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## With a Receptive White House, Labor Begins to Line Up Battles

By [STEVEN GREENHOUSE](#)

When China's president, [Hu Jintao](#), attends the [G-20](#) summit meeting this week in Pittsburgh, he will no doubt complain about the punitive tariffs that the Obama administration recently slapped on Chinese tires and steel.

While Mr. Hu is certain to make his displeasure known to [President Obama](#), the man responsible for pressuring the administration to act on those disputes will be elsewhere, sitting in his office a few hundred yards from where the meeting is taking place.

That man is Leo W. Gerard, the president of the [United Steelworkers](#), often viewed as the No. 1 scourge of free traders.

And the leaders of the G-20 should take note: Mr. Gerard and his fellow labor leaders are just getting started.

While labor's opposition to free trade is nothing new, having an ear in the White House is. The Obama administration, though it says it supports free trade, has so far seemed more aligned with labor's trade agenda than has any administration in decades.

What has alarmed America's trading partners is the steelworkers' victory when the president imposed a 35 percent tariff on Chinese tires under special trade rules that allow punitive measures without a finding of illegal trade practices.

Under these "safeguard" rules, the White House can impose penalties merely by finding that a surge in Chinese imports hurt a particular industry. It was the first time a president had ordered penalties under the provision, which China agreed to as part of its push to join the [World Trade Organization](#).

The president's move has stirred worries that other unions and industries will rush to seek similar relief.

“This runs a big risk of driving a huge hole in the whole G-20 strategy of avoiding an outbreak of [protectionism](#) during this economic crisis and doing serious damage to the world economy,” said C. Fred Bergsten, director of the Peterson Institute for International Economics.

Mr. Gerard insists his union is merely pursuing its rights under trade rules. “Anybody who believes we have a rule-based system, but we shouldn’t enforce the laws, they’re the ones jeopardizing the global trading system,” he said.

The steelworkers, who represent steel, rubber, paper, chemical and aluminum workers, hailed Mr. Obama for standing up to Beijing, after China’s trade surplus with the United States has soared to more than \$200 billion a year.

“They cheat in every area,” Mr. Gerard said, pointing to repeated findings of illegal subsidies, as well as one American tire maker’s saying that Beijing had illegally required one of its factories in China to export all its output. “If the bully keeps beating you up, is it so bad to stand up to him?”

Some critics called Mr. Obama’s move payback to a union that helped to elect him — the steelworkers are a powerhouse in Pennsylvania, Ohio, Wisconsin and other pivotal states.

Uri Dadush, director of the international economics program at the Carnegie Endowment for International Peace, warned that the steelworkers’ victory would hurt other American industries because it could encourage other countries to invoke their own safeguard provisions to keep out American products.

“Maybe this is a victory for the head of the United Steelworkers, but it’s not a victory for the United States,” Mr. Dadush said. “In the end, this will hurt U.S. workers indirectly in other sectors.”

Next, Mr. Gerard and his union, the nation’s largest manufacturing union, plan to push for Buy America provisions in any [climate change](#) legislation, building on the steelworkers’ success in getting such provisions into the \$787 billion stimulus bill.

As part of any [cap-and-trade](#) climate bill, the steelworkers are pushing for special tariffs on imports from

countries that do little to require manufacturers to reduce carbon emissions. Senator Sherrod Brown, an Ohio Democrat who works closely with the steelworkers, said that without such a tariff, climate legislation would never pass the Senate, which the Democrats control.

And, as usual, the union is also pushing many individual trade cases, among them several that accuse China's producers of steel pipe for the oil industry of receiving illegal subsidies and selling at prices below production costs.

Last year, in cases brought by the steelworkers and various companies, the Commerce Department imposed tariffs on Chinese exports of thermal paper and tires for off-road vehicles, after finding illegal subsidies. Earlier this month, the department, in ruling for the steelworkers, found illegal subsidies on Chinese-made steel pipe. In a preliminary decision, it announced tariffs of 10.9 to 30.6 percent, with a ruling to come in November.

Mr. Gerard, a native of Canada who used to work in a nickel smelter, has little patience for people who accuse him of protectionism because of the many trade cases filed by his union.

"This isn't protectionism; we're enforcing the law," Mr. Gerard said. "We're trying to defend our members' job security. In order to do that in this kind of a global economy, we need to police imports and trade law."

His message resonates with union members. Last winter, when Goodyear closed its tire plant in Tyler, Tex., eliminating 1,200 jobs, the workers directed most of their anger at China.

Jim Wansley, the former president of the steelworkers' local there, praised Mr. Obama's ruling for helping beat back the surge of Chinese tire imports, which nearly quadrupled since 2004. "Although it's too late to save our factory, the people here are extremely glad that something is being done to help save the jobs at other plants," he said. "It could save an industry that would be dead in 10 years if we didn't do something like this."

In four safeguard cases, President [George W. Bush](#) declined to impose penalties even though the United States International Trade Commission, a bipartisan panel, had found that Chinese imports hurt particular industries.

Convinced that Mr. Bush was not enforcing trade laws in a way that protected workers, the United

Steelworkers led organized labor's efforts to stall the Doha trade liberalization round and block ratification of bilateral free trade agreements with Colombia, Panama and South Korea.

In the 2008 presidential campaign, Mr. Obama promised to enforce the trade laws, including the safeguards provision. Influenced by that, early this year the steelworkers thought it was time to bring another safeguards case, this time against Chinese tires. Before Mr. Obama ruled, the trade commission concluded that a surge in Chinese imports was responsible for four plant closings and the loss of 5,100 jobs.

The union hired numerous lawyers and consultants who had to show that American industry had suffered injury and that Chinese imports were responsible.

David Spooner, who represented China's tire industry, brought executives from China to meet with officials in the State, [Treasury](#) and Labor Departments as well as the trade representative's office. He argued against punitive tariffs because China's tire exports had started to fall.

"Many folks who believe in open markets cringe at the idea of imposing tariffs or quotas on fairly traded goods," said Mr. Spooner, who headed the Commerce Department's imports administration under Mr. Bush. "We're seeing the bar set so low for trade relief I fear we will see a flood of petitions, and it will be hard for the White House to say no in the future."

The steelworkers are looking into bringing other safeguard cases and voice confidence for a climate bill. Free traders see those provisions as tricks to help the steelworkers keep out foreign steel or [wind turbines](#). But Mr. Brown said: "If a company closes in Cleveland and moves to Calcutta and Shanghai, we lose jobs and CO2 emissions get worse. It's clear that the border adjustment is the right thing to do for the environment and for American manufacturing."

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