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Frank Griffith Dawson. *The First Latin American Debt Crisis: The City of London and the 1822-25 Loan Bubble*. New York: Yale University Press, 1990. xii + 281 pp. \$37.50 (cloth), ISBN 978-0-300-04727-1.

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In supplement to Ron Harpelle's recent comments on investment in Latin America (British Community in Valparaiso, 10 March 1994), others interested in this topic might want to look at Frank Griffith Dawson's *The First Latin American Debt Crisis: The City of London and the 1822-25 Loan Bubble* (New York: Yale University Press, 1990). Formerly a practicing lawyer in New York and Caracas, Dawson branched out as an investment banker in London. His book opens with a quote from John Kenneth Galbraith: "History has a way of repeating itself in financial matters because of a kind of sophisticated stupidity." Using this as a foundation, Dawson carefully traces the evolution of the Latin American investment boom in London, and pursues this course of investigation through the Latin American debt crisis of the early 1980s, when banks and governments repeated the mistakes of the past. Finally Dawson analyzes current debt restructuring methods such as the Brady Plan to ascertain their origins in the first "bubble" of the 1820s and to determine their viability as solutions to Latin America's economic and debt crises.

Dawson tracks the various investment opportunities, both government bonds and corporate shares (including mining companies), that became available on London's market in the 1820s. He exposes the scams perpetrated on British investors by Sir Gregor MacGregor, the self-appointed leader of the imaginary Latin American Republic of Poyais, and others of his ilk. Dawson details the roles, sometimes upright and more often dishonest, played in the legitimate government-sanctioned bond offerings by the new republics. Throughout the book, Dawson points out that those who enjoyed the safest, most profitable vantage points in the Latin American investment mania were the brokers, bankers, and lawyers, who benefitted from each transaction and bore little, if no, risk.

Dawson repeatedly likens the investment mania to a gambling fervor prevalent in London in the 1800s. The gullibility of the British investing public combined with

the deliberate swindles wrought by British brokerage houses resulted in a public relations fiasco unequalled in British-Latin American history. Romantic notions of the golden cities, quaint customs, and beautiful, tropical scenery of Latin America were dispelled in the wake of financial disillusionment, leaving behind the bitter taste of racism and distrust between the British and Hispanic peoples. The London media, heavily quoted in Dawson's study, reflects this change of attitude.

Dawson's wit surfaces frequently to lighten an otherwise statistically-laden piece. His original turn of phrase and narrative style shape this book into far more than a study of finance and investment; it becomes a full-color portrait of Britain in the early 1800s. Although it would have been strengthened with the use of additional Latin American periodicals or government documents, the book is a well-documented and detailed analysis of international finance and investment in Latin America.

Dawson's analysis of the trends of heavy lending to Latin America in the 1970s suggests, indeed, that history has taught the investment world no lessons. The near-bankruptcy of Mexico in the early 1980s paralleled the bursting "bubble" of the late 1820s, reflecting the London panic and loss of confidence as nearly identical to the shock and dismay of the international investment community in the 1980s. Dawson traces the necessary preconditions for each lending boom in the hope that awareness may effect change. In order to deal with the present crises, Dawson advocates implementation of the Brady Plan, with the support of the IMF and World Bank, in combination with some of the innovative measures proposed, but not adopted, in the Latin American debt restructurings of the first debt crisis, in the hope that his recommendations will be heeded by financial and government circles.

Dawson asserts that the great contributing factor to the investment and lending booms, both in the 1820s and the 1970s, was the enduring conviction that in Latin America one could easily acquire the magical 'cosas de

Amadis' by exploitation either by pillage, mining, trade, or money-lending. The prospect of easy riches tempted British investors of the 1820s and resurfaced, albeit in a more sophisticated form, to lure and destroy the financial wizards of the twentieth century.

Dawson's preface states that this work is part of a larger study of the impact of Latin America upon the development of public international law. Given his exper-

tise in international law and his special interests in Latin America and finance and investment, Dawson possesses the right combination to produce an important larger work in that realm. Scholars of Latin America and international law would be well-advised to seek out Dawson's future works for their insight, quality of research and documentation, and perspectives on Latin America's role in international law.

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