

California State Archives  
State Government Oral History Program

Oral History Interview

with

**HON. LOUIS J. PAPAN**

California State Assemblyman, 1972 - 1986

March 4, 21, 29, May 31, 1988  
Millbrae, California

By Carole Hicke  
Regional Oral History Office  
The Bancroft Library  
University of California, Berkeley

**RESTRICTIONS ON THIS INTERVIEW**

None.

**LITERARY RIGHTS AND QUOTATIONS**

This manuscript is hereby made available for research purposes only. No part of the manuscript may be quoted for publication without the written permission of the California State Archivist or Regional Oral History Office, University of California at Berkeley.

Requests for permission to quote for publication should be addressed to:

California State Archives  
1020 O Street, Room 130  
Sacramento, California 95814

or

Regional Oral History Office  
486 Library  
University of California  
Berkeley, California 94720

The request should include identification of the specific passages and identification of the user.

It is recommended that this oral history be cited as follows:

Louis J. Papan, Oral History Interview, Conducted 1988 by Carole Hicke, Regional Oral History Office, University of California at Berkeley, for the California State Archives State Government Oral History Program.



March Fong Eu  
Secretary of State

California State Archives  
1020 O Street, Room 130  
Sacramento, CA 95814

Information	(916) 445-4293
Document Restoration	(916) 445-4293
Exhibit Hall	(916) 445-0748
Legislative Bill Service (prior years)	(916) 445-2832

## PREFACE

On September 25, 1985, Governor George Deukmejian signed into law A.B. 2104 (Chapter 965 of the Statutes of 1985). This legislation established, under the administration of the California State Archives, a State Government Oral History Program "to provide through the use of oral history a continuing documentation of state policy development as reflected in California's legislative and executive history."

The following interview is one of a series of oral histories undertaken for inclusion in the state program. These interviews offer insights into the actual workings of both the legislative and executive processes and policy mechanisms. They also offer an increased understanding of the men and women who create legislation and implement state policy. Further, they provide an overview of issue development in California state government and of how both the legislative and executive branches of government deal with issues and problems facing the state.

Interviewees are chosen primarily on the basis of their contributions to and influence on the policy process of the state of California. They include members of the legislative and executive branches of the state government as well as legislative staff, advocates, members of the media, and other people who played significant roles in specific issue areas of major and continuing importance to California.

By authorizing the California State Archives to work cooperatively with oral history units at California colleges and universities to conduct interviews, this program is structured to take advantage of the resources and expertise in oral history available through California's several institutionally based programs.

Participating as cooperating institutions in the State Government Oral History Program are:

Oral History Program  
History Department  
California State University, Fullerton

Oral History Program  
Center for California Studies  
California State University, Sacramento

Oral History Program  
Claremont Graduate School

Regional Oral History Office  
The Bancroft Library  
University of California, Berkeley

Oral History Program  
University of California, Los Angeles

The establishment of the California State Archives State Government Oral History Program marks one of the most significant commitments made by any state toward the preservation and documentation of its governmental history. It supplements the often fragmentary historical written record by adding an organized primary source, enriching the historical information available on given topics and allowing for more thorough historical analysis. As such, the program, through the preservation and publication of interviews such as the one which follows, will be of lasting value to current and future generations of scholars, citizens, and leaders.

John F. Burns  
State Archivist

July 27, 1988

This interview is printed on acid-free paper.

## TABLE OF CONTENTS

INTERVIEW HISTORY	i
BIOGRAPHICAL SUMMARY	ii
I BACKGROUND: EDUCATION, EMPLOYMENT AND LOCAL POLITICS	1
[Session 1, March 4, 1988, Tape 1, Side A]	1
Childhood in Springfield, Massachusetts; Syracuse University	1
Early Entrepreneurship	2
ROTC (1951-53); FBI (1955-58); Parking Business; Real Estate and Insurance Business	4
Daly City City Council; Vice Mayor	5
Philosophy on Backgrounds of Public Officials	7
II EARLY DAYS IN THE LEGISLATURE	13
Reasons for Running for Public Office	13
[Tape 1, Side B]	15
Change to Democratic Party	15
BART and ABAG	16
Retirement Committee	18
Key People: Leo McCarthy; Bob Moretti; John Foran; Governors Reagan and Deukmejian	22
Rules Committee	26
[Tape 2, Side A]	28
Transportation Committee	30
Revenue and Taxation Committee	34
Finance, Insurance, and Commerce Committee	35
[Session 2, March 21, 1988, Tape 3, Side A]	43
Housing and Community Development Committee: Rent Control and Housing Crisis	43
More on the Rules Committee: Chairman (1976-86); Open Records Act (1977-78)	50
III POWER IN THE LEGISLATURE	52
Assignment of Bills	52
1980 Speakership Battle: McCarthy vs. Berman	55
[Tape 3, Side B]	56
Role of Chairman of Rules	58
Relationship with the Speakers: Moretti, McCarthy, Brown	60
Restoration of the Capitol	64

	[Tape 4, Side A]	69
	Power of the Media	71
	Ethical Considerations on the Rules Committee	79
	[Session 3, March 29, 1988, Tape 5, Side A]	83
	Speakership Battle 1976: McCarthy vs. Brown	83
	More on Rules	86
	Jesse Unruh and the Pension Funds	90
	[Tape 5, Side B]	94
IV	MAJOR LEGISLATIVE CONCERNS	99
	Transportation: SamTrans, SP, BART	99
	Special Education	108
	[Tape 6, Side A]	108
	Children's Legislation	110
	Elderly and Handicapped Legislation	113
	Juice Bills	115
	Legislative Reforms: Election Reform; Proposition 9	119
	Qualities of Legislators	121
	[Tape 6, Side B]	122
	More on the Press	123
	[Session 4, May 31, 1988, Tape 7, Side A]	124
	More Legislation: Bone Marrow Transplants; Children; Outdoor Advertising	124
	Highway Patrol	126
	Education	131
	More on Finance, Insurance, and Commerce Committee	133
	Ethnic Bills	135
	Health and Housing	136
	[Tape 7, Side B]	138
	Relationship between State and Local Government	140
	Various Bills: Hazardous Waste; Salary Increase for Legislators; Credit Card Interest; Headsets	141
V	REFLECTIONS ON OTHER ISSUES IN GOVERNMENT	147
	The Media	147
	Proposition 1 A; Water	148
	Tax Reform: Proposition 13	149
	[Tape 8, Side A]	153
	Limits on Powers of the Legislators	155
	Proliferation of Committees	157
	Senate Race; Board of Equalization; Ethics	158
	Government Service: Rewards, Disadvantages, and Contributions	162
	Community Activities	164

VI	BACKGROUND INTERVIEW WITH C. MICHAEL THOMPSON: LEGISLATION OF LOUIS PAPAN	166
	[Session 1, April 29, 1988, Tape 1, Side A]	166
	Children's Issues	166
	Consumer Affairs	168
	Education and Finance	173
	Health Care	175
	Pay Raise for State Legislators	177
	[Tape 1, Side B]	178
	Capitol Restoration and Pensions	178
	County Issues	178
	APPENDIX: Papan: Chaptered Legislation	183

## INTERVIEW HISTORY

### Interviewer/Editor

Carole Hicke

Interview/Editor, State Government Oral History Program  
Director, Pillsbury, Madison & Sutro History Project  
Director, Morrison & Foerster History Project  
M.A. San Francisco State University (history)  
B.A. University of Iowa (economics)

### Interview Time and Place

March 4, 1988: one-and-a-half-hour session  
March 21, 1988: one-and-a-half-hour session  
March 29, 1988: two-hour session  
May 31, 1988: one-and-a-half-hour session  
All interviews took place in Millbrae, California  
Interview with Michael Thompson: April 29, 1988, Sacramento,  
California: one-hour session

### Editing

Hicke checked the verbatim manuscript of the interview against the original tape recordings, edited for punctuation, paragraphing, and spelling, and verified proper names. Insertions by the editor are bracketed. The interviewer also prepared the introductory materials.

Mr. Papan reviewed the transcript and approved it. Mr. Thompson also reviewed the transcript of his interview and approved it with minor corrections.

### Papers

No papers are available for deposit in the State Archives.

### Tapes and Interview Records

The original tape recordings of the interviews are in the university archives at the University of California at Berkeley along with the records relating to the interview. Master tapes are preserved at the California State Archives in Sacramento.

## BIOGRAPHICAL SUMMARY

Louis J. Papan was born on August 2, 1928 in Springfield, Massachusetts. He attended grade school and high school in Springfield, then received a B.A. degree in Economics from Syracuse University, 1951. He graduated from the Federal Bureau of Investigation Academy in 1955.

Mr. Papan was in the U.S. Army 1946-1948 and in the U.S. Air Force 1951-1953. He worked as an agent for the FBI 1955-1958. Since that time, he has resided in San Mateo County, California, where he owns an insurance and real estate brokerage firm. He has been a Daly City councilman and served as vice mayor of Daly City 1969-1972. He has also served on the Regional Planning Commission for the Association of Bay Area Governments.

Serving as a Democratic assemblyman in the California State Legislature from 1972 to 1986, he was the first freshman legislator to serve as speaker pro tem 1974-1976. He was chairman of the Rules Committee from 1976 to 1986, and was a member of the Assembly Finance and Insurance Committee, the Transportation Committee and the Policy and Research Management Committee, as well as various subcommittees.

As an active participant in community activities, Mr. Papan is a member of the San Mateo County Mental Health Association, the California Society of the Neurologically Handicapped, the Peninsula Association for Retarded Children and Adults, the Society of Former FBI Agents, the Sierra Club, the Commonwealth Club, and the Syracuse University Alumni Association.

[Session 1, March 4, 1988]

[Begin Tape 1, Side A]

I. BACKGROUND: EDUCATION, EMPLOYMENT AND LOCAL POLITICS

Childhood in Springfield, Massachusetts; Syracuse University<sup>1</sup>

HICKE: Well, I wonder if we could start this morning, Mr. Papan, with a little of your background: your place and date of birth, and something about your family.

PAPAN: I was born in Springfield, Mass[achusetts] on August 2, 1928. I'm the son of Greek immigrant parents. Dad had a restaurant in Springfield, and my mother worked in the garment industry for some forty-eight years. I would say my background was that of a middle-class working family. I was educated in the school system of Springfield, Mass., having gone to grammar school there and Springfield Technical High School. In Springfield, the school system was divided into four high schools with open enrollment: commerce, classical, tech, and trade school. I chose to go to a technical school.

HICKE: What did you study?

PAPAN: It was a college preparatory course, with the emphasis on mathematics and the idea that you were going into engineering. The war precluded many of us from continuing our education in

---

1. All bills mentioned in text that were carried by Papan are listed in the Appendix.

the engineering field, because I for one went into the service just out of high school at age seventeen. The war had just ended; we were being equipped to. . . . I had passed the examination for pilot training and the army had more pilots than they knew what to do with. So I ended up getting infantry basic training and then going out to Fort Sam Houston, where I served in the pharmacy at Brooks Army Medical Center. On discharge, I returned to Springfield, Mass., where I decided to go on to college. I enrolled at Syracuse University, graduating in 1951 with a B.A. degree in economics.

HICKE: How did you happen onto economics?

PAPAN: I think the motivation for going to college at that time was that I had no real plans on what to do. The question was, would you major in psychology, political science, or economics? After having a couple courses and doing very well in those courses, I thought that my interests lay in the field of economics. It was not by design at all; it was just a question of getting a major, getting four years behind me, getting a degree, and then going on to areas of interest that I felt I've always had; and that is, I wanted to be in business for myself. I wanted to make as much money as I possibly could.

#### Early Entrepreneurship

HICKE: So that was a long-time ambition? You knew where you were headed?

PAPAN: Well, yes, and I think part of my interest in economics, of course, was the fact that I worked in the thirties as. . . . I had my little business of shining shoes, and I was very successful because I had postured myself in a cafe called the Lincoln Cafe, right across the street from the Butterfly Ballroom. At that time, ballroom dancing was a big thing. Wednesday night was Polish dancing and Saturday night was regular dancing.

HICKE: The Big Bands?

PAPAN: The Big Bands. I was doing a roaring business as a shoeshine boy, and I got to know the people that owned the bar. There's [ ] Ernie Fowler and Eddie Galvin. They took a liking to me. They knew they couldn't keep me out of the bar, so they decided, well, let him stay. It became almost a father-son relationship. As a matter of fact, those two days that I would be working there, I'd have to get home by 9:30 because they would throw me out. I was making, I think, back in those days, more than my father. So there was an economic interest. People were earning twelve dollars a week. Between cleaning the bar on Sundays and shining shoes, I was making somewhere around thirteen, fourteen.

HICKE: That's amazing, during the Depression years.

PAPAN: I did very well. I continued until the war broke out, and I continued doing it, I think, until 1945.

HICKE: You've certainly had an entrepreneurial spirit from the beginning.

PAPAN: Very early. So I took that money. The family didn't need the money. My mother felt that it was mine, so she put it in the bank. I bought small telephone companies with the savings. I must have had somewhere around \$4,000 in savings.

HICKE: Local?

PAPAN: No, General Telephone, International Tel [Telephone], Cal [California] Interstate Telephone. They were all small telephone companies. I think I paid \$33 a share for General Tel. In three years, from after I got out of the service—1948 to 1951—it had split enough times so it was worth \$12,000. I bought International Tel for \$11 a share. So it provided me with a good nest egg, because that stock. . . . I sat down once in 1958 or '59 and computed had I kept the stock, that \$4,000 would have been worth about \$550,000. But that money I used to

go into the parking business when I left the FBI [Federal Bureau of Investigation].

ROTC (1951-53); FBI (1955-58); Parking Business; Real Estate and Insurance Business

PAPAN: So as I said, I graduated in '51 and went back in the service for two years as an air force officer. I didn't have to, but I was ROTC [Reserve Officers' Training Corps]. I was getting \$75 a month under the GI Bill, and another \$28 a month in ROTC. So the day I graduated was the day I was ordered back into the military for another two-year hitch. Then I got out in '53.

For a short time I went to Georgetown [University], and then applied for a job with the Department of Justice as an FBI agent. So in 1955, I went into the FBI, and I stayed there until 1958. In the FBI, they were the ones that sent me to San Francisco. I stayed here and was transferred to Chicago. I went to Chicago and stayed five, six months, and came back to California. I decided that I wanted to be in California, and it was more important that I settle here than any job that would be offered me. So I came out and I was offered a job as chief of security for Aerojet [Corporation], which I did not accept, because I didn't want to work for anybody anymore.

I went into the parking [lot] business, and I got a real estate and insurance license. I met my wife who was going to Mills [College], and we were married in '58. We had three children. There are two now; we lost a boy in 1980. He had a stroke at a very early age. But it taught us a lot; he taught us a lot about life, all of us, because there were twenty-one years that he had an awful lot of pain and suffering. It did provide some of the sensitivity that we possessed going into public office.

Daly City City Council; Vice Mayor

PAPAN: Then I ran for the city council in Daly City. The way that evolved was that the city of Daly City came to plant the backyard of my home. I owned the land down to Lake Merced Boulevard. I said, "Go ahead; I have no problem if you want to beautify the city." After they planted it, I began to lose the yard. So I called the people and . . .

HICKE: How do you mean?

PAPAN: Well, the rain was washing it down. So I called them and one of the underlings came and he said, "Yes, there's a possibility that we disrupted the hill sufficiently so that you're having a problem." I said, "That's fine." He said, "But I'll have to check with my supervisor." I said, "OK." Well, the supervisor came out and he looked at it. He said, "Well, there's a possibility we're not going to do anything about it." I said, "OK, I'll take care of my own problem. But I want you to know one thing. In the next city council elections, I'm going to run." I ran for the city council and I lost. It was a rehearsal, as far as I was concerned, that first time out.

I ran again the second time, and at that time, [Assemblyman] Leo McCarthy was vying for speaker. So he needed to get people elected to the assembly who would commit a vote to him after they were elected. So he sent [Assemblyman Arthur] Art Agnos into the campaign. Art ran my second city council race, and we won. I stayed on the city council about two and a half, almost three years. Leo Ryan at that time was the assemblyman, and he wanted to go to congress. So he ran for congress and he won. When he gave up the assembly seat, I ran for his seat. That was in 1972 that I was elected.

HICKE: Let me just stop you a minute. You were vice mayor also of Daly City?

PAPAN: Vice mayor of Daly City. I held that position, I think, a couple times, as I recall. We didn't have a rotation of mayors, so I was perfectly content to be vice mayor. It was my first exposure to politics.

I think a very important part of understanding the mechanism of government is in a city council: when you're one of five people, the magic number is three. I felt that if any issue had three votes, it was kind of useless to be a voice in the darkness. It would, I think, serve the city better to show a unanimity that speaks well of a city council. So when we would air the issues, we had study sessions. We had plenty of opportunity to air our views in the attempt of getting three votes. In order to have a smooth-running city council, you'll find the city of Daly City, most of the members, once three votes had been attained, the balance of us used to cast our eye votes. It wasn't a question of playing politics just to satisfy a minority view.

HICKE: So are you saying that perhaps you honed your negotiating skills here?

PAPAN: In the city council, yes. It was my first time out. This was, I think, an important part of what helped me when I got into the legislature.

I think another important thing was all the history that I gave you. I have a strong feeling that people should examine what individuals do with their respective lives before they are elected to public office. I was forty-two years old when I was elected, and had done a lot with my life at that point. I feel and felt very strongly that it helped make me what I was, and helped a great deal in my ability to represent my cities and my assembly district in the legislature. What a person is, the total person, should be examined thoroughly. With the exception of the three years I put in the FBI, I had very little exposure to government.

Managerially, I could say that as an officer, you get a certain amount of exposure with respect to managing people. You know, an awful lot of the things I did served me well as a legislator. I think people should look at that. I remember meeting with Leo Ryan, and realized how politically aware he was, because I think he was a schoolteacher and he had less exposure to the business side of life. I thought that that was one of my strong points. I was in the real estate and insurance business, and . . .

[Interruption]

PAPAN: When you're leaving a secure job, as I did in 1958, and then go into business, the real estate and insurance business, it gave me a dimension of understanding what it is to have to continue the hustling that I remember as a boy in order to keep the family together. I was very successful in the real estate and insurance business. So I felt very financially secure. By the time I ran for public office, say, statewide where it becomes a full-time activity, I was financially secure.

I worked very hard. It was a new area to venture out into. I invested that same money that I earned initially from the stocks and the shining of shoes and the parking business. I had nine parking facilities in San Francisco along with the real estate and insurance business. I had a laundromat. So I was diversified sufficiently so that I had a steady income coming every month. The financial security allowed me the privilege of running for public office, and continuing to run. Because surely it wasn't the salary.

#### Philosophy on Backgrounds of Public Officials

PAPAN: I would advocate along with examining the background of the individuals that run for public office, I certainly would ask to examine the success that they've experienced in their lives.

We should be electing people who feel financially secure, or that are financially secure through their efforts. I'm not saying that we should strictly rely on that, but what I have experienced in being in the legislature was that an awful lot of people presently being elected are coming out of government service—staff people and the like. Some of those are very capable people; I'm not going to take that much from them. But they surely don't have the advantage of understanding the problems of individuals who have to risk their own money and risk their own time and do something with their lives prior to running for public office. They have an advantage, is what I'm saying, that others do not have that come out of school and seek government employment and stay within the government ranks.

HICKE: I just heard a segment on the radio this morning about Rome's political campaign financing. In the days before Caesar, only the very wealthiest Romans could run because it was a citizen's service, and no pay was given to them at all. And eventually, then, people started wanting to run for office that couldn't actually afford it. So then they started getting some help and so forth. It seems to me we have the same sort of problem today, that if you have a person who is able to support himself, then he doesn't need campaign financing; but then on the other hand, that leaves a lot of people out.

PAPAN: It does leave a lot of people out. You know, we can say, I think, and be in agreement, that we should in some instances assess the total person: what they've done with their lives and how successful they've been, or the lack of success.

Then also—and it's very hard to do—when you're a second-generation American and you've done it pretty much on your own (and there are a lot of people who are second-generation Americans and there are a lot of people who have done it on their own), I'm hoping that they bring, because of that

experience, a sensitivity. I think what's missing in many of the people that we elect is that they're bright, they have a willingness to serve; but the sensitivity is a special ingredient that I don't always find to exist among many of the people we elect. Maybe the sensitivity comes as a result of having lived in the Depression.

I might digress a bit to say that the biggest force for me in being a Democrat was the fact that I had trouble understanding how we allowed the business cycle to go rather unchecked as we did in the thirties. A lot of our people suffered in the thirties. Then when the forties came along—this was the question—using the same people and the same resources, we were able to fight and win a major war. Why was it that we couldn't respond to our people in the thirties in the same fashion, using the same resources?

So it gave me a strong feeling that from time to time the economy does break down, and that because I am also a Keynesian in philosophy, government has a big role to play in the managing of the resources, both human and natural resources. I say management because the word "planning" tends to stigmatize. Management is a more capitalistic term. So we're no longer a young economy; we're a mature economy. A mature economy requires management, and that management might be the three-, the five-, the ten-year cycle. We can no longer just allow ourselves the luxury of drifting and seeing problems just kind of surface and then respond to the problems. We're going to have to anticipate the problems. So I'm saying that we should be electing people that have a sensitivity to people and an understanding that the government has a role to play.

HICKE: And this is the solution you've found to the problem of not being able to deal with the problems of the thirties: proper management was able to capitalize on our resources?

PAPAN: Right. That partnership between the private and public segments, not the antagonism that once existed and the phobia that was educated into many of us that government is bad. It's just not the case. I think that government is a full partner, and should be. It should be the stabilizing influence in a society, and it should be the vehicle for responding to public need. I don't see the private segment as being able to do that alone. So I accepted the fact that government in most instances is good. I think that that generally was what made me, as an individual, respond to the concerns of people and also to be very critical of others who didn't show the kind of sensitivity necessary to serve an electorate.

HICKE: How did you go about campaigning with this philosophy?

PAPAN: The campaigning aspect of it, Carole, is very tough. Because built into our form of government is an apathy. The apathy is . . . . [Pause]

HICKE: On the part of government or people?

PAPAN: On people generally. I can say in most of my elections--and there were seven of them in the legislature--the majority of the people stayed at home. That apathy is something that's built into our form of government. To communicate to the electorate many of the things you feel, so that they can better understand you--I found that to be almost insurmountable.

As a result of my inability to reach out and see if I could generate interest sufficient to overcome that apathy, it cost a lot of money early on; and then when I tried to run for the senate, it turned into one of the most expensive campaigns. I think somewhere along the line, things have gotten twisted; twisted, in the sense that we, as a people, at this point in time, have turned into a people looking for instant solutions to very complex problems. We've been spoon-fed with TV [television], people are reading less, and generally there's

less interest in a democracy by most people, unless they're directly affected.

To give you an example, I remember Proposition 13.<sup>1</sup> I felt. . . . Are we going all over the place, or are we following what you would like to hear, Carole?

HICKE: We don't have to do this chronologically. If this comes up and this is an appropriate time, let's talk about it.

PAPAN: All right. Well, I was pointing up the apathy of the electorate. Proposition 13 I think was a very justified concern that the citizens had that many were being taxed out of their homes. I remembered having discussions and remember having very strong arguments with Leo McCarthy, telling him that we're going to have to respond to the concerns of these homeowners. He would cite that on two previous occasions, any property tax limitations were defeated by the voters. I used to say to him, "Well, that's not what I'm reading out there."

So Proposition 13 came into existence, and I think it was justified. But it does reflect the electorate. It's just an excellent example of what the electorate's like. They were willing to pass Proposition 13 when it impacted their homes. Only 35 percent of the taxes were generated by property taxes on homes. The other 65 percent went to the biggest taxpayers to the state. We shifted \$5 billion to the federal government by passing Proposition 13.

When we passed that measure, it was in a June election. In April of that same year, we had municipal elections in many of

---

1. Proposition 13 was passed in June 1978. It is called the Property Tax Limitation Initiative. It is officially cited as California: Constitution, Article XIII A.

the cities in California. In the city of Daly City—I think I'm correct on these figures—the electorate went to the polls in the April elections. I think, somewhere around 21 percent, 22 percent of the people voted to elect the city council that collects the property taxes in order to run the city of Daly City, a city of some 80,000 people. In June, in that same election for Proposition 13, in that same city, about 70 percent of the people went to the polls, 71 percent. That gave me to understand that the electorate generally isn't concerned until they're directly affected or have something to gain.

It is a sad state of affairs, because since '78, we've had what I think is a dismal record in the legislature. We had an election of a lot of people who thought that they had a message from the electorate. Most of those individuals were young people who were Republicans—we had a large class of some fourteen newly elected Republicans to the legislature—catering to the idea that there is that apathy out there. They got themselves elected as though they exclusively had the message from the electorate.

Since that time, our subventions to education have fallen terribly. We've been unable to respond to the needs of people because we elected individuals who have come to realize that most of the electorate is looking for instant solutions to complex problems, oversimplifications. The news media generally has catered to the same thing.

So we have a situation where a lot of us who would like to see California meet many of its needs—its educational needs, its help to the blind, aged, and disabled—many of us feel that we cannot respond any longer to those needs because of the election of these individuals, because of an electorate that is not informed sufficiently to understand that they're going to have to give the election process more time; and they're going to have to begin to understand that it's very important to them

that they elect people who, again, exhibit sensitivity to their needs.

This is the discouraging aspect and one of the reasons that I had felt strongly that I would have liked to leave the assembly and go to the senate, where the body was a body of forty, as opposed to a body of eighty. Generally the assembly is the place where individuals have already been honed to the process, and partisanship [in the senate], although it exists, doesn't exist to the degree or extent that it exists in the assembly. I'd had enough of that activity.

## II. EARLY DAYS IN THE LEGISLATURE

### Reasons for Running for Public Office

HICKE: Well, maybe we should go back to your campaign in 1972.

PAPAN: OK.

HICKE: What specific issues did you run on?

PAPAN: The issues I ran on in '72. . . . Of course, the biggest advantage was that there was a vacant seat. It was a heavy Democratic registration. I ran on the basis of what I was as a person. I could show you. . . . I think I might have some of the stuff. So the issue I ran on in those days was the unresponsiveness of city government to the needs of people, citing, of course, the example of what happened to me with respect to my backyard going down a cliff and the city not even taking the time. . . . I was entering a period, then, too, where my children were in school. I had a handicapped youngster, who started out a normal youngster and became handicapped. I realized the limitations of the school system. We had neurological school there, and I saw some individuals who were underpaid and others that were overpaid. I felt the inequities generally that existed.

Oh, yes, when Ryan decided to run for congress, there was a particular instance that caused me to really realize I was in city government and I couldn't do very much. Evaluating my youngster by teachers—parents could not be a part of that evaluation—just grated me to no end. So I thought about that and thought about it. I said, "If I'm ever elected, I'm going to change that." And I changed it after I was elected. They had to include parents, limited as parents can be at times; but you have to accept those parents strictly on the basis that they are the parent of the child. You're not going to select them, let's say. That was probably one of the singularly most personally satisfying activities, but one of the inducements that caused me to run for the assembly as I look back on it now. It gave me to understand that you can effect change. The best way to effect it is to be in the process. Now, where were we again?

- HICKE: Well, a lot of people would just throw up their hands and say, "I'm just one person; I can't do anything about it."
- PAPAN: Yes, well, in running the first time for the city council—you asked me about that—again, I cited that I was a son of immigrant parents. Some of the funds for running for the assembly came from the ethnic types. This is one of the advantages that somebody who has some ethnicity can draw from. You haven't been totally assimilated. So they identify with you and want to, with pride, point out that "here's our favorite son running for office. He has a contribution to make." So I was able to get some financial support from the Greek immigrants.
- HICKE: And also Art Agnos.
- PAPAN: He did the same thing. He's from Springfield, too, by the way.
- HICKE: Oh, is that right?
- PAPAN: Yes. His mother came out, and of course, he was working with the NAACP [National Association for the Advancement of Colored

People]. I didn't know it was his mother, and I didn't put them together, because he has a much longer name, as I do. She prevailed on him to bring him. . . . He came out to the house. At that time, I was a Republican.

HICKE: When are we talking about now?

PAPAN: This was 1968. His mother came out from the East Coast, and she said, "Well, there's a kid from Springfield here." I think maybe he said, "Oh, why do I want to go? I'm a single guy; he's got a family."

[End Tape 1, Side A]

[Begin Tape 1, Side B]

Change to Democratic Party

PAPAN: So he came out to the house. We got acquainted, and got into some pretty heated discussions, social issues. He was far in advance to me on those, because he was out there dealing with the NAACP. I had come out of the business community. I classified myself as a moderate Republican in those days. I changed my registration to support. . . . I don't know what it was exactly. [Inaudible.] I just didn't feel the Republicans were being fair to some people. So I was not so party oriented. All my life I was a Democrat from early on. Being a [President Franklin Delano] Roosevelt-era person--nobody was greater than President Roosevelt. . . . Then [President] Harry Truman had to come along and throw a wrench into that view. I had a lot of the things that I was concerned about, so I changed my registration from Republican to Democrat.

HICKE: So you were a Democrat growing up, and then you became a moderate Republican coming out of the business community.

PAPAN: Right. Then Art turned me around again. So it wasn't that I'm so hung up on any party affiliation. But then when I became a Democrat, when I left the legislature, I don't think there's

anybody more partisan than I am, as far as being a Democrat. I saw, over the fourteen years of [being in] the legislature, the inadequacies of the Republican party. Frightening as they are for me at times, I could never feature ever going back to embrace the people that make up the Republican party. I'm just very critical of them, as a matter of fact.

So I got elected on the city council again, because I felt there was a lot of dissatisfaction over the way things were being done in Daly City. I was an outsider. You got on the planning commission and you got elected to the city council. I too played up the dissatisfaction as a method of getting myself elected—but not to the point where I was not received well once elected. I wanted to make certain that in fact there was never any antagonism. I never experienced any, and I never gave any in my time. I felt I ran a very positive campaign.

#### BART and ABAG

PAPAN: It worked well for me, because when I got elected to the city council, my effectiveness depended on two other people. Once you had those three, you could go forward with things that you felt needed changing. In city government, you're usually responding to a particular situation. I remember passing legislation for redevelopment. BART [Bay Area Rapid Transit] was coming in and we wanted to bring the redevelopment area in. I was instrumental in promoting that. I was also a member of ABAG [Association of Bay Area Government] when I was on the city council. So I got a regional feel for the concerns of Daly City and a lot of the other cities that make up the Bay Area.

HICKE: Were you involved in San Mateo County's turning down the BART extension?

PAPAN: No. San Mateo never really turned it down; it never came to a vote. The reason I was opposed to that. . . . I'm very much supportive of the idea that we should have been a part of BART.

The opposition I had was structuring the financing, where you look into the property taxes. We don't have the base in San Mateo County that San Francisco has or Oakland has, Alameda County. We're primarily a bedroom community, living in the shadow of San Francisco. And people were up to their ears in taxes on their homes. You can't look to the property taxes, to the homeowner, to support a BART system. I objected to it on that basis.

I am supportive of an integrated rail system throughout the greater Bay Area. But the property tax is not the place to look with the kind of burden that that has created already in the case of San Mateo in their homes. It was just not the way to go. You could look to a portion of it, but even that was too much. That's why Prop. 13 came into existence. San Mateo County does not have the tax base that the others do.

So they never really turned it down. I did facilitate the expansion of—and advanced the money in city council to expand—the garage. They anchored the BART system in Daly City with inadequate parking. So we advanced it and facilitated the building of one of their biggest garages. We were very fortunate to get it anchored in Daly City. Then also, even in the legislature, I worked to see to it that they be allowed to extend into Colma. Here's people, the best of engineers, who design a system with no turnaround and no yards to store the equipment. That's incredible!

So if you're asking me, where do I want to go with BART, I want—and I've always said it—an integrated system. And I want very much some of the funding for this system to come from the federal government. I'm sure that San Mateo is willing to pay for a portion of it, but not to look to the property taxes to do that. That's been my position from the very beginning.

I also took on SP [Southern Pacific Railroad] when they were looking for a 111 percent increase in the riders' fare and

the commuter line. I took them to task, and I was the one that brought CalTrans [California Department of Transportation] in to preserve that line. Because I feel strongly that there's going to come a time when the availability of gasoline will be in doubt, and also at a price that people can afford. So preserving that line is essential.

I also have come to realize early on that the automobile is obsolete. That's why I'm a strong supporter of BART. If you're talking about the height of the commute hour, to cross over to Oakland at the height of the commute hour by automobile, it will take you in some cases thirty-five, forty minutes, if not longer, when you can do the same thing in seven minutes. It tells you that the automobile is obsolete. This has always been my position: to see if we can enhance transportation. But I must know where the money is coming from; I just can't ask homeowners to subsidize, at least in Daly City or at the north end of the county. I also was instrumental in passing the bill with [Assemblyman] Dixon Arnett that established a transit district for San Mateo County.<sup>1</sup>

#### Retirement Committee

HICKE: I think we want to get all these stories in much more detail. But let's start with your first days in the legislature. Who was in your class and what were your responsibilities?

PAPAN: Our class was about ten or twelve people. I think at that time, I was put on the Revenue and Tax[ation] Committee and the

---

1. A.B. 2901, 1974 Cal. Stat. ch. 502, p. 1148.

Transportation Committee. It was the beginning of the learning process. Then I became chairman of the Transportation Committee.

HICKE: You were also on Retirement?

PAPAN: Yes, and I've been on Retirement almost the full time that I've been in the legislature.

HICKE: What did you do when you were on those committees?

PAPAN: Well, I would vote on bills. On the Retirement Committee, I don't remember casting too many "no" votes. I'm very supportive of rewarding the work ethic. So it was a committee that was consistent with what I feel strongly about and probably the conservative side of what I feel. There were many of my colleagues up there who wanted to talk about the work ethic. When the time comes to reward that work ethic, it's not there. They don't have the sensitivity to say, "Wait a minute. If you're a Republican, these are the people that sent me there." I've been mouthing as a Republican saying—not I, but they—"Here's a chance to reward people instead of always knocking the freeloaders." So when I stayed on that Retirement Committee, I had a lot of fun probably casting all of the "aye" votes in support of people who could enhance their retirement.

HICKE: Is this like the state teachers' retirement and public employees' retirement?

PAPAN: Yes. The labor unions were very interested—at least the state employees—have always been interested in the Retirement Committee, and I was able to contribute a lot of insight. I was able to assist them in passing a lot of legislation to help state employees.

HICKE: Maybe we can talk about that a little bit more. Can you tell me what some of the problems were and what some of the major legislation was that you carried?

PAPAN: Well, in '73, I didn't carry much of the legislation. I was trying to get my feet wet. As I recall—I don't know how many

bills I had, but I don't think there were more than twelve or fifteen, none of which were in the retirement area. I sat on the committee and was listening to others. This particular committee is usually. . . . The numbers favor the Democrats, as most of the major committees now, in order to accommodate the concerns of people who come with bills before that committee. Usually the state employees have a major interest.

Early retirement was one of the bills that I introduced for teachers,<sup>1</sup> because I felt we had too much debt with respect to the teaching profession. Some teachers burn out earlier than others. I kind of felt that rather than be cruel, leave them an option for early retirement. I remember introducing a bill for fifty-five-year-old retirement. Nothing compulsory, just optional, so that teachers who felt that they were burned out could go out. The administrators strongly opposed this. I think that was one of my early bills. I do advocate that there be no age factor in retirement.

HICKE: Why did administrators oppose this?

PAPAN: Well, because they felt that their contribution to the retirement plans would. . . . The state teachers' retirement, for example, is not on sound footing. It won't be until the year 2020.

HICKE: Financially?

PAPAN: Yes. So actuarially, they were concerned that the money was not there. Sometimes they made no sense in their objection. They put money ahead of the idea that a teacher may feel she wants to go out and her effectiveness is in doubt. So they were the people that opposed me in that regard. I remember carrying—I can't be specific enough to tell you—an awful lot of

---

1. A.B. 674, 1977-1978 Reg. Sess., Cal. Stat. ch. 670, p. 2187.

legislation, I think, could be. . . . If somebody were to go back, from '73 on, I carried a lot of legislation in that area.

HICKE: Other than administrators, where did opposition come from?

PAPAN: It was usually them. Some of the school boards would come up. School board individuals who were Republicans would appear and say, "Well, we just can't afford it." In some instances, they couldn't afford it, but not everybody was going to retire at once. They would get the benefit of hiring somebody at a lesser scale. You get a teacher who has some tenure there, you're paying her or him more money.

They just become unreasonable. The minute you want to enhance retirement, you get a flock of people who always object to any kind of increases. The sad part of it is, [we have] only 1 1/2 percent per year increases in the state teachers' retirement for teachers that are retired. Two percent, I think it is. It's just unreal; teachers are retiring and are barely able to make it. So I tried over the years to enhance the retirement benefit to them.

HICKE: How were you able to get the legislation passed?

PAPAN: Legislation passes oftentimes as a result of your personality. A lot of legislation passes also depending on what committees you are chairing, or what committees you're a member of. Because I may come to you, Carole, and say, "I'm very interested in this bill." I present you all of the arguments for it, and you say, "Well, you know, I have a real problem with it." You're not supposed to trade votes, but you can always say, "Well, that's OK." When you say, "Well, that's OK," they're reviewing in their mind what bills they have in committees that you're sitting on. So there's a subconscious exchange there, depending on how forceful they see you.

So all you have to do is teach them one lesson, and that is, they'll come up with a bill and you'll hack that bill to death on them. You don't have to remind them what they did to

your bill. So if you're good at tearing one of their bills apart, the next time they're a different kind of vote. It's all a very subsurface interreaction. You don't have to make any threats; you just wait for one bill that they want.

What is common practice, also, in the legislature--and you learn that early on--is that there are district bills. Those district bills are usually courtesies extended. So you'll grant an "aye" vote if it impacts a particular district, whether it be Democrat or Republican.

These are the lessons you learn when you first start out. And if you develop a rapport with your colleagues, and if they come to realize. . . . I think the biggest thing in the city council is that your word is the only thing that you've got going for you. If you're a person whose word is good--good in the sense that once you commit that you will go through with it--in the event you should change your mind, I think you have a duty only to go to that person and ask that you be relieved from that commitment. Usually they'll say OK. But if you don't do it, then you begin to develop a reputation that works against your effectiveness as a legislator. It was a learning process, I think, '73 and '74, for me.

Key People: Leo McCarthy; Bob Moretti; John Foran; Governors Reagan and Deukmejian

HICKE: Were there people that you remember specifically learning from?

