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THE WHITE HOUSE

WASHINGTON

January 28, 1985

MEMORANDUM FOR JAMES A. BAKER, III

FROM: M.B. OGLESBY, JR. *AB*

SUBJECT: Guest List - Freshman Congressional Dinner  
Tuesday, January 29, 1985

We appreciate your agreeing to serve as a table host for the Freshman Congressional Dinner with the President on Tuesday, January 29, 1985.

Attached are brief biographical sketches for each Member of Congress and spouse assigned to your table. Where known, committee assignments for the 99th Congress and special items of interest are noted.

NAME Jim KOLBE, Republican of Tucson, Arizona

DISTRICT 5th District of Arizona which includes most of Tucson. Kolbe defeated incumbent Democrat James McNulty in a rematch for this seat. Kolbe lost to McNulty by several thousand votes in 1982.

AGE 42

PREVIOUS OCCUPATION - professional consultant  
- member Arizona State Senate 1976-82  
- worked on staff of former Illinois Governor Ogilvie

EDUCATION BA Northwestern University  
MBA Stanford University

FAMILY Wife - Sarah

SPECIAL NOTES - selected "Outstanding Republican Legislator" while in the Arizona State  
- served as Republican State Committeeman  
- served as a page in the Congress

COMMITTEE ASSIGNMENTS Banking

NAME William COBEY, Republican of Chapel Hill, N.C.

DISTRICT 4th District of North Carolina, in the center of the state containing Raleigh and Chapel Hill. Defeated six-term incumbent Ike Andrews.

AGE 45

PREVIOUS OCCUPATION - president of managing and consulting firm  
- Athletic Director of University of North Carolina since 1976.

EDUCATION BA Emory University  
MA (Marketing) University of Pennsylvania  
M.Ed (Health and Phys. Ed.) University of Pittsburgh

FAMILY Wife - Nancy (two children)

SPECIAL NOTES - former chairman Taxpayers Education Coalition  
- active in United Fund, Boy Scouts of America and YMCA  
- Republican nominee for Lt.Gov. in 1980  
- district economy based on R & D for government and business

COMMITTEE ASSIGNMENTS Science and Technology

NAME Senator Paul SIMON, Democrat

STATE Illinois

AGE 56

PREVIOUS  
OCCUPATION Served in Army, 1951-53. Former journalist,  
served in the Illinois state legislature for 14  
years and was lieutenant governor of the state  
from 1969-73. Lost a bid for the governorship in  
the Democratic primary in 1972. Served in the  
U.S. House of Representatives for five terms.

EDUCATION Attended University of Oregon, 1945-46  
Attended Dana College, 1946-48

FAMILY Wife - Jeanne (two children)

SPECIAL NOTES Defeated incumbent Republican Senator from  
Illinois, Charles Percy, in last November's  
election.

COMMITTEE  
ASSIGNMENTS Committee assignments have not been made, but  
Simon has indicated his interest in serving on the  
Senate Labor and Human Resources Committee.

James Baker

June MILLER:

bride of Congressman John Miller, Republican of Washington, operated a modeling school in Seattle before being married on December 23, 1984. No children yet!

Susan Wing OGLESBY:

wife of M.B. Oglesby, Jr., Assistant to the President for Legislative Affairs

William R. (Bill) BENTLEY:

husband of Congresswoman Helen Bentley, Republican of Maryland, is an antique dealer and appraiser. They reside in Luthersville, Maryland, and have no children.

Rebecca BUSTAMANTE:

wife of Congressman Albert Bustamante, Democrat of Texas, is an attorney who plans to practice in Washington. They have 3 children.

Janet Sue BARTON:

wife of Congressman Joe Barton, Republican of Texas, is a former teacher and an active campaigner. She and Barton were high school sweethearts, married in their early 20's. They have 3 children.

THE WHITE HOUSE

WASHINGTON

December 26, 1984

MEMORANDUM FOR JAMES A. BAKER III

FROM: NANCY J. RISQUE

SUBJECT: Your Request for Followup to your Meetings  
with Senate Majority Leader Dole and  
Senate Minority Leader Byrd on December 21

Attached you will find:

- o Copy of memo describing your meetings  
for your use;
- o Suggested response for your signature to Byrd's  
Japanese trade deficit letter prepared by NSC;  
and
- o Copy of Byrd's correspondence regarding congressional  
observers to any follow-on to Geneva talks with a  
note concerning disposition of this correspondence.

Sent  
12/27/84

THE WHITE HOUSE

WASHINGTON

December 26, 1984

MEMORANDUM FOR M. B. OGLESBY, JR.

FROM: NANCY J. RISQUE

SUBJECT: James Baker's Visit with Senators Byrd/Dole  
(December 21, 1984)

Senator Byrd had essentially three items on his mind:

1. That senatorial observers be designated for any follow-on to the Geneva talks.

ACTION: Per Ron Sable-NSC, Senior Arms Control Policy Group meeting to decide appropriate response to Byrd's 12/14 letter recommending same (attached) on 12/26/84.

2. That regular foreign policy briefings for Senators Byrd, Dole, Lugar, and maybe Pell be resumed provided that they be worthwhile, i.e. upgraded.

ACTION: JAB would like to discuss this with Shultz, McFarlane, and you (others as appropriate) early in January so that we can decide how this is to be handled and get back to Byrd quickly.

3. That JAB respond to his 12/19 letter re: Japanese trade deficit before Nakasone meeting.

ACTION: Draft prepared by NSC and delivered to JAB's office 12/26/84. (Material attached)

Senator Dole suggested that we consider a Democrat leadership meeting with the President -- Democrats only and following the bipartisan leadership meeting.

ACTION: Follow up with JAB early in January.

cc: James Baker

11/2/85  
To  
MBO/WA

① When can we on this? →

② And this?

Let's discuss.  
Trump  
JAB



THE WHITE HOUSE  
WASHINGTON

December 24, 1984

MEMORANDUM FOR M. B. OGLESBY

FROM: ROBERT C. MCFARLANE

SUBJECT: Response to Letter from Senator Byrd to  
the President on Trade Deficit with Japan

We have drafted a response for Jim Baker to send on behalf of the President to Senator Byrd on the January 2 meeting between the President and Prime Minister Nakasone regarding the trade deficit issue. It is attached at Tab A.

