

The original documents are located in Box 60, folder “Shoe Imports” of the Philip Buchen Files at the Gerald R. Ford Presidential Library.

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PROPOSED STATEMENT BY PRESIDENT FORD

I am increasingly concerned over the substantial growth in imports of non-rubber footwear since the escape clause investigation was concluded in April, a development not anticipated at the time of my decision in that case. In the first seven months of this year, imports have increased by 33 percent from import levels of a year earlier. In July, for the first time in our history, imports exceeded domestic production of footwear. I am concerned over the impact which this import growth is having on jobs in this important industry.

Accordingly, I am asking the International Trade Commission to initiate a new investigation under Section 201 of the Trade Act of 1974. I am asking the ITC to give prompt and expeditious treatment to this investigation. Should the ITC again find that imports of non-rubber footwear are seriously injuring the domestic footwear industry, I shall promptly put into effect import relief which will eliminate the injury caused by imports.

In taking this action, I am mindful of my responsibilities as President to protect the jobs of American workers when they are jeopardized by imports.



STATEMENT OF POLICY

The non-rubber footwear import problem is not going away. It has worsened as a result of the Administration's policy of benign neglect of the problems faced by the domestic footwear industry due to unrestrained imports. The Administration has offered adjustment assistance -- a palliative at best and burial insurance at worst -- instead of coming to grips with the import problem.

Despite a unanimous finding of injury from imports by the International Trade Commission and commitments by the Ford Administration that imports would be controlled, President Ford issued a negative decision in the footwear escape clause case last April 16. Since that time, imports have reached new, all-time highs. In the first seven months of 1976, imports were one-third higher than in the same period of 1975. In July, for the first time in our history, imports of non-rubber footwear exceeded domestic production.

At stake here are the jobs of footwear workers and the viability of firms which remain in the industry. Both have been seriously eroded by uncontrolled and growing imports over many years.

The footwear manufacturing industry, and its suppliers, are united as never before in the singularity of purpose -- to survive and to become healthy again -- by securing controls on imports.

Towards this end, the American Footwear Industries Association reaffirms its commitment to achieve effective restraints on imports of non-rubber footwear through import quotas. Together with this commitment, the members of the AFIA pledge their time, their effort and their resources to accomplish this goal.



"PRESIDENT FORD AND THE AMERICAN SHOE INDUSTRY"



DEAR MR. PRESIDENT:

DO YOU REALIZE THAT WHEN YOU CRUCIFIED THE AMERICAN SHOE INDUSTRY ON GOOD FRIDAY, "APRIL 16," ~~BY OFFERING~~ ^{YOU OFFERED} ADJUSTMENT ASSISTANCE, ^{BY} YOU SAID YOU DID IT TO KEEP SHOE PRICES DOWN? ~~FOR THE CONSUMERS?~~ DO YOU KNOW WHAT HAS HAPPENED SINCE "APRIL 16"? SHOE PRICES HAVE GONE UP AT THE RETAIL LEVEL FROM \$5 TO \$10 A PAIR FOR THE AMERICAN PEOPLE! ^{REALLY}

DO YOU REALIZE THAT ON "APRIL 16" YOU SENT A SIGNAL TO THE WORLD THAT THE UNITED STATES WAS OPEN GAME FOR ALL COUNTRIES TO SHIP MORE SHOES AND THAT SHOE IMPORTS, WHICH ALREADY TOOK ^{43%} 50% OF TOTAL SALES, HAVE LEAPED ~~AN~~ ^{TO OVER 50%} ~~ADDITIONAL 58%~~ SINCE "APRIL 16"? DO YOU REALIZE THAT THE SHOE INDUSTRY, WHICH ALREADY ⁴⁹² HAS LOST ~~450~~ FACTORIES AND 100,000 JOBS TO IMPORTS, HAS, SINCE "APRIL 16," LOST MANY MORE FACTORIES AND ANOTHER 25,000 JOBS ^{IN THE SHOE AND SHOE SUPPLY INDUSTRIES} BECAUSE OF YOUR DECISION?

DO YOU REALIZE THAT THE ITC COMMISSIONERS, ~~WHOM YOU APPOINTED~~, ^{SERIOUSLY} VOTED UNANIMOUSLY BY 6-0 THAT THE SHOE INDUSTRY WAS ^A INJURED BY IMPORTS, AND ~~THE~~ ^{YOUR} ~~FORD~~ ADMINISTRATION PLEDGED TO ~~THE~~ CONGRESS THAT YOU WOULD ACT TO HELP THE INDUSTRY, IF THE ITC COMMISSIONERS SO RULED? YOU ~~HAVE~~ BROKEN ~~THAT~~ PLEDGE, ~~AND~~ YOU WERE NOT HONEST WITH THE CONGRESS OR THE AMERICAN PEOPLE, ~~IN RENDERING YOUR SHOE DECISION!~~

DO YOU REALIZE THAT YOU GAVE QUOTAS TO THE STEEL INDUSTRY? WHY? DOES A POUND OF STEEL WEIGH MORE THAN A POUND OF SHOES?

MR. PRESIDENT, YOU TELL US ON THE ONE HAND THAT YOU ARE WORRIED ABOUT UNEMPLOYMENT AND ON THE OTHER HAND YOU CREATE MORE UNEMPLOYMENT. YOU TELL US THAT YOU ARE WORRIED ABOUT PRICES FOR THE CONSUMERS AND YOU HAVE CAUSED PRICES ON SHOES TO RISE \$5 TO \$10 A PAIR TO THE AMERICAN PEOPLE. YOU CANNOT HAVE IT BOTH WAYS. YOU ARE EITHER FOR US OR AGAINST US, AND YOU MADE THIS IMPORTANT DECISION WITHOUT EVEN THE COURTESY OF DISCUSSING THIS PROBLEM WITH ANY SHOE MANUFACTURER AND RELIED ONLY ON THE ADVICE OF SOME OF YOUR CABINET OFFICERS, WHO CAN'T TELL A RIGHT FOOT FROM A LEFT FOOT.

MR. PRESIDENT, WE ARE A LABOR ^{INTENSIVE} ~~INTENSIFIED~~ INDUSTRY AND NO MODERN ECONOMY CAN SURVIVE WITHOUT INDUSTRIES LIKE THE SHOE ~~INDUSTRY~~ ^{WHICH} AND ~~THE~~ LEATHER INDUSTRIES AND OTHER RELATED INDUSTRIES ~~TO~~ PROVIDE JOBS FOR THE MILLIONS OF WORKERS WHO ARE NOT TRAINED OR QUALIFIED TO ~~BECOME~~ ^{BE} ASTRONAUTS.

YOU ARE THE PRESIDENT OF ALL THE PEOPLE AND WE LOOK TO YOU FOR HELP, ^{AND TO KEEP YOUR PROMISES.} ~~INSTEAD~~, YOU OFFERED US ADJUSTMENT ASSISTANCE, WHICH ^A IS ANOTHER NAME FOR WELFARE. WE DO NOT WANT WELFARE! WE WANT JOBS!

MR. PRESIDENT, YOU MADE A MISTAKE IN THE SHOE DECISION. WHY NOT BE HONEST AND ADMIT IT AND CORRECT IT NOW, BEFORE YOU DESTROY THE ENTIRE SHOE AND LEATHER INDUSTRIES. THERE ARE OVER A MILLION PEOPLE IN THE SHOE, ~~AND~~ LEATHER AND RELATED INDUSTRIES WAITING FOR YOUR HELP. WE ARE YOUR FRIENDS AND NEIGHBORS AND FELLOW AMERICANS. HELP US AND LOOK KINDLY UPON OUR NEEDS.

SEYMOUR FABRICK,
PRESIDENT
VOGUE SHOE, INC.
LOS ANGELES, CALIF.

THE WHITE HOUSE
WASHINGTON

March 1, 1976

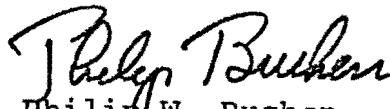
Dear Mr. Ambassador:

Thank you very much for sending me a copy of the memorandum prepared by your Minister of Foreign Affairs to Secretary Kissinger.

I appreciate having this information for use if and when this matter comes to the President for decision.

My best regards to you and Mrs. Alba.

