIMINATORY TREATMENT AND/OR  
2 DISPROPORTIONATELY THE VICTIMS OF ABUSE.

3 IN THIS PARTICULAR CASE I WOULD LIKE TO  
4 FOCUS IN AGAIN ON DARYL HARTS. DARYL WAS DENIED  
5 EQUAL PROTECTION UNDER THE CONSTITUTION. DARYL WAS  
6 DENIED DUE PROCESS UNDER THE CONSTITUTION. DARYL  
7 WAS DENIED THE RIGHT TO LIFE, LIBERTY, AND THE  
8 PURSUIT OF HAPPINESS. THE LOS ANGELES POLICE  
9 DEPARTMENT WERE CO-CONSPIRATORS. IT WAS A  
10 METHODOICAL AND DEFINITELY DELIBERATE ACT OF MURDER,  
11 THAT THERE IS CORRUPTION IN THE ENFORCEMENT OF  
12 HUMAN RIGHTS AND CIVIL RIGHTS, NOT ONLY AGAINST  
13 DARYL, BUT AGAINST MICHAEL J. BRIAN, I THINK HIS  
14 NAME IS OLIVER BEASLEY, JOHN DANIELS, AND SEVERAL  
15 OTHER PEOPLE THAT I, UNFORTUNATELY I DON'T HAVE  
16 THIS INFORMATION BEFORE ME. WE ARE LIVING UNDER A  
17 SYSTEM OF APARTHEID WITHOUT THE FORMALITIES.

18 I GREW UP IN SOUTH CENTRAL. I  
19 MATRICULATED AT THE INSTITUTIONS IN SOUTH CENTRAL.  
20 I HAVE NEVER LEFT THIS CITY. AND I HAVE WITNESSES  
21 NOT ONLY MY FATHER, BUT MY BROTHERS BEING  
22 BRUTALIZED BY THE POLICE DEPARTMENT. I THANK GOD  
23 THAT HE HAS ALLOWED ME THIS OPPORTUNITY TO FIGHT  
24 AND TO STAND UP ON BEHALF OF DARYL HARTS. BUT  
25 EVEN WHEN I CAME HERE TODAY, MR. FLETCHER, I FELT



1       VERY INTIMIDATED.   EVEN TODAY JUST STANDING OUT  
2       IN THE HALLWAY MANY OF THESE OFFICERS -- I AM NOT  
3       SURE IF THEY ARE MARSHALS OR FEDERAL AGENTS --  
4       HAVE HAD US UNDER SURVEILLANCE.   I AM NOT A  
5       CRIMINAL.   I DON'T HAVE A CRIMINAL ACTIVITY.   AND  
6       I DON'T APPRECIATE BEING INTIMIDATED.   AND I DON'T  
7       APPRECIATE AFRICAN-AMERICAN AND PEOPLE OF COLOR  
8       BEING INTIMIDATED AND HARASSED FOR EXERCISING NOT  
9       ONLY CIVIL RIGHTS BUT ALSO OUR HUMAN RIGHTS.

10               I WOULD LIKE THIS COMMISSION TO TAKE A  
11       DECISIVE ACTION AGAINST NOT ONLY WHAT HAPPENED TO  
12       DARYL HARTS BUT WHAT HAPPENED TO MICHAEL J. BRIAN.  
13       IF YOU LOOK -- I GREW UP, AND I EXPERIENCED THE  
14       WATTS REBELLION.   I EXPERIENCED THE REBELLION OF  
15       APRIL 29TH, 1992.   AND IN BOTH REBELLIONS THE  
16       POLICE HAS BEEN AT THE CORE, HAVE BEEN THE  
17       PERPETRATORS, HAVE PRECIPITATED THE CRIMES AGAINST  
18       THE COMMUNITY.   AND I WANT IT TO STOP.   BECAUSE I  
19       AM TIRED OF MY PEOPLE DYING.   I AM TIRED OF MY  
20       PEOPLE DYING UNDER THE SANCTION OF LAW.