Attachments:

Tab A Baker ltr to Byrd  
Tab B Byrd ltr to President

A

THE WHITE HOUSE

WASHINGTON

December 27, 1984

Dear Senator Byrd:

The President has asked me to respond to your letter of December 19, expressing your strong concerns about the trade deficit with Japan and the need that this issue be raised by the President when he meets with Prime Minister Nakasone on January 2, 1985.

The trade deficit question will be at the top of the agenda. You can be assured that we will urge strongly that the Japanese take measures to provide us access to their markets equivalent to their access to ours.

We believe that we have accomplished a great deal during the past year with certain agreements, particularly the one dealing with yen/dollar matters, which will lead to the further opening of the Japanese economy. We will continue with and strengthen our efforts in the months ahead and in the January 2 meeting.

Sincerely,

James A. Baker, III  
Chief of Staff and  
Assistant to the President

The Honorable Robert C. Byrd  
Minority Leader  
United States Senate  
Washington, D.C. 20510

B

United States Senate  
Office of the Democratic Leader  
Washington, D.C. 20510

December 19, 1984

The President  
The White House  
Washington, D.C.

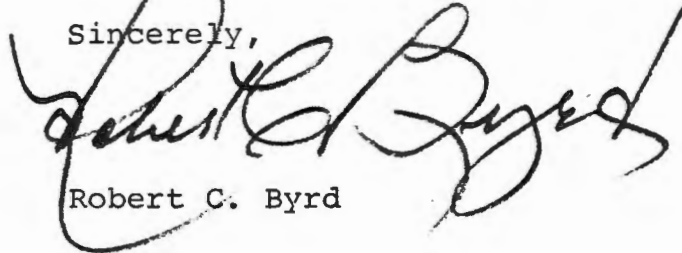
Dear Mr. President:

I understand that you will be meeting with Japanese Prime Minister Nakasone during the first week of January. Prior to your November 1983 trip to Japan, I wrote to encourage you to impress upon Prime Minister Nakasone the importance of permitting greater access to the Japanese market for American products. At that time, I sponsored a non-binding Senate resolution to support you in your efforts to achieve that goal.

This year, the United States trade deficit with Japan may exceed \$30 billion. I understand from press reports that your own Export Council has recommended that you again raise this issue of market access in your upcoming meeting with the Japanese Prime Minister. Press reports also indicate that senior trade advisors are encouraging a tougher stand with the Japanese on trade practices.

I strongly support these recommendations. The strength of Japanese-American relations depends upon open and fair economic conduct. This year's record trade deficit with Japan and the projections of even higher deficits next year undercut our many shared interests. I know you join me in the hope that we can correct this massive trade imbalance, and I ask that you make this concern known to Prime Minister Nakasone during your upcoming talks.

Sincerely,



Robert C. Byrd

RCB:ns

MINUTES  
CABINET COUNCIL ON COMMERCE AND TRADE  
AND TRADE POLICY COMMITTEE MEETING  
Meeting #91, December 10, 1984  
2:30 p.m., Roosevelt Room

Attendees: Messrs. Baldrige, Clark, Regan, Brock, McNamar, McGrath, Wright, Sanders, Dam, Searby, Niskanen, Svahn, Cicconi, Porter, Driggs, Herbolsheimer, Smith, Whitfield, Murphy, Massey, Wolfowitz, McCormack, Burnley, Kelly, Mares, Lyng, Wethington and Prestowitz

U.S. Trade Policy Toward Japan

The CCCT/TPC members met to review an interagency paper prepared by USTR and presented by Ambassador Brock on U.S. trade strategy toward Japan. The paper summarized the Administration's objectives toward Japan during the first term and the tactics employed. It presented three policy options for the next four years.

The three options were (1) a market-oriented sector selective ("MOSS") approach in which high level intensive negotiations would be carried out to remove Japanese market barriers in especially important sectors, backed by a U.S. willingness to use leverage (denying access to the U.S. market to induce Japanese action); (2) an "Import Goal" option in which we would seek Japan's commitment to increase its imports of manufactured goods and to decrease its bilateral trade deficit with the U.S. over a two-to-three year period; and (3) a USTR recommendation to pursue both approaches.

Action Taken: The members all agreed that the first option should be adopted, with the exercise of leverage to be decided in each instance by a Cabinet level policy council. Every agency, with the exception of CEA, also agreed that we should seek a commitment by Japan to increase manufactured imports from all countries.

The consensus of the meeting was that the President should seek Prime Minister Nakasone's agreement to intensified bilateral talks to remove barriers in selected sectors, and indicate that he would "regretfully" have to use his powers regarding access to the U.S. market if the Japanese failed to take satisfactory action. He would also call on the Prime Minister to announce as a Japanese national goal a significant increase of all manufactured imports over the next two to three years.

Finally, it was agreed that these points would be incorporated in a rewrite of the CCCT/TPC briefing paper and communicated to the Department of State for inclusion in the President's briefing book.

The Council adjourned at 3:50 p.m.

THE WHITE HOUSE

WASHINGTON

December 21, 1984

MEMORANDUM FOR BUD McFARLANE

FROM: NANCY RISQUE *Nancy Risque*

SUBJECT: Attached

Jim Baker met with Senate Minority Leader Robert Byrd today at which time Byrd presented the attached letter to him.

Jim wants to respond by letter in behalf of the President before the Nakasone meeting on January 2. He believes that an early, responsive approach to Byrd's points will go a long way toward starting us off "on the right track" with Byrd this year.

Byrd's letter supports recommendations made by the CCCT and TPC on December 10. (See attached minutes.)

I will be glad to work with your staff to get an approved draft for JAB's signature by COB Thursday, December 27.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

cc: Jim Baker ✓  
M. B. Oglesby, Jr.  
Bob Kimmit  
Kathy Jaffke with original incoming

United States Senate  
Office of the Democratic Leader  
Washington, D.C. 20510

December 19, 1984

The President  
The White House  
Washington, D.C.

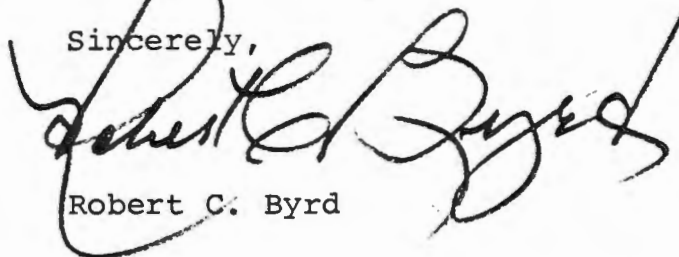
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I strongly support these recommendations. The strength of Japanese-American relations depends upon open and fair economic conduct. This year's record trade deficit with Japan and the projections of even higher deficits next year undercut our many shared interests. I know you join me in the hope that we can correct this massive trade imbalance, and I ask that you make this concern known to Prime Minister Nakasone during your upcoming talks.

