The International Development Bank
and the Making of Postcolonial Subjectivities

By
Marcelle Nolene Allen

A Dissertation Submitted to
Saint Mary’s University, Halifax, Nova Scotia
in Partial Fulfillment of the Requirements for
the Degree of Doctor of Philosophy in Business Administration (Management)

August, 2017, Halifax, Nova Scotia

© Marcelle Nolene Allen, 2017

Approved:  Dr. Jean Helms Mills, Supervisor
            Saint Mary’s University

Approved:  Dr. Basu Sharma, External Examiner
            University of New Brunswick

Approved:  Dr. Albert Mills, Committee Member
            Saint Mary’s University

Approved:  Dr. Christopher Hartt, Committee Member
            Dalhousie University

Date:       August 30, 2017
DEDICATION

For my grandparents, Oscar and Mona Mercurius

who encouraged me to always follow my dreams
ACKNOWLEDGEMENTS

This dissertation would not have been possible without the wisdom and guidance of the Holy Spirit. I thank my Lord and Saviour Jesus Christ for guiding me to the Sobey PhD program and for the people He has used to assist me along this journey.

To my ‘inner circle’ who are a pillar of strength, especially Bishop Dr. Joseph A. Quist and Dr. Nicholas Bastine, and the other labourers in God’s Kingdom’ (you know yourselves), I thank you for your prayers and support. To my family members and friends who have supported me along the way, your support is appreciated.

I am grateful for the guidance and wisdom imparted by the Professors in the Sobey PhD program who I had the privilege of their tutelage. I could not have accomplished this task without your collective efforts. I thank Dr. Albert J. Mills for believing in me from the inception, and for challenging me to grow as a researcher. I thank my Supervisor, Dr. Jean Helms Mills for undertaking to supervise my dissertation prior to my acceptance into the program, and for her tireless support throughout this journey. I thank the other committee member, Dr. Christopher Hartt for the attention he paid to my work.

To all the wonderful educators I encountered along my academic path at McKenzie Primary School (Guyana), Bishops High School (Guyana), St. Rose’s High School (Guyana) and York University, thank you for contributing to my learning.

To the wonderful people I met along my professional life who have encouraged me to strive for professional excellence, especially Daniel Wallace (Danny), your words of wisdom have stuck with me.

“Labor Omnia Vincit”
(Hard work conquers all)
Motto: Bishops High School, Georgetown, Guyana
ABSTRACT
The International Development Bank
and the Making of Postcolonial Subjectivities

Marcelle Nolene Allen

This thesis is about subjectivity. It is a critique and problematization of the concept of development, and takes a poststructural/postcolonial approach to examine how the Inter-American Development Bank (IDB) shapes an underdeveloped subjectivity in the people of Latin America through representation (Said, 1978) and dependency (Rodney, 1972). I focus on the IDB’s influence on the people, in terms of identity work, making them subjects of underdevelopment, that is, people who are conditioned to see themselves as underdeveloped, and thus continuously seek financial assistance from international development organizations, resulting in increases in poverty and external debt.

In applying a Foucauldian influenced approach to Critical Discourse Analysis (CDA) which looks at the “actors, relationships and practices that characterize the specific issue that is being studied” (Phillips & Hardy, 2002), this thesis examines how the discourses flowing from the communications of the four presidents who have led the IDB thus far, Felipe Herrera (1960-1971), Antonio Ortiz Mena (1971-1988), Enrique V. Iglesias (1988-2005) and Luis Alberto Moreno (2005-present), work together with organizational practices which function as discursive practices (Foucault, 1972, 1980a, 1981) in shaping an underdeveloped mindset in the people of Latin America. This reduces, or at best, maintains the economic status quo of the countries because the discourses influence IDB’s organizational practices which in turn contribute to the discourses generally associated with Latin America.

The features of an underdeveloped subjectivity (A. Escobar, 1995) are used to develop categories of analysis of the presidents’ communications. From these features, three main categories for analysis emerged: needy, ignorant, passive powerlessness. Examples from the IDB’s activities in Guyana are used to examine the effects of the discursive practices on Latin America.

I show that development, as a modern conceptualization to reduce poverty and bring about economic advancement of countries, have not achieved the anticipated level of growth (see also Rostis, 2016; Rostis & Mills, 2007, on the role of the humanitarian organization in Third World countries); actually results in more poverty and underdevelopment; and at the same time influences the thinking and corresponding actions of the people of Latin America.

August 30, 2017
# Table of Contents

| Acknowledgements                                | 3 |
| Abstract                                        | 4 |
| **Chapter 1 - Introduction**                   |   |
| 1.1. Introduction                               | 7 |
| 1.2. The Foucauldian Perspective of Subjectivity| 14|
| 1.3. Methodology                               | 16|
| 1.4. Contribution of Thesis                    | 17|
| 1.5. My personal location - Motivation for this research | 21|
| 1.6. Outline of the Chapters                   | 25|
| **Chapter 2 – Historical Context: The Americas, Latin America and Guyana** |   |
| 2.1. Introduction                               | 27|
| 2.2. The Social Construction of Latin America  | 32|
| 2.3. Trajectories in Latin America’s Past      | 38|
| 2.3.1. The Americas: European Arrival and Conquest | 38|
| 2.3.2. United States Independence; Demise of the Americas and the Rise of USA Influence in Latin America | 39|
| 2.3.3. The Communist Threat and the Cold War   | 40|
| 2.4. The Co-operative Republic of Guyana (Guyana) | 41|
| 2.4.1. European Colony: The Territories of Berbice, Demerara and Essequibo | 42|
| 2.4.2. Independent Nation: Birth of the Independent Country Guyana | 44|
| 2.4.3. The Cooperative Republic                | 46|
| 2.5. Identity Issues: The South American and Caribbean Racialized Guyanese | 47|
| 2.6. Chapter Summary                           | 48|
| **Chapter 3 – Latin America’s Bank: The Inter-American Development Bank** |   |
| 3.1. Introduction                               | 50|
| 3.2. Conceptualizing Development               | 52|
| 3.3. Creating Latin America’s Bank (1889-1959)  | 54|
| 3.4. Setting the Foundation – Felipe Herrera Era (1960-1971) | 58|
| 3.5. Era Marred by Tenuous Relationship with the USA – Antonio Ortiz Mena Era (1971-1988) | 60|
| 3.7. Redefining the IDB – Luis Alberto Moreno Era (2005 –Present) | 66|
| 3.8. Conflicting Identity of the IDB           | 68|
| 3.9. The IDB and Guyana                        | 69|
| 3.10. Chapter Summary                          | 70|
| **Chapter 4 – Theoretical Frameworks**         |   |
| 4.1. Introduction                               | 72|
| 4.2. The Poststructuralist Point of View        | 73|
| 4.3. The Postcolonial Point of View            | 75|
| 4.4. Discourse, Discursive Practice, Power and Knowledge | 81|
| 4.5. Constructing the Subject – Foucauldian Subjectivity | 87|
Chapter 1

Introduction and Outline of the Dissertation

The idea of development stands like a ruin in the intellectual landscape. Delusion and disappointment, failures and crimes have been the steady companions of development and they tell a common story: it did not work. Moreover, the historical conditions, which catapulted the idea into prominence, have vanished: development has become outdated. But above all, the hopes and desires, which made the idea fly, are now exhausted: development has grown obsolete. … Nevertheless, the ruin stands there and still dominates the scenery like a landmark. Though doubts are mounting and uneasiness is widely felt, development talk still pervades not only official declarations but even the language of grassroots movements (Sachs, 1992b, p. 1).

1.1. Introduction

This thesis is about subjectivity. It is a critique and problematization of the concept of development. I show that development as a modern conceptualization to reduce poverty and bring about economic advancement of countries, actually results in more poverty and underdevelopment. ‘Underdevelopment’ here refers to economic regression. My research focuses on the Inter-American Development Bank (IDB)\(^1\), and its influence on the thinking and corresponding actions of the people of Latin America, using examples from the IDB’s activities in Guyana as a case study. I focus on the IDB’s influence on the people, in terms of identity work, making them subjects of underdevelopment. That is, people who are conditioned to see themselves as underdeveloped or less than, and thus continuously seek financial assistance from international development organizations, resulting in increases in poverty and external debt. I demonstrate that one way the IDB is kept in business is through influencing the thinking of the people through representation and dependency. Subjectivity can be

---

\(^1\) Herein after referred to as “the IDB” or “the Bank”.

7
shaped through representation (see Said, 1978 on how the Orient was shaped through representation) and dependency (see Rodney, 1972 on how Europe underdeveloped Africa through European discursive practices which created dependency). Through analysis of textual data of 50 years of IDB history (1960-2010), I examine representation through analysis of the speeches and related communications of the four Presidents who have led the IDB thus far, Felipe Herrera (1960-1971), Antonio Ortiz Mena (1971-1988), Enrique V. Iglesias (1988-2005) and Luis Alberto Moreno (2005-present), because the president, as the organization’s leader, assists in the formulation and presentation of the official policy of the IDB. Also, the president is responsible for the day-to-day operation of the Bank (Inter-American Development Bank, 2010b), thus he is in a position to ‘speak the mind’ of the organization. I also examine organizational practices that serve as discursive practices (Foucault, 1972, 1980a, 1981), which work with the discourses in shaping an underdeveloped mindset in the people of Latin America. This reduces, or at best, maintains the economic status quo of the countries.

The IDB continues in the path of organizations playing a role in influencing the thinking of the people of Latin America which began in the colonial era. The colonizers perceived the region to be underdeveloped and through various industries imposed their values and notions of development on the people, in the process annihilating the culture and practices of the natives (Eakin, 2007; Fanon, 1967; Higman, 2011). This marked the beginning of development being associated with the region. The USA continued the behaviours of the original colonizers when it became the leading power and de-facto
colonizer of Latin America after colonization ended (Bulmer-Thomas, 2012; Heuman, 2014; Higman, 2011; Pacheco-Pizarro, 1995; Rose, 2002).

I use discourse analysis as the methodology to analyze the data, to look at the “complex and contradictory ways” (McLaren, 2013, p. 210) in which the IDB discursively influences the thinking of the people of Latin America.

The IDB, an international development bank, is the oldest and largest regional development bank (RDB), which provides assistance to countries in Latin America and the Caribbean for economic development and poverty reduction (Inter-American Development Bank, 2016a). Even though the desire of the countries in Latin America for a bank of their own could be traced back to the 19th century, the IDB is arguably the only regional development bank for which the threat of Communism was a catalyst for its creation (Culpeper, 1997; Tussie, 1975). It is also the only regional development bank that is considered part of the Washington Consensus (Williamson, 2004).

---

2 Unlike the World Bank and the International Monetary Fund (IMF) which provide loans to countries worldwide, the Regional Development Banks (RDBs) provide loans to specific regions. Currently there are four RDBs, the African Development Bank (AFDB), the Asian Development Bank (ASD), the European Bank for Reconstruction and Development (EBRD) and the Inter-American Development Bank (IDB).

3 The definition of Latin America is very complex and confusing because of the various descriptors applied revolving around culture/language and/or geography (see, for example, Gibson, 2014). The IDB appears to have its own classification of the countries in the region based on the socio-cultural descriptor (Inter-American Development Bank, 2016a).

4 At that time Latin American countries desired a regional bank, not a development bank (Tussie, 1975, 1995).

5 The Washington Consensus according to John Williamson who coined the term, is a list of ten policy reforms that he argued were widely held in Washington to be needed in most or all Latin American countries as of 1989. However, as Williamson points out, the term has taken on a life of its own. Usage of the term Washington Consensus has been taken to mean the international financial institutions located in Washington, D.C., USA and the U.S. Treasury. More emphasis is placed on the role of the IMF and the World Bank in the Consensus and less so on the IDB. However, because the IDB’s headquarters is located in Washington D.C., USA, the organization has been included in the loosely held interpretations of who/what constitutes the Washington consensus.
I selected to use Guyana as an example of how the discursive practices of the IDB work together with the discourse in shaping subjectivity, because, as discussed in Section 1.5 below, I am motivated by my socio-geographical identity as a native of Guyana, and my previous employment with the IDB. Guyana’s situation is representative of Latin America in that the country, similar to other Latin American, continues to take loans from the IDB, even though the outcomes of the loans have not advanced any of the countries to a ‘developed’ status despite the more than 50 years of IDB activities in the region. In addition, it is plausible that the people of Guyana are pre-disposed to external influences as a result of two main legacies of colonization: the racial discord that permeates all levels of social and political life in the country; and the fragmented identity of the people resulting from the country’s uniqueness of having two conflicting identities, South American (geographically) and Caribbean (socio-politically) (Daly, 1974, 1975; Gibson, 2014; Peake & Trotz, 1999).

Even though Guyana supposedly choose to become a member of the IDB, Friedman (1999) argues that “choice is often an illusion” (p. 240). Referencing declassified USA administration documents, Manroop & Singh (2012) contend that during the East-West Cold War Guyana served as a “Cold War battleground” (p. 313) because the USA administrations feared having another cold war satellite in (what they

---

6 The Cold War was a period of intense tensions between the East, that is, the Soviet Union and its allies which embraced communist ideologies and the West, that is United States and its allies which embraced capitalist ideologies.
Considered to be their backyard\(^7\). Concern evolved around Communism taking hold in Guyana and also the country becoming a conduit for the spread of Communism in Latin America (Drayton, 2005 referenced in Gibson, 2014; Manroop & Singh, 2012; Walton, 2013). Further, in 1970, Guyana had declared itself a ‘Socialist Republic’, embraced “Cooperative Socialism”\(^8\) and established close relations with the communist countries of Cuba and the (then) Soviet Union (Gibson, 2014). Two parallel experiences on global markets resulting from the country’s nationalization and protectionist policies as part of Cooperative Socialism were catalysts for Guyana becoming a member of the IDB: reduction in prices obtained for its products; and increase in prices of products purchased on international markets (Armendariz, et al., 2007; Gibson, 2014; Manroop & Singh, 2012; Rose, 2002).

Given that ‘development’ has been perceived as a tool used by the USA and other Western countries as a contemporary form of control (De Moura Castro, 2002; Goldsmith, 2001; Sachs, 1992b), the IDB appears to have had a special interest in Guyana, being used by the USA as a means of influencing the socio-political and economic realm in Guyana.

The IDB is Guyana’s major source of financing for development purposes. The projects funded by the Bank in Guyana span most sectors of the economy. Since joining the IDB in 1976, Guyana has received more than US$1 billion in loans and US$67 million in grants (IDB Country Office in Guyana, 2009; Inter-American Development

---

\(^7\) Cuba was already considered a communist satellite in the USA ‘backyard’ given the country’s close geographic proximity to the USA.

\(^8\) A system designed to allow Guyanese to have greater control of the country’s economy and resources (Rose, 2002).
Bank, 2011b; International Monetary Fund, 2010). Guyana has vast amounts of natural resources including gold, diamonds, bauxite and timber, and is considered a very attractive country for eco-tourism with its large untapped portion of the South American Amazon region. There is the expectation that having these resources alone would make it possible for Guyana to be economically self-sustaining, and not dependent on loans and assistance from international development banks for infrastructural and related economic improvement projects. However, it is considered one of the poorest countries in the region, with the lowest gross domestic product (GDP) and size of the economy (IDB, 2012).

I draw on the Foucauldian perspective of subjectivity (Foucault, 1970, 1991), which is concerned with the role power/knowledge and discourses play in the construction of the subject. Power and knowledge, from a historical hegemonic perspective (Foucault, 1978, 1981), have combined to impact the subjectivities of the people of Latin America, and specifically the people of Guyana, as a result of their colonial experience.

The features of this research places it within a poststructural/postcolonial framework. Both poststructuralism and postcolonialism are frameworks concerned with critique and problematization (P. Prasad, 2005); facilitate “the search for a broader and

---

9 The Amazon region is approximately 40% of South America running through the countries of Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela. Most of the area is made up of tropical forest and has a wide range of plants and animals.

10 Gross Domestic Product (GDP) measures the financial health of a country by assessing the value of all goods and services produced within a country’s borders during a specific time period, usually a calendar year. It is the tool used by international development banks in the economic assessment and economic ranking of countries.
more complex understanding of modern society” (George & Campbell, 1990, p. 280); and embrace the fluidity and continuous evolvement of identity (Lunga, 2008).

Following Ashcroft, Griffiths, and Tiffin’s (2003) work, I delve into the past of Latin America and the Caribbean\(^\text{11}\), which provides the formative context (Unger, 2001). I begin from the arrival of the Europeans in 1492, and, consistent with the postcolonial framework concern with the lasting legacies of the colonial encounter (A. Prasad & Prasad, 2003), highlight colonial practices that marginalized the people and continue to impact the region to present day. Because I use examples from Guyana to show how the discursive practices work in conjunction with the discourses, I then look into Guyana’s past to identify cues that could explain the vulnerability of the people to external influences.

The poststructuralist perspective argues that the subject is constructed through social processes using language as a means of meaning making (Norris, 2005; Weedon, 1997). I show that language is used in such a way that the people of Latin America are being “constrained by forces they … are not even conscious of” (Friedman, 1999, p. 240). I believe that the discourse of contemporary development is basically a discourse of the subject and subjectivity. Therefore the postcolonial/poststructural framework allows us to understand how the IDB, as a dominant force in Latin America’s development activities, uses language, to influence the thinking of the people.

\(^{11}\) I use Latin America and Latin America and the Caribbean interchangeably. As will be discussed in chapter 2, Latin America is a social construction and there is no definitive definition or description of who or what is Latin America.
Guyana’s economic situation is indicative of the poverty and underdevelopment that is pervasive in Latin America and the Caribbean (Mignolo, 2000, 2005). Huberman (2003) argues that although Latin America has abundance of the most important metals such as gold and silver, oil, and highly cultivable land, the people are very poor.

Questions have been raised regarding the underdeveloped state of the countries in this region. Some are: Why the region, with its abundance of wealth, has not catapulted itself to a ‘developed’ state? Why is its economic situation still mirroring that of the colonial era, that is, why is it still dependent on former imperial countries at distant shores? (Arias, 2011). What is really problematic about the situation in Latin America and the Caribbean is that, in spite of all the development assistance received from international development banks, none of the countries in the region is considered ‘developed’. In fact, poverty in the region has actually increased (Alcantara, 2005; Arias, 2011; Edwards, 1997). Therefore I question whether the IDB is good for Latin America or whether the IDB is just good for the IDB. In particular I examine how underdevelopment is produced.

1.2. The Foucauldian Perspective of Subjectivity

The Foucauldian perspective of subjectivity (Foucault, 1972, 1977, 1978, 1979, 1980a, 1980b), is concerned with how the ‘subject’ is constructed: the process of subjectivation. This approach looks at the role of power, discourses and disciplines [structure] on the construction of subjectivity. Foucault sees power as a technique that has the ability to categorize and subjugate (Foucault, 2000) and discourses, which are
oral or written statements which shape, and are shaped, by social reality (Phillips & Hardy, 2002; Racevskis, 1983; Watson, 1994), as “practices that systematically form the objects of which they speak” (Foucault, 1972, p. 49).

Key to Foucault’s work on subjectivity and discourse is uncovering the discursive and institutional strategies that contribute to the formation of subjects (Foucault, 1972, 2000). Racevskis (1983) contended that Foucault’s work reveals the political role of discourse, that is, the formation of meanings which are necessary for the constitution of images people have of themselves. Subjectivation requires identifying historical conditions that contribute to the construction of subjects. In the article ‘Feminism, Foucault and Globalized Subjectivity’, McLaren (2013) argues that subjectivation “implies a historical and social process rather than subjectivity as a starting point” (p. 225). This argument is grounded in the gravity of the emphasis Foucault places in his studies on the genealogy of the subject, rather than creating a theory of subjectivity.

Power, discourses and context create linkages among the Foucauldian approach to subjectivity and research within both the postcolonial and poststructural frameworks. Poststructural research uses discourse analysis to delve into the past to understand why something in the present became admissible in the first place and the role played by power in its admissibility (Jacques, 1992). From the poststructural point of view, what has been accepted as truth, for example about Guyana as an underdeveloped country, is likely rooted in a series of key socio-political practices (e.g., loan covenants) and the way those practices have been talked about. Postcolonial research is concerned with the impact of vestiges of the past [the colonial era] on the post-colonial landscape. Power
and context [past and present] play a role in critical discourse analysis (Fairclough, 1995a; Phillips & Hardy, 2002), which I use as an analytical tool in this study.

1.3. Methodology

As previously mentioned, the data for this research consists of a study of 50 years of textual data covering the period 1960 to 2010, including the IDB Charter, called *The Agreement Establishing the Inter-American Development Bank*\(^{12}\), policy documents, annual reports and proceedings of the annual Board of Governors meetings and over 400 speeches and communications of the four presidents. I rely on publicly available documents, because the Bank restricts access to its archives to authorized personnel only.

*Discourse analysis* (Foucault, 1987) is concerned with analysis of the relationship between power and knowledge and discourse. I follow the Phillips and Hardy (2002) approach to critical discourse analysis to analyze how the discursive practices of the IDB shape the social and at the same time are shaped by the social, thereby reinforcing the underdeveloped subjectivity in the people, using examples from the IDB’s activities in Guyana. I use content analysis (Krippendorf, 1980) to identify themes within the presidents communications. I follow the nominal deductive category assignment approach to categorization of data which allows categories to be formulated from theory and research before coding the text (Mayring, 2000, 2014). The categories for analysis are influenced by the features of an underdeveloped subjectivity that is pervasive in the development literature (A. Escobar, 1995).

\(^{12}\) In this thesis also referred to as *the IDB Agreement or the Agreement*
1.4. Contribution of Thesis

My specific contribution is to show how the notion and practices of development produce underdevelopment, and greater awareness of the far-reaching impact of international development banks beyond finance and economics. Historically, from the arrival of the Europeans in the Americas, organizations have played a key role in the social construction of the region. They have also been instrumental in the institutionalization of the hegemonic agenda of countries at distant shores (Cudjoe, 1993; E. Williams, 1961, 1964, 1970, 1994). According to Unger (2001), organizations, regardless of orientation, formation or affiliation, are effectively shaped and reshaped by the formative context and at the same time continue to shape and reshape the formative context. During the colonial era, plantations were the organizations used. In contemporary times, however, the breadth, scope and influence of modern organizations has expanded because of globalization, global organizations, multinational corporations and international development institutions. In this way, this research also adds to the organizational history literature, which includes the “historicization of subjectivity” (Booth & Rowlinson, 2006, p. 13) and show the critical role organizations continue to play in the social construction of Latin American societies.

Although the IDB came into existence at a time when most of the countries in South and Central America had obtained independence and the countries in the Caribbean were beginning to gain independence, as discussed in chapter two, I show that the USA, through the Bank, has continued on the path of the Europeans by influencing the subjectivities of the natives from distant shores.
Guyana, formed from the amalgamation of the South American territories of Berbice, Demerara and Essequibo in 1831 (Daly, 1974, 1975; Gibson, 2014), “was a key colony and one of the most important sugar producers” (E. Williams, 1970, p. 322). From 1519 when the first Spanish explorers took control of these territories, to 1966, the year Guyana gained its independence, the country was under the control of Spain, Britain, France and Holland at various stages as a result of European wars (Daly, 1974, 1975; Gibson, 2014). The Indians of the Americas (Amerindians) were the original inhabitants of the territories when the Europeans arrived, but Guyana became a “site of demographic upheaval and displacement” (Gibson, 2014, p. xxii). The Europeans brought African slaves to work on the plantations. After slavery ended, workers were brought from China, Portugal and India to replace the former slaves who no longer wanted to work on the plantations. The people were subjects of the Europeans who imposed their language, policies, religion and ways of being and doing on them. The British, the final colonizers from whom Guyana obtained independence, created conflict between the former slaves and the new workers resulting in racial discord. They also contributed to the fragmentation between Guyana’s South American geographic identity and Caribbean socio-political identity, and forged relationship with the countries in the Caribbean who are very indifferent to the people of Guyana (Burrowes, 1984; Daly, 1974, 1975; De Barros, 2002; Gibson, 2014; iNews Guyana, 2014; Kissoon, 2009; Peake & Trotz, 1999; Rodney, 1981; Schomburgk, 1970; Singh, 1996; Smith, 1962; B. F. Williams, 1991).

