Collection: Baker, James A.: Files
Folder Title: Issues (1)
Box: 8

November 15, 1984

SOCIAL SECURITY STATEMENTS

The following are excerpts on our Social Security commitment from Presidential statements during the Campaign swing.

The Office of Public Affairs has complete transcripts of the events.

"That song they sing. He [Tip O'Neill] was part of the bipartisan commission that came forth with the plan to put social security on a sound fiscal basis. It's been adopted. Social Security is secure as far as we can see into the next century, and we're not going to touch the benefits of the people on social security. ... Not that I know of [not going to take another look at social security in March of '85]. There are still two future tax increases in the social security payroll tax between now and 1990, which they passed in 1977 -- the biggest single tax increase in our nation's history. ... We're looking at thousands of suggestions, most of which have to do with improving management. I still insist that government overhead for providing benefits is still much too high. You can make further budget cuts without affecting how much actually goes to help the needy."

Question-and-Answer Session with Reporters, September 13, 1984.

"A President should never say 'never.' But I'm going to violate that rule and say 'never.' I will never stand for a reduction of the social security benefits to the people that are now getting them. ... And so, the whole matter of what to do with social security has been resolved by bipartisan legislation, and it is on a sound basis now for as far as you can see into the next century. ... Now, social security, let's lay it to rest once and for all. I told you never would I do such a thing [take a check away]. But I tell you also now, social security has nothing to do with the deficit."

Domestic Debate with Walter Mondale
October 7, 1984

THE WHITE HOUSE

WASHINGTON

November 15, 1984

MEMORANDUM FOR JAMES BAKER

FROM: MIKE BAROODY MB

SUBJECT: Presidential campaign pledges on Social Security

Attached is a collection of the President's statements during the campaign about Social Security.

As best we can tell, it covers all definitive remarks on the subject made during the general election campaign period.

The most categorical assertions were these:

-- ".... we're not going to touch the benefits of the people on social security."

(Q&A Sept. 13th)

-- "... I tell you now, no, we will not tamper with the benefits of the people dependent on social security or those that you are expecting when you come to your non-earning years."

(Ohio Whistlestop)

-- "But I tell you also now, social security has nothing to do with the deficit."

(Louisville debate)

A more complete set of quotes is attached.

"We saved the social security system from collapse while benefits continued to rise. And this is one -- let me just pause and say here -- this attack, so falsely based, that it's frightening so many senior citizens unnecessarily, I'm going to repeat what I said on a certain Sunday night recently. No one in our administration has any idea of pulling the rug out from under the people who are dependent on social security."

Remarks at Reagan-Bush'84 Rally
Dayton, Ohio
October 12, 1984

"And we did put together a bipartisan commission. And I can tell you that I think for far more than 50 years, we can now look down to the future and see that for that long, at least, the program is on a sound financial basis, and you won't have to worry about it."

Remarks at the University of
Alabama-Tuscaloosa
October 15, 1984

"Well, then, with the 1982 congressional election over, then they agreed to sit down. And we put together a bipartisan commission, and we have fixed for as far as we can see into the future the fiscal situation of social security. And I can guarantee you, we're not going to pull the rug out from not only those who are getting it, but from those who are one day going to get it, and we are going to keep the program fiscally sound."

Remarks and a Q-A Session with
Students at Bolingbrook High School
October 16, 1984

"...[I've] made it plain that I would never hold still for any change in social security that pulled the rug out from the people that were depending on it or from those who are looking forward in the next several years to going on social security. ... So, I can make that pledge. And I've said repeatedly that the President should never say never, but I will never hold still for, as I say, pulling the rug out from those people that are depending on that program."

Question-and-Answer Session with
Students at the WILCO Area Career Center
October 16, 1984

"And we figured it out, and Social Security is as safe now as it can be, as far as we can see into the next century. But -- and we didn't cut the benefits to the recipients in our bipartisan plan. ... The point is -- and you can, with a clear conscience, reassure them [readers] -- Social Security is not a part of the deficit or the deficit problem. ... So when anyone starts saying, what are you going to do about that, about reducing the deficit, it doesn't have anything to do with the deficit."

Interview with the President of
Scripps-Howard
October 25, 1984

"[A]nd now, I want to make one thing plain, and I hope to be able to talk to my contemporaries about this, and say this, and that is: there is no secret plan to do anything about depriving people who are dependent on social security, and there never will be as far as I have anything to say about it. Those who are dependent on this program, are going to be able to depend on it. And we have now had that bipartisan get-together and the program is sound fiscally for as far as we can see into the future, into the next century."

Remarks at a Dinner with Wesley Park
Senior Citizens
Milwaukee, Wisconsin
November 3, 1984

"With regard to social security, nothing but political demagoguery has ever been behind the bringing up of social security in the '82 election or in this election. ... Social Security is fully funded by a payroll tax dedicated to social security. So it is not part of the deficit."

News Conference by the President
November 7, 1984

LYN NOFZIGER

September 5, 1984

MEMORANDUM

TO: Jim Baker

FROM: Lyn Nofziger

SUBJECT: Steel Industry Position on Steel Import Relief

I think that this is worth your looking at.

1605 NEW HAMPSHIRE AVENUE, N.W. WASHINGTON, D.C. 20009 (202) 332-4030

STEEL INDUSTRY POSITION ON STEEL IMPORT RELIEF

The American steel industry unequivocally supports HR 5081, The Fair Trade in Steel Act of 1984, as the appropriate and necessary relief for the industry. It recognizes, however, that the decision of the International Trade Commission (ITC), the various legal actions initiated by various companies and the general international climate may provide the basis for Presidential action to deal with the industry's problems prior to action on HR 5081.

Accordingly, the industry is unified in advising the President that it unequivocally supports the following principles:

1. All product lines in steel must obtain relief from unfair foreign imports.

2. All foreign steel-producing countries must be subject to enforceable, quantitative restrictions.

3. A five-year period of relief is required to assure modernization and adjustment.

4. A worldwide, all-products-inclusive level of quantitative restrictions is necessary. The QR's should be based on the 1979-1981 average import penetration percentages and, subject to appropriate product-by-product limits, should be between 16.5 and 17.5%.

In consideration of the implementation of an arrangement embodying the above four principles, the steel industry would agree to:

1. A reinvestment provision under which the industry will plow back into steel operation modernization the profits realized from the agreement.

2. Drop pending countervailing duty and anti-dumping cases against the countries involved upon a determination of injury.

