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California Capitol Hill Bulletin

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To expand communications between Washington and California, the California Institute provides periodic news bulletins regarding current activity on Capitol Hill that directly impacts the state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods.

AGRICULTURE: FARM BILL VETO OVERRIDDEN, ADDENDUM TO ENSURE TRADE TITLE INCLUDED

On Wednesday, May 21, 2008, President Bush vetoed the long awaited Farm Bill – H.R. 2419, the Food, Conservation and Energy Act of 2008 – citing cost pressures in his veto message. The President commented: “[The Farm Bill] continues subsidies for the wealthy and increases farm bill spending by more than \$20 billion, while using budget gimmicks to hide much of the increase. It is inconsistent with our objectives in international trade negotiations, which include securing greater market access for American farmers and ranchers.”

Within hours of the President’s veto, however, the House voted 316-108 to override the veto. On Thursday, May 22, 2008, the Senate followed suit, and by a vote of 82 to 13, voted to override the veto as well.

However, because of a clerical error in the enrollment of the bill, only 14 of the bill’s 15 titles were sent to the President. The trade policy title was left out. To correct the problem, the House on Thursday voted 306-110 to approve another version of the bill containing all 15 titles, and may also send the Senate another bill that contains just the omitted trade section.

The bill includes a \$10.3 billion increase in spending on nutrition programs, including food stamps, as well as increases for rural development and land conservation programs. Among other things, the farm bill also would:

- Increase subsidies for certain crops, including fruits and vegetables excluded from previous farm bills;
- Require that meats and other fresh foods carry labels with their country of origin;
- Stop allowing farmers to collect subsidies for multiple farm businesses; and
- Pay farmers for weather-related farm losses from a new \$3.8 billion disaster relief fund.

For the first time, the bill includes specific investments in marketing, research and export programs for fruit, vegetable and nut crops -- often referred to as specialty crops -- and expands federal nutrition programs to include additional purchases of fresh fruits and vegetables.

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“This is a breakthrough bill for California family farmers and ranchers,” commented California Farm Bureau President Doug Mosebar in a statement. “Going into the farm bill discussions, we set a goal to make sure the bill created new market opportunities and improved competitiveness for all California farms and ranches. This bill achieves that goal.”

Provisions specifically focused on specialty crops include: Specialty crop and nutrition provisions include the following amounts, which would be over a five-year period:

- \$1.02 billion to expand a pilot fresh fruit and vegetable program at schools in all 50 states.
- \$466 million for specialty crop block grants that focus on local marketing efforts.
- \$377 million for a new pest and disease program to combat invasive pests and disease.
- \$230 million for research on food safety, mechanization, genetics and other issues.
- \$59 million for trade assistance and marketing promotion.

For more information visit <http://www.agriculture.house.gov> .

RESOURCES: HOUSE PASSES THREE CALIFORNIA RELATED BILLS

During the week of, May 19, 2008, the House approved three pieces of legislation sponsored by California representatives under suspension of the rules:

- On Tuesday, May 20, 2008, by a vote of 374 to 39, the House passed H.R. 2649, authored by Rep. Brian Bilbray (San Diego). The bill authorizes appropriations for Phase II of the Olivenhain Water Treatment Plant in California (part of the San Diego County Area Water Recycling Project). It limits the federal share of project costs for which funds are made available to \$35 million (the current limit is \$20 million).

- On Wednesday, May 21, 2008, by a voice vote, the House passed H.R. 3323, authored by Rep. Lois Capps (Santa Barbara). The bill authorizes the Secretary of the Interior to convey a water distribution system to the Goleta Water District.

- Also on Wednesday, May 21st, by a voice vote, the House passed H.R. 4841, authored by Rep. Mary Bono Mack (Palm Springs). The bill approves the settlement agreement entered into to resolve claims by the Soboba Band of Luiseno Indians relating to alleged interferences with the water resources of the Tribe, and authorizes the Secretary of the Interior to execute and perform the Settlement Agreement and related waivers.

For more information visit <http://www.house.gov> .