PAPAN: Oh, yes. I think the speaker. . . . Well, Leo McCarthy was, I think, singularly the biggest force because he was my seatmate. We were seatmates for a long time. There is an impatience sometimes built into a lot of us. He has the tendency of being someone who could subdue my impatience. Leo McCarthy is a very calculating person, very political. He has control of himself at all times. Sometimes that's good and sometimes that's not so good. But he does exhibit a sensitivity different from other

people's style of sensitivity. He has it, but it's also a very calculated sensitivity, very different ingredients from those of us that come from the Mediterranean.

HICKE: He knows the effect of what he does?

PAPAN: Oh, yes; he's got great ability to read beyond. So I would say my contact with him helped develop me as a legislator. It was all very favorable.

I was in Europe, I think, in 1974. I get a call in Greece. At that time, [Assemblyman] Carlos Bee died. It was decided that I was going to be speaker pro tem.

HICKE: It was decided?

PAPAN: Yes.

HICKE: Can you elaborate on that a little bit?

PAPAN: Well, I had served two years there, almost two years. They realized that I had. . . . McCarthy and some leadership there had come to realize that I was a straight shooter. Sometimes we shoot from the hip, in my opinion, but I was there. There was to be no question from anybody that didn't know where I was at a given time on a given subject. So they looked around and they said, "Who are we going to make speaker pro tem to preside?" They chose me, and they called and said, "Would I accept?" I said, "Sure, I would accept." Then I came back and I was speaker pro tem. Well, that immediately projected you into the forefront.

HICKE: That seems a bit unusual for somebody having been there only two years.

PAPAN: Yes, the first time, I think, that anyone was elected speaker pro tem as a freshman. Some of it's luck, too, Carole; you're at a given spot in a given time. I remember Leo Ryan, who died, had a perfect chance—and it's unlucky for him and lucky for others—to run for congress. The unlucky part for me was that I couldn't leave a family that was in high school and a boy that was very sick to run for congress. It's perfect timing in the

sense that you don't have to put up your seat to run for congress. So if you lose, you still could be in the legislature. But I couldn't leave my family to do that. So I lost an opportune moment, but I imagine that exists with a lot of people in politics.

So I think Leo McCarthy probably, because he was the one I was closest to. Then I was able to get to know [Assemblyman Robert] Moretti, who was the speaker at the time. We hit it off nicely. He had a very profound warmth for people, and he and I became very close friends. So part of the activities in the legislature are friendships, too. Your personality is a great part of your effectiveness. Your sincerity. If they think you're someone who's not sincere, they're going to cut you off.

Moretti and I just hit it off nicely. He ran for governor. Because [San Francisco Mayor Joseph] Alioto had come and spoken at a dinner of mine when I first ran for the assembly, I felt obligated to support Alioto for governor. I went to him and told him, "Look, Bob, you and I are very close friends; but I'm going to have to support Alioto because he came to a fund raiser for me." I was the only one on the legislature that supported him. In running for the senate the last time, I asked him for support and Alioto didn't give it to me. [Laughter] These things happen; these are the things that work against someone. I don't remember doing that to people. They always knew where I was at a given time. That's one of the reasons you were able to move and be effective in the legislature. I wouldn't do that. But not everybody thinks as you do.

HICKE: Anybody else besides Moretti and McCarthy?

PAPAN: I think [Assemblyman John] Foran. We had a mature legislature, both in the senate and assembly, up till 1978. Mature with respect to age. The partisanship was there, but it was not what post-13 and post-Proposition 9 did to the legislature. It was devastating, totally devastating. We had [Governor Edmund G.]

Jerry Brown [Jr.] come in. In '74 he came in. I served two years with Governor [Ronald] Reagan. Both houses were controlled by the Democrats.

Governor Reagan: I thought he learned well. As I was learning, I could see how he was learning. Moretti had a good rapport with him. I think probably one of the biggest reasons he has been as effective a president as he has been is the fact that we taught him all the things he knows. [Laughter]

HICKE: Do any specific examples come to mind?

PAPAN: We used to have caucuses, I remember, with Moretti leading the caucuses. We figured ways to bring the governor around. He had some lousy appointments, as I recall. His appointment of secretary was lousy. I only had two years with him; others had worked it out for six previous years. So I could see his last two years in office that we had a good rapport with him, that we could bring pressure to bear on him. He understood legislative pressure.

He was somewhat of a showman, even back then. But we were able to get bills through him. He wasn't as arbitrary in the vetoing of bills.

HICKE: You were able to change his mind? Is that what you're saying?

PAPAN: Oh, sure.

HICKE: What took place in the caucuses?

PAPAN: We'd always discuss at great lengths how to get around his rigidity. So if he had certain bills that he was interested in, we would go slow on those bills; we wouldn't react to them too well. Of course, he'd bring up his concerns about bills at times, and we'd say, "Well, we have concerns here." He understood the workings of signing legislation.

He was good at it. He gave the Democrats more than this present governor did, [George] Deukmejian. Here's a guy who serves seventeen years in the legislature. And if I were to compare my two years with Reagan, I thought Reagan was a better

student of the process than Deukmejian with seventeen years serving in the legislature and then becoming governor. I think this individual should have a better knowledge of the way things work in working with a legislature that's not of his party.

If I could just enlarge upon that a bit, I could say this generally: the challenge that a person in the minority party has is to work around the numbers when they don't favor you. Don't make idle threats, threats that you can't fulfill because you don't have the votes. Same thing with the governor. He or she should think in terms of how to best get what you want from a legislature that is not of your choosing. I don't think Deukmejian has that. Reagan surely. And when Brown got elected, we were very protective of him. Even though we couldn't agree with him at all times, we would tend as a majority party to protect that governor. I think that's beholden to a party to protect its chief executive.

HICKE: Again, can you give me some specific examples?

PAPAN: Yes. Well, the most recent one, and I'm not a party to it, is the incumbent process. The governor appoints and you need the necessary votes in the senate to get the person confirmed. There is some deal making oftentimes. I hate the word "deal making" because it carried a connotation. There are understandings that are reached. Deals have a tendency to stigmatize the process. You don't exchange votes, but by the same token, understandings are reached without exchanging votes. You're interested in this, and we are not really hung up on it.

HICKE: It sounds like just good negotiation to me.

#### Rules Committee

PAPAN: That's a better term, Carole. Everything is so open. Oh, yes, speaking of openness, there is no legislature, I think,

anywhere any more open than the California legislature. I think I was instrumental in bringing that about.

HICKE: How do you define open?

PAPAN: The press sits in on everything. And the records are all open. I managed as the chairman of the Rules Committee to open up the process. So everything is a matter of public record. I had a hard time pushing that through, but felt it important. There's no reason not to keep it open. It's very important; it serves us well. Sometimes there are distortions. But that's one of the risks. The news media will tend to distort. Your respect of that is important to maintain an openness. It's also important that we include the fourth estate in every area, even if there are down sides to it. Absolutely essential.

I remember the fight I got into with the legislature, and I'm digressing again.

HICKE: That's fine; that's what we're here for.

PAPAN: After the capitol was restored, because I led the restoration and took an awful lot of heat. . . .

HICKE: Well, I want to get that whole story.

PAPAN: Yes. They didn't want to seat the press on the main floor. Traditionally the press had desks along the outer perimeter of the assembly and in the back of the senate. I had nothing to do with the senate, but in the assembly--because I feel the fourth estate is important--I had to fight every member of the legislature, almost, on the seating of the press on the floor of the assembly. Because then they could overhear things. But so what? That's the purpose; there's nothing to be hidden. And I did prevail. So they're still sitting on the floor.

HICKE: How did you prevail? Sheer determination?

PAPAN: Well, you know, I was chairman of the Rules Committee. I might generalize philosophically to tell you the biggest pitfall in politics is the ego. The biggest pitfall is the ego. So when you're chairman of Rules, you're playing with their egos: size

of the office, number of staff, modifying of the. . . . Well, there are certain procedures and you sometimes have to waive those procedures. The chairman of Rules can guide the waivers. So they realize the power of the chairman of the Rules Committee. So when you're taking up a position like the importance of the fourth estate, they don't want to antagonize the press or antagonize the chairman of Rules; it would work against them. Those guys that write about you will slant things sufficiently in the news media to work against you.

So it was not a hard task. I said, "Listen, I'll go public with this thing and tell how you're trying to curb the fourth estate and hurt the process. How's that going to stand in your district? How's that going to sell?" Too many of them there are more interested about getting themselves elected. So when you get an issue that may threaten their election, they're willing to cower out. I think that's the way it will always be.

Getting back to the press, I've always been an advocate of the Open Records Act<sup>1</sup> and seating them on the floor. Accessibility. You could go up there and ask any of them—I've never had any of them wait, and there was never a time I wouldn't see them.

[End Tape 1, Side B]

[Begin Tape 2, Side A]

PAPAN: I think the chairman of the Rules Committee has a responsibility of accountability with the press—always. That's part and parcel of being chairman of Rules. The press should

---

1. S.B. 170, 1977-1978 Reg. Sess., Cal. Stat. ch. 709.

always have their questions answered, and they should have accessibility to the records.

Now, there are certain records that are closed, telephone records, and I think that's the way it should be. So there's no impediment to the legislators' tasks about who he called and when he or she called. So that area is just closed. That was part of the compromise, that you couldn't examine telephone records. I think there should be a certain protection granted to each of the legislators.

HICKE: You said that an ego might be a stumbling block, but I've always thought that you really need a strong ego to be in politics. Maybe what you're saying is not that you don't need that, but that you need to be aware that that's one of the things people act on, or you have to act with the knowledge that people have strong egos in the legislature.

PAPAN: From that standpoint, yes. From the other standpoint, it can get in the way of getting things done. It's one of the pitfalls, as I said, to politics.

HICKE: But I guess what I'm asking is, isn't it also a necessity?

PAPAN: I imagine it is, but the advantages surely don't outweigh the down side of that. If you're too young when you're elected and you stay in the political arena, it can tend to warp your thinking. I mean, I'm sure there are people who get elected, and the next morning they get up, they greet themselves if they're shaving, if they happen to be men, and say, "Good morning, Mr. President." It's a terrible thing.

HICKE: But to run and be defeated, you still have to get up and face yourself in the morning, and not say "Mr. Nothing."

PAPAN: That's right. And if you are defeated, you should be able to turn that around so that if you're young enough and have the energy to do it, to try again. . . . The ego can stand in your way sometimes, and that happens too often.

Let me see if I can give you an example. Well, you might cast a vote, for example, where you're not really evaluating the effect of that vote. But all you're thinking about is how does it affect you. Then you can get caught up on it. Your ego gets too big if you're in politics too long. You know, you're Mr. So-and-so, and there's so much done for you. It's part and parcel.

But if you can understand that it is impacting your ego, it can affect your home life. I remember telling our youngsters. . . . My wife particularly would say to them, "They're not doing it because of your father; they're doing it because of his position. Someday he may not have that, and we may not have the advantage of it." So I have two daughters who understood that, thanks to their mother, who focused on the fact that it's just a temporary thing. They'll both be lawyers, and I hate to tell you what I think of lawyers, but. . . .

[Laughter]

HICKE: Well, that's wonderful; I'm sure you're very proud of them.

PAPAN: Yes, I am. They're just fine ladies who have it together. They have that ingredient of being a person, a total person. They don't take a back seat to anyone. Sex is not a part of their limitation anymore. They're really good at it.

HICKE: We've touched on quite a few different things. Let's go back to . . .

PAPAN: I'd hate to have to read this, too; I want to tell you that.

[Laughter]

#### Transportation Committee

HICKE: Well, I'm going to ask you to, anyway. [Laughter] Vice chairman of Transportation.

PAPAN: Yes. I became vice chair as a freshman, only because the person who was chairman died: [Assemblyman L.E.] Larry Townsend. It's funny how that name came back quickly. So Moretti allowed me to

continue being chair until he appointed [Assemblyman Kenneth] Ken Meade. That was thrust on me, again, because of the death of Larry Townsend. I'll tell you, now that it comes back—I'm glad you put this outline here—I was really frightened. I didn't know how to preside. I had presided at a city council meeting. But you learn quickly.

I was there for quite a while. Bob Moretti and I became close as a result of that. When it was over, I can remember meeting with Bob, and he said, "Hey, you handled that like a real trooper, like someone who's been in the legislature a long time." I was glad to give it up, as I recall. It was too early to take on that kind of a chairmanship. I just was not sure. But I got a lot of help, a lot of help. It was a good experience early on. It probably was one of the factors that contributed to my becoming speaker pro tem.

HICKE: What you're saying is you became chairman for a while?

PAPAN: Yes.

HICKE: Oh, OK. I had you down as vice chairman.

PAPAN: I was vice chair. They just put you in there. Then I became chairman.

HICKE: So you presided over the . . .

PAPAN: Right.

HICKE: What happened during the time when you were presiding over the committee?

PAPAN: I don't remember any specific instances, but I remember not being sure of how to preside. Then I got a taste of having to read all of the analysis and read some of the bills in preparation for the next session. You had to be informed. I got to know Ken Meade better. He was a person that I got into it with. You knew about that?

HICKE: No.

PAPAN: A terrible thing happened. A very embarrassing thing happened. Ken Meade became Transportation chairman. I was replaced. A

year later, we get in the speakership fight with Leo McCarthy, or a couple years later; I can't remember when. I was still sitting on Transportation; it was one of the committees I stayed on. He and a guy named [Assemblyman William] Bill Lockyer got into it on some gasoline station legislation, regulating the industry. When Bill Lockyer and he got into it-- and I was presiding because I was vice chair--I adjourned the meeting, because it was an exchange that, in my opinion, didn't make any of us look good.

Well, the next week, Ken Meade, presenting his bills again--you relinquish the chair to present your bills--turns over the gavel to [Assemblyman] Joe Gonzalves, one of the assemblymen. This chairman of the committee has every right in the world to do that. But the courtesy is to advise the vice chair that you're going to do that. So I left. I was offended by it. Unbeknownst to me, other members left. Now, we're almost in the throes of the speakership fight between [Assemblyman] Willie [I.] Brown [Jr.] and McCarthy. Well, Ken kind of viewed it as part of the speakership fight, which I didn't know until we talked about it after. So he continued presenting his bills, and I left and some of the other members left.

I went to my office. Ken was ready to vote, and he didn't have enough votes; so he comes to my office and said, "I know you support the bills. You're going to come back and vote on my bills." I said, "No, I'm not." He was holding a hot cup of coffee and he threw it at me. I reacted to that, and regretfully sent Ken Meade to the hospital. The people are still waiting for the bills out there. The worst thing that could happen: I am a freshman legislator, and I have a beef with a colleague. So they adjourned the meeting. Gonzalves adjourned the meeting, and they wheeled Ken out.

I came back to San Francisco, because in those days I used to commute. The newspapers were having a real heyday. I thought

PAPAN: Ken was going to lose his eye. It was a terrible thing. So the next day I went back to the . . . I knew I had to face . . . And the press was all gathered around out in front of the office. Naturally, you had to respond to them, so I told them I had a misunderstanding with Ken. I said the particulars of that misunderstanding you're going to have to get from Mr. Meade. He stays in the hospital that Thursday, that Friday, that Saturday. I think he got out Sunday.

Monday he was in the legislature with a big patch over his eyes. I went up to Ken and said, "Ken, how are you doing?" Moretti in the meantime had gone to see him, the speaker. He said, "I'm OK." He had a press conference, and he said, "Well, I told them exactly what happened." He threw coffee at me and I reacted to it. He says, "He had some pretty fancy moves. I didn't realize it." But the press eased off on me. I couldn't embarrass Ken and tell them what had happened. I said, "You'll have to get the details from Ken." That worked out fine. Eleven days later, I went to his fund raiser in Oakland, and everybody was wearing patches until I walked in, and they took the patches off.

But that set the tone for what the press thought of me at times, I felt. It cleared the air in the legislature. It was a very unfortunate thing to have occurred, but it seems as though from some of the seasoned people there that there was a change of attitude, a change in the sense that even if you're a freshman or you're a sophomore, or you're just new at the process, everybody's an equal up there. This tended to bring that out more, that it could happen to anybody. Well, since that time, every time there's an altercation, they bring up the fact that Lou Papan and Ken Meade. . . .

Ken handled it very well. He's a perfect gentleman; he's a bright guy. I was very pleased with the way he handled it. In fact, he was a very capable legislator, I think a little more

capable than the person who represents Berkeley now. His word was good; he was effective; he was bright. But that was the thing that changed it for me, and changed it for a lot of other people. Terrible thing, terrible price to pay. Very embarrassing how you end up in fisticuffs in the legislature, but it does happen. So that's Transportation for you.

HICKE: Did you ever find out why he turned the meeting over to Gonzalves?

PAPAN: Yes. He was angry because I adjourned the meeting when he and Lockyer got at it.

HICKE: OK. That was a little reprisal there.

PAPAN: Yes.

HICKE: Well, it sounds like your idea of the way to go about doing business in the legislature is the same as your idea about how to go about doing business.

PAPAN: Yes, truly.

#### Revenue and Taxation Committee

HICKE: OK. Revenue and Taxation.

PAPAN: That was a very technical committee, and to get it as a freshman, I think that was Moretti's doings. You have to sit on some committees. With that one, he felt that my background in economics and my background in the business community and my conservative Democratic thinking. . . . I remember talking to him. I said, "Geez, Bob, I don't know that much about that field." It wasn't one of my choices. He says, "Well, that's where I'm going to put you. That's the quickest way to get an overview of. . . ."

HICKE: You have to look at everything, more or less.

PAPAN: Yes. So I didn't carry any legislation there. I just was there to hear out the bills that the committee was hearing, and to vote accordingly. And that "accordingly" was that I was a conservative vote on those committees, on Rev and Tax. I would

have preferred being put at Finance, Insurance, and Commerce [Committee], because being in the real estate business and being in the mortgage business, too, I was better suited. I enjoyed that better than any other committee: Finance, Insurance, and Commerce. Rev and Tax was just a, "I have to put Papan somewhere and that's where I'm going to put him."

Finance, Insurance and Commerce Committee

HICKE: OK. Well, let's go on to Finance, Insurance, and Commerce. You chaired the Subcommittee on Licensing and Vocational Standards.

PAPAN: I did. We didn't get many bills in that area, as I recall. That was the commerce aspect of it. I don't think we heard more than ten bills at the time. I remember it was just a committee to focus on standards and licensing. It was not very active. But the Finance, Insurance, and Commerce Committee is considered one of the most important committees. It's also referred to, unfortunately, as the committee where major companies have a lot of the legislation coming to it; and so it's considered a committee where you raise money.

HICKE: For yourself?

PAPAN: For campaigns, and not for yourself. For yourself, you go to jail.

[Laughter]

HICKE: I mean, as opposed to, say, for the legislators.

PAPAN: Yes. It is considered to be a bread committee, meaning that people who have bills before those committees are also the biggest contributors to campaigns. While on that subject too, the environment in Sacramento is small—small in the sense that any individual member who doesn't understand the importance of that committee or lets his interests in raising financing for campaigns interfere with his decisions, the environment is quick to pick up on those individuals. So your whole reputation

can be damaged as a member of that committee, in the event you're a weak person.

HICKE: Are we talking about dealing with the third house?

PAPAN: Yes. You're going to have to stand your ground with these people in order to effect changes. I nearly lost an election in 1980 because I stood up to the banks in California.

HICKE: Well, since you brought it up, I've got a couple articles here, actually, that I found on your investigation of the banks. Was that something that you wanted to do yourself? How did you get into that?

PAPAN: Well, I was in the insurance business. And I want to say this: there was a law in the books, a federal law, that said banks could not sell insurance. Today's paper indicates that that has been extended. But even with the changes in the federal law, restricting banks from selling insurance will continue. They can go out and sell bonds now. Today's paper, the [San Francisco] Chronicle, indicated that what the banks in California were trying to do was to create holding companies to sell the insurance in order to get around the law that says they couldn't sell it. My bill said, "No, you're not even going to form a holding company to get around the law."<sup>1</sup>

HICKE: But they did, didn't they?

PAPAN: No. Jerry Brown vetoed my bill, and I overrode his veto. It was the first time in thirty years that a governor was overridden.

HICKE: OK. Let's have more details. How did you get started on this?

PAPAN: Well, I remember being in the insurance business, and oftentimes the lender--namely a savings and loan or a bank--would have the date of the insurance, the amount of insurance,

---

1. 1979, Cal. Stats. Ch. 258, p. 575.

and the expiration of that insurance. So before it would expire, they would send a letter out. Well, most people who do business with lenders on their home, for example, feel a sense of obligation and fear: "Well, he's got the mortgage on my house." So here this lender would solicit the insurance away from someone else who. . . . Wait a minute--there's a tie-in; it was unfair; don't do that. Because I remember getting these things as an insurance agent. They were trying to solicit the business away from me.

HICKE: Oh, I see. So you knew about it firsthand.

PAPAN: Yes. So I said, "No, they're not to do that." They didn't do it directly; they'd do it through a holding company.

HICKE: I guess what I meant was, banks did form holding companies, but you made sure that the holding companies could . . .

PAPAN: . . . could not sell insurance, either. I mean, they tried to get around the law. Insurance is a very competitive business. I also learned firsthand that the best business in the world is lending money. There is no better business in the world. And if they couldn't make it on lending money, they're in trouble--as they are in trouble.

So I introduced the bill. But I allowed the savings and loan. . . . I grandfathered them in. What I changed the law to state is that if they had a record of authorization, a letter of authorization, appointing Carole as their insurance agent at [Inaudible], they could not solicit it. They bought that. Because they were in the business already, and I allowed them the grant; but I prohibited banks, who were not in the business, from doing the same thing. Well, then the two started clashing, the banks saying, "We're being treated differently from the savings and loan." And I really got into it. I had to fight both of them at one point.

HICKE: Who was doing the lobbying for these groups?

PAPAN: Oh, they have paid lobbyists, a lot of paid lobbyists. Every bank has one almost.

HICKE: Do you recall any names of people that you knew specifically?

PAPAN: Oh, yes. They had Judge. . . . I'll get their names. I've got them here. Just hold on a second.

[Interruption]

PAPAN: There was [ ] Hal Brothers with the Bank of America. Turn that off a minute and I'll get the rest.

[Interruption]

PAPAN: They came out . . .

HICKE: You're saying the lobbyists came out after you?

PAPAN: The banks. In 1980, they tried to defeat me. That was one of the black marks, as far as I was concerned, against industries. They were trying to use the power of their money to defeat me.

But this wasn't the first time that this had happened. A guy from Berkeley, [Assemblyman] John Miller, who represented that area, took on the doctors, and the doctors tried to get him defeated. This is what we have to be very aware of: the poor business approach of major companies in the attempt at killing legislation.

The best method I know for killing legislation is to contribute across the board to everybody in the legislature so that your voice can be heard by each of those members, rather than proceed with your money to direct it against one particular candidate who's carrying legislation, the benefits, the broad spectrum of people. Anybody who does that, I think there should be laws on the books to prosecute those people, if there's a concerted effort to bring about the defeat of a legislator because of legislation he was carrying. The doctors did that with John Miller; the banks did it against me. And I think that that is totally wrong. I think that they don't

understand the process, and there should be laws on the books where we could go after anybody who does that, where companies will pour in a lot of money against one particular individual. I think that's corrupting the process, and I am totally opposed to having it done.

I have no problem with contributions to the broad spectrum in order for those members to communicate with the electorate. But when you're designating your financial strength against a member, you're corrupting the process. So that happened to me, and I was going to try to find Security Bank. They were the biggest opponents.

HICKE: Security Pacific?

PAPAN: The Security Pacific Bank was one of the big contributors against me. They tried in some instances to pass it around to their respective presidents so that it was diluted; it didn't show Security Pacific entirely. But on further examination, I was able to determine that that's what they were doing. It was a terrible thing.

HICKE: Why were they particularly incensed?

PAPAN: Well, because they had already geared up to go into the insurance business. I threw a wrench into it. [Looking in book] I don't see them there. But the book is full of the lobbyists.

HICKE: You have the directory of lobbyists there?

PAPAN: Yes. All of the banks were opposed to me. California Banking Association was another one that. . . . Here it is. It was George Cook who headed the California Bankers Association. They were the biggest. They went up and down the state to get the banks to pour money against me. They almost defeated me in 1980.

HICKE: So we know who was against the bill. Who was for it?

PAPAN: The insurance agents, who run into the thousands. These are people who have agencies with insurance companies. These are brokers who sell insurance. The insurance business generally is

a very competitive business. My posturing was that I don't have a very large insurance business, but if we're talking about the free-enterprise system, then there's nothing more reflective of the free-enterprise system than insurance agents. You'll see hundreds of them with office stores and the like. It's very competitive.

Well, in the case of banks, you need a charter to go into the banking business. So you've got a certain amount of protection at the marketplace. Not everybody could be a bank. Why do you want to come into the insurance business, with the advantage of having all that information at your fingertips, and then go out and solicit that business against someone who's in the insurance business, who can provide the personal service? Personally, I find it intimidating over the years to walk in and try to borrow money at a bank, where a man sits behind a big desk. I have to go in and tell him that my wife hit her car somewhere, or that I hit it—"would you adjust my claim?" Who's going to do that? It wasn't even a practical position.

I took on the Bank of America later. They decided to go into that business by leasing out a portion of their banks for people to sell insurance. Leland Prussia was the president of that bank. I talked to him and I said, "You've got to be kidding. I'll give you three years, and you'll be out of the business, of just even leasing in order to get around the law." Sure enough, they've abandoned the idea. But people—bankers, management types generally—can make serious mistakes, and this was one I felt that they were making, when they wanted to come into the insurance business.

When you look at carrying a bill and overriding the governor's veto, with the backdrop being that you're the chairman of Rules, and you've hit one of your colleagues, the press has a tendency of wanting to characterize you. If you're

too effective, then you're overbearing or you're heavy-handed. These are some of the adjectives they use to describe it. In the meantime, there are a lot of people out there who are in the insurance agents business who are saying, "Hey!" And most of those were Republican types. So when the time came to get sufficient votes to go two-thirds in both houses, the Republicans joined in; they wanted to embarrass Jerry Brown.

HICKE: Let's back up a little bit. Why did Jerry Brown veto it?

PAPAN: Because he had a relationship with [Thomas] Clausen of the Bank of America. Clausen called him from London, couldn't believe . . . .

HICKE: That was when he was head of the World Bank?

PAPAN: No, he was head of the Bank of America. Then he went to the World Bank, after. So he realized that he had aspirations and the bankers could do him a lot of good. It was inconsistent with what Jerry Brown stood for, that he would go against this bill. I mean, I've never seen a greater inconsistency.

But of course, you could paint it as two giants fighting one another. But it wasn't the case at all. Insurance companies didn't care; they're going to get the business whether they get it from the bank or they get an insurance agent. If Jerry Brown had any good sense, he'd realize how many insurance agents there are in the state, that he would be better served politically, if that's the reason for his—than to go with the Bank of America. There was other legislation that the bank would be interested in that he could kind of throw them a bone.

HICKE: And you think that it was on the basis of Clausen's call that he vetoed it?

PAPAN: Oh, yes. Clausen called; he couldn't believe that Jerry didn't have control of it. [Chief of Staff] Gray Davis was the person that was doing it for Jerry Brown and Clausen. Gray Davis called me a "heat-seeking missile," which I thought was a very good term. A heat-seeking missile.

HICKE: Meaning you were looking for a fight?

PAPAN: No, that when I zeroed in on something, there was no getting away. When I overrode the governor's veto, he said, "Let me tell you something about Lou Papan; he's a heat-seeking missile."

HICKE: OK, then, how did you override it?

PAPAN: Well, I had the Republicans supporting it; I had all the Democrats supporting it. The efforts of the insurance agents and brokers of this state who showed up in great numbers and called on their legislators individually and collectively. It was the right side of the issue. They had a stake in it, and they couldn't understand why the banks wanted to violate federal law by creating these holding companies. I think it was the effort of these insurance agents who showed up en masse.

HICKE: Was that a pretty dramatic moment?

PAPAN: Oh, yes. I could tell you, they were all over their legislators; there were so many of them. These are people who live in communities up and down the state, who partake of the process, who are philanthropists—in great numbers. Clausen was one guy with the governor in his pocket.

HICKE: Did other legislators come to you and say, "I've got so many people pressuring me that I'm going to go along with you?" Or they just did it?

PAPAN: Well, they're practical and pragmatic people. They did it. A lot of them didn't understand the issue. I was able to sit down and explain it to them. Plus all the pressure that was being provided. They had no choice. These bankers realized quickly that the forces were too great, the numbers were too great.

HICKE: Did you know the numbers beforehand, or did it get down to the last . . .

PAPAN: No, it just evolved. There are organizations that represent the independent agents. And then Leo McCarthy was supportive. The speakers of both houses . . .

[End Tape 2, Side A]

[Session 2, March 21, 1988]

[Begin Tape 3, Side A]

Housing and Community Development Committee: Rent Control and Housing Crisis

HICKE: We had just gotten started before on your committee work, and you had touched lightly on just a few things. One of the things you didn't touch on. . . . We want to go into Transportation in much more detail. But first of all, maybe you can tell me a little bit about Housing and Community Development [Committee]. That was a committee you sat on.

PAPAN: I think I was put on that committee because I was a real estate broker. I didn't carry much legislation in that field, although I imagine I voted on a lot of bills that came before that committee. I kind of feel, having served on that committee, that I had a chance to reflect on our present housing crisis. I think there are a lot of reasons for our crisis. I've always had difficulty understanding how, for two hundred years, we always seem to have met our housing needs in some form or another. Of course, the biggest crunch was in 1945, when World War II ended. We had a lot of veterans coming home and we proceeded to launch a great effort to meet their housing needs.

I just don't understand if there's a single reason or there are many reasons--I'm inclined to think there are many reasons--why we have a housing crisis, many of which I attribute to the cost of money: the idea that people who generally have their homes are reluctant to see an expansion of their communities because of the kind of cost connected with

building schools and roads. So I kind of think that there is a built-in reluctance now to building the infrastructure necessary for increasing the housing.

So I expressed a view to the speaker to put me on that committee to see if possibly we could give some direction, make money available, try to encourage people to build more housing. What I did manage to do was to pass a bill<sup>1</sup> that requires a municipality that passes a no-growth ordinance, the burden of proof to fall on the city that decides to do that. It seems as though we're going to have to make a concerted effort to find the necessary monies to encourage municipalities to allow the building of housing, to be more sensitive to the idea of the expansion of government ownership of land because we're finding that pretty close to 80 percent of the land in California is government owned.

One of the big factors to that housing crisis that came out of that committee was the fact that the availability of land was contributing to the problem: the better utilization of existing housing—meaning there are a lot of full-basement homes in, say, the Daly City area or throughout the northern part of San Mateo County. Conceivably you could be building in-law apartments to accommodate people who don't have the use of a large home but would like to stay where they are, utilize quarters in the basement portion of their homes, and provide some of the seniors with income on the upstairs portion of these houses.

These were possible directions that I thought we could generate legislation to encourage municipalities to do that. I did not stay on the committee long enough to see some of those

---

1. 1980, Cal. Stats. Ch. 1144, p. 3703.

PAPAN: things happen, except, of course, the idea that I was sensitive to cities that wanted to pass no-growth ordinances.

I also carried legislation on rent control. I felt that the state had preempted the field of owner/landlord relationships. The laws that had been passed were laws at the state level, and I thought rent control was an extension of the laws affecting tenants and landlords. I managed to get the bill almost through both houses. But Jerry Brown felt there was no need for legislation and discouraged it from proceeding, going forward with it, feeling strongly that rent control does not create any new housing and that a particular city passing a rent control ordinance tends to burden the adjoining city, which was all the more reason why I felt a state law was required. I hate to think that San Mateo County or the cities adjoining Berkeley were subsidizing the housing in those two areas.

So there was that view, which I felt was not given the kind of attention by the legislature that it should have been-- that is, if we had rent control at the state level, the chances are it would not be an excuse for many of the municipalities to discourage the building of housing. I had trouble understanding. . . . For example, in Lake Merced, in San Francisco, they have a lot of apartments there and they're under rent control. Then we have a vacancy factor in Daly City a quarter of a mile away, while San Francisco is entertaining rent control. It was one of those situations that just didn't make any sense, and I figured there were probably a lot of other pockets of housing ordinances that are impacting adjoining areas that didn't make much sense. So I was a strong advocate that rent control belonged at the state level of government. I think people are beginning to come around to think that maybe that has some merit.

PAPAN: But that was what came out of my membership in that committee. I was very discouraged by the lack of understanding to the present-day crisis. I was even facetious enough to say I think that the Sierra Club should give us their housing plan. Maybe they have the answers on how we solve our housing crisis. I saw changes occur in the time that I served on the legislature. We weren't thinking of building single-family houses on stamp size lots as we did in years past. We began to think about trying to encourage cluster housing, which was going to come into its own anyway, where you have more open space and would get more density in a particular locale. These were the things that membership on that committee caused me to think about.

There were so many other areas that I became more involved in. I would have liked to have continued doing something about giving a hand to local communities. We did pass the Roos-Mello Act,<sup>1</sup> which allows a builder to come in and subsidize the construction of the infrastructure by a bonding situation, which did assist in the building of homes. It seems as though there is a propensity now since [Proposition] 13 to burden the new homeowner, people in most cases who are unable to really afford the buying of a house. It's a very discouraging situation for young people because they have to pay for the new schools and the streets and the building permits, and 13 has aggravated that situation.

So I see a housing crisis being aggravated. With the direction we've taken in the legislature and the mentality that presently exists with many of the members, I don't see any

---

1. Mello-Roos Community Facilities Act of 1982, 1982, Cal. Stats. Ch. 1439, p. 5486.

PAPAN: relief for the present housing crisis. Unless we begin to free up land, unless we begin to think in terms of the infusion of monies necessary to finance at a price that people can afford the interest rates, we're going to have a mounting situation and a growing number of homeless people, while we concern ourselves with the environment.

I also envision a time that we become aware of the environment, and that's a good thing, a very good thing. But what does concern me and did concern me while sitting on that committee was that conceivably, as we aggravate the housing crisis by our inaction, we could set back the environmental movement. That would be, I think, something I wouldn't want to be a part of. I think we have a built-in concern; we are building carefully; we're beginning to respect the environment. But we also have some people who have found it convenient to be filing lawsuits and proceeding to care less about the building of new homes. I don't know how we strike a balance except to probably make certain that the extreme positions of people aren't always catered to, even though they may be the most vociferous.

Poor people who don't have homes aren't always hurt, but people who can afford to give time to a particular issue or to a particular concern are not always representative of the greater good of the community, even though they may think they are serving the greater good.

That is one of the areas where I kind of felt I could have done more but didn't. I just kind of think that I didn't stay on the committee long enough, but I would have liked to have certainly given it more attention. I may still get that chance at some point, if I could find that the two major pension funds of our state begin to think in terms of providing monies to the building of homes, rather than investing in the market and taking monies that are generated here and finding their ways

into other areas of the country and other areas of the world that are not really serving California, which I feel could use the money in the area of housing.

HICKE: When you decide to attempt to pass such legislation as state rent control, what steps do you take to evaluate the effects this is going to have on the population, on the housing available, on the land use and so forth?

PAPAN: Chances are it would have discouraged local areas from passing rent control laws. It wouldn't be a rent control situation at the state level; it would be imposed statewide. It would have said that no municipality can impose a rent control situation. It did not mean that we would have had a rent control at the state level, because I don't think I would support a position like that under any circumstances. I just wanted to diffuse the right of local jurisdictions from imposing rent control. I don't think it serves anyone.

By doing that, it means Berkeley wouldn't have had it; Santa Monica wouldn't have had it. We're finding a growing interest in rent control, and only because we have a very serious housing crisis. There are a lot of people who have lived in units for an extended period of time that need some protection, namely, your seniors. And that's being aggravated by the lack of housing.

If you have rent control, I've also found that you're protecting a lot of people who could go somewhere else and rent and could afford it. If I have a high-paying job and I'm renting for \$500 a month because of my longevity in a particular unit, I'm not going to move from there. You're denying housing. There used to be the moving-up-and-out aspect of housing so that you would vacate a unit because you bought a house, and that would make one unit available. It would be an attrition kind of thing, where a lot of movement was occurring.

If there's no new housing, it begins to back up. This was something we were faced with.

Then you get what I consider to be people who embrace, for political reasons, the idea that. . . . The overriding consideration of their thinking is to protect seniors, and it becomes a good selling point to people who vote. It becomes a political thing, and the housing crisis is something more than just a political thing. I kind of feel that the newspapers and the media haven't given a balanced attention to the problem, to give people what is necessary to understand in order to help solve the housing crisis.

If you talk about rent control, you excite an awful lot of people who have been led. . . . And most of those people are usually seniors. They begin to envision a time that they're going to be uprooted because of high rent and be forced out. Well, that may be true because of the housing crisis. So I'm saying we could think possibly of protecting that category of people. But the minute a unit frees up that once was occupied by a senior, we shouldn't have vacancy control, as a lot of people are proposing. That doesn't make much sense. So the legislature, when I left it, continued and will continue to wrestle with the problem and grope for solutions, unless the public is made aware that there's only one way to solve the housing crisis and that is to continue encouraging the building of units.

HICKE: Would you mull this over in your mind and then discuss it with other committee members, or would you have staff position papers, so to speak, done?

PAPAN: In committee hearings when bills were presented, you would express your view as a member of that committee. You would question the people presenting the views. You also would question the proponents and the opponents of a particular measure. So a lot of this would surface. You had media there.

Oftentimes the media people that were there would interject their own thinking as to what would be best and tend to slant the reporting rather than provide the objectivity. Younger people, generally, also are feeling the pinch, and most of those people are part of the journalistic corps. So you're getting the kind of reporting that would benefit them as well.

HICKE: Then why was the governor opposed, just on the . . .

PAPAN: I think he was influenced by people of his own peer group. He was a young governor who came out of the sixties. This was only one area where you saw his age surface. He was a person who had a legal mind. The governor was a sociologist of sorts and tended to focus on the basis of his legal training and on his social interests.

Are we doing the right thing here, Carole? Where are we going on it? We rambled a little bit again.

More on the Rules Committee: Chairman (1976-86); Open Records Act (1977-78)

HICKE: It's hard to do it all just exactly year by year, chronologically, so I think that's fine. We were talking about housing and we covered that topic from beginning to end, I guess. Or as far as it has gone, anyway. But maybe now we should get to the Rules Committee, since that seems to be important to everything else.