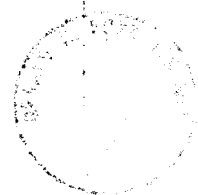
Sincerely,



Philip W. Buchen
Counsel to the President

The Honorable Jaime Alba
Ambassador
Embassy of Spain
2700 15th Street, N. W.
Washington, D. C. 20009

*Alba
Jaime
(1976)*





Washington, D. C., February 13, 1976

THE AMBASSADOR OF SPAIN
WASHINGTON, D. C.
PERSONAL

The Honorable
Philip W. Buchen
Counsel to the President
The White House
1600 Pennsylvania Avenue
Washington, D. C. 20500

Dear Mr. Buchen,

As we agreed the other day, I am herewith forwarding a copy of the memorandum which was handed by our Minister of Foreign Affairs to your Secretary of State on the same day that the treaty of Friendship and Cooperation between the United States and Spain was signed in Madrid.

You will find in the memorandum that "Spanish exports of shoes to the United States are again menaced by the possible adoption in coming weeks of restrictive measures," and that in any event, regardless of how the ultimate findings of the International Trade Commission end, it shall be up to the President to make the final decision on the matter.

I thank you most sincerely for your assistance in this important matter.

Warmly yours

Jaime

Jaime Alba



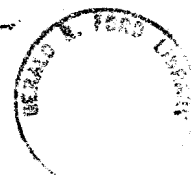
M e m o r a n d u m

Spanish exports of shoes to the United States of America are again menaced by the possible adoption in coming weeks of restrictive measures.

The International Trade Commission is at present holding hearings in order to determine the effects of shoe imports on the United States of America manufacturing industry. This investigation shall come to an end in a few weeks and on the basis of results obtained, the International Trade Commission shall propose to the President of the United States of America the appropriate course to follow. In any event, whatever the ultimate findings of the International Trade Commission may be, it shall be up to the President to take the final decision on the matter.

Conscious of the grave consequences that any measures taken by the United States of America to limit Spanish exports of shoes to the American market, would entail in the general context of relations between both countries, the Government of Spain wishes to underline yet again the great importance attached to the matter, in order to avoid serious damage to the traditional ties of friendship and cooperation linking the United States of America and Spain.

That is why it becomes imperative to recall



Ministerio
de
Asuntos Exteriores

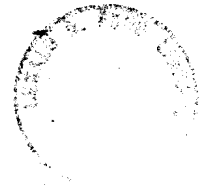
that the trade balance between United States of America and Spain shows for the past three years a considerable and ever-growing Spanish deficit amounting to \$838 million in 1973, \$1.553 million in 1974 and \$1.778 million in 1975.

Spanish exports of shoes to the U.S. market are the most important single item of U.S. imports from Spain. In 1975 they came to more than \$200 million equivalent to approximately 25% of all Spanish exports to the United States of America.

The Government of Spain, however, does not wish to contemplate the issue purely from an economic standpoint, but must also bear in mind the social and political implications derived from it.

Thus, the U.S. Authorities should be fully aware of the widespread concern present throughout Spanish shoe manufacturing areas motivated by the possible adoption by the United States of America of restrictive measures which would raise unemployment in those areas to a dangerous level.

The Government of Spain is also extremely concerned about the feelings of a public opinion which would find it difficult to admit such an attitude on the part of the United States of America a few weeks after

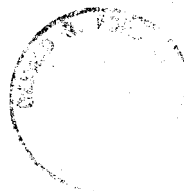


Ministerio
de
Asuntos Exteriores

the signature of a new Treaty of Friendship and Cooperation between both countries.

On the basis of the above mentioned considerations, the Government of Spain wishes to express the firm hope that the President of the United States of America does not accept, irrespective of the International Trade Commission proposal, the adoption of measures leading to a restriction of imports of Spanish shoes into the United States of America.

Madrid, January 24th., 1976.



*check file
Shel reports*

Monday 3/29/76

Meeting
3/30/76
10 a.m.

1:55 We have scheduled the meeting for Robert Leverenz
tomorrow (Tuesday 3/30) at 10 a.m.

(He is staying at the Crystal City Marriott)



THE WHITE HOUSE
WASHINGTON

Eva:

Make appointment
for ~~Thurs~~ Tuesday
morning at Bob's
convenience.

In the meantime,
see if Ed has material
re ITC decision & the
President's interim action.
Or maybe Soldman's
office has some
material. P.

stopping:
crystal city
marriott

12:30 p.m.

Thursday, March 25, 1976

Mr. Robert Leverenz from the International Trade Commission would like to visit with Mr. Buchen on Monday (P.M.) or Tuesday (A.M.) re the footwear industry. (March 29 or 30).

Says if Mr. B. doesn't want to talk about shoes, he is a distant cousin and would still like to see him.

I asked where he could be reached in Washington when he arrived and the Secretary did not know. She will advise him to call our office when he gets in town.

414-458-8771





LEVERENZ SHOE COMPANY box 979 sheboygan, wisconsin 53081 tel: 414-458-8771

MANUFACTURERS OF *Morgan Quinn*[®] FOOTWEAR FOR MEN

March 26, 1976

Attorney Philip Buchen
The White House
Washington, DC 20500

Dear Phil:

Knowing that I will be coming to Washington on Monday afternoon, I have tried to make an appointment through your office to have a chat with you either late Monday afternoon or Tuesday morning. However, your office has informed me that it is not possible to make these arrangements until Monday, at which time I have been asked to call for an appointment.

This note is simply intended to alert you to the fact that I will be calling as soon as I arrive in town early Monday afternoon and I sincerely hope you will be able to fit me in for a few minutes of conversation either that day or on Tuesday.

While I am scheduled to leave Washington again in mid-afternoon on Tuesday, March 30, I will certainly be happy to revise my travel plans if you cannot schedule an appointment until later that day.

Cordially,

LEVERENZ SHOE COMPANY

Robert H. Leverenz
Board Chairman

RHL:gg

P.S. I note that I neglected to explain to you my reasons for coming to Washington. Specifically, a number of us shoe manufacturers who have been seriously injured by virtually unrestricted imports of footwear, will be exploring the possible remedies which the President might recommend by way of granting temporary import relief to an industry which has been unanimously found by the International Trade Commission to have suffered injury. Whether you and I discuss this matter or not, I would nevertheless enjoy chatting with you for a few moments.



AMERICAN FOOTWEAR INDUSTRIES ASSOCIATION

CLAUDE LEWIS, JR., *Chairman*
WILLIAM D. SWEASY, *Chairman Elect*
PETER H. SOLOMON, *Treasurer*

MARK E. RICHARDSON, *President*

1611 NORTH KENT STREET
ARLINGTON, VA. 22209

(703) 522-8070

March 18, 1976

AMERICAN FOOTWEAR INDUSTRIES ASSOCIATION

STATEMENT OF POLICY

The unanimous determination of the International Trade Commission that imports of nonrubber footwear have been seriously injuring the domestic industry, is a welcome affirmation of the position of the American Footwear Industries Association and the two labor unions that brought this escape clause case to the Commission.

This case is the most recent of a long series of efforts by the industry to secure relief from injurious imports.

- Five years ago in a similar escape clause investigation, the Tariff Commission was equally divided on whether imports were seriously injuring the industry. That case was initiated by President Nixon, the first and only time a President has initiated an escape clause case, but he never took action to provide relief to the industry.


- The industry has filed countervailing duty petitions on subsidized exports of nonrubber footwear to the U.S. To date, countervailing duties have been imposed on shoes from Brazil, Spain, Korea, and Taiwan.
- A countless number of adjustment assistance cases have been filed by firms and workers. The costs to the Government have been heavy, the results ineffective.
- Congress reflected its concern for the welfare of the domestic industry by specific provisions in the Trade Act of 1974 singling out this industry by name in order to deal with its problems. Administration officials gave assurances to Senators McIntyre and Hathaway that the Administration would seek to devise means of solving the footwear import problem and to avoid disruptive imports.
- The industry was encouraged by the Administration to initiate the current escape clause case. It did so.

The industry has done its part. It has followed all of the requirements of the law. It has been studied to death. During the period of studies, investigations, and petitions, the industry has lost annual production of over 200 million pairs of shoes together with a loss of over 70,000 jobs, while annual imports have risen by about 150 million pairs capturing about 44 percent of the domestic market in 1975. No other major manufacturing industry in the U.S. competes for as small a share of the U.S. market as does the nonrubber footwear industry.