IMMIGRATION: ED & LABOR SUBCOMMITTEE EXAMINES IMPACT ON CHILDREN OF ICE WORKPLACE RAIDS

On May 20, 2008, the House Education and Labor Subcommittee on Workforce Protections, chaired by Rep. Lynn Woolsey (Petaluma), held a hearing on “ICE Workplace Raids: Their Impact on U.S. Children, Families, and Communities.” Witnesses included: James Spero, Acting Deputy Assistant

Director, Office of Investigations, U.S. Immigration and Customs Enforcement; Katherine Gibney, Principal, San Pedro Elementary School, San Rafael, California; Janet Murguia, President, National Council of La Raza; and Simon Romo, Chief Counsel, New Mexico Child Protective Services.

Chair Woolsey, in her opening remarks, discussed the increase in enforcement and workplace raids by ICE. She stated that in recent ICE raids in CA over 800 immigrants were detained, in some cases leaving U.S. citizen children without a parent or guardian to care for them. She noted that although there are humanitarian guidelines for ICE to follow, they are not mandatory and she believes, therefore, that there is little reason for ICE to follow them.

Mr. Spero testified that ICE “strikes a balance” between enforcing the law and addressing the needs of juveniles impacted when their parents are detained. In addition to following the humanitarian guidelines, he said, ICE tries when possible to coordinate with social service agencies. If needed, and appropriate, ICE can modify the terms of detainment and even allow for release of the detainee. For example, Spero testified that in May of this year in Iowa a workplace raid resulted in the arrest of 389 undocumented immigrants. ICE determined if any arrestees were sole caregivers of children, and professionals were at the worksite to deal with that. As a result, he said, 62 arrestees were released, most at the worksite, because of their caregiving obligations.

Ms. Gibney’s school is comprised of 400 kindergarten through fifth grade students, 96 percent of whom are Latino. She described a March 2007 raid that occurred in the pre-dawn hours at three apartment buildings in San Rafael. “[Agents] shined bright flashlights in the faces of young children who were still asleep. They handcuffed parents in front of their children and took them away, threatening that they would soon be back for others. They left behind them a trail of fear.

Traumatized by the vicious nature of the intrusions and terrified to take their children to the bus stop, many families held their children at home, in hiding. Other parents, recognizing that school might be the safest place, enabled their children to go to school. One child whose father had just been taken away was told by her mother to pack some essentials in her backpack and leave it by the door so that if, when she returned from school she found no one at home, she could go to her aunt’s home in case her mother was seized and deported. Imagine this child’s frame of mind as she left for school that day.” She said the mental and psychological toll on the children because of immigration raids has been devastating, with absentee rates soaring and test scores dropping.

For the testimony of all the witnesses, go to: <http://edlabor.house.gov> .

TECHNOLOGY: SENATE JUDICIARY PANEL EXAMINES GLOBAL INTERNET FREEDOM

The Senate Judiciary Subcommittee on Human Rights and the Law held a hearing on Tuesday, May 20, 2008, on “Global Internet Freedom: Corporate Responsibility and the Rule of Law.” Witnesses included: Nicole Wong, Deputy General Counsel, Google, Inc, Mountain View, CA; Michael Samway, Vice President & Deputy General Counsel, Yahoo! Inc; Arvind Ganesan, Program Director, Business & Human Rights, Human Rights Watch; Mark Chandler, Senior Vice President, General Counsel, and Secretary, Cisco Systems, Inc, San Jose, CA; and Shiyu Zhou, Deputy Director, Global Internet Freedom Consortium.

Ms. Wong discussed Google’s efforts to maximize online freedom of expression and access to information. Noting, however, that many countries do not embrace the internet as a platform for the expression of free speech, she laid out four main points: First, Google’s products are “above all else” platforms for free expression and access to information. Second, a wide range of legal and cultural barriers around the world regarding the free flow of information impact its products and services. Third, Google is working to respond to these challenges through policies and technology that promote free expression. And fourth, Google believes that governments around the world “can and must do more to effectively reduce internet censorship and promote free expression online.”

Mr. Chandler discussed Cisco’s concerns with “cyber terrorism” and the challenges related to the manipulation of internet technology. Importantly, however, he wanted to “set the record straight” regarding allegations by some groups that Cisco assists some governments in their efforts to censor freedom of

expression over the internet. He stressed that Cisco does not customize its equipment to allow governments to block access to information. To strip their products of the capability of blocking access would also be stripping them of the ability to prevent hacking, illegal downloading, and other unwanted activities.