8/31/84

August 3, 1984

President Reagan's Steel Import Decision

Before September 24th President Reagan must decide what he intends to do about the steel import problem. The U.S. International Trade Commission (ITC) has recommended that he implement a five-year program of tariff-rate quotas on many steel products, but there are serious defects in the ITC program. Under the law the President has three choices: (1) he may accept the ITC's recommendations; (2) he may deny import relief altogether; or (3) he may adopt an alternative program of import relief. There are serious, practical difficulties with the President's options (1) to accept the ITC's recommendations or (2) to deny import relief altogether. As a practical matter, the President has only one effective option to address the steel import problem: he should announce in early September his own program of import relief for the steel industry, one that is in the national interest and allows the domestic steel industry to continue its structural adjustment to changed competitive conditions. This memorandum attempts to define the essential interests of the parties (the President, the domestic steel producers, foreign steel producers, and domestic steel consumers) and to describe what the President's steel import relief program should contain to be politically acceptable and legally viable.

Why the ITC's Recommendations Are Unacceptable

The ITC on June 12th determined that the domestic steel industry is being seriously injured by increased imports of many steel products. On July 13th the Commission voted to recommend to the President a five-year program of tariff-rate quotas to remedy the injury. Regrettably, there are serious defects in the ITC's recommendations which make them unacceptable to all parties concerned. First, the ITC's recommendations do not cover three critical product lines -- pipe and tube (including oil country tubular goods) wire rod, and bar. As a result, it is widely accepted that were the ITC's program of relief to be implemented, foreign steel producers would merely shift production to these uncovered product lines and make a bad situation much worse. Second, the minimum import tonnages recommended by the ITC are too generous. Third, higher tariffs, as distinguished from quotas, are not an effective deterrent to imports. In many instances, foreign steel producers would be able to ship more to the U.S. market than at present. Moreover, the ITC's recommendations are global in nature which the Administration is unlikely to embrace. For these reasons, the ITC's recommendations are not acceptable.

The Essential Interests of the Parties

The steel problem can be a political negative in the President's re-election campaign, or it can become a political positive, depending upon how well it is handled. The President's essential interests are to deal effectively with the problem, to put it behind him, and to be re-elected. If the President cannot embrace the steel quota legislation, or other forms of global steel protection, he needs another course. The domestic producers need five years of certainty in their markets in order to mop up red ink, avoid massive shutdowns and to continue restructuring their industry. Foreign steel producing countries, many of whom have already restrained their exports to the U.S. or have expressed their willingness to do so, need a clear and reasonable signal regarding their future access to the U.S. steel market. Domestic consumers and user industries need continued access to steel products at reasonable prices. The President's steel program must take into account these competing interests and find the appropriate balance.

Identifying the Sources of the Current Steel Import Problem

Balancing these competing interests and steering a middle course through the steel trade issue necessitate a brief sketch of the present steel trade picture. Steel imports as a percentage of apparent supply now stand at 24.8 percent (January-May 1984), as compared to an overall average of 16.7 percent for the period 1979-81. This breaks down as follows:

Source	Percent Apparent Supply (1984)
EEC	5.4%
Japan	6.5%
Canada	3.3%
All other	9.7%
TOTAL:	24.8%

(Note: apparent supply = domestic shipments + imports - exports)

However, it should be noted that, overall, the share of the U.S. market held by "traditional suppliers" (EEC, Japan, and Canada) has remained essentially stable (with the exception of certain product lines) in recent years with the Japanese and the European producers holding approximately 5-6% respectively and the Canadians 2.5-3%. The surge over the past few years in imports of steel has come from "non-traditional" suppliers as shown by the following table:

"All Other" as a Percent of Apparent U.S. Supply

1979	2.98%
1980	3.39%
1981	4.08%
1982	5.28%
1983	7.60%
Jan.-May 1984	9.66%

These "all other" suppliers of steel to the U.S. market include: Argentina, Australia, Brazil, Finland, Mexico, South Africa, South Korea, Spain, Sweden, and Taiwan. The relative growth in the share of these "non-traditional" suppliers of steel to the U.S. market is illustrated by the following tables:

Import Penetration (i/p) Comparisons

	A i/p May 83	B i/p May 84	% change A-B	C i/p 5mos83	D i/p 5mos84	% change C-D
Total	19.71%	22.56%	14.46%	18.61%	24.77%	33.10%
Japan	5.27	6.22	18.03	4.73	6.46	36.58
EEC	4.76	5.08	6.72	4.48	5.39	20.31
Canada	2.74	2.99	9.12	2.76	3.26	18.12
All other	6.93	8.27	19.34	6.65	9.66	45.26

Although the import shares of all foreign suppliers to the U.S. market have increased, the most striking surge in recent years has come from the "non-traditional" suppliers to the U.S. market. The following table illustrates which of these "non-traditional" suppliers have gained the most:

Imports from Selected "Other" Countries (000 NT)

	A Imports May 83	B Imports May 84	% change A-B	C Imports 5 mos 83	D Imports 5 mos 84	% change C-D
Argentina	26	17	- 34.62%	105	164	56.19
Australia	9	16	77.78%	92	105	14.13%
Brazil	48	76	58.33%	381	669	75.59%
Finland	23	27	17.39%	88	178	102.27%
Mexico	49	85	73.47%	176	483	174.43%
S. Africa	54	27	- 50.00%	207	227	9.66%
S. Korea	177	176	- 0.56%	613	961	56.77%
Spain	35	110	214.29%	138	607	339.86%
Sweden	11	47	327.27%	103	246	138.83%
Taiwan	14	8	- 42.86%	66	30	- 54.55%
TOTAL (10)	446	589	32.06%	1,969	3,670	86.39%

Based on the foregoing analysis, it is apparent that global import quotas are not the only way to deal with the steel industry's import problem. The steel industry needs the foreign import share of apparent U.S. supply returned to the levels of 1979-81 in order to carry out its plan of restructuring and recovery. This can be accomplished without injury to steel consumers or to the U.S. economy by focusing on the specific causes of the current import problem.