PAPAN: Where I spent most of the time.

HICKE: And you became chairman in . . .

PAPAN: Nineteen seventy-six.

HICKE: You were chairman for at least ten years, then.

PAPAN: Right.

HICKE: That was the longest . . .

PAPAN: In history.

HICKE: Let's start with the beginning. How did you become chairman?

PAPAN: My predecessor was a man named [Assemblyman] Leon Ralph, who left the legislature. I moved from speaker pro tem with the understanding that I would become the chairman of Rules when Leon Ralph left, and he left in '76. I was appointed by Leo McCarthy. The chairman of Rules is the extension of the speaker's office, so that the membership at the time that I started was seven. There were three Democrats and three Republicans who are elected; the chairman is appointed.

HICKE: By the speaker.

PAPAN: By the speaker. The party in power naturally has most of the votes on that committee. It is the housekeeping committee.

HICKE: Didn't you say they were split three and three?

PAPAN: Yes, but the chairman is appointed.

HICKE: OK. So that would make it . . .

PAPAN: So it would be 4 to 3 should it ever narrow down to a partisan situation. It's the housekeeping committee. During the time that I was chairman of that committee, we also proceeded to open up the legislature. We had the Open Records Act that I managed to pass, which was one of the major changes. I think that occurred in '77 or '78, I can't remember.

HICKE: What was that?

PAPAN: It allowed the press to examine almost all records. Possibly the one exception is the telephone records. Everything else is public. I felt that that was important to encourage the openness of state government. Prior to that, there were a lot of records then that were not available to the press.

HICKE: Where were they?

PAPAN: They were just never opened. They were in closed files. So the idea of maintaining closed files was no longer permissible. The press could come in after the Open Records Act and examine any documents that we had.

HICKE: The committee?

- PAPAN: Everything. There was nothing that was closed except the telephone records.
- HICKE: Bill files and so on?
- PAPAN: Everything. Well, individual files, no. It depends on the member; they become his personal files. But any accounting records, any expenditures. Whatever the press would ask for, we were under the change; we were required to present. Also, the Rules Committee in the last five years got the right to the assignment of bills. So where the speaker was doing it before—his office was doing it—we changed that to allow the Rules Committee to assign bills.

### III. POWER IN THE LEGISLATURE

#### Assignment of Bills

- HICKE: That was the "deal," that Willie Brown gave up his. . . . In order to become speaker, he gave up his right to decide where the bills were going?
- PAPAN: No, not necessarily. We had the votes to elect Willie speaker. He was supportive of the idea of doing that. It was discussed. The term "deal" has the kind of connotation . . .
- HICKE: Right. That's why I put it in quotes.
- PAPAN: That was not the case at all. It was done at the time that changes occurred in the legislature, and Willie was one of those changes in '80. But I don't think it was the biggest factor. We had no problem with the assignment of bills. He still has control. If the speaker were to involve himself in the assignment of the bill, I would just tell the Democratic members we want to send a bill to the following committee. So it becomes window dressing. Do you follow my thinking on it, Carole?
- HICKE: Yes, but I'm still unclear . . .

PAPAN: If he doesn't physically assign the bills, say he has a particular area of interest in a bill, he picks up the telephone, calls the chairman of Rules, and says, "I want that bill sent." He's got the four votes, he sends it.

HICKE: So why was this change made?

PAPAN: Why? Because the speaker is not always interested in all bills. He'll maybe have one bill or two bills that he has an interest in: "I'd like to send it to this committee," and give us the reasons for doing it. Now, in the time that we were doing that, I don't remember if there were five bills at most that he was interested in and wanted to send them to a particular committee. But he knew and I knew where he would like to see a particular bill go.

If a bill was a contested bill, we had both chairmen come in and pitch why the bill should go to their respective committee, because sometimes there's an overlapping of various committee areas. And the committee would decide. If the speaker would surface or be brought into it because some chairman was complaining that we're going to send the bill, he would hear that chairman out. He might pick up the phone and say, "Hey, Chairman [Norman] Waters wants the bill to go to his committee because it's an agricultural bill and not a water bill." But it was very seldom he would do that. It just made for, again, some openness. If he wanted a particular bill to go somewhere, it was still within his power through the chairman of Rules to do that.

HICKE: It's more efficiently accomplished this way?

PAPAN: I think so. And an openness. Instead of going to the speaker's office and then the bill comes out, we had public hearings on those.

Being the chairman of Rules, I think I learned about being on the committee of seven from the fact that I was on a committee of five on the Daly City Council, and the magical

number there was three. So if you had three, you had five. I mean, it was silly not to have five votes as long as you got the three. Just to cast a "no" vote to be. . . . For what reason? It takes away from the smoothness necessary to get things done.

That was one of the things, as the chairman of Rules, that occurred with the change of the speakership in '80. The new members that came up—and there was a large number in '78 of Republicans—didn't realize that the challenge that goes along with being a member of the minority party is to work around the numbers when they don't favor you. Try to work around them.

Oftentimes there's a propensity among, say, Mr. [Robert] Naylor, to want to make threats when he didn't have the votes, and that was only because of his own inexperience. If he were more solicitous of getting his position across and making an effort to find the necessary votes outside of his party, things would have run a lot smoother. But he wasn't there sufficiently long enough to master the art of compromise or the art of understanding and convincing other people who are not of his party. So we had that kind of situation because of the lack of longevity among many of the members on the other side, as well as the Democrats.

The legislative process, for the most part, is a honing process. Members grow and understand that when they're not in the majority, the challenge they have is to bring the majority around to their point of view whenever they can, not to threaten and say, "Well, I'm going to withhold. . . ." You're not in a position to make threats, is my point; and there was a lot of that in 1980, '81. The assignment of bills wasn't, Carole, the "deal." It's meaningless, because any speaker can call the chairman and direct that the bills be assigned. But there is a degree of openness which serves everybody, including the legislature.

Beyond that, numbers is the name of the game. If you have the numbers, you can do almost whatever you want. If you don't have the numbers, then you might as well go easy on your point of view until such time as you have sufficient strength to effect change.

HICKE: Did newer members prefer a bludgeon to a . . .

PAPAN: The division between the Democrats within their own ranks, between [Assemblyman] Howard Berman and Leo McCarthy in that speakership fight, gave the newer members a lack of understanding of what they could do and what they could not do. When the Democrats became united, the Republicans had trouble understanding the unity aspect again. So you've got new members who saw a fight develop and they came out of the fight feeling a certain amount of importance. So the newness of the members and the dissension in the Democratic ranks—the fight between two people who wanted to be speaker—gave those new members a less than positive understanding of the process. That's the best way I can put it.

It was very hard and it became very partisan from 1978 until I left the legislature. There were too many changes; the longevity of the membership was not there. I remember just being elected to the legislature; I think the longevity serves the public a lot better. You get experience and honed to the process, more things are done, less partisanship. You get newness on either side, Republicans or Democrats; and if there are too many members that way, it hurts the idea of getting things done.

#### 1980 Speakership Battle: McCarthy vs. Berman

HICKE: There are several threads I'd like to pursue here. We've been talking about this speaker's fight of 1980. Could you elaborate on that, give me a little background and tell me exactly what happened, please?

PAPAN: Yes. The speaker was Leo McCarthy, who wasn't attending to the house but was beginning to be viewed as someone who was going to seek higher office and was giving a lot of his time and attention to the idea possibly of seeking higher office. And there was a man, Howard Berman.

Now, a speaker stays in power by doing things for the members. Willie Brown became speaker and has held the position only because he has the reputation of being a members' speaker. Leo McCarthy became someone who was more interested in his own political career. So he began to ignore the needs of the members. At a dinner in L.A. [Los Angeles] at the time that . . . . He was having a fund raiser and he had brought out [Senator Edward M.] Ted Kennedy, and he didn't attend to the egos of the members there. They began to see that their concern was that his interest in being speaker was beginning to wane. So they came back, and we had Howard Berman and a lot of the younger members begin to toy with the idea of dumping Leo McCarthy.

They thought they had sufficient numbers to do that. The process was, at least as Democrats, to get the majority of the Democrats in the caucus to support the idea that we're going to change the speakership. I was supportive of the idea of changing the speakership and would have voted for Howard Berman in November, but I was not going to dump the speaker in the . . .

[End Tape 3, Side A]

[Begin Tape 3, Side B]

HICKE: You weren't going to dump the speaker in the middle of his term.

PAPAN: Because there was no wrongdoing by the speaker. I became very sensitive that I would be prepared to vote for Howard Berman in

November but I was not prepared to dump him in the middle of his term. I made my feelings known and I was able to persuade three others, who were a very important three members. I think it was Norm Waters and [Assemblyman John] Thurman and I don't remember who the other one was. They had committed themselves to Howard Berman and I was able to persuade them to stay with Leo.

Howard lost the speakership. I couldn't convince him to wait until November. His brother was a guy named [Michael] Mike Berman, who was very ambitious. I did everything within my power to bring him to understand he should wait until November. He chose not to wait. He made a run on the speakership and didn't have sufficient votes. So it tore the Democratic party apart; we had a lot of strife. It gave a chance for the minority party to capitalize on that, which was, I think, appropriate to do, because when there is that kind of weakness . . . . If I were a member of the minority party I would have done the same thing, and that is to extricate as many concessions as I am able to, knowing that the majority was divided, I mean severely divided. When the time came to elect a speaker . . .

HICKE: Is this still in June now?

PAPAN: No. We went into November, so now we have the election of a new speaker. We offered it to [Assemblyman] Frank Vicencia, as I recall. Then Frank had some second thoughts, and those of us that were supporting McCarthy decided we would give it to Willie Brown. We then went out systematically and gathered the votes to elect Willie speaker.

The first time around, which was between Willie Brown and Leo McCarthy, I was on Leo McCarthy's team. The second time around, I stayed with the group and we elected Willie Brown speaker. Willie, to strengthen his position, was happy to assist the Republicans in getting staff people and insured his

speakership, not only by having sufficient number of Democrats in the caucus. He promised to give them vice chairmanships and additional staff people--the Republicans, that is. He was able to garner a lot of support in the Republican caucus. The inconsistency, of course, is that there was no hesitancy about the cost to government. Oftentimes the tune they play is "the cost of government is too high." But the minute you offer them positions, they just jump at the opportunity. So nobody says you have to be consistent in your position.

He made a deal with the Republicans. He was dealing with [Assemblywoman] Carol Hallett, but kept us posted as to what he was doing. She was new; she had dumped [Assemblyman Paul] Priolo. So the newness contributed to a very partisan situation, considerable aggravation between members and the things that the house was able to do or not do. It was less than smooth. So Willie was able to continue his speakership until. . . . There is some rather foolish nonsense now with five members, and that's not the way to effect the change of the speaker; you lay a lot of groundwork before you proceed to change that. And you make certain you have the votes. But from time to time you get people that want to make a little noise. Again, the inexperience about how to change the speaker is clearly present, from what I'm able to read and from going up there. That's not going to happen.

#### Role of Chairman of Rules

HICKE: Could you describe a little more graphically how you lay the groundwork? Is this done in party caucuses?

PAPAN: You meet with members individually and you maintain a roster. You have a roster indicating "support," "opposed," or "leaning to" supporting you. You begin a count, and you continue that count and then you keep visiting with the same people that were "leaning to," until you get them over in the support column.

You do that by catering to their interests, whatever those interests might be. They might want to be a chairman of a committee. You proceed systematically to organize your speakership in advance to your election by including these people. When you have sufficient numbers, the majority of the caucus, then you can proceed to motion that the chair be vacated and come in with your votes and you're elected speaker.

Once you're elected speaker, then you sit down with the minority leader and you proceed to try to meet some of his concerns. An effective minority leader reinforces his leadership by a good relationship with the speaker. If he doesn't have that capacity, as was the case with Mr. Naylor, who did not have the capacity to understand that, it's a weak minority leadership. Both work together in insuring their respective leaderships. It's more important for the minority leader to have a good relationship with the speaker.

The speaker has to be provided with an escape, and the escape is that the chairman of Rules bears the brunt of the things he [the speaker] doesn't want to get credit for or to get the blame for. That's what you do: you insulate the speaker. You deny an advantage or deny a request, and that member will go to the speaker and the speaker calls you back. He understands perfectly why you denied it, in order to obligate that member even more. The chairman of Rules very seldom is reinforced by the speaker because it's a matter of politics. You've got to make the speaker look good.

HICKE: So you took on the tough decisions.

PAPAN: Yes. To make him look good. To insure his speakership.

HICKE: That doesn't sound like a very easy life.

PAPAN: It's not. But when you decide to be chairman of Rules, you've got to take that with the job.

HICKE: How is it that the chairman of the Rules has this responsibility?

PAPAN: Because the speaker needs insulation.

HICKE: I mean, I guess, why does it fall on Rules?

PAPAN: There's no one else that doles out the staffing, the size of the offices, the housekeeping aspect to the operation of the legislature. You want a bill assigned; you want additional staffing. You say no and the speaker says yes, it makes him look good. You feel a sense of obligation to the speaker because he gave you that additional person. The chairman of Rules looks bad, but that's part of his job.

That's the way it operates. Being speaker's a very lonely job at times. By the way, the present speaker, Mr. Brown, I think is a very capable person but a very private person. He has the added burden of being black. A very tough job. It took a good many years to come to know Willie Brown because he is such a private person. He's not as driven as Leo McCarthy; he's not as likable as Moretti. Each of them was different.

Relationship with the Speakers: Moretti, McCarthy, Brown

HICKE: That's actually what my next question was going to be, how each of them is different and how your working relationships were different.

PAPAN: Moretti was not a lawyer, and Moretti was a very bright guy and did it on his personality, which was just gregarious, warm, sensitive—all of the fine qualities of a human being. Leo McCarthy is a driven man, politically driven. A political animal would be [the expression] best suited to Leo McCarthy. Whatever he does, he does with commitment and strategy and with drive. Willie Brown does it by being flamboyant, being bright, being clever, being sensitive. McCarthy is sensitive in a different sort of way. Willie Brown has a great facility of grasping at issues and problems quickly. He has a good ability for overview. Being an attorney does not hamper his decision making. It does to a certain extent. I can tell you that the

one thing that both Willie Brown and Leo McCarthy have in common is that they're both terrible administrators. Moretti was a much better administrator. It's a rare exception when you find an attorney being a good administrator.

HICKE: It's not part of their training.

PAPAN: Not at all. They have tunnel vision too many times. As a result, a lot of them get in trouble that way. McCarthy got in trouble, lost the speakership because of his inability. I think his legal training does hinder, as it does with Willie sometimes, but to a lesser extent. You can see the way their staff is organized, their office organization, which is their right. Their chief administrative person should be the next office over, and oftentimes it's two offices down the way.

HICKE: What's in between?

PAPAN: Very efficient secretaries, who they directly supervise rather than letting their administrative person do it. Not the way many of us would do it. But that's what suits them, so they do it that way. In the case of McCarthy, he always wanted to get in the middle of things. He'd always short circuit the legislative structure. Willie Brown does a little of that, but to a lesser extent. And that's what I singularly say: the only people that speakers should be concerned about are the members, and they should never structure themselves or insulate themselves from the members. So if you want to be attentive to the members, you have less time to be managing staff. McCarthy and Willie want to do it all themselves, Leo McCarthy more than Willie.

Moretti, on the other hand, would delegate, had the ability to delegate. And then he would have follow up, would have his administrative person follow up. Better staff work under Moretti than there was under the other two. I think Willie will continue to be speaker for as long as he wants to

be, because he is more attentive and tuned to the needs of the membership, has unbelievable energy.

HICKE: That's certainly helpful.

PAPAN: Yes. It's just incredible, the amount of energy. It's a thankless job but it's part of politics and it meets the needs of some egos. I guess Willie Brown has his and McCarthy had his. Moretti had a better handle on his ego than the other two. But yet Willie is a compassionate person. He would reciprocate and do things for members. Leo McCarthy, less inclination to doing that; it was always for himself. Very capable guy, though. Very principled guy, McCarthy. Preoccupied with what the papers were going to write tomorrow. Willie Brown has less inclination to worry about tomorrow's paper.

An example of Mr. McCarthy was the fact that he always wanted to be known as the speaker who saved money and cut corners. One day one of the members came in and said, "Did you see the article in the paper, Leo, about your penny-pinching and the economy is . . ." He says, "No, no. Where is it?" He says, "It ain't in the paper." [Laughter] So that was an example of Leo McCarthy. Very principled guy, but also a very rigid person. If he respected your intellect, you could do anything you wanted to him. If he didn't respect your intellect, he thought you were worthless. As a result, that was one of the reasons he lost the speakership: he didn't give full credit to the fact that each and every member had a vote. A little snobbish kind of attitude that he had.

HICKE: It was primarily based on your intellect that he evaluated you.

PAPAN: Yes. You'll excuse the expression, "You could screw Leo McCarthy if he respected your intellect." It's an unfortunate thing that you can't see the fact that each and every one of those members, regardless of their intellect, has a vote.

HICKE: How about your own relationship with them as chairman of the Rules Committee?

PAPAN: You wouldn't be chairman of Rules unless you had a good relationship with all of them; it was a prerequisite. I wasn't the chairman of Rules under Moretti. But I would like to have been his chairman because he was easier to work with. Willie Brown was much easier than Leo McCarthy to work with, only because you felt closer to him.

[Interruption]

HICKE: We were just talking about your relationship with the three speakers.

PAPAN: So I had a little rockier situation early on with Willie, but I also found that there were some people that were undermining me with him. Moretti had already left the legislature and came back and resold Speaker Brown on me to offset what oftentimes occurs: the undermining of members. Once that was done, my feelings for him have always grown to where I felt that it was a pleasure serving as chairman of the Rules for him. Moretti helped it before he died.

California has, in my book, the benefit of having the best legislature of the fifty states and, more specifically, the kind of governmental organization with people like Willie Brown that definitely give the state the kind of direction that benefits a lot of people. A lot of talent. If he didn't have his outside law practice, I don't think the state could afford to keep him. A very talented person. As I said, I feel very close to Willie Brown.

HICKE: Did you ever have a chance to observe other state legislatures?

PAPAN: Oh, yes. We had visitors from other states constantly coming into California. We've gone to others. I've been to the Massachusetts and Texas—an awful lot of them. California is the premier legislature. The federal government, staff, congressmen, and senators want to know what California has done in a particular area and oftentimes federal legislation

follows. There are no problems, I don't think, nationally or internationally, that couldn't be solved by the California legislature. That's the kind of talent that exists among staff. Thanks to [Speaker] Jesse Unruh, we were given the chance to hire the best people.

HICKE: I was just going to ask, to what do you attribute this?

PAPAN: The staff.

HICKE: Which is then attributable to Unruh?

PAPAN: Sure. The California legislature is fortunate to be able to hire people, and the best of people. We are structured in a fashion to be able to solve problems. Without it, we'd be just another state that couldn't do anything. There are so many states out there that don't have the staffing, that rely on our staff work to go ahead with legislation in their state. It's always "What has California done?" That's the question that is always asked.

HICKE: Do you ever consider that when you're considering legislation?

PAPAN: How it impacts the rest of the country? No. Usually you focus on the needs of California, and they usually aren't too different from the needs of other states. But they're the ones that always. . . . You'll get a call saying, "Could you send me a certain bill, or certain studies?" The Rules Committee would always be sending out the information we compiled and the things we had done to other states as a constant practice.

#### Restoration of the Capitol

HICKE: Do you recall anything specific that was particularly . . .

PAPAN: Yes, I remember. . . . Oh, the restoration of the capitol.<sup>1</sup> We had visitors come in and want to know how we proceeded to restore the capitol.

-----  
1. 1978, Cal. Stats. Ch. 25, p. 110 and 1979, Cal. Stats. Ch. 28, p. 74.

- HICKE: Oh, good. Well, since we're on that, let's do that from beginning to end.
- PAPAN: We were at opposite ends with Willie on the restoration of the capitol. He wanted to build Collier Towers.
- HICKE: This goes way back to the early seventies, if I'm not mistaken.
- PAPAN: Nineteen seventy-four.
- HICKE: And that was [Senator] Randolph Collier.
- PAPAN: Right. And McCarthy and myself and a few others felt that we could. . . . [Assemblyman Alan] Sieroty, I recall, was part of that, and Leon Ralph. [Assemblyman Edwin L.] Ed Z'berg. We talked up the idea of restoring the capitol. We had some reservations about the advisability of building the Collier Towers, and I guess the division between who was going to be the next speaker surfaced. I guess there was, based on the speakership, a negative frame of reference with regard to the capitol.
- What forced us was the fact that it was ready to collapse. They had to shut down a portion of the capitol and not allow the public in there because the dome was just hanging there, so to speak. And we prevailed. Vote of the legislature, hired architects, and they said that we could restore it. I think one was a guy named [ ] Beckett, and [John] Worsley was the state architect. These are all of the people who submitted to the idea that we should restore it. And we bought it. I was responsible for overseeing the restoration.
- HICKE: Wait a minute. I read an article that was written around the time this decision was made, and it said since Willie Brown is opposed to this, there's no way it's going to get restored. We're for sure going to have the Collier Towers.
- PAPAN: But he lost the speakership, Carole. You see, it was right at the time that Leo McCarthy and Willie Brown were vying for the speakership, and it was tied to the speakership. So when Leo McCarthy was elected, we realized that Collier and Willie were busy talking about the Collier Towers, Collier being a very

strong senator in the senate. So they had come to an agreement that they were going to build it. But he didn't win the speakership. Then we reversed it, said we were going to restore it. The money that was appropriated was \$65 million to build the Collier Towers. You know, as seed money to start it.

HICKE: That had already been appropriated?

PAPAN: We used that \$65 million to restore the capitol, which was very risky because we didn't know what restoring would have encompassed or at what cost. The \$65 million wasn't going to guarantee we were going to get the Collier Towers built, either. So we took that \$65 million and actually it cost \$67 million and we had \$1 million left over after we built it. We built it within a five-year time frame, rebuilt the capitol.

Now, there wasn't too much favorable press on that, ever. Everybody had serious reservations of whether we were going to be able to do it with that money, always waiting for cost overruns. We never knew what it was going to cost. And I can say that the contractor and the state architect and the architects that were involved, I don't think very much money was made on the restoration of the capitol. They did it out of pride. A lot of their talents and their heart—the people involved in that—went into this project.

HICKE: I was just there last week and the docent told me this wonderful story about how they didn't know how to restore the very fancy work on the underside of the. . . . The scrolls and all of that. And a kid wandered in on a motorcycle and asked for a chance at the job and got it and did a fantastic job.

PAPAN: And he started his own company after.

HICKE: Did he?

PAPAN: He's gone to other places and done that. Yes, they had to retrain some of the craftsmen.

HICKE: And those stairway posts that were copies. She told us how they found one in some church. They were copied. I don't know how they found people to do that.

PAPAN: They had pictures. They operated from pictures.

HICKE: But woodcarving is certainly not an art that . . .

PAPAN: Tough art. But they found people that were still around that could do that. No, it was a magnificent effort; I think the state architect is to be given credit. There were some negatives to that. The negatives were [Senator James R.] Jim Mills, who was president of the senate, who was a nit-picker, nit-picker to the extent that what he was trying to do was good but the kinds of delays and the kind of nit-picking turned out to be very costly for the state. He had a guy named [ ] Gervigian, and [ ] Dan Visnich, who were two of the most negative people I've ever encountered, who were constantly hassling with the builder and constantly hassling with the architects.

HICKE: Over what?

PAPAN: Just minute, stupid things. Oftentimes I would just have to move it along so that they were just. . . . You'd have to talk to those people who had to deal with these guys. And they had the support of Mills, which made it very tough. There's always a little friction between both houses as to who's to get credit for what. I was less inclined to be a person to get credit; let's get the job done. I tried to make it as easy as I could for the builders and for the architects and for the people. And they were most appreciative. But we had three stumbling blocks. Some of the good things that they were pushing were fine, but too often it was not worth the kind of delays that they imposed on us.

We also got involved in a lawsuit. We had affirmative action in place for contractors. Before that, the employees were all affirmative action; you had a certain percentage of

your employees. But we also insisted that there be minority contractors. We were taken to court, and the courts upheld that we had a right to do that. We wanted the capitol restoration to reflect the makeup of our state so that everybody could feel-- had made an effort to restore the capitol. It reflected a cross section of our people. It worked out really well. I later found out that state contracts can include affirmative action and can include minority requirements for the giving of contracts. That caused some delay, too.

HICKE: What was the lawsuit about?

PAPAN: Pacific Builders, I think, brought a lawsuit against the state that said you couldn't do that. So we went to court and we prevailed.

HICKE: I can see, anyway, that the building being restored right there under everybody's eyes made it easy for everybody to get involved in this, even the minor details.

PAPAN: Oh, yes. If you went back and checked the coverage they got in the newspapers, it was very discouraging. There wasn't much basis. There was just the constant wanting to find something when they never found anything. The culmination was the kind of opposition we got to the dedication. We had fireworks and had a big party and we actually put a menu together, as I recall, that was the same menu when the capitol was first built. I have it somewhere; I can't remember where it is. But they went to great lengths. In the meantime, the press really worked us over.

HICKE: For what?

PAPAN: The fact that we had this dinner and it was on a selective basis. Only certain people had contributed to throwing the party and the fireworks. It was all supposed to have been done by contributions. Well, we got most of it done, but we had a fireworks bill and some other bills that had to be covered and we had to use state money to do it. I think the total party and

the dedication and the parades and the stands and the like cost us half-a-million dollars to rededicate the building.

The press just went bananas on that. "You're not supposed to do that," and it's just silly. But yet, you go to every office in the capitol and outside of the capitol and you'll see posters on the dedication of the capitol, pictures about the dedication. It was a festive occasion; it was a commemorative occasion. People would look back, I'm sure, after they open the cornerstone 100 years from now, and say, "Gee whiz, let's do it again." I'm sure that that's what they'll say. We did a lot of what the initial dedication of the building called for. We also laid a cornerstone and did a lot more. In the cornerstone, every member of the legislature has submitted something on one page on what they wanted to submit, whatever they . . .

[End Tape 3, Side B]

[Begin Tape 4, Side A]

PAPAN: There's a life expectancy to that building of some two hundred years. It was just a challenging venture by the people involved in it. I think we did it right. I never heard of anybody knocking the idea. We did the right thing. But, boy, going through it, that was another story. But that's the way it is; it's inescapable; that's the way we do things. As a matter of fact, I remember sending [U.S. Senator Thomas] Tip O'Neill information about the restoration in the hopes that they would probably do that to the U.S. capitol building. I think they should.

HICKE: And then you originally said you had inquiries from other states.

PAPAN: Oh, yes, other states. I can remember some of those states that came. Some from Canada, too, from the provinces. We constantly have people come down and see what we've done. Some of them

have done it—Albany, for example, was trying to do it piecemeal, and it didn't work out very well. We vacated, went into temporary quarters—did it right. We gutted the whole building. So that building will stand there for another couple hundred years.

HICKE: It's beautiful.

PAPAN: Yes. It just belonged to all of us.

HICKE: Who had to approve the plans?

PAPAN: Well, we had a commission. We had a state architect. The Rules Committee approved the plans, and we appropriated the money from time to time. We had one bulk sum, and I used to release the money in vouchers at certain stages.

We picked the right contractor, too. It was. . . . Gee, his name slipped me. He was just a great guy, very bright.<sup>1</sup>

HICKE: I think we can find that out.

PAPAN: A very bright guy, and to his credit he was just a fantastic contractor. He hated Mills and Visnich and Gervigian. They just didn't have the business sense of how to complete a project like this. So I would always have to intercede, and try to assist him and the architect in getting the job done.

HICKE: That must have taken an enormous amount of your time.

PAPAN: It did take a lot of time, a lot of time to keep everything moving.

HICKE: That's really a full-time job in itself.

PAPAN: And to do it within the time frame: five years is what we allocated; in five years it was done. I stayed on top of that one. We got to know these people very well, and I just was delighted. It was a very challenging activity, I think, to our credit.

---

1. Restoration was carried out by Continental Heller Corporation of Sacramento.

HICKE: Was anybody opposed after you got the original. . . .

PAPAN: No, but they tried to make a partisan issue out of it.

HICKE: I mean, other than the ones you mentioned.

PAPAN: I remember being attacked in a campaign about spending money. They tried to [Inaudible] me. You know, the cost of the restoration of the capitol. They called it "Papan's Palace."

HICKE: [Laughter] You were spending it all yourself.

PAPAN: Yes. I have a brochure downstairs that was sent out against me, calling it Papan's Palace. But after it was built, not a word from anybody, not a word.

HICKE: Is there anything more to be said on that subject?

PAPAN: Not really.

#### Power of the Media

HICKE: OK. One of your problems, as you mentioned, as chairman of Rules Committee is that you often have to look bad. Do you read your own reviews?

PAPAN: Oh, yes, sure, and get angry. It did sour me. I realize that there's no. . . . In the Open Records Act the fourth estate is part of the process, and a very essential part of it. I came away, as a result of the restoration of the capitol. . . . As a result of my contact with them, I wanted to do more for the schools of journalism. I just kind of feel that . . .

HICKE: That they needed some help.

PAPAN: Oh, do they need help! I have always felt, write it any way you want. But at least let it be accurate. But there's none of that [Inaudible]. There's no way I can see changing things, other than getting qualified people to go into journalism, to spend money on schooling these people. It's too big a trust, too much power. It's the power of the money. Selling news is a big business. And it spills over into the other view I think I may have covered with you, when they talk about the cost of campaigns. I kind of feel the issue is a real one, but I think

it's being flamed by the media. Because I think they want to decide who's elected to public office.

HICKE: They always have had quite a bit of say, I guess.

PAPAN: Right. They probably don't feel they've had enough of a say. I mean, how do you offset being endorsed by newspapers, say, in San Francisco? So if you haven't got the money to offset what they're writing, to get your message across to the electorate, they decide. There's a little of that in this idea of getting the public to understand that the cost of campaigns is just out of sight. I think it's because they want to make the decision. I really believe that.

It's very dangerous. Big papers have been absorbing the small papers. You're getting a tighter concentration of coverage by newspapers. The TV and radio is also held tightly. As a result, you're getting a little too much power concentrated in too few people. It should begin to be a very serious concern for all of us. If we had a lot of newspapers . . . . I've always felt we were inadequately covered in Sacramento, all during the time I was up there. We just didn't have enough press coverage.

HICKE: Are you talking about quantity?

PAPAN: Yes, numbers of people. Everybody relies on the news services in these small papers. So you're getting a condensation when it's sent out. So the public doesn't really have a grasp of issues and an understanding of all sides in a particular issue. So when it goes out, small newspapers rely on the news services; the larger papers are absorbing the small papers; and you're not getting coverage enough in Sacramento for the kinds of activities that are occurring there. You've got a population that's not reading as much, that relies on the electronic media. And there you're limited in time as to how much they can present. So it's unfortunate that the process is hurting terribly as a result of inadequate coverage.

What are they doing also? What sells papers is negative news. An example I remember reading once was the bishop of England arriving in New York. One of the first questions asked by the press was, was he going to take the nightclub tour? He answered, "What nightclub tour?" The next day, the papers write the bishop's first question was about the nightclub tour.

So they're in the business of selling news. It's a very important part of our total democratic process. Boy, we've got to treat it a little better than they're treating it by preparing people to go into that field with a respect for the process and a respect for people in public office, recognizing the duty they have to enlighten the electorate. That isn't occurring. And it isn't going to change.

The cost of campaigns. It costs you \$36,000 a day for a one-page ad in the Chronicle. The highest in the world. If you want to run TV, you have to cover the greater Bay Area and pay the price that goes with covering the greater Bay Area. That's all money. Postage is going to go to twenty-five cents. How does that impact a mailer? If we are going to elect people strictly on what they hear, see, and read in the papers or in the media, we're going to hurt as a democracy. We're leaving ourselves wide open for the channeling. Then to curb the idea of raising money to communicate with the electorate. Really bad. A real threat to the democratic process. And yet it would be a greater threat if we tried to do anything about it. We'd better recognize that's what we're dealing with.

HICKE: My first thought was that you have two kind of opposing viewpoints. One is you're promoting more openness to the press, and the second is you have said that they're really not very trustworthy. But I'm beginning to see maybe those are two parts of the same--not only problem, but solution, that by opening more records to the press and opening your own self to the press, you're trying to promote this responsibility?

PAPAN: Well, I don't want to use "trustworthy," because I do believe they're trustworthy; it's just that they're preoccupied with business first, rather than the duty that goes with being a part of the fourth estate protection.

HICKE: Trustworthy in the sense of reporting the news accurately?

PAPAN: Yes. That's all: just accuracy. There's no way I know how to do that, except improve the caliber of people in it. There are a lot of very capable people. This isn't a broad condemnation across the board. But a sensitivity, I feel, should be possessed by them and the responsibilities that they have. But oftentimes, it's just not always what it should be. I don't know that there's anything we can do except surely not try to curb the money-raising ability of the candidates. They've got to have the resources to be able to reach the electorate themselves, and let the electorate discern, rather than to have big business that owns papers--the McClatchy paper chain or the others.

People have got to be reached by the candidate. If you want to say that you allow people in office to use government funds to communicate with the electorate, I'm for it. But we passed Prop[osition] 9<sup>1</sup> that says the minute you file for the office in February, you have no right to use public expense to communicate with the electorate again. Incredible! So they could write something, and you couldn't answer it. That's not serving us in any way, shape, or form. There's always a concern that you can't get new people elected; it's tough to get

---

1. Proposition 9 was passed on June 4, 1974. It is called the Political Reform Act of 1974. The initiative added Title a, Ch. 7, Art. 2 (Section 87200 et seq.) to the Government Code.

elected. The turnover in the assembly has been incredible. I'd say that 70 percent have been there under five years.

HICKE: The problem is getting people to stay.

PAPAN: Yes; they don't stay. I think you'll encourage them to stay a little longer—but they'll move up and out—by maintaining a good salary for them, by recognizing that. . . . You know, if you ask the electorate to vote a salary increase for their public officials, they normally would turn it down. But they also would turn down money for schools.

There are certain times that you assess public reaction, and I say a clear example where you see a limitation of the electorate is the assessment of [Lieutenant Colonel Oliver] Ollie North, where they made a hero out of someone who quite frankly violated the law, exhibited contempt for a joint committee of the congress, a person who was educated in the academies, who sits before a chairman who had lost his arm and was far more decorated than he was, and was contemptuous in his attitude, at least in my book. Then the public picks up on it and tries to make a hero out of him. It shows you the limitation of most of the people.

And the press: some of the press looked at it and began to realize what they had done with respect to the electorate, and started to reverse themselves because they realized how dangerous the situation had become. I attribute it to the electronic and printed media. But the American public is just not taking enough time with very important issues.

HICKE: Fortunately they forgot him rather quickly also.

PAPAN: Oh, thank God for that! But it was an example that I picked up on and said, "Gee whiz, how do you make a hero out of this kind of a person? What's wrong with the electorate?"

HICKE: What was your own method of dealing with the media? Just bite the bullet?

- PAPAN: Oh, I was very critical of them. You're supposed to go along with them and nurture them. I could not do that.
- HICKE: But you talked to them as much as . . .
- PAPAN: Always an open-door policy. Never have I caused them to wait, or never would it be as chairman of Rules that I wouldn't see them. Part of being the chairman of Rules is that you will communicate at all times with the fourth estate, or don't be there.
- HICKE: But it was a two-way exchange, is that what you're saying?
- PAPAN: Oh, sure. I would tease them. I guess they never liked it. If I walked into a room where I was going to hold a Rules Committee meeting and there were an awful lot of them there, I would always ask them, "What, is this a slow day?" They, I'm sure, would get angry. But I paid the price. But I knew what I was doing.

There was a guy named [Robert] Bob Schmidt, who writes for the Long Beach paper, who was a fine man, takes his job serious. There was Squire Barrons for the Chronicle, who since has died. He was a legend. There are a lot of capable press people, so mine is not a total condemnation. And then they feed off one another. If they start a wrong story, others will pick up on it and magnify the wrong. It's just incredible. But when you're in politics, you've got to expect that. I'm the kind of guy that goes back and tells them; I don't hesitate a minute.

But there are an awful lot of people who are preoccupied with getting reelected. I know that there are some guys, like Jerry Brown, and the man who beat me, who are very capable at manipulating the media. They have to watch that, too. Jerry Brown, I think, was probably a master at manipulating the media. He drove a Plymouth so he could get coverage; and they would pick up on incidentals. I could give you lists of things that he did. He'd even fooled the Republicans because he was

elected by a large margin of voters that included many Republicans. That's how he was able to hoodwink the electorate.

They have their pets, their other guys who always will provide the news media with their side of the story and will leak things to them in order to make themselves look good. Some of these guys will write favorably about that kind of person. We knew who they were. You'd have something in the caucus, and before you got outside, the press knew about it. But that's the way a democracy is, see. You're not going to change it; you're going to get people who want to manipulate the media, and are very talented. There are a lot of people who are able to do that.

Some are very quotable. They have buzz words. Because there's an art to talking to the press. Give them enough buzz words, and you'll see quotes when they write the article, because it makes it easier for them to write.

HICKE: No matter what they're saying; it doesn't matter.

PAPAN: No, the buzz words they'll pick up on. Very interesting. Jerry Brown was a master.

HICKE: Well, when you say that, you're indicating that he didn't—maybe I'm making too much of this—really believe all the things he said and did, that they were calculated.

PAPAN: Oh, I don't think he did. Sure they were calculated, very much so. He knew what would draw the press's attention. "Oh, look at our great governor. He's riding in a Plymouth, or he's sleeping on the floor." The good things that he did—and he did a lot of good things—just got lost; they would write about all those other things. I felt that San Francisco—I represented a portion of San Francisco—is a great city. But one of its biggest limitations was the fact that they don't have a decent newspaper. I don't know what we can do about it. I can get a little political with you. I see where my opponent wants to bring the Olympics. So he creates a committee and becomes

self-appointed chairman, knowing quite well he'll never bring the Olympics. There isn't the financial commitment--at least I've never seen it--that would induce that committee to bring the Olympics this soon after L.A.

HICKE: We're talking about [San Francisco Supervisor] Quentin Kopp?

PAPAN: Yes. Same way with the . . .

HICKE: But that's certainly a big seller.

PAPAN: Oh, sure. He knows quite well that he's not going to bring them. But he never got San Francisco to go along with it. Other issues have surfaced and he's gotten a lot of play. I think that the gay vote is the reason. I don't think he was ever in a position to deliver the Olympics here, or speak for the area, the region. But the press, those two newspapers, have picked up on it and played it to the hilt. I would have liked to have seen how much money was raised to do that.