Mr. Ganesan, however, testified that companies could do more to prevent censorship of internet information. There are several problems, he said, with trusting companies to do what is right. "This is exactly the situation that led to the problems we are trying to solve. Companies have already been opaque and exercised discretion over their actions, and to claim that the same approach will change things is dubious. For example, in China, Google and others choose what to censor. Even though Google and other companies now provide a disclaimer to notify users that censorship occurs, they still decide what to censor and whether they will even challenge the government's actions."

For the testimony of all the witnesses, go to: <http://judiciary.senate.gov> .

IMMIGRATION: HOMELAND SECURITY REVISITS BORDER SECURITY PROPOSALS

The House Homeland Security Subcommittee on Border, Maritime and Global Counterterrorism held a hearing on Thursday, May 22, 2008 addressing "The Border Security Challenge: Recent Developments and Legislative Proposals."

Witnesses included: Rep. Brian Bilbray (San Diego); and three representatives from U.S. Customs and Border Protection: Mr. Thomas S. Winkowski, Assistant Commissioner, Office of Field Operations; Chief David V. Aguilar, Office of Border Patrol; and Major General Michael C. Kostelnik, USAF (Ret.), Assistant Commissioner, Office of Air and Marine.

In her opening remarks, Subcommittee Chair Loretta Sanchez (Anaheim) said that while there is "no silver bullet, or perfect bill that will completely solve our nation's border security challenges, " the government "must provide comprehensive training and support for our personnel in order to ensure that they are as prepared as possible to do their difficult jobs well. We particularly need to retain experienced Border Patrol agents who can help guide and provide on-going supervision and training to the large number of new agents who have joined the Border Patrol in the last several years. In addition, we must continue to invest in the equipment and infrastructure that will act as force multipliers for the personnel at our ports of entry and on our borders."

Congressman Bilbray stated: "During a time when our borders are being used as gateways for terrorists, drug cartels and human smuggling - we need to send a loud and clear message that illegal immigration will not be tolerated. Border Security is a key priority and an integral part of our national security." To accomplish that he testified in support of passing several bills aimed at increasing border security and curbing illegal immigration. They are: H.R. 5662, Putting Our Resources Towards Security (PORTS) Act; H.R. 3531, Accountability in Enforcing Immigration Laws Act; H.R. 5552, Border Security Accountability Act; and H.R. 4088, Secure America Through Verification and Enforcement (SAVE) Act. He also noted that "[d]ue to the inaction of Congress to secure the border and stop the flow of illegal immigration, many states and local governments have stepped up and are addressing the problem on their own." He especially lauded Arizona's recently enacted legislation targeting employers of illegal workers and the state's market for illegal labor.

The CBP representatives detailed the actions the agency is taking to implement the national strategy to establish and maintain effective control of U.S. This strategy consists of five objectives: 1) Establish a substantial probability of apprehending terrorists attempting to illegally enter between ports of entry; 2) Deter illegal entries through improved enforcement; 3) Detect, apprehend, and deter smugglers of humans, drugs and other contraband; 4) Leverage "Smart Border" technology to multiply the effect of enforcement personnel; and 5) Reduce crime in border communities and consequently improve quality of life and economic vitality of targeted areas.

For the testimony of all the witnesses, go to: <http://homeland.house.gov> .

RESOURCES: HOUSE NATURAL RESOURCES INVESTIGATES FISH AND WILDLIFE DECISIONS REGARDING ENDANGERED SPECIES

On Wednesday, May 21, 2008, the House Natural Resources Committee held an oversight hearing entitled “The Danger of Deception: Do Endangered Species Have a Chance?” The hearing was called to investigate the practices of classifying species as endangered, under the Endangered Species Act (ESA), by the Department of Interior’s Fish, Wildlife and Parks Service, in the wake of politically motivated actions by the previous secretary. The new Secretary and the Department were previously charged with the responsibility to review these decisions and override those that were made under undue influence. This hearing reviewed the outcomes of their investigations.

Witnesses included Robin Nazarro, Director, Natural Resources and Environment Program, Government Accountability Office (GAO), and R. Lyle Laverty, Assistant Secretary of the Interior for Fish, Wildlife and Parks.

