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Subject: Trump's steel tariffs protect national security, put end to \$8 billion foreign aid to Canada, Mexico, South Korea and Brazil every year

If U.S. trade partners don't like it, they might consider not dumping subsidized steel and aluminum here in violation of U.S. law

The Power Beat Daily

All The News That Doesn't Fit the Page

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Trump's steel tariffs protect national security, put end to \$8 billion foreign aid to Canada, Mexico, South Korea and Brazil every year

Allowing rampant flooding of U.S. markets by foreign steel is not only harming a domestic industry's profitability, in the process it is weakening that industry's ability to defend the national security of the United States in the event of war. To be a strong nation, we need a vibrant domestic steel industry.

Cartoon: Protection

President Trump is protecting national security by protecting American steel production from foreign dumping.

Section 199A of the tax reform bill needs to be fixed

Section 199A of the tax reform law provides additional tax incentives to farmers who sell agricultural products to co-ops rather than independent private buyers. When selling to co-ops, farmers can now deduct up to 20 percent of their total sales made; however, when selling to privately held or investor-owned companies, the farms can now only deduct 20 percent of income. This sort of market distortion in the tax code, picking winners and losers, should not happen and Congress must remedy this errant provision.

Ladar Levison: The FBI's secret warrant to surveil Carter Page should scare all Americans and spur reform

"It has become clear that a secret, non-adversarial system of judicial review is an insufficient check to our intelligence agencies and law enforcement. When express disagreement on a foreign policy issue — namely the current sanctions against Russia — form even part of the basis of an allegation which meets the bar for a probable cause warrant, there is something terribly wrong with the current system.

The health of our political system depends on the ability to express an unpopular opinion without official recrimination.”

Trump’s steel tariffs protect national security, put end to \$8 billion foreign aid to Canada, Mexico, South Korea and Brazil every year



By Robert Romano

President Donald Trump is keeping the promise he made in 2016 and is protecting the American steel industry, instituting a 25 percent tariff across the board on steel imports. No nations are excluded.

The move comes as the U.S. imported 34.5 million metric tons from around the world, a 16 percent increase from 2016 when it was 30 million metric tons.

In comparison, while America’s steelworks are heating up once again, they comparatively only grew by 3.4 percent in 2017 according to the International Trade Administration to 81.6 million metric tons from 78.5 million metric tons.

This flooding of U.S. markets is designed to drive down prices here by dumping subsidized steel products here, making it harder for domestic producers to maintain market share. The imported steel is much cheaper.

In the event of war, keeping U.S. productive capacity at high levels is critical, to prevent shortages at a time when production would be needed the most and imports cannot be guaranteed.

As the Commerce Department noted in its recommendation for instituting the tariffs: “Domestic steel production is essential for national security applications. Statutory provisions illustrate that Congress believes domestic production capability is essential for defense requirements and critical infrastructure needs, and ultimately to the national security of the United States.”

That is one reason the Commerce Department in its findings suggested that the U.S. use at least 80 percent of its annual capacity including imports. Right now, that number is only at 72.3 percent because of the flooding of domestic markets. The report found “Utilization rates of 80 percent or greater are necessary to sustain adequate profitability and continued capital investment, research and development, and workforce enhancement in the steel sector.”

In other words, allowing rampant flooding of U.S. markets by foreign steel is not only harming a domestic industry’s profitability, in the process it is weakening that industry’s ability to defend the national security of the United States in the event of war.

Here, the circumstances surrounding the tariff matter a lot. Allowing foreign dumping weakens the entire sector and makes sustaining a war effort harder. To be a strong nation, we need a vibrant domestic steel industry.

Foreign dumping of steel is eating the domestic market share, and in the future it could harm us at a time when we can afford it the least. We never know when war will come.

Even if the tariffs resulted in less consumption of imported steel, the U.S. steel industry appears ready to pick up any slack. Indeed, the whole point is to stimulate demand for U.S.-made steel.

Yes, it’s a tax. But there are few other tools available to address increasing dependence on foreign steel and foreign dumping onto domestic markets. This happens to be one of the tools that’s actually in the Constitution.

To ignore violations of trade agreements does not strengthen free trade, it weakens the argument for it. Again, it is not conservative to allow for rampant breach of contracts, it is corrupt.

Critics will argue that the tariffs will result in reciprocal tariffs on U.S. steel. But we import far more than we export, as the rest of the world does not return the favor. All it does is send its subsidized steel here. It’s not nearly as interested in buying ours.

Others will complain that taxing Canada and Mexico will harm North American Free Trade Agreement (NAFTA). 16 percent of U.S. imports of steel come from Canada. 9 percent comes from Mexico.

However, if every nation was not included in the tariff, there would be a perverse incentive for companies to ship their steel to Canada and Mexico, and then dump it here to avoid the tariffs.

This is something that has already been seen in recent years with dumping of aluminum in Mexico by China to circumvent NAFTA.

In fact, China currently has a 50 percent global market share in steel. How much of that excess capacity is being passed through global markets and into U.S. markets via free trade zones? It is hard to say, since such abuses are hard to catch. Steel is often recycled, making it tough to trace its origins when imports finally arrive here. With an across-the-board tariff, any incentive for such shenanigans ceases.