I know what it took in L.A. I know what [U.S. Olympic Committee Chairman Peter] Ueberroth did when he came to the legislature. If the man had introduced a bill in the senate to have California put up some money to bring the Olympics, then I'd say, "Sure. He's a senator; it's within his power to do that." But there was none of that. They did the same thing with the Super Bowl the second time. When it didn't succeed, he blamed Mayor [Dianne] Feinstein and alienated the owners of the 49ers.

But these are the things when you point out to a newspaper, they write about things. More important than that is what is being done in the legislature. There are great issues in the state that just are not covered. I've always used the example that if I wanted to get a lot of coverage and get a lot of people in the legislature, what I would do is introduce a bill for animals.

HICKE: Animals' rights?

PAPAN: Animal rights, and you'd fill the place. But introduce a bill for handicapped children, nobody's there. But that's us. There are people up there who work on bringing the Olympics, getting an animal bill introduced, bringing the Super Bowl.

HICKE: Candlestick Park.

PAPAN: Candlestick Park, another one. Having built a stadium at Candlestick Park for a multimillionaire, [Robert] Lurie. Could you imagine? The guy's got adequate resources to build it by himself. I told the mayor-elect to buy the Giants, stop worrying about the stadium. It's cheaper. [Laughter] But he laughed.

HICKE: It's true.

PAPAN: Oh, sure. It's just incredible, the things that happen. But that's the fun of it. But it's also keeping my ear to the ground to see about maybe sticking my head out again somewhere. If I succeed, fine; if I don't, then I sit and read the papers—and laugh.

#### Ethical Considerations on the Rules Committee

HICKE: Well, before you decide to do that, there are a few more things we want to cover here. We've talked about this in general, but maybe you can give me some specific examples of how you actually exercised leadership as chairman of Rules. You were also chairman of Joint Rules.

PAPAN: Yes. Well, exercising leadership, I think, brings your personality into it. There are some people that your personality is compatible with, and other times it's not. So the lack of compatibility would always bring out an aggressiveness on my part, an intolerance, if the other person was the kind of person that tried to give me to understand. I could say the underlying consideration to leadership was to try to be as fair as you possibly could. I would not compromise myself and allow anybody to embarrass the house. Because any

action by any member reflects on all of us. So I was very protective of the house and tried to bring in members when I had sufficient information to tell them I knew what was going on, and that I wanted it stopped. I did a lot of that to protect the house.

HICKE: Can you give me any examples?

PAPAN: Oh, yes. There were people who were indulging in things that were not legal. I called them in and said, "Hey, I know about this." They were surprised I knew. And they stopped. There were abuses with respect to using state property, cars and the like; abuses against staff by members. None of which you wanted to make public, but fortunately you would always solicit in most cases a good response, because they were afraid. So fear was probably part of that leadership, when you knew something had happened.

HICKE: They were afraid of being exposed, or they were afraid of you?

PAPAN: And of . . .

HICKE: Of you?

PAPAN: Yes, sure. The fact that I knew would frighten them. So you would always have a grapevine of information that would come down to you. Or someone would come to you and say, "Look, this is what happened to me with this member." I would always go out and talk to that member. So they sometimes wanted to be vindictive against the employee if he was involved in a [Inaudible]. Then the police agencies would come. I would always direct that I would handle all matters.

When the FBI [Federal Bureau of Investigation] came to investigate the legislature. . . . They spent three years there, and having been a former agent, I remember there was Dennis Carpenter, a Republican who was a former agent. We sat down with them. The unfortunate part is that you draw fire from the press simply because the FBI was there. So after three years of investigation, they left without a single indictment.

I couldn't vouch for 119 other members, but I can tell you the California legislature was scrutinized by the FBI for three years, and I don't think they came away with a single bit of information that they could have taken to court and brought an indictment. That's saying a lot. That was four years ago, five years ago.

HICKE: What was the impetus?

PAPAN: Oh, yes. Well, the [ ] Moriarty thing was one of the things that brought them in, involving the speaker pro tem, [Michael] Mike Roos, and a lot of other members, who had evidently gotten benefit. They had come up on that. But they were there on the street crimes act; they investigated white-collar crimes. I could never understand how they had come to California when they've got places like Illinois, New York, New Jersey, and Massachusetts, where it's common practice. California in the last thirty, forty, fifty years has been scandal-free. We don't give contracts. It's done by [Department of] General Services. The legislators are there to legislate. It's a little different structuring.

So when they came, what annoyed me most was the fact that I was in the bureau. There appeared to be leaks to the press on inaccurate information. I called them. I said, "What's happening over there? Who's leaking this?" Well, it finally came out that the attorney general's office was leaking some of this stuff, and it was not the FBI. It was inaccurate. But it tended to discredit members and ultimately discredited the legislature. These are the things that are very distressing. If they're true, I'm with it. I mean, if there's any wrongdoing, I told those guys early on, "I'm with you. But heavens, until you establish that there is some wrongdoing. . . ."

I knew well that after they completed their investigation, they didn't say, "We give the California legislature a clean bill." They don't make statements like that. In the meantime,

the minute they appear, immediately there's an inference. Well, that distressed me. Because in the bureau under [FBI Chief J. Edgar] Hoover, you didn't go into a legislature and you didn't go into a university campus without approval out of Washington. Now things have changed; these guys can float around, and they had a task force out here to investigate the California legislature.

At the time that [President Jimmy] Carter was president, this occurred. That's a good long time ago. I think part of it was the fact that Brown was threatening to run against him. I think that's what brought these guys in. I couldn't help but think that possibly it was political, and I told them as much at the time. But that's politics, too. No wrongdoing. Efforts have been made to bring to trial members of the legislature, and nothing has ever surfaced. Which says a lot about California politics and the California political scene at that level of government. I think we're very fortunate. I think there's a good caliber of people there, and a good caliber of bureaucrats. It was relatively scandal-free. I can't vouch for all of them, but I can say I don't know of an instance where we've had any problems.

HICKE: That's very impressive. How much more time do you have here?

PAPAN: Well, maybe we should be winding down. When are we going to do this again?

[End Tape 4, Side A]

[Session 3, March 29, 1988]

[Begin Tape 5, Side A]

Speakership Battle 1976: McCarthy vs. Brown

HICKE: There's one thing that I wanted to go back and pick up on. You told me something about the speaker's war in 1980, and you just alluded to the earlier battle between Brown and McCarthy. I wonder if you could describe that for me.

PAPAN: Nineteen seventy-two was when I was elected, and four years later we elected Leo McCarthy speaker. The two contenders were Willie Brown and Leo McCarthy. The former speaker was Moretti, who supported Willie Brown. But McCarthy had already set his goals in place and proceeded systematically to get many people elected who would be a vote for him for speaker, one of which was me. When the actual vote count began, I think McCarthy had the votes of the caucus before we went into it.

Willie Brown put it nicely after he lost. He said that he had never seen anybody so committed to something as Leo McCarthy was to gaining the speakership. In fact, he doubted very much if Leo McCarthy would even go into the job without a list of the votes and proceed to check them off. So he slept and ate vote count for getting himself elected speaker. Leo McCarthy would not have run against Moretti, so we're talking about a time when the speakership would have been vacated as a result of . . .

[Interruption]

- PAPAN: So the speakership was vacated by Moretti and there was a void there.
- HICKE: Why did he vacate?
- PAPAN: He ran for governor and then lost. He could not run for his assembly seat, so he was out. He clearly was supporting Willie Brown, but I guess not everybody had laid the necessary groundwork for the change except Leo McCarthy, who went at it very methodically. His success I attribute directly to his efforts. There were a few setbacks in the course of getting elected. Leo McCarthy was relying on a guy by the name of [Assemblyman Robert] Bob Crown, and Bob Crown was killed in the middle of the speakership effort. That was clearly a setback. Then [Assemblyman] Henry Waxman decided to run for congress. These were very strong personalities who were seeking to bring about that change. So it meant that Leo had to work harder. He had the votes in the caucus when it finally came down, but there were a few people who switched.

The interesting part of that speakership, and I don't know if I mentioned it previously, was how proud I was that we had the kind of people in the legislature that we did. What I'm citing is, there were six blacks in the legislature, four of whom supported Leo McCarthy, and two, Willie Brown and [Assemblyman] Curtis Tucker, were the only black votes. What made me proud was to hear each of those blacks on the assembly floor proceed to state the reasons why they couldn't vote for Willie Brown, realizing that Willie Brown would have been the first black speaker. You would want to pop your buttons if you were a man to have heard these men, starting with [Assemblyman] John Miller, and then [Assemblymen] Julian Dixon, Leon Ralph, and [William] Bill Green, all of whom had to tell the world why they couldn't do that. I don't remember all the oratory that went with their reasons, but it was clearly one of the most moving and distinguishing times in the assembly.

Then I was disillusioned when 1980 came along and Mayor [Thomas] Bradley wanted to run for governor. I thought that in '76, when we elected Leo McCarthy, we had come a long way as a state and as a country. Then, to see the kind of reaction to Bradley running for governor, being a black, made me realize again that even though we have come a long way, clearly there would be setbacks from time to time in the election of someone who is of a different race, other than a Caucasian. Again, now, as I told you this morning, Carole, I'm concerned about our relationships and the idea that possibly someone who is not the best black to run for president that they could find out of 25 million, where that'll take the Democratic party. But we were surely united in the election of Leo McCarthy in '76 and race was played down by the blacks themselves.

HICKE: Were any of the reasons that they gave memorable to you? Do you remember any of them? Or were they . . .

PAPAN: They felt that—and they had served with Willie Brown—Willie Brown could not handle the power. Obviously, that was proven wrong later. They had reservations about him and weren't too sure whether he could reasonably handle that power. They questioned his makeup as a person, thinking that he would probably abuse that power once he got it, and his personality would get caught up in that speakership.

That hasn't happened as such. A lot of criticism has been leveled against the speaker over the years, but there's no basis in fact that would agree with the people who objected to him initially, meaning the black members who objected to him. I think he's handled it very well, in spite of the fact that we have in San Francisco what I consider to be two newspapers who have embraced bigotry by the people running those papers.

An example of that was that I was questioned by an editorial board from the Chronicle, where they were more concerned about my relationship with Willie Brown and my

support for Willie Brown than they were about the fact I was leaving the assembly and trying to go to the senate. I found them to have a deep-rooted dislike and contempt--would be the best way to put it--for Willie Brown, ignoring the fact that Willie Brown's a northern Californian and the population happens to be in southern California. They don't give full weight to the fact that the political strength of this state lives in southern California.

I think they're blinded by Willie's ostentatious mannerisms, his flamboyance, his brightness, his success as a lawyer. They choose to ignore his leadership and the direction he's given the state in a lot of areas that exhibit a concern for people, a lot of people. I think the poor, the blind, and the aged have fared well under Willie Brown.

HICKE: That's quite a tribute.

PAPAN: Yes. So where are we? So the speakership generally in '76 was, I think, a calculation, an effort by Leo McCarthy that resulted in his being elected speaker that far exceeded anybody's expectations, but directly attributable to his planning, his engineering, of his own election.

HICKE: Perseverance.

PAPAN: Yes, sure.

#### More on Rules

HICKE: Actually, we are still sort of on your chairmanship of the Rules Committee, because I'm not certain that we've covered that. For instance, this may be a very minor thing, but when I was in Sacramento a couple of weeks ago, I was at the State Archives and I saw a lot of posters regarding exhibits on there. Each poster was signed by you, as chairman of the Rules Committee.

PAPAN: That is more or less an administrative function. It is part of the housekeeping activity that the chairman has with respect to

the running of the house. Remembering, of course, it's always an extension of the speaker's office that position holds. So I served under Leo McCarthy and Willie Brown at their will. Whatever transpired I would have to fall back on being an extension of the speaker's office.

HICKE: Maybe you could tell me something about the other committee members.

PAPAN: The other committee members are elected, and they're elected on the basis of the speaker stating who he would like to serve on that committee and then submitting it to the caucus for approval. The minority leader does the same thing on the Republican side. So those are hand-picked people who get the support of their respective caucuses.

Usually they're members with some tenure. In the past, up until 1980 when [Assemblywoman] Carol Hallett was elected, they usually were people who supported the needs of the house. That changed; it became very partisan. The house has grown very partisan since '80 to the extent that in some instances, it interferes with the smooth running. So the members of the Rules Committee, instead of being people who care about the house, have turned into people who wanted to use that membership for partisan reasons. So you've got Republicans versus Democrats. All of us would have been better served to see that partisanship on the floor in bills rather than see the partisanship surface in the Rules Committee now. If you want a smooth-running house, you need a strong Rules Committee that is not partisan. That isn't the way it works now. Partisanship has permeated and infiltrated the Rules Committee, and as a result, you don't have a smooth running of the house.

HICKE: Can you give me some specific examples?

PAPAN: Yes. I'm trying to think of examples that surfaced. Say in the restoration. Sometimes they thought it more important to embarrass the chairman of the Rules and the speaker than to go

and vote and voice opinions in support of, say, the restoration.

HICKE: These are members of the committee?

PAPAN: Right. The chairman of Rules has, in most instances, historically received support from the other members when it came to housekeeping matters. When I ran for reelection, many of the things I did as chairman of Rules to further the house--the restoration, for example--were never used against the chairman in an election. These people would contribute funds--that is, members of the Rules Committee and the Republican caucus--to attack the chairman of the Rules Committee, knowing quite well he couldn't respond if he thought anything of the house. So the chairman has the responsibility of protecting that house whenever he can, or she can. That didn't occur. It's starting to erode that position for the chairman, and so partisanship surfaced in a lot of insignificant instances, which hurts. It hurts the smooth running of the house.

HICKE: The chairman always seems to take all the heat and also seems to always have the say on both sides. What part do the other committee members play? Do they have much to say?

PAPAN: Not really. It's the Rules Committee as a whole that has most of the power. The majority party has a responsibility, I think, and does, and did for a long time--I don't know if it'll continue--to respect the minority positions and make an effort at enhancing the process by being sensitive to the minority concerns.

On the other hand, the minority party, and minority members of the Rules Committee, have a responsibility of trying to work around the numbers when they don't favor them not by threatening, but by working together with the majority party in an effort to getting things done. There's a great propensity of wanting to lock horns when the numbers don't favor you, which exhibits what I felt early on: an immaturity of membership on

both sides. The challenge of being a member of the minority party is to work within the framework and try to overcome the fact that you don't have sufficient numbers to get your way. The challenge to the majority party is to respect the fact that only by strengthening the minority's concerns in some areas and being sensitive to those concerns does the process really work. They cannot be ignored and should not be ignored, idealistically speaking.

But that isn't the way it always works. Some individuals are more preoccupied with wanting to embarrass the chair or embarrass the speaker. That's unfortunate, but those things do surface. With time, the longer the membership is in office and the longer they're part of the process, the better members they become on both sides.

HICKE: Is that what you referred to as immaturity: the length in the legislature rather than age as such?

PAPAN: That's exactly what I referred to. The other thing is that most of the work in the legislature and in the Rules Committee is done by middle-of-the-road people on both sides. At the present time, or probably within the last six years, I kind of felt that the extreme elements of the Republican party have taken hold. It would be analogous to my allowing the [Assemblyman Thomas] Tom Hayden types on the Democratic side to be the dominant factor in the Democratic party. There are extremes in both parties, and those extremes belong to each of us. The challenge that goes is to keep those in check, the extreme right and the extreme left, so that those of us who think we are in the middle and are in the middle can get things done.

We're going to see some of that in this next presidential election: the extreme elements again. We've weathered a lot of extremism in both parties, but the more extreme one party becomes, it gives rise to the extreme aspects to the other party; so it doesn't serve any of us to allow these extremes to

have the larger of the voices. And it's no different in the Rules Committee. You get a minority leader who wants to appoint the most partisan people to the Rules Committee, it tends to surface in the course of doing business and a concerted effort to embarrass exists.

HICKE: OK. Before we move on, do you think that we've covered the Rules Committee as such? Obviously a lot has happened.

PAPAN: In very general terms, we have, without having the benefit of actual recollection, because in ten years so much has happened.

#### Jesse Unruh and the Pension Funds

HICKE: You've talked about all of the speakers in detail now except for Jesse Unruh.

PAPAN: Jesse Unruh: I didn't serve with him. So it would be just in very general terms here I'll state that the legislature is what it is, structurally, staff-wise, by the direct efforts of Jesse Unruh, who put all of this in place. If the distinction of California is having the best of the fifty legislatures, it's a direct result of what he did as speaker. I can't help but feel he had great foresight. He gave the California legislature the tools to do a job that never existed prior to his becoming speaker.

There's oftentimes the desire to make it a part-time legislature. You can't run a state this size with this many people on a part-time basis. You get the extreme elements of the Democratic party, and sometimes Republicans also, who want to make it a unicameral house. There's only one legislature that's unicameral, Nebraska, and I don't know a single thing that's ever come out of Nebraska.

We used to have a legislator here who had his head in the—I don't say in the clouds, because I don't want to put him up that high—in the ground, [State Senator] Arlen Gregorio, who was actually a hard-working idiot who did a lot of good

things but couldn't weigh everything. It always had to be disproportionate in whatever he did; it's always an extreme position. Fortunately, he's no longer a member of the legislature. But there is that type of person.

So Jesse Unruh clearly, in the last years I was able to have much to do with him as the treasurer. . . . He was someone I put on the State Teachers Retirement Board and the Public Employees Retirement Board. We used to visit frequently and discuss the pension funds. Did I go into the pension funds?

HICKE: No. That's on my list. But if this is an appropriate time, we can talk about them.

PAPAN: I think this is an appropriate time, because Jesse did make a job out of the treasurer's job, just as he made a job out of the speakership. My legislation was in the area involving the pension funds, which I found were mismanaged; and quite frankly, Jesse recognized that they were. We separated the two funds. I carried legislation<sup>1</sup> that separated both of those funds and established that each of them would manage their resources with different staffing, because one staff was managing all of the resources for both systems. Jesse picked up on it and we discussed with him this loose consortium of public pension funds that he put together in an effort to stave off what was occurring in too many companies: that was what we referred to as the "green mail" situation, where company officers would reach into the company coffers to protect their jobs. Then later the "golden parachute," where company officers would tap out the resources to provide themselves with very lucrative retirements.

---

1. 1982, Cal. Stats. Ch. 1434, p. 5473.

So Jesse felt that the pension funds, who are collectively the biggest investors in the free-enterprise system, could not ignore these executives and could no longer ignore a threat of takeover without assessing how good or bad that takeover would be when it came to certain companies. So he proceeded to call together public pension funds nationwide, analyze a threat of takeover, and not allow management to stave off a takeover if it didn't benefit the stockholders, which leads me to believe that by discussions with him and alerting him to the importance of that, he handled it very well.

I think in time we're going to see a greater role for public pension funds, a greater role in the sense that within a very short time every major company and every major bank and every major insurance company will be owned by a private and public pension fund. Those funds are going to hold management accountable.

In conversations I used to have with Jesse, I said, "Look, there's nothing more revolting than to find management types come to Sacramento, handkerchief in their pockets," and I think the most notorious of these were the oil companies who would come to Sacramento. The easiest market study in the world would tell them that the legislature's Democratic. They would see fit to fly in the face of that situation and not proceed to think in terms of representing their companies in the legislature and getting their votes wherever they could, whether they be Republican votes or Democratic votes. But not to alienate themselves sufficiently to lose Democratic votes for political reasons and then, their being part of a company, hurt by that.

I used to tell Jesse, "I cannot understand people who want to come to Sacramento and call themselves the leaders of our hundred most important companies and want to play the game of politics and not fully understand how government works." I said, "Jesse, continue working this loose consortium of public

PAPAN: pension funds that you've put together in an effort to awaken both management and later to awaken the members of organized labor, so that they, too, must come to recognize that profit and productivity are important, because they are the owners of all of the major companies. Educate them that there is no longer any room for an adversary relationship between employee groups and management."

Management has the biggest lesson to learn, because when Jesse begins to exercise those proxy votes of ownership and all of these public pension funds begin to do the same thing, they're going to cause that management to be more responsive to the people who own them.

So you're going to see political changes evolve as a result of the change in ownership. Some of the companies are trying to stave that off by trying to buy back their interest; but it's so big that I don't see a time when too many companies would be able to do that. Jesse's involvement in the management of money and his involvement as a member of the PERS [Public Employee Retirement System], STRS [State Teachers Retirement System] meant that he was in and about the handling of I'd say somewhere in excess of \$200 billion a year. He did very well with it and showed great understanding as time went on. I don't think we have had time yet to fully assess the kinds of changes he has brought as a result of being the treasurer of this state.

But the political changes and economic changes and his strong feelings about wanting to see the U.S. economy be as competitive as any country in the world. . . . He felt that one of the reasons, I'm sure, that we are having some financial trouble is the mismanagement of companies. Though he might at times attack certain individuals and certain companies, he would not openly condemn the mismanagement of companies because

it would surely not benefit the stockholders, of which he had a voice representing a good number of them.

These are the changes that I see and he sees coming, changes that already, I think, we discussed, because he had traveled extensively. I traveled with him, and I think the Japanese and the Germans have come to realize that they could no longer afford an adversary relationship between employee groups and management; and we are slow to seeing that evolve. Of course, being a partisan person as I have grown to be over the years, I'd like to think I'd lay that right at the laps of many of the management Republican types that are hurting their companies and hurting us by their lack of understanding of the political process and lack of understanding that there's no place for an adversary relationship with the people that actually own those companies, namely the people who are members of pension funds.

HICKE: He exercised some, shall we say, leadership in these companies by voting the proxy votes? That was his main way of . . .

PAPAN: Well, he did that, but he held them accountable first. So when there was a threat of takeover, he would immediately investigate the benefit or loss of benefit that would occur with a takeover, and then he would exercise his proxy votes.

HICKE: Then he'd let them know that on behalf of all the shareholders, this was how he felt?

PAPAN: Oh, sure. It had to be a loose consortium, because if it were anything but loose, you would have to notify the SEC [Securities Exchange Commission]. I think if there's an interest . . .

[End Tape 5, Side A]

[Begin Tape 5, Side B]

PAPAN: If there's an interest being voiced in excess of 10 percent, then you have to notify the SEC. So it has to be done in that fashion, unless we change the laws. He also came to realize . . . . I remember having discussions about the right to hire people to assist in the management of that portfolio in the case of the Public Employees Retirement System and the State Teachers Retirement System. There was an individual who he and I felt didn't have the ability with the position he was holding down, and I'm trying to recall his name. It'll come to me.

HICKE: When you look at the transcript, maybe you can fill it in.

PAPAN: PERS. He was a person who had the responsibility for running PERS but had no investment experience or training. So in the case of PERS, there were two years without an investment officer. Incredible. This was very distressing to Jesse and very distressing to me. And you needed, I think, two-thirds of the commission to let this person go. It took a long time to get that to happen, and it did happen. I was elated, as he was elated.

It's too bad he got sick, because we would have seen his ideas and mine come into place whereby you would have had a more responsive management of our major companies. We will come back to that in time, I'm sure. [Sidney] Sid McCausland was the person. I tried to think of his name. We had numerous discussions on this individual and how to best remove him from that position.

HICKE: You're saying that these ideas have not been carried forward?

PAPAN: They were just beginning. We're talking over a four- or five-year period now. The total ownership of all of our companies will come within the next ten, fifteen years. I think you'll see some \$3 trillion in private and public pension funds—the multiple keeps growing—and you're going to see members of those funds look at profit and productivity as though they have a vested interest. You'll see a management who will respect the

ownership and the asset that goes with having productive employees, rather than allow themselves the luxury of ignoring the ownership or ignoring productive people. Many of our management types, I think, consider it below them to reach down and get a better handle of understanding on their employees and their employee problems.

HICKE: This isn't the sort of change in the balance of power that has historically been accomplished by unions.

PAPAN: Right.

HICKE: Now, you're talking about approaching it, really, from the other end almost.

PAPAN: And union ownership. The government has stated in some of the federal laws, the ERISA [Employees Retirement Income Security Act] standards which we put in place, to govern PERS and STRS with legislation<sup>1</sup> that I carried. What has happened is that insurance companies have the responsibility of managing resources of these labor unions, and they've mismanaged them. I think that could be helped by allowing the management of those resources to continue, but the voting interest that goes with stock ownership should be returned to the people who have it, namely the various unions and their pension funds, so that they vote the proxies of ownership rather than the insurance companies. Let the insurance companies, whoever else wants to manage those resources, do it. But the responsibility for voting those proxies should be returned to the people who are members of those pension funds.

HICKE: That's very interesting.

PAPAN: Yes.

---

1. 1984, Cal. Stats. Ch. 1503, p. 5309.

[Interruption]

- HICKE: I found a quote here. I asked you once if you read your reviews. Here's a quote I found: "He has become unchallenged leader of what seems to be an effective legislative effort to protect California's public pension funds from lazy and/or corrupt corporate managers." That's from the California Journal. [November 1984]
- PAPAN: Is that right?
- HICKE: Yes.
- PAPAN: Are you talking about Jesse or me?
- HICKE: You. It was talking about you.
- PAPAN: [Laughter] I think that's true. But I didn't have enough time. I would have done more in the senate in this regard. But now that Jesse has come to pass, I'm going to be looking at running for treasurer.
- HICKE: You hinted that you might be doing something, and that's what it's going to be?
- PAPAN: Yes. It depends on my assessment of the political environment, and then I'll decide. I'd like to do that. I think I could conceivably bring some changes that would protect those pension funds, would enhance the benefits that accrue to the people who are members of those funds; and I think I could do it all within the state of California, at least a good portion of it in the state of California. I don't think those pension funds have to go outside California to see the return on investment. They may in some instances, but I think most of it should be done within California.
- HICKE: You might want to remember this quote to use in your campaign.  
[Laughter]
- PAPAN: You'll have to dig that out. I'll be back to you there.
- HICKE: I've got the exact cite here, November 1984, California Journal.

Well, since we're kind of on business: we talked about the banking reforms. But I also ran across some information to the effect that in 1977 there was quite a bit of interest in the changing business climate. Did that affect the legislature in any form?

PAPAN: I can't remember.

HICKE: More interest, I think, in attracting business and that sort of thing.

PAPAN: A lot of that is window dressing.

HICKE: Goes on all the time, I guess, to a certain extent.

PAPAN: Goes on all the time, because business comes into California not at the encouragement of any particular person or group. If they see an opportunity for a good investment based on their assessment, they don't need any encouragement. But a lot of people try to create that, provide an inducement to their coming.

California is one state that doesn't need the inducement. We didn't give any tax breaks, as some other states ask you to commit. People come into California because there's a 27 million market, 27 million people; it's a big state, climatically excellent for locating here. It's got so much going for it. The people that talk that up are not going to sway someone to come to California. The person comes to California because they feel it's a good investment to locate in California. That'll be the sole criterion. They're not going to come because Lou Papan. . . . Unless we're holding out a carrot for them by giving them a tax break or giving them the land free. There hasn't been too much of that in this state. Some inducement other than saying, "Gee, thanks for asking us."

## IV. MAJOR LEGISLATIVE CONCERNS

Transportation: SamTrans, SP, BART

HICKE: Now let's move on to transportation. I'm sure you have much to say, though one of the things that I know you did was establish SamTrans [San Mateo County Transit District].

PAPAN: Right. But I did that in conjunction with [Assemblyman] Dixon Arnett. I gave Dixon the opportunity of being the author of the bill and I was a co-author. I was new at it. It was a Democratic legislature. I could have said to Dixon, "Hey, I'm going to be the lead author on this." But I had a good relationship with Dixon. It wasn't important to me as to who was the lead author, but we worked together on it. Unfortunately, Dixon didn't represent the area that was strongly supportive of establishing a transit district. That district was established because of north county.

HICKE: He represented south county.

PAPAN: Right. The north county was the one that voted heavily in support of establishing that transit district. I've been particularly sensitive, coming out of the city council and representing north San Mateo County, been very critical of the south end of the county. They have all the answers for us up here. Yet, if I said to them, "You have some cheap land in Atherton or in Hillsborough. We ought to locate some low-cost housing there," just in jest, that would bring it home to them that, "Don't be coming up with all of the answers for us at the north end of the county." We happen to be the popular end of the county because we have most of the people up here.

So SamTrans came into existence as a result of strong support up here, which you do have a concentration of people that you can move around. You don't have them sparsely settled as you do at the south end of the county. You have pockets of heavily settled areas, but not like the Daly City, South City,

San Bruno areas. So we were able to muster. . . . I think there was only one city that voted for SamTrans, and that was Menlo Park. The rest of the cities. . . .

HICKE: You mean in the south county?

PAPAN: Yes.

HICKE: How did this idea actually come to you and how did it get started?

PAPAN: I think, when I was on the city council, they built the BART, and then we provided some of the money to enhance the garage in Daly City because it had turned into a parking problem. Then I sat on, I think, the Transportation Subcommittees, and I was part of ABAG. So the concerns of the movement of people were present at the time I came on the scene. So automatically it fell in line with a real concern about moving people around.

I carried some of that to the legislature. I did preserve that commuter run. SP [Southern Pacific Railroad] was looking for a 111 percent increase. I said, "Look, what does it take for a company to realize that any increase in fares also results in a loss of patronage? So that's not the answer to your problem." We couldn't give a direct subsidy, so we came in with CalTrans to establish a commuter line and proceeded to have the state support that commuter line.<sup>1</sup>

I did that because I felt that it wouldn't be too long before the availability of gasoline at a price that people could afford would be in doubt, and there was a built-in obsolescence to the completion of BART. You can cross the [San Francisco] Bay Bridge in seven minutes at the height of the commuter hour; you couldn't do it with your car. The number of

---

1. 1977, Cal. Stats. Ch. 1216, p. 4093.

people, the number of cars, is going to cause a real problem. There's going to be congestion, the kind of congestion that . . . . There will be gridlock on all of the major highways. So I thought that by preserving that commuter line, we could buy some time without closing it down, until such time as we were able to determine what we were going to do about an integrated transportation system. As it is, the movement is slow. I will be long gone before it's completed, but there is movement.

HICKE: Towards extending BART? Is that what you were referring to?

PAPAN: Extending BART at least to the airport. Beyond that, I think it becomes a regional matter and it becomes a matter for the federal government to think in terms of how beneficial would it be for us to think in terms of an integrated system throughout the Bay Area. And conceivably some high-speed trains all the way into the valley, namely Sacramento and other areas. But that, I think, is in the foreseeable future. But again, that's the kind of planning that's going to be necessary.

We're just beginning to mature to the concept of five-, ten-, and twenty-year planning. When I say just beginning, I think within the last twenty years. But in the history of the country, we have not done, nor had the need to do, some real planning. We're maturing now. The population is growing. The concentration of people in a megalopolis necessitates some real foresight and some real long-term planning.

So I got into it. Now I see where SamTrans is going to expire in '89 or '90. I certainly would advocate that the state continue to operate that, because our planning has not kept up with the needs. Until we put in place what we intend to do in order to move people around, then we should keep SamTrans in place, SamTrans being a feeder system into a fixed rail system. The needs of San Mateo County are fast changing. You see a lot of construction in Millbrae, Burlingame, and South San Francisco; and those places are going to have to have

sufficient employees, say the hotels, to run them. Unless we're able to bring people in. . . . At one time, it was just how to get people through and out. But now our economy is going to have to reach out to the other cities in the Bay Area and bring people in here for manpower. It's very slow and very disappointing, and parochial thinking has got to give way to the regional concepts in the case of transportation.

HICKE: To be a little bit more specific, you did both those things: you preserved Southern Pacific Railroad line into San Francisco and you established SamTrans. You did these by carrying bills in the legislature?

PAPAN: Right. The bill that established SamTrans gave San Mateo the right to vote for a transit district.<sup>1</sup>

HICKE: And then did you have to get involved in that vote?

PAPAN: Yes, we were very involved in the campaign. In fact, there are pictures somewhere kicking around that. . . . I think all of the political people, with very few exceptions, joined in the effort. So in the north end of the county--I remember [ ] Pucelli, and I forget the gentleman's name from the southern end of the county, where we put the campaign together to get approval for SamTrans. It won approval as a result of the north end of the county voting heavily in support of it.

HICKE: Who was against it, either in the legislature or in the county?

PAPAN: All the Republican types. One of the people, who was the Chamber [of Commerce] in Hillsdale Shopping Center, [David] Dave Bohannan, some years ago felt threatened that if we got transportation here, it would threaten his shopping center. Well, I guess he no longer feels that and he's pretty secure.

---

1. San Mateo County Transit District Act, 1974, Cal. Stats. Ch. 502, p. 1148.

There were the business types who had a big stake in San Mateo who didn't want outsiders coming in here and competing with them.

Gridlock now is with us, and you're going to find a greater interest in SamTrans and in CalTrans. The patronage is bound to go up. If we do not do something about improving transportation and the accessibility to this market in San Mateo, you're going to find the economy of San Mateo-Santa Clara dying. The infrastructure has not kept up anywhere in the state. If you're going to build homes, you're going to have to build roads. And you've got a selfish population, a population who feels they've got theirs and they are content in having theirs and are reluctant to help solve some of the problems. And they do have a very sophisticated approach to rejection.

We have a housing crisis, and you find the Sierra Club, with its tentacles. . . . And I call them tentacles because . . . . There are major environmental problems that, thank God there are people like the Sierra Club. But they get caught up in small projects. San Bruno Mountain was one. Fifteen years and they haven't, I don't think, put any houses up there. I don't want to build the mountain out. Let's be reasonable. So there were large portions of that given off to the county and they still can't. . . . There's Sugar Loaf.

There are a lot of projects that are just being held up because it's very easy to file a lawsuit to delay projects that run into millions of dollars. The ultimate result is that the people who can least afford, people starting new families, to buy the houses. . . . As a result of these delays, these houses are getting costlier and land is getting very expensive.

Then who wants to live here if there's no job for you? If the transportation system continues to be a problem, you're going to find that we're going to do some real damage to the economy of San Mateo and Santa Clara counties. I think San

Francisco is going to see that quickly. They used to enjoy a very strong economic position in the Bay Area. But you're going to find some of those companies moving out. They're moving out into the Danville area, out into Concord. You're finding some of the electronics companies going as far away as Sacramento so people can have homes. But now Sacramento is feeling the gridlock. A lot of building and no planning with respect to roads and the movement of people. So our planning seems to be falling behind the times.

HICKE: On the bill for the commuter train, did you have any opposition on that?

PAPAN: No. As a matter of fact, it was a regional bill. In other words, a person who introduces a bill that is unique to his district or her district doesn't get opposition; they usually go to law. The governor was supportive, at that time Jerry Brown. We were able to put it in place. [Department of Transportation Director Adriana] Gianturco was consistent with her thinking about public transportation as opposed to building more roads; so the philosophy of the times prevailed.

HICKE: Did it require funding?

PAPAN: Yes. It's costing \$15 million a year now.

HICKE: From the state?

PAPAN: Yes. Transportation monies. They were running \$11 million in the hole. It was an interesting thing for me: Southern Pacific had a dual accounting system, because railroads historically now wanted to get out of the passenger business. So they established a dual accounting. They were losing money on the passenger but making money on the freight. Since when is anybody allowed the mentality of that kind of division? You're operating a railroad. This was not a land grant, this right of way. But you got many benefits historically to operate a railroad. We didn't say, "Just operate a freight." We said, "Operate a railroad," which meant passengers as well. They have

conveniently abandoned the interest in passengers. They said, "We can't make money on that."

HICKE: One of the things that I ran across was a PUC [Public Utilities Commission] hearing for a rate increase, probably one of several. So you were involved in those, too?

PAPAN: I didn't get involved with the PUC directly; I just took it on myself. I sent in auditors to audit SP and their operation here, and those auditors came back and told us that they couldn't find justification for that size increase. It was such a complicated accounting situation that they conveniently, instead of taking their total operation, they said, "This is what we're losing money on." They used to write a lot of the stuff off on them. Some of the right of ways and some of the costs of maintaining the line they put on the passenger service and got the benefit in their freight operation. It was a very complicated situation.

HICKE: Another thing that I read was that you had a bill to fine utilities and corporations for lying to the PUC.

PAPAN: Oh, yes. I remember that. Yes. That caused a stir. I think we put them in jail.

HICKE: What was that all about?

PAPAN: Well, I felt that there was a propensity to lie, and that excited a lot of people.

HICKE: Did this arise out of a specific occasion?

PAPAN: Yes, the railroad. The kind of information that was not made available in this. . . . Getting CalTrans interested in that right of way was the final thing. But SP didn't hesitate to distort the information sufficiently to cause me to put that bill in.

HICKE: What happened to the bill?

PAPAN: I think it became law.

HICKE: Was it ever called upon?

- PAPAN: It's on the books. It's somewhere. It may surface. I think they're using more care now than they ever did, all of these companies. Yes, it became law. I can't remember. I can't remember—so many bills. But it was one of the bills I introduced at the time. I'd forgotten it. I guess that's why they came down heavy on me. [Laughter] They don't want to be held accountable to anybody.
- HICKE: What about other transportation problems?
- PAPAN: That was the extent. On state issues I would defer to the people who represented their areas. Southern California: I used to go down and have hearings there about a fixed rail system there. I was always supportive of all of the concerns that came out of other areas. We are not doing all we should, and haven't for a good many years. But it's coming, it's coming. It's coming because of our inaction in helping solve these over the time that we have. We always react rather than going out there and solving.
- HICKE: The question is, is it coming soon enough?
- PAPAN: I don't think it is, unfortunately.
- HICKE: Sometimes I drive to Sacramento early in the morning, and the traffic coming toward me from Vallejo, it's stopped.
- PAPAN: I used to commute that. I can tell you what that's like. I can see the changes now when I go up there. I used to do it every day, back and forth, and sometimes twice a day.
- HICKE: Who did you work with on Transportation?
- PAPAN: Who did I work with on Transportation? Who was the chairman? We had John Foran in the assembly and in the senate. And then we had [Assemblyman] Wadie Deddeh. All of the chairmen of Transportation, a lot of them. I sat on the committee, I think, every year that I was in the legislature, on Transportation. So when I carried a bill it was kind of easy because I was familiar with the membership as well as many of the issues.

We did well. I remember hassling with the BART people, who think that we should not go to the airport until they provide service to Antioch. There's merit for that argument, but I always used to remind them that the best service—and with a surcharge—the best patronage is coming out of the north end of San Mateo, the Daly City station. I'm glad they anchored it there. I said, "Good business prevails. If you're building a system, you want to get your patronage wherever you can get it." So when you presented business arguments, I said, "You've got bonds to pay off here. You better find the patronage and allow people to use it and make it accessible."