Sincerely,



Robert C. Byrd

RCB:ns



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Finally, it was agreed that these points would be incorporated in a rewrite of the CCCT/TPC briefing paper and communicated to the Department of State for inclusion in the President's briefing book.

The Council adjourned at 3:50 p.m.

37  
mo



United States Senate  
Office of the Democratic Leader  
Washington, D.C. 20510

December 14, 1984

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

Dear Mr. President:

This is to express my sincere appreciation for your positive reaction to my suggestion on December 9, 1984, that Senators be afforded observer status on our delegation to any arms control negotiations which may result from the talks between Secretary of State George Shultz and Foreign Minister Andrei Gromyko in Geneva in January, 1985.

Also, I appreciate that you indicated it was your intention to discuss my proposal with Secretary Shultz and others. I believe that the inclusion of a small bipartisan group of Senators comprised of an equal number from both parties as observers on our delegation can only enhance the prospects for a successful outcome, should a treaty come before the Senate for ratification. It should be of great benefit to the knowledge and understanding of all Senators if access to the negotiating sessions and related information were to be established on a regularized basis. In addition, the informal reactions and views of Senators to the ongoing talks should be of real value to you and to your negotiators.

I hope you view my suggestion as constructive and an indication of my support for the resumption of arms control negotiations. I look forward to developing the details of this arrangement with you and your representatives in the very near future.

Sincerely,

Robert C. Byrd

RCB:ddw

12/21  
copy to Ron S

12/20/84 - Senior Arms Control Policy Group mtg. agenda item  
NSC will advise for response -- no interim is to be sent per  
NSC.

THE WHITE HOUSE

WASHINGTON

December 17, 1984

MEMORANDUM FOR JAMES A. BAKER III

FROM: M. B. OGLESBY, JR. *MO*

SUBJECT: Requests for President at Fundraisers

Senator Denton's staff mentioned earlier this year that the Senator would like the President to come to Alabama in late April or May to do a fundraiser for Denton. They have renewed this request and asked for some indication as to whether the President might be able to do this.

Also, Henson Moore has indicated that he is seriously considering a Senate candidacy and would like the President for a fundraiser in Baton Rouge early in 1985 to expand his war chest prior to announcing.

We need to get some indication from the Senatorial Campaign Committee -- because we will get a lot of requests.

Do you want me to talk with Heinz -- or do you want to do it?

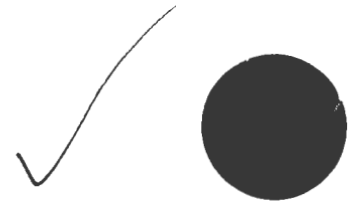
12/19

*MBO*

*Heinz's decision - I've already had a brief conversation w/ Heinz. I don't think R. Roughton to be doing partisan polit. stuff for at least first 7 or 8 mos. - but we may have to do some.*

*J. M. B. O.*

THE WHITE HOUSE  
WASHINGTON



December 13, 1984

MEMORANDUM FOR JAMES A. BAKER, III

THRU: M. B. Oglesby, Jr. *MO*  
W. Dennis Thomas *WDT*

FROM: Thomas R. Donnelly, Jr. *TRD*

SUBJECT: Congresswoman Virginia Smith (R-Neb.) - Status  
of request to see the President

Congresswoman Virginia Smith (R-Neb.) and her staff placed several calls to White House offices this morning citing her urgent need to see the President regarding the financial plight of many farmers in her district affected by bank failures. Congressman Ed Madigan (R-Ill.) called to endorse the request as did Hyde Murray on behalf of Republican Leader Bob Michel (R-Ill.).

At our request, U.S. Department of Agriculture Under Secretary for Small Community and Rural Development Frank Naylor called Mrs. Smith. In addition to agreeing to speed up FDIC funds going into the area, Naylor and Ray Lett (Executive Assistant to the Secretary) agreed to set up a meeting with Secretary Block on Monday or Tuesday.

Mrs. Smith is preparing a letter for the President which she would like to "personally present to him". We indicated that Secretary Block will certainly report to the President on her concerns and his recommendations.

It will not be necessary for you to call Mrs. Smith today or take action on this matter until further notice.

THE WHITE HOUSE

WASHINGTON

December 10, 1984

MEMORANDUM FOR JIM BAKER

FROM:

M. B. OGLESBY, JR. *MO*

SUBJECT:

Personal Time Off at Christmas

I will be out of the office December 21 and Christmas week. I will be back in town on December 30.

THE WHITE HOUSE  
WASHINGTON



*Dole  
Simpson  
Chafee  
Cochran  
Armstrong  
Heinz*

November 28, 1984

MEMORANDUM FOR THE JIM BAKER

FROM: M. B. OGLESBY, JR. *Bo*  
SUBJECT: Senate Leadership Election Results

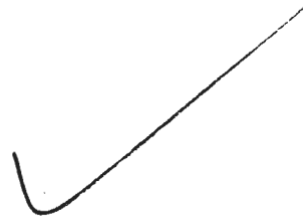
I thought you would be interested in the following results of today's Senate Leadership elections:

Majority Leader - Senator Bob Dole	28
Senator Ted Stevens	25
Assistant Majority Leader - Senator Alan Simpson	31
Senator Slade Gorton	22
Conference Chairman - Senator John Chafee	28
Senator Jake Garn	25
Conference Secretary - Senator Thad Cochran	32
Senator Rudy Boschwitz	21
Policy Committee Chairman - Senator Bill Armstrong	by acclamation
Republican Senatorial Committee Chairman -	
Senator John Heinz	27
Senator Malcolm Wallop	26

THE WHITE HOUSE

WASHINGTON

November 9, 1984



MEMORANDUM FOR ED MEESE  
JIM BAKER ✓  
DAVE STOCKMAN  
DICK DARMAN  
JACK SVAHN

FROM: M. B. OGLESBY, JR. *Mo*

SUBJECT: Veto of S. 540, Health Research Extension  
Act of 1984

As you can see from the attached, Senator Goldwater was very upset about the veto. Hatch has told me that he intends to pass the bill early next year.

