

Government Policy towards Foreign Investment in the 1920s *

“The political and economic history of Puerto Cabezas is closely related to U.S. foreign investment, and very specifically with the companies Standard Fruit Company and Bragman Bluff’s Fruit. Puerto Cabezas picks that make these foreign companies, and has included part of their life history. The November 14, 1921, three family members Salmen, but one that Homer Fritchie and Leroy Miles, you had obtained the original grant of the government of Nicaragua

(That of Adolfo Diaz) met in New Fruits and Timber Company founded Bragman’s Bluff. Bragman’s Bluff The Fruit Company, a remnant of the Standard Fruit company, I would be as principal subsidiary in Nicaragua during the subsequent 20 years. The first emphasis remained on the market of wood, but from the beginning the plans included the possibility of using the railway and dock timber operation in the transport of bananas.

“The new contract with the government of Nicaragua obtained by Salmens dated February 23, 1922, allowed the company to buy 50,000 acres of national dominance in the region located behind Puerto Cabezas. Other important provisions of the agreement allowed the leasing company 125 acres near the cliff at a price of 12.5 cents per hectare per year, plus the free import of machinery for the exclusive use of the company, a small tax on lumber exported to Bluefields, and commitment on the part of same to build a bridge across the Rio Wawa. Meanwhile a question arose in connection with government contract, when the auditor of the Bragman’s Bluff resigned in early 1924, he wrote to the treasurer of the company. What in your opinion the original grant to LT Miles was not legal. As if that were not enough, the indigenous Miskitu began to complain that the government had leased their land to the Standard. But the work began.

“No general labor code was enacted in the country until 1945, and when this occurred was not to a code in the legal sense of the term, but with a recitation of purposes. As a result, the Standard and other foreign companies could no longer fulfill his duties without any responsibility on its part. The attitude of the government of Nicaragua was all the time crucial for the activity of investors in the bananas and the very terms in which the grant was written so they can determine.

“Emiliano Chamorro and U.S. companies quickly identified. Eliminated the export tax on bananas, Vaccaro brothers gave certain rights to oil exploration in Nicaragua and apparently I cancel a concession granted by Congress for about 25,000 acres of land Second favor of such a Chamorro. The price for these benefits may have been a short term loan that Bragman ‘s Bluff

(Ie Standard) through the Marine Bank to New Fruits, the loan agreement provided that the government of Nicaragua for a sum of \$ 50.000 (or in cords which at the time the currency was equivalent to the dollar). With the proviso that if reinstating Chamorro no money for the August 15, 1926, that amount would be paid allowances in favor of the company under the forest tax for a period covering the next twenty years.

Chamorro quickly breached the promise and the company Bragman's Bluff think I should not pay anything for the sale of wood from Nicaragua, more than 10% export tax until August 1951.

"The Nicaraguan congress chose as interim President Adolfo Diaz of Nicaragua and the United States will immediately extended recognition, the election of Diaz gave the Standard Fruit now an opportunity for more direct intervention in the internal affairs of the turbulent Nicaragua. In 1929, being president of the Republic, Jose Maria Moncada was unwilling to maintain the commitment to engagement with companies and threatened to cancel the concession whole of Bragman's if forest taxes were not paid. But the Standard Fruit is not helpless still owned the docks at Puerto Cabezas, despite the growing demand for nationalizing Nicaraguan or buy these facilities.

"In 1930, a new grant took place, with provisions taken from the previous one described earlier, but essentially the same, General Moncada dictated his last will. The Chamorro agreement was annulled, the government refused to repay the loan of \$ 50,000.00. The issue of claims was not an issue aired. Damage to the company that resulted from the civil war in 1926 were not paid in 1933, because the government of Nicaragua said the U.S. Marines occupied Puerto Cabezas at the time, and they, not the Republic, should take responsibility for the damages inflicted.

"Another major issue, the export tax rate was not specified in the contract of 1930, although the annual rate in the 20 and 30 was two cents per bunch of bananas, nine hands, more or less representative than in that capacity was paid for those days in other countries, smaller clusters were given a lower tax equivalent. The duration of the new grant would be privileged 40. The contracts and grants usually not into crystal clarity on the rate of these taxes, and in 1926 they were a source of contention between the government of Nicaragua and exporters of banana, originally from the United States, and those already virtually controlled the banana industry. "