The time for studies and investigations is past. Now is the time for action to provide this industry with effective relief from imports. Halfway measures designed to placate foreign governments will not meet the import problems of this industry. The question before the Executive Branch today after the long history of this case is not how little should be done, but rather how much needs to be done to deliver effective relief from injurious footwear imports. The standard to be considered is the statement of the Senate Finance Committee that "the remedy should be commensurate with the injury found by the (International Trade) Commission". In this case, the finding of injury was unanimous, demolishing all of the arguments of those in opposition to such a finding.


Accordingly, the American Footwear Industries Association believes most strongly that effective and immediate limitations must be placed on the volume of nonrubber footwear imports. The jobs of thousands of workers and the future of hundreds of firms are at stake.

Because of the industry's dire need for immediate relief, its position with regard to the specific remedy which it would recommend at this time must be action which will be implemented as soon as possible and no later than April 20, the statutory deadline for action by the President under this escape clause case. To this end, the industry is willing to recommend a more modest remedy than it put forward in its petition to the



International Trade Commission, despite the fact that the President has the authority to impose quantitative restrictions pursuant to the February 20 decision of the International Trade Commission. Negotiated agreements with foreign governments, which might also be a desirable means of establishing effective limitations, could well be an uncertain and time-consuming procedure. Tariff increases by themselves have never been considered by the industry to be an effective remedy to meet the problem of injurious imports. Adjustment assistance is clearly not an import remedy.

Accordingly, the American Footwear Industries Association recommends at this time the promulgation by the President of a tariff-rate quota. In making this recommendation the Association strongly believes that revisions must be made in the remedy recommended by two of the Commissioners, and that the tariff quota system be based on the following points:

1. The level of imports which would be permitted on the basis of current tariffs should be those which occurred in calendar year 1974.
 2. The remedy should be in effect for five years.
 3. The tariff quota should cover all nonrubber footwear, except zoris and disposable paper slippers.
 4. There should be no scaling down of the over-quota tariff rate during the five-year period that the remedy is in effect. The Trade Act of 1974 does not require that there be any reduction in import relief during the period that the remedy is in effect.
- 

5. The over-quota tariff rate should be the maximum permitted under the Trade Act of 1974, namely, 50 percentage points ad valorem above current rates. (The ability of foreign countries to offset tariffs through such measures as currency devaluation -- Italy has devaluated by 25 percent since January 1 of this year -- makes it mandatory that the maximum rate be applied.)

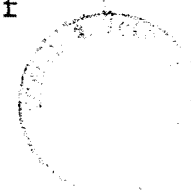
6. No growth should be permitted in the annual under-quota import levels.

7. Individual country quotas should be established for at least the leading fifteen foreign supplying countries, with all other countries sharing in a "basket" representing the difference between total 1974 import levels and aggregate imports of the countries for which individual quotas are established.

8. For purposes of implementation and to avoid an "upgrading" of imports, there should be a control mechanism using either price breaks or the TSUS numbers in which imports occurred in 1974, with a quarterly or semi-annual allocation of the under-quota rate.


9. No additional allocation should be made for "new starters". Imports from such countries should utilize the "basket".

10. The present spread between tariff rates in column 1 and 2 should be maintained by adding the over-quota tariff rate to the levels of column 2.



If it is deemed desirable that annual growth beyond the first year be provided in the under-quota import levels, this should be done only as a result of bilateral government-to-government negotiations. Growth may be provided as the price for a foreign government relinquishing its rights to compensation, if any should arise, for the effects of the tariff quota system. Providing annual growth beyond the first year must be the only concession made by the U.S. The growth rate permitted should be related strictly to the growth in the U.S. market for non-rubber footwear, to be implemented one year after the growth has occurred. The industry is willing to share the growth of the U.S. market, as it stated during the recent ITC investigation, but it is not willing to see foreign footwear supplying countries absorb a higher degree of growth in their exports to the United States than the domestic industry may enjoy. Nor is it willing to see growth applied unless it is in return for waiving compensation.

We believe that the foregoing program is most moderate and reasonable. We are hopeful that if all of the recommended steps are followed, an effective remedy will finally be established for the domestic industry. However, any departure from the foregoing recommendation could jeopardize the successful attainment of the objectives for which this import remedy is intended.





LEVERENZ SHOE COMPANY box 979 sheboygan, wisconsin 53081 tel: 414-458-8771
MANUFACTURERS OF *Morgan Quinn*[®] FOOTWEAR FOR MEN

March 31, 1976

Honorable Philip Buchen
Counsel to the President
White House
Washington, DC 20500

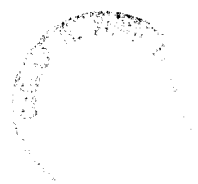
Dear Phil:

Not only did I thoroughly enjoy visiting with you yesterday, but also I am sincerely grateful for all the time you took to explore with me the urgent matter of import relief for the non-rubber footwear industry.

As I indicated to you, the industry has moderated its position drastically to the point where we have no fall back. The ten points in the policy statement I gave you represent, in their entirety, a program of effective relief. For the President to do less would be to deliver an ineffective remedy that will not give the industry breathing room to adjust to import competition. Since 1968, one-third of the jobs in the industry, representing 70,000 workers, have been lost to imports. Imports have captured 43% of the domestic market. In 1975, fifty-two plants, a plant a week, were closed. The issue here is not how little relief the administration can get by with, but rather what should and can be done to get effective relief delivered to this beleaguered industry once and for all.

One further point I failed to mention yesterday. The Trade Act of 1974 was sold to Congress and industry as a vehicle for providing a more effective means for industries to secure relief from injurious imports. The President needs the continued support of industry to get various trade agreements approved by Congress. Unless there is credibility in the escape clause process, these agreements may well be in jeopardy.

The industry wants very much to come out with a statement after the President's decision expressing their gratitude for giving the industry hope for the future. I personally pledge my assurance that such a statement will be issued if our ten point recommendation is adopted!



Honorable Philip Buchen
Page 2
March 31, 1976

Again, many thanks to you and your people for the extraordinary courtesy
you accorded me.

Cordially,

LEVERENZ SHOE COMPANY



Robert H. Leverenz
Board Chairman

RHL:gg



THE WHITE HOUSE
WASHINGTON

April 9, 1976

MEMORANDUM FOR: L. WILLIAM SEIDMAN
FROM: KENNETH LAZARUS *KL*
SUBJECT: Footwear Import Relief Case

The Counsel's office has reviewed your memorandum on the subject noted above and recommends adoption of Option II, Adjustment assistance combined with a moderate tariff quota based on recent trade patterns.



THE WHITE HOUSE

WASHINGTON

April 6, 1976

MEMORANDUM FOR PHILIP BUCHEN ✓
JAMES CANNON
MAX FRIEDERSDORF
JOHN O. MARSH
BRENT SCOWCROFT

FROM: L. WILLIAM SEIDMAN *fwz*

SUBJECT: Footwear Import Relief Case

A memorandum from Ambassador Dent on the footwear import relief case is attached.

Please provide your comments and recommendations on this memorandum to my office no later than c. o. b. Friday, April 9, 1976.

Attachment



THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

APR 5 1976

MEMORANDUM FOR THE PRESIDENT

FROM : Frederick B. Dent

SUBJECT: Footwear Import Relief Case

On February 20, 1976, the U.S. International Trade Commission (USITC) by unanimous vote found the domestic footwear industry to be seriously injured by imports. This is the largest import relief case brought under the Trade Act of 1974, or under previous law. Over 600 plants employing 163,000 workers in 37 states are affected. Over \$1.1 billion of imports, representing 40% of domestic shoe consumption, is involved in this decision.

Relief can take the form of increased tariffs, a tariff-rate quota, or a quota, or the negotiation of orderly marketing agreements.

Your decision of whether to grant import relief to the domestic footwear industry must be published by April 20. Under the Trade Act, relief must be granted unless you determine that the provision of import relief would be contrary to the national economic interest.

Adjustment assistance is currently available to workers, firms and communities from the Departments of Labor and Commerce. However, in connection with the granting or denial of relief, you can direct that additional efforts be made to assist this industry.

