

BILL COHEN

Clothespins

April 19, 1982

File on issue begins November 18, 1977 with a memo from Myron Solter (of law firm Bregman, Abell, Solter and Kay) to an official in the Commerce Department "concerning the US Clothespin manufacturing industry and detailing the increasing penetration of imported clothespins into the U.S. Market." The memo says that "any further reduction in tariffs would cause serious economic harm to the domestic industry" and urging (in behalf of the Clothespin and Veneer Products Assoc.) that current tariff on wood spring clothespins and on other clothespins be maintained and that items be excepted from the list of items subject to negotiation at the Multilateral Trade Negotiations."

Domestic net sales dropping - markets have 73%-59% 74-76! It's a small industry - 4 firms make most all clothespins. In 1976, sold 4 million pins at value of 6 million. Average price: 1.49 per gross. Employment totalled 296 people. Steady decline in sales since 1947 because of clothes dryers. 1947-1956 domestic shipments by gross averaged 8.5 million; by '76 it was 4 million. Between 1947-56 imports averaged 1 million. In 1976 = 3.3 million.

A copy of this memo goes to Mike Hastings.

The memo is sent to Hastings by the National Sales Manager of Forster Manufacturing Co. He encloses 2 memos. One involves clothespins and went to Commerce (just mentioned) and other involved other small wood items (tooth-picks, ice cream sticks, etc.) and went to Trade Policy Staff Committee--arguing against the elimination of duties.

The cover letter says "In 1976, imports enjoyed a 43% share of the U.S. market. All domestic clothespins manufacturers are located in Maine. (underline and excl. his.) Can your office assist us in any way in seeking relief

I don't know what the results of that memo was. The next document in the file is dated June 22, 1978. Dave Ault speaks on behalf of Bill before the U.S. International Trade Commission. He asks for relief from "the flood of price-debased imports"... from China, Poland and Romania under section 406 of 1974 trade act. Then came "some 600 jobs at stake." "Clothespin manufacturing is an important industry in the State of Maine" West Paris, West Peru, and Dixfield.

The ITC decides that the industry is entitled to relief from Chinese, but not Polish or Romanian imports.

A memo tells Bill what the ITC decided to limit Chinese imports to 431,000 gross for 5 years.

The memo says "The industry is upset." They think it's too high and memo urges Bill to express "your concerns" to JT Representative.

Memo says "Contacted by campaign staff; indicated that WSC was not doing enough on clothespin problem."

On May 10, 1978, lawyer from Solter firm writes saying that on May 3, they filed petition on behalf of (CVPA) with the ITC for import relief and saying that the hearing would be held in Portland on June 22.

That petition says "The petition arises from the fact that wood clothespins are being imported into the US from certain Communist countries in such amounts and at such rapidly increasing rates as to be a significant cause of material injury or threat thereof to the domestic clothespin industry, thereby causing market disruption."

4 companies make all US wood clothespins - Diamond International Corp. (Peru); Forster Mfg. Co. (Wilton); Penley Corp (West Paris) and National Clothespin Co. (Montpelier VT).

They have figures on "communist imports" and "The petitioners request

import relief including tariff quotas, tariff rate quotas, increased tariff rates, emergency relief or any combination thereof, and all other such relief as the Comm. is empowered to provide."

There is a letter from Bill to the lawyer from Solter firm saying he stands ready to assist them in "efforts on behalf of Maine's small wood products industries." Says he'll be pleased to present testimony in Portland (He sends Dave Ault) It's a formal letter saying that his staff has been in touch with the lawyer on the problem. Clearly there is no special BC involvement here.

Next comes a document from ITC - Announces an investigation under section 201 of Trade Act to see whether imports are "a substantial cause of serious industry." The investigation was initiated by the Commission on the basis of the info. collected during the investigation under 406(a) into clothespins from Communist countries.

To go back to ITC finding under 406(a), President has to sign off on it. ITC recomm. goes to STR, who chairs the Trade Policy Staff Comm. They recommend to President who has 60 days to act.

On August 15, Bill writes to Bob Strauss - STR - "It is with a profound sense of urgency that I write to impress upon you and the President the domestic clothespin industry's genuine need for relief from rapidly increasing imports." He says ITC should have granted relief from Polish and Romanian imports, lower quotas on Chinese imports and "appropriate relief from Taiwan imports."

The distinction made in the letter between market countries and communist countries, in which the burden of proof is tougher in market countries.

"...quickly growing imports dangle like the Sword of Damocles over the heads of hundreds of my constituents in Maine."

In a letter to constituents the 3 towns BC says that ITC is launching a new investigation into effects of imports from non-Communist countries under 201.

Bill is with Ben Haug at a brunch in Waterville; they talk; and he then writes a letter on Sept. 18 asking for help in getting Pres. Carter to make a favorable decision on the 406 matter. And he asks for help in the upcoming 201 hearing on Oct. 5 in Portland. (Bill does a pre-brunch memo in there, too.)

In Bangor Daily News of July 24 it says that ITC decided on its own to get into a full investigation of domestic clothespin industry.

On Oct. 2nd, Carter decides not to give any relief to industry "not in the national interest."

BC sends out press release calling Carter's action "irresponsible" "another example of the Carter admin's insensitivity toward Maine problems." Oct. 3, 1978 BC in midst of campaign now.

Carter willing to let 700 jobs go for fear of upsetting communist countries.

Ault testifies for Bill on Oct. 5, 1978 in Portland.