We didn't join it only because we couldn't afford it in San Mateo County. People saw that; they were being burdened in their homes. I couldn't in all honesty tell them that they should pass BART and join the BART system; we couldn't afford it. San Francisco and Oakland were enjoying tax bases no one else has. Federal money should come in here at some point, but the priorities are all mixed up a little bit. Big military budget.

HICKE: In the country?

PAPAN: Everywhere. Our nation needs projects like this. If the economy takes a dip, I think you'll find that there will be the infusion of federal monies to help projects. Where are we?

HICKE: We're still on transportation, and I don't know if there's anything more to be said on that or not.

PAPAN: Oh, yes. There was one issue that I took with John Foran for years, and that was I always felt that we should have indexed the gas tax so that there would be a percentage per gallon and we would have always had money for transportation. Because the gas tax was 21 percent; it's down around 2 or 3 percent now. When we were 21 percent, the price of gasoline was thirty-five cents a gallon. Now it's \$1, \$1.10 a gallon, and we're getting the same tax as we were getting, with the percent going from 21

to 3 percent. If we had it indexed, as the price of gasoline went up, we would have also gotten benefit-to-user tax.

HICKE: I read also you ran some test program for gasohol or you were endorsing that?

PAPAN: I did endorse that. That was something that Senator [Daniel] Boatwright was pushing. I think Brazil is very advanced in that area. It's a question of time before gasohol engines will take hold. I was very supportive, because gasoline is not going to run to infinity; so we'd better get maximum use of that resource to give us more life until such time as we're able to find the kinds of engines that don't rely on gasoline.

HICKE: What did the oil companies think of that?

PAPAN: They made a little noise, but they too are beginning to realize that there will be a time that we may have to go that way. They're not totally unreasonable and they're not totally without some foresight. As long as they get the benefit of it, they don't really care.

#### Special Education

HICKE: Special education.

PAPAN: Yes. I carried a lot of legislation in that area, and successfully.

[End Tape 5, Side B]

[Begin Tape 6, Side A]

PAPAN: I carried a lot of legislation in that area.<sup>1</sup> The first bill I carried was to allow parents to be included in the evaluation

---

1. See appendix.

of their child.<sup>1</sup> There was a law that excluded them. I just don't know where to begin on the subject. But the bills speak for themselves; there were loads of bills. Sitting on Ways and Means [Committee], I chaired a subcommittee to provide funding to special education.

I think the bottom line of my thinking in that area is that I've always been a strong supporter of meaningful education suited to individual needs, without exception. Special education was not to be excluded. There's always been a tendency to not provide the funding to special education, and I thought that that was against the law and against our principles that we were going to educate everybody. Having a youngster who had that special need made me very aware, and I was less than compromising and less than willing to take no for an answer from anyone in that area, in any part of my legislative career.

So I carried a lot of bills. Too bad I just can't roll them off the top of my head, because I would carry them and want to forget them once it was done. But we did a lot in that area. Do you have a copy of all my bills? Maybe that's what you should do. That shouldn't be any great job to be able to dig them all up, and then there would be quite a stack of them.

HICKE: Do you have any papers?

PAPAN: Oh, I do. If I'd known you were coming, I would have never used the shredder. Yes, we used the shredders before I left. But I maintained some of them. But if you have any trouble getting those bills, you let me know and I will have somebody go all the way back and pull every one of my bills.

---

1. 1975, Cal. Stats. Ch. 783, p. 1805.

HICKE: That would be great.

PAPAN: I think that's the best way to do that. I will call up there and ask the chief clerk to make sure that they do that. We did get some of the bills on the pension fund, so they are available still. But there shouldn't be any problem finding copies of those bills that became law.

HICKE: Did you turn your bill files over to the state archives or do you still have them?

PAPAN: No, I shredded a lot of them.

HICKE: Oh, you shredded them. If there's anything left, they're probably still interested in having them if you . . .

PAPAN: As soon as we get the clothing out of the garage, I'm going to go through everything and I'm going to turn everything over to you that I have. There are some files in a place that we've rented, so if you get back to me, within the next month I'll be able to give you as much as you want that I have. I should have turned all those over to you rather than shred them, but nobody said anything to me. I said, "What the hell; nobody's going to want these anyway." It was a mistake. You should notify the legislators that you want their work and would they consider giving it. A lot of us just don't think we're important enough to go into the archives. But now I look back on it, it was a mistake we made. But I'm going to tell the speaker that, too, that they should not destroy files. Yes.

#### Children's Legislation

HICKE: That's good. Speaking of children, there are several other things that you did: child abuse prevention.<sup>1</sup>

---

1. 1982, Cal. Stats. Ch. 1398, p. 5330.

- PAPAN: Yes, and I don't remember all of the bills. But whenever the word "child" would surface, I was there, yes. Always. It was the pride of authorship, too. I just felt nothing was more important to me than that area. Sally Kipper's the one you should talk to, too. She was my administrative person and she can find the time to talk to you.
- HICKE: And the South San Francisco Child Care Center, which was going to employ seniors to care for preschool children. I think that was established, wasn't it?
- PAPAN: Yes, it was. It's right at a school. The adjoining area has a child care center. I remember Sally and myself doing some work in that regard. It's been a good number of years ago. It's been going a long time.
- HICKE: Let me see, what else do I have here? Well, children's insurance?
- PAPAN: Yes. Insurance companies in some states, I think Pennsylvania, don't charge for preventive care. In the long run, it was actuarially beneficial to these insurance companies. If you gave shots, a lot of the preventive care, then companies would save money and it would cost, we estimated, about fifty cents a month. The argument of the insurance companies against it was that they didn't want to mandate coverage. "We don't want to mandate coverage."
- HICKE: Why?
- PAPAN: They just don't want the legislature telling them that they had to put that in their policies. They always use that argument when somebody tries to do that. Prenatal care was the same way at one time. So we fought those companies, we fought Blue Cross, and still couldn't get the governor to sign that bill, the premise being that we don't want to mandate costs. Silly concept when it comes to children. I carried that bill during two different sessions and got it through both houses—I think

I got it through both houses—but the governor vetoed it. Wrong. Again, irresponsible management.

HICKE: Brown, was this?

PAPAN: No. It was Deukmejian. Irresponsible. Brown would have signed them, I'm sure. Irresponsible. Totally irresponsible. Insensitive. They couldn't give us the figures to show that they would be losing money, either. And they wouldn't. There was no way they were going to lose money on it. So preventive care, in the long run, would save a lot of money, a lot of money. Catch something early. Aggravated conditions later. The spinal column sometimes can be corrected in a child very early. I forget what they call that illness. I remember statistics that we had for them and still couldn't convince them that preventive health care was essential and affordable and money saving. Nonsense, sometimes. That was one of the nonsense oppositions.

Talk to [former aide Michael] Mike Thompson, too, because he has some statistics. He's working with [Assemblywoman Jacqueline] Jackie Speier now, my successor. Tell him we spoke. Both of those staff people could probably detail some of it out for you, because they worked the bills.<sup>1</sup>

HICKE: I'm just moving through some of the things that I know you did now. Another one was mandatory coverage for bone marrow transplants.<sup>2</sup>

PAPAN: Yes. We had a youngster here who was refused. I felt that you shouldn't deny medical attention to any child or anyone, for that matter; so we managed to get that enacted into law. I

---

1. See tape-recorded interview with Michael Thompson, included as Chapter VI of this interview.

2. 1984, Cal. Stats. Ch. 1606, p. 5672.

think there was a little catch: that the doctors had the right to decide whether it would be beneficial to the particular patient, and that gave them an opportunity of just not providing that service to everyone, but to someone where the possibility was that we could cure them. We had lost a youngster in South City, as I recall, and I felt that that should not happen to anyone. So now it's available.

#### Elderly and Handicapped Legislation

HICKE: Elderly and handicapped. Elderly, particularly. We talked about handicapped. There's a San Mateo County Center for the Independence of the Disabled?

PAPAN: Yes. I was, I think, on that board for a while and did much to assist that. I think Naylor did a lot more in that area than I did for the establishment of that particular. . . . But we were very supportive of establishing the Center for Independent Living. I've been down there. I don't remember all the details. Sally could fill you in on that, too. You bring them up and they all come back, but they only come back in a limited way.

HICKE: There was so much going on, I'm sure.

PAPAN: Incredible. And running the 300 people that we had working for us, too. It was fun. In these areas, it was all worth it.

HICKE: It seems as if you didn't have a whole lot of opposition in the legislature for all of these kinds of things.

PAPAN: I did. We had the immature ones still there. Partisanship. That was a different era. The Democrats—generally it was never a problem getting votes in these areas. But you had people who come from very safe Republican districts who weren't accountable, insensitive to the needs of people. That's the distinction. You can tell people about that, but unless you're there to see it, you could never understand why the Republicans are insensitive. They're not any less sensitive in life than

anyone else; but when it comes to voting, they're just not there. It doesn't make any sense.

HICKE: That's really an interesting point. They're people . . .

PAPAN: Like everybody else. Why are they like this? They have these fixed ideas about less government, when obviously the matter is going unattended and government is the only one that can attend to it. A philosophical difference about what government should or should not be. It stands in their way of being responsible. It's not a lack of sensitivity, [Inaudible] it's a lack of the sense. Too often it doesn't make it. And it's hurt their party. Not all of them are like that. There are a few that will ignore that and go forward with it.

HICKE: I guess part of what we're talking about is that they may have an individual sensibility but they feel it's not the function of government to have this sensitivity. Which is, as you said, sometimes the only way it'll ever get done.

PAPAN: Come about, sure. It's too bad, because it surely would make the job a lot easier for a lot of people, and life a lot easier for a lot of people. That's always citing the abuses; they rationalize, never looking behind to see, are we really serving people who are not abusing? Very hard for them to do that, some of them.

HICKE: What about linking income tax to inflation?

PAPAN: Did I carry a bill like that?

HICKE: I have a note here to the effect, and I think it was something that I just wanted to ask you about. It wasn't necessarily a bill; maybe it's something you mentioned off tape.

PAPAN: Linking income tax to inflation. It is, indirectly, linked already. I can't see the point.

HICKE: Yes. OK, the Policy Research Management Committee. Does that ring any bells?

PAPAN: Yes. It was just an ineffectual, nothing committee. It was put together and it was led by Howard Berman. We expended \$1

million on it, and I fought it at the time and appropriated the money to fight it, and then [Assemblyman Patrick J.] Nolan came in. It was a nothing committee that produced nothing. I was a member of it, too, to my embarrassment and chagrin. They did absolutely nothing.

HICKE: Well, that's pretty clear.

PAPAN: Absolutely nothing that I could see, surely. Nothing except a waste of money that was pushed by certain people who thought some good would come out of it. It was nothing. That, and tort reform was another bad one. So we've done some bad things, and those are two that I can remember.

HICKE: What about tort reform?

PAPAN: Nothing. There's never been tort reform to speak of.

HICKE: There just hasn't been anything done?

PAPAN: No. There's been money appropriated and studies done and the like. Nothing's ever come of that; nothing will ever come of it. You had to bring it up. I didn't remember that; that's so stupid an activity.

### Juice Bills

HICKE: What about so-called juice bills?

PAPAN: That's an expression. Every one is a juice bill. People who are concerned about handicapped people put together juice, so to speak. That way, it won't be in the form of money. Juice bills are referred to as impacting large contributors.

There are juice committees. Those committees normally are referred to as "F,I, and C," where F,I, and C would handle finance, insurance, and commerce. You're talking about business. The juice committees are not really juice committees. They're all Republican committees that Democrats sit on, because the Republicans have an easy time of raising money from the same people. Sometimes they have bills that are impacting their industry and they've been very active in getting people

elected over the years; so that when the concern to them comes up, they call on them to see if that particular member has sufficient sensitivity to their concerns, since, "Look, we helped you." They don't come up and say, "Here's some money. Vote for the bill." I mean, they would go to jail if they did that.

So it's all a very refined way of sitting on committees that are important, that impact business. As a result, they're called juice committees, meaning that people who have bills before that committee are the biggest contributors. And who has an easy time of raising money but Republicans? They only give to Democrats because they're in power. Once the Democrats are out of power, they ain't going to see any money. It'll all go to the Republicans, even more than what they're getting already.

HICKE: Are these juice committees a necessity, or a good thing, or a bad thing?

PAPAN: I don't think you can say a good and bad thing. It goes back to the discussion that you and I had, Carole, about the cost of campaigns. If you take that money that's contributed by major contributors and use that money to communicate with the electorate, it's because you've got a free press that's not really free. They too are in the money business.

What you're saying is that people who sit on committees where the contributions come in heavy from the same people, in some instances are concerned about matters that come before your committee. You can have a tie-in. But you can also sit down and analyze how many times people voted against them--the very same people who gave them money. I mean, I took on the banks, and the banks were the biggest contributors. They wanted to see me defeated in '80.

There are weak members, and it's up to us to take weak members and see them get defeated, weak in the sense that they

can't stand up to these large contributors. If somebody said to me, "Look, Lou. You stood up to the banks and they contributed against you." I didn't get much publicity to say that Lou Papan received a lot of contributions and still stood up to the banks—or any other member, for that matter. And that happens.

HICKE: It's the other way that gets . . .

PAPAN: Yes, it's the other thing that gets the attention. And it should, because the other isn't as commendable; when you stand up to them, it doesn't help sell papers. You want to have a tie-in. The ones who are doing this are the people who are living in less than the real world. The guys who talk about campaign reform are the guys who wouldn't give you a nickel to run for office. I mean, I've asked them publicly, "How much did you give in the last campaign to anybody?" So what you've got, you're trying to perfect the system that you may destroy in the perfection. It's incredible, but it happens. The idealism of some of these people is a good thing, but when it interferes in the decision making. . . .

And the ability to say, "Where am I going to get the money to offset the [San Francisco] Examiner's. . . ?" "Well, we're not concerned about that endorsement." You've got a lot of people running for public office who never had to meet a payroll, never worked outside of government, to know just exactly what the problems are. Then they get defeated.

There was one guy named Gonzalez who wouldn't take any PAC [political action committee] money, [Assemblyman] Ray Gonzalez, who came to the legislature with me. He served one term. He had a lot of good ideas and was a very good member of the legislature. He had a Ph.D., Dr. Ray Gonzalez. Wouldn't even go out to eat with them. He was defeated first time out. I'll never forget that. Numerous times in speeches. . . . He was the only guy I knew that was. . . . He'd reach into his pocket and buy his own lunch. I used to say to Ray, "Do you think you're

going to be influenced by the lunch?" He said, "Well, I don't want it on record. I'm going to have a tough campaign." He was defeated. Ran one time.

It's just that this is the way it is. There's no correcting it, as far as I can see. It'll always be that way with us, and it's healthy. I think accountability is important. I have no problem with causing everybody to be accountable for what they do or what they take in the form of money. And a strict reporting.

But again, it comes back to Jerry Brown with Prop. 9. It was just incredible. He saw Watergate, picked up a situation, carried it. There was no scandal in California for a long, long time. Yet Prop. 9 on that, that means that if somebody takes you to lunch they can't spend more than \$10 on you. So that means \$11, you're bought. We had reporting in California, the Waxman-[Mervyn] Dymally Act. We had the Moscone Act. About 85 percent of Prop. 9 was already law in California. These are all good laws: reporting where you were getting your money, what you were doing. I've got no problem with that. But to infer because you've got a lot of contributions that somebody's bought you, if that's the case, then you should go to jail.

If you take issue with people who are on the other side of this, you stigmatize yourself. You've got a lot of people up there that don't want to be stigmatized, and all they're thinking about is getting reelected, instead of challenging these ideas. Very few are the people who would challenge Common Cause or the Sierra Club. Thank God that both of them are there, but they should be challenged and they're not always on the right side of the issue. There's the connotation in some instances that people are on the right side of the issue. If you're not with them, then there's something wrong with you. There's always that.

Academicians are notorious about this. They're the only ones that know what's good for everybody. In the world of academia, I got probably the loudest awakening I've ever had when I found that they would use these instructors for seven years, and the minute their tenure was due, they would fire them to protect their own jobs. It was the most ruthless thing I've seen done in the world of academia. We had big hearings in Monterey once, and I just was amazed, for intelligent men, that they too would allow something like that to continue. "Well, we use them for seven years, then we let them go. He's just an instructor."

HICKE: Get somebody else.

PAPAN: Yes. I think we did do something to change that. I don't remember.

Legislative Reforms: Election Reform; Proposition 9

HICKE: Maybe we could talk about the legislative reforms that you've seen over your period of time.

PAPAN: I can't recall them specifically, but I can tell you they've spelled disaster, absolute disaster. Naivete that's incredible. There are two on the ballot, initiatives, now, that will accomplish zero. What they're saying is, you can't transfer contributions. I think, for the most part, that's the thrust of the concern. What will happen then is the speaker and the president pro tem will call in contributors and say, "Give so-and-so the money and make a list of it." I mean, it's so dumb. It's obvious that every time you try something like that that there's going to be a way around the law.

We had election reform, and in a campaign that I ran against, my opponent sent out stuff that were absolute lies, and you couldn't do anything. So we do it to one another as candidates. The deception is incredible, and we have all this campaign reform that they're talking about. Reform has done

zero. It's given us a lot of reporting, which is good. You know where the money's coming from, who's contributing it. And if the additional step ties a person in, in saying, "He carried the following legislation because he received. . . ." then you're doing something. But there's none of that.

Election reform has been an absolute farce, as best I can see. Proposition 9 is a disaster. We already enacted things in the books that were meaningful legislation. But when you're getting reform using the initiative process, which now you've got people in the business. . . . If you've got half a million dollars, you can get anything on the ballot you want. You're really accomplishing nothing.

HICKE: Why do you say Prop. 9 was a disaster?

PAPAN: It's not doing anything. It was already law in California. It gave you a big reporting system is all it gave you. To give it teeth and go after people who've abused the election process? It's done none of that in the sense of sending out material that's false. No accountability. Deceiving the voters? Too broad a thing. I don't know that you could ever change that. And I'm not advocating it, because what you may get may be worse than what you have. That's what often happens.

HICKE: If you compare the time when you entered the legislature with, let's say, the period just before you left, in terms of legislative reform, do you see any difference? Uphill, downhill, progress?

PAPAN: I think it's better, but selectively better. Selectively better. The people who do a lot of the advocating in this area are people who take a position that if you disagree with them, there's something wrong with you, that only they are right. So they get things on the books, or try to get things on the books, that would tighten the process.

I can't get away from the idea that the hardest part of running for public office is to raise the necessary funds to do

it. No one has showed me an equitable way of doing that so that everybody gets a fair crack at it. No one has done it. If you're part of an ethnic group, you can go out and raise money among those ethnics, as the case of Mr. [presidential candidate Michael] Dukakis is doing with Jews and Greeks. His wife happens to be Jewish. Those are the advantages. How do you offset those? Let me tell you, to raise money is the hardest part of running for public office.

HICKE: I know that.

PAPAN: No one's come up with a way that could substitute for finding necessary monies to run for public office.

HICKE: How about that place where you check off on your income tax?

PAPAN: Yes. How many are being checked off?

HICKE: Not all that much.

PAPAN: Not too many. The guys who are making the noise, as I said, are the guys who haven't given you a dollar. It'll be a sad day for the democracy if we rely on the news media and the newspapers to elect our people. It would be a very sad day for the democracy, because they would do the picking. Newspapers are big business. The electronic media is big business. And they have a large, powerful--powerful in the sense of wealthy--voice. Very dangerous. They're eating up small papers, the big ones are. News services are very large. The electronic media is owned and operated by big money. This is a greater evil than the idea of having contributors give you a lot of money to run so that you can send mailers out or you can advertise your own.

#### Qualities of Legislators

HICKE: I know that you've expressed an opinion that the quality of legislators has changed over the years. Could you elaborate on that a little bit?

PAPAN: I kind of think that they're not any less educated. Quite frankly, they're very educated, and that's a good thing. If we

could elect people with a strong educational background with some life experience. . . . It's an idealistic view I have.

HICKE: It doesn't seem that far.

PAPAN: Well, we're electing a lot of staff people who worked always in government; so you're getting a lot of technicians who really haven't been out there to see what it's like in the private side of things. Well educated they are. And we're electing fewer lawyers, which is a good thing, too. When I was in the legislature and I started, I think the percent was 30-33 percent.

HICKE: You have a daughter that's becoming a lawyer, I understand.

PAPAN: I know. I'd accept your sympathies within that regard, too, I'll tell you. Lawyers, oh. In court, they're great. But in their ability to make decisions, they fall short, very short. As far as being administrators, they're terrible. Many of them, not all of them. Generalities.

HICKE: What about a change in ethics?

PAPAN: I think the ethics, for the most part, are good. I think California enjoys a very ethical body. As I said, I could never vouch for 119 others when I was there, but I don't think any legislature has come under the scrutiny that the California legislature has with the FBI there three years and not coming away with a thing. We have been relatively scandal-free, conviction-free. California really has a high standard of individual legislators as well as a legislature that is, for the most part, beyond reproach. But we don't want to have that. We want to have crooks there, at least the press. If they accept contributions, therefore "there is something illegal about it." There's a great propensity for knocking, because that's what sells.

[End Tape 6, Side A]

[Begin Tape 6, Side B]

More on the Press

HICKE: So the general impression . . .

PAPAN: . . . is a negative one. It's built into our system. And I don't propose any changes for it, as long as we recognize that that's the way it is. The legislature should be scrutinized. Again I repeat, and I think I'm repeating myself, we're going to have to have a better coverage by the news media and a broader coverage. That's the only insurance I think we have.

Even though I am critical of the kind of coverage we get from time to time, I think it's inadequate. The only protection that the public has is the fact that it's being scrutinized. It should continue to be scrutinized and have people who will stand up to that scrutiny at times, when it's not just. . . . They have the ink and they have the paper, and if you stand up to them they get even with you; but you've got to stand up to them. You've got to make yourself accessible, and I don't think there was ever a time that I was not accessible. I thought it was part of being the chairman of Rules. If I didn't cover it, I want to cover it. It is very important that that person and the speaker and leadership always be accessible.

HICKE: You did cover that.

PAPAN: Yes. As far as their picking the candidates and deciding who was going to win and not win, I'm against that. If I had my comeuppance, I would say that they shouldn't be allowed to endorse, but that would interfere with free speech. But if they're going to endorse, I'd like them to give their reasons. Sometimes they do in the editorial pages, but surely not enough.

HICKE: I have one more big topic, and that's tax reform, and then a couple of wrap-up questions. Do you want to put them off for another time, or do you want to go ahead?

PAPAN: I would, as a matter of fact. I'm going to go to Oakland.

[End Tape 6, Side B]

[Session 4, May 31, 1988]

[Begin Tape 7, Side A]

More Legislation: Bone Marrow Transplants; Children; Outdoor Advertising

- HICKE: I wonder if we could start this morning by looking at this gigantic list of legislation you carried. I realize this is only what got passed, so it's not entirely representative. Do you want to just run down what you think are the highlights?
- PAPAN: In a very general sense, Carole, I would say that the most emotionally involved ones were the ones dealing with children. The bone marrow transplants was a result of losing a youngster who was denied treatment. And now, if the doctors establish that it's beneficial to a youngster, then it would be paid for.
- HICKE: Why was he denied treatment?
- PAPAN: It wasn't included under the Medi-Cal program. It was too experimental, was the reason they gave.
- HICKE: And he couldn't afford to do it?
- PAPAN: Yes. The determination of how beneficial it would be, both from helping the youngster and scientific benefit, is a determination that's made by the profession. So we were able to get that bill through. In the case of the child prevention and child abuse, some of those go back pretty early in my career. No. Let's see, '82 and '85. There's a feel that some of those bills were ones that I carried, but I had assigned others to carry additional bills so that it became a package of bills dealing with child abuse prevention. I think that I started it, and because of the bill load, I turned over some of these same

bills to Frank Vicencia, who became one of the members of the legislature who took up the cause of child abuse.

HICKE: Was there something that motivated that, those bills? Some specific incident?

PAPAN: It just was a general area that I always felt comfortable that things had to be done. They didn't have the kind of lobby that would have given attention to their concerns. So I think it was more because we had our own situation dealing with our youngster, John, that caused me to be particularly sensitive to the needs of children. So whenever a bill would come to my attention, I was always interested in carrying it.

Denying the use of plastic pipe in those ACRs [Assembly Concurrent Resolution] was something that came through the Plumbers Union. There's some question in my mind on the toxic effect of plastic pipes. In trying to determine if there was something to be concerned about, the information was rather skimpy from industry, which excited me even more to continue working to see if we could establish one way or the other the effects of plastic pipe.

HICKE: What ever happened to that issue?

PAPAN: I left the legislature. We had put together a committee, and it was established that the department was to continue with their research to establish whether plastic pipe truly has a toxic effect on people. I think it's ongoing now and I think the reports may have come out after I left the legislature. There are other bills dealing with plastic pipe that go beyond this ACR 98. Let's see, I'm sure there are. Let's see if I can . . .

HICKE: Other bills that you carried?

PAPAN: Yes, and others. ACR was to create a study of the effects of toxic pipes. The outdoor advertising bills<sup>1</sup> came as a result of the industry. I think what excited me there was there's just a broad condemnation of outdoor advertising as being repulsive to vision, almost to the point where I became very angry. There was no balance coming from the opposition. I thought that if somebody didn't want signs, they ought to go behind the Iron Curtain, where there are no signs at all; there's nothing beautiful about it. We can differ. The people who voiced the strongest objection in that regard caused me to get very excited. I would say that outdoor advertising should be locally regulated, but the people who objected to those bills were just people who were against outdoor advertising. There was no room in their thinking except to generally object.

HICKE: There was also something about reimbursing people if you took the signs down.

PAPAN: Right. I said, "It's become a business over the years, and you should pay for something when you take it from them. If you don't want a sign there, then buy it." They turned it down.

Highway Patrol

PAPAN: The highway patrol bills were because I did not want radar. I gave permission for radar on the city streets with no problem at all because you have school districts. And local police could use radar. My objection was with the highway patrol.

---

1. 1982, Cal. Stats. Ch. 494, p. 2111; 1983, Cal. Stats. Ch. 653, p. 2580; 1984, Cal. Stats. Ch. 554, p. 2186; and 1985, Cal. Stats. Ch. 439, p. 1713.

Being someone who spent a lot of time on the highways, I felt the quickest way to slow down traffic is the visibility of the officers. So I carried a bill to increase a registration fee that gave the highway patrol 670 new officers.<sup>1</sup> I told those officers that I feel the primary duty of the highway patrol is to help a distressed motorist. If they want to slow traffic down, they should be out on that road. Being visible, they'll find long lines of traffic behind them following the speed limit, rather than sitting behind some tree or some hidden place with a radar gun so that they can establish revenue. Law enforcement with respect to speed limits has turned into a revenue-producing activity.

I felt very hampered in bringing about changes with respect to road regulation and speed regulations because my driving has resulted in my getting a lot of tickets; so somebody picked up on it and they reduced it to personal terms. So I couldn't do all the things I wanted to do, to improve the flow of traffic and improve law enforcement with respect to traffic, because the minute I would introduce a bill they would always cite the fact that I was someone who was always cited and that was the reason I was introducing these bills.

My driving did hamper my ability to do more in this area. Having traveled daily from Sacramento for a good number of years, I found slow people in the passing lane, and then even if you even blinked your lights, they'd give you the finger. The police have loudspeakers in their automobiles. They can always tell the slow driver, "Move to the right if you don't intend to pass" and proceed to regulate the flow of traffic rather than just to concentrate on the speeders.

---

1. 1981, Cal. Stats. Ch. 933, p. 3520.

Nobody wants to work that hard, so I thought the best way to overcome that was to increase the number of policemen. Sure enough, I did that, and it still was understaffed. It should have not been 670; it should have been twice that. Then you'd slow traffic down. Surely, even though they don't get any of the fine money, it is a revenue-producing area; all local jurisdictions and the highway patrol provide great sources of revenue to local governments. It was an area that I could not . . . . My hands were tied. The press was unbearable about it. They couldn't accept the merit of a particular bill when I introduced it. But others have carried bills for me that helped that matter. That's the way I would avoid too much involvement. I did carry other bills in the area.

HICKE: Could I stop you? I had one question about the highway patrol. Is there some kind of a policy developed that says what the highway patrol is supposed to be doing?

PAPAN: No, there isn't any policy. It's a discretionary matter with the commissioner and the people who run the department. I don't know that we could do that. It would be too broad an area. We might try to give it some direction, but it would have been extremely difficult to do.

What it takes is better training. I had my encounters with the highway patrol. I had an instance, Carole, that I was pulled over from Bay Shore [Freeway]. I was exceeding the speed limit, so the officer was very right in pulling me over. It was over at the Millbrae cutoff, and I pulled over. There was a gas station there. I rolled my window down as he came around, and this young officer comes to the window and says, "Get out of the car." I said, "I ain't getting out of the car." At which time he said, "Well, let me have your driver's license and registration." I gave him the driver's license; I couldn't find the registration.

In the meantime, he goes back to his car and he wires for help. So I have two other highway patrol cars and a Millbrae policeman. So then I find the registration and got out of the car and gave him the registration. He says, "Get back in the car." I said, "I ain't getting back in the car." He says, "Stand in front of my car." I said, "I'm not standing in front of your car." The Millbrae policeman says, "Well, that's the way he's been trained." I said, "Trained, hell. While you're sitting here, somebody's breaking into a home in Millbrae. What does he need two more backup cars for?" So one of the backup cars left.

I got home. I called the commissioner, told him what happened. The next morning, the commissioner had a memo from the police officer as to what happened, and the police officer repeated exactly what I had said. Now, the disadvantage was the fact that that officer was fourteen months on the force and it was two months above the probationary period. My posture in that instance was that we have failed miserably, the department and the legislature, by not providing better training to that officer. At which time I kind of felt that ticketing a person, a member of the public, is like a business. He's a customer, and he's to be treated with that kind of respect, as though he were patronizing your store. You don't write beyond that; that I was clearly violating the law; that wasn't the dispute.

I said, "You know, maybe we ought to entertain the possibility of putting a rating sheet behind every ticket, so when you pay your ticket you can put some remarks about the officer's conduct." The Highway Patrol Association objected strenuously, and I'm always someone in favor of the working stiff. I kind of abandoned it, but I kind of felt that we should do something about strengthening the training process.

He also told me that they didn't have much say in who was selected to be a highway patrolman because of policies that had

been laid down by the personnel board. As a result, their hands were tied. Well, I really didn't have that much time to get into that. But, again, anytime I wanted to, it would always be "Lou Papan, leadfoot, a guy who's been picked up speeding." So I couldn't do very much.

I conceivably could have brought some changes in that would have benefited the public and the department. It wasn't that I was against the highway patrol or state police or anybody. It's that I came out of law enforcement. Sometimes the badge gets too heavy for some of these people; so we'd have to screen these guys before they get hired. The department said, "We can't do it because of the personnel board."

HICKE: It makes you think some of those unprovoked attacks on policemen maybe weren't entirely unprovoked.

PAPAN: I think that that's true. Each member of the public reacts differently. A Mediterranean would react differently from a northern European. This isn't to mean that everybody from the Mediterranean is going to be threatening because his reaction is different. He may be yelling at you. But you're not supposed to yell; you're supposed to be calm, cool, and collected. So were the guys who stood at the oven doors. I don't think we're ever going to effect that change. To raise your voice is to exhibit imbalance. Well, then, everybody in the Mediterranean, for the most part, must be imbalanced, if you've been over there. I mean, I saw people yelling at policemen in the street over there, and the policeman, very calm, lets them quiet down, and it's over.

HICKE: Or you see people argue on the streets and then go off arm in arm.

PAPAN: That's right. But we haven't quite gotten to understand that fully yet.

Education

- PAPAN: Anyway, special education was an area that I carried a lot of legislation in. It started with the fact that we couldn't sit in on the evaluation of my youngster because the law said you couldn't. Well, I changed that law. That started it. [Goes through appendix papers] I don't know where that bill is. Way back here somewhere. Here it is.
- HICKE: Which one are we talking about? I think there might be more in education.
- PAPAN: I might have amended bills.
- HICKE: Here's education back here on page ten. Nine or ten. Is that where you are?
- PAPAN: I'm on nine, yes. Here it is, 1975. AB 1120. That started me. Because we couldn't sit in on the evaluation of our youngster. It was the most incredible thing I've ever heard of. So that started me off to examining all areas and to proceed to be the loudest voice for special education. Many of these bills came from the educators, and I just constantly became known and used every means within my power to make certain that these bills got enacted into law.

In addition to that, which doesn't appear as a bill, was that I would fight for the funding of special education. The premise for that was that a long time ago we decided that we were going to educate everybody. I think that that's a good principle that we've had. So when you're talking about special education, you're talking about a thought that should come into its own, and that is that education should be suited to individual needs. Educators have got to begin to think in those terms; legislators are going to have to begin to think in terms of finding necessary funds to provide that kind of a principle or put that principle in place. So that if you're strong in one area, those areas of strength could be encouraged and the

training be there for you. If you're weak, the same thing would apply.

But meaningful education, so that not everybody is just thrown into a classroom and we proceed to try to give. . . . There are certain areas of general education that should apply. But in the specialty areas. . . . And I consider special education to be a specialty situation. So we have in law, since we decided to educate everybody, special education should not be. . . . There shouldn't be any exception. If the needs are greater for special education, so what? We should find the necessary funds.

HICKE: Is there some kind of oversight by the legislature to monitor these programs?

PAPAN: Well, there is the department's monitor at the direction of the legislature, but surely not enough. The needs of youngsters . . . . At one time we used to provide about 4 percent of the needs when the needs were actually 25 percent; so it shows you how many children are falling through the cracks.

It does not serve education well to allow that number to go unattended when it comes to education. It's always the matter of cost. What better investment could there be than education? Special education needs are youngsters that have a longer way to come. You see our scholarships. Part of the thinking that we have is to get the late bloomer, and Irene [Papan] has put together a scholarship fund in John's memory.

Also, if a person excels who's handicapped, they have to come a longer way than a person who has all of the native intelligence and is gifted to the extent that they're bright. You'll notice, you go to a scholarship evening and the bright one will get one, two, three, four, five areas of recognition in scholarships. If that person were handicapped and did that, surely he or she would be a greater credit as having accomplished something. So any special education youngster who

excels in any area has a greater way to come and should be recognized. But that's not going to happen. In the meantime, we should provide the money.

HICKE: I think computers are certainly helping this situation a lot.

PAPAN: Oh, yes. I've just given you an overview; the bills speak for themselves. I'm glad he gave it to you this way.

HICKE: I'm thinking we might just include this with your transcript as an appendix, just to show what all these are.

#### More on Finance, Insurance and Commerce Committee

PAPAN: OK. Finance is not something I ignored. I came out of the real estate and insurance business. It was an area that I sat on the committee almost the full time I was there.

HICKE: We did talk about banks very early in one of the interviews and some of the legislation there.

PAPAN: I sat on the Finance, Insurance, and Commerce Committee, and I enjoyed that very much. The other was something I felt I had to do. This was something I felt I had to do but enjoyed also. The emotional aspects of carrying bills for handicapped students and special education was an emotional thing with me. These I could fight back, so to speak, to maintain the kind of balance . . . . I enjoyed these areas of legislation.

I think I told you my general philosophy is that I have found that since the corporate structure has come into existence and now is the greater part of the corporate family or the corporations or the greater part of our business, people who work with companies oftentimes are just very inadequate. In the time that I was in the legislature, I've seen those pension funds grow to be, as I told you before, sizable investments in the free enterprise system. Employee organizations that are members of pension funds or have pension funds have got to think in terms of profit and productivity; and the people who are part of the management structure of these companies that

are owned by the employees have got to stop looking at their employees as adversaries but as assets contributing to the profit picture of their respective companies.

What makes matters worse, there should more of those people who are managers to identify with the Democratic party. I say that because I'd prefer that they not identify with any party when they're dealing with government. But too often they want to call themselves Republicans and they carry that label with them in dealing with government.

HICKE: So the partisanship is . . .

PAPAN: And the labor unions, on the other side, go over with the Democrats. That should not exist at all for either of them, if they truly understand the changes that have occurred and will continue to occur. The ownership of our free-enterprise system is going to belong to private and public pension funds. Once Republicans come to understand that employees are truly the biggest contributors to the free-enterprise system, they might begin to work on diminishing that adversary relationship between management and employees. When that occurs, we're all going to benefit.

And employees have got to think in terms of profit and productivity, as I said. So this was the area that brought out the fact that I'm very critical of management types.

HICKE: This is alternate financing for mortgages, banks, and bank holding companies, savings and loan associations, so on.

PAPAN: Right. Plus changing a lot of bills that came before that committee. I was very instrumental in bringing changes, amending bills, which is not reflected in a lot of this legislation.

Ethnic Bills

PAPAN: This is the list of ethnic bills that I carried.

HICKE: Cyprus crisis<sup>1</sup> and military aid for Greece and Turkey.<sup>2</sup>

PAPAN: Which Mr. Dukakis will undoubtedly be questioned on, because we are second-generation Americans and probably more familiar with that part of the world than most. But those are the changes that will occur once, and if we elect an ethnic president, whether it be [New York Governor Mario] Cuomo or Dukakis or anybody else, you'll see some refreshing changes, changes that might also bespeak a thought that we should not be sending people to be ambassadors and counselors to countries where they don't speak the language.

HICKE: Is that still occurring?

PAPAN: That we're sending without language?

HICKE: Yes.

PAPAN: Yes. Oh, sure. I saw this program on Mrs. [Nancy] Reagan visiting a classroom and watching youngsters speaking English and singing songs. The emphasis on the Russian side is to teach them English. I don't see that much emphasis in the lower grades to teach them Russian.

HICKE: Or anywhere else.

PAPAN: That's right. But with an election of an ethnic president, you're going to find some changes, hopefully to the better, changes that are part of us as a country. That's going to happen. If Cuomo were the nominee, you would truly see a very capable, competent person effecting changes in a wide area.

---

1. 1974, Cal. Stats. Res. Ch. 204, p. 3920.

2. 1983, Cal. Stats. Res. Ch. 9, p. 5374.

Now, Dukakis still has to prove himself, and he probably will; he'll probably do a good job of it. But we'll wait and see.