How the President Can Steer a Middle Course on the Steel Issue

The President can steer a middle course on the steel issue by announcing a two-part program of (1) confirmation of existing arrangements with the EC and Japan and (2) negotiated, bilateral restraint arrangements with those countries that are currently causing the problem. This can be done by a series of orderly marketing arrangements (or similar arrangements) negotiated with selected countries whose exports of steel to the U.S. have been surging. Japan, Canada, and to some extent, the EEC - except in some product lines - are not sources of the current steel import problem. The problem is being caused by surges of imports from particular supplying countries (e.g. Korea, Spain, Brazil, Mexico, and Argentina). These countries, moreover, are countries most often accused of engaging in unfair foreign trade practices, and the President can deal with them in the context not of protecting the domestic steel industry from fair foreign competition but rather in aggressively dealing with unfairly dumped or subsidized steel imports. Many of these countries (e.g. Brazil, Korea, Mexico) have already expressed a willingness to restrain their exports to the U.S. market. In order to be acceptable to domestic steel producers, these new arrangements must be product specific and enforceable at the U.S. border. The elements of such a strategy are as follows:

<u>Countries with which the President should negotiate Voluntary Restraint Agreements[1/] or take other steps to confirm existing understandings to maintain their overall exports at their 1983 levels</u>:

- o Japan
- o EEC
- o Canada

<u>Countries whose steel exports are currently a problem for the domestic industry and with whom the the President should negotiate bilateral restraint agreements limiting their</u>

1/ A voluntary restraint agreement or "VRA" is an informal bilateral or multilateral agreement in which exporters voluntarily limit exports of certain products to a particular country in order to avoid economic dislocation in the importing country and the imposition of mandatory import restrictions. Such arrangements do not involve an obligation on the part of the importing country to provide "compensation" to the exporting country, as would be the case if the importing country unilaterally imposed equivalent restraints on imports.

<u>exports of steel to the U.S. market at prior levels</u>:

- Mexico
- South Korea
- Brazil
- Spain
- Argentina
- Sweden
- South Africa

In order to implement this program, the President should

- Seek from the Japanese Government a specific statement of its program voluntarily to restrain its exports of steel to the U.S. market at traditional levels;
- Seek from the E.E.C. an extension of the terms of the U.S.-E.E.C. Arrangements on Carbon Steel Products and Pipe and Tube Products through 1990 and procedures for the enforcement of the Pipe and Tube Arrangement;
- Inform the Canadian Government that Canadian steel exports should be maintained at traditional levels;

- o Instruct Secretary Baldrige and Ambassador Brock to negotiate orderly marketing arrangements or other arrangements which are product specific and enforceable at the U.S. border to reduce the level of steel exports to the U.S. with the following countries:

Sources of the President's Legal Authority to Negotiate Bilateral Restraints on Exports of Steel to the U.S. Market

In order to implement this program of bilateral steel restraints, it will be necessary for the President to draw upon several sources of legal authority to regulate trade with foreign countries. It is essential that the arrangements be workable, product specific and enforceable by the United States at its borders. Otherwise the foreign producers will merely divert production and upgrade product lines in order to circumvent the restraints. Accordingly, the President's program will be based upon the following combination of constitutional powers:

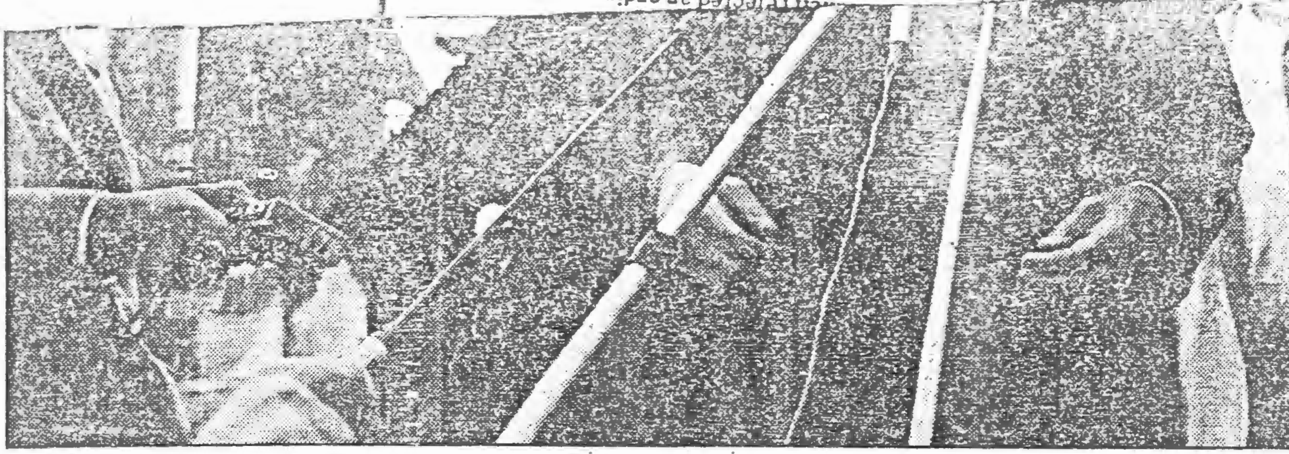
- o The President's inherent foreign affairs power permits him to negotiate international agreements with foreign governments;
- o The President has direct authority under Section 201 of the Trade Act of 1974 to

negotiate orderly marketing arrangements[2/] with any country with respect to any steel product covered by the ITC's affirmative injury determination;

- In the negotiation of orderly marketing arrangements with foreign governments pursuant to Section 201 of the Trade Act of 1974, the President should undertake to negotiate provisions relating to potential diversion from covered products to uncovered products; and
- The President and Secretary Baldrige are empowered under the antidumping and countervailing duty statutes to accept assurances from foreign governments with respect to their exports of steel products to the U.S.

The President should announce his program of bilateral restraints in early September. It should be implemented by not later than mid-October, and it should ensure that the foreign share of apparent supply is returned to levels of 1979-81 (for the next five years (1985-1990).

2/ An orderly marketing arrangement or "OMA" is an international agreement in the nature of a contract negotiated between two or more governments, in which the exporting nation undertakes to ensure that international trade in specified "sensitive" products will not disrupt, threaten, or impair competitive industries or workers in importing countries.



Tribune/Rob Engelhardt

10/9/80

Ruins of abandoned steel mill loomed large for Reagan Wednesday

Closed mill, steel workers challenge an angry Reagan

By JIM MACAK
Tribune Staff Writer

News analysis

CAMPBELL — While riding in a motorcade through the towering ruins of the Jones and Laughlin steel mill here Wednesday, Ronald Reagan "literally got mad," according to William A. Sullivan, the J&L facilities development director.

Sullivan, who sat next to Reagan, said the GOP presidential candidate mumbled, "We just cannot let this happen. We just cannot let an industry deteriorate like this."

MICHAEL DEAVER, a senior staff advisor to the candidate, leaned over and told Reagan: "Why don't you tell them that."

"I will," Reagan replied and he stopped the mortorcade for an impromptu news conference near the old blast furnance.

Reagan walked up to the crowd of reporters and told them that the view of the closed steel mill "was enough to make you angry."

