

THE POLITICS OF STEEL

By Jim Stavits

Back many years ago when I went to UCLA, I was a political science major. I hadn't given it much thought at the time, but I believed it would lead me to law school. We know how that turned out. I find myself now spending an inordinate amount of time analyzing the politics of steel on a worldwide basis. Last year, it was Trump's tariffs that made steel and aluminum a flash point for the United States and our relationships with other countries around the world. In an effort to bolster the U.S. steel markets at home, we taxed countless businesses across our own country. Ultimately, American consumers paid for the bulk of the tariffs while the domestic steel companies had record years.

Now the attention has shifted toward China. We are now threatening to add tariffs to the vast amount of products that come from China into our country, which again will impact American consumers. China is being charged with currency manipulation, which may or may not be proven to be true. Ultimately, it has the unsettling potential to rattle markets both at home and abroad. In my estimation, we're playing a giant game of chicken with China and the stakes could be massive. There is likely an election hanging in the balance next year. China may be biding their time to see if there is another president that may be easier for them to deal with.

Companies in the metal manufacturing industry sustain nearly 2.2 million U.S jobs and contribute more than \$621 billion to the

U.S. gross domestic product. Currently, the steel industry pays more than \$150 billion in total wages and nearly \$62 billion in local, state and federal taxes. When you factor that the tariffs have generated another \$53 billion in revenue, you can begin to understand why this industry matters to the overall wellbeing of the United States.



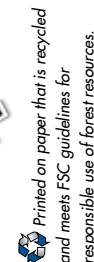
We are in the middle of the most sweeping economic, technological, demographic and regulatory changes we have ever seen. These changes will only continue to occur. A big reason for such change is our repositioning in the world order of steel manufacturing. I used to have a political science professor who used to be asked, "What will happen if the United States falls behind the rest of the world and can't compete?" His answer was not to worry. "America has always found a way through its determination and innovation to be able to compete." Our class would look at him and wonder, "How does he know?" His answer would be, "If I'm wrong, there will be no one left around to tell me that I'm wrong." I'm only hoping the same answer does not apply to President Trump.



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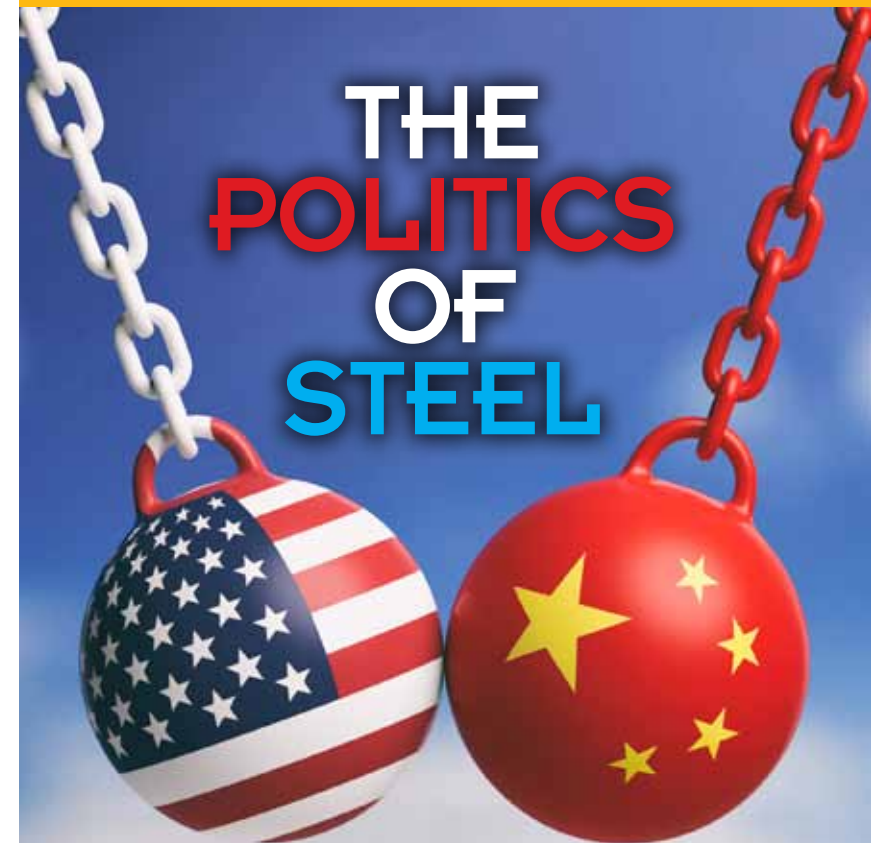


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SUMMER 2019 NEWSLETTER

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O Newsletter, Where Art Thou?



It was over 25 years ago when we first began sending out newsletters to our Paragon Steel customers and prospects. We thought back then there was a true marketing void in the steel industry—at least in terms of education and entertainment value. On a personal level, it became my mission to present Paragon Steel as a company of real people and also to use it as a platform to communicate my thoughts and perspectives. Much of what I had observed in businesses within the steel industry lacked a pulse—a real sense of what was going on. We tried to create something both newsworthy and unique.

For years, it provided exactly what we had hoped for. Paragon Steel looked different, sounded different and hopefully acted different. We tried to present ourselves as the “unsteel steel company”—where we focused on being different. We featured customer-focused quality and service. We tried to provide services that our competitors steered away from like same-day or next-day deliveries and processing services with no backorders guaranteed. At that time, this was unheard of.

As for newsletter production, it was a monthly grind. First, providing enough content without becoming repetitive and second, keeping

it fresh and newsworthy. That was my job. At first, I kept the content somewhat on point with the industry and dropped in bits of steel trivia. Then I branched into providing my personal views and business insights. I found the more I strayed from the steel industry, the more positive feedback I received. Then I made another bold move. I began writing about my own personal health saga, which was becoming a more and more dominant part of my life. For years, I had lived with Type I diabetes and as I entered my forties, my body began to breakdown. First, I had cardiac issues and then my kidneys failed and I had congestive heart failure. I remember sitting in dialysis while my blood was being cleaned writing newsletters. This ultimately led to my triple organ transplant in 2005 and 2006, which I chronicled in our newsletter. To my surprise and delight, my saga resonated with many people and they corresponded back to me about their own bouts of adversity. This ultimately led to me writing a book, which was published last year. I now use the book as a platform to speak for organ donation and transplantation. Amazingly, it all began with a newsletter.

So you might ask, what happened to the newsletter? As you might imagine, much has changed in the 25 years since we debuted the newsletter. For one thing, it was created as a direct mail piece, meaning it was delivered by the U.S. Postal Service. This allowed it to be passed around in offices, with many people placing it on their desktops and bulletin boards or even taking it home to share with their families. As a direct mail piece, it required the cost to print, sort and mail to our customers and prospects—each and every month. This was not an inexpensive process. When we started 25 years ago, I had my children seal, address and stamp each newsletter. They still remember today

performing this early task. If only people knew then, I was employing child labor.

Today, the world has gone digital. Yet, for me, the newsletter’s appeal was the physicality of the mailer itself. I know what I do with most newsletters I get via e-mail and I don’t want to end up in most people’s junk or spam folders. It’s too easy to delete nowadays. I harken back to a line in a Carly Simon song, “What if these are the good ol days?” This is how I feel about the old newsletter—it was the good old days. I just didn’t know it then.

If you enjoyed reading it, I want to thank you for your loyalty and support through the years. For those that perhaps thought we went out of business when the newsletters stopped coming—we are still here! We hopefully are still a supplier of yours. If not, perhaps it’s time to give us another chance.

Thank you,

Jim Stavris

President and Newsletter Editor



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