INTELLIGENCE, CHAIRMAN  
ARMED SERVICES  
TACTICAL WARFARE, CHAIRMAN  
PREPAREDNESS  
STRATEGIC AND THEATRE NUCLEAR FORCES  
COMMERCE, SCIENCE, AND TRANSPORTATION  
COMMUNICATIONS, CHAIRMAN  
AVIATION  
SCIENCE, TECHNOLOGY, AND SPACE  
INDIAN AFFAIRS

# United States Senate

WASHINGTON, D.C. 20510

November 3, 1984

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

Dear Mr. President:

When you have to veto something because it is either unconstitutional, unworkable, or in this case, you apparently feel it costs too much, I think those of us who have been working diligently to get some legislation passed in the field have a right to be heard. For five years, a number of us have been attempting to get a bill, S. 540, enacted that would call for concentrated research by a separate unit of the National Institutes of Health in the field of arthritis. I had nearly 50 cosponsors on this last bill and, without any effort at all, I could probably get at least 30 more. The final version of the bill passed the Senate and House by unanimous consent.

Mr. President, over 40 million people in this country suffer from chronic arthritis and there is as of now no known cure. There is not even any scientific knowledge of the origin of the problem, nor can we identify one single source. This bill offered realistic hope to these people.

Now, I think I know why you vetoed that bill and it was because of the ungodly pressure put on you by the National Institutes of Health probably through your fiscal agent, Mr. Stockman. The bill did not call for any tremendous amount of money to be spent and ultimately it would have saved billions in reduced Medicare, disability and health insurance costs.

Your veto message criticized my creation of a new institute but, I do not care whether it is a new institute, an old institute or whatever it is. Mr. President, I would like to see some relief for 40 million people who suffer from arthritis without having any real assurance that they are going to, someday, be rid of this problem. The uncaring, dogmatic attitude of officials at the Department of Health and Human Services and OMB who look at government through an accounting book instead of at the human beings involved is just as wrong as it can be about this bill. We are going to put it in early in the next Congress and we are going to pass it. If need be, we will override a veto, something I do not like to do.

With respect,

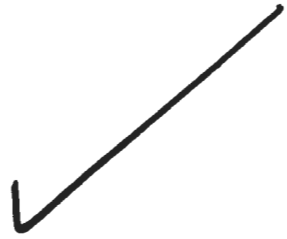
  
Barry Goldwater



MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

September 17, 1984



TO: EDWIN MEESE  
JAMES A. BAKER ✓  
JOHN SVAHN  
DAVID STOCKMAN  
WILLIAM BROCK

THRU: M.B. OGLESBY, JR.

FROM: PAMELA J. TURNER

SUBJECT: Attached Statement

Senator Richard Lugar (R-Indiana) will be presenting the attached speech on Tuesday morning, September 18. He asked that a copy of this speech be brought to your attention.

Attachment

STATEMENT ON PROPOSED STEEL QUOTA LEGISLATION

BY RICHARD G. LUGAR

U. S. SENATOR, INDIANA

SEPTEMBER 18, 1984

THE UNITED STEEL WORKERS AND MANY MAJOR STEEL COMPANIES IN THE UNITED STATES HAVE CALLED FOR URGENT CONSIDERATION AND PASSAGE OF S. 2380, "THE FAIR TRADE IN STEEL ACT OF 1984." THIS LEGISLATION WOULD PLACE A FIVE YEAR QUOTA ON IMPORTS OF STEEL INTO THE UNITED STATES, WITH RESULTING STEEL COMPANY PROFITS TO BE REINVESTED IN THE STEEL INDUSTRY FOR MODERNIZATION. S. 2380 CALLS FOR A 15% OVERALL IMPORT QUOTA, REQUIRING ALLOCATION BY COUNTRY AND BY PRODUCT.

LITERATURE CIRCULATED TO DELEGATES OF THE 1984 REPUBLICAN NATIONAL CONVENTION BY THE UNITED STEEL WORKERS STATES THAT EMPLOYMENT IN THE STEEL INDUSTRY HAS DROPPED FROM 453,000 IN 1979 TO 243,000 IN 1983; THAT CAPACITY UTILIZATION IN THE INDUSTRY HAS DROPPED FROM 95.1% IN 1979 TO 65.4% IN 1983; AND THAT THE ACTUAL PRICE PER NET TON OF SHIPPED STEEL HAS DROPPED FROM \$514.99 IN 1981 TO \$480.00 IN THE FIRST HALF OF 1984. FURTHERMORE, IMPORTS AS A PERCENTAGE OF STEEL CONSUMPTION IN THE UNITED STATES HAVE INCREASED FROM 15.2% IN 1979 TO 25.2% IN THE FIRST QUARTER OF 1984. THE STEEL INDUSTRY CLAIMS THAT IMPORTS HAVE EXCEEDED 35% IN RECENT MONTHS. THE INDUSTRY ARGUES THAT FOREIGN IMPORTS OF STEEL HAVE LED TO A SHARP DECLINE IN EMPLOYMENT, IN UTILIZATION OF STEEL FACILITIES, AND IN DEPRESSED STEEL PRICES.

BOTH STEEL WORKERS AND VARIOUS STEEL COMPANIES ASSERT THAT MOST FOREIGN IMPORTS UNDERCUT UNITED STATES STEEL PRICES BECAUSE OF GOVERNMENTAL SUBSIDIES USED BY FOREIGN STEEL COMPANIES TO CONSTRUCT MODERN STEEL PLANTS. ADDITIONALLY, CHARGES ARE MADE THAT A SUBSTANTIAL PERCENTAGE OF IMPORTED STEEL IS DUMPED ON THE UNITED STATES MARKET AT PRICES BELOW COST OF PRODUCTION.

UNITED STATES LAW PROHIBITS DUMPING, BUT STEEL WORKERS AND MANY STEEL COMPANIES ALLEGE THAT ENFORCEMENT OF ANTI-DUMPING PROVISIONS HAS BEEN GROSSLY INADEQUATE AND THAT ONLY MANDATORY OVERALL QUOTAS CAN ACHIEVE RELIEF IN A TIMELY AND EFFICIENT MANNER. THE STEEL INDUSTRY IN THE UNITED STATES SUFFERED TOTAL LOSSES OF \$6.7 BILLION IN THE 1982-1983 PERIOD. MODERNIZATION TO MEET COMPETITION IS OBVIOUSLY DIFFICULT IN THE FACE OF SUCH LOSSES. FURTHERMORE, THE UNITED STATES DOLLAR IN RELATION TO OTHER FOREIGN CURRENCIES HAS CONTINUED TO RISE TO RECORD LEVELS. THESE FOREIGN EXCHANGE RATIOS ARE ADVERSE TO UNITED STATES EXPORTS AND HELPFUL TO FOREIGN IMPORTS INTO THE UNITED STATES.