Nazarro provided background on the issue and reported the GAO’s findings. “At Interior some of the controversy centered on whether a former Deputy Assistant Secretary, Julie MacDonald, improperly influenced ESA decisions so as to limit protections for threatened and endangered species. On the basis of an anonymous complaint in April 2006, Interior’s Office of Inspector General began investigating Ms. MacDonald’s activities and whether her involvement in ESA implementation had undermined species protection. Ms. MacDonald resigned on May 1, 2007, and a little over a week later, the House Committee on Natural Resources held a hearing on political influence in ESA decision making. After the hearing, Interior asked the Service to determine which of its ESA decisions may have been inappropriately influenced by Ms. MacDonald.” In response to this directive, the Service identified eight decisions for further review, generally according to the following three criteria: (1) whether Ms. MacDonald influenced the decision directly, (2) was the scientific basis of the decision compromised, and (3) did the decision significantly change and result in a potentially negative impact on the species.

The GAO found that “[s]everal types of decisions were excluded from the Service’s review of decisions that may have been inappropriately influenced. The Service excluded (1) decisions made by Interior officials other than Ms. MacDonald, (2) policy decisions that limited the application of science, and (3) decisions that were changed but not significantly or to the point of negative impact on the species.”

Nazarro gave details about decisions made about certain species, and pointed out that some species were removed from the endangered species list before meeting the necessary recover criteria. However, the scope of the decisions investigated could not provide all of the answers. She concluded: “Q]uestions remain about the extent to which other Interior officials may have inappropriately influenced ESA decisions and whether broader ESA policies should be revisited....Broadening the scope of the review might have resulted in the selection of more decisions, but it is unclear to what extent.”

Laverty said that the Fish and Wildlife Service’s current decision-making process is based on science, and that the current Secretary stresses ethics in all elements of operations. He further stated that the Service has done it’s due diligence in addressing the past decisions in question. He commented: “Secretary Kempthorne has...placed a strong emphasis on ethical conduct and scientific integrity as we carry out our work for the American public...I believe the Department and the Service have made great strides over the past year in ensuring that our ESA decision-making processes are clearly delineated and that we maintain a strong emphasis on ethical conduct and continue our commitment to maintaining the integrity of the science used in the decision-making process.”

For more information visit <http://resourcescommittee.house.gov> .

ENVIRONMENT: SUBCOMMITTEE INVESTIGATES EARTHQUAKE PREPAREDNESS

On Thursday, May 22, 2008, the House Natural Resources Committee Subcommittee on Energy and Mineral Resources, chaired by Rep. Jim Costa (Fresno) held an oversight hearing on Earthquake Hazards Programs. The hearing, entitled “The United States Geological Survey’s (USGS) Earthquake Hazards

Program — Science, Preparation and Response,” examined efforts by the United States Geological Survey’s Earthquake Hazards Program to minimize the tragic toll earthquakes can take on human life, property, and infrastructure.

Dr. David Applegate, Senior Science Advisor for Earthquakes for the United States Geological Survey; and, Mr. Lloyd Cluff, Director of the Geosciences Department and Earthquake Risk Management for Pacific Gas and Electric, provided witness testimony.

Applegate commented on the scope of the current USGS programs. He commented: “The USGS strives to deliver the information and tools that emergency managers, public officials and citizens need to prevent natural hazards from becoming disasters. Last month’s magnitude 5.2 earthquake near the Illinois-Indiana border underscores the fact that earthquakes are a national hazard, not a ‘West Coast problem.’” He went on to outline the USGS strategy for preparation. Among their efforts are the periodic release of “seismic hazard maps” that help to guide the development of the next generation of building codes. They also create specified “urban seismic hazard maps” in order to provide more detailed information on local site conditions for use in engineering and planning. Versions of the USGS maps “are the basis for seismic design maps in the International Building Code and the International Residential Code, which have been adopted in almost all states.”

Another element of the preparation is forecasting earthquakes— and California is one of the focuses of this element. Applegate remarked: “Key to understanding the earthquake hazard is forecasting the probability of large events, and nowhere is that more important than California where high hazard is combined with a huge population at risk. Last month, the USGS combined forces with the Southern California Earthquake Center (SCEC) and the California Geological Survey, with support from the California Earthquake Authority, to deliver the first-ever statewide earthquake rupture forecast. The new study determined the probabilities that different parts of California will experience earthquake ruptures of various magnitudes. The new statewide probabilities are the result of a model that comprehensively combines information from seismology, earthquake geology, and geodesy. According to the forecast, California is virtually certain – *more than a 99% chance* – of having a magnitude 6.7 or larger earthquake within the next 30 years. Such earthquakes can be deadly, as shown by the 1989 magnitude 6.9 Loma Prieta and the 1994 magnitude 6.7 Northridge earthquakes. The likelihood of a major earthquake of magnitude 7.5 or greater in the next 30 years is 46% –and such an earthquake is most likely to occur in the southern half of the state. The most likely sources of magnitude 6.7 earthquakes are the San Andreas Fault and the Hayward-Rodgers Creek Fault.”

