

Review

Reviewed Work(s): DEBT AND DANGER. The World Financial Crisis by Harold Lever and Christopher Huhne

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BOOKS

Principles of Medical Ethics relating to medical involvement with prisoners in 1982. No comparable UN document on the legal profession yet exists, but Rodley commends the New Zealand Law Society for being one of the few to take action on Amnesty International's draft code of ethics for lawyers concerned with cases of torture and other cruel, inhuman or degrading treatment or punishment.

The instruments thus far referred to are more recommendatory than binding. However, human rights treaties and customary international law do establish obligations not to engage in torture, extra-judicial executions, cruel and unusual punishment, etc. The human rights treaties also establish mechanisms for enforcement. Important regional human rights commissions have been created in Western Europe, the Americas and Africa — proposals for such a treaty in the South Pacific are still at an early stage. Nor does New Zealand yet recognise the jurisdiction of the Human Rights Committee (established under the International Covenant on Civil and Political Rights) to hear complaints against it from individuals, although some 40 other states do.

Much of the most effective inter-governmental work in the fields covered by Rodley is done by bodies responsible to the UN Commission on Human Rights — the Special Rapporteurs on Torture and on Summary or Arbitrary Executions, and the Working Group on Enforced or Involuntary Disappearances. The operations of this Working Group are fairly typical. It receives and screens information from many sources on 'disappearances', requests comments from the governments against whom the allegations are made, publicises patterns of disappearances and tries to visit countries concerned where permitted. In the five years since it began operations in 1980, the Working Group also took 'urgent action' (ie urgent queries to governments) in 1121 cases. It is distressing to observe that all 38 of the countries in respect of which reports of 'disappearances' have been received by the Working Group (with the possible exceptions of Cyprus and South Africa) are developing countries. Many developing countries nevertheless give strong support to the Working Group and similar bodies — but these bodies depend also on the active diplomatic and financial support of relatively unaffected countries such as New Zealand.

This book is the first general survey of the law in this field. It is meticulous, yet highly readable. Very useful appendices include all the main legal instruments referred to, not least the relatively inaccessible UN Convention against Torture (1984) and its Inter-American counterpart (1985). The volume is highly recommended.

BENEDICT KINGSBURY

DEBT AND DANGER: The World Financial Crisis

Authors: *Harold Lever and Christopher Huhne*

Published by: *Penguin, Harmondsworth, 1985, 160pp, \$9.95.*

In *Debt and Danger*, Harold Lever and Christopher Huhne argue that the world's economic stability is threatened by a worsening international debt crisis. They warn that unless decisive action is taken the secure future of Western capitalism can no longer be guaranteed.

The danger lies in the Third World debt to Western creditors, a total which has risen to nearly \$900 billion. This huge cost has already disrupted the social and political stability of Latin America, Africa and Asia, as the burden of debt servicing becomes heavier.

Thus the threat of Third World countries defaulting on their debts is ever present. The authors state that only intervention and 'rescheduling' by the IMF have prevented it so far. The uncertainty of many Third World countries paying off debts has already caused many American banks to lose their triple A credit status.

The debt crisis began after the first oil shock of 1973-74. Western banks took the unspent cash surpluses of the oil-rich countries and lent them to the oil-dependent Third World. The banks encouraged the conviction that there was no risk in lending to foreign governments.

This borrowing by the Third World was originally prompted by the need to cover OPEC's oil price rises. Soon it became extended to cover virtually any borrowing by Third World governments. There was no thought of servicing the debt by generating trade surpluses and reverse transfers.

Initially Western banks thought they had entered one of the most profitable eras in banking history. Nowhere else other than the Third World could such massive sums be placed at an assured profit and with minimal administrative cost. However, as Third World countries began to borrow yet further, as the economic recession worsened with the second oil shock and as interest rates grew, the debt problem got steadily worse.

This book also looks at the mechanisms in the Euro-Market which encouraged banks to believe that lending was sounder than it really was and how Western countries, through the IMF, believe the crisis will be resolved. The authors examine the IMF's assumptions about world growth and conclude that 'there is no likely (or unlikely) change in world circumstances that will relieve policy makers of the need to tackle the debt problem.' Also examined are the political and social repercussions within debtor countries as their economic problems worsen, and the contribution of

the debt crisis to social unrest and political suppression.

The final chapters sketch the possible consequences which defaults on debts will have on the world economy and how these defaults could have 'gravely disruptive consequences for the world's banking systems.'

Finally, Lever and Huhne offer their own solutions to the debt crisis. These include regulated, official guarantees for commercial bank-lending to debtor countries. They advocate the need to ensure immediate protection against defaults by the debtors. The authors conclude that with these reforms it will be possible to re-establish sound credit and world economic growth.

This is an important and alarming book. Well set out and easily understood, it carefully examines a serious international problem which Western governments have yet to address effectively. It also offers some intelligent and practical solutions. This work should be read by both politicians and laymen alike.

ROBERT CAIRNS

THIRD WORLD INSTABILITY Central America as a European-American Issue

Editor: *Andrew J. Pierre*

Published by: *Council on Foreign Relations, Inc, New York, 1985, 156pp, US\$20.*

Central America is the case study in this third volume of a project on European relations which offers examples of their differing approaches to political stability and revolutionary change. The central issue of whether the United States will restore its hegemony in the region, with or without the involvement of European or even extra-regional Latin American nations, is set in the context of the fashionable East-West versus North-South debate. An important theme is the threat to stability in the First World from instability in the Third World. Cynically, it could be entitled 'Can Nicaragua destroy NATO?'

The editor's introduction discusses the ideological, economic, military and strategic reasons for Soviet involvement in the Third World. He suggests that United States-Soviet competition in the Central American arena could jeopardise arms control negotiations. Also, as with the 1956 Suez Crisis and the Vietnam War, massive United States military intervention might put Western European governments under pressure from pacifist and neutralist movements, resulting in disengagement from the alliance and US military withdrawal from NATO.