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Lincoln Lessons

Last month, we suggested that there may be a silver lining to our present economic challenges – we might just be able to turn from the trivial and focus our attention on the important issues we face. Since then, some other possible benefits have begun to materialize. For one thing, the new stimulus package that virtually all economists and politicians want to see come to fruition could well allow us to address chronic problems, like the decay of our infrastructure and the investment needed to promote new sources of energy. It is doubtful that, in ordinary times, there would be the will to undertake those expensive efforts.

There is another hopeful sign. Next year is the 200th anniversary of Lincoln's birth. We can expect to see an outpouring of books, conferences, speeches and celebrations aimed at exploring the legacy of one of our greatest Presidents. We are not scholars of Lincolniana, but even laymen can see lessons to be taken from his writings:

- We have been beset for many years by strong and even bitter divides among our people on political issues, so much so that many despair of ever returning to civil exchanges to resolve our problems. Lincoln faced much worse – a country on the brink of civil war. And, while he prosecuted that war with vigor and, in the end, brutal efficiency, Lincoln never vilified his countrymen from the South. In his Second Inaugural Address, when he could make no prediction when the carnage would end, he saw that end not as a defeat of the South but instead as achieving “a just and lasting peace among ourselves.” And at that end he called for “malice towards none” and “charity for all.” Maybe in 2009 we may begin to emulate those sentiments towards our political opponents.
- Ours may be the most religious country in the developed world, and much of our public discourse today is couched in pronouncements based upon the Scriptures. In some cases, political argument takes on a tone of moral imperative, with opponents cast as sinners. Lincoln did not wear his religion on his sleeve, but he, too, very often used biblical passages in his writings. Yet he never presumed to know God's will or to assert that his policies were God-given. And he knew full well that all sides to a controversy were likely to believe in the righteousness of their cause. Again, from the Second Inaugural Address:

Both [the North and the South] read the same Bible and pray to the same God, and each invokes His aid against the other. It may seem strange that any men should dare to ask a just God's assistance in wringing their bread from the sweat of other men's faces, but let us judge not that we be not judged. The prayers of both could not be answered. That of neither has been answered fully. The Almighty has his own purposes.

How far these sentiments are from those who would attribute natural disasters to the sins of their countrymen. Again, perhaps we can bring our own thinking closer to the nobility of Lincoln's.

- The Declaration of Independence asserted that "all men are created equal," but neither the Constitution of 1787 nor the Bill of Rights contained an equivalent passage. Of course, a God-given equality had fundamental implications for the practice of slavery; but the Constitution was the law of the land, while the Declaration seemed more historical than prescriptive. Lincoln's Gettysburg Address changed all of this. To him, a war that was waged to preserve the constitutional Union was even more a test to decide whether a nation "dedicated to the proposition that all men are created equal" would survive. The Declaration became more than a bill of particulars justifying revolution; to Lincoln, it was the central philosophy of the new nation. Acceptance of that philosophy in the wake of the Civil War led to the changes in the Constitution that make us all citizens of the United States, not just its constituent states, with the rights to the equality proclaimed in 1776. It took almost another 100 years to begin effectively to implement those amendments, but we did it and have now taken another great step in this almost four hundred year struggle. Lincoln would be pleased.

This month's cost data is not as crazy as November's:

- Scrap and Pig Iron. The prices for #1 dealer bundles and #1 busheling (Chicago) bounced back to \$230 and \$260 per mt, respectively. These are still pretty low prices compared with the last four years, but not the give-aways of last month. Brazilian pig iron prices continued to decline to \$375 per mt (spot price, New Orleans), but it is not clear whether many sales are being made at that price.
- Natural Gas. A nice present from Santa is the further drop in natural gas prices, more than a dollar in the Nymex contract price, to \$5.73 per mcf. This price is well below the winter prices in recent years, and, like the lower prices at the pump, should be a significant boost to the dragging economy.

- Ocean Freight. The Baltic Capesize Index leveled off after five months of huge declines from a high of 18,880 in June. It now stands at 1,454.
- Exchange Rates. The euro has had a dramatic rise over the last few weeks and now stands at \$1.43, up sixteen cents from last month. The pound is up too, but only by six cents to \$1.54. The Canadian dollar strengthened by a penny to 83 cents.

The Christmas season is a time for good cheer and togetherness. Sometimes, particularly when the horizon is clouded, we can let our cares take command. But we at Corey sincerely believe that, even in these testing times, there is much reason for optimism. We have a sound country, one that, at bottom, is grounded in the character traits that can permit us to overcome these new challenges and emerge even stronger. It is in this spirit that we at Corey wish you, your families and your colleagues the best of holidays and a prosperous New Year.

Let us hear from you if you wish to share your thinking on this or any other of our letters. They are all posted on our website, www.coreysteel.com and on the international site, www.steelonthenet.com.