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Could Trump Really Bring Steel Back to Pittsburgh?

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Can Donald Trump really bring steel back to Pittsburgh?

With the New York primary win under his belt, the Republican presidential candidate's attention now swings to the next round of primary states, including Pennsylvania, where Trump's message of boosting blue-collar jobs gets his supporters hotter than a blast furnace.

"It's Steel City, and when I'm president, guess what? Steel is coming back to Pittsburgh!" he said to cheers at a rally on April 13th in the city that saw its steel industry collapse in the 1980's with massive layoffs and plant closures.



An abandoned steel blast furnace is reflected in a puddle in Pittsburgh in 2011. (C) ERIC THAYER / Reuters / REUTERS

Industry experts say the notion of bringing Pittsburgh back to its post-World War II heyday, with large mills supplying tens of thousands of jobs, isn't going to happen. By 1982, 133,000 steel workers in the area had been laid off. By January 1983, the job losses in the steel industry contributed to a 17.1 percent unemployment rate in the Pittsburgh area.

Some steel production could increase under the right circumstances, experts say. But the number of jobs that could be brought back wouldn't be "yuge."

"He's pandering, he doesn't really mean it," said Scott Paul, president of the Alliance for American Manufacturing, a trade group founded by domestic manufacturers and the United Steelworkers union.

"I don't think he has a plan."

It's true, experts say, that some jobs could come back to Pittsburgh if certain actions were taken. Further tariffs on the cheap Chinese steel flooding the market could make domestic steel more competitive. If the price of oil went back up above \$60 a barrel, that could spur coal exploration in Pennsylvania and increase the need for steel pipe and tubes, and thus jobs, Paul said. Also, idle capacity at existing plants might be filled.

At most though, under the right conditions, that might only mean a few thousand jobs, said Frank Giarratani, a University of Pittsburgh professor of economics and steel industry expert.

But the most likely scenario, however, is that there would be less chance of people getting fired from the jobs they already have. Existing plants are currently fending off the dual threats of a weak dollar and subsidized imports.

"There will not be any new plants coming to the state of Pennsylvania," said Giarratani. "That's just insane."

Plants built in the U.S. in recent years haven't been the large job-providing iron ore plants, but smaller steel recyclers. They've mostly been built in non-union right-to-work states in the South and Southwest that are close to steel buyers, like automobile manufacturers.

Trump has promised to get "tough" on trade with China and renegotiate trade agreements, but deals and the dealmakers who forge them aren't enough to give real people a livelihood.

Manufacturers also have to do the hard work to make their products different from the basic commodity steel flooding the market, said S&P Capital IQ analyst Matt Miller.

It's possible Trump would focus on introducing stiffer penalties for Chinese companies that dump excess steel on the global market.

But the U.S. Department of Commerce already tried that. Last year it introduced a measure that would have bumped up tariffs by as much as 266 percent on Chinese steel imports, which gave the U.S. steel industry "a real shot in the arm," said Miller.

On Tuesday, global policy makers including Canada and the United States met and issued a statement criticizing governments for encouraging the overproduction of steel.

In late February, President Obama issued executive actions to protect the domestic steel industry, such as making it easier for Customs to investigate foreign steelmakers evading anti-dumping tariffs.

Even China is struggling to find enough jobs to keep its workforce busy. China's steel industry still loses around \$10 billion a year — and that's including state incentives such as free electricity.

Meanwhile some U.S. steel industry trade groups have had trade complaints in the works against China and other countries for swamping the market with subsidized steel to make it impossible for rivals to compete.

And simply competing on price alone isn't enough, experts say. You need the technology.

"The future of the domestic steel industry is a focus on engineered, value-added metals products that are more resistant to cheap steel-imports," said Miller.

And you can't get there overnight.

One advantage that America has, said Usha Haley, management professor at West Virginia University and an expert on Chinese manufacturing, is that the U.S. has the technology to develop super-light, super-strong steel.

"China may eventually buy or steal this manufacturing technology," said Haley, "But currently it lags behind the United States, as well as Japan and South Korea."

The question is, if steel jobs came back, would anyone want them?

"Manufacturing and utilities come out at the bottom of millennials' job wish list, with 7 percent and 3 percent respectively," said workplace expert Lindsey Pollak.

While promises of a bygone era might evoke cheers at rallies, those seemingly rousing proposals may be out of step with a city that has tried to reinvent itself as an incubator for new tech companies.

Some of those include a huge Google research facility, and a robotics center where Uber engineers from Carnegie Mellon University are working on developing self-driving cars. 📺