Discussion

Several major issues are posed by this case. There is the danger that a second set of U.S. import restrictions (specialty steel and then shoes) will undermine our ability to provide leadership for other countries to resist protectionist pressures. Restrictions which substantially decreased imports of traditional

~~CONFIDENTIAL~~

DECLASSIFIED

E.O. 12958, Sec. 3.5

NSC Memo, 11/24/98, State Dept. Guidelines
By WJM, NARA. Date 5/10/00



suppliers would also result in an immense compensation bill being owed or risk foreign retaliation. Since it is likely that there would be an increase in domestic consumption as the U.S. economy recovers from the recession, excessive import restrictions could result in substantial price increases. This would be especially serious given the fact that shoes represent 1.5% of the consumer price index.

Equally important, however, is the fact that this case is a major test of whether the Administration will uphold the commitments made to the Congress in obtaining the Trade Act of 1974. A general commitment was made that import-injured industries would receive relief unless this was contrary to the national interest. This is the basis upon which trade negotiating authority is granted to the President. Specific commitments, described below, were made with respect to how a footwear import relief case would be dealt with.

There is a clear division between agencies on whether relief should be granted. State, Treasury, Agriculture and CEA strongly oppose relief. They suggest that the remedy best suited to the needs of the shoe industry is increased efforts to deliver adjustment assistance. Commerce, Labor, CIEP and STR strongly recommend that moderate relief be granted in the form of a tariff-rate quota (excluding shoes for low income consumers). This would be designed to stabilize temporarily the erosion of the domestic industry. The Department of Defense favors imposition of a tariff-rate quota if the Administration has given its commitment to provide relief.

a. Injury to the domestic industry

No agency disputes the existence of injury. This case represents a dramatic example of a declining U.S. industry whose traditional market is being taken over by imports. During the period 1968 through 1975, there has been a decline in domestic production from 642 million to 433 million pairs. Imports have increased from 181 million to 288 million pairs (an increase in market share from 22% to 40% of footwear covered by the USITC finding). During this period, domestic employment declined by 30%, from 233,000 workers to 163,000 workers, half of the domestic companies have gone out of business, and approximately one third of the total number of plants have closed. The level of unemployment has been consistently more than twice that of the average for all manufacturing.

The major factor in the erosion of the U.S. producer's share of the domestic market appears to be the lower cost of labor

abroad. Another important factor has been consumer demand for a wide variety of styles and qualities of footwear.

Along with the overall decline in domestic production over the period 1967 through 1974, there has been a tendency for the largest firms to increase their total production, while the medium-sized and smaller firms reduced production substantially or went out of business. In 1974, out of a total of 409 firms, the 21 largest firms accounted for 50% of domestic production.

b. Efforts to help the shoe industry

Adjustment assistance is available under existing programs. For workers, it takes the form of a supplement to unemployment insurance and re-training. For firms and communities, it takes the form of financial and technical assistance. Some 22,000 footwear workers have been certified eligible to apply for adjustment assistance to date. A total of 17 footwear firms have been certified eligible for firm adjustment assistance. Financial and technical assistance totaling \$14 million has been authorized for seven of these firms. It is estimated that some \$24 million to \$120 million would be required to fund additional firm assistance. Resources of this magnitude are not currently budgeted for this program, and there would have to be a decision to increase funding if it were proposed that increased reliance be placed on adjustment assistance. In addition, a supplemental appropriation would appear to be necessary.

The advantages of confining action in this case to the continued or intensified use of adjustment assistance are several. The national economic interest would be served by preserving unimpaired our ability to exercise the moral leadership necessary to effectively oppose protectionism abroad. There would also be no risk of sparking either foreign trade restrictions imposed in response to, or emulating, our own. We would not have to pay compensation in the form of lowering the import protection of other United States industries, or risk retaliation against our exports of agricultural or industrial products. Moreover, we would not be providing a blanket remedy which helped healthy firms to improve profits.

Those agencies which argue for a denial of relief point out that the entire shoe industry cannot be expected to adjust in any fundamental way, because lower foreign labor costs are a dominant factor in the continuing erosion of our domestic production. Therefore relief has consumer costs which may not be offset by long-term benefits to the domestic industry.

On the other hand, adjustment assistance is currently available without any further Presidential action, and would be regarded (with some cause) as simply the denial of any relief. In 1971, when the footwear case was last presented to a President for action, no relief was granted. A public announcement was made of a comprehensive program of adjustment assistance. The program had little effect. While one of the USITC Commissioners recommended the provision of adjustment assistance in the current report, four Commissioners noted that this was not an effective remedy in the absence of import relief.

c. Impact on U.S. International economic interests

Temporary import relief can be fashioned so that there is no cut-back of imports from recent levels, and can be confined to stabilizing the growth rate of imports. This will minimize the adverse trade effects on our major suppliers. The tariff-rate quota proposed as Option II would have no effect on shoe imports from the Common Market, little effect on shoes from Spain, and a limited effect on Brazilian, Korean, and Taiwanese shoe exports. This would minimize the risk of retaliation against U.S. exports or demands for compensation. In fact, there has been some assurance already from the European Community that there would not be retaliation taken or compensation demanded if certain conditions are met.

As noted above, the major impact of granting relief will not be directly on the patterns of trade, but in the relatively imponderable area of the atmosphere in which countries abroad formulate their trade policies. There will be, and have been, charges that further restrictive action by the United States would undermine the Rambouillet statement and the OECD trade pledge, as well as the effectiveness of U.S. leadership against protectionism.

d. Administration commitments

To obtain the Trade Act, commitments were made both in general with respect to import-injured industries, and specifically in regard to the shoe industry. The price for obtaining from Congress Presidential authority to lower trade barriers was that import relief would be provided to U.S. industries injured by the policy of freer trade. Relief is to be granted unless the national economic interest dictates to the contrary. Moreover, the general presumption that relief is to be granted is bolstered by explicit Administration commitments in the case of shoes that it would be provided.

During Congressional consideration of the Trade Act of 1974, Ambassador Eberle and his Deputy, Ambassador Malmgren, were the Administration representatives who sat in at the mark-up of this legislation, and coordinated its development for the White House. When this legislation was nearing a vote in the Senate, Senator McIntyre in a letter of December 6th, 1974, expressed grave concern as to the Trade Act's possible effect on the shoe industry. To reassure the Senator, Ambassador Eberle on December 11, 1974, wrote that the Trade Act:

"... contains provisions which, if passed by Congress, will allow the Executive Branch to work out suitable remedies for disruptive imports, remedies which are appropriate to the particular difficulties of industries or workers concerned.

... it seems to me that the escape clause provisions . . . are ideally suited for use by the American non-rubber footwear industry If such escape clause procedures were undertaken under the new law, priority attention would be given to the matter, and if the procedures suggested the need for import relief, you can be assured that the Administration would move expeditiously to provide it."

Subsequently, Senator McIntyre introduced a restrictive amendment relating to footwear on the floor of the Senate. Senator Long successfully urged defeat of the McIntyre Amendment on the grounds that: "It is our guess that if the shoe industry would seek relief under the terms of this Act, chances are 90 out of 100 that it would get relief."

Against this background, and as opposed to the industry's currently seeking an international footwear agreement called for in another section of the Trade Act, last summer I recommended that the industry pursue their grievances in accordance with the remedies provided under the Trade Act. They did so and received the unanimous USITC finding that this industry has been seriously injured by imports.

Another consideration in connection with Administration commitments to Congress is the possible implication that failure to provide any relief for footwear would have on future Administration sponsored trade legislation. We expect major progress to be made in the MTN in the nontariff barrier area. This will result in legislative proposals at the end of the talks. To be successful in these efforts to expand world trade, the Administration must be

~~CONFIDENTIAL~~

responsive to domestic needs and to the views of the Congress. Neglect of these concerns in the Kennedy Round led to failure to have the only two nontariff barrier agreements entered into in that negotiation accepted by the Congress.

Remedy Options

The six USITC Commissioners failed to agree on a remedy. This fact deprives the Congress of the ability to override your decision by concurrent resolution, an important factor in the specialty steel case. In this case, three Commissioners voted for substantially increasing footwear tariffs (with the less expensive shoes bearing a higher rate of duty) phased down over a period of five years. Two Commissioners voted for a tariff rate quota, with a high over quota rate phased down over five years, allocated to supplying countries on the basis of their 1974 share of United States imports. One Commissioner recommended that adjustment assistance be provided.

The Trade Policy Committee has the statutory responsibility for making recommendations to you with respect to import relief cases. The Committee met on April 1, 1976 and agreed that two basic options be recommended for your consideration. In connection with each option, the President would direct the Secretaries of Labor and Commerce to give expeditious consideration to petitions for adjustment assistance.