Moreover, one wonders what other domestically produced materials needed for national security the U.S. should outsource? Rare earths? Already done. Uranium? We’d be stupid to become dependent on foreign sources of the commodity needed for nuclear weapons.

Why should steel be treated any differently? Having a robust, domestic and, yes, profitable steel industry is critical to defending this nation. Letting foreign economies dump here without reciprocal action constitutes a threat to national security.

Others still will raise objections simply out of general opposition to any and all tariffs. However, they might consider that it is reciprocity in reducing tariffs that has led to freer trade historically. Dumping, subsidies and tariffs beget more tariffs. Which is key to point out. These tariffs are in response to actions by foreign trade partners. They're the ones provoking us.

The tariff is expected to raise \$9 billion in revenue and increase U.S. domestic market share. The Commerce Department report predicts, "According to the Global Trade Analysis Project (GTAP) Model, produced by Purdue University, a 24 percent tariff on all steel imports would be expected to reduce imports by 37 percent (i.e., a reduction of 13.3 million metric tons from 2017 levels of 36.0 million metric tons). This tariff rate would thus result in imports equaling about 22.7 million metric tons, which will enable an 80 percent capacity utilization rate at 2017 demand levels (including exports)."

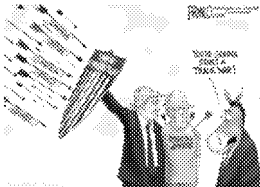
Overall, the 25 percent steel tariff ends what amounts to \$8 billion of foreign aid every year — when the value of the decreased imports are taken into account — to other countries to increase their global market shares in one of the world's most valuable commodities.

President Trump promised reciprocity in trade. Sometimes that means tariffs when trade partners cheat. If U.S. trade partners don't like it, they might consider not dumping subsidized steel and aluminum here in violation of U.S. law. To keep America safe, we need to keep American steel strong.

Robert Romano is the Vice President of Public Policy at Americans for Limited Government.

Cartoon: Protection

By A.F. Branco



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Section 199A of the tax reform bill needs to be fixed



By Natalia Castro

Within the last month, more than 160 million Americans opened their bank accounts to find that the recently passed Republican tax plan provided them with a more substantial paycheck and more economic mobility.

But one area of the tax code appears to have had unintentional consequence of picking winners and losers in agriculture.

Despite the overwhelming benefits for families and small businesses a provision within the tax plan could have far-reaching negative consequences on agricultural products sold to private buyers. This provision, seemingly entered as a last-minute mistake, must be rectified during the March funding debate in order to provide equal competition to the market.

Section 199A of the tax reform law provides additional tax incentives to farmers who sell agricultural products to co-ops rather than independent private buyers. When selling to co-ops, farmers can now

deduct up to 20 percent of their total sales made; however, when selling to privately held or investor-owned companies, the farms can now only deduct 20 percent of income.

Jacob Bunge and Richard Rubin of the Wall Street Journal put this into context, “Consider a simplified example of a wheat farmer with \$500,000 in annual grain sales and \$80,000 in profit. A farmer selling grain to a cooperative could deduct 20 percent of sales, wiping out the entire income-tax liability. By contrast, if the farmer sells grain to an independent grain operator, the farmer’s deduction would be limited to 20 percent of the profit, or \$16,000, leaving that farmer with up to \$64,000 in taxable income.”

This provision removes natural competition from the market by financially coercing farmers to sell to co-ops rather than private entities.

David Fiebiger, general manager of the private grain elevator on the western edge of Aberdeen, South Dakota, told Ag News in January, “Unintended consequences of Section 199A give the farmer incentive to sell to a co-op versus a nonco-op... Over the past couple weeks, a lot of the people that sit at the table have realized the unintended consequences and have been in agreement that something needs to happen to change that to get the playing field back to even.”

Several news agencies and politicians have begun calling this the “grain glitch” for its far-reaching negative consequences on the US grain industry. Scott Greenburg of the Tax Foundation has noted that this glitch could create a hole in the tax system, allowing some household and business to shield their income entirely from taxes through the use of co-ops.

The worst part is that this provision has no reason to be included in the tax reform legislation. After revisions to the bill did away with deductions on domestic grain production that was available to both manufacturers and farm co-ops, Senate Agriculture Committee member John Thune (R-S.D.) added Section 199A to offset the removed deductions.

Negative feedback from farmers has caused Senator Thune and other agriculture state Senators, such as Senator John Hoeven (R-N.D.), to rethink the provision. Ryan Wrasse, a spokesman for Thune, told the aforementioned Ag News that the senator is working on tweaking the law to better even the playing field.

“Ultimately, Sen. Thune believes that producers should make decisions about where and how to sell their products without the tax code unfairly tipping the scales in favor of marketing to one type of business entity or another,” Wrasse wrote in an email.

