Congress probably wanted to favor government loans over grants, say the authors, while at the same time keeping a back door open for unpublicized federal expenses. But it is likely, too, that Congress failed to grasp what the true costs of federal credit are. The federal budget is designed to record direct spending, not the extension of credit and such variables as interest rates, the risk of default, and, in the case of loan guarantees, eventual expiration.

Yet in the private sector, such calculations are routine. And therein, contend the authors, lies a possible solution. Instead of, say, directly providing loan guarantees, the government should *buy* loan guarantees from private loan-insurance companies. The purchase price would give legislators—and voters—unambiguous information about the true costs of federal credit, which, though subtle, are "extraordinarily high" and have an impact on the economy.

What Happened to Consumerism?

"The Maturing of Consumerism" by Paul N. Bloom and Stephen A. Greyser, in *Harvard Business Review* (Nov.-Dec. 1981), Subscription Service Dept., P.O. Box 3000, Woburn, Mass. 01888.

The middle-class consumer movement, so active during the 1960s and most of the '70s, seems lately to be out of the news, pre-empted by such matters as defense, the economy, and events abroad. According to Bloom and Greyser, business professors at the University of Maryland and Harvard, respectively, the picture is more complicated: While some large, national consumer groups are beset by declining memberships, many local organizations are thriving. The "brand" of consumerism they offer accounts for the difference.

Early consumer organizations, led by well-known activists such as Ralph Nader and Betty Furness, pushed protective federal legislation. Feathers in their caps included the federal Truth in Packaging (1966), Truth in Lending (1968), and Consumer Product Safety (1972) acts. But, by the late '70s, the public was beginning to have second thoughts about some of these efforts. Many did not want to be protected by mandatory automobile air bags and seatbelt interlock systems; many more looked askance at such consumerist causes as the Fight to Advance the Nation's Sports (FANS), launched by Nader. Consumer groups' tendency to paint business as a villain worked against them. And business began to fight back, with advocacy advertising as well as new consumer assistance offices. In 1978, Congress rejected a proposal to create a federal consumer protection agency, despite intensive consumer lobbying.

Yet such setbacks do not signal consumerism's demise. A series of five opinion surveys taken between 1971 and 1979 show "no drastic shifts in consumer attitudes." And a 1979 Union Carbide study indicates that most Americans favor "stricter health and safety regulations and [are] concerned about the power of corporations." If Americans seem to be giving up on the national organizations, many are turning to their local counterparts—to groups that stress personal services. These organizations' offerings range from the "redress assistance" of local media "action lines" to the information pools and bargains of buyer co-ops.

In sum, say the authors, the American public is shifting from its past role as "cheering spectators" to participation on the community level.

Don't Blame the Japanese

"Japanese Steel in the American Market: Conflict and Causes" by Kiyoshi Kawahito, in *The World Economy* (Sept. 1981), Elsevier Scientific Publishing Co., Box 211, 1000 AE Amsterdam, The Netherlands.

In 1976 and 1977, American steelmakers complained strongly about the "predatory dumping" of Japanese steel on the American market. Capitalizing on lower labor costs and friendly government subsidies, the Japanese were out to wreck the American steel industry by undercutting American prices—or so the charge went. Kawahito, a professor of economics at Middle Tennessee State University, argues that the competitive advantage of Japanese steel results not from unfair trade practices but from the Japanese ability to produce cheaper steel.

The story of how the Japanese acquired that ability is a miniaturized version of Japan's struggle for postwar economic recovery. In 1956, before the United States became a net importer of steel, producing a ton of the metal cost the Japanese $8 more than it did the Americans. By 1960, the Japanese had reversed the situation and could make a ton for $32 less. By 1976, their cost advantage was $120.

The Japanese government was not responsible for the turnaround. (Indeed, Tokyo has actually hurt steelmakers with its pampering of farmers and support for the faltering coal-mining industry.) Japanese steelmakers became competitive by constantly monitoring technological innovations around the world and then adopting them. They were helped also by the declining relative costs of buying and delivering raw materials. This was not simple luck: During the 1950s and '60s, Japanese steelmakers helped lower those costs by finding and exploiting overseas iron mines, joining in designing new bulk carriers, and constructing new steelworks along their seacoasts. And, true enough, low labor costs provided an additional boost: In 1976, the Japanese hourly labor cost was $5.25, less than half the U.S. figure of $12.14.

The U.S. steel industry is in for harder times, says Kawahito. Over the next few years, the newly industrializing nations, paying much the same prices for resources as the United States does, but far lower ones for labor, will rapidly expand their steelmaking capacity. American steelmakers will simply not be able to match their prices. Thus, he concludes, the best policy in the United States would be not to mount a