A WELL ORGANIZED EFFORT HAS BEEN MADE BY STEEL WORKERS AND CERTAIN STEEL COMPANIES TO PRESS FOR THE 15% QUOTA LEGISLATION DURING THE PRESIDENTIAL AND CONGRESSIONAL CAMPAIGNS OF 1984, WITH THE HOPE OF EXERTING MAXIMUM PRESSURE ON THE PRESIDENTIAL CANDIDATES AND MEMBERS OF CONGRESS. PROPONENTS OF THE LEGISLATION ARGUE THAT THE ELECTORAL VOTES OF STATES WHICH HAVE LARGE STEEL COMPANIES ARE AT STAKE IN THE PRESIDENTIAL ELECTION AND THAT MEMBERS OF THE SENATE AND THE HOUSE OF REPRESENTATIVES FROM STATES WHICH HAVE STEEL FACILITIES SHOULD BE EXPECTED TO CO-SPONSOR S. 2380 AND ITS COMPANION BILL H.R. 5081 IN ORDER TO INDICATE WILLINGNESS TO HELP BOTH STEEL WORKERS AND STEEL COMPANIES AT A TIME OF GREAT PERIL.

A STRONG AND COMPETITIVE STEEL INDUSTRY IS VITAL TO OUR COUNTRY. OUR NATIONAL DEFENSE RELIES UPON ADEQUATE STEEL CAPACITY. THE PROSPERITY OF MANY STATES AND REGIONS OF THIS COUNTRY IS DEPENDENT ON REVITALIZATION OF THE STEEL INDUSTRY. IN RECOGNITION OF THE NEED FOR A STRONG STEEL INDUSTRY, I HAVE SUPPORTED GOVERNMENTAL MEASURES WHICH GAVE A SUBSTANTIAL DEGREE OF PROTECTION TO THE UNITED STATES STEEL INDUSTRY IN THE PAST. I SUPPORT THE MOST STRENUOUS ENFORCEMENT OF ANTI-DUMPING LAWS AND PROMPT LEVELING OF PENALTIES AND REMEDIES WHEN DUMPING IS PROVED. I HAVE SUPPORTED THE SO-CALLED "TRIGGER PRICE MECHANISM" WHICH WAS DESIGNED TO BRING ABOUT EASIER ENFORCEMENT OF ANTI-DUMPING AND UNFAIR SHIPPING PROCEDURES. I HAVE SUPPORTED ORDERLY MARKETING AGREEMENTS WHICH HAVE BEEN ARRANGED WITH WESTERN EUROPE AND JAPAN AND WHICH EFFECTIVELY LIMIT IMPORTS FROM THOSE COUNTRIES ON A "VOLUNTARY" BASIS WHICH MAINTAINS OUR AGREEMENT TO ABIDE BY INTERNATIONAL TREATIES AND AVOIDS RETALIATION BY OTHER COUNTRIES.

AFTER RECEIVING MANY THOUSANDS OF LETTERS AND PETITIONS FROM CONSTITUENTS WHO ARE EMPLOYED IN THE STEEL INDUSTRY, LISTENING PERSONALLY TO ARGUMENTS OF MANY LABOR AND MANAGEMENT LEADERS IN THE INDUSTRY, READING STRONG EDITORIALS IN SOME NORTHERN INDIANA NEWSPAPERS SUGGESTING THAT THE MINIMUM RESPONSE THAT A SENATOR FROM INDIANA COULD MAKE IS TO CO-SPONSOR VIGOROUSLY THE 15% QUOTA LEGISLATION, IT IS VERY TEMPTING TO SAY "YES" TO THESE CALLS FOR S. 2380.

THIS IS ESPECIALLY TRUE GIVEN THE LACK OF WELL-ORGANIZED OPPOSITION TO THE LEGISLATION AND THE SIMPLE FACT THAT MOST CONGRESSIONAL LEADERS GIVE THE LEGISLATION NO CHANCE OF PASSAGE DURING THIS CONGRESS.

NEVERTHELESS, I WILL OPPOSE S. 2380 IF IT SHOULD COME BEFORE THE UNITED STATES SENATE. THE QUOTA LEGISLATION IS CLEARLY IN VIOLATION OF OUR TRADE AGREEMENTS AND WOULD BRING STRONG RETALIATION AGAINST OUR AGRICULTURAL EXPORTS AND AGAINST EXPORTS OF OUR MANUFACTURED GOODS. IN MY JUDGMENT, FARMERS IN INDIANA WHO HAVE BARELY RECOVERED FROM THE DISASTEROUS U. S. GOVERNMENT EMBARGO ON EXPORTS OF GRAIN TO THE SOVIET UNION IN 1979 WOULD FACE RETALIATION AGAINST OUR EXPORTS WHICH WOULD EXCEED THE LOSSES SUFFERED UNDER THE SOVIET EMBARGO. DURING THE PAST FEW MONTHS, THE UNITED STATES GOVERNMENT ATTEMPTED ADDITIONAL PROTECTIONISM IN THE TEXTILE INDUSTRY AND AMERICAN FARMERS SUFFERED THE RESULTS IN DIRECT RETALIATION BY THE CHINESE GOVERNMENT. CANADA HAS ALREADY INDICATED THAT STRONG RETALIATORY MEASURES WILL BE TAKEN IF THE STEEL QUOTA LEGISLATION IS PASSED.

BECAUSE THE ISSUE OF MORE JOBS FOR MY STATE OF INDIANA IS SO IMPORTANT TO ME AND TO MY CONSTITUENTS, I HAVE CORRESPONDED WITH LEADERS IN ALMOST EVERY BUSINESS SECTOR OF INDIANA ABOUT THE STEEL QUOTA LEGISLATION. I HAVE RESEARCHED THE EXTENSIVE LITERATURE ON THE POTENTIAL FUTURE OF THE STEEL INDUSTRY, INCLUDING THE FAVORABLE SCENARIOS IN WHICH NEW BREAKTHROUGHS IN TECHNOLOGY ARE ADOPTED MUCH MORE RAPIDLY THAN MANAGEMENT AND WORKERS HAVE ACTED IN THE PAST.

