



U.S. Steel is bringing back 500 workers, but tariffs could cost thousands of jobs

By Patrick Gillespie CNNMoney March 7, 2018:

Two metal companies say they will create 800 jobs because of President Trump's looming tariffs on steel and aluminum.

But economists say the trade action will cost the economy thousands of jobs. Some of that analysis comes from the aluminum industry itself.

U.S. Steel announced on Wednesday that it will hire back 500 workers to restart operations at a previously shuttered blast furnace in Illinois. The company said the decision was made possible by the Trump tariffs.

"The President's strong leadership is needed to begin to level the playing field so companies like ours can compete, win and create jobs that support our employees and the communities in which we operate," U.S. Steel said in a statement.

A blast furnace is the part of a steel mill where raw materials are combined at high temperatures to produce molten steel.

Century Aluminum in Kentucky said the tariffs will help it hire up to 300 workers.

Trump has hinged his entire trade agenda on creating good-paying jobs. And, in some ways, he has already helped American steel.

The price of US-made steel is up 71% since Trump's election victory in 2016, according to S&P Global Platts. That was a sign that investors believed Trump would come through with tariffs.

The announcements from U.S. Steel and Century Aluminum are good news for 800 workers, of course. But economists expect job losses to be far greater in other industries.

Mark Zandi, chief US economist at Moody's Analytics, estimated Wednesday that job losses because of the tariffs could range from 100,000 to 150,000.

Bernard Baumohl, chief economist at the Economic Outlook Group, a consulting firm, estimates the United States will lose at least 25,000 jobs.

Even aluminum experts say the tariffs will take away more jobs than they create. Jorge Vazquez, a managing director at consulting firm Harbor Aluminum who has previously advised the US Commerce Department, estimates the aluminum tariff will result in 21,000 lost jobs, mostly in manufacturing.

That's because lots of American industries, including car companies, airlines and medical equipment makers, use steel or aluminum to make their products. Tariffs would increase their costs, and could force companies to lay off workers to offset those costs.

The odds already seem tilted toward job losses. The American Institute for International Steel, a pro-trade advocacy group, says about 142,000

Americans work in the steel industry. Those workers would stand to benefit from the tariffs.

But the institute says about 6.5 million Americans are employed by steel-consuming companies. Some of those jobs would be at risk. How many is hard to say.

Scott Sloan's company buys aluminum for the industrial-size fans it supplies to car plants, storage facilities and Major League Baseball stadiums. Aluminum prices were already going up with inflation. Because the company buys foreign-made aluminum, its costs would increase even more under the tariffs.

"We fear this is going to be a case where tariffs meant to help American manufacturing actually hurt it," says Sloan, a spokesperson for Big Ass Solutions, a firm in Kentucky.