Later, outside the Campbell seemless mill which is still in opertion, Reagan climbed on top of a pick-up truck and told a crowd of steel workers: "And you have a right to be angry too!

"Just four years ago, when President Carter took office, you could not have made this trip," he said. "There would have been too many people working — thousands of steel workers.

"Today we've just driven through a ghost town," he said.

Reagan's speech to the steel workers wasn't planned either. But whether it was because of the heat from the seemless mill he just toured, or because he was sincerely angry, or because he spotted a receptive audience, Reagan was clearly "hot."

And the steel workers he met at the mill were receptive to his words.

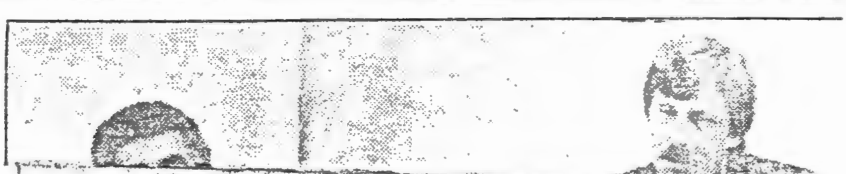
Shouting to the 400 steel workers that crowded around the pick-up truck, Reagan said President Carter had his chance to solve the steel industry's problems and failed. "Now it's time to try something else," he said.

But what?

SULLIVAN, WHO organized the campaign tour of the J&L plant, said that in his conversation with Reagan, he found the candidate stuggling over

See Reagan, Page A11

sh poet
obel Prize



Local/Living
Americans try quack arthritis remedies
Page B2

Weather
Windy, warmer
Almanac, Page B5

...une Chronicle
Wednesday, October 8, 1980

'Won't forget you,' Reagan tells workers

By JIM MACAK
Tribune Staff Writer

CAMPBELL — Ronald Reagan told a supportive crowd of 400 steel workers here today "I won't forget you.

"It will be an awfully long time before I can forget what I saw here — the abandoned mills and all the idle equipment," said the GOP presidential candidate.

REAGAN SPENT THE morning touring the Jones and Laughlin plant here. Most of the plant was closed in 1977 when it was owned by Youngstown Sheet and Tube.

Tuesday evening, after arriving at Youngstown Municipal Airport, Reagan told a private gathering of union leaders in Girard that he has no "magic solutions" to the Mahoning Valley's economic problems.

But he said his economic policies would be "flexible" in dealing with urban centers like Youngstown.

This morning, surveying the rusting mills that towered about him, Reagan said "It's enough to make you angry.

"Just four years ago, when Carter took office, you could not have made this trip. There would have been too many people working — thousands of steel workers," he said.

"Today, we've driven through what has become a ghost town. It's an example of the falsehood of a government philosophy that says Washington can run everything, as well as fine-tune the economy," he said.

Reagan blamed the shutdown of the Campbell mill, and other mills in the Mahoning Valley, on excessive government regulation and on dumping by foriegn steel companies.

BUT RATHER THAN launch a rescue effort for some of the abandoned mills, Reagan called for the government to re-evaluate the polices that led the steel industry to its crisis condition.

Reagan, obviously enjoying his meeting with the steel workers at the Campbell plant, stayed an hour longer than his itinerary called for.

Steel workers seemed equally responsive to Reagan. Many of those surveyed, like John Markota, a red bearded carrier follower at the seemless mill, said they were pleased with Reagan's tour, and most said Reagan had their votes.

Norman Meris, a steel worker at the mill, followed closely behind Reagan, carrying a Carter placard. He insisted that the Steelworkers did not put him up to this.

Although there were some Carter signs carried by demonstrators in the crowd that gathered at the plant gates, many also cheered Reagan as he arrived.

Regan was led through the seemless mill by Superintendent Ed Muccillo. He spent much of the time during the tour stopping and chatting with the steelworkers.

At the end of the tour, he climbed up on the back of a pickup truck to address a crowd of at least 400 who gathered at the mill.

"I DIDN'T COME here with a whole list of promises; I came to find out what the problem is," he said. "But I do know this, it's time to get the government off the steel industry's back and allow it to com-

See Reagan, Page A13

lhardt

t the
an-

Huge golf course bid

THE STEEL IMPORT PROBLEM REQUIRES A COMPREHENSIVE SOLUTION

The steel 201 case and various pending unfair trade cases jointly present an opportunity for the President to put in place a comprehensive program of temporary import relief to permit necessary modernization and orderly rationalization of the domestic steel industry.

The steel import problem is a time bomb which, if unchecked, will quickly lead to major domestic economic dislocations. Import figures just released for July set an all time record of 2.6 million tons, representing almost a third of the U.S. market. Imports to date in 1984 have increased 75% over the same period in 1983. This is clear evidence that relying solely on current unfair trade cases is not sufficient. Over 150 of those cases have been filed since 1982, yet the problem only gets worse.

The present economic recovery has essentially passed the steel industry by. Lost volume, severe price depression and the high cost of facility closings have severely weakened the financial position of the industry and limited its ability to finance necessary planned modernization (estimated $5 billion annually). The industry is already engaged in a massive, but incomplete, self-help program. A comprehensive five-year relief program should permit the industry to complete enough of that program to secure its long-term competitiveness.

There is no free trade in steel. Most foreign steel production is either owned outright or heavily subsidized by government. Global trade in steel is managed through bilateral agreements or unilateral restraints, thereby targeting the full pressure of world overcapacity on the open U.S. market and U.S. producers.

A satisfactory program of relief must cover <u>all steel mill products</u>, including semi-finished, imported from <u>all foreign steel producing countries</u>. Anything short of a comprehensive program will make diversion inevitable. The program must provide relief for a period of <u>five years</u> in the form of <u>quantitative restrictions</u> on a <u>market share quota basis</u> of apparent U.S. consumption, <u>by product</u> and <u>by country</u>. The quantitative restrictions should be based on the average import penetration levels in 1979-1981 (16.8%), the most recent representative period.

The program could be established through <u>Orderly Marketing Agreements</u>, which would minimize the possibility of compensation. The President has the authority to conclude the 201 process in this manner. With respect to products not covered in the ITC recommendation, like pipe and tube, it will be necessary to combine OMAs with government to government arrangements (like the European Arrangement) or Voluntary Restraint Agreements. Any such arrangements or agreements <u>must be enforceable under U.S. Law</u>.