The IDB adds to the fragmentation in the identity of Guyanese by categorizing Guyana as a Caribbean country (Inter-American Development Bank, 2016a). This has
implications for this study because the configuration of Guyana goes hand in hand with the construction of subjectivities, that is, how people learn to recognize themselves in particular ways.

While it is not possible for this research to explore all the possibilities of why particular notions of development has become entrenched in Latin America and Guyana in particular, this research provides a first and very important step by looking at the IDB’s role in the construction of a subjectivity tied to underdevelopment as probable contributory factors. This provides an alternative explanation beyond simple economics, to dependency on development loans and inability to move beyond the ‘underdeveloped’ categorization associated with Latin America. Therefore, the aim at focusing the case study on Guyana is to look at whether the IDB is affecting Guyana’s “capacity and ability to become something different” (Hall, 2004, p. 14).

Although subjectivity has historically been interrelated with both development studies (McEwan, 2008) and organizations (Kieser, 1998), thus far there has been a paucity in the extant literature on subjectivities and the role of regional development banks. Unlike other studies on development and subjectivity in the region (see A. Escobar, 1995; Mignolo, 2005; C. H. Wood & Roberts, 2005), which examine how the ‘development apparatus’ uses the power-knowledge nexus to influence the subjectivity of people in the region, what is missing from the development literature is any examination of how the IDB influences the thinking of the people in the region. Thus this study fills the gap by specifically focusing on the impact that the IDB has on the images the people of Latin America have of themselves, using examples from Guyana. Thus, I show how
the IDB discourses and discursive practices, whether intentional or unintentional, have political undertones; and how the IDB, although a modern organization operating in a post-colonial environment, mimics the colonizing institutions.

According to World Systems Theory (Wallerstein, 1984) the world economy is segmented into two main areas: the core [center] and the periphery areas; the core areas are predisposed to influence and control the periphery areas. The financial capitals of the world, for example, Washington, DC, USA, are the control centers. Washington, DC is not only the location of the offices of the United States government, but also the headquarters of the IDB, the International Monetary Fund (IMF) and the World Bank. Therefore this research adds to the postcolonial literature by highlighting continuities of the colonial era logic of exploitation by countries at the center to underdeveloped countries on the periphery (A. Prasad & Prasad, 2001). I show how organizations like the IDB are used by the USA in contemporary development activities to perpetuate the control and influence of the West and former colonizers similar to what occurred during colonial development.

The continuance of the colonial era power/knowledge effect, as it relates to the subjectivities of the people of Latin America, fits within the postcolonial concern about the continuation of colonial practices by countries at the center to countries on the periphery (A. Prasad & Prasad, 2003).
The research also contributes to the literature on the relationship between the IDB and its borrowing member countries\textsuperscript{13}. This is because the USA only supported the IDB’s creation when the spread of Communism in Latin America and the Caribbean became a reality (Culpeper, 1997). The USA interest as an underlying factor in the Bank’s evolution influenced the relationship of the IDB with Latin American and Caribbean countries. Unger (1987) argues that social arrangements such as the arrangement between the IDB and its borrowing member countries in Latin America and the Caribbean, have their origins not only in past social conflicts but also in the arrangements that evolved as a result of the manner in which those conflicts were resolved.

This awareness of the influence of these development Banks on the thinking of the people can open space for resistance by the people of the region, particularly the people of Guyana. There can be changes in perceptions of these institutions, and change in the attitudes of countries in Latin America with regard dependence on the IDB for aid for development.

1.5. My personal location – Motivation for this research

As a native of Guyana, I am predisposed to believe that Guyana is an interesting country for research on development and subjectivity. Notwithstanding this partiality, I

\textsuperscript{13} The IDB membership is divided into two categories – borrower member countries which are located in Latin America and the Caribbean; and non-borrowing member countries which are located outside the region, such as the USA, Canada and Japan.
primarily selected Guyana and the IDB for this research because of my indigenous knowledge advantage, and previous affiliation with the IDB.

During the 1980s, I was fortunate to secure a somewhat coveted position at the IDB country office in Georgetown, Guyana. This is one of the 26 country offices which the IDB has in the borrowing member countries located throughout Latin America and the Caribbean. These country offices play an integral role in the Bank’s oversight of projects financed with IDB funds within the respective countries (Inter-American Development Bank, 1994, 2001a, 2016b; Tomassini, 2001). Consistent with the findings of an IDB research which show that the Bank is not as well known in Latin America and the Caribbean as the IMF and World Bank (Bassi, 2007), I was not very knowledgeable about the activities of the IDB in general, and specifically the IDB activities in Guyana. I only applied for the job because I heard about the organization while employed with another company. Someone who previously worked with the company where I worked had left that company and got a job at the IDB which paid more than double the wages I earned at my current place of employment. Fortunately, within six months of applying for a position at the IDB, I was hired as a local staff. Only months prior to joining the IDB, I had departed my teenage years and was unclear in making the decision to accept the offer of employment when it was presented. My decision to take the job was not

---

14 I did not apply for a specific position. In those days, job search was less complicated than present day and the system was also less complicated than the North American job search system. I forwarded a resume to the IDB and I was interviewed and selected for a position for which I was suitably qualified.

15 The IDB has country offices located in the borrower member countries staffed by two categories of employees – local staff and international staff. Local staff are citizens of the specific country where the country office is located, who support the international staff in oversight of IDB funded projects in that country. International staff, have primary responsibility for oversight of IDB funded projects and activities in a country. They cannot be citizens of the country of posting, have quasi-diplomatic status and are rotated around the field offices for specific periods, usually 5 years.
influenced in any form by the IDB activities in Guyana or regionally. However I was very excited about the potential to earn higher wages and the opportunity to work with individuals from various countries.

Once I joined the IDB, I was able to gain insight into the operations of the organization. The knowledge I gained about its practices served as my main motivation for this thesis. What I realized very early in my tenure with the Bank, was the emphasis placed on the Guyana government, loan execution agencies and beneficiary organizations strict adherence to IDB policies and procedures. These practices are what Foucault views as ‘discursive strategies’, which contribute to the formation of subjects (Foucault, 1980a, 1981). At times, the policies and procedures conflicted with the culture and modus operandi of the Guyanese people. I also formed friendships with individuals who were employed at various agencies and on various projects financed with IDB loans. These individuals were frustrated with complying with some of the IDB conditions, which, in some instances, they conceived as being not in the best interest of the country or the beneficiary project/organization. The result of this conflict is hybridity (Bhabha, 1994), which occurs when the subordinated resists the rules of the dominant and thus would do things the ‘cultural way’ that is, the way it is usually done in that society. Thus the employees working on the IDB financed projects would do things the way it is done in Guyana, and also in the manner required by the IDB.

The IDB required countries to repay loans in the currencies in which they were disbursed, which could be US Dollars, Japanese Yen, German Marks, British Pounds, etc. depending on where products and services were sourced. Beginning in the 1970s Guyana
transitioned to a socialist republic, focusing on import-substitution (Armendariz, et al., 2007; Rose, 2002). At the same time there were foreign currency restrictions due to limited foreign currency flowing into the country. This gave rise to a thriving “black market”, the parallel, non-government sanctioned financial market for foreign currency. It was an open secret that the Guyana government had purchased foreign currency on this market in order to meet its repayment obligations to the IDB because some of the required currencies were unavailable through the Bank of Guyana: the country’s central bank. As will be discussed in chapter seven, it is these kinds of IDB organizational practices that contribute to shaping of the underdeveloped subjectivity in the people of Guyana.

It is not my intention to show that the IDB policies pushed the government of a borrowing member country to conduct business outside their regulated economy, but to highlight that the activities and demands of these organizations, may have unintended consequences (Wray-Bliss, 2003), and also to address the key question underlying this research, whether the IDB is good for Latin America or the IDB is good for the IDB.

Adding to this first hand observation, both the academic and non-academic literature and media are full of examples of the negative effects of development loans.

---

16 The currency “black-market” was part of the underground economy of Guyana. This economy was very vibrant and competitive prior to the passage of the “Dealers in Foreign Currency (Licensing Act) passed in the Guyana Parliament in 1989. Prior to that time, despite the vibrancy and competitiveness of the underground foreign currency market, the illegal nature of the business made it occasionally very risky for both the dealers (both individuals and businesses) and their customers. The ultimate goal of the legislation was not only to legitimize the industry but to eliminate the foreign currency aspect of the underground economy and remove some of the risks involved. Despite the passage of the legislation which shifted some of the foreign currency transactions out of the hands of the government and commercial banks, and into the hands of individuals and businesses, there is still some degree of underground activities associated with foreign currency transactions.
Research shows that based on their lending activities, the IDB and the other RDBs are not fully functional in their development role (Ben-Artzi, 2005) and development assistance so far “has largely [been] ineffective in reducing poverty” (Wolfe, 2009, p. 10). Loans have resulted in economic decline and higher debts, far exceeding what was borrowed, because of compound interest (S. Black, 2001; Talabi, 2011).

1.6. Outline of the Chapters

This first chapter has set out the goals of this dissertation; identifies the key stakeholders of this research – the Inter-American Development Bank (IDB), the USA (and other non-borrowing member countries of the IDB), Latin America (and the Caribbean), and Guyana; locates the research within a poststructural/postcolonial framework; discusses the Foucauldian approach to subjectivity as the theory underlying this research; introduces discourse analysis as the methodology; and the contribution of this thesis to the extant literature. I also explain my personal motivation for conducting this study.

The remainder of the thesis comprises four sections. The first section, which includes chapters two and three are primarily historical in nature. Chapter two presents three trajectories each of Latin America’s past and Guyana’s past, both beginning with the arrival of the Europeans in 1492. Chapter three focuses on the IDB, its establishment, structure, tenures of the four presidents, and activities in Latin America. The chapter ends with a discussion of the IDB’s activities in Guyana.
Chapters four and five make up the second section of the thesis. In chapter four I discuss poststructuralism and postcolonialism, the theoretical frameworks within which this thesis is conducted. I also describe the Foucauldian approach to discourse and discursive practice; power and knowledge; and subjectivity as a theoretical construct.

Chapter five is the methodology chapter. Here I outline how I use discourse analysis as a methodology. I discuss how I use content analysis to identify themes within the data and critical discourse analysis to show the relationship between discourse and social reality.

Chapters six and seven make up the third section, dealing with analysis. Chapter six deals with the themes emerging from the communications of the four IDB presidents. In chapter seven, I examine how the IDB organizational practices, which serve as discursive practices, work together with the discourses in shaping the underdeveloped subjectivity in the people of Latin America, using examples from the IDB’s activities in Guyana.

Chapter eight provides a conclusion to the dissertation. I discuss implications of the lessons learned from the Guyana example for the rest of Latin America. Challenges in conducting this research are also highlighted. I also propose future research directions.
Chapter 2
Historical Context: The Americas, Latin America and Guyana

The basic problem, however, remains the same. It is the problem confronting every historical undertaking. Is it possible somehow to convey simultaneously both that conspicuous history which holds our attention by its continual and dramatic changes – and that other, submerged, history, almost silent and always discreet, virtually unsuspected either by its observers or its participants, which is little touched by the obstinate erosion of time (Braudel, 1972 quoted in; Gibson, 2014, p. xxvii).

2.1. Introduction

This chapter is the first of two chapters that are primarily historical in nature. They are narrations of events and situations which have occurred but which are important to this thesis. As will be discussed in chapter four, history is important to research within the poststructural/postcolonial research traditions (Jacques, 1992; P. Prasad, 2005); to subjectivity (Mama, 1995); and to Foucault’s writings (see for example Foucault, 1977, 1978, 1979). Following Foucault, Powell argues that history is important to the power/knowledge construct because power/knowledge manifests itself in the “history of the present” (Powell, 2013, p. 7).

However, following Jenkins (2004), I focus on the past and not history. Jenkins (2004, p. 7) sees the ‘past’ and ‘history’ as two different things. For him, the ‘past’ is anything, which has occurred prior to the present; and ‘history’ is socially constructed, comprises multiple discourses, and thus there are multiple histories. The IDB was established as Latin America’s bank (Barria & Roper, 2004; Culpeper, 1994; Tussie, 1975, 1995), therefore it is important to discuss the region’s social, cultural, political and economic situation, especially those directly influencing the Bank’s creation and existence (Wolfe, 2009, p. 15), in order to understand the context and conditions (Grant
& Mills, 2004) in which that the IDB emerged and functions. Analogous with Jenkin’s views, the extant literature on Latin America and the Caribbean is full of varied and contradictory histories of the region’s past, primarily because the history of Latin America and the Caribbean “was reared and nurtured in an environment of power politics” and there is no history of the region as a whole (E. Williams, 1970, p. 71). Therefore, I draw on a wide range of noted works on the region looking for commonalities which taken together present a plausible descriptor of the past. These include: *The History of Latin America: Collision of Cultures* (Eakin, 2007); *The Idea of Latin America* (Mignolo, 2005); *Latin America: A Concise Interpretive History* (Burns & Charlip, 2002); *From Cortes to Castro: An introduction to the History of Latin America 1492-1973* (Collier, 1974); *From Columbus to Castro: The History of the Caribbean 1492-1969* (E. Williams, 1970), *Capitalism and Slavery* (E. Williams, 1994), *An Intellectual History of the Caribbean* (Torres-Saillant, 2006), *A Concise History of the Caribbean* (Higman, 2011), *The Economic History of the Caribbean* (Bulmer-Thomas, 2012), and *The Caribbean A Brief History* (Heuman, 2014). All of these works deal with the social construction of Latin America and the Caribbean and, taken together, clearly presents one constant, that is, the elusive nature of Latin America; a region lacking finite geographic separation.

Other commonalities among these works is the focus on issues related to the region’s identity, diversity, and unity (lack of). They are located within a poststructural/postcolonial framework as they examine and critique the effects of the colonial encounter and the continuing vestiges of this period in the region’s past. They
also highlight institutional, hegemonic and othering factors which are synonymous with the period of colonial rule. Insight is presented on how the colonizers used institutions, in particular the plantations, in their social construction endeavours in the region.

Williams’ books *Capitalism and Slavery* (E. Williams, 1964, 1994) and *From Columbus to Castro* (E. Williams, 1970) provide a historical summary of how the colonial subject emerged (Cudjoe, 1993) while *Massa Day Done* (E. Williams, 1961) specifically addresses the absentee plantation owners who long and continuously exploited the human and economic resources of the people in the Caribbean.

A key anchor of these histories is the arrival of the Europeans in the region in 1492, although reference is made to the pre-colonial era. A divergence among these works is the geography on which they focus. Whereas some focus on the countries on the mainland (South and Central America excluding the Guianas\textsuperscript{17}), others primarily target the countries in the Caribbean. In fact, much of the literature on Latin America and the Caribbean separates the Caribbean countries from the ‘Latin American’\textsuperscript{18} countries. This divergence demonstrate that the social construction of Latin America is important in understanding the history of the region. Therefore, I begin this chapter with a discussion on the ‘social construction’ of Latin America and the Caribbean.

I then discuss three trajectories in Latin America’s past: The arrival of the Europeans in the Americas\textsuperscript{19} in 1492; the demise of the Americas and the rise of USA

\textsuperscript{17} Guyana, Suriname and French Guiana

\textsuperscript{18} Here Latin America is used to describe countries in South and Central America excluding the Guianas

\textsuperscript{19} An earlier name accorded to the entire region of Latin America and the Caribbean.
influence in the region; and the communist threat and the Cold War. The goal is to lay
the foundation to show how the past continues to influence the present.

Since the early 1970s, the alarm was sounded that considering the degree of
diversity among the countries “it is not advisable to look at the Latin American [and
Caribbean] countries simply in the aggregate” (Prebisch, 1971, p. 49). Common among
the countries are their ties to the Americas and the shared colonial history, but differences
abound because of the diverse ways in which the countries were created and the types of
immigrants imported into the individual countries. I use examples from the IDB’s
activities in Guyana because I believe that Guyana’s situation is indicative of how the
discourses and discursive practices work together in shaping an underdeveloped
subjectivity in the people of Latin America. However, as a result of the different paths
taken in each country, variations in IDB activities in each country, and Prebisch’s (1971)
advice mentioned above, there may be differences in execution.

To situate Guyana within the larger context of Latin America I discuss three
trajectories which parallel three watershed stages in Guyana’s past: European colony;
independent nation; and cooperative socialist republic. I illustrate the social and political
uniqueness of the country and its attractiveness as a site for analyzing subjectivity
construction, through examination of the historical factors which have influenced and
shaped the subjectivity of the people, such that they have fragmented and fluid identity
shifting between a geographic South American identity and a socio-political Caribbean
identity, and the deep seated racial divide between the two dominant ethnic groups,
Blacks and East Indians. These factors may have resulted in the possible pre-disposition of the people of Guyana to the shaping of their subjectivity by external forces.

I draw primarily on the works of noted Guyanese historians and politicians, Vere T. Daly, Dr. Cheddi Jagan and Dr. Walter Rodney.

Daly’s works *The Making of Guyana* and *A Short History of the Guyanese People*, offer in-depth analysis of the European wars, the practices of the colonizers, and the effects of colonization which resulted in the merger of the territories of Berbice, Demerara and Essequibo to form the country of Guyana. He also briefly discusses Guyana’s independence from Britain and the birth of the Cooperative Republic of Guyana (Daly, 1974, 1975).

In his semi-autobiographical work *The West on Trial: The Fight for Guyana’s Freedom* (Jagan, 1975) and his other work *Forbidden Freedom: The Story of British Guiana*, (Jagan, 1994) Dr. Cheddi Jagan, a former President of Guyana, focuses primarily on the trials and tribulations of himself and his political party on the path to independence, and the political, economic and social climate in the periods immediately prior and post Guyana’s independence. Although written from a very subjective position of his struggle against British colonialism and imperialism, Dr. Jagan provides insight into the depth of the interference of Britain in Guyana’s activities even after independence and the fusion of the USA with Britain in manipulating the socio-political climate of the country.

Dr. Walter Rodney, a world renowned Guyanese historian known mainly through his seminal work, *How Europe Underdeveloped Africa*, is considered one of the ‘fifty
key thinkers on development’ (Simon, 2006). In his last book before his untimely death in 1980, *A History of the Guyanese Working People, 1881-1905*, Dr. Rodney, analyzes the social and economic impact of colonization on the people of Guyana and the collusion of the cultures. Most of his focus is on how the constraints of the planter class (the colonizers), impacted the working class.

I end the chapter with a discussion of the fragmented identity of the people of Guyana resulting from disconnect between their geographic and social identity, and how this fragmentation may also be contributing to the vulnerability of the people of Guyana to be made subjects of underdevelopment.

“What is at stake here is the importance … of tracing the history out of which the present has emerged, so that there is recognition and acknowledgement of oppression … without fetishising the past so that its constructed character is denied (Frosh, 2013, p. 102).

### 2.2. The Social Construction of Latin America

In their seminal work ‘*The social construction of reality: A treatise in the sociology of knowledge*’, Berger and Luckman (1967) argue that man’s relationship to society is subjective. Man creates society through institutionalization of certain norms which become taken for granted over time in future generations, as though it is a given. Then these societies institute norms which compel humans to operate within these norms, thus man becomes a product of that which man has produced.

The contemporary definition of Latin America is very complex and confusing because of the various descriptions and definitions applied revolving around culture, language and/or geography. Bull & Boas (2003) argue that the description of Latin
America is finite based on geography. In their view, “the geographic demarcation of Latin America as a region is drawn along the Rio Grande” (p. 250) thus negating any confusion or complexity. The second president of the IDB, Antonio Ortiz Mena believes that “the expression “Latin America” encompassing also the Caribbean countries, is a misnomer” because of the differences among these countries “from the physical and economic standpoints as well as from an ethnic and cultural one” (Ortiz Mena, 1974c). Nevertheless, many other geographic descriptors of Latin America have been applied (Feres Junior, 2010). One geographic description is localized to the countries in South and Central America (including Portuguese speaking Brazil; but excluding English speaking Guyana and Belize; Dutch speaking Suriname; and French speaking French Guiana). Another includes all the countries physically located in South and Central America. An even broader one includes the latter countries and those located in the Caribbean (see more discussion in Feres Junior, 2010, pp. 114-116).

The socio-cultural/linguistic description of Latin America revolves primarily around the ‘Latin’ or Spanish language and culture, and is associated with the Spanish speaking countries geographically located in South and Central America, and Mexico (which is considered a North American country). The Dominican Republic and Puerto Rico, which are Spanish speaking countries geographically located in the Caribbean area, are sometimes included within this descriptor (Feres Junior, 2010).

Even analysis of the descriptors of the Caribbean highlights this fallacy. For example, one definition views the Caribbean as comprising the islands bordered by the

---

20 In this research I follow the broader definition of Latin America, which includes all countries located in South and Central America, and the Caribbean Islands.
Caribbean Sea (Figueroedo & Argote-Freyre, 2008; Higman, 2011). This definition is expanded by Heuman (2014) and Bulmer-Thomas (2012) to include these islands plus Guyana, Suriname and French Guiana in South America and Belize in Central America. In the edited book chapter titled *Reinterpreting the Caribbean*, Girvan (2001) tries to respond to the question “what constitutes the Caribbean” (p. 3). Girvan acknowledges that the Caribbean is a social construction, which definition is also one of perspective. Rather than aiming at advocating for a precise definition of what constitutes the Caribbean, Girvan simply agrees with the conclusion of Antonio Gaztambide-Geigel, that there are many *Caribbeans*.

The IDB appears to have its own classification of the countries in the region based on the socio-cultural descriptor. Guyana and Suriname (which are geographically located in South America) are grouped with the Caribbean countries, but Belize which is the only English speaking country in Central America is grouped with the Central American countries (Inter-American Development Bank, 2017b).

This conflation of Latin America can be traced back to two inter-related moments in the history of Latin America and the Caribbean. The first is European hegemony which began when they arrived in the region in the 15th century; and second, the United States of America (USA) independence from Europe and its separation from the region.

In critiquing Latin America’s existence, scholars have argued that Latin America is “both a political and a cultural construct” (Eakin, 2007, p. 3); a human invention, the physical manifestation of an *idea* born out of the colonial encounter (Mignolo, 2005); not a geographical site (Levinson, 2007); neither a continent nor subcontinent (Mignolo,
Latin America began as a political project of and for the ‘Creole-Mestizo’\(^{21}\) elites of the Americas who wanted to find a way to differentiate themselves from the indigenous Indians (the Indians of the Americas) and Black descendants of African slaves (Mignolo, 2005). Having been born in the region, they were relegated to the same status as these groups. Thus they began referring to themselves as *American or Americanos*. Later, to support this distinction, French intellectuals invented the phrase *Latinidad* which ultimately morphed into Latin. Latin was “the language originally spoken in a country of west-central Italy known in the ancient times as Latium, which was conquered by Rome in the third century BC” (Feres Junior, 2010, p. 112). So this hijacking of the word Latin to relate to the elites of the Americas and then to people who primarily spoke the Spanish language, was somewhat of an anomaly. The French intended it to be a social differentiator but it has now also become a means of differentiation based on language and geography. Nevertheless, ‘Latin’ [or Latin American] eventually became the accepted and “a ‘politically correct’ way of referring to the whole set of countries and societies south of the US border” (Feres Junior, 2010, p. 113), facilitate the reproduction of ‘Latin’, ‘Southern Europe’ culture and values in the region, and at the same time eradicate the culture of the natives (Mignolo, 2005).

\(^{21}\) The label given at the time to people born in the region whose ancestors were European. According to the Oxford Dictionary, this phrase now refers to individuals who are the offspring of Spanish (from Spain) and American Indian (native Indian).
The aftermath of these historical moments have impacted the formative context (Unger, 1987) surrounding the IDB’s creation and operations. Formative context, according to Unger (1987), refers to the “order, framework or structure of social life” (Unger, 1987, p. 58), that is, both the institutional and the imaginative practices which shape the routines of a society. Unger states that the formative context may consist in imaginative assumptions about the possible and desirable forms of human association as well as in institutional arrangements or non-institutionalized social practices (Unger, 1987, p. 89).