Health and Housing

PAPAN: Health. A lot of this stuff tied into the blind, aged, and disabled and my concerns for them. We got into some pretty serious arguments with members of the legislature trying to increase the stipend that goes to the blind, aged, and disabled. As you see, in '85 a reimbursement for transplant procedures so that the age limit was eliminated; this is on page fifteen, AB 2023.<sup>1</sup>

The banks and insurance companies, I see that you've divided it differently. But you can see I carried a lot of bills in the area of insurance because I came out of that industry. I think I was probably one of the loudest voices.

[Interruption]

PAPAN: OK. The others are just general stuff. What can I tell you?

HICKE: Are you at the end now?

PAPAN: Almost.

HICKE: Local government? Nothing much there?

PAPAN: Let me check. Yes, I think one of the biggest bills I've ever introduced. . . . It's going unnoticed but everybody's running up against it. Let me see if I can find it here for you. There's one here I want to catch for you.

HICKE: We're on AB 3252?

---

1. 1985, Cal. Stats. Ch. 408, p. 1657.

PAPAN: Yes. [Reads] "Housing, no-growth ordinance. Provides that in a court challenge of a local no-growth or growth ordinance which severely limits housing production, the local government would have the burden of proving the ordinance is necessary to protect the public health and safety." The word "necessary" came into question, and I signed an affidavit yesterday or the day before—I think it was Friday—indicating that the word "necessary" meant that it could not just be reasonable proof but it had to be proof in fact with establishing that it is almost absolutely necessary to public health and safety.

The reason for that is that I have a general feeling that part of the reason for our housing crisis is the fact that we have systematically proceeded to put obstacles in the way of providing housing. We've done it with giving rise to what I think is a good situation, and that is that we should begin to express and continue to express a concern for the environment. But that's been carried to the point where some jurisdictions have established no-growth ordinances.

Petaluma, for example, an area that has an abundance of land, has a no-growth ordinance. I can't quite feature a city like that proceeding with a no-growth ordinance. So they're going to have to prove that they're protecting the health and safety in very concrete fashion; very substantial information has to be afforded. That particular bill, I think, is going to get more and more attention, and there may be an effort to change it. But cities have got to recognize that their planning has to include the accommodation of housing for people. It may not be the same kind of housing that we've known over the years; it will be cluster situations with open space and the like.

But we still have to recognize that the concern for housing belongs to each and every one of us, and no single jurisdiction can proceed to exclude while letting that burden

fall on others to provide the housing. It has to be a regional plan; it may even be a statewide plan with respect to what we have to do about housing.

We did not have this regulation. I can remember after World War II, all those veterans came home and the city of Daly City was built up. We probably wouldn't build it the same way, but we did meet the housing needs that were put on the back burner for five years. I don't think those same cities would have been built today with the laws what they are, and yet I have found that too often there are people who, under the guise of the environmental movement. . . . And I call it "guise" because . . .

[End Tape 7, Side A]

[Begin Tape 7, Side B]

HICKE: You were just saying you called it a guise . . .

PAPAN: Yes. I don't want to see a setback to the environmental movement. I think we have become very conscious of it. I think it's important that we respect the environment. But what I'm saying is, we cannot let the extremists. . . . And there are extremists in almost every movement or every school of thought that tend to carry things to the point where they do damage to the environmental movement and surely do damage to the housing situation in our state.

I think we have concerns about the environment and I don't think they should take a back seat. But by the same token, we've got to begin to recognize that there are certain people that would destroy the environmental movement, not by design. But they are also the same people that have their homes and say, "Well, I've got mine, and the hell with you." It's wrong, and I think this particular bill won't allow a city to just indiscriminately pass a no-growth or growth ordinance.

I think what comes to mind, Carole, is that too often in the democratic process, there are small, organized groups of people who recognize there's a lot of apathy out there and begin to make a lot of noise, with that apathetic majority not checking them. I don't know that we'll ever correct it, but when you find that most of the people in the nonpresidential year sending me to Sacramento didn't vote, when you encounter these pockets of people, you've got to ask yourself, "Just how many people do they represent?" They may be making a lot of noise; they may be making a lot of press.

But those people that make that loud noise sometimes should think about running for public office, at which time their accountability comes into question rather than finding that they're very efficient in circulating petitions. You know, sign this and you'll get a chance to vote on it. The initiative process is a tool of small groups of people who make an awful lot of loud noise.

It's a good thing they're there. This is not to say we should do anything to curb that kind of interest in government; but I'm waiting to see if the Sierra Club ever comes up with a housing plan. It's easy to knock holes into someone who's trying to do something. I would ask them to submit their own housing plan. I would look at them quite differently. John Muir was a great man, and I never would dispute that.

HICKE: Something positive rather than negative?

PAPAN: All the time. It's easy to file a lawsuit and you can hold up a project. You hold it up long enough and those prices of homes go up so people can't afford to buy them. This was one of the reasons that I didn't want local jurisdictions just to capitulate to the people making the loudest noise. Rent control I was opposed to.

HICKE: Yes, you told me about that.

PAPAN: San Francisco was unique. Rent control doesn't create any new housing, and yet San Francisco's rent control impacts San Mateo County. Berkeley's rent control impacts the adjoining areas.

Relationship between State and Local Government

HICKE: What I wanted to ask. . . . This bill, along with your education bills and lots of others, probably, is really an instance of the state legislature taking over where local control is not doing the job that you apparently thought it should be doing.

PAPAN: Surely.

HICKE: What do you think the relationship is between state and local government?

PAPAN: Well, rent control, for example, belongs at the state level. We regulated the tenant/owner relationship over the years. When you're talking rent control, you're talking about a relationship between a tenant and the owner of the property; it's very consistent. If we preempted, at the state level, statewide rent control, if that's what the people want, I think we're better served. But the idea that we allow a splintered rent control situation and ignore the fact that it spills over into another area. . . . We're subsidizing rent control for San Francisco. It drives the rents up here.

HICKE: How do you decide between state and local control? Just issue by issue?

PAPAN: It would have to be that way. The board of supervisors, for example, is are nothing more than a body who executes what the legislature does. Almost, I would like more time to think about the thought--and I haven't really--about doing away with that level of government. I'm not clear that that's what we should do, but I would have liked to have thought about it some more.

HICKE: It doesn't seem all that useful to you?

PAPAN: No, it doesn't.

HICKE: But do you think it gives people a feeling of confidence?

PAPAN: It does. And that's important, too, because the apathy again is because of the detachment of people from government. So I have to perceive how much damage that would do. It may not be beneficial at all to do that, but I've thought about it sometimes, surely. We've gone over it rather quickly. I want to thank you for giving me this. [List of Chartered Legislation] I didn't have it.

HICKE: You're welcome. There's a nice bit on the end, too, on the pension funds. We'll include that.

PAPAN: Which we've covered to some extent.

Various Bills: Hazardous Waste; Salary Increase for Legislators; Credit Card Interest; Headsets

HICKE: Yes, we did. There are a couple things I want to go back and ask you about: hazardous waste legislation. I understand there was a pilot project in the county that showed that schools needed to inventory all the chemicals.

PAPAN: They did, and we were able to take from the shelves some very toxic material in those chemistry labs. I was not strongest in these areas, but I was sensitive to the concerns that many of my colleagues had in this area. And I did. That bill, I thought, was one of the more practical, pragmatic bills. I was saying, "What are we doing with all of this stuff on the shelves and how are we going to dispose of them?"

HICKE: That's really amazing to me: that the state legislature gets into something so locally . . .

PAPAN: Yes, we inventoried it and found that they had all the stuff. The schools sent us all the information. It was incredible what was there. You would have just been amazed. And it was there for years.

HICKE: And nobody ever thought of it?

PAPAN: No.

HICKE: How did the county project get started?

PAPAN: I think there was an ACR, or I had one of the majority consultants' offices do a survey, send the survey out, and they came back with the information of what they had on their shelves. There was some question of disposing of it, so we proceeded to get that all together. Very dangerous situation in schools.

HICKE: OK. AB 1396<sup>1</sup> in 1977 was a 5 percent salary increase for legislators. Mike Thompson told me that you carried a lot of those bills as, really, a service to the rest of the legislators.

PAPAN: Yes, as the chairman of the Rules Committee and within the law. Each time you would find the legislators, some of whom would vote against it; and that was just inexcusable for me. You know, if a person told me they were going to vote against it and didn't accept it. . . . But the hypocrisy existed in all instances. They would vote against it and then accept it. I just couldn't imagine anybody doing that. If I'm going to go against it, I'm not going to accept it.

HICKE: Yes. But they made a lot of political hay out of that.

PAPAN: Yes. And the newspapers would pick up on it and give it the same arguments. You know, matters like that that are just very unimportant in light of the rest of the bills in how it impacts people. . . .

It diminished after a while. Instead of picking up on the fact that a lot of these people have voiced objections, instead of the press picking up on it and writing about those individuals who voted against it but accepted it. . . . They've

---

1. 1977, Cal. Stats. Ch. 802, p. 2452.

done it. They did it every two years, some of them, for two, four, six years.

But as chairman of Rules, I felt the chairman of Rules has the responsibility of carrying that legislation. And it's within the law; it's what it allows. The legislature generally has fallen back from '64. They have not gotten raises every year. It's a great political ploy. It's a great tool of deception on the voters to say, "Well, I voted against the pay bill" or "I'm going to take my pay and donate it." I didn't happen to need it, but there were men and women in the legislature who lived off of that. If you haven't got any concern for yourself, what about the people that need it to raise their families? Because no thought is given to that. There's an insensitivity. It's more important to cater to the press or to the media so you look good.

HICKE: Speaking of which, you must have taken a lot of political heat for carrying the bills.

PAPAN: I surely did. But I felt part of the business is to take the heat as long as you think you're doing the right thing; and I thought it was right to give a 5 percent raise per year as the law limits them to do. It should have been more, in some instances. There are a lot of members of that legislature who, I'm sure, if they left the legislature, could do a lot better. But nobody likes change, and there's always the insecure aspect: "If I'm unable to do as well as I'm doing in the legislature, can I make it?" There's a built-in fear that many of them share. And they enjoy what they're doing. The challenges of public office and bringing change is the big attraction, not the 5 percent that you're getting. It helps to keep house and home together.

HICKE: During the seventies, especially, when the inflation was . . .

PAPAN: With the inflation rate, yes. They were falling behind. I mean, somebody did calculate, Carole, that they had fallen behind

because of the inflation rate. So the \$64—I think it was \$64 that we put in place somewhere—they're still behind. If you based it on inflation, they should have gotten twice what they did. But in any event, you don't have to be there. You can go out and do something else. I can buy that argument. But while they're there. . . .

The way the media treats it is a disappointment. There is never anything positive and so they ignore. . . . This is the package of my bills. There are other legislators up there that carry tremendous legislation. Do you think there would be some balance in reporting, "Yes, they got a 5 percent raise"? But it's editorialized to the point where it discredits public service; and it's gotten worse some years than other years.

The public trust that's placed in the concept of the free press is just being abused. The inadequacies of the free press: we're not covered enough; they're not paid enough; they're not trained enough. And they're really not accountable to anybody. Newspapers and the electronic media, it's a business. It's the most important part of the democratic process. It is the most important part and it's going unchecked, unchecked in the sense of paying them and increasing the numbers that cover us. That's the extent of the check. I think they should be well paid and well schooled.

But it's a business and they think the marketplace is going to take care of that. "If we're not a good newspaper, we're not sensational enough, we're going to go out of business." You think any thought's given to the free-press concept? Except when they're challenged; immediately they'll throw that up. But while they're writing, there's not the same kind of concern. While they're cutting back on the coverage, there's not concern to the free press. While they're buying up small papers, there's no concern to the free press.

I think what we should do is subsidize our schools of journalism to the point where we give them whatever money is necessary but turn out the best into a field where they're paid well. I mean, you've got a few that are paid well that are on the air that get \$2 million or \$3 million like [Dan] Rather and the rest of them, but that's tinkering and toying with the instant solutions to complex problems that we always have seen fit to spoon-feed the public with. So where are we now? You've got some questions.

HICKE: I've still got a few more on the legislation. Mike Thompson told me about a bill in the last couple of years—it's been in the newspapers, too—reducing the amount of interest on credit cards. As he said, that's seen as progressive and radical and something really new, and in fact you carried a bill in 1974 to do that very thing?

PAPAN: Yes. That was way ahead of its time. That's what alienated the banks with me.

HICKE: Why?

PAPAN: Well, I just kind of felt that the exorbitant aspect and quite frankly, the monopolistic practices. . . . There wasn't any great differential within the state between the lending. . . . How did they arrive at that? So when I used to see 18 and 21 percent on credit cards, it was exorbitant.

The laws of usury never applied to banks, did you know that? If you tried to lend money at 18 percent, what they paid on credit cards in 1970, you'd have gone to jail. Usury laws only apply to individuals; they never apply to lending institutions. Quite frankly, I used to lend money at 10 percent and it was a very lucrative business for me when I was in the real estate and insurance business. These guys were getting 18 percent. No regulations. So the laws of usury have gone by the books. It no longer applies anywhere in today's [Inaudible], and that used to distress me. People who needed credit were

being hurt. I don't ever remember paying a penny's worth of interest, personally, on a charge account in thirty years of marriage.

HICKE: So it wouldn't have helped you any.

PAPAN: No. I'd forgotten what I did in '74. Then it becomes a celebrated cause; see how much press it's gotten in the last three or four years.

HICKE: It was the banks that were against it?

PAPAN: Oh, yes. They were really on my case, yes. That gave me the label of being a liberal, because bankers, to me, in a very general sense, are dumb people. I mean, the Bank of America being in trouble: I just cannot understand that. Lending money abroad at the expense of borrowers here and at the expense of the depositors here.

HICKE: He also told me that the very first bill you carried was to prohibit the use of headsets while you were driving.<sup>1</sup>

PAPAN: Yes, that was one enacted into law. I was going down the freeway and the guy's got both ears covered. Can he hear my toot? Can he hear a siren? Yes, that was a funny one. That was the first bill enacted into law. I'd forgotten that. It was the first success I experienced. It was Reagan who signed it, too.

HICKE: You didn't have any trouble with that one?

PAPAN: No, but it was kind of funny, too. Yes, that was a funny one.

---

1. 1974, Cal. Stats. Ch. 87, p. 148.

## V. REFLECTIONS ON OTHER ISSUES IN GOVERNMENT

The Media

HICKE: OK. I think that covers that. But you were talking about the media and you've mentioned the Chronicle and the Examiner a couple of times. I wanted to ask you about the San Mateo Times and J. Hart Clinton, who's the publisher.

PAPAN: J. Hart Clinton is a conservative, and over the years I've gotten to know him and he's gotten to know me. When I would go down to the editorial boards there, I would get a fair shake. I think he was singularly the only one that realized that although he didn't agree with me in all instances, I was a person who fought for what I considered to be a principle. I did manage to get his concern. He's a smalltime, small-town newspaper. I think his boy is a very capable guy; I guess I like him better because he's a Democrat.

HICKE: He is now the head of the . . .

PAPAN: Paper, yes. I think you're going to see an improvement in that newspaper. I think there is a market on this peninsula, including San Francisco, for a good newspaper. I mean a good newspaper, one that I think where they. . . . I'll tell you one that's going to come up since I last spoke with you. It's the San Francisco Progress, which is a drop paper. I think you will see that paper become a daily and I think you'll see that newspaper compete against the San Francisco Examiner and Chronicle. I think that the San Mateo Times has a great deal of promise and a good market to become a great newspaper. It's a good newspaper, considering it's limited to San Mateo County. A little too conservative for me in some areas from time to time. It's again the ownership exercising control over the newspaper. But the Chronicle and to a lesser extent the Examiner. . . .

[Pause]

HICKE: You're just shaking your head.

PAPAN: It's incredible, just incredible, for a city as great as San Francisco. For the San Francisco Bay Area. We deserve better; we deserve much better. The San Jose Mercury's a fine newspaper.

Proposition 1A; Water

HICKE: I wanted to ask you about the effects of Proposition 1A<sup>1</sup> and the professionalization of the legislature. We touched on that briefly. I don't know if you . . .

PAPAN: I wasn't around then, but I can tell you one thing: I have the highest regard for that Prop. We have the best of the fifty legislatures. We're a country in and of ourselves. The changes that have been put in place for the professionalization of the legislature. . . . Each day that I was there I had nothing but appreciation for the changes that were put in place before I got there. We could solve any problem anywhere in the world with the staff that we have in the legislature. We're not called upon to do that, but I can tell you we lead the nation, and we should lead the nation; and that's only because of the changes that Prop. 1A gave us. Magnificent.

HICKE: You talked a little about the length of the legislature and so forth, and so all of that was involved.

PAPAN: Yes. The length of the legislature. Two years is fine. I think the senate could be six years, but beyond that I wouldn't change it. It makes us accountable. Nobody likes to stand for election, but two years is a good thing.

---

1. Proposition 1A was passed in November 1966. It is officially cited as Constitutional Revision, Cal. Stats. 1966 (1st Ex. Sess.) Resolution Chapter 139, p. 960.

HICKE: Moving on here, were you involved in the water issues?

PAPAN: Only superficially, to the extent that I identified with water conservation, interested in providing necessary waters for flushing the [San Francisco] Bay. Sensitive to the idea that shifting and transferring water from northern California to southern California without having the necessary protections built into any bill that was being carried. The environmental questions are something that are absolutely essential when talking about the water issues. And the safeguards are. . . .

In addition, if you're going to move water to the south, agriculture should be prepared to pay for that water and not have the urban areas gain an advantage. They should gain some advantage, rather than paying for subsidizing the use of 85 percent of our water going to agriculture. But the minute you talk about the cost of water with the [Central] Valley and dams and the like, they're not prepared to pay for it. That used to irk me.

But I think it's absolutely necessary that we think in terms of the protections: economic protections, environmental protections. Very complex issues. Southern California's got to begin to think in terms of conservation, too. It's a growing issue. Water is essential to California as no other natural resource. I think we can solve our concerns. We may have to bring water down from Oregon.

HICKE: Is that feasible and possible?

PAPAN: I think so, yes. They'd probably sell us water. They've got a lot of it up there. We've overtapped our resources here, I think, to the detriment of the environment. We've got to be very careful what we do in that regard.

Tax Reform: Proposition 13

PAPAN: [Reads] "Tax reform and California tax revolt." I was opposed to [Proposition] 13.

- HICKE: You came after the first [Philip] Watson initiative,<sup>1</sup> but the second one, to just try to reform the taxes a little bit, I think, increase tax on liquor and a few things like that . . .<sup>2</sup>
- PAPAN: I have no problem with doing that. Tax limitations were rejected twice by the voters.
- HICKE: There's a whole kind of history through the seventies of attempts by the legislature to deal with it.
- PAPAN: It was rejected. Again, we could have dealt with it. I have to fall back on the fact that we don't have majority rule. There wouldn't have been any of this if we had a simple majority. When we had Governor Jerry Brown, we'd have gotten it through the legislature. The power of the Republicans as a minority party is greater than the power of the majority party, no question.

Now, what would be more ideal than to have majority rule where you have a majority of the Democrats and a governor of the same party? You could have effected the kinds of changes that many of these initiatives try to bring to us. If we had majority rule, you probably would see a Republican legislature and a Republican governor. Right now, you will probably never see a Republican legislature. And the frustration then, if that were ever to occur, would be that the Democrats would have veto power over them. They'd have more power if they were not in control, the Democrats. It doesn't make any sense. The accountability is not there.

Tax reform and California tax revolt. Prop. 13 gave the biggest tax break to the biggest taxpayers, because only about 30 percent, I think, of the property tax came from residential properties, and 70 percent comes from commercial properties. It means that when we passed 13, 70 percent of that tax break went

---

1. Proposition 9 (November 1968).  
2. Proposition 14 (November 1972).

to the biggest taxpayers of the state, meaning the commercial properties.

And we shifted \$4.5 billion to the federal government, \$4.5 billion that we need in California. I mean, you can't deduct it anymore. We did it at the expense of the schools. We slipped from being about fifteenth in our subventions to education to being fiftieth, forty-ninth, forty-eighth. It is not the way to proceed.

Yet, our inability to respond to the property taxes on homes: I was very sympathetic to that. I mean, homeowners were being threatened, and we couldn't respond because we don't have majority rule. If we could have had a split roll. . . . All property had to be taxed at 25 percent. Irrespective of whether it was commercial or residential, it was 25 percent of value. It doesn't make sense to be locked into a rigid taxing structure like that. So Prop. 13 was justified as far as the homeowners go, all the way.

HICKE: So what does it say for the effectiveness of the legislature in a very difficult situation?

PAPAN: We're not. You can blame it on the Republicans.

HICKE: I'm talking about the process in general.

PAPAN: The process is that you have a small nucleus of people dictating to the majority, elected out of very safe districts. It's like electing people out of safe Democratic districts and running the state. If the Republicans were in power, the minority rule of safe Democratic districts would dictate the policy of the state. It's not right. It's just totally inconsistent with our principles.

HICKE: Well, then, what about the initiative process, which is where you go after the legislature can't do anything?

PAPAN: Right. So you go to the initiative process and you oversimplify very complex issues and deceive the voters and get something like Prop. 13 on the books, where a new homeowner who needs some help has to pay higher taxes than the guy who's been in

this home a long time. Those kinds of inconsistencies. The initiative process without benefit of public hearing, just a mere signature. People say, "Oh, my taxes are too high." You can solicit an initiative saying there will be no taxes in California and get enough signatures to stick on it.

HICKE: Good point.

PAPAN: It's just silly, the whole concept. And yet, it's an important part to have this kind of a law in place where you can utilize the initiatives. But it's been abused. You get people that are selling. The ability to get something on the ballot and get it passed for you is a matter of business. [Governor] Hiram Johnson didn't want that.

HICKE: I think that was one of the things that came about in Prop. 13, that there was sort of a professionalization of the initiative process.

PAPAN: Right. You've got this guy [Paul] Gann and [Howard] Jarvis who just made a business. They came into the garage in a big limousine one day, and I threw them out of the Capitol garage. I said, "Whose car is this?" They said, "It belongs to Jarvis and Gann." I said, "Get them out of here." I don't think they ever forgot that. I told them to get out of the Capitol garage. Could you imagine? In a big limo the two of them are riding around in. They made a lot of money on circulating. . . . It became a very accepted. . . .

The newspapers, in too many instances, instead of analyzing and perceiving, they say, "What are these guys doing?" Instead of having faith in the representative government, they tend to discourage representative government and proceed with the initiative process in order to create an area that they can cover and print and sell their newspapers. It is just incredible. They can attack legislators; they can attack the party. And they should be doing that. So if we're not being responsive, they ought to tell the people, "They're not being responsive because you've got a minority party

rejecting." You never see that in print. Have you ever seen that in print, Carole?

HICKE: No. Never heard it voiced until you just said something.

PAPAN: No, you won't see it in print that way, that they have veto power over the majority. Thirteen would never have come about if the legislature had majority rule. When you had Jerry Brown as governor, it would have been very easy to effect changes. So one day, if it ever should happen—I don't see it happening—that the Republicans gain control, the Democrats would have more power in that kind of a situation.

HICKE: What kind of effects of Proposition 13 did you have to deal with?

PAPAN: Well, we had to proceed to increase the subventions to the counties, attempt to. . . . And there was a shift. Under 13, it gave more power to the state level of government.

HICKE: There was this big surplus at the time.

PAPAN: Yes, that was under Jerry Brown. The first surplus was a surplus that we created when we imposed the withholding tax. That was the time that Reagan was there. We picked up the withholding tax and we gained the advantages of that withholding. We went into a withholding situation. It looked like Reagan generated all that money. It wasn't generated; he fought us tooth and nail.

[End Tape 7, Side B]

[Begin Tape 8, Side A]

HICKE: You were just saying Reagan fought you tooth and nail.

PAPAN: He fought us tooth and nail about the withholding tax. So then he ends up a big hero, reflecting his conservative point of view, and how he left the state in the black.

Jerry Brown sold the same Republicans and Democrats the idea of his conservatism, politically conservative. Got himself elected. He was no conservative any more than the man in the

moon, but he sure pulled the wool over the eyes of an awful lot of Republicans. He got large majorities when he got elected. I'm not thoroughly convinced that. . . . He was a terrible administrator.

He could have done a lot more, and we had Leo McCarthy who was protecting him. That used to make me so angry: the mentality of protecting the governor because he was a Democrat. He didn't need protection; the executive branch should stand on its own, irrespective of who's there. He had everything going for him. Prop. 13 wasn't needed. If we had majority rule, we'd have proceeded, with a Democratic governor and a Democratic legislature, to put changes in the tax laws: share the burden, close the tax shelters, equalize the tax burden.

You can't do any of those things in California. So you get dissatisfaction, which spills over into the federal level that spills over into the local level. Californians generally can't understand why government can't be responsive to their needs; so they go the initiative route and get themselves deeper and deeper into situations that, at some point, we're going to have to change—change in the sense that there are going to have to be other initiatives to change what has been put in place. It's not the way to pass laws.

HICKE: Do you see something like that happening now?

PAPAN: Oh, yes. These young people buying homes. "How much do you pay for your house?" "I pay a thousand. How much do you pay?" "Four thousand." The inequities. The legislature's not going to change that unless they're prepared to change some more of 13. The politics of it will be, "Let's not do anything until it gets to the point where they're going to demand that something be done," and they may proceed to do it.

The initiative is to return majority rule, and that will give us a responsive government in California. At some point I'd like to raise the money to do that, but then you're going

to get, "They're going to tax us out of house and home." The Republicans will yell and they'll spend a lot of money to kill an initiative like that. That's where the money comes to kill something that will bring majority rule back. "Make it too easy to raise your taxes," they'll say.

HICKE: You must have often been frustrated.

PAPAN: Oh, it was terribly frustrating. What the hell's the point of being in the majority party when the minority party has veto power? I mean, I don't mind taking blame for what I'm doing. So it would be very easy for a lot of Democrats just to vote, knowing the Republicans are going to kill it. That keeps the Democratic party in place, knowing that this is what Democrats are doing. The accountability is not there for the electorate.

HICKE: It gets to be games.

#### Limits on Powers of the Legislators

PAPAN: That's it, totally. It's just childish. [Reads] "In '84 Gann limited the powers of the speaker and cut legislative. . . ." The speaker has no powers; we elect him. If we are dissatisfied with the way he's handling the power, we dump him.

". . . and cut the legislative speaker to become chairman of Rules." What difference? You're talking about chairman of the Rules. Again, these things usually come from the minority party who want to do these things because they can't get enough support at the polls. You can't blame them. If I were a Republican, I'd be doing the same thing; I'd be saying these things. I'd get Gann to front for me. You know, Gann is a Republican; he ran for the senate. Anything that you see with his name on it is nothing more than the minority party trying to effect changes. They've got all the power they want; this is in addition to that. So as a political thing, they come up with these propositions and put Gann out there, using his name and

the crusader he is supposed to be. When, in fact, all he is is a mouthpiece for the Republican party.

Just terrible, cutting powers. If you win the majority, you're not going to talk about cutting the powers. You're talking about the power of the speaker because the last four speakers were Democrats. What you want to do is say, "Well, we don't think the majority party should have this power," because you interpose for the word "speaker" "Democratic membership," you come up with the same thing. You say, "To limit the Democratic membership powers and cut the legislative budget, the speaker to become chairman of the Rules." Well, the Rules Committee happens to be seven right now, three Democrats and three Republicans. You've still got the power to use; they're not saying anything.

"The courts declared it unconstitutional." They declared it unconstitutional because you're trying to do something that would deny majority rule and deny what's in the constitution, and that is that we can set up the mechanism for operating the house. How are you going to change that? They want changes in place that would deny representative government. I don't think anybody but that branch of government should govern how they run their house. It can't be done by initiative, and I think the courts were very right. You start limiting what they can and cannot do and you're really going against the very basic principles of democratic. . . . Not party politics, but democratic concepts. It just doesn't make any sense to even try to put a proposition like that on the ballot.

The courts struck it down and they were very right. You start meddling and tinkering that way, the electorate with how the house is run, you're tying the hands of one of the three governmental structures. It's like going into a court of law and saying, "Here, you in the judiciary have to live under these rules governing the court." We have three branches of

government, and the accountability is still with the electorate. You dump the people if you're not satisfied with what they're doing, but you don't go in and tell them how to do their daily business. Most of the electorate doesn't know the first thing about majority rule as opposed to two-thirds.

HICKE: It seems like this is a perennial problem, though, not only at state but at federal government level, as to where the judiciary ends and the executive begins and so on and so forth.

PAPAN: It's true. Fortunately, Marbury v. Madison (5 Cranch 137, 1803) gave the courts some power at the federal level of government. We've evolved into a system that's working, serving us well. But this tinkering, using the initiative process to bring changes, when we know there are three coequal branches of government, through the initiative process, the courts were very right. You can't do that.

You want to change the way things are and cut the legislative budget, change the people that are in it. But again, most of the people stay home in the nonpresidential years. [Laughter] That's just funny.

The Policy Research Management Committee was nothing but a window dressing activity. You asked me about that I think one other time. It didn't make any sense. I mean, it was just a gimmick, and they spent a lot of money doing nothing. I totally was opposed to that.

#### Proliferation of Committees

HICKE: Let me just interject a question here. I was just reading about the proliferation of committees in an article; it said in 1971 there were forty-four committees and in 1986 there were fifty-three. That's an increase of quite a few.

PAPAN: That's to stroke the egos of those members in the legislature so they can get committee assignments, and it's not because they're overworked. McCarthy, on the other hand, during that

time span, had reduced the committees. It wasn't a static thing.

HICKE: The number of people on the committees?

PAPAN: No, the number of committees. When a speaker's being threatened, he'll increase the committees to protect his speakership. He'll give the Republicans, who will start screaming, "We want some more chairmanships. . . ."

HICKE: I guess the wonder is we don't have a lot more than that.

PAPAN: That's right. [Laughter] This is a practical side of it. "You want a chairmanship? I'll give you a chairmanship and some staff." This is what happens. If you have a smooth-running speakership, then you can reduce the committees and combine them.

Committees should be determined on the basis of workload. If one committee's overloaded, you might consider [Inaudible]. But that's not the reason for it. Guys like to get a lot of titles after their name, so they form committees. It's just the way to do business. Other than the cost. . . . And the cost is really nothing compared to the size of the budget. There isn't a company anywhere in the country that operates with any less cost if they have that size budget. I mean, it's a matter of business.

#### Senate Race; Board of Equalization; Ethics

HICKE: In 1986, you ran for the senate against Quentin Kopp. Maybe you could fill me in on the background of that, why you decided to do that.

PAPAN: It was because I had done all the things I wanted to do in the assembly, and Senator Foran decided not to run and created a vacancy. So it was an opportune time to make a change. I did represent a lot of the district already and felt that it would have been an easy election for me. I came out of that election very dissatisfied with the kind of coverage the election got,

the manipulations of Mr. Kopp with the Chronicle and the Examiner and the Progress.

I think I told you that a guy named Marvin Johnson owned the Progress and told people not to vote in the primary, to wait until the election in November when Quentin Kopp was running. The Chronicle said. . . . I asked some of the newspaper guys that came out to interview him, and he said, "Don't bother. He's got it sewed up." This was early in April, even before he was nominated.

The Examiner arranges an interview for me with the editorial board on a Monday, and on a Friday they endorse Kopp. A lot of the thinking was, "He has his own relationship with the three major papers." Down here, I have the San Mateo Times. He was able to conduct a very dishonest campaign, extremely dishonest, and the newspapers and media never picked up on it, to show the degree of dishonesty.

I think, quite frankly, there were a couple of factors there. I encountered a lot of, "Geez, this is the only way we know how to get rid of this man in San Francisco, get him off the board of supervisors." Labor, for sure, in some instances—I had a good labor record—would say, "Geez, we'd like to get rid of him. We find it very tough to go against you, Lou. But we're going to stay with you." In the meantime, I didn't quite believe that they did stay with me. Some of these labor people wanted to get rid of him badly. It was a degree of selfishness in the actions of everyone. Labor unions are no exception. It was the most dishonest experience I've ever encountered.

HICKE: How do you mean "dishonest"?

PAPAN: He sent out a lot of material that was very distorted. Have you ever seen any of that campaign stuff that went out?

HICKE: I don't believe so.

PAPAN: I think I may have some. I'll let you look at it later. He had a judge fine him \$37,000 for lying in court. If a man lies in

court, he wouldn't have any hesitancy about lying in a campaign. I'll show you some of the stuff that he did send out. It'll show you that when the media is not being the watchdog that it should be, things like this could happen.

He raised about \$1.1 million to my \$1.5 million, big contributions from people in San Francisco because he threatened them. If he lost the election, he said, "I'll still be on the board of supervisors." Lawyers, in addition to that, have what is known as privilege. They can do things that a normal citizen can't do. Like, you can't lend money in excess of 10 percent. If they sell their services, there's a privileged situation. And when they come into government, there's no distinction. A very serious flaw in our total system. Not all lawyers abuse it. This is one man whom we know to have abused it.

I have to say that the watchdogs, by design—meaning the media—were one of the reasons that I lost that election. They were not doing their job because of his personal relationship with these newspapers. And the fact that he holds himself out to be a conservative. I lost San Francisco by 1,600 votes. Now, he was on the board of supervisors for fourteen years. That wasn't a bad loss. Where I lost the election was down here, when he sent out all this material. I'll show it to you before you leave. The Board of Equalization, I was asked . . .

HICKE: I just ran across that, that there was a possibility . . .

PAPAN: I was asked by [Board of Equalization member] Conway Collis and [State Controller] Gray Davis if I'd be interested in the position, and I said I would. When I contacted [Board of Equalization member William] Bill Bennett to see if I could get everybody's support, he immediately went to the press and started to bad-mouth me and say I was too controversial and that I was trying to put somebody out of a job.

It so happened that the change that was being proposed, there was a man holding the job down who was picked up in Hawaii running around the beach with no clothes on and had a real serious emotional problem. That was the reason they wanted the change, that guy [Board of Equalization Executive Director Douglas] Bell. When they offered me the job, I asked, "Well, what about the man who's holding it?" That's when they told me that he had that problem and that they were going to make a change. I did not seek the job nor did I want to see that man put out of work. When Bennett reported it to the press, he led them to believe that I was trying to put the man out of a job, when in fact it was Gray Davis and Conway Collis and [State Senator] Paul Carpenter who asked me if I'd be interested in the job. Again, totally distorted by the media. Not by the media. More particularly, a man named [Daniel] Dan Walters, who writes for the Sacramento Bee, a very dishonest person. He's a columnist, so he can write whatever he wants.

HICKE: Just opinion.

PAPAN: Yes. As a result, everybody picked up on it this way. Nobody ever talked to me so that I could tell them, "Hey, this is what the problem was." But I'm not going to step on someone, even if it means I had to go to the press and tell them something about someone who was going to quit anyway and did. I just couldn't do that, so I let Mr. Bell go. But now that it's over, I don't hesitate to say it.

Oh, we've changed in partisanship. Partisanship has grown and will continue to grow because, again, when you find that the minority party has veto power over the majority, you become very partisan.

[Reads from outline] "Ethics and character of legislators." I think for the most part the ethics and the character of legislators is a good one. What's missing is the maturity. I don't know how one gains maturity or if there's any

age that determines maturity. But I think it's important that people begin to examine what a person has done with their respective lives, and then you proceed to elect them. I would be very hesitant about electing too many people that come out of staff positions. They're not reflective of the population. We're getting a lot of legislators who are staff. The only experience that they've had is working with government. Not always bad, but not always good, either. Too many staff people being elected to public office.

[Interruption]

HICKE: Have you actually seen any changes in the long period that you were in the legislature?

PAPAN: Yes. Some of it good. There are a lot of bright, intelligent people being elected to office. I think the area of experience is lacking, experience with whatever field each of them has come from. They seem to be a lot younger; fewer numbers are being elected from forty and above.

I think the legislature varies with each election period. The turnover is immense, tremendous, in the assembly and, I think, in the senate. So you can't really characterize the legislature, except that there are traditions, customs, practices, the professionalizing of the legislature. They're all in place, and sometimes when you get too big a change, there's a tendency of setting them aside, and you lose the benefit of experience. But it has not, for the most part, hurt the legislature. I think California's very lucky to have the kind of legislature they do.

Government Service: Rewards, Disadvantages, and Contributions

PAPAN: [Reads] "Rewards and disadvantages of being a state legislator."

HICKE: Yes. What are the rewards first?

PAPAN: The rewards are that you can effect change, that you can pick up the phone and really shake up the bureaucracy. The bureaucracy is still responsive to the legislature in California. Magnificent. That has not changed. It's not like the federal government, where staff people get preferential parking and a newly elected congressman is blocks away from the Capitol. You can move the bureaucracy as a legislator. If that changes, we're in trouble. California's legislative members can do an awful lot to cause the bureaucracy to be responsive to people.

HICKE: That's encouraging.

PAPAN: Oh, yes. And they're willing to do it because they stand for election. So if you're elected every two years, if you keep saying no enough times and can't do anything to help people, then you're going to be out. You can move the bureaucracy as a state legislator.

The disadvantages? The disadvantages are that if a man or woman does not move their family up there, there are oftentimes problems with their family situations. But most of the legislators have their families up there, which is a good thing. To do it just on the weekend, it's very tough to run a family. In any event, I think the benefits, the rewards, the satisfaction far exceed any disadvantages.

[Reads from outline] "What would you consider your major contributions to the assembly?" Oh, I think my legislation with special education, my legislation for banks, insurance companies, the field of finance. I think I would not downplay the changes I brought into the pension funds of California, as that area I was personally involved in. The other, I had great assistance from staff. I think that my changes there will do an awful lot to insure the management of two of the largest pension funds in the country and also set in place the kind of

laws that caused other states to do the same thing. That's about it, Carole.

Community Activities

HICKE: OK. I have a list of your community activities here. Are there any of them that you would like to say something about? The San Mateo County Mental Health Association?

PAPAN: I haven't really been active. I've been a member, though. I haven't been too active with the former agents. The Sierra Club I've never been active in. I took that on because you could pay and join the membership. The same with all of those three. I don't get involved. North County Council of Cities was when I was on the city council, but these are just paid memberships. I do get their publications and read them.

HICKE: You were just recently appointed to CMAC?

PAPAN: Right. Which is the California Medical Assistance Commission. They govern the hospitals of California and arrange the Medi-Cal contracts with hospitals. So we're able to work on seeing how much money we can save and provide services to Californians at the best possible price. It's a great agency, a great commission that we have set in place to oversee hospitals in California. I think other states are going to begin to do the same thing. The legislature gets a report twice a year from us. It's been a great saving to the state and to the taxpayers, while also insuring that the people are getting medical help when they need it.