Option I. Adjustment assistance with no import relief. The President would determine that provision of import relief is not in the national economic interest of the United States. This option is strongly supported by State, Treasury, Agriculture and CEA.

Approve: _____

Disapprove: _____

Option II. Adjustment assistance combined with a moderate tariff quota based on recent trade patterns. See Annex A. Excluded would be low-priced shoes, to reduce costs to consumers. Growth would be provided.

and the amount of relief would be phased down over a period of five years. Commerce, Labor, CIEP and STR strongly favor this option. DOD supports this option if you determine that the Administration is committed to giving relief.

Approve: _____

Disapprove: _____

Also included for your consideration are the proposals of the industry:

Option III: A stringent tariff rate quota based on recession levels of imports (1974) with a prohibitive over-quota rate. See Annex B. All footwear would be covered, without exception. This is the proposal of the American Footwear Industries Association. No agency recommends that you adopt this proposal.

Approve: _____

Disapprove: _____

Option IV. The President would announce on April 20 that he had decided to negotiate orderly marketing agreements. Agreements would be negotiated with five principal supplying countries. If agreements were not negotiated, the President would impose quotas on or before July 19, 1976, having a similar effect. The footwear union desires this remedy. No agency recommends that you adopt this proposal.

Approve: _____

Disapprove: _____

In light of the USITC's various remedy findings, no country has indicated a willingness to negotiate agreements. Moreover, the domestic industry, due to its belief that relief would be delayed and diluted through the negotiation of agreements, has indicated that it would prefer that a stringent tariff-rate quota be established.

~~CONFIDENTIAL~~

- 2 -

While increased tariffs was the remedy adopted by three of the six USITC Commissioners, this form of relief is not recommended because it would have a severe effect on European exports to the United States and would be very likely to lead to retaliation against our trade.

Implementation of decision

A decision by April 14 would allow sufficient time to conduct consultations with countries affected by the decision prior to its announcement. When informed of your decision, I will prepare the appropriate press release, notices to Congress, and Federal Register notices to implement your decision.

If you choose to grant relief, the necessary proclamation will be drafted. Relief must be effective within 15 days of your determination and announcement (not later than April 20) that it will be provided, unless you direct that orderly marketing agreements be negotiated, in which case the deadline for putting relief into effect is July 19.

~~CONFIDENTIAL~~

FOOTWEAR TARIFF QUOTA

<u>Base Period:</u>	Consistent with the most recent trade patterns.				
<u>Exclusions:</u>	Footwear under \$2.50 in value				
<u>Country Allocations:</u>	(1) European Community (EC) and Spain (2) All other				
<u>Value categories:</u>	(1) Under \$6.00 (2) \$6.00 and over				
<u>Over-quota rate:</u>	an additional 30% above existing rates of duty, phased down by 4% per year.				
	<u>1st yr.</u> +30%	<u>2nd yr.</u> +26%	<u>3rd Yr.</u> +22%	<u>4th yr.</u> +18%	<u>5th</u> +14%
<u>Duration:</u>	5 years				
<u>Growth:</u>	3% per year for each category covered.				

Explanation - The tariff-rate quota has been designed to except from its coverage the least expensive shoes. Protection for low-priced footwear would affect consumers the most without sufficient offsetting benefits for the domestic industry. Keen competition under \$2.50 should be present to keep lower income consumers supplied with adequate quantities of footwear at reasonable prices. (The values given are in terms of foreign export prices. Domestic consumers would pay between \$7.50 and \$10.00 for a shoe that has a foreign export price of \$2.50, before freight, insurance, and distribution costs are added.)

Having excluded the least expensive footwear, the tariff-quota would have its greatest adverse effect on traditional suppliers of leather footwear, the European Community and Spain. Therefore, allocations have been given specifically to these two suppliers, to minimize the need for compensation, or risk of retaliation. The remaining suppliers, lead by Brazil and Korea, are placed in a basket category, as this is favorable both to these countries and to consumers, due to the competitive strength of these producers.

Using two value categories of footwear covered by the quota, under \$6.00, and \$6.00 and above, will help to prevent footwear prices from climbing rapidly as foreign supply is restricted relative to demand. Since a substantial quantity of shoes must enter under \$6.00 to benefit from under-quota tariff rates, there will be a disincentive for foreign exporters to raise prices.

The over quota surcharge rate is set initially at 30%, (added to existing duties). It is estimated that a surcharge of 25% would be adequate to prevent overall growth in footwear imports. However, as rates vary in effectiveness depending on the price and type of footwear, a 30% rate has been selected to provide additional assurance that the surcharge will be effective. The phase-down of 4% a year will gradually restore increasing competition to the domestic industry, and avoid a sudden change between protection and free competition.

A minimum flat rate of growth of 3%/year is provided in case domestic production does not respond to domestic demand. Since growth in consumption has been through increasing imports, it is important to allow imports to expand at a moderated rate even if domestic production does not grow at an equal rate. This will dampen the inflationary impact.

Because the adjustment of this industry, largely to productive uses outside footwear production, promises to be a slow and difficult process, a full five years of relief (the maximum allowed under the Trade Act at this time) is recommended.

Review at the end of three years is recommended to determine whether the quota amounts require modification in light of domestic demand and the health of the domestic industry. We should also promise to consult with foreign supplying countries at any time on specific problems that they may raise about the impact of the tariff-rate quota.

American Footwear Industries Association
Tariff Rate Quota Recommendation

The tariff quota system should be based on the following points:

1. The level of imports which would be permitted on the basis of current tariffs should be those which occurred in calendar year 1974.
2. The remedy should be in effect for five years.
3. The tariff quota should cover all nonrubber footwear, except zoris and disposable paper slippers.
4. There should be no scaling down of the over-quota tariff rate during the five-year period that the remedy is in effect.
5. The over-quota tariff rate should be the maximum permitted under the Trade Act of 1974, namely, 50 percentage points ad valorem above current rates.
6. No growth should be permitted in the annual under-quota import levels.
7. Individual country quotas should be established for at least the leading fifteen foreign supplying countries, with all other countries sharing in a "basket" representing the difference between total 1974 import levels and aggregate imports of the countries for which individual quotas are established.
8. For purposes of implementation and to avoid an "upgrading" of imports, there should be a control mechanism using either price breaks or the TSUS numbers in which imports occurred in 1974, with a quarterly or semi-annual allocation of the under-quota rate.
9. No additional allocation should be made for "new starters" Imports from such countries should utilize the "basket".
10. The present spread between tariff rates in column 1 and 2 should be maintained by adding the over-quota tariff rate to the levels of column 2.

If it is deemed desirable that annual growth beyond the first year be provided in the under-quota import levels, this should be done only as a result of bilateral government-to-government negotiations. Growth may be provided as the price

for a foreign government relinquishing its rights to compensation, if any should arise, for the effects of the tariff quota system. Providing annual growth beyond the first year must be the only concession made by the U.S. The growth rate permitted should be related strictly to the growth in the U.S. market for nonrubber footwear, to be implemented one year after the growth has occurred.



THE AMBASSADOR OF SPAIN

April 9, 1976

Mr. Philip W. Buchen
Counsel to the President
The White House
Washington D. C. 20500

Dear Mr. Buchen:

Further to previous correspondence exchanged with you on imports of footwear and on the decision that President Ford will take before April 21st on the subject, I have the pleasure to enclose herewith a diagram of the Spain/U.S. Trade Balance for the period 1971/1975 in which you may see the figures of the Spanish trade deficit.

I am also enclosing a diagram of the Spain/U.S. trade during 1975, showing the main import/export products of both countries. It is significant to notice that from the \$807 million exported by Spain to the United States, \$238 million (about 30%) correspond to footwear. The impact that possible restrictive measures on footwear imports would have on the trade balance, which already shows a deficit against Spain, would be enormous.

I greatly appreciate the interest shown by you on this matter at all times and I trust that the decision of President Ford will be the most convenient for the U. S. and Spain.

Sincerely,

Jaime Alba

Warmly

Encl.



