



72°F

Cloudy

Forecast

sponsored by *Window World*

Log In | Subscriber Services | Advertise

Home | Find it in today's St. Louis Post-Dispatch | Suburban Journals | St. Louis' Best Bridal | Ladue News | MySTLtoday.com | Coupons | Mobile

How about over
40% off standard
monthly rates?

Web Search powered by YAHOO! SEARCH

 site

Home News Business Sports Entertainment Health Life & Style Photos Jobs Autos Homes ShopSTL Classifieds
Weather Obits Opinion Letters Traffic Lottery Today's PD Site Map Subscribe RSS Newsletters Contests Coupons Contact us

Home ► Business ► Columnists ► David Nicklaus

Email this Share this Print this Comments (8)

Obama resorts to protectionism

By David Nicklaus

ST. LOUIS POST-DISPATCH

09/15/2009

The White House employed curious timing when, late on Friday evening, it slapped a 35 percent tariff on imported Chinese tires. Perhaps the blatant protectionism was so embarrassing that it had to be announced under cover of darkness.

Unlike in most trade cases, China isn't accused of doing anything wrong. Domestic tire manufacturers didn't even seek the protection, and some opposed it. In short, this is the most arbitrary trade penalty the U.S. has imposed in a long time, and it's hard to justify on any grounds except pure politics.

The tariffs were sought by the United Steelworkers, an important union backer of President Barack Obama. The union charged that Chinese tire imports rose 215 percent between 2004 and 2008, contributing to a loss of 7,000 jobs in American tire factories.

So the steelworkers, who represent about 15,000 tire-industry workers, have flexed their political muscle and have won a minor victory in their war against globalization. The tariffs are unlikely, however, to bring any jobs back to the U.S.

Instead, they may benefit workers in places like Brazil and India. The big tire makers "are sourcing tires all over the world," says Roy Littlefield, executive director of the Tire Industry Association. "Maybe we'll get the tires they make in India now, and the tires they are making in China will go to other markets that they had been serving from India."

Seven of the 10 U.S. tire makers also produce tires in China. Goodyear, Michelin, Cooper and Bridgestone all manufacture in China, and those four companies account for 90 percent of remaining U.S. production.

Generally, they've turned to China for their cheapest tires, on which profit margins are thin. Daniel Ikenson, associate director of the Cato Institute's Center for Trade Policy Studies, says that by preserving profitability, the Chinese operations can be seen as supporting the continued production of higher-priced tires in the U.S.



David Nicklaus
[More columns]
[David's
Biography]

yesterday's most emailed

1. Jefferson County Sheriff defends soldier's funeral procession
2. Here's the real dirt on Gen. Franz Sigel
3. Youth center is a magnet in East St. Louis
4. Guardian Angels' founder scoping out St. Louis
5. St. Louis Cardinals fan feels uplifted after fall
6. Serial "billboard" bank robber arrested in mid-Missouri
7. Repeat drunken drivers avoid felony DWI charges
8. Carpenter can't stop a sweep by Braves
9. BJC complex expanding north with 12-story tower
10. Emails about soldier's funeral procession

ST. LOUIS POST-DISPATCH
YAHOO! HOTJOBS

COORDINATOR

Saint Louis, MO
Juvenile Family Court

DIRECTOR OF SALES

Saint Louis, MO
Christian Homes

DELIVERY

Saint Louis, MO
Yellow Book

PRODUCTION SUPERVISORS

Saint Louis, MO
Confidential

REGISTERED NURSE OPPORTUNITIES

Bridgeton, MO
Life Care Center of Bridgeton

INSURANCE SERVICE REPRESENTATIVE

Saint Louis, MO
Confidential

HEALTHCARE

Saint Louis, MO
St. Anthonys

CABLE TECHNICIANS

Fenton, MO
Vitek Solutions

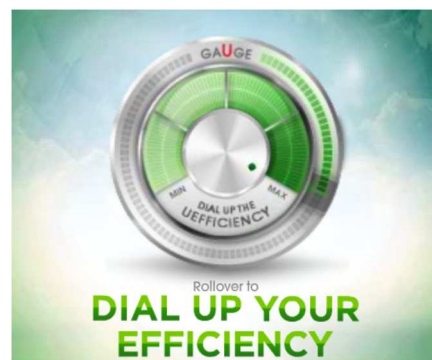
RN'S

Saint Louis, MO
Salem Memorial District Hospital

DRIVER - OWNER OPERATORS

Saint Louis, MO
RoadLink

[More Jobs](#)



Obama's decision will hurt consumers, who are likely to face higher tire prices when the tariff takes effect Sept. 26. It also is disruptive for wholesalers and retailers, Littlefield said.

GET MORE

• [Read Dave Nicklaus' past columns](#)

The tariffs' biggest damage, though, may be in the message they send to the rest of the world. Obama and the steelworkers say they're merely enforcing our trade laws, but the applicable law, known as Section 421, is unusual in that it applies only to China.