HICKE: It sounds like a very worthwhile . . .

PAPAN: Yes. I should be pretty familiar with that within a short time. I read as much of the stuff as they send out to me, trying to get a handle on it. Then we have a pilot program here in San Mateo County and down in Santa Barbara to computerize the Medi-Cal services here and direct people to hospitals where the services are being provided. We're monitoring the services of

all of the hospitals in San Mateo County with a coordinated effort. I think that once those pilot programs have had a chance to work, we'll be putting them in place in every county in the state. I find it very challenging and I've enjoyed this new area of interest, hopefully to get as knowledgeable as I can in time.

HICKE: Is there anything you can think of that we haven't covered?

PAPAN: No. I'm going to give you some of the material, though, on the election. Let me go down and get it, OK?

HICKE: I'd like to thank you very much.

PAPAN: My pleasure, Carole.

[End of interview]

[Session 1, April 29, 1988]

[Begin Tape 1, Side A]

VI. BACKGROUND INTERVIEW WITH C. MICHAEL THOMPSON: LEGISLATION OF  
LOUIS PAPAN

Children's Issues

HICKE: Maybe we can just start going down the list. Or do you want to start by highlighting some things that you recall specifically?

THOMPSON: Do you want me just to talk about Mr. [Louis J.] Papan or do you want me to talk about the legislation that he passed? Exactly what is it that you're looking for?

HICKE: The main thrust of what I'd like to get from you is things to ask him for our interview. We're doing an oral history of Mr. Papan for the [California] State Archives, and I've already covered some territory with him. But I know that he was involved in so much legislation that I thought perhaps you could highlight the . . .

THOMPSON: Maybe what I could do is give you some background facts on him. And we'll use this list of bills<sup>1</sup> and talk about specific policy areas and give you some information that will give you insight as to why he was interested in that

---

1. See appendix.

particular policy area and exactly how it is that he came about forming his value structure.

HICKE: Excellent. That would be wonderful.

THOMPSON: So starting on the children's issue, you can see that it starts out here with child abuse prevention, bone marrow transplants, California Early Intervention Services Act, and child abuse reporting. I think it's important for you to know that when Lou Papan was a child, he was born of Greek immigrants and lived in Massachusetts and went to school not speaking English. He only spoke Greek; that was the home language. When he first went to public schools, he was identified as mentally retarded because of this language problem. So he was put into what would today be a special education class. Here's a man who, as you know and as history has proved is a very bright individual. And to be put in a class of that nature has probably some great impact on him and really helped at an early age to form his philosophies and his beliefs.

Coupled with that, because he was Greek and because Massachusetts was somewhat biased in those days—I don't know that it's not today—he had a second problem, and that was the Anglo kids used to wait for him after school and on his way home, they would jump him and beat him up. So here he is, coming into a strange environment, being identified as mentally retarded, and then every day have to literally fight his way through a group of Anglo boys in order to get home. So I think that this probably explains why he's, first, very sensitive and, second, will pull no punches in doing what he feels is right for the greater number of people. I think that explains why he was interested in things like the prevention of child abuse.

The bone marrow transplant bill that is referenced here, what was AB 3266, came as the result of a youngster in

the district. The mother came to him and said, "I've got this problem. My kid's dying. He needs a bone marrow transplant, but because we're at such a level on the economical scale, we can't get it because Medi-Cal won't pay for it. They see it as somewhat experimental." He right away teamed up with the American Cancer Society and changed those laws. He believes strongly that human life is very valuable and that whether or not one is saved or not shouldn't be a function of how much money someone has. We're the wealthiest state in the nation. If we have the resources to save someone, then for God's sake, do it.

#### Consumer Affairs

THOMPSON: Consumer affairs. He was pretty active here. One that comes to mind was kind of a funny one. He had legislation passed and signed into law that requires anyone who runs a service station to have available both water and air. The reason for that is that if you operate an automobile with improperly inflated tires, you become a safety problem, not only for yourself and the riders in your automobile, but also for other people on the streets. It was brought to his attention that, on occasion, people would come into service stations and have low tires and want to get air, only to be told that the service station didn't provide air and, too bad, take a hike. You have situations.

The same thing with the water. People would have a low radiator and they would need water in their car, and the service station said, "We don't provide that service." If someone leaves the service station with the improperly inflated tires or low water level, the chances of them even just breaking down, having a mechanical failure and being stranded on the road. . . . With things like the I-5 murderer, who was just arrested in Sacramento yesterday,

that drives home the necessity of having adequate facilities available so people aren't put in compromising situations.

At the same time, he carried legislation that would increase the amount of registration fee we pay when we register our automobiles in California by \$1, and that money was earmarked to increase the highway patrolman level. Now, just the other day he was appointed to the CMAC [California Medical Accreditation Commission], and the article in the paper had two sentences about him being appointed to CMAC, and three paragraphs talking about how he prevented radar from being used on the California highways. Critics claimed it was so he could drive his Cadillac at high speeds back and forth between the Capitol and his district.

First of all, he never owned a Cadillac; he had other types of automobiles. But more important, he was a very formidable critic of radar, and he believes that highway cops shouldn't be sitting behind the bushes waiting for speeders to go by, that their job entails much more than that. They're out here to protect and to serve. They're to police the highways, and if someone is disabled on the side of the road they're to stop.

One thing that led to this was there were two women—I believe they're in their late forties, early fifties—who were driving up in the northern part of California. They took a major crossroad from 99 to I-5. At four o'clock in the afternoon, their car broke down and they were stranded all night on this road. Not one cop came by. So when he learned of this, he contacted the highway patrol, and they said, "Well, the truth of the matter is, we're terribly understaffed." He said, "First of all, I'll get you more cops," and he did his registration bill. "Second of all," he said, "no radar. You need to be out on those roads patrolling them to protect people."

HICKE: That's a marvelous attitude. That's very helpful.

THOMPSON: I think everything that he did could be associated in some way with people. That's probably the real neat thing about him and the one unique thing.

He led the review of plastic pipe use in California. There's quite a controversy even today as to whether or not plastic pipe should be used in plumbing of homes because when water passes through the plastic pipes, it oftentimes picks up certain carcinogens. So he required that a study be made, and it was a two-pronged study: one, to look at the carcinogens of the pipe, and two, to look at the hazards posed to the working folks who glue the pipes together, because the glue that they use is thought to have a negative impact on people. That's down there on the consumer affairs page also. That was an important one.

He was often criticized because of his work with the outdoor advertising industry, the billboard folks. There's a real solid line drawn between people who think that people should be able to advertise and those people who think that it's a real eyesore to have billboards. So his main thrust was, that's fine. If you want to take away the billboards, you have to compensate the people who own the billboards because this is their business. They set up the business in a legitimate manner; they complied with all the laws, the rules, the regulations. They have a work force. They pay these people who in turn provide for their families. You can't just go around and say, "Take down your billboards." That would be like saying, "We don't like hotels; they're an eyesore. Take down all the hotels." Because that's part of the structure that's built the economy in our state. So he really went to bat for the outdoor advertising people and he drew a lot of criticism as a result of that.

HICKE: From environmentalists.

THOMPSON: From environmentalists, yes. But again, it was for people, people who had made a legitimate investment and had a legitimate business. He just didn't believe that government should intervene and take that business away. In short, what his legislation did was to stipulate that if, in fact, you were going to make someone tear down a billboard, they had to be compensated for it.

HICKE: And he did get that through?

THOMPSON: Yes. He did quite a bit for the outdoor advertising industry.

He did some hazardous waste legislation. The one that comes to mind is one that I helped him work on that set up a pilot project in the district that required that the schools inventory all the chemicals they had in their schools, list what the chemical is and the expiration date; provided that the appropriate authorities were able to have access to that list and also come in, take out the expired ones and dispose of them properly. Actually, it wasn't a pilot project in the county. It was because of a pilot project in the county the need for this was shown. In our county, I think fire officials collected some twenty-one pounds of cyanide. It was a ridiculous amount of very dangerous chemicals. So he put that in place statewide.

HICKE: Is this San Mateo?

THOMPSON: Yes. He also wrote the legislation and had it passed that created the Board of Pilot Commissioners that regulates the inland bar pilots for the San Francisco, San Pablo, and Suisun bays. Bar pilots are the captains who are anchored twelve miles outside the bay at San Francisco. When the ships come in, they board those ships and then drive them in. And when they go out, they drive them out also. That's both a consumer affairs issue and a safety issue, because you can imagine all the different ports in the world,

different people trying to navigate in these different bays where the currents are all different. You really have to be trained in order to do that.

HICKE: There's only a couple of deep water channels, I think, in the bay, or something like that, that they have to know about.

THOMPSON: And the water currents also make it difficult when you try to back those in or drive them, whatever you do.

In 1974, he had a bill that added the nun-chuck sticks—they're wooden sticks with a chain between them; they're used in martial arts; they're a very lethal weapon—to the list of nonfirearms weapons that are illegal to manufacture, import, sell, furnish, or possess. There are things other than firearms that are on that list, and they added nun-chucks because they're a very dangerous weapon.

I didn't know about this one. It extends the authority to offer rewards to more governmental agencies for persons who aid peace officers in danger. That was before my time; that's interesting.

AB 202 was the one I talked about earlier that increased the registration fees to pay for the highway patrol.

AB 1111 in 1984 was, again, a bill that came out of the district. There was an incident where someone's kid was kidnapped, and they couldn't get the dental records immediately. They needed those in order to help expedite the finding of this child. So he passed legislation that would require the immediate release of dental records in instances of this nature and to help identify kids. He thought it was just terrible that some bureaucratic rule prohibiting the law enforcement agencies from doing their job and helping a family find their child.

Education and Finance

THOMPSON: As you can see in the education file, it's just incredibly long. He has a lot of education bills, primarily special education. He's the person who was recognized in the legislature as the father of special education, the overseer of special ed. I don't think a day goes by today when I don't run into someone in these halls who had something to do with him in the area of special education, and they always tell me, especially now with the \$1 billion budget shortfall, how much they miss Lou Papan, the champion of special ed.

That's an area of education that doesn't necessarily have a lot of support because the only people who are interested in it are people who are either handicapped and require special education themselves or the family of special education people. There just aren't that many. So with most people, all the focus is on regular education and very little on special education. And these are the people who are less able to fight for themselves. So he was really a fighter for that community of interest.

I think a lot of it had to do with, again, his personal experiences. Not only himself, but he had a son who was born handicapped, as you know; so he saw firsthand how the educational system didn't work, and he made it a point to change it, to make sure that everybody, even handicapped kids, had an opportunity for the best possible education. That's something we pride ourselves on in the state, but it's really something that's not altogether that true.

He had a lot of finance-related legislation, also, and that was because he had a personal interest there. He was a real estate broker and an insurance agent, and he's always had an interest in banking. So it was just kind of a natural

for him to get into that. He was really seen as, again, a fighter for the little guy. I hate using that term, but the powerless.

Lou Papan was the kind of guy who could round up the powerless and attach their issues to the powerful, making sure that they got their fair share. He was a real advocate for the independent insurance agents who don't have the benefit of the big insurance companies and the big lobbying groups. He helped, through their organization and through their lobbyists, to make them the force that they are today.

He passed legislation that. . . . At one point the banks were trying to get into the insurance business, and the independent insurance agents saw that as a direct threat to their business. The way they perceived it was, that you would sit down in the bank to get your loan to buy your house or to buy your car, and then they would say, "By the way, you do want to buy insurance from us, don't you, before we issue this loan?" They could have just aced the small businessperson right out of business. So he carried legislation to prevent that from happening.

He got it through the legislature; it was a hell of a fight. It went to the governor, then Governor [Edmund G.] Jerry Brown [Jr.], and he vetoed that bill. Lou Papan took that bill and rounded up the votes necessary in the legislature to override Jerry Brown's veto. I believe it was the first veto override on that governor. His chief of staff at the time, Gray Davis, currently the state controller, was quoted as saying that Lou Papan was like a heat-seeking missile; no matter what they did, he just kept coming at them and coming at them. He was successful with the override, and that's very difficult to do. So the independent insurance agents throughout the state know and remember him.

As you can see, he's got a couple of measures here, one in '74 and one in '83, in support of his homeland, Greece: one measure asking the president to halt economic and military aid from the United States to Turkey until they withdraw their troops from Cyprus; and another memorializing the president and congress to preserve the present 10 to 7 ratio of aid for Turkey and Greece. I don't think that needs any explanation. He very much lines up on the side of Greece on that issue.

HICKE: Do those have any effect on the . . .

THOMPSON: We pass resolutions all the time here. It's a statement and that's all it is. I don't know what sort of effect it has, but it's got to, at least, put them on notice that this particular legislature prefers. . . . Sometimes they're very difficult to get out because it's a value statement by the legislature in toto.

#### Health Care

THOMPSON: Health care. He did a lot in the way of health care, some of which was never recognized because it always fell victim to the governor's veto pen. I think the one that at least I am most familiar with and most emotionally attached to is the issue of preventive health care insurance coverage for children. As it is right now, the greater majority of kids in this state do not have preventive health care coverage, even the insured kids. And it's interesting because poor kids, or kids from poor families, have preventive health care coverage because they have Medi-Cal, and that has a well baby element to it. Kids from rich families don't have to worry about it because their parents can pay out-of-pocket for those costs.

But kids from that middle group, the working folks, those are the people who depend on their place of employment

for their health coverage. So they're constrained by what their employer allows them to participate in purchasing. Preventive health care is not something that's in most policies. So you have a situation whereby illnesses in children are not detected at an early age, and not until they become acute do we act on it. It's terribly expensive and it's terribly inhumane.

He carried legislation that would have mandated that all group insurance policies include preventive health care coverage for kids. We got that through on two different occasions, and on each occasion it was vetoed by this governor, meaning [George] Deukmejian, and he is veto-proof. The Republican members of the assembly are so unbelievably lock step that they would do anything to protect this governor, protect their party, and advance their party's standing in this house. So there was no way to get a veto override on that. And it's sad, because it's something that would have helped us all. It would have helped to reduce the long-range health costs to us all and it would have been a way to make sure that all of our kids were much more healthy than they stand to be the way it currently is. The Chamber of Commerce was really opposed to that.

He created the Joint Committee on Medi-Cal Oversight, which, as the blurb states, "monitors the implementation and impact of various provisions of law concerning the Medi-Cal program." It's a watchdog committee and it helps to ensure that the department is doing what they're supposed to, to take care of the people who are least able to pay for their medical care.

I probably should interject here, too, that the last two years we've had a bill in the legislature that would reduce the amount of interest paid on credit card accounts. That's seen as a real progressive and radical move. It

hasn't been successful in the last two years. But from a consumer standpoint, this is a very good piece of legislation and all the consumer groups are for it. I want to state that in 1974, Lou Papan introduced that same bill; so he was probably fourteen years before his time.

HICKE: Even more, if you're still trying to get it through.

#### Pay Raise for Legislators

THOMPSON: That's true. Here's one in 1977 that he had passed that provides for a 5 percent salary increase per year for legislators.<sup>1</sup> I'll talk about that one because it's a very controversial issue and it's one that he insisted on carrying. Whenever there was a legislative pay raise, he insisted on carrying it. I think that that speaks to the love he has for the other members he served with and for this institution.

Now, what happened is, in 1964, the voters voted on a measure—and it passed—that professionalized this legislature. It was Proposition 1A, and Jess[e] Unruh was the person who was behind it. It moved us from a part-time, nonprofessional legislative body to a full-time, professional body. In that proposition, Proposition 1A, it provided for a salary increase for legislators—I believe it was \$18,000 a year—with a provision that allowed for a 5 percent annual increase. However, it stipulated that that 5 percent annual increase required enabling legislation. It further stipulated that it could not take effect during the current legislators' term of office.

---

1. 1977, Cal. Stats. Ch. 802, p. 2452.

So in other words, if the legislators decided they needed a raise, they could go no more than 5 percent per year and it could not go into effect until after their term was over and the new term began. For instance, last year there was enabling legislation introduced to provide for a 5 percent for 1987 and 5 percent for 1988. However, passed and signed, it doesn't go into effect until January 1, 1989. So what you have is, they're voting on the bill, on their own pay raise, but they have to stand for reelection before that goes into effect. So they very well may not be reelected and they wouldn't be getting it. The constitutional amendment provided that. It's in our constitution. The people of the state of California voted for and passed that overwhelmingly. The legislators in my view are . . .

[End Tape 1, Side A]

[Begin Tape 1, Side B]

Capitol Restoration and Pensions

THOMPSON: . . . terribly underpaid. Thirty-seven thousand dollars a year for the type of job that they do and the responsibility they have and the time commitment they have to make doesn't seem to me to be fair. I think they do need a raise, probably more than the 5 percent, but that's a whole different issue.

But he always carried that bill. It takes a lot of intestinal fortitude because whenever anyone would run against him, he was always criticized as the member who carried the bill. Now, everybody else voted for it; everybody else accepted it. But he took the heat for it. So he did that for his colleagues and for this institution.

There were some members in this house who would vote against that bill, send press releases out into their

district that said, "Once again, Assemblyman so-and-so votes against a 5 percent increase for legislators' pay." But so-and-so always accepted the pay raise after it was in. He could have sent it back; he could have said, "No, I don't want it." But he always accepted it while always voting against it.

He did the same thing in the restoration. Lou Papan oversaw and ran the restoration of this Capitol building. It was \$67 million to renovate the building. In 1980, in his reelection campaign, the Republicans dumped a bunch of money in for his opponent. One of the hit pieces focused on the restoration project and how Lou Papan spent \$67 million to build a palace for himself. Nothing could be further from the truth. It's just unbelievable they would do that. And the same Republicans who transferred money to this guy who ran against him will bring their constituents up here and brag about what a beautiful building we have.

HICKE: That's really interesting.

THOMPSON: So in '79 he carried legislation to provide additional funds to complete the restoration.

HICKE: He has told me about that.

THOMPSON: A lot of procedural legislation because of being chair of the Rules Committee and chair of the Joint Rules Committee. He would have to pass legislation that would adopt certain rules and regulations for the house.

He also restructured the Public Employees Retirement System [PERS]. When he took an interest in that, the system, which is, I think, the third largest retirement system in the nation. . . . Our two retirement systems are probably over \$40 billion strong, and together they're the biggest retirement system in the nation. Separately I think PERS is second or third.

He was terribly disillusioned by the fact that they were running that operation literally out of a shoebox. There was no latitude for investment; they did all their investment at a very conservative bank-type return rate, you know, at 4 percent. There was a lot of support for that. I laugh when I say this. Now, my father, who was a retired county person, was a member of PERS. He and I used to get in big arguments because he said, "By God, that's my retirement money and I don't want those politicians playing with it. I'm real happy with that 4 percent return." Nobody in their right mind would put money in 4 percent return.

HICKE: He lived through the Depression, probably.

THOMPSON: Right.

HICKE: I think that's always a strong influence.

THOMPSON: So Lou was able to restructure that, and he placed on the ballot a proposition that gave them the latitude to invest money at a greater return rate, while at the same time put in place provisions that protected those investments. The other thing is, that money doesn't really belong to the retirees. It's their pension fund. However, it's guaranteed by the legislature. It's a very well-protected system. So he literally restructured that whole system and put it where it is today. If it weren't for Lou Papan, it would not be where it is today, one of the top.

He chaired a joint committee on the public pension funds and he created the Joint Committee on Public Pension Fund Investments. He created that in 1984.

#### County Issues

THOMPSON: He has a host of things that he did for the county. We could go over that all day. Everything from \$250,000 appropriation for a park in Pacifica. . . . He fought real hard for the CalTrans commuter train that runs through the peninsula

corridor into San Francisco. They tried to close that down. He convened legislative hearings in the district on that and was successful in identifying some budgetary problems that they were having and was able to keep that going. One million five for that Pillar Point harbor and waterfront. He got forty acres for the city of Brisbane, tideland area. They were able to build a harbor and municipal building there.

The first bill he ever had passed as a legislator was AB 190. It prohibited the use of headsets while operating any motor vehicle. That produces a real safety hazard. People can't hear trains and other cars and horns and things.

You have all the public pensions funds stuff too? That's pretty self-explanatory.

HICKE: That's very helpful. I think I'll just use that whole thing as an appendix to his oral history, actually.

THOMPSON: That's about it on the legislation.

HICKE: That's wonderful.

THOMPSON: That's just some helpful things. I could probably go on for days about the. . . . It's a real loss to the state for him not to be here and, again, the people in this building who, on a daily basis. . . .

Now, with this Gang of Five business. . . . I guess you've been reading about that. Literally every day people make mention, "Well, if Papan were still here, we wouldn't have this."

One of the Gang of Five is--and I hesitate to say this--is a friend. He called me in this very office--actually it was in [Assemblywoman Jacqueline Speier] Jackie's office. We're located in a different place physically. He said, "I just want you to know that this never would have happened had Lou still been here." And he

was right; he was 100 percent right. He never would have allowed that sort of thing to happen.

He loved this place; he respects the institution of representative government. The man would have done anything and would continue to do anything to preserve this. He recognizes this for the value that it provides for us as a people and as a vehicle to take care of the social problems that confront us. He wouldn't allow the institution to be torn apart like it is now.

HICKE: That's been very helpful. Thank you so much for taking the time to do this.

THOMPSON: My pleasure.

[End of interview]

ASSEMBLYMAN LOUIS J. PAPAN

CHAPTERED LEGISLATION

---

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>CHILDREN</u></b>		
1982	AB 1733	<b>Child Abuse Prevention.</b> Provides for funding of child abuse and neglect prevention and intervention through the State Department of Social Services.
1984	AB 3266	<b>Bone Marrow Transplants.</b> Provides that, under both the Medi-Cal Program and the California Children's Service Program, whenever an eligible beneficiary of services is receiving a bone marrow transplant for the treatment of cancer, the treatment is reimbursed by these programs.
1985	AB 114	<b>Enacts California Early Intervention Services Act.</b> Establishes demonstration programs to coordinate and deliver interagency early intervention services for handicapped and high risk infants.
	AB 238	<b>Child Abuse Reporting.</b> Mandates the reporting of child and elder abuse and extends the reporting mandate to cover abuse of dependent adults.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>CONSUMER AFFAIRS</u></b>		
1975	AB 950	<b>Motor Vehicle Fuels, Etc.</b> Provides that it is unlawful for any refiner, distributor, manufacturer or transporter of motor vehicle fuels or oils to discriminate in price between different purchasers where the effect of the discrimination is to lessen competition.
	AB 952	<b>Public Utilities.</b> Provides criminal penalties against a perjuring witness, as well as anyone who presented a false document, to the Public Utilities Commission on either side of a rate case.
	AB 1133	<b>Gasoline Sales.</b> Requires gasoline sold to a retailer by any distributor or broker to be sold on a temperature-corrected gallonage to 60 degrees fahrenheit if any single delivery in one location exceeds 5,000 gallons. Appropriate modification of the Motor Vehicle Fuel License Tax is made.
1976	AB 2514	<b>Frozen Yogurt Dessert.</b> Permits frozen yogurt dessert made from frozen yogurt mix and low-fat frozen yogurt dessert made from low-fat yogurt mix to be manufactured and sold directly to the consumer in a semifrozen state without packaging of any type for consumption on the premises.
1977	AJR 26	<b>Telephone Rates.</b> Expresses the interest and concern of the Legislature regarding an investigation by Congress into telephone competition and interconnection, requests full inquiry into economic impact of such an action, and requests FCC to authorize competition in telecommunication only where feasible and in the public interest.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b>CONSUMER AFFAIRS CONTINUED</b>		
1977	AB 670	<b>Fire Protection.</b> Removes automatic fire sprinkler systems from State Fire Marshal approval and listing requirements.
	AB 1784	<b>Sanitary Waste Water Reuse.</b> Precludes public agencies from using potable water for irrigation of specified areas when reclaimed water is available and meets specified conditions.
1978	AB 2643	<b>Reclaimed Water for Greenbelt Irrigation.</b> Extends to any person the prohibition in existing law against the use by public agencies of drinking water for irrigation of greenbelt areas when suitable reclaimed water is available.
	AB 3681	<b>Fabric Care.</b> Changes the license fees, generally increasing them, which are charged for issuance of licenses for cleaning and dyeing establishments, shops, and certificates of registration, by the State Board of Fabric Care.
1979	ACR 98	<b>Plastic Pipe Use In Construction.</b> Requests the Commission of Housing and Community Development to halt current moves to alter building standards to allow extensive use of plastic pipes until it receives a report including consideration of specified matters from the Toxic Substance Alert System of the State Department of Health Services and the State Fire Marshal.

---

<u>Year</u> <u>Became</u> <u>Law</u>	<u>Bill</u> <u>Number</u>	<u>Subject Matter</u>
--	------------------------------	-----------------------

---

**CONSUMER AFFAIRS CONTINUED**

1979	AB 104	<b>Contractors' License Fees.</b> Appropriates an amount equal to the unencumbered balance of the Contractors' License Fund to meet contingencies and emergencies. Prohibits disclosure of complaints against licensees unless done pursuant to a uniform policy adopted by the Department of Consumer Affairs.
	AB 845	<b>Fireworks': Licenses.</b> Specifies that denial of a license application by the State Fire Marshal to any person convicted of a felony involving explosives or a fire-related offense shall be permitted. This measure also makes the denial of employment to employees convicted of a felony permissive.
	AB 1001	<b>Structural Pest Control Board, Licenses.</b> Extends the requirement of licensing to currently unlicensed individuals who apply chemicals. Also, mandates a continuing education requirement for pest control licensees.
	AB 1447	<b>Cemeteries, Vandalism of.</b> Raises the penalties for cemetery vandalism and authorizes restitution as a condition of probation under this statute.
1980	AB 2247	<b>Structural Pest Control Board.</b> Allows Board to levy fines when it discovers violations rather than being faced with the choice of suspending the firm's operation or taking no action at all.
	AB 2540	<b>Structural Pest Control Board.</b> Eliminates the minimum fees which could be charged by the Board.

---

<u>Year</u> <u>Became</u> <u>Law</u>	<u>Bill</u> <u>Number</u>	<u>Subject Matter</u>
--	------------------------------	-----------------------

---

**CONSUMER AFFAIRS CONTINUED**

1981	AB 201	<b>Pre-Need Funeral Arrangements.</b> Enacts two reforms in the practices of the funeral industry: 1) allows the imposition of felony penalties if the misuse of funeral trust funds is sufficiently serious and 2) prohibits the commingling of cemetery and funeral trust funds.
	AB 289	<b>Fees for Check Selling and Check Cashing.</b> Makes check sellers and cashers not subject to a maximum charge for selling or cashing checks, drafts, or money orders.
	AB 1254	<b>Structural Pest Control Board.</b> Proposes numerous changes in the Structural Pest Control Act of 1941 for purposes of clarification and update.
1982	AB 1353	<b>Outdoor Advertising.</b> Prohibits the compelled removal of any lawfully erected display by local government entities without compensation to the owner of the display and the owner of the land on which the display is located.
	AJR 53	<b>Social Security.</b> Urges the President and Congress to reinstate the minimum monthly Social Security benefit for old age recipients.
	AJR 56	<b>Cal-Vet Farm and Home Loan Programs.</b> Urges appropriate federal officials to modify proposed regulations to insure the tax-exempt status of Cal-Vet general obligation bonds and to continue to allow farm and home purchasers to arrange interim financing.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>CONSUMER AFFAIRS CONTINUED</u></b>		
1983	AB 503	<b>Outdoor Advertising.</b> Amends various provisions of the Outdoor Advertising Act which regulates advertising displays (billboards) adjacent to highways.
	AB 1774	<b>Electric and Gas Service.</b> Requires every electrical or gas corporation serving a master-meter customer to provide each individual customer every public safety customer service it provides to its other residential customers. Helps mainly mobile-home residents.
	AB 1920	<b>Hazardous Waste.</b> Excludes hazardous waste from the definition of solid waste under the Nejedly-Z'berg-Dills Solid Waste and Management and Recovery Act of 1972.
1984	AB 62	<b>Horseracing.</b> Authorizes fair racing meets to deduct an additional 1/3 of 1% from parimutuel pools in lieu of any local license fee or tax for distribution to the city or county where the meet is conducted.
	AB 1107	<b>Service Stations.</b> Ensures that California motorists have continued access to the air and water services essential to safe vehicle operation.
	AB 1112	<b>Boating and Waterways.</b> Provides requirements for membership of the Boating and Waterways Commission. Eliminates comparability of harbor berthing rates between private marinas and public marinas.

<u>Year</u> <u>Became</u> <u>Law</u>	<u>Bill</u> <u>Number</u>	<u>Subject Matter</u>
<b><u>CONSUMER AFFAIRS CONTINUED</u></b>		
1984	AB 1768	<b>Inland Bar Pilots for San Francisco, San Pablo, and Suisun Bays.</b> Establishes a unified system of state regulated bar and inland pilotage for the bays. Increases the membership of Board of Pilot Commissioners and licensing fees.
	AB 3161	<b>Outdoor Advertising.</b> Permits municipalities to relocate outdoor advertising displays through ordinances or resolutions as well as by agreements.
1985	AB 943	<b>Outdoor Advertising.</b> Requires compensation be paid when the display is compelled to be removed as a condition or the issuance prerequisite for or continued effectiveness of a permit, license, or other approval for use of the property.
<b><u>CRIME</u></b>		
1974	AB 2571	<b>Weapons.</b> Adds "nunchaku sticks" to the list of non-firearm weapons that it is illegal to manufacture, import, keep for sale, furnish, or possess.
1977	AB 882	<b>State Fireworks Law.</b> Conforms definition of dangerous fireworks to federal regulations and prohibits the sale of safe and sane fireworks to any person under the age of 16.
1978	AB 2657	<b>Peace Officers.</b> Extends the authority to offer rewards to more governmental agencies to persons who aid peace officers in danger.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>CRIME CONTINUED</u></b>		
1980	AB 3487	<b>California State Police.</b> Establishes eight dispatcher positions within the State Police Division so that police officers presently acting as dispatchers can be returned to police functions.
1981	AB 202	<b>California Highway Patrol.</b> Increases the number of patrol units by payment of an additional \$1 registration fee for motor vehicles.
	AB 359	<b>State Police.</b> Extends to State Police the exemption from 15-day waiting period for the purchase of firearms which other categories of police officers enjoy. Authorizes the use of blue lights on State Police vehicles.
	AB 632	<b>Court Cases, Dismissal of Charges.</b> Requires prosecutors to place a statement in the record explaining the reasons for amending or dismissing charges in felony cases, state in open court the reasons for seeking the dismissal of a charge, and state the reasons for recommending punishment or how a court should exercise its powers in cases where the defendant pleads guilty or nolo contendere.
	AB 633	<b>Court Cases.</b> Extends witness bond powers of the court to all phases of criminal and juvenile proceedings.
1982	AB 2637	<b>State Police.</b> Authorizes all peace officers who are authorized by their employer to carry firearms on duty. Permits an emergency vehicle used by an on-duty peace officer to display a blue warning light.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>CRIME CONTINUED</u></b>		
1983	AB 653	<b>Police.</b> Provides for counties and police protection districts to split equally the revenues generated by district law enforcement activities.
1984	AB 1111	<b>Missing Persons Reports.</b> Provides for the immediate release of dental records and for the submission of reports, as specified, with respect to missing persons who are under 18 years of age who are determined by the law enforcement authority to have disappeared under suspicious circumstances.
<b><u>EDUCATION</u></b>		
1974	AB 4412	<b>Student Records, Address Lists.</b> Extends to public institutions of higher education existing law which authorizes local school districts to submit names of seniors who drop out of school to attend private business or professional school.
1975	AB 1120	<b>Special Education Admission Committee Meetings.</b> Gives parent or guardian the right to be present at a meeting of an admission committee at which the pupil is evaluated for placement in a special education program and the right to a 48-hour notice before the meeting occurs.
1978	AB 3771	<b>School Employees.</b> Allows districts to reinstate a special education service without regard to preferential reemployment, if certain conditions are met.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>EDUCATION CONTINUED</u></b>		
1980	AB 3075	<b>Special Education.</b> Coordinates federal funding by the State Department of Education to maximize vocational and rehabilitation program funding of services to handicapped students.
1981	AB 389	<b>School Buildings, Reconstruction.</b> Allows school districts to repair fire-damaged facilities by using the original plans as long as those original plans had been approved for compliance with the Field Act.
	AB 817	<b>Special Education: Technical Changes to Special Education Law.</b> Makes technical corrections to SB 1870 (Rodda) 1980.
1983	AJR 43	<b>Special Education, Federal Funding.</b> Memorializes the President and Congress to provide full funding to assure that all handicapped children have available to them a free, appropriate public education emphasizing special education and related services designed to meet their unique needs.
1984	AB 3611	<b>Data-Processing Equipment.</b> Gives both county superintendents of schools and individual school districts the authority to market any electronic data-processing mainframe software developed by the district office.
1984	AB 3820	<b>Schools, Chemicals in.</b> Establishes a program for the identification of dangerous chemicals used in laboratories and classrooms and for the timely removal of such chemicals.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>EDUCATION CONTINUED</u></b>		
1984	ACR 144	<b>Handicapped Students.</b> Requests the State Department of Education, the Department of Rehabilitation, and the Department of Employment Development to continue to support Project Workability, relating to employment of handicapped students.
1985	AB 456	<b>Special Education.</b> Creates demonstration programs to improve instruction and motivation for handicapped students in the K-12 setting. Designates Special Education Commission for sunset review of special education programs. Ensures that the needs of handicapped pupils in juvenile court schools or county community schools are not overlooked.
1985	AB 940	<b>School Buses, Etc.: Driver's Licenses/Certificates Revocation.</b> Requires the California Highway Patrol, after consultation with Department of Motor Vehicles, to adopt uniform guidelines and procedures to be used in any case involving the discretionary authority of DMV to revoke or suspend a school bus driver's certificate.
	AB 2557	<b>Special Education Funding.</b> Requires local education agencies to implement new cost accounting procedures in 1985-86 and to use those procedures when reporting costs to the Department of Education.

<u>Year</u> <u>Became</u> <u>Law</u>	<u>Bill</u> <u>Number</u>	<u>Subject Matter</u>
<b><u>FINANCE</u></b>		
1975	AB 843	<b>Credit Unions: Regulations for Dividends.</b> Authorizes credit unions to offer different classes of share certificates on which different rates of dividends may be paid. Also provides authority to state credit unions to participate in federal programs in which federal credit unions have been authorized to participate.
	AB 844	<b>Credit Unions: Loans, Shares, and Certificates Regulations.</b> Permits credit union officials to obtain loans up to at least \$10,000 from their respective credit unions. Permits credit unions to invest in any corporation which provides services to credit unions if such investments are approved by the Commissioner of Corporations.
1976	AB 484	<b>Impound Accounts, Interest.</b> Requires banks and savings and loan associations to pay interest on impound accounts to persons purchasing homes.
1976	AB 2551	<b>Savings and Loan Associations: Reserve.</b> Requires the State Savings and Loan Commissioner to fix a minimum statutory net worth applicable to all associations but not to exceed 4% of an association's total assets.
	AB 3701	<b>Bank Holding Companies.</b> Requires reports from bank holding companies which control state-chartered banks to the State Superintendent of Banks to control insolvency and bank mergers.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>FINANCE</u>    <u>CONTINUED</u></b>		
1977	AB 1428	<b>Alternate Financing for Mortgages.</b> Permits the Savings and Loan Commissioner to issue rules and regulations which would permit a savings and loan association to make alternative types of loans and advances of credit on such loans to home borrowers.
1980	AB 580	<b>Banks and Bank Holding Companies.</b> Prevents indefinitely the prohibition against banks or bank holding companies from being licensed as insurance agents or brokers except with regard to credit life and disability insurance.
1981	AB 793	<b>Savings and Loan Associations.</b> Gives State institutions the same powers as federal institutions in regard to trustees, credit cards, withdrawals by negotiable or transferable instruments, home loans, and investments.
1982	AB 3406	<b>Industrial Loan Companies.</b> Suspends current restrictions on the types of loans an industrial loan company must make or are restricted from making, shortens the period they must wait to apply for approval to increase the number and size of its loans and investments outstanding, and allows them to lend funds to any individual who holds less than 10% of the shares in the industrial loan company, its holding company, or its affiliates.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>GREECE</u></b>		
1974	AJR 123	<b>Cyprus Crisis.</b> Requests the President and Congress to halt immediately all economic and military aid of the United States to Turkey and to demand total and immediate withdrawal of Turkish troops from Cyprus.
1983	AJR 11	<b>Military Aid for Greece and Turkey.</b> Memorializes the President and Congress to preserve the present 10 to 7 ratio of aid for Turkey and Greece.
<b><u>HEALTH</u></b>		
1978	AB 1426	<b>Long-Term Health Care Facilities Licensing.</b> Increases hourly wages for non-administrative nursing home and intermediate care facility employees. Also, makes it possible for the Department to issue provisional licenses upon transfer of ownership of a nursing home or intermediate care facility.
1980	AB 85	<b>Medi-Cal Pilot Programs.</b> Authorizes the State Director of Health or the State Director of Health Services to continue Medi-Cal Pilot Program comparing patient treatment profiles and increases pay for non-administrative employees in nursing homes.
1982	AB 2444	<b>Dentistry.</b> Creates a voluntary drug diversion program for persons in the dental profession whose ability to practice becomes impaired due to the use of drugs or intoxicating substances.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>HEALTH CONTINUED</u></b>		
1983	ACR 19	<b>Joint Committee on Medi-Cal Oversight, Creation of.</b> Monitors the implementation and impact of various provisions of law concerning the Medi-Cal program.
1985	AB 2023	<b>Medi-Cal.</b> Allows Medi-Cal reimbursement for bone marrow transplant procedures for persons 21 years of age and older.
<b><u>INSURANCE</u></b>		
1973	AB 640	<b>Savings and Loan Associations: Insurance.</b> Prohibits lenders from making available any information contained in fire and casualty insurance policies to any person or persons for the purpose of soliciting such insurance coverage without borrower's permission. Also prohibits recommending the placement of insurance with a specified insurer once the insurance policy has been supplied by the borrower and accepted by the lender.
1974	AB 3034	<b>Insurance, Prohibitions Against Certain Charges.</b> Reduces from 30 days to 15 days prior to expiration the time that a policy can be supplied without penalty. If a policy is delivered to a lending institution less than 15 days prior to expiration, a substitution fee can still be required.

