

# With a receptive White House, labor begins to line up battles

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When world leaders, including Chinese President Hu Jintao attended the G-20 summit meeting last week in Pittsburgh, they no doubt complained about the punitive tariffs that the Obama administration recently slapped on Chinese tires and steel.

Though the spotlight was focused on the summit, the man responsible for pressuring the administration to act on those disputes was elsewhere, sitting in his office a few hundred yards from where the meeting was staged.

That man was Leo Gerard, 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. Gerard and his fellow labor leaders are just getting started.

Although 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.

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 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," 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 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," Dadush said. "In the end, this will hurt U.S. workers indirectly in other sectors."

Next, 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. Sen. 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.

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," 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."