SPAIN – U.S. TRADE BALANCE

1971–1975

(Millions of Dollars)

\$ Millions
\$2,500

\$2,000

\$1,500

\$1,000

\$500

0

1971

1972

1973

1974

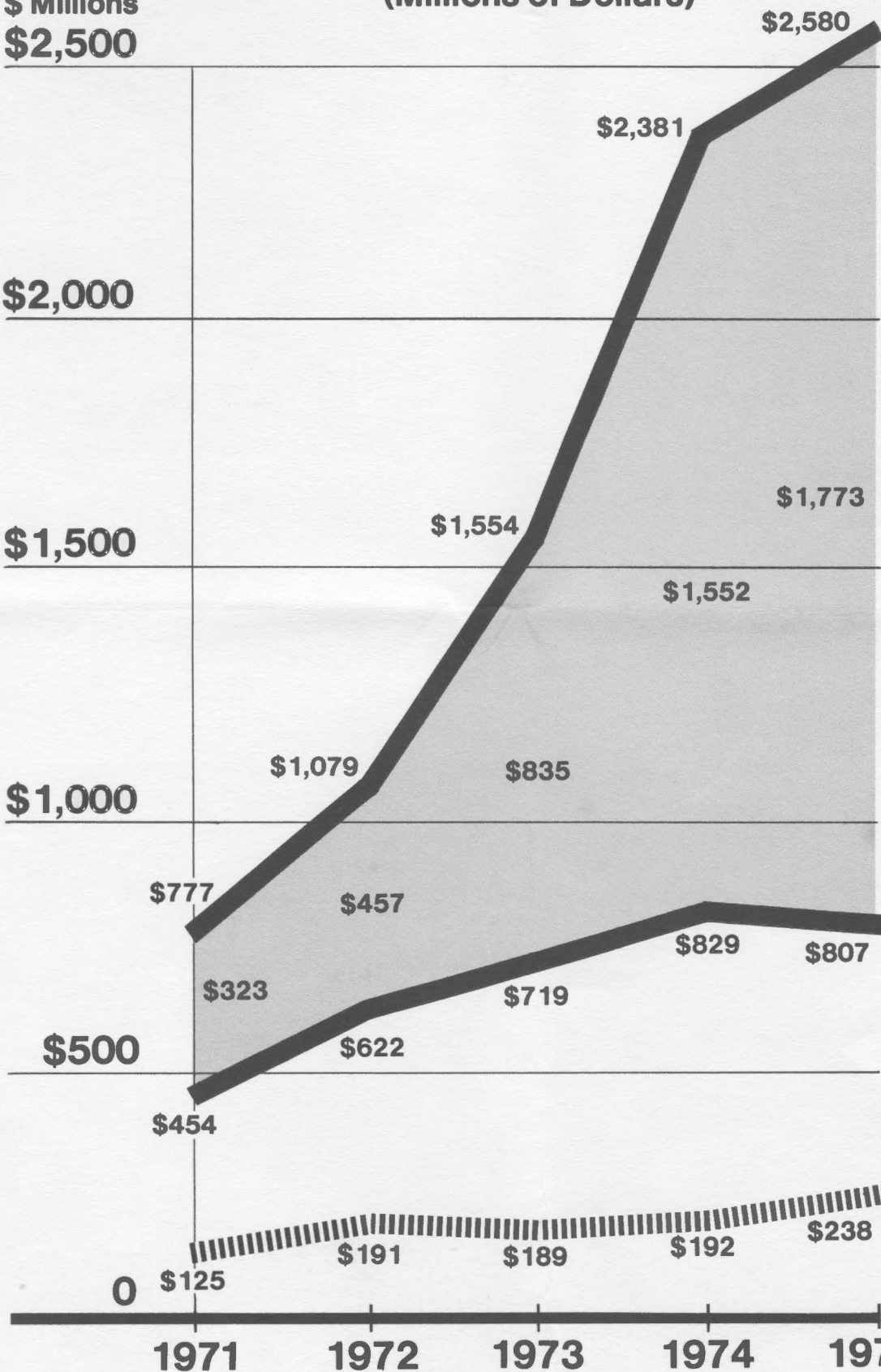
1975

SPANISH
IMPORTS
FROM
U.S.

SPANISH
TRADE
DEFICIT

SPANISH
EXPORTS
TO
U.S.

SPANISH
FOOTWEAR
EXPORTS
TO U.S.



Source: Direccion General de Aduanas, Spanish Ministry of Finance

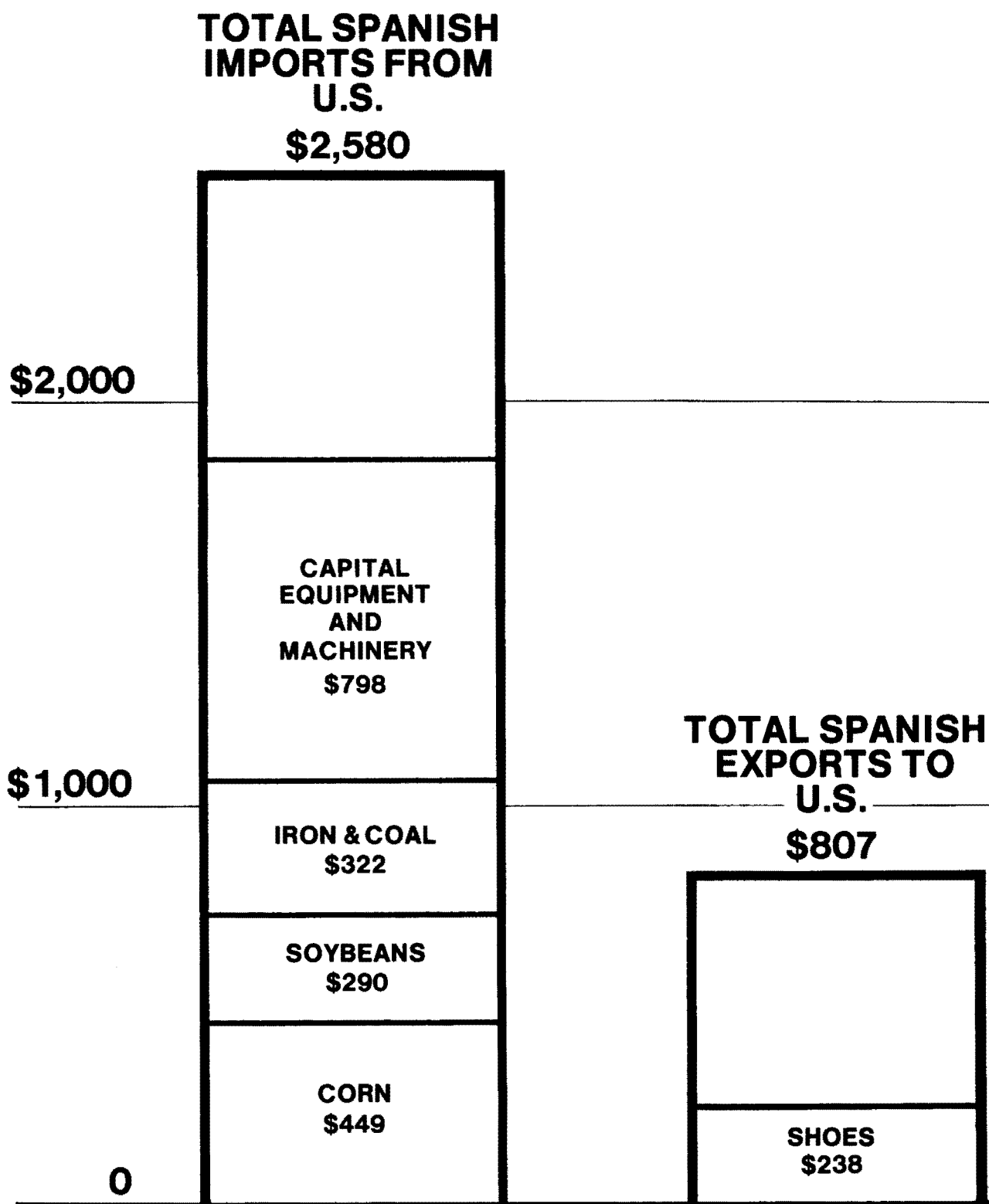


SPAIN – U.S. TRADE

1975

\$ Millions
\$3,000

(Millions of Dollars)



Source: Direccion General de Aduanas, Spanish Ministry of Finance

THE WHITE HOUSE

WASHINGTON

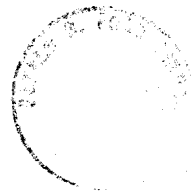
May 20, 1976

MEMORANDUM FOR: ROGER PORTER

FROM: PHIL BUCHEN *P.*

Attached is correspondence from a friend of mine who is in the shoe manufacturing business. With it is enclosed a copy of a letter he sent the President. Your office has probably been called on to respond for the President. I would appreciate receiving a copy of this reply. In light of the thoughtful tone of the incoming letter, I hope a responsive reply can be developed.