American Iron and Steel Institute

1000 16th Street N.W., Washington, D.C. 20036

Donald H. Trautlein
Chairman

August 31, 1984

The Hon. William E. Brock
U.S. Trade Representative
Office of U.S. Trade Representative
600 17th Street, N.W. - Room 209
Washington, D.C. 20506

The Hon. Malcolm Baldrige, Jr.
Secretary of Commerce
U.S. Department of Commerce
Room 5854
Washington, D.C. 20230

Gentlemen:

Steel imports in July have skyrocketed to 33%, and are causing ever increasingly serious injury to the domestic steel industry. A current example involves the planned shipment of 120,000 tons of plates from Romania into the United States in September and October at prices of $290-300 per ton. In addition to Romania, East Germany, Poland and Czechoslovakia are also attempting to sell plates, cold rolled sheets, galvanized sheets and other products at similarly low prices in very substantial quantities. These are simply additional examples of transactions which, if allowed to continue, will bring about the eventual liquidation of the domestic industry.

As we have discussed, we need the President to establish a Program to deal with steel imports based upon certain specific principles, including the following:

1. Products Covered - The Program should cover all steel mill products, including semifinished. All products produced by each country should be covered.

2. Countries Covered - The Program should cover foreign steel mill products imported from all foreign steel producing countries, except those whose imports are insignificant.

3. Form of Relief - The Program should provide temporary relief in the form of quantitative restrictions by product and by country. The total import quota should not, realistically, exceed 16 1/2-17 1/2% of apparent U.S. consumption, which is about the 1979-81 average.

4. Duration - The Program should provide a five year period of temporary relief to permit domestic companies to adjust and further modernize.

5. Procedures to Establish the Program - The Program should be established through Orderly Marketing Agreements, Government to Government Arrangements, or Voluntary Restraint Agreements, as may be appropriate.

6. Enforcement - The quantitative restrictions should be enforceable under the laws of the United States. A new statute will be required, similar to 19 U.S.C.A. § 1626 which covers the European Arrangement.

What is important is not the particular procedure used, but the final result and the time within which it is accomplished.

The best solution for the long term is the Fair Trade in Steel Act which would cover all steel mill products from all countries. However, taking into account all factors, including the pending legislation, the International Trade Commission 201 Investigation and Report and the trade cases (including results in place) it is reasonable to believe that application of the principles listed above should cover more than 90% of foreign steel mill imports and be concluded on a "blended" results basis. The Program, however, would have to be on the understandin that dumping, countervailing duty, and other cases could be filed, and would be aggressively processed by the Administration, with regard to imports from that limited number of countries that might not be covered by an enforceable arrangement.

Since several different procedures may be required to achieve the "blended" result, it is crucial that the Administration agree upon, and the President announce a comprehensive Program based on the principles outlined in this letter.

It is our understanding that decisions are scheduled to be made next week with respect to the Administration's plans for dealing with the crisis in our indust It is imperative, therefore, that there be a meeting with you as soon as possible, certainly no later than Wednesday morning, September 5. Mr. Trautlein will telephor Mr. Brock to schedule the meeting.

Best regards.

Sincerely,

Harry Holiday
Chairman
Armco Inc.

Don Trautlein
Chairman
Bethlehem Steel Corporation

Paul Roedel
President
Carpenter Technology Corporation

Pete Love
Chairman
National Steel Corporation

Frank Luerssen
Chairman and President
Inland Steel Company

Dave Roderick
Chairman
United States Steel Corporation

Brad Jones
Chairman
LTV Steel Company

Bob Loughhead
Chairman and President
Weirton Steel Corporation

THE AMERICAN STEEL INDUSTRY NEEDS COMPREHENSIVE IMPORT RELIEF

I. THERE IS NO FREE TRADE IN STEEL

With the exception of the United States and Canada, virtually all other steel producers protect their own markets against imports.

-- The European Community has agreements with 14 countries that effectively hold imports to less than 12% of consumption.

-- Japan has been able to restrict imports to less than 5% largely through its complex distribution system.

-- Other producers, including South Korea, Brazil, Mexico, Spain and South Africa, use various devices to keep out imports of steel products they produce domestically.

Beyond barriers to imports, these countries also subsidize their production and dump it here, in violation of international rules of fair trade. The domestic steel industry has filed over 150 unfair trade practice complaints and won virtually all of them.

II. THE INDUSTRY HAS ALREADY BEGUN TO ADJUST AND HELP ITSELF

-- The United Steelworkers last year agreed to a 10.5% wage cut.

-- Over 200 plants have been closed in the past ten years, and capacity has been reduced by 22 million tons in the past five years.

-- Productivity is up. Manhours per net ton shipped are lower than Japan, West Germany, France, and Great Britain.

-- Employment stands at 243,000, a reduction of 210,000 since 1977.

-- Steel made from continuous casting should double from 1983 to 1986, based on projects now underway.

III. THE INDUSTRY CANNOT CONTINUE THAT EFFORT WITHOUT IMPORT RELIEF

The industry is in precarious financial condition; projects and capital spending face postponement or cancellation if the import situation is not improved.

-- The domestic industry lost over $6 billion in 1982 and 1983.

-- Its debt-to-equity ratio increased from 39.8% in 1970 to 97.9% in 1983.

-- In 1982 return on equity was -17.7%. In this criterion the steel industry has lagged beyond the level of all manufacturing corporations in every year since 1974.

-- Three major steel companies have been placed on Standard and Poor's "Creditwatch", threatening their ability to obtain investment funds from the market.

-- Capacity utilization has fallen to 57.2% from a peak of 82% in April.

IV. THE ONLY WORKABLE SOLUTION IS COMPREHENSIVE IMPORT RELIEF

Only a full program of import relief can stem the tide of imports, bring an end to unfair trade practices, and allow the industry to get on with the business of restoring itself to competitiveness. Before the industry can make substantial investment commitments there must be a certain and dependable investment climate, which today is absent.

-- Import relief must be comprehensive in terms of countries included and products covered. A partial approach would guarantee diversion and be impossible to enforce. At present we have no adequate commitments from any countries except the European Community, and the continuing increase in pipe and tube imports from that source proves the danger of agreements that do not cover all products.

-- Import relief must be firm and enforceable. Only quotas or orderly marketing agreements negotiated pursuant to an overall quota are hard numbers that are enforceable at the border. Voluntary restraints may be necessary for those products not covered by the ITC's recommendation, but they should contain firm limits and be negotiated only along with quotas or orderly marketing agreements on the other products. Otherwise we have no leverage to obtain a satisfactory commitment.

-- Import relief must actually restrain imports. Quotas that hold imports at current levels (over 24% for the first half of 1984, 32.9% in July alone) are meaningless. A target of 16.5% to 17.5% of apparent domestic consumption is a necessity.

