

Reviews

Udo Ernst Simonis (ed.): Entwicklungsländer in der Finanzkrise – Probleme und Perspektiven. (Schriften des Vereins für Socialpolitik, Gesellschaft für Wirtschafts- und Sozialwissenschaften, Neue Folge, 136). Berlin: Dunker & Humblot, 1983. 302 pp., DM 88.-

The problems of foreign debt became apparent in the late 1950s and early 1960s, when first Turkey and then Argentina, Brazil, Chile, Ghana and Indonesia had extreme difficulties in meeting their debt repayment obligations. Today it is everyday routine to read about the reorganization or restructuring of the debts of a developing country and of contriving scenarios for facing possible debtor cartels.

In his preface, the editor Udo Ernst Simonis talks about a "hot iron" which was tackled by the Committee for Developing Countries of the Verein für Socialpolitik at its annual meeting in November 1982. This iron has to be struck while it is hot, it is not only to be analysed. Looking into the future economists develop concrete proposals for curing possible burns. However, 11 contributions out of 13 – though seen from extremely different points of view – deal only with an analysis of the financial crisis. Only two papers present promising therapies. Without doubt, a complete anamnesis is the precondition for possible solutions.

The detailed paper (54 pages) of Wilhelm Hankel, who describes reasons for and lessons from the financial crisis, includes three concluding remarks, deduced in detail and partly explained historically (Keynes, Ohlin). Besides advocating a total or partial remission of debt he demands assistance for the developing countries similar to the Marshall Plan and thinks that the institutional monitoring and limitation of the debt process is only guaranteed by an international monetary constitution. Jörn Altmann complements these remarks in his paper by an additional explanation for the deficit of balance of payments and the demand for liquidity of the developing countries. His comments on Hankel's proposals for a solution have the characteristic title "Sad Prospects" which may indicate that he sees little hope of their being realized. Also of interest are the ideas of Manfred Nitsch on the same complex of topics. He presents two additional dimensions: formal instructions and informal usage.

The following set of subjects covers North-South financial relations. Ekkehard Storck describes the role of private banks in the relations between developed and developing countries, with regard to the international monetary and credit mar-

ket. The central point in his paper is the question to what extent the developing countries have used their opportunities for financing and whether – given increasing risks – this financing will continue to be available and to which degree. Werner Hammel complements these remarks from the point of view of development policy and points out that the declining prices for essential export goods signal an increasing need for loans.

The recycling of OPEC-Dollars is analysed in detail by Hans-Bernd Schäfer who also outlines the risks connected with it. Reflecting on this subject he comes to the conclusion that it was precisely the recycling via the Eurodollar-markets that contributed to the present debt crisis. He concludes his remarks with recommendations for economic policies, a subject taken up by Rolf Schinke's paper, which also deals with the consequences of these recommendations.

What is important in terms of financing development is the modus of conditions for the loans. Volker Nienhaus illustrates the interesting case of Islamic banking and its importance. The non-interest loans or quasi non-interest loans are certainly a special case and hence cannot be compared with the often criticized loans of the World Bank and the IMF described by Karl Wohlgemuth. He also mentions the internal structural adjustment in the developing countries, outlining experiences and, in particular, the perspectives of the structural adjustment programs of the World Bank and IMF.

The debt crisis of many developing countries is ascribed to external and/or internal causes. External causes are, for example, the shocks the Third World suffered by an increase in oil prices and interest rates. Alexander Schubert demythologizes the widespread opinion that these were the only factors that triggered off the crisis. In his analysis he combines internal and external factors and states that the so-called "Spiegelbildtheorie" does not hold good. The structure of the international trade system allows the conclusion to be drawn that "not even declining oil-prices could ward off a possible debt crisis".

Hans-Peter Nissen develops a stylistically arabesque scenario for the possible developments of the debt crisis and outlines the conclusions which have to be drawn consequently. The open questions posed at the end will probably have been answered meanwhile by reality.

The papers listed above show that it is necessary to increase official development aid drastically. New forms of a massive non-automatic transfer of resources by international organizations are presented and commented by Dietrich Keb-schull. His remarks are complemented by Hans-Gert Braun who discusses the possibility of national and international automaticity of development financing.

Martin Kaiser