21               I KNOW THAT I MIGHT BE A LITTLE NAIVE  
22       HERE.   BUT I DO KNOW THAT THIS GOVERNMENT HAS BEEN  
23       ACTIVELY INVOLVED IN VIOLATING NOT ONLY OUR CIVIL  
24       RIGHTS, BUT OUR HUMAN RIGHTS.   THIS -- OUR  
25       CONSTITUTION REFLECTS, HAS DEHUMANIZED THE

1 AFRICAN-AMERICAN, NOT ONLY LATINO BUT MOST  
2 PARTICULARLY THE AFRICAN-AMERICAN, WHEN THEY MADE  
3 US THREE-FIFTHS OF A HUMAN BEING. AND THAT  
4 PRACTICE AND THAT MENTALITY AND THAT -- THAT --  
5 THAT --

6 MR. FLETCHER: PERCEPTION

7 MS. OLIVER: -- PERCEPTION HAS  
8 PERMEATED -- THANK YOU, SIR -- HAS PERMEATED EVERY  
9 ASPECT OF HUMAN ACTIVITY IN THIS COUNTRY.

10 MR. GLICK: MISS OLIVER.

11 MS. OLIVER: AND I THINK IT IS  
12 UNFORTUNATE THAT -- I JUST NEED TO -- I WANT TO  
13 CLOSE WITH THIS.

14 I THINK IT IS UNFORTUNATE -- I JUST BEG  
15 YOUR INDULGENCE.

16 I JUST THINK IT IS UNFORTUNATE THAT A  
17 MAN CANNOT EVEN -- DARYL HARTS HAS COMMITTED NO  
18 CRIME. HIS ONLY CRIME WAS THAT HE WAS NAIVE IN  
19 BELIEVING THAT HE HAD HUMAN RIGHTS IN THIS COUNTRY,  
20 THAT HE COULD STAND UP FOR JUSTICE. AND HE LOST  
21 HIS LIFE STANDING UP FOR RIGHTEOUSNESS.

22 THANK YOU.

23 MR. GLICK: THANK YOU.

24 FANNIE CAROL BROUN.

25 MS. BROUN: YES, I AM FANNIE CAROL

1 BROWN.

2 I WOULD LIKE TO ADDRESS THE STATEMENT  
3 THAT MR. FLETCHER PROPOSED TO THE NAACP, THE  
4 MISSION OF THE CIVIL RIGHTS COMMISSION. I WOULD  
5 THINK AND HOPE THAT THE MISSION OF THE CIVIL RIGHTS  
6 COMMISSION WOULD BE TO MAKE INJUSTICE ILLEGAL.  
7 INJUSTICE IS NOT ILLEGAL. YOU CANNOT GO TO COURT  
8 AND SAY, "BECAUSE THIS WAS SOMETHING DONE, AN  
9 INJUSTICE COMMITTED, THEREFORE I HAVE A REDRESS."

10 THE LAWS HAVE BEEN CHANGED SO OVER THE  
11 PAST 20 YEARS UNTIL THE CIVIL RIGHTS LEGISLATIONS  
12 THROUGHOUT THE COUNTRY THAT EXISTED DURING THE '70S  
13 NO LONGER EXIST HERE IN THE '90. ONE OF THE THINGS  
14 THAT I WOULD HOPE THAT THE CIVIL RIGHTS COMMISSION  
15 COULD DO IS TO GO ON COMPUTER, TO HAVE THE CIVIL  
16 RIGHTS LEGISLATIONS OF ALL OF THE STATES OF THE  
17 UNITED STATES ON COMPUTER AND HAVE SOME TYPE OF  
18 LEGISLATION WHEREIN ANY TYPE A CIVIL RIGHTS LAW IS  
19 CHANGED IN ANY STATE IT MUST BE PRESENTED TO THE  
20 CIVIL RIGHTS COMMISSION BEFORE IT IS PASSED IN  
21 WHATEVER THE LOCAL LEGISLATURE.