Because President George W. Bush rejected four previous Section 421 petitions, Obama is now attempting to use this arbitrary law for the first time. China is appealing to the World Trade Organization, and it has launched unfair-trade investigations of U.S. companies that export poultry and auto parts.

The two nations have had plenty of trade disputes, but China has good reason to take this one more seriously. "This comes directly from the president," Ikenson says. "The Chinese view this a very serious breach of trust at the highest level."

The tariff also sends an unfortunate signal both at home and abroad. Obama is likely to face a flood of Section 421 complaints from other unions and companies that face Chinese competition. He also has just given our trading partners an excuse to cave in to anti-globalization forces in their own countries.

Obama will host those trading partners next week at an economic summit in Pittsburgh. It could have been an opportunity for a bold statement about using trade to rebuild prosperity. Instead, he's chosen the low road of protectionism, where he'll undoubtedly find plenty of followers.

[Write a letter to the editors](#) | [Subscribe to a newsletter](#) | [Subscribe to the newspaper](#)
[Read the latest business stories](#) | [View all P-D stories from the last 7 days](#)

► [Click here to read all comments, or be the first to comment on this story](#)

(8) Comments



mississippi September 15, 2009 5:35AM CST

When I have to pay 25-30% more for the replacement tires on my ten year old car, I'll know who to thank. If I were China I wouldn't mess with increasing the tariff on U.S. poultry and auto parts. I'd just stop funding the U.S. government debt and watch U.S. interest go through the roof.



The Financial Coach September 15, 2009 6:53AM CST

Great Article. The points are right on, clear, and spell out that tariffs don't work. In fact, trying to appease 'special interest groups' will end up backfiring and cause more job losses. I wish we'd address the real issues of the 'cost' of doing business in the US. The regulations, Osha, various taxes (real estate, property, unemployment,) and then the fact that corporate tax rates are almost the highest worldwide. Why do business here and pay 35% corporate tax when you can be in Ireland and pay 12.5%? Why couldn't we lower the corporate tax rate to Ireland type rates and then require that jobs be based here in the US? I have not way to look at the numbers but just a thought.



russellconsulting66 September 15, 2009 9:18AM CST

David, you are correct again...however, what your saying should be titled: DEATH of The American Factories. Either way, manufacturing loses in this country. If a U.S. company makes

Open Now

The Orange Savings Account

High Interest.

No Fees.

No Minimums.

Save your money

Member FDIC

new start career training



Dead end job? Search here for the training you need to revive your career today!

Select a program:

Enter ZIP here

shop today's ads **shopSTL**

Search by Keyword



City of Richmond Heights



European Accent



Bommarito Mazda



Commerce Bank

widgets, but can't compete in the open market, then their sales drop. Next, workers are let go and the company has few choices. Either move the plant to Mexico, China, or some other third world country, or CLOSE THE DOORS!!! I've been in manufacturing for 35 years and all I've seen is this. Product line after product line is getting their teeth kicked in. Once one or two of your competitors go overseas, and come back with goods 30-40% lower than your lines, then you have to make a decision that is not favorable to anyone. Or, the real last resort would be to sell your company and forget about these terrible trade restrictions, tariffs, and manufacturing debacles that the government has told us about. The government book reads: "How great everything will be for the Ameican consumer". Hogwash!!!...RM.



BRINKMANN
HEATING & COOLING, INC.
503 11348
COMMERCIAL RESIDENTIAL
24 HOUR SERVICE
2009 One West Blvd St. Louis, MO 63103 • Fax: 314-862-1134



Bakers Automotive
Full Service
Foreign & Domestic
Auto Repairs
• Tune-ups
• Fluids & Alignment
• Master ASE Certified
Owner/Operator

Bakers Automotive

Brinkmann Heating & Cooling, Inc.

▶ See All Advertisers

Comments 1 to 3 of 8

Page 1 of 3

1 2 3

Please [Login](#) or [Register](#) to comment.

[Obama Urges Homeowners to Refinance](#)
SeeRefinanceRates.com

Ads by Yahoo!

exclusive on STLtoday.com



NATIONALIZED MEDICINE
THE HEALTH PLAN & YOU
MODERN HEALTH CARE



SATISFY YOUR CRAVINGS. LOCATE A RESTAURANT.



WATCH MIZZOU VIDEO HIGHLIGHTS



Are you a football expert? Pick the NFL winners and win a Fathead.

Quick Links:

- Site Map
- Horoscopes
- Obituaries
- Lottery
- Newspapers in Education

Information:

- About Us / Contact Us
- Archives
- Terms of Service
- Privacy Policy
- Copyright

Services:

- Subscriber Services
- Advertise
- Help
- E-mail Newsletters
- P-D Store

STLtoday.com sites:

- St. Louis Post-Dispatch
- Suburban Journals
- St. Louis' Best Bridal
- Ladue News
- MySTLtoday.com

