

- 4 The United States, on the other hand, had an abundance of natural resources and looked instead to commerce as a means to expand its industrial base and provide markets for its products. North Americans used foreign investment to create economic environments within a host country from which to maximize their own profits. This approach not only enabled North American manufacturers to sell their products to low income wage laborers, but also provided workers with the proper incentive to continue working within foreign enterprise. Yet before operations could be established, the host country had to sponsor certain economic conditions that would favor the introduction of foreign capital. This support often involved the host government granting numerous economic and legal concessions to foreign enterprises in exchange for a higher percentage of the revenues. Such activities tended to promote government corruption as well as foster local politicians who increasingly favored foreign economic interests over the common welfare.
- 5 In the course of this paper, I will trace the historical development of British and U.S. corporate enterprise on Nicaragua's Atlantic Coast and its impact upon the indigenous societies (especially *Costeño* culture). In particular, I will discuss diverse global factors that came to bear in this somewhat remote region as a result of improved communication and political influences. Further, I will explain the development of the "enclave societies" as a means to maximize investment returns and the lasting impression that these entities had on the local political, economic, and social structures.

Evolution of Foreign Investment in Central America

- 6 At the onset of the Anglo-French War (1803-1814), Napoleon feared an Anglo-U.S. alliance in which the French Louisiana Territory would be lost to the United States giving it a major port serving the U.S. central plains east of the Mississippi River allowing access to the Gulf of Mexico and a direct connection to the Caribbean Basin. The Louisiana Territory had supplied food to the French sugar and coffee plantations in Santo Domingo but was of lesser importance due to the Haitian rebellion against French colonial rule (Napoleon would exclaim, "Damn sugar, damn coffee, damn colonies!"). Napoleon opted to sell Louisiana to the U.S. for \$15 million dollars, circumventing the opening of an additional war front in the Americas and obtaining badly needed cash to conduct his wars in Europe (Rappaport, 1975: 54).
- 7 When Napoleon crossed the Pyrenees to depose the Spanish King Ferdinand VII, the New World colonial ties to Spain were weakened leading to trade missions from the United States and Great Britain in addition to revolts against Spanish rule throughout Latin America (Rappaport 1975: 88). U.S. merchants distributed copies of the Declaration of Independence and the U.S. Constitution at trading ports throughout Latin America. Great Britain and the United States would stand side by side in opposition to any armed intrusion into Latin America to restore colonial rule by European powers (Perkins, 1927: 232-233).
- 8 By the end of the Napoleonic era, Great Britain had emerged as the premier manufacturing nation, producing one-fourth of the world's total industrial output. Through increased agricultural productivity, infrastructural improvements, and the application of new technologies, Britain was transformed from a largely agrarian society to a major producer of coal, iron, textiles, and other manufactured products. Yet unlike most other industrializing nations of the time, Britain was deficient in natural resources needed to maintain its economic wellbeing. Therefore, high priority was placed upon its merchant marine to secure essential raw materials from abroad.
- 9 Over time, Britain became the world's leading commercial power, accounting for nearly one-third of all international commerce (Cameron, 1997: 224-227). However, because of its heavy dependency upon imports, it became necessary for Britain to invest overseas in hopes that a higher rate of return might reverse the growing deficit in its commodity trade. In the case of Central America, British entrepreneurs would build public utilities such as railroads, shipping facilities, mines, and ranches to provide an infrastructure from which these newly independent nations might participate in the world economy (Wilkins, 1978: 3; Cameron, 1997: 309).
- 10 It was in British interest to insure the success of the independence movements throughout Latin America and such interests were threatened by the Quadruple Alliance of Great Britain, Austria, Prussia, and Russia that defeated Napoleon and restored the monarchies of Spain and France. The restored Spanish King Ferdinand VII asked the allies to restore his rule in his former colonies in the Americas (Rappaport 1975: 89). Rumors of a Franco-Spanish force en route to the Americas reached the United States and Great Britain in 1822 causing great concern (Rappaport 1975: 89). To defuse the possible restoration of the Spanish colonies in America, the English foreign secretary, George Canning, proposed that the United States declare, jointly with Britain, a doctrine of noninterference by European powers (Rappaport, 1975: 89-91). President James Monroe's cabinet led by Secretary of State, John Quincy Adams, discussed the proposal. Adams convinced the President to "go it alone" in his state-of-the-union message in December 2, 1823, with what would

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