Unger developed this concept as one of three responses to what he termed ‘false necessity’. False necessity refers to the misunderstanding we have that societies are static, that is, how things are done and the roles people play are a given and cannot be changed. In his view, through what he refers to as constructive social theory, Unger argues that societies are not only made, but also imagined. Thus people’s perceptions about limits to practices is false because anything that is made can be re-made and anything that is imagined can be re-imagined. Societies are plastic and not static; they can be transformed; therefore, no formative context is inevitable. However, because of the framework and practices of formative context, it is very difficult to escape. Notwithstanding the inescapable nature of formative context, it is important to note that all contexts can be changed but some are more amenable to change than others.

Unger’s view has implications for Latin America and the Caribbean and the IDB. They are all social constructions which have been made and imagined, therefore they can be remade and reimagined. For example, the formative context determined the types of loans that the IDB provided to Latin America during its early stages of operations.
Emphasis was on the funding of social programs such as water and sanitation (Atkins, 1995; Tussie, 1975) because the prevailing perception at that time was that unmet social needs were the catalyst to revolts in many countries. Further, any form of revolt was associated with Communism (Eakin, 2007).

Because the formative context plays a key role in shaping the norms and customs of a society and how that society functions, it does impact behaviour and attitudes in organizational settings. Therefore, formative context is important to the goals of this research, because it links history with subjectivities, and contributes to a deepening of the understanding of the nature of subjectivities (Halford & Leonard, 2005).

Latin America has a high degree of ethnic, cultural, political, economic and religious diversity, with the types and levels of diversity differing from country to country (Eakin, 2007; Heuman, 2014; Higman, 2011; E. Williams, 1970). Ethnic and cultural diversity is the result of migrations into the region. The economic and political diversity is reflected in: industrial economies (e.g., Brazil); very impoverished countries (e.g., Haiti and Guyana) socialistic countries (e.g., Venezuela); and democratic countries (e.g., Costa Rica). Other countries have experienced authoritarian rule (Birns & Birns, 2007) such as Chile, Panama and Argentina. The political systems are primarily hybrid, blending the imported political systems of the Europeans with some minor influence of indigenous systems.

Much of the continent became independent of Spanish and Portuguese rule between 1808 and 1825, but many colonies, primarily those in the Caribbean area (under

---

22 Although Guyana has abandoned Cooperative Socialism, many of the tenets of this ideology are still embedded in the culture and ways of doing and being of the people.
British rule), only became independent after 1945 (McEwan, 2008). The exception is Haiti\(^\text{23}\), a former French colony in the Caribbean, which gained independence in 1804 (Eakin, 2007)\(^\text{24}\). There are still a few countries which are still Constituent Countries\(^\text{25}\) or Special Municipalities\(^\text{26}\) of Holland; Overseas Departments\(^\text{27}\) and Overseas Collectivities\(^\text{28}\) of France; British Overseas Territories\(^\text{29}\); and the United States Territories\(^\text{30}\) (Bulmer-Thomas, 2012; Heuman, 2014; E. Williams, 1970).

2.3. Trajectories of Latin and the Caribbean’s Past

2.3.1. The Americas: European Arrival and Conquest

Latin America and the Caribbean was originally part of the larger geographic region of the Americas\(^\text{31}\), (or the western part of the world, which included the entire area of present day North America, Central America, South America and the Caribbean). This area was referred to as the new world, after it was infiltrated by the Italian explorer Cristoforo Colombo Fontanarossa, commonly known as Christopher Columbus\(^\text{32}\), when

---

\(^\text{23}\) Haiti is part of the island previously referred to as Hispaniola, which was divided into two countries – Haiti and Santo Domingo. Santo Domingo is now the Dominican Republic.

\(^\text{24}\) The Black slaves brought to Haiti defeated the French in what is known as the Haitian Revolution of 1789-1804. In 1789, the slaves began a rebellion against their masters. The battle raged on for 5 years but finally in 1804 the slaves were victorious and Haiti became the first and only colony to obtain independence through slave revolt (Eakin, 2007), but forced to pay 150 million francs to France, to cover the cost of the war, in order for France to recognize its independence (Higman, 2011).

\(^\text{25}\) Aruba, Curacao, Sint Maarten

\(^\text{26}\) Bonaire, Sint Eustatius, Saba

\(^\text{27}\) French Guiana, Martinique and Guadeloupe (a group of 5 islands - Basse-Terre, Gande-Terre, Les Saintes, Marie-Galante, and Les Desirade)

\(^\text{28}\) Saint Martin and Saint Barthélemy

\(^\text{29}\) Anguilla, Bermuda, Montserrat, British Virgin Islands (over 50 islands), Cayman Islands (Grand Cayman, Cayman Brac and Little Cayman), Turks and Caicos Islands (over 300 islands)

\(^\text{30}\) Puerto Rico and U.S. Virgin Islands (Saint Croix, Saint John, Saint Thomas)

\(^\text{31}\) The Americas was named after the explorer Amerigo Vespucci who along with Alonso de Ojeda first reached Guyana in 1499 (Daly, 1974, 1975).

\(^\text{32}\) Hereinafter referred to as Christopher Columbus
his naval expedition arrived on October 12, 1492 in San Salvador\textsuperscript{33} in the West Indies\textsuperscript{34} (Daly, 1974, 1975; Eakin, 2007; Figueredo & Argote-Freyre, 2008; Heuman, 2014; Higman, 2011). At that time, the area was inhabited by over 350 major tribal groups and 150 major linguistic groups which were thought to have arrived in the region from Asia during climate related migration in the early ages (Eakin, 2007).

As will be explored in greater detail in chapter six, the Americas became enmeshed in European wars “as a pawn of European power politics” (E. Williams, 1970, p. 69). There was mergers and separation of territories, the region became an integral part of the \textit{triangular trade} Europe carried out with Latin America and Africa (Bulmer-Thomas, 2012; Domingues, 2009; Heuman, 2014; Torres-Saillant, 2006; E. Williams, 1964, 1970, 1994), and finally the USA separated from the Americas (Daly, 1974, 1975; Higman, 2011; Pacheco-Pizarro, 1995; Torres-Saillant, 2006; B. F. Williams, 1991).

\textbf{2.3.2. United States Independence; Demise of the Americas; Rise of USA Influence in Latin America}

The territories that now make up the USA, were part of the Americas when the Europeans arrived. However, in 1776, these territories, that by that time had joined together to become the USA, gained independence from Britain and separated from the Americas. This marked the beginning of the demise of the traditional composition of the Americas; the emergence of the new region of Latin America; and the beginning of USA

\textsuperscript{33} Now the Bahamas.
\textsuperscript{34} Now referred to as the Caribbean.
hegemony and neo-colonization\textsuperscript{35} of Latin America as the USA took on a leadership role in the region (Eakin, 2007; Mignolo, 2005).

2.3.3. The Communist threat and the Cold War

Another important trajectory in Latin America’s past was the perceived communist threat to the region, related to the \textit{Cold War} between the United States and the Soviet Union (Thorp, 1998). The Cold War was a period of intense competition between the USA and the Soviet Union based on differences in political ideology\textsuperscript{36}. This created the \textit{East-West} fraction and friction, with both countries determined to promote their political ideals worldwide. The USA was fearful of the spread of Communism in the world and especially in Latin America. Contributing to this fear were the onset of the Korean War in 1950\textsuperscript{37} (Leonard, 1991); the Fidel Castro-led Cuban revolution in December, 1956; the growing anti-Americanism in the Caribbean area; and nationalist sentiments and more involvement of the governments of Latin America and the Caribbean in their countries’ industry, in countries like Argentina, Chile, Guyana and Venezuela. As will be discussed in chapter six, the USA subsequently became preoccupied with preventing the spread of communism, and instituted policies to this effect (Bulmer-Thomas, 2012; Burns & Charlip, 2002; Higman, 2011; O’Brien, 1999).

\textsuperscript{35} Neo-colonization refers to the practice used by wealthy nations, in particular the USA, to bring less developed countries under their influence and control using various indirect cultural, economic and business and monetary tactics to influence the political and economic policies of the country. Kwame Nkrumah (1965), viewed neocolonialism as the final and possibly the most dangerous phase of imperialism with the independent country not really being independent because its economic systems and political policies are directed by external sources.

\textsuperscript{36} The USA embraced political democracy and Capitalism, whereas the Soviet Union embraced Communism.

\textsuperscript{37} The Korean War was rooted in ideological differences between North Korea which embraced communist ideologies and South Korea where democracy was practiced.
2.4. The Co-operative Republic of Guyana (Guyana)

A noted Guyanese scholar argues, that to understand Guyana means that one is willing to accept ambiguity. Her description of Guyana, provides a glimpse into the complexity of the country. In her words,

Guyana is the fabled El Dorado, the mythical land between the Amazon and Orinoco Rivers that drew Walter Raleigh and other stalwart explorers to look for riches that never materialized. It has exercised the imaginations of Europeans for centuries, attracting adventurers anxious to chart the land and discover its hidden wealth … Guyana defies simple definition, its identity divided between the West Indies [Caribbean] and South America, Africa and India … Understanding Guyana means accepting ambiguity (De Barros, 2002, p. 3).

Guyana, which means ‘land of many waters’, is the third smallest in size, and the only English speaking country in the South American area of Latin America and the Caribbean. It is situated in the northwest corner of South America, and shares borders with Suriname, Brazil and Venezuela. It is sparsely populated with most of its people living along the coast (Josiah, 2011); has the second smallest economy, and the third lowest GDP per capita in Latin America and the Caribbean (IDB, 2012; B. F. Williams, 1991).

Guyana is very resource rich, with vast deposits of gold, diamond, bauxite, timber, and other natural resources. Agriculture, forestry, fishing and mining are integral parts of the country’s economy. Despite its vast natural resources, Guyana is considered the second poorest country in the region, second only to Haiti, and a heavily indebted poor country (HIPC) (Inter-American Development Bank, 2012a, 2012b; National Development Strategy Secretariat, 2000; Pelling, 1997).
Guyana has a multiracial population and identifies itself as the “land of six peoples”. This consists of the: Amerindians (the first inhabitants); Blacks (descendants of slaves brought from Africa to work on the plantations); Europeans (mostly from Portugal brought to work on the plantations after the end of slavery); Chinese (descendants of workers brought from China to work on the plantations after the end of the slavery; and East Indians\(^{38}\) (descendants of indentured workers brought to work on the sugar plantations from India after the end of the slavery); and the Mixed (racially mixed individuals as a result of the collusion of races and ethnicities) (B. F. Williams, 1991). However, the racial tensions between the two dominant ethnic groups, Blacks and East Indians tends to minimize the existence of the other ethnic groups. An interesting feature about Guyana that is not widely known, is that there are still some villages that are populated based on ethnicity. That is, villages that have only or predominantly East Indians and others that have only or predominantly Blacks. Integration in those villages primarily occurs as a result of inter-racial marriages, but this can result in racial tensions. There are also many Amerindian villages, mainly in the hinterland regions of the country.

2.4.1. European Colony: The Territories of Berbice, Demerara and Essequibo

The Amerindians were occupying the territories of Berbice, Essequibo and Demerara (which would later become the country of Guyana) when Christopher Columbus and his expedition arrived in the Americas. Later, in 1499, explorers Amerigo Vespucci and Alonso de Ojeda were the first to explore the area of these three territories. In 1519, Spain took control of the entire area of South America and thus became the first

\(^{38}\) Also called Indians
colonial rulers of Guyana. It was thought that “El Dorado” (Golden City) was in Guyana so many adventurers and explorers came to Guyana in search of Gold. Sir Walter Raleigh, a British explorer was one of those adventurers. He convinced Britain to conquer Guyana from the Spanish, which Britain was able to achieve because the Amerindians did not like or trust the Spanish and thus were complicit in Britain taking control from Spain (Daly, 1974, 1975; Rodney, 1981; B. F. Williams, 1991).

Even though both Spain and Britain had taken control of the area, neither country had established permanent settlements there. The first permanent settlement was established by the Dutch in the Essequibo and Berbice regions in 1598. From 1781 to 1803 the territories of Berbice, Demerara and Essequibo changed colonial rulers numerous times as a result of wars among the European countries. The British captured Essequibo from the Dutch in 1665 and by 1781 Britain controlled Essequibo, Berbice and Demerara (Burrowes, 1984; Daly, 1974, 1975; Gibson, 2014; Schomburgk, 1970; Singh, 1996; B. F. Williams, 1991).

By the end of 1782, Guyana was under French control. The ‘Treaty of Versailles’ signed on September 3, 1783 ended this war among the European colonizers, and the Dutch regained ownership of Guyana as part of the Treaty. In 1796 war between Britain and Holland erupted again and Britain took control of Guyana. The ‘Treaty of the Americas’ in 1802 ended that war and control of Guyana was once again transferred back to Holland. Britain was at war once more with France and Holland in 1803 and yet again took control of Guyana. This was a lengthy war that lasted until 1814 and it was the last change in colonizers for Guyana. The ‘London Convention’ which concluded the war
apportioned Guyana to Britain (Burrowes, 1984; Daly, 1974, 1975; Gibson, 2014; Schomburgk, 1970; Singh, 1996; Smith, 1962). Eventually the territories of Demerara and Essequibo were merged as Demerara-Essequibo and in 1831 these two territories joined with Berbice to become British Guiana\textsuperscript{39}. It is from Britain that Guyana gained its independence in 1966 (Daly, 1974, 1975; De Barros, 2002; Hope, 1985; Rose, 2002; B. F. Williams, 1991).

It was during this final period of rule by Britain that the misalignment between Guyana’s socio-political and geographic identity began and the country’s social ties with the Caribbean region was cemented because of language and colonial ties. Most of the islands in the Caribbean were under British rule at the time and English was the main language spoken in those countries. There were no other countries in South America under British rule or where English is spoken. The result is that Guyana has little or no social, political or economic relations with the other countries in South America.

2.4.2. Independent Nation: Birth of the Independent Country Guyana

Guyana’s road to independence was fraught with conflict and external influence (Jagan, 1975, 1994; Walton, 2013). Both Britain and the USA were fearful of Cheddi Jagan, the leader of the People’s Progressive Party (PPP), the major political party in the country, taking the country into independence. Jagan embraced communist ideology and had relations with communist countries, thus Britain and the USA were concerned about the possibility of Guyana becoming another Cold War satellite [like Cuba] in their backyard (Drayton, 2005, p. 326; Gibson, 2014; Walton, 2013). Through a series of

\textsuperscript{39} These settlements have influenced the geographic division of the country; Guyana is divided into three geographic counties: Berbice, Demerara and Essequibo.
manipulations, conflict was promoted between Jagan and Forbes Burnham, a senior member of this political party which resulted in Burnham leaving the PPP and forming the People’s National Congress (PNC). This split in the political party furthered the racial divide in Guyana as most of the Blacks decided to follow Burnham who was Black, and the East Indians followed Jagan who was East Indian (Daly, 1974, 1975; Hinds, 2009, 2011; Jagan, 1975, 1994; Smith, 1962). It was during this period that the slogan “Apan Jhaat”, which is a Hindu term meaning ‘vote for your own race’ was popularized by the East Indians to motivate each other to vote for Jagan (Rose, 2002). To present day, Guyana’s politics and all social relations is heavily influenced by race as the Blacks and East Indians construct their realities and relationships in racial terms. The racial divide is seen in political party affiliation which is primarily based on whether the party identifies with Blacks or East Indians. A party’s racial/ethnic identity is most important than its policies and convictions in garnering voter support (Daly, 1974, 1975; Gibson, 2014; Grenade & Lewis-Bynoe, 2010; Hinds, 2011, p. 29; Rose, 2002).

Initially Burnham and Jagan had the same political persuasion and pursued the same ideological lines. However, Burnham had shifted to a slightly different persuasion of Cooperative Socialism, which was more appealing and considered the better alternative than Communism, therefore for the USA all steps had to be taken to ensure that Jagan was not the leader of Guyana. Cooperative Socialism, although similar to Communism, was not the same as Communism. Even though Socialism\(^{40}\) has some of

---

\(^{40}\) Socialism involves commitment to specific objectives, such as large scale redistribution of wealth, assets, or income in favour of the majority classes, and a dominant role by the state to manage the economy on behalf of the masses to improve their living standards, and to reduce or eliminate the power and influence of the capitalist class (Rose, 2002, p. 394).
the tenets of Communism, “Cooperative Socialism was conceived with the primary goal of allowing the Guyanese people a greater role in the operation of the country’s economy” (Rose, 2002, p. 184). In fact Burnham and the members of his political party promoted Cooperative Socialism as new, and different from the Socialism that was practiced in other parts of the world (Gibson, 2014; Rose, 2002), which seemed to appease and appeal to the sentiments of the USA and Britain.

As a result of the British and American intervention, which included the British government suspending the constitution of Guyana and covert funding of racial violence, it was Burnham who took the country into independence (Bulmer-Thomas, 2012; Rose, 2002; Smith, 1962; Walton, 2013). On May 26, 1966, British Guiana became the independent country of Guyana and Burnham became the country’s first Prime Minister (Daly, 1974, 1975; Gibson, 2014; Hinds, 2009; Jagan, 1975, 1994; Smith, 1962).

2.4.3. The Cooperative Republic

Contrary to the expectations of Britain and the USA, Burnham turned out to be more communist than Jagan (Berthoud, 1992). Although the mode of government embraced by Burnham favoured “Socialism with centralized planning as its key regulatory mechanism” (Berthoud, 1992, pp. 71-72) and not the feared communist ideologies, Burnham was centrifugal and established strong social and economic ties with both Cuba and the Soviet Union. On February 23, 1970, Guyana cut ties with the British when Burnham turned the country into a cooperative republic (the first of its kind in the Caribbean), and the government’s attention was focused on advancing the tenets of
Cooperative Socialism, which was designed to rid the country of western dependence (Armendariz, et al., 2007; Rose, 2002).

2.5. **Identity Issues: The South American and Caribbean Racialized Guyanese**

The contradiction in Guyana’s geographic and socio-political identity has created acceptance and identity issues for Guyanese, being marginalized by South American and Caribbean countries (Peake & Trotz, 1999). In many Caribbean countries, there is a general disdain and negative attitude towards Guyanese (iNews Guyana, 2014; Kissoon, 2009). For example, Guyana is a founding member of the Caribbean Community and Common Market (CARICOM), the organization set up in 1973 to promote economic cooperation and integration among Caribbean countries. Although the organization’s headquarters is located in Guyana, many Guyanese believe that there is an ‘unwritten clause’ in the CARICOM Agreement restricting a Guyanese from holding the position of Secretary General41 of the organization. This is because, even though CARICOM has been in existence for over four decades42, a Guyanese has not held the prestigious position of CARICOM Secretary General. Although it is said that the former President of Guyana, Forbes Burnham, while lobbying to have the CARICOM headquarters in Guyana, gave an undertaking that no Guyanese would ever be Secretary General of the organization (Caribbean News Now Staff, 2010)43. Not having strong socio-political relationship with the other countries in South America, and not being accepted by the

---

41 The Secretary General is the head of CARICOM
42 CARICOM was established August 1, 1973
43 There is no evidence of this undertaking in the “Treaty Establishing the Caribbean Community”, the agreement which established CARICOM, signed July 4, 1973.
Caribbean countries has positioned Guyana within multiple structural inequalities that limits its options and leaves the country and its people relatively disenfranchised.

There is no novelty in the ability and pattern of Guyanese shifting their identity between Caribbean and South American. Many Guyanese who migrate to other countries tend to assert their South American identity and to distance themselves from the Caribbean when necessary and convenient to them (Peake & Trotz, 1999).

The above discussion highlights why Guyana is a very interesting case study for issues relating to power/knowledge and subjectivity. Since the arrival of the Europeans, there has always been both overt and covert manipulation of the people via institutions with the goal of subjugation and subjection. This manipulation, coupled with the conflicting identity issue and non-acceptance by the Caribbean and South American countries, probably make Guyanese pre-disposed to have their thinking shaped by people representing institutions owned by those at distant shores.

2.6. Chapter Summary

In this chapter I drew on various histories of Latin America and the Caribbean to provide insight into the formative context in which the IDB was created and functions. I discussed the social construction of the region, and the various descriptors of what constitutes Latin America. The Europeans, subsequent to their arrival in the Americas in 1492, took control of the territories and transformed the society as part of the colonial project. After the USA separated from the region, it became the de facto colonizer of the
region. Thus the subjectivity of the people has been shaped by others outside of the region.

I also discussed Guyana’s past to show why Guyana is an interesting case study of the IDB shaping an underdeveloped subjectivity in the people of Latin America. The pluralization and polarization of the people of Guyana; their dual but conflicting geographic South American identity and social Caribbean identity; non-acceptance by countries in South America and the Caribbean; and the deep seated racial discord between the two dominant ethnic groups Blacks and East Indians which permeates all levels of social and political life in the country. I concluded that as a result of their past, Guyanese are probably cognitively predisposed to being influenced by external forces.
Chapter 3

Latin America’s Bank: The Inter-American Development Bank

… the establishment of the Inter-American Development Bank, its institutional originality, and its regional work have combined to promote changes in the types and treatment of the problems of underdevelopment in Latin America. The process of Latin American development was considered in light of its own dimensions, in relation to the conditions prevailing in the industrialized world with respect to foreign trade and capital flows, and in terms of the technological progress required by the region (IDB, 1970, p. ix).

3.1. Introduction

This is the final of the two historical chapters. I extend my analysis of the past by looking at the IDB’s creation. I draw on historical documents, the IDB’s charter and the extant literature on the IDB to present five trajectories in the IDB’s evolution and the IDBs activities in Guyana.

Weedon (1987) argues that there is a very intimate relationship between institutions and discourse, such that they are ‘co-extensive’. Institutions are created and maintained by discourse. In addition, there is an historical character to power/knowledge and subjectivity (Foucault, 1977, 1978, 1979, 1991; Powell, 2013), thus it is important to understand the history of the institution from which the discourses and subjectivity emanates.

However, I believe that in order to understand the IDB’s activities, it is important to understand ‘development’ as a concept. Therefore the chapter begins with a discussion of the conceptualization of development.

The first trajectory covers a lengthy period of 70 years (1889-1959) and focuses on the discussions and activities leading up to the creation of the IDB, highlighting factors which enabled the USA to be intimately involved with the IDB and subsequently
influence and control the organization. The other four trajectories correspond with the tenures of the four presidents who have led the organization thus far: Setting the Foundation – Felipe Herrera Era (1960-1971); Marred by Tenuous Relationship with the USA – Antonio Ortiz Mena Era (1971-1988); Charting a New Course – Enrique Iglesias Era (1988-2005); and Redefining the IDB – Luis Alberto Moreno Era (2005 to present).

I then discuss the IDB’s conflicting identity which, similar to other regional development banks, emerges from the Bank operating both a profit making entity (bank), and a social organization for which profit making should not be its main goal (development agency focused on elimination of poverty). I end the chapter with a discussion of the Bank’s relationship with, and activities in Guyana.

The main function of the IDB is to provide loans and grants for development purposes to borrowing member countries located in Latin America and the Caribbean (Inter-American Development Bank). Since its establishment, the IDB has continuously played a key role in the development activities in Latin America and the Caribbean and by December 31, 2012, had provided more than US$174.62 billion in loans, grants, guarantees and investments to fund development projects (Inter-American Development Bank, 2013). In addition to its lending activities, the IDB also conducts research in Latin America and the Caribbean on a broad range of areas such as poverty and education (Inter-American Development Bank, 1981). However, in spite of the magnitude of its operations in Latin America and the Caribbean, the IDB is not as well known, even within the region, as the ‘Bretton Woods Twins’: the IMF and the World Bank (Annisette, 2004; Bassi, 2007; Culpeper, 1997).
3.2. Conceptualizing Development

To me, development as a concept is of interest not only because of its pervasiveness, but also because of its self-sustaining and self-perpetuating nature. This has become one of the largest industries in the world with organizations, training programs, and academic credentials dedicated to this field. According to Annisette (2004) ‘development’ as a theme is self-serving to the international banks giving credence and legitimacy to their very existence.

