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Serious Problems - - Are We Up To Them?

Many believe that our country now faces more problems than at any other time in our history, barring the Revolutionary period, the Civil War and the Great Depression/World War II. To name just some of them, we have the recession, two wars, huge budget shortfalls in Washington and the States, energy dilemmas, immigration issues, the fight against terrorism and Wall Street excesses. Moreover, the pace of change is more rapid – this year's proposed energy legislation was, almost overnight, reshaped by the spill in the Gulf; the once dormant immigration proposals have been revived by legislation in Arizona.

As our challenges become more numerous and more complex, we ask our leaders to provide solutions. We are a country that esteems individualism, but we cannot fight in Afghanistan, rein in hedge funds, secure our borders or balance our budgets acting alone or even with our neighbors. What we can do is to select our representatives wisely.

Of course, what may be a wise selection to one voter can appear senseless to another. Those stark differences can be due to political predilections – people who vote strictly on party lines or single issues. But in our country, elections are usually decided by those not so wedded to the right or the left. They are open to persuasion.

How do we try to assure that those voters will act wisely?

First and foremost, we should hope that voters are informed. Democracy, especially the representative republic that we employ, cannot operate effectively unless the voters know what the candidates are (or are not) talking about. Otherwise, voters can be distracted from the issues and elections can become little more than popularity contests detached from realistic solutions to those problems.

How informed are our voters? One can only make surmises based on circumstantial factors, but that evidence is not reassuring. For example, newspaper circulation in the U.S. (51 million) is in sharp decline, by about 10% in the last five years. The large increase in internet usage has only added about 8% to total readership. The audience for the evening news broadcasts on ABC, CBS and NBC has been declining for the past 25 years, from over 50 to less than 25 million. (Put another way, over those years they lost about one million annually while the population was growing at 2.7 million a year.) Cable news has not picked up the slack – Fox News, MSNBC and CNN newscasts draw about 3.5 million.

In 2008, we had about 200 million eligible and 145 million registered voters. The evidence suggests that a good many, maybe half, of those citizens do not regularly see or read the news of the day.

Another perspective raises another question. What is the quality of the news coverage we do see or read? In 2008, print and electronic media understandably devoted most of their coverage – 36% – to the election. However, some 70% of that coverage dealt with the “horserace” issues of polls, endorsements, media treatment of the candidates and the like. Only about 15% was devoted to policy issues and the candidates’ records. To take another example, the top ten 2008 stories on daytime cable news outlets included four (Caylee Anthony, summer weather, the Spitzer scandal and the Texas polygamy case) absent from the rest of the media’s top ten.

Superficial or trivial matters have become the “issues” of our campaigns: Richard Nixon was done in by faulty make up in the first television debate; Michael Dukakis was ridiculed for wearing a tank-helmet. Today, would the homely Lincoln with a squeaky voice have a shot at the Presidency?

One political leader recently said that the voters are more informed and interested this year than ever before. Let us hope that that opinion is true. If we don’t get serious with our problems, they will surely get serious with us.

Here are some of the cost data for this month:

- Scrap and Pig Iron Number 1 dealer bundles and #1 busheling (Chicago) were both at \$465 per mt this month, unchanged for the former and down \$15 for the latter. This marks the third month of price stability for the two. In contrast, the spot price for Brazilian pig iron (cif New Orleans) continued its steady climb since last November, from \$310 per mt to this month’s \$530.

- Natural Gas The Nymex contract price continued to ease a bit, from \$4.16 to \$4.00 per mmBtu. But for the mild spike last winter, we are seeing the lowest prices in many years.
- Ocean Freight The Baltic Capesize Index climbed somewhat, from 3377 to 4804. Nonetheless, these levels are far from those obtaining in the two years leading to the recession.
- Foreign Exchange The big news was, of course, the Greek monetary crisis, with its very harsh effects on the euro. At this date, the euro is worth \$1.23, down 13 cents in a single month. The pound was also pounded, off 10 cents to \$1.44. Even the Canadian dollar, not touched by the crisis in Europe (or, for that matter, in North America) lost 4 cents to \$0.96.

We value your thoughts and encourage you to share them with us. As usual, we are posting this letter on our website, www.coreysteel.com, and on the international site, www.steelonthenet.com.