22 FOR EXAMPLE, IT WAS ILLEGAL FOR, SAY,  
23 THE LOS ANGELES UNIFIED SCHOOL DISTRICT TO  
24 DISCRIMINATE IN THE REQUIREMENTS PLACED ON THE  
25 VARIOUS TEACHERS. THAT WAS EDUCATION CODE 44066,

1 WHICH WAS INCORPORATED IN THE GOVERNMENT CODE  
2 12940, WHICH WAS UNLAWFUL DISCRIMINATION. AND THE  
3 SIMPLE VIOLATION OF THAT EDUCATION CODE WAS  
4 EVIDENCE OF DISCRIMINATION. IN '84 THAT IS  
5 AMENDED, THAT WAS REMOVED. SO, THEREFORE, NOW THE  
6 LOS ANGELES UNIFIED SCHOOL DISTRICT CAN HAVE TWO  
7 TEACHERS WITH THE SAME QUALIFICATIONS, ONE MAKING  
8 \$28,000 A YEAR, ONE MAKING \$100,000 A YEAR. AND  
9 YOU CAN'T CALL IT DISCRIMINATION.

10 SO WE NEED TO FOCUS ON LAWS THAT WILL  
11 MAKE INJUSTICE ILLEGAL. AND I HAVE ANOTHER  
12 EXAMPLE. PRIOR TO THE CREATION -- THE LAWS WHICH  
13 CREATED THE EEOC COMMISSION AND THE FAIR HOUSING  
14 AND EMPLOYMENT COMMISSION, ONE COULD GO TO COURT.  
15 YOU HAD A CASE. YOU GO TO COURT.

16 NOW A PERSON CANNOT GO TO COURT WITHOUT  
17 FIRST GETTING PERMISSION. YOU MUST GO AND GET  
18 PERMISSION FROM THE EEOC TO GO TO FEDERAL COURT.  
19 YOU MUST GET PERMISSION FROM THE STATE FAIR HOUSING  
20 TO GO TO THE SUPERIOR COURT. IF THEY CHOOSE NOT TO  
21 GIVE YOU THAT PERMISSION, THEN YOU CAN'T GO TO  
22 COURT. THAT NEEDS TO BE CHANGED. THE LAWS SAY  
23 THAT THE EEOC AND THE FAIR EMPLOYMENT HOUSING ARE  
24 SUPPOSED TO DO INVESTIGATIONS. THEY CHOOSE WHAT  
25 CASES THEY WILL INVESTIGATE AND WHAT CASES THEY

1 WILL NOT. AND IN THE COMMUNITIES THEY WILL NOT  
2 INVESTIGATE CASES AGAINST THE RULERS OF WHATEVER  
3 THE LOCAL COMMUNITIES.

4 SO WE MUST RECOGNIZE THAT THE CHANGES  
5 THAT HAVE TAKEN PLACE AND HOW IN MOST OF THE WORLD  
6 THE PEOPLE ARE MOVING FROM TO TOTALITARIAN RULE  
7 TOWARD DEMOCRACY, IN AMERICA WE ARE MOVING FROM THE  
8 POTENTIAL OF DEMOCRACY TOWARDS TOTALITARIAN RULE.  
9 AND CALIFORNIA IS SUPREME -- THE SUPREME EXAMPLE OF  
10 THAT. WE NEED TO TAKE THAT INTO CONSIDERATION  
11 REGARDING THE ECONOMICS, THE DPSS, DEPARTMENT OF  
12 PUBLIC SOCIAL SERVICE, AND SSI.

13 THOSE PEOPLE IN THOSE OFFICES UTILIZE  
14 THE LAWS ARBITRARILY. BECAUSE THE LAWS GIVE THEM  
15 THAT RIGHT TO MAKE THAT ARBITRARY DECISION. SO AN  
16 ANGLO AMERICAN ON SSI, BASIC SSI, WILL GET \$700 A  
17 MONTH. A BLACK AMERICAN ON SSI MAY GET \$400 A  
18 MONTH. THEY WILL GET A NOTICE ABOUT THEM, A NOTICE  
19 THAT IS SAYING YOU ARE LIVING WITH SOMEBODY AND WE  
20 HAVE DECIDED THAT YOUR COST OF LIVING THAT IS BEING  
21 GIVEN TO YOU IS \$166 OR \$150. AND THEY ARBITRARILY  
22 CUT THOSE SALARIES.