I AM CONVINCED THAT IN THE SHORT, INTERMEDIATE, AND LONG TERM, MORE JOBS WILL BE LOST IN INDIANA THAN COULD POSSIBLY BE GAINED BY ADOPTING THE STEEL QUOTA LEGISLATION. THE VERY MODERNIZATION WHICH COULD SAVE THE COMPANIES WILL RESULT IN FEWER STEEL WORKER JOBS, LEAVING ASIDE ANY EFFECTS EXPERIENCED IN OTHER INDUSTRIES. A SIMILAR DECREASE IN THE OVERALL NUMBER OF JOBS IS OCCURRING IN THE AUTOMOBILE INDUSTRY. MUCH OF THE MOST INTENSE COLLECTIVE BARGAINING HAS BEEN CONCERNED WITH THE PACE OF JOB ATTRITION AND PROVISION FOR WORKERS WHOSE JOBS WILL SURELY BE LOST IF NEW COMPETITIVE SUPPLY AND PRODUCTION PROCEDURES ARE ADOPTED.

FURTHERMORE, THE QUOTA LEGISLATION IS DESIGNED TO MAKE IT POSSIBLE FOR MANY UNITED STATES STEEL PRODUCERS TO RAISE PRICES OR TO RESIST PRICE DECREASES. A PORTION OF THE CURRENT STEEL COMPLAINT IS THAT EXCESSIVE FOREIGN IMPORTS HAVE LEAD TO WEAKNESSES IN STEEL PRICES AND THUS TO LOWER PROFITS OR EVEN TO LOSSES. TO THE EXTENT THAT STEEL PRICES GO UP, THE COST OF PRODUCING AUTOMOBILES, FARM MACHINERY, AND OTHER ITEMS WHICH REQUIRE STEEL WILL GO UP. AMERICAN INDUSTRY IS LOCKED IN A GRIM STRUGGLE WITH WORLD COMPETITORS WHO HAVE REDUCED THEIR COSTS. AMERICAN INDUSTRY IS IN THE PROCESS OF DOING THE SAME. A GENERAL INCREASE IN THE PRICE OF STEEL WILL CREATE SUBSTANTIAL LOSS OF JOBS IN INDUSTRIES WHICH MUST USE HIGHER PRICED STEEL.

THE ARGUMENT FOR THE 15% QUOTA LEGISLATION IS OFTEN MADE ON THE BASIS THAT TENS OF THOUSANDS OF STEEL WORKERS WOULD HAVE THE OPPORTUNITY TO RETURN TO WORK. HONEST AND SOPHISTICATED ADVOCATES OF THE LEGISLATION ADMIT THAT UNDER THE BEST OF CIRCUMSTANCES, 40,000 STEEL WORKERS MIGHT RETURN TO WORK FOR A WHILE AND NOT THE 210,000 WHO HAVE LOST THEIR JOBS SINCE 1979. THE STARK FACT REMAINS THAT EVEN IF 40,000 PERSONS WERE REHIRED IN THE STEEL INDUSTRY, MANY MORE AMERICANS WOULD LOSE THEIR JOBS DUE TO FOREIGN RETALIATION AGAINST OUR EXPORTS AND TO HIGHER COSTS WHICH WOULD MAKE MANY COMPANIES LESS COMPETITIVE IN WORLD MARKETS.

IT IS PROBABLE THAT INCREASED MODERNIZATION OF THE STEEL INDUSTRY IN THIS COUNTRY WILL LEAD TO FEWER JOBS WHETHER THE QUOTA LEGISLATION IS PASSED OR NOT. IT IS ONLY FAIR THAT CITIZENS IN THE STATES AND DISTRICTS MOST VITALLY AFFECTED SHOULD KNOW THAT STEEL JOBS WILL BE FEWER, RATHER THAN BEING LED TO SUPPORT QUOTAS IN THE HOPE OF PRODUCING JOBS WHICH ARE SIMPLY NOT GOING TO EXIST UNDER ANY CIRCUMSTANCES.

AN EVEN MORE UNFORTUNATE MISUNDERSTANDING IS THE ASSUMPTION THAT A 15% QUOTA FOR FIVE YEARS COULD BE ENFORCED ANY BETTER THAN CURRENT ANTI-DUMPING LEGISLATION. ADVOCATES OF THE 15% QUOTA HAVE NOT EXPLAINED HOW ESTIMATES ARE TO BE MADE FOR THE PRECISE QUANTITIES OF EACH CATEGORY OF STEEL IN A TARGET YEAR TO BE IMPORTED FROM EACH STEEL MAKING COUNTRY. ANNUAL ESTIMATES OF STEEL USAGE IN THE UNITED STATES VARY MARKEDLY DEPENDING UPON THE VIGOR OF ECONOMIC ACTIVITY IN OUR COUNTRY. FAILURE TO ESTIMATE CORRECTLY THE NEED FOR SPECIFIC ITEMS FROM SPECIFIC COUNTRIES WILL LEAD TO BOTTLENECKS AND INEFFICIENCIES IN PRODUCTION AND TO THE LOSS OF AMERICAN JOBS DUE TO THE SELF-IMPOSED QUOTAS. THE COMPLEXITIES OF ESTIMATES, MEASUREMENTS OF COMPLIANCE, AND ENSUING ENFORCEMENT PROCEDURES ARE MIND-BOGGLING. A 15% QUOTA BILL IS NOT SELF-ENFORCING. THE CASE FOR VOLUNTARY AGREEMENTS IS THAT IF ALL NATIONS INVOLVED DESIRE TO ARRANGE IMPORT-EXPORT QUESTIONS, MUTUAL ENFORCEMENT IS POSSIBLE WITHOUT RECRIMINATION AND RETALIATION AND WITHOUT THE ENDLESS ENFORCEMENT HASSLES WHICH LACK OF COOPERATION WILL PRODUCE.



IN COMING TO MY CONCLUSION TO OPPOSE S. 2380, I HAVE NOT ARGUED WHETHER THE MANAGERS OF STEEL COMPANIES IN THE UNITED STATES HAVE BEEN ADEQUATE, WHETHER LABOR CONTRACTS ENTERED INTO WITH THE UNITED STEEL WORKERS WERE WISE, OR WHETHER MORE ASTUTE MARKETING EFFORTS COULD HAVE PRODUCED GREATER DEMAND FOR STEEL IN THIS COUNTRY AND AROUND THE WORLD. IT IS NOW APPARENT THAT MANAGEMENT OF MANY STEEL COMPANIES DID NOT MAKE THE BEST PRODUCTION AND MARKETING CHOICES IN THE PAST. IT IS APPARENT THAT SOME COMPANIES AND THE UNITED STEEL WORKERS ENTERED INTO WAGE AND BENEFIT CONTRACTS THAT ARE NOW DIFFICULT, IF NOT IMPOSSIBLE, TO SUSTAIN IN THE FORM OF MORE JOBS OR CONTINUATION OF PRESENT JOBS. MANUFACTURERS HAVE SUBSTITUTED LESS EXPENSIVE MATERIALS. WITHOUT STRENUOUS MARKETING EFFORTS, THESE SUBSTITUTIONS WILL CONTINUE.