Development is a very controversial and contentious topic, which has been challenged by many scholars (Cooke & Kothari, 2001; McClosekey, 2009; R. Peet & Hartwick, 1999) and has even been associated with myth, passion and solace, something “which comforts societies, and a fantasy which unleashes passions” (Sachs, 1992b, p. 1). It is not a clear concept (Chang, 2003), has no “precise meaning [or] generally accepted definition” (Black, 1991, p. 1), and its meaning has evolved over time from being synonymous with economic growth and now associated with poverty alleviation (Culpeper, 1994). Key concepts that make up the development discourse are: economic growth, poverty alleviation, equality, evolution, maturation, production, the notion of the state, free trade, democracy and market capitalism (Culpeper, 1994; Esteva, 1992; Sachs, 1992a, 1992b).

Even the presidents of the IDB have presented evolving definitions of development. The first president, Felipe Herrera noted that “development must be accompanied by social and institutional reforms, not only for reasons of justice, but to remove impediments to collective progress” (Herrera, 1962b). In this view, development
should benefit the collective. Likewise, the second president Antonio Ortiz Mena also alluded to this fact that “development is a process in which burdens and benefits must be shared equitably by the entire population” (Ortiz Mena, 1972g) and should emphasize social issues.

It is worth noting that the true meaning of the word development is now equated with economic growth as well as with social justice, the two concepts are intertwined (Ortiz Mena, 1974a).

He also does not view development as something that is constant, an absolute or confirming to any specific theoretical definition. In fact Ortiz Mena argued that “[d]evelopment,” of course, is not a technical term. Rather, it is a shifting mix of economic and political notions constantly in search of appropriate ideas and actions (Ortiz Mena, 1975b); something that is fluid, being

the outcome of a complex, wide-ranging, balanced, and indivisible set of measures taken in a variety of fields. It is, first and foremost, a political, social, and economic process, and results solely from the decisions and efforts of each country, and requires international cooperation in a greater or lesser degree. At the same time, economic growth is an essential – though not sufficient – precondition to development (Ortiz Mena, 1979).

The third president, Enrique V. Iglesias noted that equity and social justice are determining factors in development because they are elements of progress and reduction of disparities (Iglesias, 2004). This conceptualization was continued by president Moreno whose position is that equity and justice are critical for development as a concept to be sustained (Moreno, 2005a). He is also of the view that [d]evelopment should not be subject to rigid formulas and limited to traditional relationships. The work of development needs to be charged with new ideas and revitalized by creativity and innovation (Moreno, 2006c).
However, development is seen as a failure and has been criticized for being destructive, unjust and failing to meet expectations (Cowen & Shenton, 1996; R. Peet & Hartwick, 1999; Sachs, 1992b)

3.3. Creating Latin America’s Bank (1889-1959)

President Herrera, aptly described three stages in the establishment of a financial institution for the region:

when the idea was first advanced … an essentially commercial bank was envisaged\(^{44}\). In the 1920’s an institution with monetary powers like those of a central bank was proposed. The third approach, now in effect, was that of a regional development bank (Herrera, 1960a).

The genesis of the IDB traces back to the 19\(^{th}\) century, more than 70 years before the institution formally came into being, with a desire by countries in the region to have a regional bank of their own (Tussie, 1975, 1995). The first discussions were held in 1889 at the first Inter-American conference (a conference for countries in the Americas) held in Washington DC, the USA capital, which was the first attempt at regional cooperation within the Americas since the USA separated itself (Barria & Roper, 2004; Culpeper, 1994; Tussie, 1975, 1995). The USA did not support Latin American countries in this endeavor because of concerns about the control individual governments had over markets in the region (Barria & Roper, 2004; Tussie, 1975). The Latin American countries that were active in the Bank’s beginnings created the opening for the USA intervening in their affairs by requesting the backing and assistance of the government of the USA in this

\(^{44}\) Concerned only with a private banking operation to facilitate inter-American commerce (Herrera, 1960i).
endeavor. The setting of this initial discussion also shows that from the inception, the decisions for the IDB and its activities for the region were made outside of the region.

Over the years, other attempts were made to create the bank without success. For example, in 1940 the USA government decided to support Latin America’s efforts, but failed to garner the support of the citizens of the USA because there was the general opinion that this bank would be competing with American banks (Culpeper, 1994; Dewitt, 1977). Similarly, in 1954 at the 10th Inter-American Conference, the creation of the Bank surfaced again but failed to get the USA support. However, very soon thereafter, as the communist threat in Latin America and the Caribbean heightened, the American government decided to support the creation of the region’s bank as part of its effort to thwart the communist threat (Dell, 1972; Pacheco-Pizarro, 1995). Consequently, the IDB holds the unique position as the only regional development bank created as a vehicle to halt the influence and spread of Communism (Culpeper, 1997; Krasner, 1981). Tussie (1975) noted that the overall direction of the IDB, more than other regional development bank “has been influenced by the USA’s vision of development and its foreign policy priorities” (p. 79).

By 1957, the focus shifted from simply a regional bank to a regional development bank. At the Conference of Buenos Aires in 1957, the Latin American countries agreed to analyze the possibility of creating a development bank for the region (Tussie, 1975, 1995).

“The countries on whose behalf this Agreement is signed agree to create the Inter-American Development Bank” (Inter-American Development Bank). With these
words, the Agreement Establishing the Inter-American Development Bank,\textsuperscript{45} considered to be “a judicious and pertinent document, wise in its eclecticism, prudent in its basic proposals and rich in promise for the future” (Herrera, 1960i) which details the fundamental guiding principles of the organization, gave legitimacy to the IDB. The terms of this Agreement were adopted in Washington, D.C., USA on April 8, 1959, the same location where initial talks for the Bank’s creation had begun in 1889. Thus on December 30, 1959 the Bank came into existence as a partnership between the USA and 17 countries in South and Central America\textsuperscript{46} that were signatories to the Agreement. However, it was not until October 1, 1960 that the IDB officially began operations in Washington DC, USA, the epicenter of USA power, with US$1 billion in funds (Inter-American Development Bank, 2010a). The Agreement has been modified numerous times to make changes to membership, voting powers and bank resources.

Membership of the IDB is divided into two main categories: (1) non-borrowing (donor) member countries located outside of Latin America and the Caribbean, and (2) borrowing member countries within the region. Currently the IDB has a membership of 48 countries – 22 non-borrowing\textsuperscript{47} and 26 borrowing\textsuperscript{48} countries (Inter-American Development Bank, 2016a).

\textsuperscript{45} Hereinafter also referred to as the Agreement.
\textsuperscript{46} Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay and Peru.
\textsuperscript{47} United States, Canada, Japan, Israel, the Republic of Korea, the People’s Republic of China, Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Italy, The Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland and the United Kingdom.
\textsuperscript{48} Argentina, the Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay and Venezuela.
Governance and management of the IDB at the executive level is three-fold: Board of Governors, Board of Executive Directors and the President. Leadership of the bank rests with the Board of Governors, which is made up of representatives from each of the member countries, usually a high ranking government official such as the Minister of Finance or the Head of the country’s central bank. The Board of Governors delegates most of its powers to a Board of Executive Directors.

The Board of Executive Directors, is responsible for exercising the powers delegated to them by the Board of Governors, including developing operational policies, budgets, interest rates and decisions regarding bank borrowings. Currently there are 14 members on the Board: 9 from borrowing member countries and 5 from non-borrowing member countries (Inter-American Development Bank, 2016a).

Day to day administration of the Bank is the responsibility of the President, under the direction of the Board of Directors. The IDB identifies the President as “the institution’s legal representative and chief executive officer” who is elected by the Board of Governors, and chairs all meetings of the Board of Executive Directors in a non-voting capacity. There is an exception to the non-voting stipulation in that the President can exercise a vote if needed to break a tie (Inter-American Development Bank, 2016a). By convention, the IDB President has always been a citizen of a borrowing member country (Hernandez, 2013). The President is assisted by the Executive Vice-President who has always been a citizen of the USA appointed by the USA government (Hernandez, 2013).

The operating resources of the IDB come primarily from three sources: contributions of the Bank’s members (both borrowing and non-borrowing), interests on
loans made to borrower member countries, and interest on bonds that it sells in the capital markets (IDB Agreement). Additional funds are sourced in international markets using the credit rating of the non-borrowing member countries (Kuczynski, 1987).

Prior to January 1, 2017, the Bank had two categories of funds from which loans were provided to members. Ordinary Capital (OC) from which most loans are funded, and the Fund for Special Operations (FSO) which provided concessional financing to the most vulnerable member countries (Inter-American Development Bank, 2010b). However, in September 2016, the IDB Board of Governors approved the transfer of the net assets of the FSO to the OC to create a concessional lending instrument that would be a blended loan financed from the OC. This new concessional lending instrument became effective January 1, 2017 (Inter-American Development Bank, 2017b).

3.4. Setting the Foundation – Felipe Herrera Era (1960-1971)

Felipe Herrera49 is the founding President of the IDB, for whom the IDB library at the organization’s headquarters in Washington DC, USA is named. A native of Chile, he held positions as Chilean Finance Minister, General Manager of the Central Bank of Chile, Director of the IMF, and a private legal practice, prior to becoming the first president of the IDB. A lawyer and economist by training and profession, Mr. Herrera was very committed and influential in shaping Latin America’s economic development (Eder, 1964; Inter-American Development Bank; Tomassini, 2001). While he was the General Manager of the Central Bank of Chile, Mr. Herrera was part of the Chilean

---

49 Also known as Felipe Herrera Lane.
delegation which attended the 1954 conference during which a preliminary report was
drafted for the establishment of a financial institution for Latin America. He was also
part of the commission that was set up to define the Bank’s function and structure. The
recommendations of this commission were incorporated into the IDB Agreement. Thus
Herrera was involved in charting the Bank’s course long before he became the
organization’s president (Eder, 1964; Tomassini, 2001). Herrera is credited for the ideas
that he had for the IDB, laying the Bank’s foundation, crafting the operational structure,
and also for giving it its credentials and image as a catalyst for change (Tomassini, 2001;
Tussie, 1995). He was very idea driven, which probably explains why the IDB set out to
be the ‘bank of ideas’ under his leadership (Tomassini, 2001). Joseph Hinshaw, a former
executive of the Bank described Herrera as “a very meticulous man with a great
imagination” (Brezina, 2001, p. 20), who managed by walking around, talking to people
at all levels of the organization. Another former employee, Enrique Perez-Cisneros, who
was previously Secretary of the IDB, recalled that Felipe Herrera created a ‘culture of
devotion’. It was important that employees be wholeheartedly committed to the Bank.
He made them feel that it was a privilege to both work for the IDB and at the same time
contribute towards Latin America’s economic development and social progress (Brezina,
2001).

Much of what the Bank has become is based on the vision that Herrera had for the
Bank, such that, his tenure was described as “The Vision of Felipe Herrera: More Than a
Bank” (Tomassini, 2001). Oscar Rodriguez-Rozic, former Deputy Secretary of the IDB
referred to the IDB as “Felipe Herrera’s Bank” (Rodriguez-Rozic, 2001, p. 71).
During his time in office, there were three replenishments of the Bank’s funds, in 1964, 1968 and 1970. The Bank began operation with funds of US$1 billion in 1960 and by the 3rd replenishment this amount had increased to US$8.980 billion. At the end of 1970, just prior to the end of Herrera’s tenure, the Bank approved more than US$4.1 billion in development financing for Latin America (Tomassini, 2001).

On October 11, 1970, Herrera tendered his resignation from of the IDB, effective March 1, 1971, bringing the most important era in the Bank’s history to an end. In the beginning, the IDB was not a major player in Latin America (Scheman, 1997). However, because of his pioneering leadership, by the end of Herrera’s tenure the IDB had become a major player in the economic and social development of Latin America and the Caribbean (Rodriguez-Rozic, 2001). The growth of the Bank during this period is a testament of the success of Felipe Herrera (Eder, 1964).

3.5. Era Marred by Tenuous Relationship with the USA - Antonio Ortiz Mena (1971-1988)

In reflecting on the IDB’s 40 years in operation, the era of Antonio Ortiz Mena is referred to as one of ‘continuity and change’ (Rodriguez-Rozic, 2001). He had the responsibility not only of continuing Herrera’s vision for the Bank, but also to implement changes that were necessary to respond to changes in the world and in Latin America and the Caribbean in particular, which impacted development in the region.

He was elected president of the Bank on November 27, 1970 and began his tenure on March 1, 1971. Prior to becoming president of the IDB, Mr. Ortiz Mena, a lawyer by profession, was Mexico’s Finance Minister for 12 years, from 1958-1970, and is credited
with growing Mexico’s economy and expanding the middle class, while in that position (Malkin, 2007). Like Felipe Herrera, Ortiz-Mena was involved with the Bank from the inception. He was one of Mexico’s delegates to the 1954 meeting that set in motion the establishment of the Bank, and during his term as Mexico’s Finance Minister, served as the Governor for Mexico on the IDB Board of Governors.

Most of the programs and operations of the Herrera era were continued (Inter-American Development Bank, 1981). The Agreement was amended to allow Caribbean islands that are not members of the Bank to access funds and to permit Canada\(^{50}\) some European countries\(^{51}\) and Japan to become members of the Bank. For the Caribbean islands, funds were made available through the Caribbean Development Bank (CDB) (Inter-American Development Bank, 2016a; Malkin, 2007; Rodriguez-Rozic, 2001). The Bank was considered to have internationalized and achieved ‘institutional maturity’ through the admittance of Japan and the European countries (Rodriguez-Rozic, 2001). In the Bank’s view, the evidence of the success of the entrance of these external members was the almost 80 percent increase in the Bank’s lending between 1976 and 1980 (Brezina, 2001; Rodriguez-Rozic, 2001). However, these changes had negative consequences for the borrowing member countries because the expansion of membership resulted in a reduction to their relative share capital (Inter-American Development Bank, 2013). In an interview with Jose Nunez del Arco years after he had departed from the

\(^{50}\) In 1972
\(^{51}\) Belgium, Denmark, Germany, Israel, Japan, Spain, Switzerland, the United Kingdom and Yugoslavia joined in 1976; followed by Austria, Finland, France, Italy, the Netherlands and Sweden in 1977; Portugal in 1980 and Norway in 1986. Yugoslavia also became a member, but with the split in this Federal union, in 1993, Croatia and Slovenia became members as successor states of Yugoslavia.
Bank, Ortiz Mena thought that this change was the most pressing issue facing the Bank as he began his tenure, and it was necessary so that the Bank could diversify its sources of funds and at the same time benefit from the technology and expertise of these countries outside the region (Brezina, 2001).

There were three replenishments of the Bank’s funds under Ortiz Mena. The 4th replenishment in 1976 for US$4 billion; the 5th in 1978 for US$9.75 billion; and the 6th in 1983 for US$15.703 billion. By the 6th replenishment, the Bank’s funds had increased to US$34 billion. Lending increased tenfold such that by the end of 1987, US$32.606 billion in loans had been authorized. The Inter-American Investment Corporation (IIC), the entity the IDB created to finance venture capital projects, was approved in 1984 and its Charter came into effect in 1986 (Inter-American Development Bank, 2016a; Malkin, 2007; Rodriguez-Rozic, 2001).

When Ortiz Mena left the IDB, the organization was at a crossroad. It was necessary for the IDB to once again replenish its funds. The choice was between remaining a small bank providing loans in the manner in which it had done, or obtaining a large replenishment of the Bank’s funds and becoming a larger bank. During the negotiations to replenish the funds, a dispute erupted between the USA and the Latin American countries regarding voting rights in the Bank. Even though the USA had tremendous influence in the IDB, in the early years the Bank was given considerable independence on the condition that there was no violation of the ultimate goal of preventing the spread of Communism in the region (Krasner, 1981). The USA was now demanding changes to the Bank’s operations to obtain greater influence over
organizational policies and also the appointment of James W. Conrow as the IDB Vice-President, as a condition for USA’s approval of the 7th replenishment of the IDB capital, and increase in the USA contributions. Latin American countries felt that the administration of President Reagan was simply trying to take control of the Bank, and refused to agree to these demands. In return the USA decided to withhold its funds from the Bank. This is ironic because the majority of the funds that the USA provides to the Bank are “callable funds”\(^{52}\) and thus the USA was threatening to withhold funds that in all probability may never have to be contributed to the Bank.

In the midst of these negotiations Ortiz Mena departed from the Bank. His resignation was tendered on December 17, 1987, 3 years before the end of his 5-year term and took effect on March 15, 1988 (Kuczynski, 1987; Malkin, 2007; Rodriguez-Rozic, 2001; Tomassini, 2001). It is still not certain whether he resigned voluntarily or was forced out. However, what is known, is that the USA played a role in his departure from the Bank (Pacheco-Pizarro, 1995).

Antonio Ortiz Mena’s legacy includes increase in Bank membership from 23 countries to 44 countries, and the ability of the islands in the Caribbean to access IDB funds through the Caribbean Development Bank. Lending had increased to US$40 billion; ten times more than it was when he started.

---

\(^{52}\) The Bank’s ‘callable funds’ or ‘callable capital’ are funds that are only payable if and when required by the Bank to meet its obligations either to meet payments on borrowings on capital markets or to be included with the Bank’s ‘ordinary capital’ which are funds used to meet ongoing activities.

President Enrique Iglesias, held positions as President of Uruguay’s Central Bank and Minister of Foreign Affairs of Uruguay, before becoming the third president of the IDB on April 1, 1988. Iglesias was very familiar with Latin America having held positions with the United Nations Economic Commission on Latin America and the Caribbean (ECLAC); Secretary General of the United Nations Conference on New and Renewable Sources of Energy; and Chairman of the Latin American Institute for Economic and Social Development. He participated in the Uruguay Round of trade negotiations of the General Agreement on Tariffs and Trade (GATT) in 1986, and served as his country’s representative at various economic forums. He was also involved with the Bank since the Herrera era, having been part of the group of Latin American experts that Raul Prebisch53 brought together to study Latin America’s economic prospects and prepare a report on their findings for the Bank (Carranza, 2001).

Iglesias ascended to the presidency at a crucial juncture when the Bank’s relationship with the United States was very fragile. The Bank needed to improve this relationship and resolve the outstanding differences to get USA approval of the 7th replenishment of the Bank’s funds.

Iglesias was able to get the 7th replenishment approved in 1989. Discussions on the replenishment had lasted more than 5 years. The fact that the USA was able to make these demands and stall discussions, even though it was not actually advancing large amounts of cash, is indicative of the power that the USA wields over the organization.

53 A noted Latin American economist.
This situation showcased the IDB’s dilemma of “coping with the collective interests of its shareholders, who grouped or by themselves try to further their own agenda” (Pacheco-Pizarro, 1995, p. 177). That is, meeting the conflicting needs of the countries in Latin America and the Caribbean versus the desires of the USA. It also demonstrated how the USA is able to further its own agenda through use its majority votes and a voting power that is more magnified than the actual votes\(^5\) (Dewitt, 1987; Strand, 2003).

There was one additional replenishment of the funds, the Bank’s 8\(^{th}\), for US$40 billion. Approved in April 1994 and ratified in July 1995 (Carranza, 2001; Inter-American Development Bank, 2010b).

Iglesias is credited with the modern transformation of the Bank. Under his leadership the Bank reorganized its operations, established a cultural centre and further internationalized the Bank with the establishment of an IDB office in Japan in 1995. The Inter-American Investment Corporation (IIC) to finance venture capital investments, which was established during Ortiz Mena’s era, became operational (Carranza, 2001; Inter-American Development Bank, 2010b).

On June 1, 2005, Iglesias announced his resignation from the IDB, effective September 30, 2005. He was very instrumental in keeping the bank operational in the midst of the challenging relationship with the USA and non-regional members. The changes he implemented “catapulted the IDB to center stage” (Scheman, 1997, p. 87).

\(^5\)The USA voting power is magnified through its ability to create alliances and influence the voting of other non-regional members of the Bank.
It is because of the tensions from the beginning of his tenure and the changes he made to the organization, that Iglesias’ era is referred to as the period of ‘challenge and response’.

3.7. Redefining the IDB - Luis Alberto Moreno Era (2005-Present)

Ironically, Luis Alberto Moreno⁵⁵, the 4th president of the IDB was born in the USA. However, he had unwillingly renounced his American citizenship in order to become the Colombian Ambassador to the USA in 1998, because he could not be an American citizen and have diplomatic status in America (Shenon, 2000). Had he not done so, his ascending to the presidency of the IDB would have been problematic because, as previously mentioned, the President has always been selected from a borrower member country (Hernandez, 2013). Previously, Moreno held various positions in the Colombian government, including Minister of Economic Development before taking up the ambassadorship. During his term as Colombian ambassador he was credited for the positive transformation of the relationship between the USA and Colombia, especially in the areas of trade and the fight against illegal drugs. Hence, the USA possibly supported his candidacy because of his ability to straddle both sides of the fence – the side of his country of birth and the side of his country of naturalization. On July 25, 2005, which was within a month of his resignation as Colombian ambassador to the USA on June 27, 2005, he was elected by the IDB Board of Governors to replace Enrique V. Iglesias. He started work at the IDB on October 1, 2005 (Caribbean News,

⁵⁵ Also known as Luis Alberto Moreno Mejía.
Moreno took leadership of the Bank at a time when the IDB needed to maintain its relevance (Roy, 2005), because of the availability of private foreign direct investment in Latin America and the Caribbean (LatinFinance, 2007). He instituted a results-based culture, emphasizing individual responsibility and optimum levels of achievement from employees and the organization, in addition to equality issues. For example, gender issues were put on the Bank’s agenda, demonstrated not only through implementing a gender equality policy, but also evidenced through an increase in the number of women in executive level positions within the Bank (Inter-American Development Bank, 2010b; Roy, 2005).

Thus far, there has only been a single replenishment of the Bank’s funds since Moreno took office. The 9th capital increase was approved on July 21, 2010, 16 years after the 8th increase in 1994. The US$70 billion increase in the Bank’s funds, the largest in the Bank’s history, was intended to expand financing in the region and thus increase the Bank’s contribution to the countries’ economies (Inter-American Development Bank, 2010b).

Moreno’s chapter is still being written. Thus far, there have been many operational and policy changes in order to keep the Bank relevant and to keep its mandate as a major player in Latin America’s development, thereby maintaining the IDB’s presence in each of the borrowing member countries. On September 14, 2015, Moreno was re-elected president of the IDB, for his 3rd term. The mandate he gave himself for
this term is “defending social and environmental sustainability, promoting open
to knowledge as a lever for innovation and deepening the IDB’s activities with the private
sector” (Inter-American Development Bank, 2015b).

3.8. **Conflicting Identity of the IDB**

The final element of the IDB that is of interest to this research is the IDB’s
conflicting identity because this impacts the perception of the Bank’s ability to carry out
its main function, which is to provide loans and grants for development purposes.

According to Escobar (1970), the accomplishments of the IDB fall into three
different but interdependent categories: (1) those of a bank; (2) those of a development
agency; and (3) those of an agent capable of inspiring ideas and catalyzing aspirations. It
is the functions in the bank and development agency categories which create conflicting
identity issues for the IDB.\textsuperscript{56} In its bank role, the IDB works like any other corporation,
in particular public corporations, reflecting a shareholder structure (Caplen, 1999) and
cerned about profit maximization and value creation. At the other end of the
spectrum, the IDB is a development agency, whose mandate is improvement in social
welfare.

The IDB’s first president, Felipe Herrera, alluded to this conflicting identity.

"We are a bank in that we shall make use of the ordinary financial
resources we have at our disposal; in that our operations and lending must
be closely tied to the principles of performance and sound practices; and in
that efficiency must be the overriding concern in the management of the
institution. But we are more than a Bank if we remember that our ultimate
goal is to speed up the development of all of Latin America." (quoted in,
Tomassini, 2001, p. i).

\textsuperscript{56} This identity issue applies to all RDBs
Research has shown that the IDB (and other RDBs) do not fully operate either as banks or as development agencies (Ben-Artzi, 2005).