23 AND SO WE NEED TO LOOK FORWARD TO MAKING  
24 LAWS THAT WILL MAKE INJUSTICE ILLEGAL. I WOULD  
25 LIKE TO REFER THE COMMISSION TO SUPERIOR COURT CASE

1 BS 012717 AND BC 037589. THOSE ARE PERSONAL  
2 EXPERIENCES. PRIOR TO THREE YEARS AGO I WAS A  
3 MAGNA CUM UNDERGRADUATE AT UCLA, CONVERSANT AND  
4 FLUENT IN FOUR LANGUAGES. AND I HAD COME UP IN THE  
5 TRADITIONAL METHODS WHERE THEY SAID BE PREPARED --

6 MR. GLICK: MISS BROUN, I AM GOING TO  
7 HAVE TO ASK YOU FINISH VERY QUICKLY.

8 MS. BROUN: OKAY, I SHALL FINISH VERY  
9 QUICKLY.

10 THREE YEARS AGO I WAS EXILED BY THE  
11 AUTHORITARIAN RULERS. TWO, THE NEW WORLD ORDER  
12 CASTE THAT IS BENEATH THE UNDERCLASS. AND IT IS  
13 FROM THERE THAT I BEGAN TO GET THIS PERSPECTIVE OF  
14 AMERICA AND THESE THINGS. AND IF YOU READ THOSE  
15 CASES, YOU WILL FIND OUT HOW THAT WAS DONE. AND WE  
16 NEED TO KNOW THAT THESE THINGS HAPPEN, PEOPLE ARE  
17 SILENT, ATTEMPTED MURDER IS BEING DONE, ALL IN THE  
18 NAME OF THE LAW WITH THE PEOPLE WHO ARE RULERS OF  
19 THE LAW, AND THIS POLITICAL --

20 MR. GLICK: MRS. BROUN, IF I COULD ASK  
21 YOU JUST TO SUBMIT ANY DOCUMENTS THAT YOU HAVE --

22 MS. BROUN: YES, I DO HAVE DOCUMENTS  
23 THAT I WOULD LIKE TO SUBMIT.

24 MR. GLICK: WELL, IF YOU COULD PASS  
25 THOSE TO OUR CLERK, THEN WE WILL BE ABLE TO

1 CONSIDER THEM FOR INCLUSION IN THE RECORD.

2 THANK YOU VERY MUCH, ALL OF THE  
3 WITNESSES.

4 MR. FLETCHER: MRS. BROUN, IS THAT YOUR  
5 NAME, MRS. BROUN?

6 MS. BROUN: YES.

7 MR. FLETCHER: IF I TAKE YOUR STATEMENT,  
8 WHICH I THINK I PLAN TO DO, HOW MANY MEMBERS IN THE  
9 HOUSE OF REPRESENTATIVES DOES LOS ANGELES HAVE?

10 MS. BROUN: I DON'T KNOW HOW MANY  
11 MEMBERS.

12 MR. FLETCHER: OKAY, LET ME DO IT  
13 ANOTHER WAY. HOW MANY BLACK MEMBERS DOES  
14 LOS ANGELES HAVE?

15 MS. BROUN: I DON'T KNOW. I KNOW OF --

16 MR. FLETCHER: I BEG YOUR PARDON?

17 MS. BROUN: -- MAXINE WATERS.

18 MR. FLETCHER: WHO ELSE?

19 I AM MAKING A POINT. I AM MAKING A  
20 POINT.

21 THE PURPOSE -- YOU KNOW, THE PURPOSE OF  
22 ELECTING THOSE PEOPLE TO CONGRESS IS SO THEY CAN  
23 GET ON THE COMMITTEES THAT OVERSEE THE AGENCIES  
24 THAT CONTROL THE BUDGETS THAT MAKE SURE THE THINGS  
25 YOU WANT TO HAPPEN HAPPEN. SO LET ME SAY IT ONE

1 MORE TIME. I AM GOING TO TAKE YOUR STATEMENT TO  
2 THE BLACK CONGRESSIONAL DELEGATION FROM  
3 LOS ANGELES. FOR YOUR INFORMATION THERE IS FOUR OF  
4 THEM.