Attachment





LEVERENZ SHOE COMPANY box 979 sheboygan, wisconsin 53081 tel: 414-458-8771
MANUFACTURERS OF *Morgan Quinn*[®] FOOTWEAR FOR MEN

May 13, 1976

Mr. Philip Buchen
Counsel to the President
The White House
Washington, DC 20500

Dear Phil:

I know that my voice in the wilderness is terribly small. However, in view of our earlier discussion and my keen disappointment over the President's decision pertaining to the shoe manufacturing industry in this country, I think you might conceivably be interested in the contents of the message I have forwarded to him.

If my presence in Washington could at any time shed further light on the critical years facing our industry, don't hesitate to ask me to make the trip on a moment's notice!

Cordially,

LEVERENZ SHOE COMPANY

Robert H. Leverenz
Board Chairman

RHL:gg

Enclosure



May 13, 1976

The President
The White House
Washington, DC 20500

Dear Mr. President:

Thank you for your recent letter acknowledging my comments on your Milwaukee appearance on April 2. While I know my chances for reaching you via this letter are slim, I think I owe it to my colleagues and my employees to pass along my reactions to your unfavorable ruling on shoe import relief for our industry.

In contrast to the anger and bitterness which many leaders in my industry have vented toward you because of the impending demise of shoe manufacturing in this country, I want you to know that I feel genuine sympathy for you on two counts. First, the agonizing pressures on the presidency must be almost incomprehensible, particularly when a decision of this kind cannot be received with simultaneous enthusiasm by importers, giant retailers, domestic shoe manufacturers, consumers, and foreign trading partners alike. Second, it is unreasonable to expect you to be totally knowledgeable on all matters you are called upon to decide; for this reason it is acutely regrettable that advisors such as Treasury Secretary Simon and State Secretary Kissinger should so grossly misassess the situation and urge you to engage in exporting our American jobs rather than to proclaim to our foreign friends, "Enough is enough!"

By no stretch of the imagination would a continuation of at least 40% to 43% penetration of our market by foreign shoe manufacturers have constituted a pricing peril to the American consumer or a rejection of imported footwear, yet the same people who distorted facts before the International Trade Commission succeeded in doing with your key Cabinet members what they were unable to do in an open, thorough hearing conducted by the I.T.C.

Certainly our industry is far too small to exercise any significant political clout. The thousands of families whose incomes have been, and are being,



The President
Page 2
May 13, 1976

affected by your decision, however, are already being more damaging to your campaign than you deserve or want. Is there any conceivable way in which you can reverse your unfortunate decision and preserve the ever-diminishing number of shoe workers' jobs in many small communities in this country?

Respectfully,

LEVERENZ SHOE COMPANY

Robert H. Leverenz
Board Chairman

RHL:gg

cc: Mr. Philip Buchen
Counsel to the President

COPY

P. Bucken

Re: [unclear]

JUN 4 1976

Mr. Robert H. Leverenz
Board Chairman
Leverenz Shoe Company
Box 979
Sheboygan, Wisconsin 53081

Dear Mr. Leverenz:

Thank you for your very considerate letter of May 13 to President Ford, expressing your disappointment over his April 16 decision not to impose restrictions on footwear imports, but to confine remedial action to the granting of expedited adjustment assistance to firms and worker groups found to be seriously injured by imports.

I know that you, as a past President and active Honorary Member of the Board of American Footwear Industries Association, are familiar with the long history of the industry's and the Association's attempts to obtain relief, and the intensive research and study which have been made of the import problem by this Department and the other Government agencies. The Trade Act, as you know, requires that, before deciding on the method and the extent of remedy for import injury, the President must consider, among other factors, the consumer interests, the international economic interests of the United States, and must ascertain that the action he prescribes is in the national interest. It is in this context that the President made his decision. Your letter, of course, recognizes the great difficulties of making such a decision.

With regard to your query concerning the review and possible reversal of the President's decision, you are probably aware that Section 201(e) of the Trade Act provides that "Except for good cause determined by the International Trade Commission to exist, no investigation for the purposes of this section shall be made with respect to the same subject matter



as a previous investigation under this section, unless 1 year has elapsed since the Commission made its report to the President of the results of such previous investigation."

It is noteworthy that the President, in making his April 16 decision, directed the Special Representative for Trade Negotiations to monitor U.S. footwear trade, including levels and quantities of imports, as well as domestic production and employment. Significant changes are to be reported to the President with appropriate recommendations.

Thank you once again for expressing your strong interest in this matter. You can be assured that the Department of Commerce will continue to devote special attention to developments affecting the future of the footwear industry.

Sincerely,

181

Bernard Ascher
Acting Director
Office of Import Programs

Cleared by phone with Wm. Pounds, BIEPR, and S. Coffield, STR.

cc: Roche, Ascher, WPounds, Reilly, White House (attn.: Phyllis Matthews), PDuchen, Wm. Clark (State), Wm. Berreda (Treasury), SCoffield (STR)

JJReilly/mlk/6-4-76

Control No. 9488



LEVERENZ SHOE COMPANY box 979 sheboygan, wisconsin 53081 tel: 414-458-8771
MANUFACTURERS OF *Morgan Quinn*[®] FOOTWEAR FOR MEN

May 13, 1976

The President
The White House
Washington, DC 20500

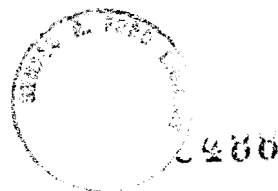
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By no stretch of the imagination would a continuation of at least 40% to 43% penetration of our market by foreign shoe manufacturers have constituted a pricing peril to the American consumer or a rejection of imported footwear, yet the same people who distorted facts before the International Trade Commission succeeded in doing with your key Cabinet members what they were unable to do in an open, thorough hearing conducted by the I.T.C.

Certainly our industry is far too small to exercise any significant political clout. The thousands of families whose incomes have been, and are being,

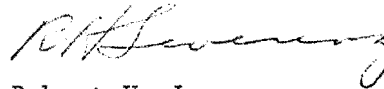


The President
Page 2
May 13, 1976

affected by your decision, however, are already being more damaging to your campaign than you deserve or want. Is there any conceivable way in which you can reverse your unfortunate decision and preserve the ever-diminishing number of shoe workers' jobs in many small communities in this country?

Respectfully,

LEVERENZ SHOE COMPANY



Robert H. Leverenz
Board Chairman

RHL:gg

cc: Mr. Philip Buchen
Counsel to the President



THE WHITE HOUSE
WASHINGTON

For filing
P.

THE WHITE HOUSE

WASHINGTON

October 5, 1976

MEMORANDUM FOR

PHILIP W. BUCHEN

FROM:

COLEMAN ANDREWS *CAE*

SUBJECT:

Further Developments in the Footwear Case

Subsequent to our telephone conversation earlier this morning, I spoke twice with Bob Leverenz concerning the status of the inquiry into the condition of the domestic non-rubber footwear industry, and the actions of Mr. Seymour Fabrick of Vogue Shoe Company.

The White House has taken all possible action in this case within the realm of our responsibilities. Mr. Leverenz is in agreement with this, and he understands that the footwear case will continue to receive close scrutiny. In addition to the EPB review of the situation, scheduled for this Friday, the office of the press secretary should release this afternoon a short statement indicating our concern over this issue. Ultimate action by the President in the form of import relief or tariff imposition will depend upon the recommendation of the International Trade Commission, which was requested on September 24 to reopen the shoe case.

It appears that Mr. Fabrick will still run some of the advertisements that he had planned, and he may well also have some of his workers picket the President's appearances in California. However, you should know that Bob Leverenz has made every effort to persuade Fabrick that the White House is giving serious attention to this issue.

Handwritten signature

THE WHITE HOUSE

WASHINGTON

October 12, 1976

MEMORANDUM FOR PHILIP W. BUCHEN
FROM: COLEMAN ANDREWS *CA*
SUBJECT: Update on the Footwear Case

Bill Gorog asked that in his absence I bring you up to date on the footwear case.