3.9. The IDB and Guyana

The IDB provides the largest amount of funds for development in Guyana through its loan and technical cooperation programs. Since joining the Bank in 1976, Guyana has received more than US$1 billion in loans from the IDB (Inter-American Development Bank, 2011b). The IDB’s current strategy for Guyana emphasizes supporting social development and economic growth through economic diversification (IDB Country Office in Guyana, 2009).

Over the period that the IDB has been involved in development activities in Guyana, funds have been provided for projects in almost every sector of the country. As noted by a former President of Guyana, the IDB has played and continues to play a major role in Guyana’s development activities (IDB Country Office in Guyana, 2009). However, overall the country’s economic situation has not improved. In spite of the volume of aid received, Guyana remains an ‘underdeveloped’ country (National Development Strategy Secretariat, 2000). The IDB’s own analysis indicates that many of the projects financed have not achieved the desired results (Inter-American Development Bank, 2012a, 2012b; Pelling, 1997). Reference is made to the economic crisis of the 1970s and 1980s, the small economy, poverty and heavy reliance on imports as problems and hindering factors to Guyana’s development (Inter-American Development Bank, 2012a, 2012b; Pelling, 1997). Because Guyana has abundant natural wealth, these should
be adequate to neutralize and eliminate these seeming hindrances to the country moving forward economically.

As the primary international development bank providing funding to Guyana, the IDB has the potential to influence the people of Guyana because the country has become dependent on the IDB to finance its development activities. The continued dependence of Guyana on the IDB is indicative of the dependency relationship between Latin American countries and the IDB as evidenced in the continued increases in the volume of loans to the region, discussed previously. Therefore, using examples from the IDB’s activities in Guyana may provide insight into why Latin American countries continue to take loans from the IDB, despite the failure of the development initiatives financed by these loans to achieve the goals of poverty reduction and economic advancement.

3.10. Chapter Summary

I began the chapter with an overview of the contemporary concept of development and the challenges and negatives associated with this concept. I showed that development is a very controversial concept and is negatively perceived because of the failure of development loans and initiatives to reduce poverty and increase countries’ economic wealth.

I then discussed five trajectories of the IDB beginning with the organization’s creation, followed by the eras coinciding with the tenure of each of the four presidents who have led the organization thus far. The discussion showed that:

Felipe Herrera gave the Bank its credentials and its image as a catalyst for change. Antonio Ortiz Mena opened the Bank to new regional and extra
regional donor countries and nurtured the multilateral character of the institution. Enrique Iglesias provided intellectual leadership and strategic direction (Tussie, 1995, p. 17).

The era of Luis Alberto Moreno is still being written.

Not only is the IDB the major international development bank in Latin America and the Caribbean but it is also perceived as being very influential in the political, financial and intellectual arenas. However, the narrative of the IDB is overshadowed by the influence of the USA on the organization. The IDB has the difficult task of balancing the interests of its borrowing and non-borrowing member countries.

A very important challenge of the Bank revolves around the conflicting identity of being both a profit generating bank and a development agency focused on poverty elimination. To this end, the IDB does not function effectively in either of these roles.

I ended the chapter with a discussion of the IDB’s activities in Guyana. The IDB is the major lender to Guyana for development purposes, and is involved in every sector of the nation’s economy.

In the next chapter I discuss the theoretical frameworks poststructuralism, postcolonialism, and the Foucauldian approach to discourse, discursive practice, power, knowledge and subjectivity.
Chapter 4 – Theoretical Frameworks

Let us not therefore ask why certain people want to dominate what they seek, what is their overall strategy. Let us ask, instead, how things work at the level of on-going subjugation, at the level of those continuous and uninterrupted processes which subject our bodies, govern our gestures, dictate our behaviours, etc. In other words, we should try to discover how it is that subjects are gradually, progressively, really and materially constituted through a multiplicity of organisms, forces, energies, materials, desires, thoughts etc. ... We should try to grasp subjection in its material instance as constitution of subjects. (Foucault 1980: 97)

4.1. Introduction

In this chapter, I outline the theoretical frameworks poststructuralism (de Goede, 2006; Lyotard, 1984; Phillips & Hardy, 2002; Weedon, 1997), postcolonialism (Lunga, 2008; A. Prasad, 2003; P. Prasad, 2005; Spivak, 1988, 1991, 1996, 1990), and subjectivity (Foucault, 1972, 1977, 1978, 1979, 1980a, 1980b) that inform this dissertation. I also discuss the Foucauldian approach to discourse, discursive practice, power and knowledge (Foucault, 1972, 1977, 1978, 1979, 1980a, 1980b). According to Aldama (2002), “postcolonial and poststructural theory continues to have a huge impact on Latin American studies today” (p. 201). Both emphasize critique and challenge and are not primarily concerned with finding absolute truths and precise solutions to problems, but rather provide tools for understanding phenomena and exploring what counts as truths (P. Prasad, 2005; Young, 2003), which is consistent with the goals of this research. Further, Manika Subi Lakshmanan (2011) argues that “any critical analysis and interpretation of a text written about a “third world” situation would be incomplete without the perspectives of postcolonial theories” (p. 72).

The chapter begins with an overview of poststructuralism and postcolonialism. I then discuss Foucault’s work on discourse, discursive practice, power and knowledge,
and his conceptualization of how power/knowledge work together to create the subject. I end the chapter with Escobar’s description of the features of an underdeveloped subjectivity (A. Escobar, 1995).

4.2. The Poststructuralist Point of view

Poststructuralism is “a philosophical term developed to signify a break with structuralism as a linguistic theory” (de Goede, 2006, p. 4) as part of the linguistic turn that views language as defining possibilities of meaningful existence, which can cause things to happen, limit opportunities and hinder things from occurring (Clegg, 1989; Weedon, 1987, 1997). Therefore language is not just a reflection of reality, but rather constitutes social reality (Phillips & Hardy, 2002; Weedon, 1987, 1997). This is contrary to structuralism’s belief in reality, idealism, essence, structure, and ‘universal truths’. Structuralists avoid making totalizing statements and do not see reality as being constructed by language (de Goede, 2006).

There is a relationship between language, discourse and subjectivity (Clegg, 1989). Discourse emerges from language and is the medium through which language performs its constitutive role. As experiences are filtered, interpreted and categorized through discourse, they guide subjectivity (Alvesson & Karreman, 2000; Weedon, 1987).

The poststructural-development relationship revolves around the poststructural critique of grand narratives and essentialist terms (Lyotard, 1984) such as development, which has become associated with Latin America. Grand narratives, are ideas, concepts, notions and beliefs which not only have the ability to influence our perceptions and
responses, but also legitimize social actions. They can negatively impact judgements and problem resolution (Lyotard, 1984). Poststructuralists see development as a social construction with a discursive history (Richard Peet & Hartwick, 2009); “a strategy of modern power and social control” (Richard Peet & Hartwick, 2009, p. 198); and argue that it “cannot be deemed automatically “good.”” (Richard Peet & Hartwick, 2009, p. 3).

Another reason for embracing the poststructural paradigm stems from Jacques’ (1992) view of the link between poststructuralism, history and admissibility. He argues that poststructuralism is about history and finding out not only how something became admissible in the first place (contrary to structuralism which tends to ignore history), but also the power relations behind this admissibility. This allows for poststructuralist enquiry to focus on the problematization of knowledge production and universal truths, given that poststructuralists view rules that are used to regulate truth as simply means of exercising power in order to sustain the status quo (Fletcher, 1998). This also aligns with subjectivation being a historical and social process (McLaren, 2013), explored later in this chapter.

Although Foucault does not identify with poststructuralism (Gane, 1986), his work has featured prominently in the poststructural tradition (see P. Prasad, 2005) primarily because he “rejects structuralism as too monolithic, too static and too inflexible to transformations” (Horrocks & Jevtic, 2004, p. 90).
4.3. The Postcolonial Point of View

In this discussion on postcolonialism I rely on Prasad’s (2005) differentiation between post-colonial and postcolonial and Lunga’s (2008) three categorizations of postcolonial theory.

Post-colonial or post-colonialism, refers to the period occurring after the end of the colonial era during which territories in various parts of Africa, Asia, and Latin America and the Caribbean were colonized by European nations (P. Prasad, 2005).

Postcolonial or Postcolonialism involves an artistic, scholarly and cultural tradition, that compares the legacies of the European colonial encounter with the continued presence of western imperialism in relationships with former colonies today (P. Prasad, 2005). Postcolonial scholars claim that colonialism never ended; it just manifested itself in different forms, such as in economic and cultural activities, neocolonialism and globalization. Both colonialism and these contemporary post-colonial activities affects the culture of the people, are oppressive in nature, and effectively marginalizes the ‘other’ (Ashcroft, Griffiths, & Tiffin, 1989; Lin & Luke, 2006; Lunga, 2008; Spivak, 1990). In the words of Gayatri Spivak who asked the question “Can the Subaltern Speak?” (Spivak, 1988), to suggest that it may be impossible for the oppressed people, like the Latin Americans, to ever recover from the vestiges of colonialism and imperialism, “we live in a post-colonial neo-colonized world” (1990, p. 166).

Lunga (2008) offers a three-fold perspective on postcolonialism in terms of geographic, time and critique:
First, postcolonial is used to describe experiences within specific geographic spaces. Second, postcolonial describes a specific time period. The third category defines postcolonial as a critique or textual approach to realities of oppression and subjugation (p. 192).

Latin America fits within both the geographic and time categories, with the exception of the countries that still have linkages with Europe and the USA as discussed in chapter two. The third category provides justification for applying the postcolonial framework to this research concerned with “trajectories of power … and identity constructions”, and critique of “oppression and subjugation” (Lunga, 2008, pp. 191-193).

The result is that postcolonial research, because it is concerned with analyzing the imperial impact during and post colonization and the new forms of dependence that are imposed upon underdeveloped and developing countries (A. Prasad & Prasad, 2001), “offers a critique of imperial knowledge systems and languages and how they are articulated and legitimated and how they serve imperial interests” (Lunga, 2008, p. 193), and has “political and material intervention potential” (Lunga, 2008, p. 194). In the edited book, After Colonialism: imperial histories and postcolonial displacements, Gyan Prakash (1994) argues that because the literature emphasizes the colonial encounter from the position of the colonizer, postcolonial research can result in the problematization of knowledge presented about social identities of the colonized that is presented through the lens of western domination.

Scholars have argued that both the colonial past and neo-colonialism have significant implication for our identity (A. Prasad & Prasad, 2001). Because postcolonialism is “essentially about the problematic relationship between social and historical conditions”, it deals with “representation, knowledge construction, [and] the
constitution of the subject” (Lakshmanan, 2011, p. 72). As pointed out by Treacher (2007), “one strong and intractable strand of postcolonial theory is a concern with understanding the subjectivity of colonized and colonizer” (p. 282). Therefore postcolonial analysis is relevant to research on subjectivity and “identity constructions” paying attention to the role played by colonial and neo-colonial practices (Lunga, 2008, p. 193).

Postcolonialism is viewed as being intertwined in a complicated relationship with contemporary development (Lunga, 2008) because of the interconnection of their histories, both having emerged in the immediate aftermath of World War 2, and the view that the contemporary form of development is simply a means to keep the former colonies in a state of dependency on the western world. Insights into postcolonialism can provide evidence of the ways in which development is “not motivated by purely philanthropic considerations, but by need to bring developing world into orbit of the western trading system” (Goldsmith, 2001, p. 20) thereby subjugating the countries categorized as underdeveloped or developing countries.

A criticism levelled at development from a postcolonial perspective, is the lasting impact of the images of the non-European that were constructed and established during the colonial era, have continued to influence how the Third World is perceived by social scientists, policy analysts and political agents in the First World (P. W. Preston, 1996).

One of the most influential postcolonial readings is Orientalism (Said, 1978), which focuses on the social construction of the ‘Oriental’ by Europeans through representation. Representation is used to refer to “the language used in a text or talk to
assign meaning to groups and their social practices, to events, and to social and ecological conditions and objects (Wenden, 2005). Said argues that “ideas, cultures and histories cannot seriously be understood without … their configurations of power being studied” (Said, 1978, p. 5). Blending Gramscian ‘hegemony’ with Foucauldian ‘discourse’, Said shows how a society and its people can be discursively constructed as inferior using language and representation when there is asymmetry in power relations. Through analysis of the discursive practices used by the Europeans to construct the ‘oriental’, he demonstrated how the “society and culture of the colonized are perpetually constructed as the inferior other by the colonizer’s literature” (Lunga, 2008, p. 193). This created knowledge about the people of the ‘Orient’. He also examines why the people of the ‘orient’ were complicit with this social construction of who they are by the West (Lakshmanan, 2011). I draw on Said’s approach to examine IDB representations of Latin America.

Another influential postcolonial reading is Walter Rodney’s *How Europe Underdeveloped Africa* (Rodney, 1972) mentioned in chapter two. Dr. Rodney argues that the link between development and underdevelopment is power, and in order to understand development one has to understand underdevelopment. In his view, underdevelopment is comparative and not absolute. That is, a country or group of people are only underdeveloped in comparison with another country or group of people. Rodney showed that Africa ‘developed’ prior to the arrival of the Europeans, contrary to the

---

57 For further discussion see Fairclough 1989, 1995 and van Dijk 2002
58 Gramsci uses the term hegemony to refer to the manner in which ideas and knowledge create power (Gramsci, 1971)
primitive and somewhat negative portrayal of the continent by European historians and scholars. Even though Africa’s development may not have been in line with what Europe considered to be development, it was context specific development. He shows how ‘development’ brings about underdevelopment. His argument is that in the guise of development, Europe created underdevelopment in Africa, and this was done through ‘dependency’. Europe exploited Africa’s resources to become developed at the expense of Africa’s underdevelopment. Africa was an integral part of the triangular trade mentioned in chapter two. He argues that the slaves taken from Africa robbed the continent of valuable human resources which resulted in population stagnation. After the Berlin Conference (1884-1885), which partitioned Africa to meet the needs of European countries, Africa became totally dominated by Europe. Colonization, which he refers to as a “one-armed bandit” (Rodney, 1972, p. 223) impacted Africa’s industries, as the people remaining in the continent were forced to produce goods desired by European traders rather than building industries and producing goods their countries needed. By dictating Africa’s production, Europe was able to purchase raw materials, mostly minerals and agricultural products from Africa at grossly underpriced rates, while selling Africa overpriced manufactured goods produced in Europe. This began the unequal trading system between Africa and Europe. As European industries were growing, Africa’s were declining, resulting in widespread poverty in the continent. Europeans then had all the power and Africa became powerless and dependent on Europe.

The dependency articulated by Rodney relates to theories of dependency, which “focus on the external and internal linkages between the developed nations and
developing nations that define the third world” (Dewitt, 1977, p. 27). Based on the thesis of the dependency school, dependence drains the economy of the ‘dependent’ country as profits are repatriated out of the country or through unfavourable terms of trade.

Therefore in the case of Latin America, the expansion of the world economic system into the region leads to further underdevelopment (Dewitt, 1977). I draw on Rodney’s approach to examine how the discursive practices of the IDB create dependency.

Another postcolonial work relevant to this research is that of Bhabha (1994). I particularly draw on this work because he argues that identity is not pre-given, but rather discursively produced. Past identity experiences are used to understand present identity experiences. His view is that the past cannot be separated from the present, rather the past informs the present. Colonialism is not something of the past, but rather it is reproduced in different ways resulting in the same forms of asymmetries and imbalances of the past. Thus the central aim of postcolonialism is making comparisons of specific historical experiences relating to the identity of those who were previously colonized with their contemporary experiences. Postcolonial criticism and research, therefore bears witness of the unequal and uneven forces of cultural representation … intervene in those ideological discourses of modernity that attempt to give hegemonic “normality” to the uneven development and the differential, often disadvantaged, histories of nations, races, communities and peoples (Bhabha, 1994, p. 171).

He also argues that the culture of the colonized cannot be separated from the colonizer.

In addition, during the transformations in society, there is always resistance by the subordinated to the rules of the dominant, which results in cultural hybridity. This
perception of cultural hybridity is important because it requires research on identity to identify where and how this has occurred.

4.4. Discourse, Discursive Practice, Power and Knowledge

Discourse is a broad concept that refers to language and other forms of representation; oral or written communication through which meaning is transmitted (Hall, 2004; Racevskis, 1983). It is also used to analyze both text and talk in social practice (Potter & Wetherell, 1987). Each of these definitions characterize discourse as being about talking and writing (Woodilla, 1998).

Tuathail and Agnew (1992) provide one of the most comprehensive definitions of discourse. According to them,

[d]iscourses are best conceptualized as sets of capabilities people have, as sets of socio-cultural resources used by people in the construction of meaning about their world and their activities. It is NOT simply speech or written statements but the rules by which verbal speech and written statements are made meaningful. Discourses enable one to write, speak, listen and act meaningfully. They are a set of capabilities, an ensemble of rules by which readers/listeners and speakers/audiences are able to take what they hear and read and construct it into an organized meaningful whole (1992, pp. 192-193).

Discursive practice, refers to

a body of anonymous, historical rules, always determined in the time and space that have defined a given period, and for a given social, economic, geographical or linguistic area, the conditions of operation of the enunciative function (Foucault, 1972, p. 117).

Given the Foucauldian influence on this dissertation, I follow Foucault’s definition of discourse and discursive practice. For Foucault (1972) discourses are “practices that systematically form the objects of which they speak” (p. 49). Foucault can
be considered the main progenitor of the contemporary approach to discourse, and has become a very important object in analysis especially in the critical social sciences (MacDonnel, 1986) because of his focus on how discourses are produced, discursive practices, and the role of power and knowledge (P. Prasad, 2005).

Others also ascribe to the reality ascribing nature of discourse. Watson (1994) sees discourse as something which frames our understanding and actions with respect to a particular issue. Phillips and Hardy (2002) argue that “social reality is produced and made real through discourses, and social interactions cannot be fully understood without reference to the discourses that give them meaning” (Phillips & Hardy, 2002, p. 3). Both the texts and the practices used in their production, dissemination and reception, brings objects into being and frames understanding and actions related to specific issues (Parker, 1992; Watson, 1994). It is these practices which form the objects that they speak about and which create subjectivity (Foucault, 1980a, 1981). These arguments support my decision to focus on discourses because they shed light on the fact that discourse is very important to our very being, our identity, and subjectivity.

Starting with his work in the History of Sexuality Volume 1 (Foucault, 1990), Foucault exposes the political nature of discourse and provides an understanding of “the intricate and deceitful ways in which discourse establishes knowledge, imposes truths (Racevskis, 1983, p. 20), and “leaves us with the realization that there is no reality (perceivable) outside of techniques of truth” (de Goede, 2006, p. 7).

Foucault also argues that “discourse transmits and produces power; it reinforces it, but also undermines it and exposes it, renders it fragile and makes it possible to
thwart” (Foucault, 1978, p. 101). That is, discourses are multi-faceted in that, they exist at opposite ends of any spectrum. They are instruments and objects of power; they produce power but also hinder power; they subject and are also subjected by power.

Discourses are not once and for all subservient to power or raised up against it … We must make allowance for the complex and unstable process whereby discourse can be both an instrument and an effect of power, but also a hindrance, a stumbling-block, a point of resistance and a starting point for an opposing strategy. Discourse transmits and produces power; it reinforces it, but also undermines and exposes it, renders it fragile and makes it possible to thwart it.” (Foucault, 1990, pp. 100-101)

Foucault’s clearest example of this is when he speaks of the ‘homosexual’

there is no question that the appearance in nineteenth-century psychiatry, jurisprudence, and literature of a whole series of discourses on the species and subspecies of homosexuality, inversion, pederasty, and “psychic hermaphrodisism” made possible a strong advance of social controls in the area of “perversity”; but it also made possible the formation of a “reverse” discourse: homosexuality began to speak on its own behalf, to demand that its legitimacy or “naturality” be acknowledged, often in the same vocabulary, using the same categories by which it was medically disqualified (Foucault, 1990, p. 101).

It is Foucault’s concern with the connection of power and knowledge and the discursive effects that is of interest to this research. In Foucault’s conceptualization, power is ubiquitous, that is power is everywhere and comes from everywhere (Foucault, 1998, p. 63). Power is acquired through acceptable forms of knowledge and truths and has the ability to discipline and create reality. In order to discipline, power does not have to be forceful but rather can be enacted via subtle means. It is this way that subjectivity is shaped in the power-knowledge combination, because power and knowledge combined produce truth. The discourses that flow from this combination are accepted as truth which are then accepted by individuals, such as categorizations of the criminal and the
homosexual (Foucault, 1977, 1979, 1991). Research has shown that “the social reality is shaped and subordinated by the power-knowledge relations established in discourse” (Alvesson & Karreman, 2000, p. 1134). Therefore, for example, if the rhetoric of the presidents of IDB about Latin America is accepted as ‘knowledge’ by Latin Americans, it becomes truth from which power is activated to produce reality. Foucault came to this conclusion through his studies of organizations such as 18th century prisons and mental institutions. In his view, administrative systems in these institutions brought about a new power: ‘disciplinary power’, which promoted norms, by which people learned to behave in the ways that they were expected to act (Foucault, 1977, 1979, 1991).

Following Foucault (Foucault, 1977, 1978, 1979, 1991), Powell (2013) argues that power/knowledge manifests itself in the “history of the present”. For example, how did ‘development’ become associated with Latin America and the Caribbean? How and why were the Europeans able to impose an ‘underdeveloped’ label on the region? How did the present problem of underdevelopment come about? According to Foucault, the way to do this is to question the power/knowledge dynamics and to look at what happened in ‘history’ that brought about this knowledge, discourses and way of thinking (Foucault, 1980b). As Mama (1995) points out, discourses are regimes of knowledge which have been historically constructed (Mama, 1995). It has been argued that the concept of development itself “should be critically re-conceptualized as a discursive practice” (Tuathail & Agnew, 1992, p. 192).

Foucault does not provide a theory of power. Rather he provided guidelines and propositions for studying and analyzing power (Foucault, 1972, 1976, 1980a, 1980b,
1982; McNay, 1994). Guidelines relevant to this research is to look “at those points where it [power] becomes capillary” (Foucault, 1976, p. 96), that is, at the extremes where power is the smallest; focus on the unconscious rather than the conscious intentions of individuals because there is an unconscious dimension in the production of discourse and knowledge; aim at uncovering how the power becomes truth; and finally identification of how power is exercised. In Foucault’s view, individuals are the vehicles of power and play an active role in the exercise of power. Finally, efforts should be directed at what he calls “ascending analysis” of power, whereby attention is given to the “molecular elements”, that is the “infinitesimal mechanisms, all of which have their own histories, own trajectories, own techniques and tactics” (Foucault, 1976, p. 99).

Discursive practices are informed by language and power, which create subjectivity (Foucault, 1980a, 1981). Because they are powerful in shaping subjectivities, they can produce organizationally privileged modes of thought and behaviour, thereby achieving organizationally desired outcomes (Halford & Leonard, 2005, p. 657).

The discursive formations are organized to create meaning (Radford & Radford, 2005). They work in conjunction with discourse to construct subjects. It is through these discursive positions that humans constantly and continuously live their lives (Weedon, 1987, 1997). In genealogy of knowledge, Foucault challenges the knowledge created from these discursive formations, because once knowledge becomes discourse, this discourse becomes accepted as the dominant explanation for occurrences which eventually become part of everyday discourse. Thus, human experiences are shaped and
controlled by the discourses that claim to support those experiences. For example, the knowledge on development has become a discourse of development, to the extent this discourse has become part of everyday parlance on Latin America. How Latin America is, therefore, is shaped by this development discourse. Therefore, in Foucault’s view,

> “we must … question those divisions or groupings with which we have become so familiar … These divisions – whether our own, or those contemporary with the discourse under discussion – are always themselves reflexive categories, principles of classification, normative rules, institutionalized types; they, in turn, are facts of discourse that deserve to be analyzed beside others (Foucault, 1972, p. 22).