-- If quotas are adopted, the limits for each country can be set to take into account special situations, such as existing agreement with the European Community.

THE AMERICAN STEEL INDUSTRY NEEDS COMPREHENSIVE IMPORT RELIEF

Copy

I. THERE IS NO FREE TRADE IN STEEL

With the exception of the United States and Canada, virtually all other steel producers protect their own markets against imports.

-- The European Community has agreements with 14 countries that effectively hold imports to less than 12% of consumption.

-- Japan has been able to restrict imports to less than 5% largely through its complex distribution system.

-- Other producers, including South Korea, Brazil, Mexico, Spain and South Africa, use various devices to keep out imports of steel products they produce domestically.

Beyond barriers to imports, these countries also subsidize their production and dump it here, in violation of international rules of fair trade. The domestic steel industry has filed over 150 unfair trade practice complaints and won virtually all of them.

II. THE INDUSTRY HAS ALREADY BEGUN TO ADJUST AND HELP ITSELF

-- The United Steelworkers last year agreed to a 10.5% wage cut.

-- Over 200 plants have been closed in the past ten years, and capacity has been reduced by 22 million tons in the past five years.

-- Productivity is up. Manhours per net ton shipped are lower than Japan, West Germany, France, and Great Britain.

-- Employment stands at 243,000, a reduction of 210,000 since 1977.

-- Steel made from continuous casting should double from 1983 to 1986, based on projects now underway.

III. THE INDUSTRY CANNOT CONTINUE THAT EFFORT WITHOUT IMPORT RELIEF

The industry is in precarious financial condition; projects and capital spending face postponement or cancellation if the import situation is not improved.

-- The domestic industry lost over $6 billion in 1982 and 1983.

-- Its debt-to-equity ratio increased from 39.8% in 1970 to 97.9% in 1983.

-- In 1982 return on equity was -17.7%. In this criterion the steel industry has lagged beyond the level of all manufacturing corporations in every year since 1974.

-- Three major steel companies have been placed on Standard and Poor's "Creditwatch", threatening their ability to obtain investment funds from the market.

-- Capacity utilization has fallen to 57.2% from a peak of 82% in April.

IV. THE ONLY WORKABLE SOLUTION IS COMPREHENSIVE IMPORT RELIEF

Only a full program of import relief can stem the tide of imports, bring an end to unfair trade practices, and allow the industry to get on with the business of restoring itself to competitiveness. Before the industry can make substantial investment commitments there must be a certain and dependable investment climate, which today is absent.

-- Import relief must be <u>comprehensive</u> in terms of countries included and products covered. A partial approach would guarantee diversion and be impossible to enforce. At present we have no adequate commitments from any countries except the European Community, and the continuing increase in pipe and tube imports from that source proves the danger of agreements that do not cover all products.

-- Import relief must be firm and <u>enforceable</u>. Only quotas or orderly marketing agreements negotiated pursuant to an overall quota are hard numbers that are enforceable at the border. Voluntary restraints may be necessary for those products not covered by the ITC's recommendation, but they should contain firm limits and be negotiated only along with quotas or orderly marketing agreements on the other products. Otherwise we have no leverage to obtain a satisfactory commitment.

-- Import relief must actually <u>restrain</u> imports. Quotas that hold imports at current levels (over 24% for the first half of 1984, 32.9% in July alone) are meaningless. A target of 16.5% to 17.5% of apparent domestic consumption is a necessity.

-- If quotas are adopted, the limits for each country can be set to take into account special situations, such as existing agreement with the European Community.

Citizens Coalition to Save Geneva and American Jobs

U.V.I.D.A. Office, 381 West 2230 North, Suite 325,
Provo, Utah 84604
Phone: 374-9900

September 10, 1984

President Ronald Reagan
The White House
Washington, D. C. 20500

Dear Mr. President:

During your last campaign, a delegation from our Coalition flew to Washington, urgently seeking action on behalf of Geneva. Many of us still remember seeing the large picture of you that hangs in Senator Hatch's office. You were wearing an "I Love Utah Button" in that picture. At that time, Senator Hatch assured us that "If Reagon gets elected Utah, and Utah's industry and economy will have a friend in Washington."

Now, after four years, we ask you, is that true? Along with Senator Jake Garn and Congressmen Howard Nielson and Dan Marriott, we feel that your ruling last week on copper hurt our country's copper industry and will hurt the industry and economy of our state. We don't want that to happen again when you rule on steel next week.

We are speaking on behalf of Utah's third largest industry and of United State's Steel's Geneva Works. We are not asking for hand-outs. We do not want "protectionism." As a Coalition we represent well over twenty-five thousand hard-working, self-respecting American citizens--thousands of whom voted for you last time around. We are seeking only action that will foster investment for Geneva Steel, and for the steel industry in our country.

At Geneva, we have survived only because our steelworkers have made our plant more and more efficient than ever, only because in 1979, during the E.P.A. crisis, thousands of Utah citizens from all walks of life--management, union, labor, business, mayors, congressmen, housewives, county commissioners and businessmen--all joined together unitedly to get the government to listen to reason and to alter rulings that threatened Geneva's survival.

Thanks to that effort, our steel plant was able to get the millions of dollars in environmental control equipment it needed to remain open while the West's only other major, "fully integrated" steel plant--Kaiser Steel's Fontana Works near Los Angelos, California--shut down and the West lost over six thousand jobs in basic industry.

Unfortunately, our government is now fostering a policy that will not only discourage U. S. Steel from investing in modernizing Geneva Steel--the West's only remaining major steel plant--but is actually encouraging the Japanese and the World Bank to invest in the steel industry in Brazil.

After an extensive legal process the International Trade Commission has ruled that dumped, subsized steel has deeply damaged the steel industry. That is particularly true in the West. Unfortunately, the remedies proposed by the International Trade Commission are insufficient to remedy the situation for us. Because they fail to cover all products here in the West, the I. T. C.'s proposals open the door to an unlimited flood of subsized, dumped foreign slabs from a Brazilian company that has received $360 million loan from the World Bank which our U. S. Representative to the World Bank voted to approve. When you rule on their recommendations, we urgently entreat you to remedy that situation.

After all we have survived, we Utahns certainly don't deserve another slap in the face. We merit instead action that will get Geneva Steel the modernize that it needs and will keep jobs here and not send them abroad.

We competed with Kaiser Steel successfully for over thirty years. We will compete with the new California Steel. We are only asking that any steel that come into our country come in at fair market value. We merit action from you that will signal to steelmakers and investors throughout the world that our country has not given up on its nations's steel industry. It now becomes your charge to help Geneva Steel get the investment it needs to continue providing jobs to hardworking productive American citizens for years to come. Can you also give us your personal assurance that, if the Fair Trade in Steel Act comes before you for your signature you will sign it?

