

**Office and Plant:**  
2800 South 61<sup>st</sup> Court  
Cicero, Illinois 60804-3091

(708) 735-8000  
(800) 323-2750



**Mailing Address:**  
P.O. Box 5137  
Chicago, Illinois 60680-5137

Facsimile:  
(708) 735-8100

October 20, 2010

## **“Urban Legends - - Be Careful What You Believe”**

Articles appearing in various newspapers over the last 15 years have reported a study by the World Health Organization concluding that natural blondes will become extinct within 200 years. The study predicted that the last blond would be born in Finland in 2202. The WHO based its conclusions on the fact that “blondness” is caused by a recessive gene and because “bottle blonds” are generally more attractive and thus will be chosen more often as a mate.

This story, which many of us have heard more than once, is fiction passed off as truth. The WHO never conducted such a study. Indeed, so-called “scientific” projections of the end of blondness have been around since the Civil War, predicting its demise within anywhere from 50 to 600 years.

Welcome to the world of urban legend.

Most urban legends are relatively harmless; although people strongly attached to blond hair might not think so. But some can play an important and disruptive role as we consider national policies. To take one example, in the late 1970’s there was a sharp escalation in insurance rates for product liability coverage. The problem became so acute that some cities were closing access to playground equipment, swimming pools and other recreational facilities. Some businesses had to close their doors, and most producers of equipment and materials were forced to choose between paying much higher premiums or leaving themselves naked to what was said to be an out of control tort litigation system.

What appeared to drive much of this concern were stories of incomprehensible court decisions and jury verdicts. One example was the story of two men injured while lifting a power mower off the ground to clip a hedge. They sued and recovered from the mower manufacturer for not disclosing that the product should not be used as a hedge clipper. This story was fiction, but it, and other urban legends were repeated ceaselessly in hearings before Congress and state legislatures. Not much was done legislatively in these bodies, but the problem subsided, as insurers discovered that their high premiums were not justified by their loss experience and the rates came down.

About 15 years later, efforts to improve our tort litigation system provoked another onslaught of urban legends. There was the one about Terrance Dickson, who inadvertently locked himself in the garage of a house he was burgling and was stuck there for a week before the owners returned; he supposedly recovered \$500,000 for his mental anguish. Then, there was Amber Carson, who successfully sued a night club after she fell from a bathroom window while attempting to sneak in to avoid the cover charge. And on and on. All of these stories were fiction. (No doubt, many crazy cases are brought, but there are very, very few that even get to a jury and often the plaintiff is sanctioned for frivolous litigation.) Yet these urban legends can and do shape the reactions of legislators honestly trying to improve our tort procedures.

In another realm, urban legend had it that immigrants who never put a dime into Social Security were entitled to receive benefits when they turned 65. The fact is that no one receives a benefit that hasn't paid into the system. A barrage of e-mails containing a number of other so-called facts about the workings of the system required the Social Security Administration to issue a publication it called "Debunking Some Internet Myths."

Particularly in today's environment, getting something done legislatively is hard enough. We do need to reform Social Security and our tort system, but the avalanche of misinformation makes these formidable tasks dramatically more difficult. And, of course, the problem is made worse by the ease today of communicating whatever one likes to millions of recipients.

Urban legends have probably existed for centuries. (George Washington never used wooden false teeth.) They will continue to be with us, probably forever. What is different today is how often they can land in one's lap with seeming credibility. One can only hope that people are informed and skeptical enough to confront weird assertions with a jaundiced eye.

Here are the cost data for this month:

- Scrap and Pig Iron The prices for #1 dealer bundles and #1 busheling (Chicago) slipped by \$40 per mt. to \$390 and \$395 per mt., respectively. Over the last seven months, prices have trended downwards but still are at relatively high levels compared with historical levels. The spot price for Brazilian pig iron (cif New Orleans) continued to hover around the \$450 per mt level that has prevailed for the last five months.
- Natural Gas The Nymex contract price was down a quarter to \$3.56 per mmBtu. This is the third month in a row that prices have declined, and the current level is nearing lows for the past decade.
- Ocean Freight The Baltic Capesize Index was virtually unchanged at 4098. Since the rates fell from historic highs in the last half of 2008, they have stayed relatively steady, showing that China's seemingly insatiable demand for scrap and other raw materials has moderated and stabilized somewhat.
- Foreign Exchange The dollar continued to weaken against the euro last month. Now at \$1.38, the euro gained 5 cents since September and 11 cents in the last two months. This is a fairly sizable swing in such a short period of time and probably reflects the current uncertainty about how the dispute with China over the value of its currency will proceed. The pound was up a penny to \$1.57, and the Canadian dollar fell a penny to \$0.97.

Please let us have your thinking on these issues. We are, of course, posting this letter on our website, [www.coreysteel.com](http://www.coreysteel.com), and on the international site [www.steelonthenet.com](http://www.steelonthenet.com).