While Foucault ascribes to the poststructuralists belief that language creates reality, he argues that although when we speak we create reality, from a power/knowledge perspective, we do not have as much autonomy in our speech as we think, because of the underlying power that has shaped discursive practice. Our speech is restricted to existing categories, rules, speech composition patterns, and other ways of speaking that are in existence. People conform with these dictates rather than challenge or contest them (Foucault, 1980a, 1980b). Thus, individual behaviour and social relations are facilitated and impeded by discourse and discursive practices that have been shaped by power/knowledge. What is important to understand is who/what has the power to control these existing patterns and practices (Cudjoe, 1993). Accordingly, it must be understood that when the presidents of the IDB speak, what they say is restricted even before the words are uttered. Foucault also believes that meaning is contextual. That is, there are many variables which impact the meaning that could be ascribed to a phenomena, such as the past (history), the present, the social and political environment
(includes when and where), and culture (includes beliefs and values) (Foucault, 1972, 1980a, 1980b).

In summary, Foucault’s conceptualization of discourse and power has implications for this research in that it argues that discourse creates the social reality. However, just as discourse shapes the social, it is at the same time being shaped by the social. Power is the foundation of discourse in that it creates knowledge which is accepted as truth to which individuals react.

4.5. Constructing the Subject – Foucauldian Subjectivity

Subjectivity, as described by Foucault in the History of Sexuality, is simply how humans experience themselves (Foucault, 1990). It is something that goes on inside the head. It is part of the cognitive zone. Subjects have no control over who they are, “they go through a process of subjectification” (Davies, 1993, p. 13). They are discursively constructed by social processes, with language playing a key role (Foucault, 1972). Thus they do not have any free will. Everything they do is within the parameters of the social processes.

Subjects are created within a discursive field, and the knowledges and practices within this field are shaped by historical events (Foucault, 1978, 1981; P. Prasad, 2005). For example, development banking is a discursive field within which development subjects are created and the knowledge and practices within development banking are shaped by historical events, such as occurred during colonization.
Foucault was also interested in the powerful actors that play a role in the creation, implementation and perpetuation of specific beliefs and practices (Foucault, 1970; Knights & Morgan, 1991). For example, who are the actors that play a role in Latin Americans seeing themselves as underdeveloped and the perpetuation of such perception?

For Foucault, history plays an important role in subjectivity. He appeals to history in addressing who we are.

Foucault sees us largely as products of a contingent history. Our history has made who we are today not because it had to, but just because it did, because at certain junctures it took one path as opposed to another. Perhaps it took that path because of the influence of local events, or perhaps because of some mistaken or overdetermined view of things that people had, or maybe because of chance. But for whatever reason, it did. And thus we find ourselves here as opposed to there. (May, 2006, p. 15).

An individual’s subjectivity “is made possible through the discourses [one] has access to, through a life history of being in the world” (Davies, 1994, p. 3). Thus meaning cannot be separated from culture and history (Weedon, 1987, 1997).

Subjects are not conscious of their positioning as subjects or as being socially positioned. They generally accept the subject positions as being part of society, because they have been positioned over time. Subjectivity is constituted each time an individual thinks or speaks (Weedon, 1987, 1997). In reality, they have been positioned over their lifetime (Fairclough, 1989). In addition, individuals tend to identify with “particular subject positions within discourses” and thus insert themselves into these subject positions (Weedon, 1987, p. 112). Thus, for example, Latin Americans thoughts and emotions, and understanding of themselves are grounded in subjectivities that have
resulted from the subject positions that have been placed on the region since the colonial encounter.

In his seminal work *Encountering Development*, Escobar (1995), identifies various features of “a veritable underdeveloped subjectivity” tied to ‘underdevelopment’ which is pervasive in the “mainstream development literature”. These are “powerlessness, passivity, poverty and ignorance, usually dark and lacking in historical agency, as if waiting for the (white) Western hand to help subjects along and not infrequently hungry, illiterate, needy, and oppressed by its own stubbornness, lack of initiative and traditions” (A. Escobar, 1995, p. 8). As will be discussed in greater detail in chapter five, these features are used to develop category descriptions for the identification of themes within the presidents’ communications. There are two reasons for using these features. First, as mentioned above, individuals tend to accept the subject positions created for them in society, thus, the presidents, as citizens of Latin America, would have accepted the subjectivities created for Latin America. Second, as argued by Foucault (1980a, 1980b), people do not have much autonomy over their speech. Rather, speech is usually restricted to already existing categories which they do not challenge (Foucault, 1980a, 1980b).

In summary, the totality of Foucault’s approach to discourse is that discourses have the “capacity to produce and convey power” (Racevskis, 1983, p. 91); the reality of the subject, that is who we are, is produced by discourse; and the question of who is the subject concerns the story of the subject’s history (Foucault, 1991; Racevskis, 1983).
The subject usually is not conscious of this subjectification, and the creation of subjects is a constant and continuous process.

4.6. Chapter Summary

In this chapter I demonstrated the importance of poststructuralism and postcolonialism to this research primarily because of their emphasis on critique and plausibility rather than truth.

Poststructuralism has great relevance to understanding the construction of subjects of underdevelopment, because language is key to the poststructural approach and subjects are produced by language.

I discussed the Foucauldian approach to discourse, power, knowledge and subjectivity. Foucault argues that discourse is constitutive and subjects are socially constructed through discourse. The creation of the subject is a historical process.

I showed that the postcolonial framework is important because of its focus on the continuities of colonization. Latin America continues to be plagued by problems which are vestiges of the colonial project. I also discussed relationships between development and colonialism, specifically that development is perceived as a contemporary form of colonization. I specifically highlighted Said (1978) work on representation, Rodney’s (1972) on dependency, and Bhabha’s (1994) on hybridity and the discursive nature of identity, which are relevant to this thesis.
I ended the chapter with a description of the features of the underdeveloped subjectivity (A. Escobar, 1995, p. 8), which are used to inform the description of categories for data analysis in chapter five, and the rationale for using these features.

The next chapter is the methodology chapter. I discuss how I use discourse analysis in this research, the sources of data and the data collection process.
Chapter 5 – Methodology

This is the most important contribution of discourse analysis: It examines how language constructs phenomena, not how it reflects and reveals it (Phillips & Hardy, 2002, p. 6)

5.1. Introduction

In this chapter I discuss discourse analysis (Foucault, 1976, 1980a, 1980b, 1982), the methodology used in this research, and issues related to data collection and access to the IDB archives.

I first discuss critical discourse analysis (Fairclough, 1992, 1995b, 2003; Phillips & Hardy, 2002), followed by an outline of how I use content analysis (Krippendorf, 2004; Mayring, 2000, 2014) to identify themes within the data. Next I outline issues related to access to the IDB archives, the data collection process and how I interrogate the data. The chapter ends with a summary of my reflexivity as a researcher, which is very important in the context of this thesis. I acknowledge the interpretive nature of my research approach and as a native of Latin America, specifically a citizen of Guyana, I may be perceived as having an indigenous bias.

5.2. Discourse Analysis as Methodology

As a methodology, discourse analysis “involves a set of assumptions concerning the constructive effects of language” (Phillips & Hardy, 2002, p. 5).

5.2.1. Critical Discourse Analysis

Critical discourse analysis (CDA) is an approach to discourse analysis that follows the constructivist tradition embraced by Berger and Luckman (1967) in that “it focuses attention on the processes whereby the social world is constructed and
maintained” (Phillips & Hardy, 2002, p. 2). Contrary to other qualitative methodologies which “work to understand or interpret social reality as it exists” (Phillips & Hardy, 2002, p. 6), CDA does not accept the status quo. Rather, the goal is to uncover the way in which social reality is produced and the role of language in this social construction. That is, the processes through which texts are made meaningful and contribute to the social construction and representation of the world (Fairclough, 1995a; Phillips & Brown, 1993; Phillips & Hardy, 2002; Rogers, 2011; L. A. Wood & Kroger, 2000). In other words, in doing this form of discourse analysis the interest lies in studying texts to ascertain the constructive effects of discourse (Hardy, 2001).

Popularized during the linguistic turn in the social sciences, discussed in chapter four, CDA explores “how the socially produced ideas and objects that populate the world were created in the first place and how they are maintained and held in place over time” (Phillips & Hardy, 2002, p. 6). The scholarly argument is that what we experience as truth and reality is based on our experiences that are written for us by discourse (Phillips & Hardy, 2002). Consequently, CDA “offers new opportunities for researchers to explore the empirical ramifications of the linguistic turn” (Phillips & Hardy, 2002, p. 2).

There are many approaches to CDA, differing in orientation, process and analysis. However, there are five common features that all approaches share (Jorgensen & Phillips, 2002). First, all embrace the linguistic-discursive character of the social world. That is, the discursive practices used to produce and consume texts contribute to the social world and the social world is made up of social identities and social relations. Second, discourses have a “dialectical relationship with other social dimensions” (Jorgensen &
Phillips, 2002, p. 61), in that discourses constitute and are constituted. In this way, discourses shape social structures and are shaped by social structures. Third, language used should be empirically analyzed within its social context (Jorgensen & Phillips, 2002). Fourth, discourse is ideological, meaning that “discursive practices contribute to the creation and reproduction of unequal power relations between social groups (Jorgensen & Phillips, 2002, p. 63). Power then becomes a key concept in CDA, and research examines whose interests are furthered and whose are challenged by language use (Rogers, 2011). Fifth, all approaches engage in critical research and are not politically neutral. Critique and problematization of issues related to power and social justice aims to uncover the role discursive practices play “in the maintenance of unequal power relations with the overall goal of harnessing the results of critical discourse analysis to the struggle for radical social change” (Jorgensen & Phillips, 2002, p. 64).

After exploring various approaches to CDA, I believe the most appropriate for this research is the “three-dimensional” approach suggested by Phillips and Hardy (2002), which “connects texts to discourses, locating them in a historical and social context” (Phillips & Hardy, 2002, p. 4). They describe discourse as being “an interrelated set of texts, and the practices of their production, dissemination, and reception, that brings an object into being” (Phillips & Hardy, 2002, p. 3). Although texts are discursive, by themselves they have no meaning. Rather, texts are the means by which discourse is created (Phillips & Hardy, 2002). The three dimensions are “actors, relationships and practices” which characterize the specific issue that is being studied (Phillips & Hardy, 2002).
Grounded in Foucauldian discourse analysis, this approach builds on Fairclough (1992) three-dimensional approach to CDA which advocates the critical role of language in social life, and explicates the complexity of the relationship between language and social life (Fairclough, 2003). In short, the “use of language [is] seen as a form of social practice” (Fairclough, 1995a, p. 7), and discourse analysis as “analysis of how texts work within sociocultural practice” (Fairclough, 1995a, p. 7). Fairclough believes that discourse contributes to the construction of: social identities; social relations; and systems of knowledge and meaning. Therefore analysis should be extensive in scope paying attention to issues relevant to the ‘critical and ideological’ which is embedded in analysis of sociocultural practice (Fairclough, 1995a, p. 9). Because discourses have a symbiotic relationship with social structures, analysis at the social level is multifaceted and this is where the issues of ideology and power surface. Consequently, as Fairclough argues “social practices can be thought of as ways of controlling the selection of certain structural possibilities and the exclusion of others”(Fairclough, 2003, p. 23). For example, it is the relationship between discourses and social structures that result in social roles or subject positions, thus creating subjects. Also important to this approach is to ensure that the data is adequately historicized, that is, paying attention to the historical conditions under which the discourse was generated, and how these conditions have shaped the discourses (Fairclough, 1995a). For this reason, it’s important to understand the context and formative context discussed in chapter two.

Phillips and Hardy reiterate the relationship between discourse and social reality, that is,
social reality is produced and made real through discourses, and social interactions cannot be fully understood without references to the discourses that give them meaning (Phillips & Hardy, 2002, p. 3).

Therefore, in their perspective: if there is no discourse, then there is no social reality. “[W]ithout discourse, there is no social reality and without understanding discourse we cannot understand our reality, our experiences, or ourselves” (Phillips & Hardy, 2002, p. 2). We must understand discourse before we can understand who we are. Thus it is very important for those using discourse analysis as a research tool to explore the dialectical relationship between discourse and reality (Phillips & Hardy, 2002).

As mentioned above, the three dimensions of Phillips & Hardy (2002) approach to CDA are “actors, relationships and practices” that illustrate the specific issue being studied. Review of the previous chapters indicate that there are four main groups of actors: the USA; the other non-borrowing member countries of the IDB; the IDB; and the IDB borrowing member countries in Latin America. Together, they make up the main international development banking system in Latin America59, with the IDB being the actor at the centre.

*Hegemonic Stability Theory,* states that

an international system is established for the same reasons that any political system is created; actors enter social relations and create social structures in order to advance particular sets of political, economic or other interests. Because the interests of some of the actors may conflict with those of other actors, the particular interests that are most favored by the social arrangements tend to reflect the relative powers of the actors (Gilpin, 1981, p. 9).

---

59 I identify this system as the main international development banking system in Latin America because the IDB is the major provider of development assistance in Latin America.
According to this theory, each actor in the system has their own specific reasons for being in the system. Therefore, in this system under study, every actor, the IDB, borrowing and non-borrowing member countries, has particular interests or economic issues that they are trying to advance. Pacheco-Pizarro (1995) argues that the IDB has to cope “with the collective interests of its shareholders, who grouped or by themselves try to further their own agenda” (p. 177). The IDB is part of this self-advancement climate, although the Bank espouses a position of neutrality, without political or ideological allegiance, balancing the interests of both the borrowing and non-borrowing member countries (J. K. Black, 1991). However, as discussed in chapter three, its’ system is more aligned with the postulate of Hegemonic Stability Theory, whereby the interests that are most favoured are those of the actor that has the most power. In this case it is the USA. Recall that at the creation of the IDB, the USA was the largest single shareholder of the organization, with the Bank using the USA credit rating to source funds on international markets. As such, this dependence of the IDB on the USA, enabled the USA to gain control of the IDB and guarantee protections for itself in the IDB charter, and also through its voting power (Dewitt, 1987; Inter-American Development Bank; Strand, 2003; Tussie, 1975). As the single largest shareholder of the IDB, the USA is able to garner support from among its allies in the group of non-borrowing member countries to sway decisions and influence IDB operations in the USA favour, to promote USA policies, and, as necessary, protect USA interests in the region (Dewitt, 1987; Strand, 2003; Tussie, 1975). With this political strength, the USA and the non-borrowing member countries, it could be argued that there is a seamless connection between the IDB
and the non-borrowing member countries, resulting in a two-way relationship. The IDB\textsuperscript{60} at one end of the spectrum being the dominant actor, and the Latin American countries at the other end, being the weaker actor. Thus, in the pecking order, the borrowing countries of Latin America have the least power in this social arrangement and are subject to the discursive practices of the more powerful actors. Therefore, the analysis will focus on the representations made by the dominant actor (the IDB) of the weaker actor (Latin America), how the practices of the IDB impact Latin America (using examples from Guyana), and how these representations and practices work together to shape an underdeveloped subjectivity.

5.3. Using Content Analysis for Thematic Analysis

Following the Foucauldian tradition of identifying ‘discursive themes’, I use content analysis (Krippendorf, 1980, 2004) to look for specific themes within the data selected for analysis.

Content analysis (Krippendorf, 1980, 2004) is both a quantitative and qualitative research technique. As a research tool, it is done through the “systematic reading of texts and symbolic matter” (Krippendorf, 2004, p. 3). Texts are taken at face value and categorized. As a quantitative technique, it relies on quantitative categorization and coding. When used as a qualitative research technique, content analysis relies on themes and categorizations that are non-quantitative in nature from which to draw conclusions. Regardless of whether a quantitative or qualitative approach is used, content analysis is

\textsuperscript{60} Here signifying the unified body of the IDB and the non-borrowing member countries
“an empirically grounded method, exploratory in process, and predictive or inferential in intent” (emphasis original) (Krippendorf, 2004, p. xvii).

What makes content analysis attractive, is that it enables researchers to “infer phenomena that they cannot infer directly” (Krippendorf, 2004, p. 10) and also facilitates “inferences from data to their context (Krippendorf, 2004, p. 18). It is suitable to assess variables and concepts such as values, intentions, attitudes and cognitions of both individuals and collectives (Carley, 1997; Huff, 1990; Kabanoff, 1996; Phillips & Brown, 1993). It is not possible to observe discourses directly so these must be inferred from the texts. Therefore the “inability to observe phenomena of interest tends to be the primary motivation for using content analysis” (Krippendorf, 2004, p. 10).

Mayring (2014) provides nine options for carrying out a content analysis and specific procedures for each option. The nine options are: summarizing; inductive category formation; narrow contextual analysis; broad contextual analysis; nominal deductive category assignment; ordinal deductive category assignment; content structuring/theme analysis; type analysis; and parallel forms. What differentiates each of these options is the extent to which they reduce, explicate or structure the material, or whether a mixed approach is followed. I find the nominal deductive category assignment most suitable for this research because it allows for the categories to be determined prior to coding the text, and these categories are informed by theory and research. That is, it works with prior formulated, theoretical derived aspects of analysis, bringing them in connection with the text … in a methodological controlled assignment of the category to a passage of text (Mayring, 2000, p. 4).
As mentioned in chapter four, the categories I use are influenced by the features of an underdeveloped subjectivity in the mainstream development literature (A. Escobar, 1995). Following the guidelines for doing this type of discourse analysis (Phillips & Hardy, 2002), the content analysis done was “not in terms of a mechanistic counting but in a more interpretive form” (p. 9). This is necessary so that later as I examine how the discourses shape and are shaped by the social, I could “connect textual content to broader discursive contexts” (Phillips & Hardy, 2002, p. 9).

Initially I used all the features of the underdeveloped subjectivity as categories: “powerlessness, passivity, poverty and ignorance, usually dark and lacking in historical agency, as if waiting for the (white) Western hand to help subjects along and not infrequently hungry, illiterate, needy, and oppressed by its own stubbornness, lack of initiative and traditions” (A. Escobar, 1995, p. 8). However, there was much overlap among the categories, which made the coding very onerous. Therefore, as per Table 5.1, I used definitions from Merriam Webster Dictionary Online (Merriam-Webster, 2017) and Dictionary.com (Dictionary.com, 2017) to obtain descriptions to each of the features, to identify features that could be merged into a single category. As per Table 5.2, I developed five categories: Passive Powerlessness (Powerlessness, passive, lacking historical agency, lack of initiative); Needy (poverty, waiting for the (white) Western hand to help; hungry); Ignorant (ignorance, dark, illiterate); Oppressed by own stubbornness; and Traditions.
<table>
<thead>
<tr>
<th>Features Underdeveloped Subjectivity</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powerlessness</td>
<td>Devoid of strength or resources; lacking the authority or capacity to act; unable to produce an effect; lacking power to act; helpless.</td>
</tr>
<tr>
<td>Passivity</td>
<td>Acceptance of what happens without active response; receptive to outside impressions or influence; lacking in energy or will; tending not to take an active or dominant part; induced by an outside agency; receiving or enduring without resistance; existing or occurring without being active, open or direct; the trait of remaining inactive; lack of initiative; submission to others or outside influences; the state or condition of being passive; not reacting visibly to something that might be expected to produce manifestations of an emotion or reeling; not participating readily or actively; inactive.</td>
</tr>
<tr>
<td>Poverty</td>
<td>The state of one who lacks a usual or socially acceptable amount of money or material possessions; scarcity; dearth; debility due to malnutrition; lack of fertility; the state or condition of having little or no money, goods or means of support; condition of being poor.</td>
</tr>
<tr>
<td>Ignorance</td>
<td>The state or fact of being ignorant; lack of knowledge, education or awareness; lack of learning, information, etc.</td>
</tr>
<tr>
<td>Dark</td>
<td>Arising from or showing evil traits or desires; a dark view of the future; lacking knowledge or culture; relating to grim or depressing circumstances; not clear to the understanding; not known or explored because of remoteness; gloomy; cheerless; dismal; sullen; frowning; evil; iniquitous; wicked; destitute of knowledge or culture; unenlightened; hard to understand; obscure; hidden; secret; silent; reticent.</td>
</tr>
<tr>
<td>Lacking in historical agency</td>
<td><strong>Historical Agency</strong> - Ability to impact the development of the events of history.  “historical agency as collectively expressed struggle over the ideals, images, and stories people use to reiterate a past in the present so as to imagine personal and social projects” (den Heyer, 2003). <strong>Lacking in historical agency</strong> - Not playing an important role or having a crucial impact on ‘development’, or the events of world history.</td>
</tr>
<tr>
<td>Waiting for the (white) Western hand to help subjects along</td>
<td><strong>Help</strong> To give assistance or support to; to make more pleasant or bearable; to be of use to; to further the advancement of; to change for the better; to keep from occurring. To give or provide what is necessary to accomplish a task or satisfy need; contribute strength or means to; render assistance to; cooperate effectively with; aid; assist; to save; rescue; succor.</td>
</tr>
<tr>
<td>Features Underdeveloped Subjectivity</td>
<td>Definitions</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>Hungry</strong></td>
<td>A craving or urgent need for food or specific nutrient; an uneasy sensation occasioned by the lack of good; a weakened condition brought about by prolonged lack of food; a strong desire; having a desire, craving, or need for food; feeling hunger; indicating characteristic of, or characterized by hunger; strongly or eagerly desirous; lacking needful or desirable elements; not fertile; poor; marked by a scarcity of food.</td>
</tr>
<tr>
<td><strong>Illiterate</strong></td>
<td>Having little or no education; especially unable to read or write; violating approved patterns of speaking or writing; showing or marked by a lack of acquaintance with the fundamentals of a particular field or knowledge; showing lack of culture, especially in language and literature; displaying a marked lack of knowledge in a particular field.</td>
</tr>
<tr>
<td><strong>Needy</strong></td>
<td>Being in want; marked by want of affection, attention, or emotional support; in a condition of need or want; poverty-stricken; impoverished; extremely poor; destitute. The state of one who lacks a usual or socially acceptable amount of money or material possessions; scarcity; dearth; debility due to malnutrition; lack of fertility; the state or condition of having little or no money; goods or means of support; condition of being poor.</td>
</tr>
<tr>
<td><strong>Oppressed by its own stubbornness</strong></td>
<td><strong>Stubborn</strong> Unreasonably or perversely unyielding; justifiably unyielding; suggestive or typical of a strong stubborn nature; difficult to handle, manage or treat; lasting; unreasonably obstinate; obstinately unmoving; fixed or set in purpose or opinion; resolute; obstinately maintained as a course of action; difficult to manage or suppress. Inability to move forward because they are unyielding and resolute, and would not change course even though they are pressured to do so.</td>
</tr>
<tr>
<td><strong>Lack of initiative</strong></td>
<td><strong>Initiative</strong> An introductory act or step; leading action; readiness and ability in initiating action; enterprise; energy or aptitude displayed in initiation of action; independently of outside influence or control.</td>
</tr>
<tr>
<td><strong>Traditions</strong></td>
<td>Inherited, established or customary pattern of thought or behaviour (e.g. religious practice or social custom); belief or story or a body of beliefs or stories relating to the past that are commonly accepted as historical though not verifiable; handing down of information, beliefs and customs by word of mouth or by example from one generation to another without written instruction; cultural continuity in social attitudes, customs and institutions; characteristic manner, method or style.</td>
</tr>
</tbody>
</table>
Table 5.2 Category Descriptions for Deductive Category Assignment

<table>
<thead>
<tr>
<th>Category</th>
<th>Category Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ignorant</td>
<td>Statements relating to ignorance; lack of knowledge (displaying a marked lack of knowledge in a particular field, understanding, education, culture, awareness, or information); unsophistication; and a dark view of the future, relating to grim or depressing circumstances; gloomy; Includes comparisons made between Latin America and other regions of the world to demonstrate Latin America’s difference and inferiority in these attributes.</td>
</tr>
<tr>
<td>Needy</td>
<td>Statements relating to disadvantaged, wanting, poverty, poor, impoverished, hungry, infertile and destitute in Latin America; and requiring assistance and support from the USA and western countries for development in the region. Includes comparisons made between Latin America and other regions of the world to demonstrate Latin America’s difference inferiority in these elements.</td>
</tr>
<tr>
<td>Oppressed by its own stubbornness</td>
<td>Statements relating to Latin American’s being very stubborn and obstinate, difficult to handle and having an inability to move forward because they are unyielding and resolute, and would not change course even though they are pressured to do so.</td>
</tr>
<tr>
<td>Passive Powerlessness</td>
<td>Statements relating to Latin America not having or showcasing any power, not taking the initiative as needed, not acting independently in its own interest, not reacting or showing resistance to external intrusions into the region’s affairs, and not playing an important role or having a crucial impact on ‘development’, or the events of world history. Includes comparisons made between Latin America and other regions of the world to demonstrate Latin America’s difference and inferiority relating to these attributes.</td>
</tr>
<tr>
<td>Traditions</td>
<td>Statements relating to Latin Americans beliefs, customs, characteristics and ways of being that are held on to, and which are portrayed as negative or seemingly problematic. Includes comparisons made between Latin America and other regions of the world to demonstrate Latin America’s inferiority as a result of having these beliefs, customs, characteristics and ways of being.</td>
</tr>
</tbody>
</table>

5.4. Access To Information: IDB Archive, IDB Public Information Centre, IDB Portal and Felipe Herrera Library

There are very strict guidelines regarding access to official documents located in the IDB archives. Only archive staff and specific authorized personnel have access to the archives. Public access is strictly prohibited. Requests for archived documents by the
public, can be made to the IDB Public Information Centre using a form that is located on
the IDB portal. Requests can be approved or denied, depending on whether the requested
documents are deemed releasable to the public. The Bank may seek approval from the
governments of the respective countries to release documents not previously classified as
releasable, if it is deemed that such release would not cause severe harm to the Bank or
the countries (Inter-American Development Bank, 2016a).