Urgently, we ask you to now take strong action to foster the strength and growth of industry in Utah and across the country.

Sincerely,
The Citizens Coalition to Save Geneva

Linda Chipman Eddie Friant George G King

Linda Chipman
Chairman
1555 E. 720 S.
Pleasant Grove
Utah 84062

Eddie Friant
Co-chairman
173 W. 400 S.
American Fork
Utah 84003

George King
Secretary
930 N. 475 E.
Orem
Utah 84007

9/13/84

For: Jim Baker
Fr: Howard Baker

Possible Defense Agreement

$297 billion authorized

$293 billion appropriated

M-X

Appropriate $1 billion this year to maintain present program

Expedited procedure for supplemental appropriation early next year for $1.5 billion M-X production funds

-- guaranteed vote in both Houses

-- supplemental not amendable by Committees or on the floor

Related Issues (possibly resolved by authorizing committees)

ASAT - 4 tests

SLCM - Senate position (no moratorium)

SDI - maximum reduction $150 million

Central America - Sense of Congress -- "...President should not deploy combat troops..."

UP030

R W

MX

WASHINGTON (UPI) -- HOUSE SPEAKER THOMAS O'NEILL AND SENATE REPUBLICAN LEADER HOWARD BAKER ARE "MOVING TOWARD" AGREEMENT TO DELAY A VOTE ON PRODUCTION OF NEW MX MISSILES UNTIL AFTER THE NOVEMBER ELECTIONS, AIDES SAID WEDNESDAY.

THE PLAN, WHICH WILL BE DISCUSSED WITH OTHER CONGRESSIONAL LEADERS AND THE WHITE HOUSE, WOULD REMOVE A MAJOR OBSTACLE TO AN EARLY ADJOURNMENT BY CONGRESS NEXT MONTH. IT ALSO WOULD EASE THE WAY TO PASSAGE OF THE MILITARY SPENDING BILL FOR FISCAL 1985, LEGISLATION THAT DEADLOCKED CONGRESS THIS SUMMER.

BAKER AND O'NEILL MET FOR 30 MINUTES TUESDAY AND AIDES SAID THEY WERE CLOSE TO AGREEMENT TO DELAY THE MX VOTE UNTIL NEXT YEAR. MORE TALKS WERE EXPECTED WEDNESDAY.

"WE'RE MOVING TOWARD AGREEMENT," ONE OF O'NEILL'S AIDES SAID. "THERE ARE STILL SOME HURDLES."

A BAKER AIDE SAID, "A GOOD BIT OF PROGRESS WAS MADE. BUT IF YOU DON'T GET AGREEMENT ON THE REST (OF THE MILITARY SPENDING BILL), THE WHOLE THING COULD FALL APART."

AFTER HIS SESSION WITH O'NEILL, BAKER TALKED TO PRESIDENT REAGAN, WHITE HOUSE CHIEF OF STAFF JAMES BAKER, DEFENSE SECRETARY CASPAR WEINBERGER, AND GOP SENS. MARK HATFIELD OF OREGON, JOHN TOWER OF TEXAS AND TED STEVENS OF ALASKA.

UPI 09-12-84 11:39 AED

STATEMENT OF THE PRESIDENT

I have reduced the tax burden on the American people and I want to reduce it even further. I have no plan to raise taxes nor will I allow any plan for a tax increase. My opponent has spent his political life supporting more taxes and more spending. For him, raising taxes is a first resort. For me, it is a last resort.

Therefore, I will use the power and authority of the office of President to: (i) continue strong economic growth, (ii) eliminate wasteful government spending, and (iii) reduce the size of government, as the means to reduce the deficit. As I said at my last press conference, after (and only after) wasteful government spending has been reduced to its absolute minimum would I consider raising taxes to eliminate any gap between revenues and expenditures. Even then, I would not consider raising the personal income taxes of working Americans.

This election will offer the American people a sharp contrast between my opponent, who promises to raise taxes, and me, who will do everything I can to avoid having to. And if the Congress would give the President of the United States line-item veto authority (which 43 state governors now have) and pass a constitutional amendment mandating a balanced budget, the deficit could satisfactorily be reduced by reducing wasteful federal spending instead of raising the taxes of the American people.

My opponent has said that he will reduce the deficit by two-thirds in four years. To do this, and fulfill his campaign promises to various interest groups for additional spending, will require that taxes be increased by over 135 billion dollars. My opponent owes the American people an explanation of exactly how and why he would impose this enormous and stifling burden of additional taxes on the American people -- over 1500 dollars in additional taxes for every American household.

STATEMENT BY THE

PRINCIPAL DEPUTY PRESS SECRETARY

TO THE PRESIDENT

Over the past several days I have been asked a number of questions concerning the President's position on taxes. Those questions have been submitted to the President and his answers are as follows:

Q: Mr. President, you say you have no plans to raise taxes, but do you absolutely rule out the possibility of any tax increase to reduce the deficit?

A: A President of the United States should never say never, but a tax increase has always been for me a last resort. I will first want to do everything I can to reduce the deficit by keeping our economy growing and reducing wasteful federal spending.

Q: So raising taxes remains an option or a possibility?

A: I have no plans to raise taxes. I have throughout my political life been opposed to raising taxes. I do not want to see this wonderful economic expansion of ours jeopardized by tax increases. I would first want to know that government had been reduced to its barest minimum.

Q: Mr. President, are you ruling out other tax increases in addition to personal income tax increases?

A: I will do everything I can to avoid raising taxes on the American people. I will try to reduce the deficit by continuing strong economic growth and reducing wasteful federal spending.

Q: Mr. President, will you rule out any tax increase in 1985?

A I have no plans for a tax increase in 1985 or beyond. And as I said in my press conference, the only time I would consider a tax increase in order to reduce the deficit would be if I felt we had reduced wasteful government spending to the absolute minimum.

Q: Mr. President, on August 6 the Vice President was asked if you were keeping your options open on taxes except for an increase in the personal income tax. He said, "Any President would keep his options open. Conditions can dramatically change one way or the other." Do you agree with that statement?

A: Yes -- But that does not in any way lessen my strong opposition to increasing taxes. I would seek to reduce the deficit by continuing strong economic growth and reducing wasteful spending and doing everything I could to avoid raising taxes.