Knowing when and where an earthquake will hit is an important factor, but being prepared to respond to the disaster is just as imperative. USGS believes that by delivering rapid information for emergency response will provide emergency responders with the situational awareness they need to concentrate their efforts where they matter most.

Cluff gave examples of active fault lines in California and cautioned congress to take the threat very seriously. He commented: “Unless seismic safety is afforded a priority that is now lacking throughout most of the 39 states that have significant earthquake exposure, the United States will experience unacceptable yet avoidable deaths and economic losses from future earthquakes.

“Many public policy makers know that earthquakes are infrequent and assume they can be safely ignored in favor of more pressing issues; but they can be assured that when a catastrophic earthquake occurs on their watch, the truth will be revealed. Public perception, it could be said, might be that the United States is not that vulnerable to earthquakes, because the number of lives lost has been exceptionally low compared with that in other countries. The fact is it has been a matter of luck that earthquake deaths have not been higher in the United States. Thirty-nine states have an earthquake threat, and it is just a matter of time before disaster strikes. We cannot afford to rely on good fortune to minimize earthquake loss of life”, he said.

For more information visit <http://resourcescommittee.house.gov> .

HOUSING: SENATE HOUSING COMMITTEE PASSES LEGISLATION TO PREVENT FORECLOSURES

On Tuesday, May 20, 2008, the Senate Banking, Housing and Urban Affairs Committee held a markup on three pieces of legislation, including “The Federal Housing Finance Regulatory Reform Act of 2008.” The Act would create a new program to provide for the refinancing of mortgages for distressed home buyers and would restructure regulation of government-sponsored enterprises such as the mortgage finance institutions Fannie Mae and Freddie Mac. The legislation passed by a vote of 19-2.

Following are some key elements of the legislation:

- Establishes the high cost loan limit for Fannie Mae and Freddie Mac of 132 percent of the conforming loan limit. Currently, this would allow for the purchase of loans up to \$550,000. Prohibits the enterprises from holding loans purchased with principal obligations greater than the normal conforming limit on their portfolios, either as whole loans or mortgage-backed securities, except to the extent that such loans are held for the purposes of securitization.

- Dedicates a certain percentage of funds from the government-sponsored enterprises new affordable housing allocations to cover projected costs of the HOPE for Homeowners Program

- Expands the certification requirement so that borrowers must certify, under penalty of law, that they have not intentionally defaulted on any debt, not just their current mortgage.

- Requires that appraisers of property insured by Federal Housing Authority be certified by the state where the property is located, or by a nationally recognized professional appraisal organization, and have “demonstrated verifiable education” in FHA appraisal requirements.

Another bill reported by the committee makes technical corrections to the transit programs authorized in SAFETEA-LU the surface transportation legislation enacted in 2005.

For more information visit <http://banking.senate.gov> .

CLIMATE: SENATE ENERGY AND NATURAL RESOURCES COMMITTEE HEARS TESTIMONY ON ECONOMIC EFFECTS OF CAP-AND-TRADE

On Tuesday May 20, 2008 the Senate Energy and Natural Resources Committee held a hearing to examine the likely economic effects of a cap-and-trade program to reduce U.S. greenhouse gas emissions through the year 2050. Testimony was provided regarding S. 280, the “Climate Stewardship and Innovation Act” introduced by Senators John McCain (AZ) and Joseph Lieberman (CT); S. 1766, the “Low Carbon Economy Act of 2007,” introduced by Senators Jeff Bingaman (NM) and Arlen Specter (PA); and S. 2191, the “Lieberman-Warner Climate Security Act of 2007,” introduced by Senators Lieberman and John Warner (VA).