In 1995, as part of its transparency initiative, the IDB changed its disclosure
policy and made more official documents available to the public on the IDB portal and in
the IDB library. In 2000, this de-classification system was expanded to include a wider
range of documents. Then in January 2011, the IDB implemented a new ‘Access to
Information Policy’ to further strengthen “the Bank’s commitment to transparency in all
of its activities, ensuring that all information will be disclosed unless it is found on a
narrow list of exceptions” (Inter-American Development Bank, 2011a). However, these
do not include some very sensitive documents, for example, internal memos which tend
to illustrate the thinking of the organization. The policy also has provisions for review
when access to information is denied.

5.5. Data Collection

In total I reviewed approximately 4,000 pages of documents, including: the
Agreement Establishing the IDB; IDB policy documents; country reports on Guyana;
Annual Reports 1960-2010; Proceedings of annual meetings of the IDB Board of
Governors 1960 to 2010; transcripts of interviews conducted with the four presidents; and speeches and addresses given by the presidents at various forum, not including those presented at the annual Board of Governors meetings. These were located on the IDB portal; Organization of American States (OAS) portal; *Vital Speeches of the Day* database; a compilation of Felipe Herrera speeches, and two compilations of Antonio Ortiz Mena speeches, that were published by the IDB.

I relied exclusively on publicly available data. I was not able to obtain any data located in the IDB archives. After numerous delays, I was informed by the Public Information Centre that given the broad nature of my request for the presidents’ communications over a fifty year period, this was too onerous a task to be completed by the department. However, I was provided links to documents located on the IDB portal. Similar links were also provided by the reference section of the IDB library. I also conducted searches of the IDB portal (to locate additional documents apart from the links provided by the IDB library and Public Information Centre) and the OAS portal. In addition, documents were obtained using google and google scholar; publications located in the libraries of Saint Mary’s University, University of Toronto and York University; and academic databases such as ABI/Inform, Ebsco, Jstor and ProQuest.

As mentioned in chapter one, the presidents’ communications were selected for thematic analysis not only because the president is in a position to ‘speak the mind’ of the organization given their role in policy formulation and responsibility for the day-to-day

---

61 The proceedings, as a publication, was stopped in 2005. From 2005 onwards, the speeches and information on these meetings are housed on the IDB portal - [http://www.iadb.org/en/about-us/annual-meetings,6289.html](http://www.iadb.org/en/about-us/annual-meetings,6289.html); [http://www.iadb.org/en/earchives/earchives-ecollectionsv1,18060.html](http://www.iadb.org/en/earchives/earchives-ecollectionsv1,18060.html)
management of the Bank (Inter-American Development Bank, 2010b), but also because it has been argued that, actors, such as presidents of the IDB,

"who inhabit subject positions associated with (a) formal power; (b) critical resources; (c) network links; and (d) discursive legitimacy, are more likely able to produce texts that are intended to convey particular meanings and to produce particular effects" (Hardy & Phillips, 2004, p. 306).

I selected to analyze the Agreement Establishing the IDB because it is the IDB’s charter and contains a broad description of many of the IDB’s policies and guidelines. Policy documents obtained enhanced the Agreement and also provided details on many operational guidelines and procedures not covered in the Agreement. The country reports on Guyana provided details of the IDB’s activities in Guyana. This is crucial because most of the policies and communications focus on Latin America as a whole, thus the country reports provide specific insight on the IDB’s relationship with Guyana. Proceedings of annual meetings of the IDB Board of Governors contain the speeches made by the presidents at these meetings. IDB annual reports are integral to the analysis because annual reports can be used by organizations to present the largest volume of organizational information to the largest number of stakeholders. This shift in the how annual reports are used, has led scholars to note that with the new level of sophistication, no longer are annual reports a means of reviewing the past, but they are also used as impression management tools to portray the required visibility and meaning the organization desires their publics to have (Hopwood, 1996), thereby becoming “a corporate public relations tool” (McKinstry, 1996), a marketing tool (Bekey, 1990), and a sales pitch to manipulate the readers (A. M. Preston, Wright, & Young, 1996). Annual
reports can be used to portray a specific image or an ‘idealized image’ to externals, and also to relevant stakeholders (Benschop & Meihuizen, 2002; Neu, Warsame, & Pedwell, 1998). In the case of the IDB and Latin America, not only would the information in these annual reports influence the member countries, particularly the non-borrowing member countries, but also personnel involved in various sectors of the countries to which the IDB has or would provide financial assistance for a range of projects. Texts produced by organizations are usually created in such a way to send a specific message to stakeholders (Hardy & Phillips, 2004).

The period 1960-2010 was chosen for a number of reasons. First, it falls within the “age of development” (Sachs, 1992b, p. 1); the period during which there was a large expansion in development activities. Second, it covers the first 50 years of the IDB’s existence during which the organization experienced unprecedented growth in its lending activities in Latin America and the Caribbean. Third, there were many environmental factors influencing the Bank’s activities, including the financial crisis in Latin America during the 1980s, and the overt disagreements with the United States on the direction the Bank should take. Fourth, as stated previously, there were only four presidents who have led the IDB thus far, who, as discussed in chapter three, have all impacted and changed the direction of the Bank. Finally, it was during this period that the largest expansion in the non-borrowing member countries of the IDB occurred, including the admission of former European colonizers giving them opportunity to, once again, influence and control the countries in the region individually and collectively.
5.6. **Interrogating the Data**

I reviewed every policy document and all the presidents’ communications that I located.

A challenge with relying on publicly available documents is the availability of documents in English. All of the policy documents on the IDB portal were available in English. The same cannot be said about the presidents’ communications. I located some speeches of the presidents that were delivered in Spanish but could not include these in my data sources because of translation difficulties. The first language of the IDB is Spanish and the majority of the borrowing member countries are Spanish speaking, thus it is possible that there are more useful speeches made by the presidents which I could not access.

I began the data analysis by doing the content analysis to identify themes within the presidents’ communications as per the categories discussed above. In total, over 400 communications of the four presidents relating to the period of interest, 1960 to 2010 were used in the content analysis.

My goal and the parameters for my review of the communications was not to focus on issues related to the Bank’s purpose, activities, achievements to date, sources of funding, numerical data of the Bank’s financial contributions to the region; nor the descriptions of Latin America’s economic performance based on trends, statistical data or economic forecasts. Rather I was interested in the presidents’ statements that seemed more definitive and absolute about Latin America, including comparisons made with other regions of the world.
I began the thematic analysis in the IDB annual reports, because annual reports, as previously mentioned, are an important and valuable source of information on organizations. Also, the IDB has produced an annual report from the first year of operation. The presidents’ communication in the annual reports 1960-2003 were not useful because prior to the 2004 annual report, only a standard ‘Letter of Transmittal’ from the President to the Board of Executive Directors was included in the report. The letter of transmittal outlined the contents of the report and the articles and sections of the IDB ‘Agreement’ governing the contents, process and procedures of the annual report. However, from the 2004 annual report, the President has included a ‘Message’ in addition to the letter of transmittal.

Next I focused on the proceedings of the annual meetings of the IDB Board of Governors because speeches were available from the first annual meeting of the IDB Board of Governors in 1960. I examined over 120 speeches presented at these meetings. Some of these speeches were obtained from the printed proceedings of the annual general meeting and the remainder from the digital versions available on the IDB portal. The reason for this, is that as of 2004, the IDB ceased preparation of the printed versions of the proceedings of the annual general meetings. I found the speeches presented at the plenary sessions of the meetings most useful, in comparison to speeches made at the closing session of the meetings. The speeches made at the closing sessions focused heavily on summarizing the discussions during the meetings and the speeches and presentations of the members of the Board representing both the borrowing and non-borrowing member countries.
I then examined over 100 speeches and addresses made by the presidents at other forums which I located from various sources, mentioned above. As sources of data, these documents represent a long, broad and varied sample from which to identify themes.

The findings of the thematic analysis are discussed in chapter six.

Once the thematic analysis was completed, I moved on to the analysis of the IDB policies and practices. I examined the Agreement Establishing the IDB, various general policy documents, and loan agreements and other documents specific to Guyana. I assessed the organizational practices to determine whether these practices are informed by power resulting in social and economic effects, thus creating discursive positions that create subjectivity (Foucault, 1972, 1980a, 1981; Weedon, 1987, 1997) through which the people of Latin America live their lives.

The manner in which the analysis was conducted was influenced by research which has shown that

themes emerge from the unfolding of practices. Once in place, they may, for a time, react back on those practices that give them further structure. But it is not because the themes have an independence from [organizational] practices that they do so; it is precisely because they are inseparable from them (May, 2006, pp. 19-20).

In chapter seven, I examine the effects of IDB organizational practices and how they shape and are shaped by reality, using examples from the IDB’s activities in Guyana.
5.7. Reflexivity

Phillips and Hardy argued that “all discourse analytic methods are unavoidably reflexive because the strong social constructionist epistemology that forms it foundation applies equally to the work of academic researchers” (Phillips & Hardy, 2002, p. 10). They proposed eight dimensions of reflectivity that should be used in discourse analysis research.

First is acknowledgement that reality is constructed through language, which is consistent with the foundation of the Foucauldian approach to discourse analysis and construction of the subject. Once the researcher makes this acknowledgement, it forces him/her to be constantly cognizant of the fact that there is no reality without discourse. Social construction is the key focus of this research. Thus far, I have shown that Latin America, Guyana and the IDB are social constructions. Consistent with this dimension, I further aim to show how representations are made in the communications of the IDB presidents about Latin America.

Secondly, research should be grounded in historical processes. This is key to discourse analysis dialectical relationship with context. It is important to understand the interaction of the discourses with broader discourses and other texts. In this research, it would require that I have an understanding of how each discourse interacts with broader discourses. In chapter two I presented a historiography of Latin America and the Caribbean and Guyana to show the context in which the IDB was created and operates. Therefore, in chapter seven, I examine how the discursive practices of the IDB shape and
are shaped by the dominant societal discourses in Latin America, using examples from the activities in Guyana.

Third, they argue that different voices should be allowed. This supports using multiple sources of data for this research. The IDB has only had four presidents since it began operations and I have included the communications of all these presidents in the data for the thematic analysis.

The fourth dimension, notwithstanding the third dimension of allowing different voices, is the realization that not all voices will be heard and some voices will be more favoured or privileged than others. Although I have tried to include communications of all four presidents, my reliance on publicly available data has privileged some voices over others.

Fifth, it is possible to have multiple interpretations of a text. Therefore whatever interpretation I apply, I must be cognizant that this is one of many possible interpretations. What this means for me as a researcher, and for responding to my research goals, is to acknowledge that others may not agree with my interpretation, analysis, and conclusions, and could draw alternative conclusions from the same text. As stated in chapter one, my goal, consistent with the poststructural and postcolonial frameworks is problematization and apperception, rather than resolution.

Sixth, they argue for avoidance of totalizing themes at all cost. Having no convergent theory associated with discourse analysis is used as justification for this argument. What they propose is that researchers should use discourse analysis to
complement other theories. Thus, I have used Foucault theory of subjectivity as described in the previous chapter.

The seventh dimension is very critical for the researcher. It posits that researchers should take responsibility for their texts by identifying how they will carry out the research, given the lack of a totalizing theory, method or methodology specific to discourse analysis. To meet this requirement I selected the approach to critical discourse analysis adopted by Phillips and Hardy (2002), using content analysis to identify the themes (Krippendorf, 1980, 2004; Mayring, 2000, 2014) discussed above.

Finally, their eight dimension is a cautionary instruction to researchers to beware that research is a political activity. Their argument is, that as a result of doing discourse analysis, researchers are contributing to the first dimension that reality is constructed through discourse. Therefore, in doing this research, whatever interpretations I generate becomes knowledge which is taken as truth, according to Foucault.

As mentioned in chapter one, my motivation for doing this research is influenced first, by identity as a citizen of Guyana, and by default, being interested in the economic progress of the country. Second is my previous involvement with the IDB. Initially, I was interested in looking at how the IDB recreates the ‘idea of Latin America’ (Mignolo, 2005), however, as the research progressed, the literature suggested less than desirable results of projects funded by international development banks including the IDB, and the negative effects that development loans had on some countries as a result of the loan conditions and interest rates. Yet these countries continued taking development loans. I realized that there was a deeper level of analysis that could be done by focusing on how
the IDB influences the thinking of the people through its rhetoric, not with the hope that this would bring about immediate change, but rather that it would bring a level of awareness.

Although the time I spent working for the IDB impacted my life in a number of ways, especially professionally, I believe that this positive experience is overshadowed by love of country. This was very early in my professional career and the business knowledge I received there were foundational to my career choices. Nevertheless, my love for Guyana enables me to overlook this positive experience to critically analyze the IDB’s operations. On the other hand, having first-hand experience of the Guyana government ‘feed, clothe and house’ the nation program to make the country self-sufficient, and having knowledge of the external factors which negatively impacted any success of this program, as discussed in chapter two, makes it difficult to be an objective researcher. Therefore, I acknowledge that I bring biases to the research which can potentially hinder my objectivity. This bias in conjunction with Foucault’s position that various variables can contribute to meaning ascribed to a phenomena (Foucault, 1972, 1980a, 1980b) heighten the possibility that others doing the same research, analyzing the same set of data, may have different interpretations. As Said (1978) argues, it is very difficult to detach an individual from their beliefs, social position, experiences and membership in a particular society. That’s why, as stated in chapter one, my goal in conducting this research is problematization of the development concept and creating awareness in the people of Latin America of the manner in which their thinking and behaviours related to an underdeveloped subjectivity are shaped by the IDB.
I confess that I have limited first-hand experience of the other Latin American countries. Even though I acknowledge that Guyana cannot represent Latin America as a whole, the common colonial experience, and the continued attachment of the other countries to the IDB, provide plausibility of the similarities of subjectivities and the effects of the IDB discourses and discursive practices on the thinking of Latin Americans.

5.8. Chapter Summary

In this chapter I discussed why and how I use discourse analysis in this research. I described content analysis as a means to identify themes within the presidents’ communications and the process used to develop category descriptions for coding the data. I also discussed the sources of data, issues with data collection, and my reflexivity as a researcher on an issue with which I have a strong social and professional connection.

In chapters six and seven I discuss the findings of the analysis.
Chapter 6
Thematic Analysis: Representation

any system of ideas that can remain unchanged … must be something more formidable than a mere collection of lies (Said, 1978, p. 14)

6.1. Introduction

This chapter is the first of two analytical chapters. Here I discuss the findings of the content analysis. As discussed in chapter five, I developed five categories to code the data: ignorant, needy, passive powerlessness, oppressed by own stubbornness, and traditions; descriptions of which are found Table 5.2.

Table 6.1 below, identifies traces of the themes within the data.

As indicated in Table 6.1, I found little or no evidence in the data related to a subjectivity tied to traditions and oppressed by their own stubbornness, respectively. Therefore the discussion will focus on the three dominant subjectivities: ignorant, needy and passive powerlessness.

For each of the three subjectivities, I discuss how they are represented in the data. Discourse works as a structuring, constituting force, directly implying or tightly framing subjectivity, practice and meaning” (Alvesson & Karreman, 2000, p. 1145). Key concepts that make up the development discourse are: economic growth, poverty alleviation, equality, evolution, maturation, production, the notion of the state, free trade, democracy, and market capitalism (Culpeper, 1994; Esteva, 1992; Sachs, 1992a, 1992b). Therefore, I discuss how the subjectivities are related to the development discourse.

Following the argument that history plays a very important role in subjectivity and the need to identify historical conditions that contribute to subjectivity (Davies, 1994;
because history is the starting point and not subjectivation (McLaren, 2013), I also discuss Latin America’s historical and social context influencing these subjectivities.

Table 6.1 – Traces of Themes in the Data

<table>
<thead>
<tr>
<th>Theme</th>
<th>Year of IDB President Speech Reinforcing the Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Felipe Herrera</strong></td>
</tr>
<tr>
<td>Oppressed by its own stubbornness</td>
<td></td>
</tr>
<tr>
<td>Traditions</td>
<td>(Herrera, 1961b, 1961e, 1962b)</td>
</tr>
</tbody>
</table>
6.2. Needy Subjectivity

The needy subjectivity was the most dominant representation found within the data. The dominance of this subjectivity is the connection to poverty, which supports the rationale for the IDB’s existence. Poverty alleviation in Latin America is one of the key purposes of the Bank (Inter-American Development Bank, 2016a). It is also related to economic growth, alleviation, evolution, maturation and production concepts of the development discourse (Sachs, 1992b; Wolfe, 2009).

We have progressed on the road to development only to discover that the gap existing between the legitimate aspirations of our societies and the real possibilities of satisfying them is still too great, for tensions result not from backwardness, but from insufficient development (Ortiz Mena, 1971b).

This notion of Latin America being needy can be traced back to the colonial era. It was part of the colonial project to ‘develop’ Latin America. At that time, ‘develop’ and ‘development’ were not associated with development banking and receiving assistance from international banks. As mentioned in chapter two, at the time the Europeans arrived in 1492, the region was inhabited by hundreds of tribes. Even though the largest of these tribes - the Incas and the Mayas - were highly civilized and developed as the Europeans in all walks of life, the latter came on a ‘civilizing’ mission with the goal of developing the region, and sought to instill their view of civilization on the people of the region (Eakin, 2007). Thus, this subjectivity, apart from being a historical creation, is part of “the economic project redesigning mankind” (Esteva, 1992, p. 18).

What really transpired was that these territories became ‘colonies of exploitation’ rather than ‘colonies of settlement’ (Domingues, 2009, p. 211), and the economic growth
of the region as a whole was impeded. As a result, Christopher Columbus is considered “the initiator of the capitalist oppression” (Figueroedo & Argote-Freyre, 2008, p. 17) of the region. Latin America was an integral part of the triangular trade existing among Europe, the Americas and West Africa, mentioned previously. In this trade, Europe took cargo goods to West Africa in exchange for slaves; the slaves were taken to Latin America to work on the plantations; sugar and other products made on the plantations where the slaves worked were taken to Europe (E. Williams, 1964, 1970, 1994). This triangular trade was one of exploitation which manifested in the exportation of primary products and precious metals and stones from the Latin American countries based on forced slave labour, maltreatment of some indentured labour and subjugation of the Amerindians. Latin American countries concentrated on production of goods that the Europeans desired (Domíngues, 2009; Heuman, 2014; E. Williams, 1970), such that to present day “the region is so heavily dependent on commodities it is still tied in to the less dynamic components of international trade” (Iglesias, 2002a). The European countries benefitted economically from the natural resources of the region, seeing growth and expansions in industries such as cotton, wool, rum distillation, sugar refining, ship building and shipping, banking and insurance. Some of these industries were controlled by a few wealthy individuals (Bulmer-Thomas, 2012; Heuman, 2014; Torres-Saillant, 2006; E. Williams, 1964, 1994). This is similar to Rodney’s description of the underdevelopment of Africa (Rodney, 1972), discussed in chapter four. Europe’s prosperity was at the expense of Latin America’s deprivation. This zero-sum game, where one party lost in order for the other party to win, played out for centuries in the
Latin American countries continuous evolution as *colonies of exploitation* rather than *colonies of settlement*.

The *colonial form of development* launched the underpinning of *contemporary development* in the region. With the end of the colonial era, any anticipated monumental or exponential growth in the wealth of the region, given the wealth of natural resources, did not materialize en masse. Several reasons and interpretations have been put forth for Latin America’s continued underdevelopment, economic and social problems – inability to compete effectively in a globalized economy (Naim, 2006), political instability (Blanco, 2008; Ward, 1997), corruption (Gordillo, 2007; Naim, 2006), patronage, clienteles, and a systematic failure to grasp reality (Gordillo, 2007). However, as Huberman (2003) argued in his writings on underdevelopment in Latin America, the countries in Latin America have become *colonial appendages* of the USA.

Pre and post colonization, the region has been “both a factory and a marketplace” and “an important hub in the development of the modern world economy” (Gibson, 2014, p. xxii), such that the future for the region is bleak as it appears that

“[t]he time of a supposed end of history and of the bright and sunny future, with a naïve interpretation of a unique road to development, seems to have passed in many countries of the region (J. Santiso, 2006, p. 180).

After the USA separated from the Americas in 1776, what occurred is that the capabilities of the United States grew far bigger than those of the Latin American and Caribbean countries. This allowed the USA to claim a leadership role in the region, and to become a regional hegemon even before it became a world hegemon (Heuman, 2014;
Higman, 2011; Pacheco-Pizarro, 1995; Ward, 1997); take on an imperial role (Bulmer-Thomas, 2012) and became a de facto colonizer (Rose, 2002).

The USA imperialistic activities post-colonization, resulted in the region’s natural resources being plundered and appropriated by USA monopoly corporations. Thus the financial needs of the region highlights the continuing of the colonial legacy of economic regression brought on by external sources as wealth from the region is filtered to the USA similar to the filtering to Europe that occurred during colonization (Castaneda, 2006; Huberman, 2003). The effect of this looting of the region’s wealth has been the distortion of economies and continued poverty and not economic growth that is symmetrical with the region’s wealth.

The result of this exploitation was that the cumulative economic development of the countries of the region was incomparable to the progress of the USA, “where rapid industrialization was in progress (Ward, 1997, p. 2).

As a consequence, the Idea of Latin America (Mignolo, 2005), which should have vanished with the demise of the colonial era, was replaced with internal colonialism. The United States had now become the leading power in the region (Heuman, 2014; Higman, 2011). In the process employing “different sort of tools, such as economic and humanitarian aid, trade, military threats, open invasions, and covert subversive operations, ideological communion and the like” (Pacheco-Pizarro, 1995, p. 28) to advance its new-found supremacy.

Two important policies of the United States government during the 19th Century were the Monroe Doctrine (1823) and the Roosevelt Corollary (1904) which targeted
prevention of European expansion and domination in the Americas, and at the same time bestowed upon the USA the right to use “police power” in the region (Bulmer-Thomas, 2012; Heuman, 2014, p. 140; Higman, 2011; Rose, 2002). Likewise, the *Platt Amendment* (1901) specifically gave the USA the right to intervene in Cuba at any time (Heuman, 2014; Higman, 2011). Subsequent to the passage of these policies, the USA at different times occupied Cuba, Puerto Rico, Haiti and the Dominican Republic (Heuman, 2014; Higman, 2011).