5 AND I AM GOING TO SAY, "THIS IS WHAT  
6 ONE OF YOUR CONSTITUENTS TOLD ME IN MY COMMITTEE AT  
7 AN OPEN HEARING, AND THEY ELECTED YOU TO DO  
8 SOMETHING ABOUT THAT." AND I AM GOING TO SUGGEST  
9 TO THEM, IF YOU PUT YOUR PHONE NUMBER ON IT, THAT  
10 THEY CALL YOU -- HOLD ON IT FOR A MINUTE -- THAT  
11 THEY CALL YOU AND FIND OUT PRECISELY WHAT YOU WANT  
12 DONE.

13 WITH REFERENCE TO THE THINGS YOU SPELL  
14 OUT, THEY HAVE MORE POWER THAN WE DO. ALL WE CAN  
15 DO IS MAKE SOPHISTICATED RECOMMENDATIONS. WELL,  
16 WE DIDN'T VOTE FOR NONE OF THEM. BUT YOU DID.  
17 THEY ARE SUPPOSED TO BE THERE REPRESENTING YOU.  
18 AMONG OTHER THINGS, I AM GOING TO TAKE YOUR  
19 STATEMENT TO YOUR CONGRESSIONAL DELEGATION. WE  
20 HAVE GOT 39 OF THEM IN THERE NOW. IT IS NOT THE  
21 TWO OR THREE THAT IT USED TO BE WHEN WE FIRST WE  
22 GOT LEGISLATION ON THE BOOKS. WE HAVE GOT 39 OF  
23 THEM IN THERE NOW.

24 WE HAVE GOT 19 HISPANICS. 43 WOMEN.  
25 THAT'S A TOTAL OF 90-SOME VOTES IN THE HOUSE. LET



1 ME SAY THAT AGAIN. THAT'S A TOTAL OF 90-SOME  
2 VOTES. NOW, IF YOU REALLY WANT TO HAVE AN IMPACT,  
3 THEN YOU BETTER START USING THE PEOPLE THAT YOU  
4 ELECTED TO REPRESENT YOU. WE MAKE RECOMMENDATIONS  
5 AND DO ALL WE CAN TO SAY, THIS IS WHAT THEY TOLD US  
6 IN A FIT OF RAGE AND EVERYTHING ELSE. BUT WE  
7 DIDN'T ELECT YOU. THEY DID.

8 MS. BROUN: WELL, SIR, IF YOU COULD GET  
9 ME AN APPOINTMENT WITH ONE OF THOSE PEOPLE --

10 MR. FLETCHER: BUT YOU VOTED FOR THEM.  
11 THEY OUGHT TO BE GLAD TO HEAR FROM YOU.

12 MS. BROUN: NO, BUT YOU MUST UNDERSTAND  
13 THAT THEY ARE PUT IN POSITIONS BY THE RULERS OF  
14 THIS AREA WHOSE PURPOSE IS TO MANIPULATE RACISM.

15 SO I WOULD BE VERY GRATEFUL TO YOU IF  
16 YOU WOULD GET ME AN APPOINTMENT WITH EITHER ONE OF  
17 THEM.

18 MR. FLETCHER: I AM GOING TO DO THAT. I  
19 WILL DO MY BEST.

20 MS. BROUN: THANK YOU VERY MUCH.

21 MR. FLETCHER: YOU ARE WELCOME.

22 MR. GLICK: MR. CHAIRMAN, THAT WAS THE  
23 LAST GROUP OF WITNESSES FOR THIS EVENING. SO WE  
24 CAN RECESS NOW AT ANY TIME.

25 MR. FLETCHER: THE MEETING IS

1 ADJOURNED.

2 (WHEREUPON, AT 9:58 P.M., THE  
3 PROCEEDINGS WERE ADJOURNED.)

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I, STEVEN W. CORNWELL, HEREBY CERTIFY  
THAT THE FOREGOING IS A FULL, TRUE, AND CORRECT  
STATEMENT OF THE PROCEEDINGS HAD AND THE TESTIMONY  
GIVEN BY THE WITNESSES AT THE HEARING HELD  
JUNE 16, 1993, PAGES 897 TO 1242, AS TAKEN DOWN BY  
ME IN STENOGRAPHY AND THEREAFTER TRANSCRIBED INTO  
TYPEWRITING UNDER MY SUPERVISION.

Steven W. Cornwell