In EPA’s Reference Scenario (assuming no climate policy), the size of the U.S. economy is projected to increase approximately 97% from 2007 to 2030 and 215% higher by 2050. Under the Lieberman-Warner bill, that growth is projected to decrease by between 0.9% and 3.8% in 2030 and 2.4% and 6.9% in 2050. Green-house gas emissions are projected to decrease by approximately 35% by 2050 compared to the reference scenario. The proposed Low Carbon Fuel Standard could also significantly raise fuel prices and limit supply.

CRS recently completed a review of several studies that attempt to project the costs of the bill through 2030 or 2050. Dr. Larry Parker and Mr. Brent Yacobucci, Specialists in Energy and Environmental Policy at the Congressional Research Service, provided testimony on projected costs and explained the variation between different estimates. Parker noted that due to the possibility of unforeseen events like technological breakthroughs and regulatory changes, such long-term cost projections are speculative and should therefore be viewed with skepticism.

Parker and Yacobucci remarked that the ultimate costs of the bill “will be determined by the response of the economy to the technological challenges presented by the bill. The bill provides numerous research and

development, deployment, regulatory, and price incentives for technology innovation to reduce greenhouse gas emissions.”

Several witnesses agreed that allowing great availability of domestic offsets and international credits (with a broader definition of international credits), could reduce the cost. The decisions of the Carbon Market Efficiency Board will also have an important effect on the costs of the program and its members could use their power to increase the availability of domestic offsets and international credits as well as to control market volatility through price ceilings and price floors. However, Brian McLean, Director of the Office of Atmospheric programs at the EPA, noted that the costs and benefits of the Carbon Market Efficiency board “need to be considered in the context of issues related to the implementation of an offset program. The models assumed that an offsets program could be managed efficiently and generate additional reductions in emissions and increases in carbon sequestration with no discounting and minimal transaction costs.” He also projected that the Central and Midwestern portions of the country, which are more dependent upon coal-fired generation for electricity production, will see higher price impacts than the Western and Northeastern portions of the country.

For more information, please visit: <http://energy.senate.gov/> .

TRADE: SUBCOMMITTEE ASSESSES EFFECTS OF GLOBALIZATION ON U.S. ECONOMY

On Thursday, May 22, 2008, the House Science and Technology Committee’s Subcommittee on Investigations and Oversight held a hearing to assess the effects of globalization of jobs and technology on the U.S. economy. This hearing examined what influences U.S. firms’ decisions to locate their production and research facilities at home or abroad.

Witnesses commented on the role and responsibilities of corporations, the relationship between the state and the market, and the ability of technological innovation to ensure our country’s economic prosperity in the absence of changes in the trading system.

Ralph E. Gomory, Research Professor at the New York University Stern School of Business and President Emeritus of the Alfred P. Sloan Foundation, was among witnesses delivering testimony. Gomory stated: “The effect on the United States of the internationalization of the scientific and technical enterprise can only be understood as one part of the revolutionary process of globalization, which is fundamentally revising the relation of companies to the countries from which they have originated. In this new era of globalization the interests of companies and countries have diverged. *What is good for America’s global corporations is no longer necessarily good for the American economy.*”

Gomory went on to argue that corporations play a fundamental social role in our society. He commented: “A person must now be part of an organization that makes or distributes the complex goods and services that people buy today. Being part of an organization is what people must do to earn a living and support themselves and their families. The fundamental social role of corporations and other businesses is to enable people to participate in the production of the goods and services that are consumed in the modern world; the corporation enables them to earn a share of the value produced for themselves and their families.” The role of profits, however, has taken today’s corporations away from that fundamental function and into an existence that values profit over people. “Business organizations today do not proclaim the social mission that I have just described; rather, they make clear that they are there to make profits for their shareholders”, he said.

He further argued that globalization has also had an effect on inequality. “Globalization was not the beginning of the divorce between corporate profits and the economic welfare of the American people. It is rather a very large next step down a long road already traveled,” he said.

For more information visit <http://science.house.gov> .

ENERGY: SENATE JUDICIARY COMMITTEE EXAMINES ESCALATION IN OIL PRICES

On Wednesday May 21, 2008 the Senate Judiciary Committee held a hearing entitled “Exploring the Skyrocketing Price of Oil.” The committee heard testimony from major oil companies such as British Petroleum America, Shell Oil, and Exxon Mobil.

