Anaconda was open for takeover because of the severely depressed state of the entire copper industry. In 1975 Anaconda registered a net loss of $39.8 million, stemming from the collapsed industrial and speculative demand for copper. In June of 1975 world copper prices plummeted to a low of 52 cents after rising to a high of $1.52 in the commodity boom of the previous year. Tenneco Inc., a Houston-based diversified oil, manufacturing, and gas transmission company, also hoped to acquire Anaconda, but couldn't compete with Arco's offer.

Multinational Oil Companies Step Up Looting Of U.S. Economy

Simultaneously, the multinational oil companies are moving to get Project Independence off the ground — the energy conservation and "development" program that is the model for all other autarkic moves. Exemplary of the insane schemes for achieving energy independence that are proliferating is the report prepared for Carter by a task force headed up by his Keynesian economic advisor, Lawrence Klein. The gist of the Klein report, which is being carefully considered by the Carter transition team at present, is that "price incentives" are the best approach to conservation and energy development. The report argues the long-standing multinational line that "higher prices through a relaxation of price controls on oil and new natural gas" are needed to give the oil companies the incentive to invest in exploration.

Even without ramming through full decontrol of energy prices, multinational oil company looting of the rest of the economy through rising energy prices has continued to grow. In 1973 the total energy bill for the U.S. economy was $70 billion or 5 per cent of Gross National Product. In 1975, after the 400 per cent OPEC price rise engineered by the Seven Sisters, the total energy bill was a staggering $150 billion or 10 per cent of GNP. Total energy costs in 1976 were in the $150 billion to $200 billion range. Between May and October of this year the fuel and related products and power component of the wholesale price index rose at an 18.5 per cent annual range, compared to a 6.1 per cent annual rate of increase for all other industrial commodities. The fuel costs had to be absorbed by manufacturers, who could not pass the entirety of the increase on because of soft demand throughout the economy.

The increases in fuel cost to industry have been staggering. Cleveland-Cliffs just announced a 4.5 per cent increase on iron ore pellets, citing the increased cost of fuel and capital expenditures. Over the first half of 1976 the base energy costs of the iron ore producer rose an excess of 25 per cent. In 1970 U.S. steel paid $14.90 for energy per average ton of product. In 1976 the cast was over $60. Both Cleveland-Cliffs and U.S. Steel have been subjected to the natural gas "shortage" this winter and have had to pay excess for alternate fuels or unregulated natural gas.

1976 Steel Production Still Below 1974 Level

STEEL

1976 was a complete disaster for the steel industry. While total world steel production rose some 6.2 per cent form 1975 levels, the total production figure of 690 million metric tons was off almost 20 million mt from 1974's record level of 708 million mt. Following is a breakdown of steel production over the past 3 years (in million metric tons):

	1974	1975	1976 *
USSR	136	140	146
USA	135	108	117
EEC	155	125	132
JAPAN	117	102	107
World Total	708	650	690

*(1976 figures are preliminary figures supplied by the Int's Iron and Steel Institute in Brussels)

Omitted from these figures for 1976 are the facts that much of the steel produced was sold at very low price levels, in frequent cases below cost. The auto sector in many countries, especially the U.S., single handedly held up the steel sector throughout the second half of the year as utilization rates fell to below 70 per cent. In the U.S. these factors translated into an earnings-to-revenues ratio of 3.6 per cent, below the level obtained during the recession year of 1975.

In West Germany preliminary figures released by the Federal Office of Statistics inindicate a 5 per cent production gain over the disastrous level of 1975. Still, crude steel production of perhaps 42.5 million mt will be well below the 53.2 million mt record of 1974. German steel mills are currently operating at 60 per cent of capacity and unemployment in the industry is now equal to 20 per cent of the work force, or 58,000 workers. Expectations for 1977 are cautious, with a 5 per cent possible increase over 1976 the current guess by West German steelmen. December output of 104,900 tons was 15,000 tons below November's poor figure.

Falck, Italy's largest private steel producer, and second largest overall recently announced that an additional 1,500 workers will be put on shorttime in the Milan region due to a drastic fall in demand. Plants involved in the cutbacks will close one week per month in each of the first four months of this year.

In Japan, production for the first quarter 1977 is expected to drop an additional 2.3 million tons (8 per cent) from the already low level of the fourth quarter of 1976. Steel output for the entire fiscal year is estimated to post only a 4 per cent increase over the previous fiscal year to about 114 million mt. It is expected that as a result of this limited increase Japanese steelmakers will cut their capital expenditures by as much as $1.4 billion, further weakening the Japanese economy. Some projected cutbacks are as follows:

Company	1976-Expenditures	1977 (Projected)
Nippon Steel	$1.03 bn	$600 mn
Kawasaki Steel	$698 mn	$667 mn
Sumitomo Metals	$850 mn	$800 mn
Nippon Kokan K.K.	$500 mn	$477 mn

As their situation further deteriorates steelmakers are making additional layoffs and cutting back on capital spending on the theory that it's only a matter of time before capital spending and employment pick up in other sectors.

In another development, U.S. Steel has agreed to a plan worked out by the government to reduce pollution at its Clairton works in the Monongahela Valley. The plan forces expenditures of $600 million by USS but more importantly will reduce employment in the area, and has already caused the shutting down of No. 18 coke oven battery. This latter sacrifice will result in the loss of 370,000 tons of coke, and 3.3 billion cubic feet of coke oven gas annually, the equivalent of heating 9,000 homes. This case merely serves to indicate another major problem confronting steelmakers, that of government intervention in the industry forced by environmentalists. Although some types of pollution control are necessary, this type of panicked intervention will only result in increased unemployment and the siphoning off of revenues needed for capital expenditures.