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.