---

<u>Year</u> <u>Became</u> <u>Law</u>	<u>Bill</u> <u>Number</u>	<u>Subject Matter</u>
<b><u>INSURANCE CONTINUED</u></b>		
1976	AB 841	<b>Insurance.</b> Prohibits state and national banks from serving as insurance agents or brokers except when: 1) they are selling credit life or disability insurance, 2) they had prior authorization to sell insurance by the Federal Reserve Board, or 3) they are acting as an agent for any fire, life or other insurance company authorized to do business in California.
1977	AB 486	<b>Insurance, Disclosure of Information by Lenders.</b> Prevents persons loaning money secured by real property from using their information about that individual's property for insurance solicitation purposes.
	AB 1065	<b>Longshoremen's (Harbor Workers) Workers Compensation Insurance.</b> Makes the United States Longshoremen's and Harbor Workers' Compensation Act subject to the provisions of the rates and rating chapter of the Insurance Code which states that insurance rates shall not be excessive, inadequate or unfairly discriminatory.
1980	AB 1756	<b>Insurance, Primary and Excess Coverage.</b> Clarifies existing law with respect to the extent of coverage of an excess policy on leased vehicles.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>INSURANCE CONTINUED</u></b>		
1980	AB 2038	<b>Charitable Hospitals, Insurance Benefits for Services Rendered by Nongovernmental Charitable Hospitals.</b> Extends to union trust funds providing health insurance and employers with an insurance company administering a health program the current law prohibiting an insurer from denying a claim for hospital, medical or surgical services because a claim for payment was made by a nongovernmental charitable research hospital that generally makes no charges in absence of insurance.
1981	AB 274	<b>Insurance, Primary and Excess Coverage.</b> Provides that an automobile liability insurance policy issued to a named insured engaged in the business of leasing vehicles does not apply to anyone other than the named insured or his agents or employees.
1981	AB 691	<b>Title Insurance.</b> Clarifies issues relating to insured closing letters issued by title insurers, statistical reporting by title entities, the deletion of obsolete net worth language, and the role of the Department of Insurance as the sole regulatory authority governing title companies.

---

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>INSURANCE CONTINUED</u></b>		
1981	AB 2100	<b>California Insurance Guarantee Association.</b> Brings unearned premium within the definition of a covered claim for purposes of this Act, requires recoupment of assessments against insurance carriers by means of a separate charge on premium billings sent to policyholders, forbids member insurers from paying dividends to stockholders in any year they have deferred payment of an assessment due to financial hardship, and reduces the maximum assessments against member insurers in any one year.
1983	AB 2007	<b>Group Life and Disability Insurance.</b> Extends eligibility and redefines standards, premium collection and dual coverage under group health policy coverage.
1984	AB 3267	<b>Insurance, Bank Licensing for Unemployment Insurance.</b> Authorizes a bank or bank holding company to offer credit-related involuntary unemployment insurance.
1985	AB 46	<b>Disability Benefits, Sick Pay.</b> Provides that for purposes of determining wages received during a period of disability, that the amount stated by the claimant shall be presumed accurate.
	AB 493	<b>Blind Vendors, Insurance.</b> Provides that funds that are required by federal legislation to be set aside to be used for health insurance and business-related insurance premiums.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>LEGISLATURE, GENERAL</u></b>		
1977	ACR 101	<b>Easter Recess.</b> Sets forth bill introduction rules and for the printing of journals and daily and weekly histories.
	AB 1396	<b>Legislators' Pay Raise.</b> Provides for a 5% salary increase per year for legislators effective December 4, 1978.
1978	AB 2495	<b>State Capitol, Rehabilitation or Restoration of West Wing.</b> Makes clarifying, nonsubstantive changes in the law governing the restoration or rehabilitation of the west wing of the State Capitol.
	AB 3136	<b>Legislative Employees: Disability Benefits.</b> Extends industrial disability leave (IDI) and non-industrial disability insurance (NDI) to employees of the Legislature.
1979	AB 198	<b>State Capitol Restoration Project: Funding.</b> Provides additional funds to complete the restoration of the west wing of the State Capitol.
	ACR 18	<b>Memorial Resolution for Representative Leo J. Ryan of the 11th Congressional District.</b> Expresses the sorrow of the Members of the Legislature at his passing.
	ACR 39	<b>Joint Rules/Joint Recesses.</b> Permits and provides procedure for the introduction of bills during the Easter Recess each year and the Organizational Recess following the beginning of each session.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>LEGISLATURE, GENERAL CONTINUED</u></b>		
1981	AB 1533	<b>Legislative Counsel, Employee Benefits.</b> Makes the employees of the Legislative Counsel Bureau eligible for the same package of legislative benefits as are presently available to other legislative employees. Also changes the status of the Legislative Counsel on the California Law Revision Commission from a non-voting to a voting member.
1982	ACR 3	<b>Legislative Compensation.</b> Authorizes each member of the Legislature to elect to receive one or more employee benefits in lieu of a portion of his or her annual compensation.
	ACR 129	<b>Legislative Oversight.</b> Requires that the Joint Rules Committee, or the respective rules committee of each house, approve any request made by a legislative committee to have the Office of Administrative Law initiate a priority review of regulations.
1983	ACR 5	<b>Selection of Legislative Counsel.</b> Designates Ron M. Gregory as Legislative Counsel of California.
	ACR1X	<b>Temporary Joint Rules.</b> Adopts the Temporary Joint Rules of the Senate and Assembly for the 1981-82 Regular Session as the Temporary Joint Rules of the Senate and Assembly for the 1983-84 First Extraordinary Session.
1984	ACR 99	<b>Joint Rules, Printing of Amendments.</b> Allows the Secretary of the Senate and the Chief Clerk of the Assembly to determine that if the entire contents of a bill are struck, the matter to be omitted need not be printed in the amended version of the bill.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>LEGISLATURE, GENERAL CONTINUED</u></b>		
1985	AB 120	<b>Legislative Pay Raise.</b> Enacts the 5% per year salary increase for legislators which is allowed by the California Constitution at the beginning of the next Legislative Session.
	ACR 49	<b>Joint Rules, Deadlines.</b> Reinstates two sections of Joint Rule 61 which were inadvertently amended out of the 1985-86 Joint Rules.
<b><u>LOCAL GOVERNMENT</u></b>		
1974	AB 3122	<b>Library Trustees' Compensation Terms.</b> Authorizes the legislative body of any city to compensate the trustees of the public library for their services in an amount not to exceed \$50 per month.
1976	AB 1928	<b>Supervisory Elections.</b> Provides that candidates for the office of member of the Board of Supervisors must be placed on the primary election ballot. Also provides that whenever only two candidates for any single seat on the board of supervisors are seeking election, those candidates shall not be placed on the primary ballot, but instead shall be placed only on the November general election ballot.
	AB 3699	<b>Property Taxation, Assessments.</b> Requires each assessor, on or before March 1, 1978, to file with the State Board of Equalization a plan for the orderly and sequential appraisal of all property within such assessor's county, to be completed within a cycle of no more than 5 years.

<u>Year</u> <u>Became</u> <u>Law</u>	<u>Bill</u> <u>Number</u>	<u>Subject Matter</u>
<b><u>LOCAL GOVERNMENT CONTINUED</u></b>		
1976	AB 3702	<b>Property Taxation, Assessment Hearing.</b> Removes the assessed value limitation of property which is eligible for hearing by an assessment hearing officer providing the property is a single family dwelling, condominium or cooperative, or a multiple family dwelling of four units or less.
1978	AB 2032	<b>Subdivision Maps, Transmission to County Offices.</b> Authorizes city clerks to transmit parcel maps directly to the county recorder.
1979	AB 424	<b>County Elections, Board of Supervisors.</b> Brings the election dates for county supervisors into conformity with every other state and county office in California. Provides that the primary election for supervisors be held in June, with the run-off election in November.
1983	AJR 46	<b>Quantas Airways, Limited: Labor Dispute.</b> Memorializes the President and Congress to urge Quantas Airlines, Limited, to reconsider its discharge of its California employees during a labor dispute.
1984	AB 1772	<b>Building Permits.</b> Allows a project for which a building permit has been issued by a county to be constructed subsequent to the transfer of the land to another local jurisdiction. Designed to strike an equitable balance between local land-use authorities and the developer-property owner.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>REAL ESTATE</u></b>		
1974	AB 3788	<b>Collection Agencies Act: Personal Property Brokers.</b> Permits personal property brokers to collect debts assigned to them by other financial institutions.
1976	AB 2159	<b>Real Estate Loans.</b> Increases the statutory maximum costs, expenses, and brokerage commissions which mortgage loan brokers could receive on real property loans.
1980	AB 481	<b>Recordation of Liens Affecting Real Property.</b> Ensures that property owners are notified when an involuntary lien is placed on their property.
	AB 3252	<b>Housing, No Growth Ordinances.</b> Provides that, in a court challenge of a local "no-growth or growth ordinance" which severely limits housing production, the local government would have the burden of proving the ordinance is necessary to protect the public health and safety.
<b><u>RETIREMENT</u></b>		
1974	AB 3093	<b>PERS: Membership of Local Safety Members.</b> Amends the PERS Law to extend indefinitely the period a contracting agency has to provide safety member status to certain employees.
	AB 3787	<b>PERS: Optional Settlement.</b> Allows retired PERS members to select a new spouse as a beneficiary under an optional settlement upon remarriage if the first spouse predeceases member.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>RETIREMENT CONTINUED</u></b>		
1974	AB 4185	<b>County Employees' Retirement System: Cost-of-Living Increase.</b> Raises from 3% to 5% per year the maximum allowable cost-of-living increase authorized for allowances of counties participating under the provisions of the County Employees' Retirement Law of 1937.
1975	AB 1009	<b>County Employees' Retirement Law: Member Contributions.</b> Allows counties currently under the County Employees' Retirement Law of 1937 to adopt single contribution rates and retirement factors instead of factors based upon employee's age at the time of entry into the system and sex of employee.
1977	AB 674	<b>STRS: Service Retirement.</b> Permits members to receive full retirement allowances at age 60 and reduces the allowance if the retirement is effective at less than age 60.
1979	AB 238	<b>PERS: Payment of Benefits.</b> Allows retirement warrants to be mailed out of state and would specify that all state and local public retirement systems shall permit retirees to have their warrants mailed to banks, savings and loan associations or credit unions for deposit.
1982	AB 3160	<b>PERS: Membership Elections.</b> Authorizes the board to require all persons performing election duties to certify, under penalty of perjury, that they properly performed those duties.
	AB 3161	<b>Joint Legislative Retirement Committee.</b> Establishes the Joint Legislative Retirement Committee and prescribes its composition and powers and duties.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>RETIREMENT CONTINUED</u></b>		
1982	AB 3162	<b>PERS: California Investment Council.</b> Manifests the intent of the Legislature that PERS retain not less than two investment advisors with the composite expertise necessary for investment of the retirement fund portfolio.
	AB 3163	<b>STRS: Investment Counsel.</b> Prohibits STRS, after July 1, 1983, to use the PERS investment staff and would require STRS to establish its own staff.
	AB 3164	<b>PERS/STRS: Personnel.</b> Requires both PERS and STRS boards, upon approval of the State Personnel Board to contract with qualified investment personnel to render service in connection with their investment programs.
	AB 3165	<b>STRS: Investment Advisors.</b> Requires STRS Board to contract with at least two separate individual investment advisors to provide the composite expertise needed for investment of the STRS portfolio.
	ACR 77	<b>Joint Committee on Public Pension Fund Investments.</b> Creates the Joint Committee on Public Pension Fund Investments and provides the membership of the committee and advisory committee.
1983	AB 652	<b>PERS/STRS: Investments.</b> Expands the statutory investment authority of PERS and STRS by deleting certain current limitations and permits STRS to invest assets in any investment medium--within existing constitutional and statutory limits--which is prudent in the informed opinion of the board.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>RETIREMENT CONTINUED</u></b>		
1983	AB 671	<b>PERS: Financial Transactions.</b> Prescribes certain prudent standards for members of the Board of Administration of PERS.
	ACA 16	<b>Public Pension or Retirement Funds: Investment of Monies.</b> Amends constitutional law relating to state pension investments by eliminating certain limitations and incorporating the "prudent person" rule.
	ACA 26	<b>PERS/STRS: Civil Service Exempt Positions.</b> This constitutional amendment would exempt the Chief Investment Officer, the Assistant Chief Investment Officer, and the principal fund managers of PERS and STRS from the civil service system.
1984	AB 2870	<b>PERS/STRS: Investments.</b> Imposes a quarterly and annual report requirement on portfolio performance on PERS and STRS. Allows for purchase of liability insurance by the fiduciaries and conforms to federal EPISA.
	AB 2872	<b>Public Employees' Retirement Funds: Custodial Services.</b> Requires that an evaluation be performed of the custodial services provided by the State Treasurer's Office to PERS and STRS.
	AB 2873	<b>PERS/STRS, Advisors to: Corporate Matters.</b> Authorizes the Board of Administration of PERS and STRS to either contract or establish internally a full-time position to monitor corporation shares owned by the systems, to advise the Boards on voting of these shares, and to advise on merger proposals and tender offers.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>RETIREMENT CONTINUED</u></b>		
1984	AB 2874	<b>PERS/STRS: Asset/Liability Analysis.</b> Requires PERS and STRS to provide the Legislature with an analysis of the asset and liability implications of legislation affecting the investment strategy, funding, and benefit structure of each respective system.
	ACR 7	<b>Joint Committee on Public Pension Fund Investments, Creation of.</b> Provides for the creation of the Joint Committee on Public Pension Fund Investments and membership, powers, and duties thereof.
1985	AB 553	<b>STRS: Investments.</b> Deletes detailed regulations for investments in the Education Code which became obsolete with the passage of Proposition 21 in June, 1984.
	AB 1049	<b>Bar Pilots: Pension Rates/Pilotage Fees for San Francisco, San Pablo, and Suisun Bay Pilots.</b> Adjust pension rates and retirement requirements for the bar pilots.
	ACR 70	<b>Joint Committee on Public Pension Fund Investments: Creation.</b> Increases the membership of this Committee.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>SAN MATEO COUNTY</u></b>		
1974	AB 2901	<b>San Mateo County Transit District: Creation.</b> Authorizes the formation of the San Mateo County Transit District upon approval of such a measure by the voters of San Mateo County.
	AB 2939	<b>San Mateo County Court Filing Fees.</b> Increases the filing fee to \$11.50 to generate needed revenue.
	AB 3160	<b>Housing: San Mateo County Midway Village.</b> Extends until January 1, 1976, the date by which San Mateo County is required to demolish its temporary housing project known as Midway Village.
1975	AB 1195	<b>Pacifica: State Park System.</b> Appropriates \$250,000 from the Collier Park Preservation Fund to the Department of Parks and Recreation for the acquisition of approximately 20 acres of beach front property in the City of Pacifica for the state park system.
1977	AJR 5	<b>Rail Right-of-Way (San Bruno &amp; Daly City).</b> Memorializes the Interstate Commerce Commission to grant the application of the Southern Pacific Transportation Commission to abandon a rail right-of-way between San Bruno and Daly City with the stipulation that the right-of-way not revert to the owners of such land for at least 2 years so that the public transit districts concerned will have an adequate opportunity to acquire the right-of-way.

---

<u>Year</u> <u>Became</u> <u>Law</u>	<u>Bill</u> <u>Number</u>	<u>Subject Matter</u>
--	------------------------------	-----------------------

---

**SAN MATEO COUNTY CONTINUED**

1979	AB 1192	<b>Pillar Point Funding.</b> Appropriates \$1.5 million from the Harbors and Watercraft Revolving Fund to the Department of Boating and Waterways for a loan to the San Mateo County Harbor District for design and development of the Pillar Point Harbor project and/or the Oyster Point Harbor project.
1981	AB 792	<b>San Mateo County Municipal Courts.</b> Revises the number, classification, and compensation of the municipal court personnel in San Mateo County.
1982	AB 1531	<b>Tideland, City of Brisbane.</b> Grants 40 acres of specified tide and submerged lands to the City of Brisbane. The lands would continue to be subject to the public trust for purposes of commerce, navigation, and fisheries and must be managed by the city so as to protect those trust purposes.
1983	AB 156	<b>San Bruno Mountain: Agreement Ratification.</b> Validates an agreement entered into by the State Department of Fish and Game and other parties to protect certain endangered species living in the area proposed for development on San Bruno Mountain in San Mateo County.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>STATE GOVERNMENT</u></b>		
1977	ACR 40	<b>Leaves of Absence: State or Local Municipal Officers.</b> Grants leaves of absence for more than 60 days to the Governor, Lieutenant Governor, Secretary of State, Attorney General, Controller, Treasurer, Superintendent of Public Instruction, Members of the Board of Equalization and State Personnel Board, Senators and Assemblymen, such persons' successors and any person filling a vacancy in such an office.
1978	AB 3261	<b>State Fire Marshal: Jurisdiction Over State-Occupied Buildings.</b> Clarifies the regulatory and investigatory powers of the State Fire Marshal and local fire authorities in privately-owned, state-occupied buildings as well as state-owned buildings.
	AB 3662	<b>State Agencies: Regulations.</b> Requires regulations in the State Administrative Code to be printed with reference to the authority under which the regulation is proposed and a reference to the particular code sections or other provisions of law which are being implemented, interpreted, or made specific.
1979	AB 487	<b>State Officers: Absence from State.</b> Exempts the Governor, Lieutenant Governor, Secretary of State, Attorney General, Controller, Treasurer, Superintendent of Public Instruction, members of the State Board of Equalization and State Personnel Board, and members of the Legislature from the prohibition in current law against being absent from the state for more than 60 days. The measure specifies that no such person shall reside outside the state.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>STATE GOVERNMENT CONTINUED</u></b>		
1983	AB 2187	<b>Salaries: Public Officers.</b> Increases the salaries of seven constitutional officers, the 120 members of the Legislature, 135 specified state officers, and the Administrative Director of the Courts.
	AB 15X	<b>Property Taxation.</b> Permits the full cash value base of ad valorem taxes imposed on real property to be adjusted for the inflationary rate not to exceed 2% per year. Establishes a procedure for county tax assessors to refund certain property taxes if specified court decisions are upheld.
1985	AB 45	<b>Democratic Primary Ballot: Presidential Primary.</b> Changes the ballot order to list candidates for state and federal office before the presidential delegates.
	AB 289	<b>California State Lottery Funding.</b> Revises the time period over which the temporary line of credit provided for in Proposition 37 could be advanced from the General Fund to be used to support the California State Lottery and prohibits any monies in the General Fund or other state funds from being used to support any aspect of the California State Lottery.
	AB 2009	<b>State Civil Service: Disciplinary Hearings.</b> Revises laws regarding disciplinary proceedings for employees in civil service administered by the State Personnel Board.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>TRANSPORTATION</u></b>		
1973	AB 190	<b>Motor Vehicles: Headset Coverings.</b> Outlaws the use of headsets, such as those for car stereos, while operating any motor vehicle.
	AB 323	<b>Rental Vehicle Equipment Requirements.</b> Prohibits the rental of any vehicle other than small trailers or trailer coaches, for 30 days or less unless all equipment required by the Vehicle Code has been provided or offered to the lessee for his use.
1974	AB 2906	<b>Metropolitan Transportation Commission: Per Diem.</b> Raises the per diem for members from \$25 to \$50 and deletes existing travel allowance of 10¢ per mile.
1975	AB 857	<b>Public Utilities Commission: Setting Rates for Passenger Transportation.</b> Requires the PUC to include in its order approving any increase in passenger transportation rates for railroad or passenger stage corporation specific and detailed written consideration of the effect of such rates on public acceptance of service and how this acceptance would affect public transit systems proposed in regional transportation plans.
	AB 858	<b>Passenger Transportation Rate Increases.</b> Requires PUC to notify every state and local agency and corporation operating passenger transit systems before approving any rate increase for passenger transportation by any railroad or passenger stage corporation within the territory served by such passenger transportation system. Requests an analysis of the effect of the proposed rate increase.

---

<u>Year</u> <u>Became</u> <u>Law</u>	<u>Bill</u> <u>Number</u>	<u>Subject</u> <u>Matter</u>
--	------------------------------	------------------------------

---

**TRANSPORTATION CONTINUED**

1975	AB 951	<b>Transit Districts: Railroad Subsidies.</b> Makes available to transit districts funds authorized by the Mills-Alquist-Deddeh Act for subsidizing the operating costs of rail passenger service. Allows districts, at their discretion, to utilize these already existing funds for rail service.
	AB 1347	<b>Transportation: For-Hire Vessels and Highway Carriers, Deregulation.</b> Repeals provision which requires a permit from the PUC for the operation of for-hire vessels. Specifies that any express corporation, freight forwarder, motor transportation broker and every person or corporation transporting property for-hire over the highways may deduct from the highway carriers uniform business license tax payable to the PUC any tax paid to a city or city-county for the privilege of doing any transportation business therein.
	AB 1617	<b>State Shipments: Carrier Rates.</b> Requires that the Department of General Services ensure that state shipments by common carriers be performed only by common carriers whose "support personnel" are employed under current collective bargaining agreements or prevailing wages, standards and conditions of employment.
	AB 1873	<b>Railroads: Disposition of Equipment.</b> Prohibits railroad companies from disposing of any passenger car for scrap or otherwise without the approval of the PUC.

---

<u>Year</u> <u>Became</u> <u>Law</u>	<u>Bill</u> <u>Number</u>	<u>Subject Matter</u>
--	------------------------------	-----------------------

---

**TRANSPORTATION CONTINUED**

1976	AB 3010	<b>Transit Districts: Rail Subsidies.</b> Authorizes any transit district to make payments with funds allocated under the Mills-Alquist-Deddeh Act to a railroad corporation engaged in the transportation of persons operating with losses incurred in transporting persons in the district whose origin and destination, or both, are outside the district.
1977	AB 940	<b>Department of Motor Vehicles.</b> Requires DMV to conduct feasibility study of using flexible office hours in its field offices and to submit progress report to the Legislature.
	AB 997	<b>Weighmasters: Household Goods Carriers.</b> Exempts household goods carriers, when transporting goods weighing less than 1,000 pounds, from the existing definition of public weighmasters, thus making the Business and Professions Code and the PUC regulations exactly the same.

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
<b><u>TRANSPORTATION CONTINUED</u></b>		
1977	AB 1853	<b>PENTAP.</b> Requires the PUC to take into consideration the availability of any public subsidies or other support which may be available for inter-urban railway passenger service in proceedings relating to the rates charged by a railroad corporation for such services. Also authorizes any transit district served by the Southern Pacific Transportation Company between San Jose and San Francisco to make a bulk purchase of passenger tickets for that line for resale at a discount to the residents of the transit district. Authorizes the Department of Transportation to negotiate and, if feasible, enter into a contract with Southern Pacific to provide rail passenger service between San Francisco and San Jose and to acquire a portion of Southern Pacific railroad right-of-way between San Bruno and Daly City. Requires the MTC to determine if transit needs are met by the services of Southern Pacific.
1979	AB 884	<b>Vehicle Liens: Collection of Fees on Foreign Vehicles.</b> Provides that when a foreign auxiliary dolly, semi-trailer or trailer is operating under an invalid permit, an amount equal to the cost of the minimum registration fee and any added penalties would constitute a lien on the California registered truck or tractor. The fees may be paid to and collected by the California Highway Patrol.

---

<u>Year Became Law</u>	<u>Bill Number</u>	<u>Subject Matter</u>
--------------------------------	------------------------	-----------------------

---

**TRANSPORTATION CONTINUED**

1979	AB 1448	<b>Lessor-Retailers of Vehicles.</b> Expands the license exemption to include lessor-retailers who sell a previously leased or rented vehicle to a person who, although technically not the lessee, has been designated by the lessee as the driver of the vehicle, for at least a year, covered by a written lease agreement.
1985	AB 455	<b>Department of Motor Vehicles: Public Liability.</b> Makes the DMV liable for an injury to a lienholder or good faith purchaser which results from an error or omission by DMV.
	AB 457	<b>Registration Fees Used for California Highway Patrol.</b> Uses \$1 added to car registration fee to offset the costs of maintaining the uniformed strength of the CHP.

####

## JOINT COMMITTEE ON PUBLIC PENSION FUND INVESTMENTS

The Joint Committee on Public Pension Fund Investments was formed four years ago to aid the Public Employees' Retirement System (PERS) and the State Teachers' Retirement System (STRS) in optimally structuring their investment operation. It is primarily a fact-finding body and provides a forum in which to explore all areas of public pension fund investments. Thus far, our efforts have been instrumental in the passage of 17 pension bills--one of which was a constitutional amendment imposing the ERISA standards for pension investments (see attachment). It was approved by the California voters in June of 1984.

In performing its work the Joint Committee carefully researches a given issue and then uses that research to prepare a hearing at which invited guests are asked for their views. In-depth preparation allows each hearing to result in specific actions. The bi-partisan nature of the Committee coupled with the generous participation of our Technical Advisory Board has been instrumental in helping us achieve our objectives.

The Committee has been fortunate in having top experts participate in its deliberations. Our Technical Advisory Board is composed of Meyer Melnikoff of Goldman Sachs; Robert Wade, formerly with the Bank of America Investment Company and now with Citicorp; Bob Kirby of Capital Guardian Trust Company; Tom Bleakney of Milliman & Robertson; Ian Lanoff of Strook, Strook & Lavan and H.B. Alvord, former Treasurer and Tax Collector for the County of Los Angeles. A. Michael Lipper of Lipper Analytical Securities Corp joined this year.

Our general orientation is to provide PERS and STRS with the resources they need to hire the best possible investment staff and allow the staff and Trustees to determine the optimal investment organization and strategy. The Legislature and Administration do not wish to participate in the investment decisionmaking process, but formally review the process and performance on an annual basis. As a plan sponsor, the Legislature attempts to guarantee that the investment decisionmaking process is one that provides for the highest possible return with an "appropriate" level of risk.

SUMMARY

PAPAN PENSION FUND INVESTMENT LEGISLATION

(1982 - 1983 - 1984 - 1985)

\*1985:

- AB 553 - The enactment of Proposition 21 (ACA 16) by the California voters in June 1984, made obsolete previously enacted statutes which authorized the State Teachers' Retirement System to enter into security loan agreements, as specified, and to make specified real property investments. AB 553 deletes these statutes from code.
- AB 873 - Deals with the structure of the Teachers' Retirement Board of the State Teachers' Retirement System and the establishment of fiduciary responsibility.
- AB 874 - Deals with the structure of the Board of Administration of the Public Employees' Retirement System and the establishment of fiduciary responsibility.
- AB 1805 - Mandates a moratorium on new investments by PERS and STRS. New moneys (contributions, interest & dividends on current investments) received by the Systems will be transmitted to the Treasurer's Pooled Money Investment Account for a period of two years subject to review by the Legislature at six-month intervals. All resulting interest is to be credited to the respective Systems. States legislative intent of protecting the moneys entrusted to the Systems.
- ACR 32 - See AB 1805 (above).

1984:

- AB 2870 - Establishes quarterly and annual reporting of specific categories of information to the Legislature and Executive Branch by PERS and STRS. Also allows for the purchase of liability insurance by fiduciaries.  
Chapter 1503, Statutes of 1984.
- AB 2871 - Establishes new terms of office for the Board Members of PERS and STRS and limits number of times an individual can serve on the Boards.  
Held for Interim Study in Senate PE&R Committee.

-----

\* These bills are subject to amendment as they move through the legislative process.

- AB 2872 - Appropriates funding for an in-depth study to evaluate the master custodian services offered by major banks and trust companies, the custodial services currently provided by the state treasurer's office and methods to improve those services. Chapter 1755, Statutes of 1984.
- AB 2873 - Authorizes PERS and STRS to either contract or establish a full-time position to monitor corporation shares owned by the Systems, to advise the Boards on voting of these shares and on merger proposals and tender offers. Chapter 1105, Statutes of 1984.
- AB 2874 - Requires PERS and STRS to provide the Legislature with an analysis of the asset and liability implications of each bill affecting the investment strategy, funding or benefit structure of the System. Chapter 1502, Statutes of 1984.

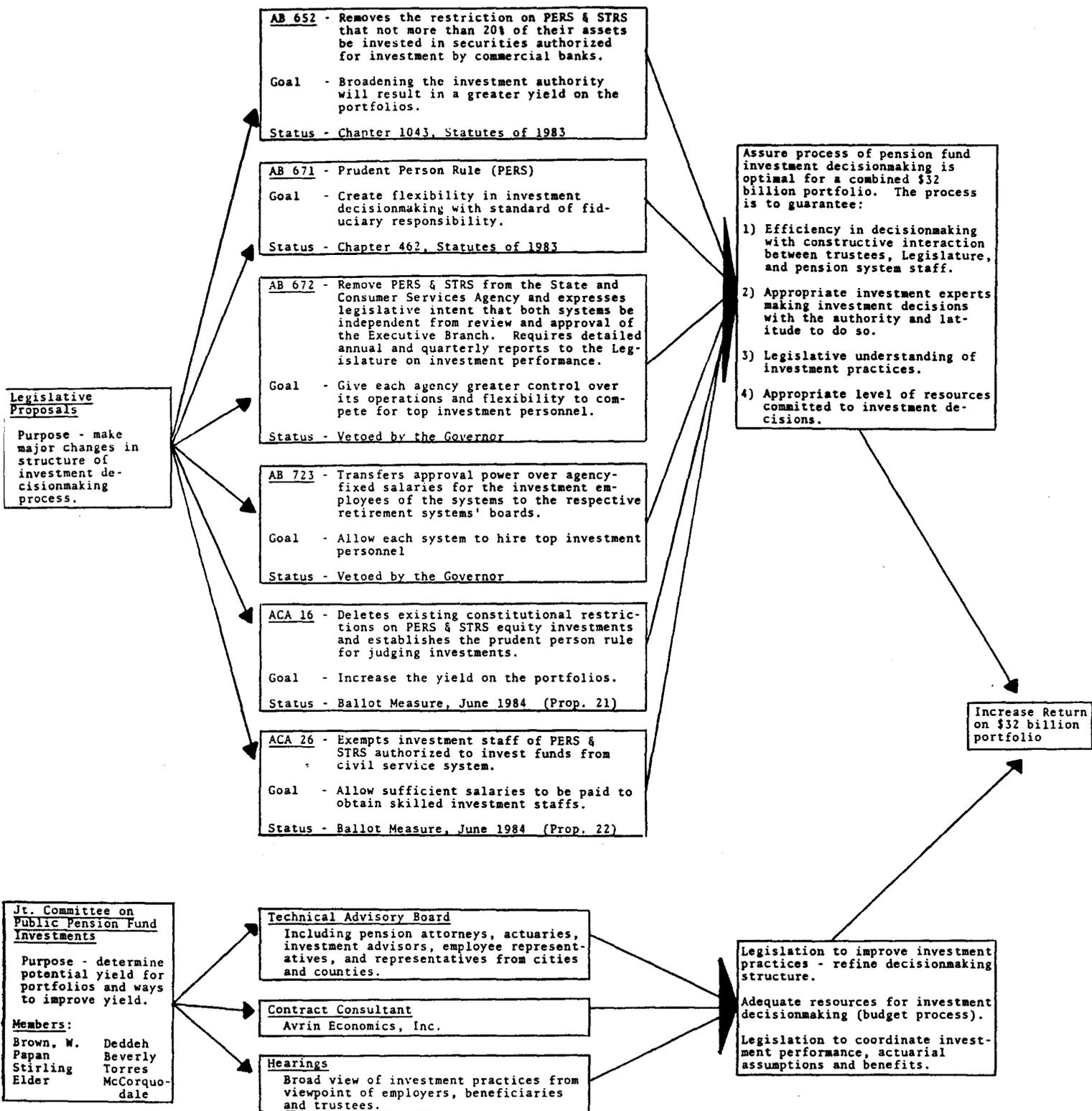
1983:

- AB 652 - Removes the restriction on PERS and STRS that not more than 20% of their assets be invested in securities authorized for investment by commercial banks. Chapter 1043, Statutes of 1983.
- AB 671 - Establishes the Prudent Person Rule for judging investment decisionmaking for PERS. Chapter 462, Statutes of 1983.
- AB 672 - Removes PERS and STRS from the State and Consumer Services Agency and expresses legislative intent that both Systems be independent from review and approval of the Executive Branch. Requires detailed annual and quarterly reports to the Legislature on investment performance. Vetoed by the Governor.
- AB 723 - Transfers approval power over agency-fixed salaries for the investment employees of the Systems to the respective Retirement Systems' boards. Vetoed by the Governor.
- ACA 16 - Deletes existing constitutional restrictions on PERS and STRS equity investments and establishes the prudent person rule for judging investments. Declares that public pension or retirement funds are trust funds. Ballot Measure, June 1984 - Passed.
- ACA 26 - Exempts investment staff of PERS and STRS authorized to invest funds from civil service system. Ballot Measure, June 1984 - Failed.

1982:

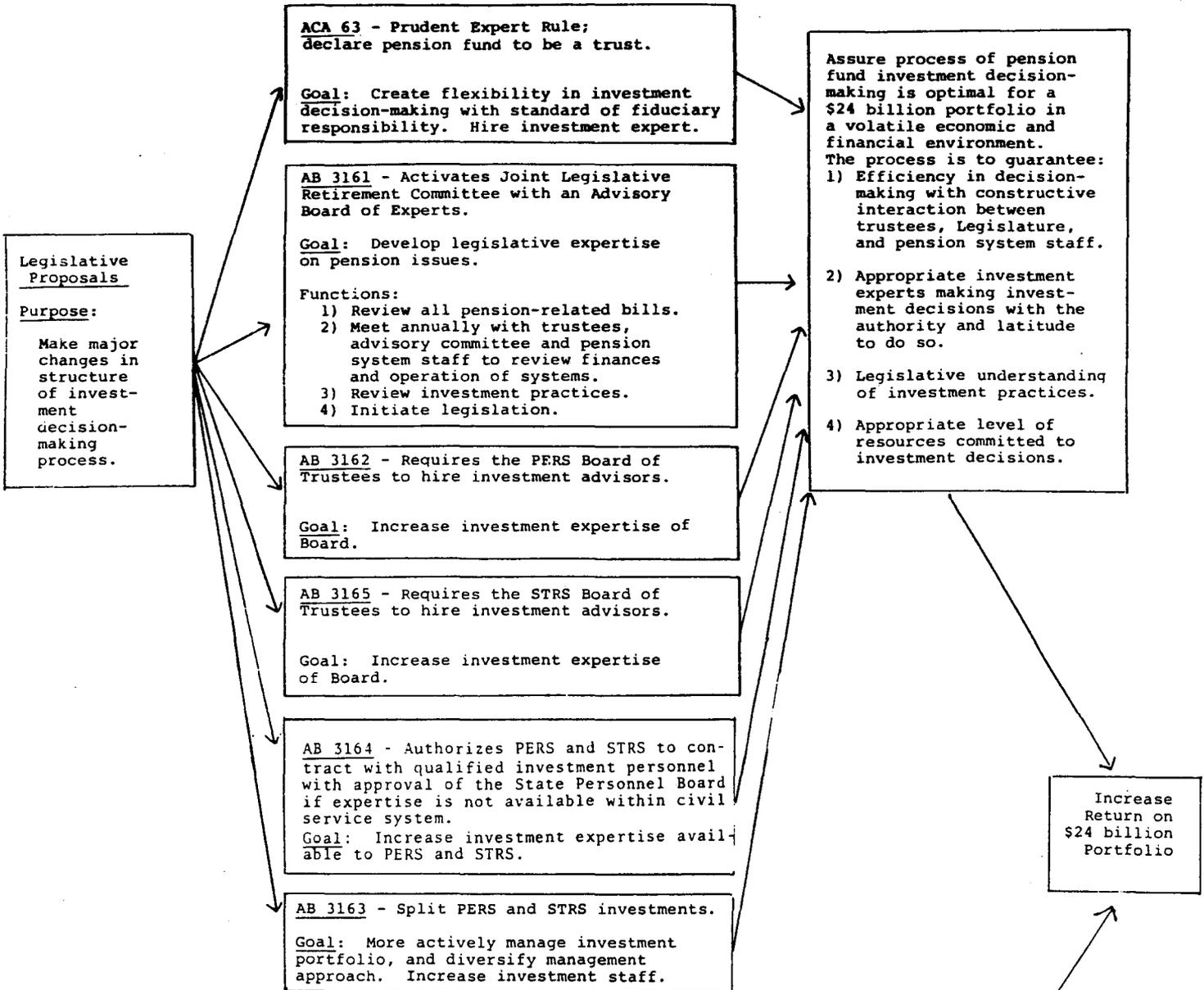
- AB 3161 - Created the Joint Legislative Retirement Committee with an advisory board of experts (Technical Advisory Board). Chapter 1155, Statutes of 1982.
- AB 3162 - Requires the Board of Administration of the Public Employees' Retirement System to hire investment advisors. Chapter 1431, Statutes of 1982.
- AB 3163 - Requires that PERS and STRS investments be split--no longer allows STRS to contract with PERS for investment services. Chapter 1434, Statutes of 1982.
- AB 3164 - Authorizes PERS and STRS to contract with qualified investment personnel with approval of the State Personnel Board if expertise is not available within the civil service system. Chapter 1433, Statutes of 1982.
- AB 3165 - Requires the Teachers' Retirement Board of STRS to hire investment advisors. Chapter 1432, Statutes of 1982.
- ACA 63 - Establishes the prudent expert rule for investing. Declared that public pension or retirement funds are trust funds. Died.

**PAPAN PENSION FUND INVESTMENT PACKAGE FOR PERS & STRS**  
(1983)



**PAPAN PENSION FUND INVESTMENT PACKAGE FOR PERS & STRS**

Second-largest public or private pension fund portfolio in the U.S.



**Joint Study Committee on Public Pension Fund Investment**

**Purpose:**

Determine potential yield for portfolio and ways to improve yield. Study ways to improve corporations' responsiveness to public pension fund shareholders.

**Members:**

Papan, Chmn.	Russell
McAlister	Keene
Stirling	Foran
Costa	Beverly

**Advisory Board of Experts**  
Including pension attorneys, actuaries, investment advisors, employee representatives, and representatives from cities, counties and State Executive Branch.

**Consultant - Avrin Economics, Inc.**

**Conference:** Broad view of investment practices from viewpoint of employers, beneficiaries, and trustees.

Legislation to improve investment practices--refine decision-making structure.

Adequate resources for investment decision-making (budget process).

Legislation to coordinate investment performance, actuarial assumptions and benefits.