Bill's weekly column of Oct. 9, 1978 discusses Carter's decision in more sober terms--and in much more anti-Communist terms.

The United Paper Workers Int'l Union sends a petition from Forster and the letter to them is filed. "I will continue to do everything I can to insure that Maine clothespin industry is permitted to survive and to prosper."

A thanks from Ben Haug for having Dave Ault testify and a note that, 201 hearings having begun "contacts made at the appropriate time in the right places" will be necessary for success.

Hastings to Haug saying lawyers (Dave Simon) think Bill should contact Strauss after the ITC makes its recommendation to Carter.

On Monday, Jan. 8, in Fed. Register, ITC finds that imported clothespins are "a substantial cause of serious injury" to domestic industry and they recommend a quota of 5 years duration and they allocate the quota in 4 categories acc. to price or "value" not over 80 cents per gross.

80-1.35; 135-170 and 1.70-2.00. Each has quota and Total is 3,200,000 gross. Quota per category gets larger as price (value) goes up.

The delegation--on Muskie stationery--writes to the President asking him to make a favorable and prompt decision on the ITC recommendation.

Carter must decide by Feb. 10th. He decides on 2 year quota instead of five and applied quota to 3 categories, 3 least expensive and added 800,000 to the 12,000,000, thus making total quota 2,000,000 gross per yr. Started Feb. 22, 1979.

Proclamation 4640.

Jan. 9, 1981 - Reallocation hearings are held--see excerpts from brief later.

On Sept. 28, 1981 lawyers prepare a brief. Before the ITC - They want 3 year extension - same levels, same categories.

On July 12, 1979 - Mfgs meet with ITR re administration of the quota. They are afraid of reallocating to lower categories of short fall. Haug writes to Bill noting that the quotas i.e., "import relief" ends Feb. 23, 1982 and that the 3 companies have petitioned IR for a 3 year extension. Also, that the IR will hold a hearing in Portland on Oct. 5, 1981. He hopes Bill will be present. Ted O'Mara went.

"I can assure you that we, as one of the domestic producers have spent the first 2 1/2 years of the quota period in development, engineering and production improvements, and have spent a significant amount of capital to effect cost reductions and efficiency gains. However, it is critical to our future financial security that we have another 3 years to fulfill our plans and capital improvements."

Production of spring cl. up in 1979 and 80 and 1st half of 81.

Employment = 427 now.

Industries more profitable - average net operating loss = 7.6% in

3 years before relief and profit of 8.8%--in 1979 and 1980.

On Dec. 23 the ITC recommends a 3-year extension.

On Jan. 5 Bill meets in Lewiston with the clothespin people.

On Jan. 6 Ben Haug thanks Bill for the time he gave them. "We all realize we are in the final countdown of a matter that is of grave importance to Forster Mfg. Co. and the other clothespin manufacturers as well. As I indicated yesterday, you truly are the key to our success. Just this morning, I was talking with a member of the ITC staff....and without any prompting from me, he indicated that in his opinion you were the only one that could really turn the tide in our favor. So with this background, you can imagine how deeply appreciative we were to have you indicate a willingness to go to bat on our behalf with the people that count... You are the leader of this orchestra and we are sure counting on hearing pleasant music."

Also a formal thank you from RD Johnson WP of Diamond Int'l.

The 2 year Carter quotas were:

under 80¢	500,000
80-135	600,000
135-170	900,000

In their Jan. 6, 1981 brief to the TPSC of the U.S. Trade Department, the lawyers for industry argue against reallocation of quota short falls and they say "Thus far, the spring clothespin import quota presents a textbook-perfect case of successful collaboration between government and industry in achieving the remedial purpose of escape clause relief... The industry is on its way to accomplishing the 1st objective of import relief--that of regaining its economic health. The industry has mounted a major capitol investment program in order to achieve the second objective of import relief--that enhancing its ability to compete more effectively with imports when the quota terminates."

After the reallocation hearing (on Jan. 9) Bill wrote to Brock on the subject of reallocation and he writes to Ben Haug saying he has written to Brock and hopes to talk with him. Bill's letter (2/12/81) to Brock asks that they not reallocate "The only help the industry wants is the continuation of this temporary quota while it improves its ability to compete through investment of its own resources." The STR makes no change - Umphrey tells me. "That's another one we won. I forgot."

After that comes the Portland hearing of Oct. 5 - when Ted testifies for Bill - Ben writes Bill asking him to present his Bill replies assuming his support, but saying he may not be able to testify. Cohen puts out press releases on his testimony.

Jan. 22, 1982. Haug writes to Bill saying how pleased they were that Bob Umphrey attended the meeting with the staff committee. He tells Bill that he's sending people who offer to help, to Bill so that they can be told what to do. "As I indicated to you when we met in Lewiston, we truly think that you hold the key to our success and we're counting on you."

He goes on "There was some discussion during the meeting about a phase down which would really be disastrous because it would cut off our earning opportunity before our capital plans are in place and working."

I've xeroxed Bob's notes from the USTR-TRC meeting, Bill's letter to Deaver and Bob's memo to Bill on Feb. 11 prior to his talk with Deaver.

Bill writes to Haug after the nice note from him. "It was always satisfying to win a skirmish with the bureaucracy, particularly when the result helps to preserve Maine jobs." 3/3/82

You can see Haug telling Bill that he's the key and Bill, finally, being the key.

You can tell that Bill was not involved very closely the first time around. Muskie was the point man then, no doubt.

There's a symbolic aspect to this victory. Maine is a state of small towns and small towns were at heart of this problem.