TAXES

8/9/84

STATEMENT OF THE

PRESIDENT

N (2) I have no plan to raise taxes nor will I allow any plan for a tax increase. (4) For ~~my opponent~~ him, raising taxes is a first resort. (5) For me, it is a last resort. (1) I have reduced the tax burden on the American people and I want to reduce it even further. (3) My opponent has spent his political life ~~[illegible]~~ supporting more taxes and more spending.

[illegible]

Therefore, I will use the power and authority of the office of President to: (i) continue strong economic growth, (ii) eliminate wasteful government spending, and (iii) reduce the size of government, as the means to reduce the deficit. As I said at my last press conference, after (and only after) wasteful government spending has been reduced to its absolute minimum would I consider raising taxes to eliminate any gap between revenues and expenditures. Even then, I would not consider raising the personal income taxes of working Americans.

This election will offer the American people a sharp contrast between my opponent, who promises to raise taxes, and me, who will do everything I can to avoid having to. And if the Congress would give the President of the United States line-item veto authority (which 43 state governors now have) and a constitutional amendment mandating a balanced budget, ~~whoever is elected President in November~~ the deficit could satisfactorily be reduced ~~the deficit~~ by reducing wasteful federal spending instead of raising the taxes of the American people.

My opponent has said that he will reduce the deficit by two-thirds in four years. To do this, and fulfill ~~the~~ his campaign promises to various interest groups for additional spending ~~which he has made~~ ~~to various special interest groups~~, will require that taxes be increased by over 135 billion dollars, ~~or~~ over 1500 dollars in additional taxes for every American household.

Wirthlin

My opponent owes the American people an explanation of exactly how and why he would impose this enormous and stifling burden of additional taxes on the American people --

---

Q: Mr. President, you say you have no plans to raise taxes, but do you absolutely rule out the possibility of any tax increase to reduce the deficit?

A: A President of the United States should never say never, but a tax increase has always been for me a last resort. I will first want to do everything I can to reduce the deficit by keeping our economy growing and reducing wasteful federal spending.

Q: So raising taxes remains an option or a possibility?

A: I have no plans to raise taxes. I have throughout my political life been opposed to raising taxes. I do not want to see this wonderful economic expansion of ours jeopardized by tax increases. I would first want to know that government had been reduced to its barest minimum.

Q: Mr. President, are you ruling out other tax increases in addition to personal income tax increases?

A: I will do everything I can to avoid raising taxes on the American people. I will try to reduce the deficit by continuing strong economic growth and reducing wasteful federal spending.

Q: Mr. President, will you rule out any tax increase in 1985?*

I have no plans for a tax increase in 1985 or beyond. Reagan

A And As I said in my press conference, the only time I would consider a tax increase in order to reduce the deficit would be if I felt we had reduced wasteful government spending to the absolute minimum. [It would be unlikely in my view that we ~~would~~ can ~~reach~~ reduce spending to this ~~point~~ minimum in 1985, but if we did and there was a gap between revenues and expenditures, then (and only then) would I look at the possibility of raising revenue.] Delete. Reagan

Q: Mr. President, on August 6 the Vice President was asked if you were keeping your options open on taxes except for an increase in the personal income tax. He said, "Any President would keep his options open. Conditions can dramatically change one way or the other." Do you agree with that statement?

A: Yes -- ~~with the understanding that for me raising taxes is a last resort and~~ but that doesn't in any way lessen my strong opposition to increasing taxes. I would seek to reduce the deficit by continuing strong economic growth and reducing wasteful spending and doing everything I could to avoid raising taxes.

Mr. President:

*This leaves open the possibility of a tax bill in 1985 persuant to our simplification study.

Unclas

CLASSIFICATION

CIRCLE ONE BELOW

IMMEDIATE

PRIORITY

ROUTINE

MODE

SECURE FAX # 301

NON-SECURE FAX # ___

TTY # ___

PAGES 2

RELEASER LDP

DTG 081950Z AUG 84

FROM/LOCATION/

1. R. Darman / WH.

TO/LOCATION/TIME OF RECEIPT

1. J. Baker / S.B. > TOR/ 081959Z Aug 84
2. S. Spencer / S.B.
3.
4.

INFORMATION ADDEES/LOCATION/TIME OF RECEIPT

2.

SPECIAL INSTRUCTIONS/REMARKS:

Unclas

CLASSIFICATION

WHCA FORM 8, 15 DEC 83

MEMORANDUM

TO: James A. Baker, III
Stu Spencer

FROM: Richard B. Wirthlin

DATE: August 8, 1984

RE: Tax Pledge

We need to exercise extreme care that the President's statement that he "has no plan to increase taxes" not be turned into an absolute pledge that no one's tax burden will increase in 1985.

- Any change in the tax system to make it "simpler" and more "fair" (a frequently stated Administration objective) will, in and of itself, change the tax burdens.

- To state categorically that the President will not raise any taxes in 1985 is not credible. Last night we concluded a (n=1,000) four day tracking study that asked the following:

  "Once again, please tell me whether you agree or disagree with the following statement: Regardless of what Ronald Reagan says, whoever is the President of the United States will have to increase taxes to reduce the deficit in 1985."

Agree Strongly	30%
Agree Somewhat	39%
Disagree Somewhat	12%
Disagree Strongly	17%
Don't Know/No Opinion	2%

  Few statements generate a seven to ten consensus, thus, concern over the deficit has come of age as a political issue. Americans do not want to have their taxes hiked: they prefer the other Reagan options. Nevertheless, they believe that:

  (a) the deficit must be dealt with in 1985.

  (b) part of the debt reduction program (regardless of who sits in the oval office) will include tax increases of some sort.

- The most successful Democratic Convention gambit was Mondale's tax challenge. It increased his perceived "trustworthiness" and reduced the President's. We can't let him continue to occupy that high ground.

- If we completely shut down the option of tax changes to bring the deficit under control and keep our defense spending pledge, then Mondale will be able to shift the campaign focus to his most potent attack theme -- Reagan doesn't care about people, and is unfair. The President, he will claim, intends to balance the budget by gutting "entitlements", social security, medicare, etc.

Therefore, it appears that the President should:

- Not move off or go beyond his statement that he has no plan to raise taxes.

- Reaffirm his commitment to veto any bill that raises personal income taxes or attempts to balance the budget on the backs of "working people".

- Take the battle once again to Monale by charging that he would:

  -- Increase taxes by at least $135 billion ($1,500 per household) to pay-off campaign promises, which would stifle economic growth.

We should:

- Develop some inoculation strategy to the "unfair", "uncaring" charge that will come.

- Prepare to attack the details of Mondale's tax plan when and if they become available.

- Shift the burden of past spending/tax excesses to the Democratic House.