Peter J. Robertson, Vice Chairman of the Board at Chevron Corporation, which is based in San Ramon, CA stated that strong global demand and a weak U.S. dollar are behind the recent rise in oil prices. Demand driven by exports and infrastructure investment throughout Asia, particularly in China and India, has accounted for 80% of the rise in oil demand since 2000. Additionally, many developing countries have subsidized the price of oil, leading to greater demand.

Robertson noted that policies which restrict access to new areas of production within the United States increase U.S. reliance on international imports. While oil sources are not ‘running out’ as is oft-cited, new oil sites are generally found in areas which necessitate greater expense and risk, such as deep underground or in remote areas. The expense and large-scale construction of these projects also makes it difficult to meet growing demand in a timely manner.

Robertson concluded, “There are fundamental factors affecting the current price of oil, including rising demand, the reduction in the supply system’s spare capacity to deal with unforeseen disruptions, the value of the U.S. dollar and the associated flight to commodities, and rising risk – both above ground and below ground.”

Robertson and other witnesses noted that the concept of energy independence is not realistic in the foreseeable future as available technologies are simply not capable of meeting current energy consumption. Instead, Robertson pushed the idea of ‘energy security’ which can be created through moderating demand, expanding and diversifying domestic energy supplies, and strengthening global energy trade and investment.

For more information on this hearing, please visit: <http://judiciary.senate.gov/> .

DEMOGRAPHICS: PPIC STATEWIDE SURVEY CHECKS IN ON CALIFORNIANS OPINIONS OF THEIR GOVERNMENT

Regarding the latest PPIC Statewide Survey, Public Policy Institute of California President Mark Baldassare summarized, “Overall, Californians don’t like what they’ve heard so far from their leaders. They haven’t heard a compelling argument about why they should agree to a permanent tax increase, particularly in this economy. They’re reluctant to make an investment themselves when they feel that the legislature and governor haven’t been good money managers.”

This survey, released Wednesday May 21, 2008, is the 29th in a series exploring Californians attitudes on policy and examining social, economic, and political trends. Schwarzenegger’s revised 2008-9 budget, released May 14, dropped plans to close many state parks and release nonviolent prisoners early. The proposal also scaled back deep cuts to K-12 education. It does however call for deep cuts to health and human services to seniors, the poor, the disabled, and recent immigrants. The governor also proposes to borrow about \$15 billion against future proceeds from the state lottery. When read a brief summary of the new plan, only 35% responded that they were satisfied with it, the lowest level of satisfaction since the governor took office in 2003.

Fifty-eight percent of residents specifically opposed the measure to borrow from future lottery earnings. Sixty-one percent of residents agreed that K-12 education should be spared cuts while 17% said they would prefer cuts be spared to health and human services. Forty-three percent of residents want the budget gap to be closed through a mix of spending cuts and tax increases but a third (33%) would prefer to solve the problem mostly through cuts. Only 8% prefer tax increases as the sole method.

A constitutional amendment proposed by the Governor that would limit state spending increases, as well as establish a reserve fund and allow for midyear spending cuts, received strong support, with 59 percent of residents and 61 percent of likely voters in favor.

When asked which area gets the biggest share of state spending, only 20 percent of residents correctly identified K-12 education. Asked where the biggest chunk of revenue comes from, only 32 percent give the correct answer: personal income tax.

For more information, please visit: www.ppic.org .

BRIEFINGS: SENATOR BOXER ADDRESSES GOLDEN STATE ROUNDTABLE

On May 20, 2008, Senator Barbara Boxer was the keynote speaker at a luncheon of the California State Society's Golden State Roundtable.

The Senator focused her remarks on global warming legislation pending in the Senate. She noted that she is working on a manager's amendment to the Lieberman-Warner bill that is aimed at strengthening that legislation. Among its provisions, the bill will require a two-percent per year reduction in carbon emissions through 2050, and will include a cap and trade structure. She believes that it will drive the development of new technologies for lowering carbon emissions and developing new fuels. She stressed the importance of moving to solve the global warming crisis, noting the health and economic benefits that will flow from doing so.

During the Q&A session, Senator Boxer stated that although her bill does not specifically address nuclear power there are provisions in the bill that encourage the use of any low or zero-carbon energy by giving those energy sources advantageous treatment over carbon-producing sources.