Stalin's 1936 "framework" Soviet Constitution, for example, reflected his need for personal flexibility in a society that had yet to mature politically. By contrast, Khrushchev's vain effort to adopt a "new" Soviet constitution during the late 1950s and early 1960s was an attempt to bar new Stalinist "cults of personality" by placing more rigid, legal controls over the Soviet system. Meissner, director of the Institute for Eastern Law at the University of Cologne, finds that both these tendencies persist in the draft Soviet Constitution published last spring after two decades of stalemate. (The constitution went into effect last October.)

According to Meissner, the new Constitution strengthens one-party rule in the Soviet Union by explicitly acknowledging the Communist Party's "vanguard" role in society. Moreover, by simple legislative fiat, it proclaims the end of the "dictatorship of the proletariat" and heralds a "developed socialist stage," called the "society of the whole people." Soviet "federalism" is weakened, and the powers of the central government—particularly the Presidium of the Supreme Soviet, the Russian parliament—are broadened.

The new charter concentrates power in the Party leader's hands by ending the 13-year division of authority between the Party Secretary and the President. With the ouster of President Nikolai Podgorny in 1977, both jobs are now held by Leonid Brezhnev. Nevertheless, Meissner argues, the constitution has theoretically created the beginnings of a genuine constitutional state by obliging all Russian institutions, including the Communist Party, to operate within its guidelines.

Never Call Retreat

"*Finis* for 'The American Challenge'?" by Stephen Hugh-Jones, in *The Economist* (Sept. 10, 1977), P.O. Box 190, 23a St. James's St., London SW1A 1HF, England.

A decade ago, French commentator and politician Jean Jacques Servan-Schreiber predicted that by the 1980s, the No. 3 industrial power in the world would be not Europe, but American industry in Europe. His prophecy has been partially fulfilled: U.S. investments on the Continent over the last decade have risen from $16 to $55 billion; sales from $40 to $200 billion. But *Economist* business editor Hugh-Jones contends that the power of U.S. multinational corporations is on the wane.

American multinationals in Europe, which date back to the turn of the century when Kodak went to Britain and Gillette to France, are now hampered by local competition, government regulation, and trade unionism. As a result of widespread European unemployment, work permits for foreign nationals are increasingly hard to get; in the Netherlands, for example, only one American company out of five employs *any* Americans.

The worries of U.S. businessmen over future investments in Europe are not without cause. Many multinationals there deal in services (hotel chains, car rentals, management systems), which are vulnerable both

OTHER NATIONS

to recession and to regulation. Moreover, U.S. firms dislike losing control over their workers—a familiar management complaint in Europe, where employees sit on the boards of many companies. And there is pressure on the multinationals at home: Congress is calling for the creation of more jobs in the United States while seeking to curb tax breaks on overseas operations.

Despite predictions of an American pullout, says Hugh-Jones, American multinationals will continue to operate in Europe much as before—but with "their wings severely clipped" by a mixture of law, regulation, government intervention, and trade union power. These new constraints will cause grumbling, but they will not, he believes, drive the companies home.

One Step Forward, Two Steps Back

"La política económica del gobierno de Luis Echeverría (1971–1976): Un primer ensayo de interpretación" [The political economy of the Luis Echeverría administration (1971–1976): A preliminary analysis] by C. Griboment and M. Rimez, in *El Trimestre Económico* (Oct.-Dec. 1977) Fondo de Cultura Económica, Av. Universidad 975, Mexico 12, D.F.

Luis Echeverría became president of Mexico in 1971 with his country's economy buffeted by global recession. His response was to stress "el modelo estabilizador," a state-run investment program designed to increase agricultural and industrial output. But the results, say Griboment and Rimez, economists at the Catholic University of Louvain in Belgium, were largely disappointing.

Under the Echeverría program, the government doubled its investment in agriculture. Some 400,000 acres were irrigated; public works outlays increased tenfold (to $7 billion) in 1975; and 75,000 kilometers of new roads were built to connect outlying farm regions with national markets. Wages were increased both to boost workers' purchasing power and to keep up with an annual inflation rate of 30 percent.

However, to finance such projects, Mexico borrowed heavily from private banks in Europe and the United States and from international lending agencies such as the World Bank. In 1976, Mexico owed $19 billion to foreign creditors and was spending as much as 40 percent of its export revenues on debt service alone. Although overtures to Third World nations opened new markets to Mexican manufacturers (exports tripled during the Echeverría administration), by the time José Lopez Portillo assumed power in 1976, imports had outstripped export earnings by some $3 billion.

Thus, despite some progress, Mexico has been left with staggering debt, massive (20–25 percent) unemployment, continuing emigration, and reliance on the Yanquis for investment and lending. The discovery of large deposits of oil in 1974 notwithstanding, the authors conclude that Mexico may have already mortgaged its future.