THE UNITED STEEL WORKERS AND VARIOUS STEEL COMPANIES WILL HAVE TO TAKE EXTRAORDINARY MEASURES TO MAINTAIN REMAINING JOBS AND SOLVENCY OF THE COMPANIES. IT IS APPARENT THAT PRODUCTIVE EFFICIENCY HAS INCREASED SUBSTANTIALLY IN RECENT MONTHS. BUT IT IS EQUALLY APPARENT THAT MANY STEEL COMPANIES HAVE DECIDED NOT TO INVEST IN ADDITIONAL COMPETITIVE FACILITIES AND HAVE CHOSEN TO IMPORT STEEL PRODUCTS THAT ASSIST THEIR MARKETING STRATEGIES. MANY STEEL WORKERS ARE NOT PREPARED TO AMEND LABOR CONTRACTS, RECOGNIZING THAT EVEN MAJOR SACRIFICES WILL NOT GUARANTEE EITHER NEW JOBS OR RETENTION OF EXISTING JOBS.

THE REACTIONS OF BOTH MANAGEMENT AND UNION MEMBERS ARE UNDERSTANDABLE. BUT IT IS ALSO UNDERSTANDABLE THAT THE REMAINDER OF AMERICAN INDUSTRY THAT USES STEEL AND AMERICAN AGRICULTURE WHICH WOULD FEEL THE BRUNT OF RETALIATION AGAINST AMERICAN EXPORTS SHOULD BE RELUCTANT TO SUPPORT STRONGLY PROTECTIONIST LEGISLATION WHICH HAS ONLY VERY LIMITED PROSPECTS FOR ASSISTING STEEL WORKERS.

ONE OF THE IRONIES OF THE DEBATE ON QUOTA LEGISLATION HAS BEEN AN EXTRAORDINARY RUSH BY MANY AMERICAN COMPANIES TO IMPORT STEEL IN ORDER TO BEAT THE POTENTIAL IMPOSITION OF QUOTAS. THIS SURGE OF IMPORTS HAS BEEN ACCOMPANIED BY STEEL COMPANY ANNOUNCEMENTS THAT ADDITIONAL WORKERS ARE BEING LAID OFF.

THE DENIAL OF QUOTAS TO CERTAIN SPECIALTY STEEL COMPANIES HAS LEAD TO FEARS THAT QUOTAS ON CARBON STEEL PRODUCTS WOULD LEAD TO OTHER STEEL IMPORTS FLOWING INTO UNREGULATED AREAS. FINALLY, IN THE EVENT THAT QUOTAS ON ALL KINDS OF STEEL SHOULD BE IMPOSED, FABRICATORS OF STEEL PRODUCTS FEAR THAT STEEL WILL ENTER THE U. S. IN THE FORM OF FINISHED PRODUCTS. CONGRESSIONAL DEBATE ON QUOTAS TO STOP IMPORTS OF ALL MANUFACTURED PRODUCTS WOULD BE AN ENDLESS AND SELF-DEFEATING PROCESS.

THE UNITED STATES CONGRESS PASSED TAX LEGISLATION IN 1981 WHICH WAS VERY HELPFUL TO THE STEEL INDUSTRY AND TO MOST OF THE REST OF AMERICAN INDUSTRY. THE STRONG ECONOMIC RECOVERY COULD LEAD TO SUBSTANTIAL NEW ORDERS FOR STEEL IF STEEL COMPANIES FURNISHED THE PRODUCTS WHICH THE REST OF AMERICAN INDUSTRY DESIRED AT PRICES WHICH ARE COMPETITIVE. THESE OVERALL ECONOMIC POLICIES SHOULD BE COUPLED WITH STRINGENT ANTI-DUMPING ENFORCEMENT, THE STRENGTHENING OF FREE TRADE PROCEDURES IN THE WORLD, AND TARGETED ASSISTANCE TO INDIVIDUAL STEEL WORKERS AND STEEL COMMUNITIES TO BRING ABOUT A HUMANE TRANSITION FROM EMPLOYMENT OF THE PAST TO PRODUCTIVE EMPLOYMENT IN THE FUTURE.

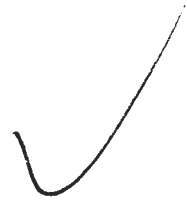
WHATEVER MAY BE THE ECONOMIC DEMERITS OF S. 2380, IT COMES BEFORE US BECAUSE OVER 200,000 AMERICAN STEEL WORKERS HAVE LOST THEIR JOBS AND HAVE NO REASONABLE PROSPECT OF EVER SEEING THOSE JOBS AGAIN. BUT WE MUST BE HONEST: BLATANT PROTECTIONISM WILL NOT RESTORE THOSE JOBS. AND BLATANT PROTECTIONISM WILL NOT CREATE LONG TERM NEW JOBS IN THE STEEL INDUSTRY. THE EMOTIONAL SATISFACTION OF QUOTAS CANNOT SUBSTITUTE FOR SOUND JUDGMENT ABOUT HOW TO MEET THE HUMAN SUFFERING WHICH THE TRANSITION IN THE STEEL INDUSTRY HAS CAUSED. WE WILL NEED OUR VERY BEST COMPETITIVE EFFORTS TO ENSURE THE FUTURE OF A VIGOROUS AMERICAN STEEL INDUSTRY AND TO MEET THE NEEDS OF PERSONS ATTEMPTING TO SURMOUNT A LARGE TRANSITION IN THAT INDUSTRY. I PLEDGE TO WORK WITH PRESIDENT REAGAN AND CONGRESSIONAL LEADERS TO MEET THOSE NEEDS.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

August 14, 1984



FOR: JIM BAKER

FROM: MIKE HUDSON

A handwritten signature, appearing to be 'MH', is written over the name 'MIKE HUDSON'.