Additionally, 86 members of the House of Representatives sent a letter to Speaker of the House Paul Ryan and Senate Majority Leader Mitch McConnell urging Congress to address the provision. The letter reads, “Unfortunately, Section 199A goes too far and has created a tax advantage for producers who sell to cooperatives instead of private and independent businesses... We’re concerned this provision unfairly distorts the marketplace with the potential to reduce competition, directly harm small and independent businesses, and increase consolidation in the agriculture industry.”

With government funding set to expire on March 23, the next government funding bill could be a vital opportunity to solve this mistake.

As Americans for Limited Government President Rick Manning noted in a March 2018 press release, “Congress needs to take action immediately in the next funding bill to restore fair competition

between farm co-ops and private and independent businesses... Government should not be picking winners and losers like this in the tax code.”

The tax cuts are and will continue to be a win for most Americans, but for it to truly allow for fair competition in the agricultural sector and to stop distorting markets, Section 199A must be altered. With funding discussions coming this month, Congressional members must listen to the numerous House representatives and members of the agricultural community urging change and rectify this harmful provision.

Natalia Castro is a contributing editor at Americans for Limited Government.



ALG Editor's Note: In the following opinion piece from NBC News, Ladar Levison discusses what all civil libertarians are talking about and that is the surveillance of an American citizen based on spotty investigating and reporting:



The FBI's secret warrant to surveil Carter Page should scare all Americans and spur reform

By Ladar Levison

As technology makes state scrutiny increasingly easy, America has seen a corresponding increase in the abuse of its surveillance tools. With a legal framework, first created in the 1970s — before the widespread use of computers, email or cell phones — the few safeguards we have are evaporating rapidly. The curious case of Carter Page, where the FBI used a Foreign Intelligence Surveillance Court warrant to surveil the virtually unknown, unpaid foreign policy adviser to the Trump campaign, is only the latest example of a larger, existential threat to the American system of political discourse.

When a physical search occurs in accordance with American criminal law, law enforcement must show probable cause and obtain permission from a judge, and then present a given suspect with a warrant, and a receipt for the items removed. When law enforcement wants to obtain a criminal wiretap, they similarly have to show probable cause to obtain a warrant, carefully collect information related to potential crimes, and then disclose that information if charges are wrought. The key difference, is that with the latter, the suspect will only discover they've had their privacy violated after they've been indicted. With a FISC warrant, it's possible a suspect will never find out, even if charges are eventually filed.

In the case of Carter Page, his private life was monitored, for almost a year, without his knowledge, and then placed on display for strangers at the FBI to peruse, all based on a suspicion that he was colluding with Russia. On the basis of hearsay, business associations, and possibly Page's political opinions, the FBI received a classified surveillance warrant and then renewed it three times. And yet, Page was never officially charged — suggesting that, even given the ability to surveil him in ways that

might make the general public cringe, the FBI was never able to find enough evidence for a single crime.

It has become clear that a secret, non-adversarial system of judicial review is an insufficient check to our intelligence agencies and law enforcement. When express disagreement on a foreign policy issue — namely the current sanctions against Russia — form even part of the basis of an allegation which meets the bar for a probable cause warrant, there is something terribly wrong with the current system. The health of our political system depends on the ability to express an unpopular opinion without official recrimination.

Unfortunately the growing number of transgressions against people, like Carter Page, remain hidden behind a veil of secrecy. Officials speak of safeguards, but it's clear that a secret process, and a complacent judiciary, which has elevated prosecutors and members of law enforcement onto a dangerous perch, provides no safety. The FISC, where the warrant for Page was issued, has grown particularly notorious for granting broad surveillance authority based on little, or in some cases, no evidence. Out of more than 39,000 applications presented to the FISC through the end of 2016, only 51 have been rejected, with the majority, 34, of those rejections coming in 2016.

While most FISC warrants remain classified, the few which have emerged through leaks, or been forced into the public domain by First Amendment lawsuits, paint a rather bleak picture. These warrants tell us the FISC has issued “mass” warrants which permit government surveillance based on statistical “selectors.”

These documents also tell us the FISC routinely includes authorization in their warrants for the government to surveil people in contact with their target, and people in contact with the contact; in a scheme referred to as “chaining,” these authorizations will include 2 or 3 “hops.” While the text of the Carter Page warrant application, and court approval, remain a secret, one shudders to think this authority was used to spy upon other members of the Trump campaign team who were in contact with Page. (The memo of the House intelligence committee’s Democrats about the warrant suggests that some unknown number of Trump campaign advisors were the subject of FBI “sub-inquiries.”)

Regardless of what the FBI and DOJ claim was the basis for the Carter Page warrant, the fact remains that he was never officially charged. Had there been evidence of a crime, one would assume there would have been charges. It becomes hard to reconcile his innocence with four separate findings of “probable cause.” The inevitable result is that we must question the court's definition of the word “probable.”

Yet Page is one of the lucky ones: While he still lacks access to the warrant application that prompted his surveillance, he does have proof he was indeed spied upon. He also knows the duration within which his privacy was assaulted, and the degree to which his life was violated. For the vast majority of Americans who've been placed under this microscope — and had their life dissected by faceless government agents — the origin, and methods used to defile their privacy remain a mystery.

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