As I indicated in a memo to you on October 5, we had planned to release through the Press Office a short statement indicating the Administration's concern over levels of production and employment in the domestic footwear industry, and further indicating that any possible action by the President, including the potential imposition of quantitative import quotas, would be dependent upon the findings of the International Trade Commission. On separate occasions, Bill and I had indicated to Bob Leverenz and Mark Richardson of American Footwear Industry Association that such a statement would be forthcoming.

The statement was ultimately not released, because of the concern that there was no precedent for such a release as well as the concern that it might raise more questions than it answered among the press corps. Leverenz and Richardson were very distressed about this; in spite of the fact that a similar statement was to be released through STR, they both felt that the White House was trying to shove the issue aside. Leverenz and Richardson both interpreted our actions as an indication of the "continued lack of concern by the Ford Administration for the problems of shoe manufacturers." At the request of Bill Seidman, I indicated to Leverenz and Richardson that such was not the case, and that we were in fact following the normal procedure for handling such matters, however, neither of them was willing to accept the validity of that proposition.

cc: Bill Seidman
Roger Porter



THE WHITE HOUSE
WASHINGTON

October 15, 1976

Shoe Imports

Dear Bob:

Your were helpful again providing the suggestions set forth in your letter of October 12.

I do very much appreciate your interest and help and so do the others in the White House with whom you have been in contact. I know they regret, just as I do, the inability to provide the public statement which you had sought.

Very warmest regards,

Sincerely,

Phil

Philip W. Buchen
Counsel to the President

Mr. Robert H. Leverenz
Board Chairman
Leverenz Shoe Company
Box 979
Sheboygan, Wisconsin 53081





LEVERENZ SHOE COMPANY box 979 sheboygan, wisconsin 53081 tel: 414-458-8771
MANUFACTURERS OF *Morgan Quinn*[®] FOOTWEAR FOR MEN

October 12, 1976

Mr. Philip Buchen
The White House
Washington, DC 20500

Dear Phil:

Quite apart from the various discussions we have had on matters affecting the shoe industry, I feel impelled to share with you for whatever they may be worth a few political concerns which are keeping me on edge as the election approaches.

Stated as briefly as possible, and limiting my observations to the two debates which have been held, I respectfully ask these questions:

Why doesn't President Ford...

- ...point out at appropriate times that Jimmy Carter either fails to answer the questions he is asked or intentionally dodges them?
- ...cite that leadership, among other things, requires the intelligent delegation of authority to competent specialists in many areas?
- ...challenge Carter to describe how he would "involve the American people in making decisions on foreign policy"?
- ...assail Carter for hoodwinking the American public into believing that we can have both reduced taxes and balanced budgets, both reduced defense spending and greater military strength, or both reduced inflation and decreasing unemployment effected by artificially created and government-funded jobs?

I cite the above as mere examples of where I think the President is allowing Jimmy Carter to get by with flagrant distortions and political babblings which make appealing sounds to any given segment of the population he happens to be wooing.

While the biased news media chose to ignore one of Carter's irresponsible statements in the first debate, I should think someone on the strategy team

Mr. Philip Buchen

PAGE 2

October 12, 1976

would have picked up the fallacious comment made by the Democratic candidate when he stated that the average factory worker's take-home pay is less today than it was in 1968! I think a transcript of that debate will reveal that this blatant lie went unchallenged.

Finally, I would like very much to see the President identify his frequent use of the veto with responsible leadership, simultaneously pointing out that a spendthrift Congress supported by a veto-less president such as Jimmy Carter suggests he will be, is the surest formula for the economic ruin of our country!

I hope these observations may be helpful as they reflect the concerns of a 100% Ford supporter in the hinterlands.

Cordially,

LEVERENZ SHOE COMPANY



Robert H. Leverenz
Board Chairman

RHL:gg



Monday 10/18/76

10:45 Roger Porter was checking to
see if you had replied to the attached.

I see nothing in our files.

Pro. Q did not,
but Coleman
Andrews has
since been in touch
with Leverenz



10/5/76

Mr. Buchen
talked to
Roger Porter

9/23/76

It's been interesting
to observe, Phil, how
wide an impact the
enclosed news item
has had in these parts!

- Bob

9/22/76

Ford Approves Stiff Tariff on Sugar Imports

Washington, D.C. — AP — President Ford, taking note of falling sugar prices, sought to protect domestic sugar producers by raising the tariff on imported sugar from 62½ cents a pound to \$1.87½ Tuesday.

"Increased customs duties will offer domestic producers some protection from imports," Ford said.

He added that the levy on foreign sugar "is an interim measure" that he will review following an expedited examination of the entire sugar situation by the US International Trade Commission.

Sugar prices fell to about \$21 a ton in August from \$45 a ton a year ago. Much of the slide occurred in August.

On Sept. 10, nearly a dozen Republican members of the Senate wrote Ford to urge a tripling of the import tariff, a reduction in quotas on sugar imports and the removal of sugar from a list of commodities that can be imported duty-free from developing nations.

The president acted only on the tariff increase.



LEVERENZ SHOE COMPANY box 979 sheboygan, wisconsin 53081 tel: 414-458-8771

MANUFACTURERS OF *Morgan Quinn*[®]

September 23, 1976

Attorney Philip Buchen
The White House
Washington, DC 20500

Dear Phil:

Again I want to thank you for the highly important role you played in initiating the kind of administrative action which allowed me to persuade Seymour Fabrick to kill his proposed, critical ad. I am sincerely appreciative of both your patience and your understanding.

Since last visiting with you via telephone on Tuesday, I have been apprised of the fact that the Senate Finance Committee voted unanimously to initiate a new review of the shoe industry's escape clause case. While I had no prior knowledge that this action was even being contemplated at this time, it raises in my mind a question as to whether or not it might be politically expedient for the White House to make public the formation this week of a task force on this matter by the Economic Policy Board.

I simply recoil from the efforts of the Democrats in the Senate to make political hay on a matter where the administration has actually assumed the leadership role in monitoring the state of our industry in the light of the most recent available statistics.

Cordially,

LEVERENZ SHOE COMPANY

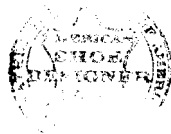
Robert H. Leverenz
Board Chairman

RHL:gg

P.S. While I continue to work in my own areas of influence for the election of President Ford, I will welcome from you or any other member of the White House staff those further concrete suggestions which I might implement in helping to swing this pivotal state of Wisconsin!



LEVERENZ SHOE COMPANY
Sheboygan, Wisconsin 53081



Attorney Philip Buchen
The White House
Washington, DC 20500

THE WHITE HOUSE
WASHINGTON

HOLD
FILE

September 29, 1976

MEMORANDUM FOR:

ROGER PORTER
COLEMAN ANDREWS

FROM:

PHIL BUCHEN *P.*

Attached is a copy of a letter to me from Robert Leverenz which in the second paragraph mentions some action by the Senate Finance Committee in regard to the case of the shoe industry and makes a recommendation concerning the Economic Policy Board.

I would appreciate your comments on this matter.

Attachment



COUNCIL ON INTERNATIONAL ECONOMIC POLICY
WASHINGTON, D.C. 20500

September 21, 1976

MEMORANDUM FOR: JAMES CAVANAUGH
PHILIP BUCHEN ✓

FROM: COLEMAN ANDREWS 

SUBJECT: Footwear Case

To follow up on our telephone conversations of this morning, this is to advise you of steps that will be taken concerning the monitoring and analysis of data relating to the footwear case.

After Sam Rosenblatt of CIEP and I spoke with Bill Seidman this morning, Mr. Seidman agreed that EPB should undertake a study of 1) the most current data relating to imports, domestic production, employment and prices in the non-rubber footwear industry, and 2) the ongoing system for monitoring and analysis of such data. This step was taken with the consent of Fred Dent, whose office was charged by the President with monitoring the footwear case. Following consideration of the matter at tomorrow's EPB meeting, staff work will begin immediately. The study should be available within a week. Any further action based on the economic facts of this situation will depend upon the outcome of EPB consideration of the study data.

I understand that Mr. Buchen conveyed the essence of our intended action to Mr. Robert Leverenz, who will be in touch with Mr. Buchen as warranted.

cc: Bill Seidman
Sam Rosenblatt