SUBJECT: Attached Recommended Telephone Call

This is per your conversation with Nancy Risque. We have submitted the attached recommended telephone call. B. Oglesby asked that we send you a copy for informational purposes, noting that B. feels this call should not be made until after the President has met with Senator Pete Domenici.

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL

TO: Senator Dennis DeConcini (D-Arizona)

DATE: After a 2:15 p.m. meeting with Senator Pete Domenici (R-New Mexico) on Friday, August 17, or Saturday, August 18, 1984

RECOMMENDED BY: Jim Baker  
M. B. Oglesby, Jr. *MBO/JMA*

PURPOSE: To discuss Senator DeConcini's concern over problems faced by the copper industry.

BACKGROUND: Senators from copper producing states have expressed serious concern over depressed prices in the industry. You are scheduled to meet with Senator Pete Domenici (R-New Mexico) to discuss this matter on Friday afternoon. DeConcini, like Senator Domenici, is concerned that although the International Trade Commission has determined that imports constitute a major cause of the industry's problems, the Administration may determine that further action is not necessary.

Senator DeConcini, a member of the Appropriations Committee and the Judiciary Committee, feels it is important to discuss this matter with you before a final decision is reached.

(Senator DeConcini called the President last week. Jim Baker returned the call, and it was agreed that the President would call Senator DeConcini after his return from California. M. B. Oglesby, Jr. has recommended that the call be made after the the President's Friday, August 17, meeting with Senator Pete Domenici.)

TOPICS OF DISCUSSION:

1. Dennis, I'm calling to discuss the problems the copper industry is now experiencing. It is a serious matter, and I am aware of your concerns. Several of your colleagues have talked to me about some of the problems.

(Discussion of the Senator's concerns.)

2. Dennis, please be assured that these points will be assessed thoroughly before any decisions are made. I appreciate having your views, and hope we can work together on this in the coming weeks.

DATE OF  
SUBMISSION:

August 14, 1984

ACTION \_\_\_\_\_

THE WHITE HOUSE

WASHINGTON

August 14, 1984

MEMORANDUM TO JAMES A. BAKER, III  
ROBERT C. McFARLANE

THRU: M. B. OGLESBY, JR. *MBJ*

FROM: DENNIS THOMAS *DT*

SUBJECT: Legislative activity on movement of Embassy  
to Jerusalem

Congressman Lee Hamilton (D-Indiana) advises that he met last week, informally, with the members of his subcommittee. They agreed negotiations on a letter addressing this issue should go forward and designated Congressmen Gilman, Lantos, Winn, Mica and Hamilton to be the principal participants. If negotiations are not successful by the time the Congress returns in September, Mr. Hamilton will, the second week after their return, begin markup on legislation.

Congressman Tom Lantos (D-California) has revised his legislative proposal and now has it drafted as a concurrent resolution that does not require the President to act, but suggests that it (moving the Embassy to Jerusalem) should be done at the earliest possible time. Mr. Hamilton indicated that the discussion did not focus at any length on the content, form, or signator to a letter and that the discussion could be characterized as being from one extreme to the other. That is to say, Mr. Lantos took the position that 1) the letter must be from the President; 2) it would request postponement of the action until 1985; and 3) the Administration would agree to take no position or not oppose legislative initiatives at that time. Congressman Robert Torricelli (D-New Jersey) took a more moderate position, suggesting the President express his hope that the legislation not go forward now as it would not be in our national interest.

Congressman Hamilton concluded by saying he would be glad to work with us on this. His office has provided the enclosed draft letters and asked they have a response on or before September 4th.

Thoughts?

cc: Richard Darman

DRAFT

August 10, 1984

by Mica

Letter to Dm and LH [?]:

I take this opportunity to commend you and your colleagues on the Subcommittees on International Operations and On Europe and the Middle East for the serious and reasonable approach you have taken in dealing with the extremely sensitive and emotional proposal to move the U.S. Embassy to Israel in Tel Aviv to Jerusalem.

A review of the hearing records reveal important statements of concern expressed by interested parties from around the world and from ardent supporters of the proposal.

It is my understanding that, in light of the extreme emotion surrounding this matter, the Subcommittees have decided that it is in the best interest of all concerned and a bipartisan foreign policy that this measure be put aside for the time being. I commend the proponents for such a responsible decision.

It is likely that, in the future, a similar sense of the Congress resolution may be introduced. While, I will personally continue to object to any legislation mandating the move of our Embassy to Israel from Tel Aviv to Jerusalem, I certainly will recognize and respect the right of Congress to consider and, if deemed appropriate, approve a Sense of the Congress resolution regarding this matter.

note : At the very least, a similar letter should be addressed to the proponents of the proposal. I believe it should say the same. However, the lead-in should be appropriately tailored to Cong. Lantos and Gilman.



Draft Letter

by Lantos and Gilman

The Honorable Dante Fascell  
Chairman, Committee on Foreign Affairs  
United States House of Representatives

Dear Mr. Chairman:

The Foreign Affairs Committee is about to begin the markup of H.R. 4877. This legislation has been cosponsored by 228 members of the House of Representatives and an identical bill has been cosponsored by 51 members of the Senate. I commend the Congress for exploring extensively through a number of hearings the many dimensions of this legislation pending before the Congress.

The principal authors of this legislation have gone out of their way to make this a bipartisan effort, which is indicated by the many members of both political parties who have cosponsored the bill. Since it is important that this legislation be considered in a non-partisan context and atmosphere and since this would be difficult in the remaining weeks of the current session of the Congress, I request that consideration of this measure be postponed until the 99th Congress convenes.

If the authors of the legislation agree to this request and with the understanding that in the new session of Congress the form of the legislation will be that of a Concurrent Resolution expressing the sense of the Congress, my administration will neither directly nor indirectly oppose the consideration of such a resolution on the floor of both houses of Congress.

As I have said on a number of occasions in the past, I strongly support Israeli sovereignty over an undivided Jerusalem -- and Jerusalem should remain undivided and with continued free access for all faiths to its holy places.

Sincerely,

Suggested language by Mr. Mica — 3rd paragraph.

Although always oppose legislation that would require move of embassy, feeling it is scared privilege of executive branch, I would certainly honor and respect right of Congress to take action it deems appropriate without intervention of my administration with respect to a Sense of House or Congress resolution.

Congressman Winn feels that the letter should be magnanimous and conciliatory in tone but agrees that the President cannot, and should not be asked to, say that he would have no objections to a sense of congress resolution being considered next year. Winn wants that finessed in some way.

Mike