Another event which enhanced the USA ability to influence and control the affairs of Latin America and the Caribbean was World War II. At the end of the war there was a ‘changing of the guard’ in world superpowers. Prior to the war, Europe was the location of the world superpowers, and colonizers. However, in the aftermath of the war, there was a global political and hegemonic shift, and the USA emerged as the new world superpower (Pacheco-Pizarro, 1995), a position it has held since. The USA influence in the world, particularly in Latin America and the Caribbean, became more pronounced (Higman, 2011). With this new power, the United States was now in an even more advantageous position than previous, to influence the countries in Latin America and the Caribbean at a level similar to that of the Europeans’ during the colonial era, albeit in a different form.

Latin American countries were also taking steps to maintain their sovereignty and integrity. In order to grow and develop at their own pace, preserve their culture and protect their industries, many Latin American countries began instituting protectionist policies. The USA opposed these efforts, and in order to counter this Latin American
protectionism, the USA expanded its presence in the region through implantation of American businesses and culture, and “adoption of American model of development” (O'Brien, 1999, p. 109). Latin American countries opposed this intrusion especially the promotion of the contradictory American values: competitiveness; material wealth as necessary for human happiness; and social change being a fundamental good (O'Brien, 1999).

However, in a counter-move that facilitated the USA control of the region, Latin America was declared ‘underdeveloped’ in what Sachs (1992b) calls “the age of development” (p. 2), because it ushered in new ways of thinking about underdevelopment. Underdevelopment was perceived to exist, and various theories and explanations for development began to emerge, all having the commonality of assessing underdevelopment and finding ways to describe Third World countries as underdeveloped (A. Escobar, 1995; Esteva, 1992; Sachs, 1992b).

This age of development began on January 20, 1949 when USA President Harry S. Truman, in his inaugural speech used the word ‘underdeveloped’ to describe many countries around the world. He declared the Southern Hemisphere [Latin America and the Caribbean] “underdeveloped areas” (A. Escobar, 1995; Esteva, 1992; Sachs, 1992b). He described a new era in the USA relationship with countries that could benefit from USA scientific and industrial related assistance, especially those in Latin America (Esteva, 1992; Illich, 1992). Thus Latin America had now become underdeveloped. This label of being “underdeveloped” stuck and provided the opportunity for development banks to become involved in the region, starting with the IMF and the World Bank. It is
this representation that opened up the window for the IDB presence in Latin America to
burgeon.

For dependency theorists, “Truman simply had substituted a new word for what
had already been there: backwardness or poverty” (Esteva, 1992, p. 11).

Underdevelopment, as an economic condition had created development as a
concept because these countries that were labelled to have poverty and backwardness
were the recipient of the lootings by the colonizers and “continued raping by capitalist
exploitation at the national and international level” (Esteva, 1992, p. 11). This is
consistent with the view of dependency theorists that “development and
underdevelopment are two components of one unified system” (Bath & James, 1976, p.
5) and why its’ important to understand underdevelopment in order to understand
development (Rodney, 1972).

At the same time the USA embarked on a ‘development mission’ to assist the
countries in Latin America and the Caribbean to develop according to the USA
prescription for development, and called on other western countries to follow their lead
(Sachs, 1992b, p. 2).

Consequently,

the need for assistance for the development of Latin America is the same
as referring to the urgent need to build what we might call the “second
story” of the Hemisphere, that is, to produce the means for providing food,
clothing, education, medicine and recreational facilities (Herrera, 1960g)

The USA morphed the IDB into its’ development undertaking through the
Alliance for Progress. Formulated by the USA government as a joint venture between
the USA and Latin American countries, the Alliance for Progress had a mandate to
promote internal social revolution without the use of violence and focusing on: hunger and poverty reduction; health; education enhancement; and infrastructure, housing and land reform. Initially the USA earmarked US$500 million funds for this program, known as the Social Progress Trust Fund. However, by the final installment in 1964, the funding had increased to US$525 million (Gil, 1988; Pacheco-Pizarro, 1995; Rabe, 1988; E. Williams, 1970). The IDB was selected as the institution to disburse these funds. By placing the IDB in control of the disbursement of the Social Progress Trust Fund, the USA government was able to simultaneously maximize its power over the IDB and Latin America. Thus the Alliance for Progress also “contributed to root the notion of underdevelopment into popular perception and to deepen the disability created by such perception” (Esteva, 1992, p. 11). The IDB, through the Alliance for Progress, was now enmeshed into the underdeveloped discourse.

In many of the speeches made by President Herrera, he continuously referred to Latin America as underdeveloped or used underdeveloped to describe the region (Herrera, 1960c, 1960h, 1961a, 1961d; see for example Herrera, 1963). Not only was Latin America underdeveloped, but it was ‘permanently underdeveloped’. In his description “…we are the only region of the Western World with extensive, permanent characteristics of underdevelopment” (Herrera, 1963), which supports his argument that, for Latin Americans, “we must unite our wills in a common struggle against years of backwardness, poverty and ignorance” (Herrera, 1962c), and the view of dependency theorists that underdevelopment is “a persistent, natural condition” (Bath & James, 1976, p. 5). “Latin America needs commercial, economic, and financial integration quickly, if
it is to step up the struggle against parochial backwardness entrenched behind formidable barriers” (Herrera, 1962a). Here linking underdevelopment not only with poverty, but also with backwardness and ignorance. Therefore, it is not surprising that ignorance was the second most dominant subjectivity present in the discourse detailed below.

This representation of Latin America as underdeveloped is one of the poststructural critiques slated to development (Illich, 1997). Peet and Marwick best summarizes Illich’s critique of how something as abstract as ‘underdeveloped’ and ‘underdevelopment’ have become embedded into the psyche and thus the subjectivity of the people. “For Illich, underdevelopment was a kind of consciousness rather than a deficient standard of living, a reified state of mind” (Richard Peet & Hartwick, 2009, p. 219). This reification of underdeveloped and underdevelopment is the key discursive tool used to shape the people’s subjectivity. This is the key means of “indirectly guiding the beliefs and ideas” (Richard Peet & Hartwick, 2009, p. 220) of the decision makers of the countries.

By continuously using the ‘underdeveloped’ language, this evolved into one of truth, which according to Foucault, then gained power (Foucault, 1972). Once the Latin Americans take this as truth, then it gives the IDB power over them because “[t]ruth is not outside of power” (Foucault, 1980a, p. 131).

Herrera referred to the 1960s as ‘the decade of development’ (Herrera, 1966). Thus, the argument could be put forward that representing Latin America as underdeveloped was consistent with his perception of the formative context. However, this representation of Latin America being needy has persisted despite the volumes of
loans that the IDB has given to the region. “Latin America requires sizable external financial assistance” (Ortiz Mena, 1976a). The “incidence of poverty has remained relatively constant” (Iglesias, 2000b). “Latin America and the Caribbean need the IDB … the needs of our countries are enormous” (Moreno, 2009d).

Escobar (1992b) argues that development is about “salvation” (p. 136). Gronemeyer adds to this liberating role of development and development banking and argues that development has “inherited the missionary idea, with its accursed crusade to win converts and mania for redemption (Gronemeyer, 1992, p. 66). Thus, development needs to attract its own clientele, that is, the converts for redemption. This continuance of the needy representation and the corresponding association with Latin America ‘needing’ the IDB, correlates with the position of Anisette (2004) that development is self-serving. Representation, in this manner, facilitates the self-seeking and self-perpetuating nature of development, such that

Latin America requires sizable external financial assistance … external cooperation is an essential factor in achieving more rapid development, permitting better utilization of their natural resources (Ortiz Mena, 1976a)

and “Latin America will continue to require large volumes of international development assistance” (Ortiz Mena, 1972a), such that,

the benefits to be derived from amounts of outside capital have been so obvious that suggestions have been made for a “Marshall Plan” for Latin America, or other forms of assistance on a massive scale (Herrera, 1960a). Alluding that the development cycle will continue into perpetuity because of the permanence of Latin America’s financial needs. Also, the only way that the region can

---

62 The Marshall Plan was a program established for the recovery of European economies at the end of World War 2.
progress is with assistance from outside the region. “Latin Americans are well aware that
development at the desired pace requires help from abroad” (Ortiz Mena, 1974b). This
even applies to the advanced countries.

The Latin American countries which have attained a fairly advanced level
of industrialization do need additional assistance from international
financial institutions such as the IDB. If anything, they need it in
increasing amounts, and have improved their ability to absorb it (Ortiz
Mena, 1973a).

Eric Williams (1970) expressed concern about the dependence of Latin American
countries on “the outside world for economic aid” (p. 500), which he equates to
“intellectual and psychological” dependence (p. 501).

This suggestion of Latin America’s reliance on the external gives legitimacy to
the IDB’s existence and credence to the IDB as an institution that has the means to bring
money into Latin America from outside the region.

Few will be in a better position than we, with the well-conceived
mechanism of the Inter-American Bank, to be able to put into use the
present and potential financial resources of the highly industrialized
countries. ... the Inter-American Bank will be in a superb position to
utilize, on one hand, the resources of the world economy and, on the other,
to attract them to this hemisphere. Between these two realities—that of an
advanced world willing and able to help us, and a Continent that desires
and requires assistance—the Inter-American Bank can be an excellent
bridge whose strength and resistance will lie in its efficient organization
and management (Herrera, 1960f).

This is related to the often mistaken belief that Latin America will never be able
to find a road to prosperity (Pinera, 2003), even though the region has the natural
resources that can bring about prosperity.
Finally, as per Rodney’s (1972) position that underdevelopment is comparative, comparisons are made between Latin America to the USA and other regions of the world, to demonstrate the region’s inferiority.

The region still lags behind comparators, such as the countries of Central Europe and Southeast Asia. Its levels of poverty and exclusion … are reflected in public policies and basic services that are frequently inadequate (Moreno, 2006i).

The 19th century was for your country “man’s great adventure,” a period in which you expanded and grew in every way but in Latin America we began a different process. While you were building a great community, ours, for diverse reasons was being destroyed (Herrera, 1964).

Comparisons with the USA serves to universalize the view that Latin America’s identity is subordinate to that of the USA. Much of the inferiority attributed to Latin America is based on comparisons made with the USA in “asymmetric oppositions” with Latin America being the negative element and the USA the positive element “of a counter-conceptual dyad” (Feres Junior, 2010, p. 110).

6.3. **Ignorant Subjectivity**

The ignorant subjectivity is the second most dominant. This subjectivity, similar to the needy subjectivity, is related to the concepts of alleviation, evolution and maturation of the development discourse. In addition, it is related to the equality concept and also has its roots in the colonial project.

When the Europeans arrived in Latin America on their civilizing mission, mentioned above, they also sought to instill their values and ways of being upon the people because those of the natives were considered inferior to that of the Europeans
In addition, when President Truman declared Latin America to be underdeveloped, critics and dependency scholars argued that underdeveloped was being used as a substitute for backwardness, which they attributed to colonialism and neocolonialism (Esteva, 1992). Thus ‘backwardness’ was being used to further exploit the region. Recall that President Herrera from the inception stated that Latin America had experienced “hundreds of years of backwardness (Herrera, 1962c). Critics argue that these kinds of images “universalizes and homogenizes” Latin American culture and ways of being in “an ahistorical fashion” (A. Escobar, 1995, pp. 8-9).

In our countries we often hear the complaint that Americans are unacquainted with our essential values and qualities. Unfortunately, for those who wish to learn about them, the path is cluttered with ancient clichés and generalizations (Herrera, 1964).

In our countries, we are still bound by tradition to partial approaches, which are highly prejudicial to the community … this approach is wrong and must be rectified (Ortiz Mena, 1976b).

Which would support the IDB placing emphasis on loans for modernization of the state, discussed in chapter seven.

Latin America also contributed to this subjectivity in the process leading up to the establishment of the IDB. First by requesting the assistance of the USA in setting up a regional bank (Barria & Roper, 2004; Culpeper, 1994; Tussie, 1975, 1995), and then facilitating the shift from a regional bank to a development bank after ‘accepting’ the underdeveloped label and claiming that the region’s needs were not being met by the World Bank and IMF (Barria & Roper, 2004; Culpeper, 1994; Tussie, 1975, 1995).

This provided the IDB justification for establishing country offices and nurturing a project preparation culture, discussed in chapter seven.
It is particularly in this effort to assist the less developed countries [of Latin America] that the need to strengthen the Bank's offices in the field assumes greater importance, since they must be able to provide more effective direct assistance to these countries in the identification and preparation of projects, in the execution of Bank-financed works, in the prompt and timely disbursement of loans and, in general, in various other aspects of technical advice (Ortiz Mena, 1972c).

Thus the rationale given was that “Latin American authorities lacked the capacity to formulate specific projects” and “the region differed from the rest of the world, having its own idiosyncrasies and needs” (Tomassini, 2001, p. 18).

However, it is not always recalled, that there was development banking in Latin America even before this function received international sanction in the Bretton Woods agreement, which in 1944 resulted in the creation of the IMF and the World Bank.

The establishment of the Bank of Public Works and Services in 1933 and Nacional Financiera the following year, both in Mexico and the subsequent creation of the Development Corporation in Chile and National Development Bank in Brazil, were all Latin American responses at the national level to the same concern (Ortiz Mena, 1979).

The region is also represented as ignorant with regard the inequality and disunity in the region.

In Latin America … we have fallen short in terms of creating and distributing opportunities … a large majority of our people is still awaiting the promised fruits of progress (Moreno, 2006f).

Latin America is the world’s most unequal region, with the richest 20% of the population receiving 60% of income, and the poorest quintile, just 3%. Moreover, the region presents dramatic inequalities not only in income, but in terms of educational opportunities and access to health and social services (Moreno, 2005d).
As mentioned in chapter two, Latin America is very “socially differentiated and pluralistic” (Wiarda, 1987, p. 66). Migrations and collusion of peoples has resulted in a region in which there is a high degree of ethnic, cultural, political, economic and religious diversity, with the types and levels of diversity differing from country to country (Eakin, 2007; Heuman, 2014; E. Williams, 1970). The racial composition changed markedly as other ethnic groups imported from around the world added to the diversity that was already present (Higman, 2011), and thereby consolidating the racial and ethnic mixture, identities and complexities in the region. First, African slaves were imported to work on the plantations. As the slave population surpassed that of the Europeans, in some countries, other Europeans (apart from the citizens of the colonizing countries) were brought in an attempt to equalize the racial mix of Africans and Whites. In other countries, primarily Guyana and Trinidad, Indentured labour was brought from Portugal, China and India at the end of slavery, because most slaves no longer wanted to work on the plantations (Daly, 1974, 1975; Gibson, 2014). The collusion of cultures and ethnicities gave birth to the Mestizos63 and Mulattoes64 groups, and other racial/ethnic blends, which broadened the cultural diversity in the region.

As discussed in the social construction of Latin America, the Creole-Mestizos wanted to be differentiated from the natives of the region (Mignolo, 2005). However, this differentiation process resulted in somewhat of a “caste system”, such that different races/ethnic groups were accorded different levels on the social and economic strata.

---

63 Mix of Africans and Indians
64 Mix of Africans and Europeans
This is indicative of *othering* (Riggins, 1997) of these groups of people. As a legacy of colonialism, *othering* resulted in the “widespread social construction of differences along racial lines, differences that ultimately annihilated Black [and indigenous Indian] subjects into nothingness” (Fanon, 1967, p. 265). By the 21st century, Latin America and the Caribbean was even more diverse as immigrants from East and South Asia, and the Middle East flooded the region.

The colonial rulers who controlled the wealth of the colonies were few, compared to the indigenous Indians and Africans. For example, “by 1900, most Latin American countries were controlled by restricted groups of large landowners” (Ward, 1997, p. 3). This wealth-population ratio imbalance coupled with the desire of Europeans born in the region to have a separate identity to that of the Africans and Indians of the Americas, was the beginning of the racial stratification and polarization, inclusion/exclusion system and the socioeconomic inequities, which are striking features of the region today especially in Brazil and the Spanish speaking mainland territories (Berry, 1992; Blanco, 2008; Bulmer-Thomas, 2012; Crandall, 2011; Daly, 1974, 1975; Eakin, 2007; Feinberg, 2008; Frechette, 2006; Gibson, 2014; Mignolo, 2005; Munck, 2002; Needler, 1968; Puri, 2004; J. Santiso, 2006; Ward, 1997).

---

*Othering* is the process of stigmatizing and dehumanizing minority groups and creating feelings of inferiority among them. *Othering* is very ethnocentric in nature. The ethnocentric perspective of *othering* occurs because one group of individuals see themselves or their group as superior to others and views the beliefs and behaviours of the others as archaic, irrational, and even cruel. The ‘us’ versus ‘them’ situation that *othering* and ethnocentrism creates can be geographic, racial/ethnic, ideological or economic in nature. In the case of Latin America and the Caribbean, *othering* was initially geographic and racial/ethnic. In present day Latin America and the Caribbean, the various forms of *othering* are visible – geographic, racial/ethnic, gender, class, sexual orientation, family status, etc.
The wide gap between the rich and the poor continues to be problematic. The Gini coefficient is a measure of the income distribution among the populace, thereby assessing income inequality. In year 2004, the average Gini coefficient for Latin America was 52.5 points (Gasparini & Lustig, 2011). The income disparities in the region is greater than any other region in the world, and over the 30 year period, 1970-2000, was higher than that of Asia by 10 points and Europe by 20.4 points (Blanco, 2008).

The inequality that began during the colonial era impacted unity within and among countries and continues to have contemporary impact. The lack of unity is multifaceted, not only because of history, but also because of the different relationships that exists among the countries in the different areas of the region – South America, Central America and the Caribbean (Higman, 2011), such that the ability to have ‘true unity’ continues to elude the region (Higman, 2011). Even in the midst of the establishment of a variety of intra-region trading agreements such as Andean Community\(^{66}\), Latin American Integration Association (ALADI)\(^{67}\), Southern Cone Common Market (MERCOSUR)\(^{68}\), Association of Caribbean States (ACS)\(^{69}\) and

\(^{66}\) Current members are Bolovia, Colombia, Ecuador and Peru. Venezuela and Chile were also members, but withdrew from the agreement.

\(^{67}\) Current members are Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Paraguay, Panama, Peru, Uruguay and Venezuela.

\(^{68}\) Current members are Argentina, Brazil, Paraguay, Uruguay and Venezuela. Associate members are Bolivia, Chile, Peru, Colombia, Ecuador and Suriname.

\(^{69}\) Antigua and Barbuda, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Venezuela. Associate members are Aruba, Bonaire, Curacao, French Guiana, Guadeloupe, Martinique, Saba, Saint Barthelemy, Saint Martin, Sint Eustatius, Sint Marteen.
Caribbean Community and Common Market (CARICOM)\textsuperscript{70}, unity continues to evade the region.

6.4. Passive Powerlessness Subjectivity

Related to economic growth, evolution, maturation, production, free trade and market capitalism components of the development discourse, the final subjectivity discussed is the passivity and powerlessness of Latin America, such that the region is seen as a “Continent in vigorous evolution and striving mightily to find its own historic image” (Herrera, 1964). “The economic growth and integration of Latin America is necessary … that our Continent may find the historic maturity it so feverishly seeks” (Herrera, 1964). “Indeed, the Bank is today - and must continue to be in the future - … help develop a region whose dynamic potential must become a driving force in the world economy” (Iglesias, 1988).

This adds the view that Latin America is a peripheral region, with little sway over global processes of modernization, which sees itself as somehow dependent and less developed than the West …. plagued by colonial mentalities and institutions (Domingues, 2009, p. 209).

Even though the region has a rich history predating the arrival of the Europeans.

Spain was the first country to colonize portions of the Americas, and later the region became enmeshed in European wars “as a pawn of European power politics” (E.

\textsuperscript{70}Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, St. Kitts and Nevis, St Vincent and the Grenadines, Suriname, Trinidad and Tobago. Associate Members are Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Turks and Caicos Islands.
Williams, 1970, p. 69). The region was attractive to the Europeans because it was resources rich with vast amounts of natural resources. Unlike Brazil and Argentina which were only colonized by Portugal and Spain respectively (BBC, 2015a, 2015b), some countries, had various colonizers as a result of triumphs and defeats of colonizers on the battle field, and treaties signed to end some wars. Some of the existing political administrations of the territories were merged and others divided to become the countries that now make up the region (Pacheco-Pizarro, 1995). For example, the territories of Essequibo, Berbice and Demerara merged to become the country of Guyana. The Federal Republic of Central America was split into Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua (Daly, 1974, 1975; B. F. Williams, 1991), the island of Hispaniola was divided into Haiti and Santo Domingo71 (Higman, 2011), and the island of Saint Martin was divided into “Dutch Sint Maarten and French Saint Martin” (Torres-Saillant, 2006, p. 23).

Between 1665 and 1814, control of the territories of Berbice, Demerara and Essequibo changed seven times, rotating among Britain, France and Holland (Daly, 1974, 1975; B. F. Williams, 1991). Similarly, although Britain was the first country to establish a settlement in Suriname, the only Dutch speaking country in South America, Britain ceded control of Suriname to Holland in 1667. However, as a result of European wars, Britain regained control of Suriname from 1795 to 1802, and 1804 to 1816 (BBC, 2012). Trinidad and Tobago experienced a similar fate to Guyana and Suriname. Between the

---

71 Now Dominican Republic
16th and 19th century Trinidad and Tobago was controlled by Spain, France and Britain at various stages (BBC, 2015c).

The Europeans directly imposed their customs, practices and systems, including systems of government, on the people (Eakin, 2007; Higman, 2011), and used language on the people “that inculcated elements of submission and emotional and psychological terror … [which] “certainly acted to cripple a people’s sense of themselves” (Cudjoe, 1993, p. 99).

Even after gaining independence, the countries in Latin America and the Caribbean have not achieved independence from external influence and control of their internal affairs. The underlying factor to this situation confronting Latin America, is that the influence and control by world superpowers had not vanished with the end of colonization, they were “simply restructured” (Mignolo, 2005, p. 69). The reality is that the region is now being influenced by a more persistent presence, the disconcerting involvement of the USA (Eakin, 2007).

After the USA had taken on a leadership role in Latin America and the Caribbean, it took numerous steps to hold on to this position and engaged in neo-imperialistic activities through promotion of USA style policies such as privatization and free-trade, to ensure that the region was favourable to its policies (Crandall, 2011; Frechette, 2006; Ward, 1997). In addition, as mentioned in chapter two, the USA was fearful of the spread of Communism in Latin America, and possible communist infiltration of the USA government (Burns & Charlip, 2002; Higman, 2011; Leonard, 1991; Pineo, 2008). Nationalist sentiments in countries like Argentina, Chile, Guyana and Venezuela were
viewed as being communist influenced and added to the concerns of the USA government (O’Brien, 1999). It was crucial for the USA to persuade Latin American and Caribbean countries, by whatever means necessary, to mobilize against the communist threat in the region (Pineo, 2008; Rose, 2002; E. Williams, 1970). To this end, “the USA spent over four decades actively ensuring that its backyard has been favourable to its policies” (Frechette, 2006, p. 28). As a result, the interventionist responses by the USA to protectionist policies of governments such as Brazil, Argentina and Chile in the 1950s, were all motivated by the USA’s perception that these governments’ activities were indications of communist infiltration (Burns & Charlip, 2002; Thorp, 1998).

In 1953, the USA, citing communist infiltration, intervened in the affairs of Guatemala through a sales embargo and support to the exiled opposition party (Burns & Charlip, 2002). This action was taken because the government of Guatemala had nationalized and appropriated lands belonging to United Fruit Company, an American firm. The USA ignored the fact that United Fruit had refused the Guatemalan government offer to compensate it in an amount based on values declared on company tax filings (Burns & Charlip, 2002).

Similarly, the USA invaded the Caribbean country Grenada in 1983 (Higman, 2011) and the Central American country Panama in 1989 (Crandall, 2011), undermined the leftist government in Chile in the 1970s by providing covert funding to overthrow President Salvador Allende (Crandall, 2011), and supported dictatorial regimes in Haiti and the Dominican Republic (Heuman, 2014). These interventions were possible because, as previously mentioned, the USA had instituted the “Monroe Doctrine”, the
“Roosevelt Corollary”, and the “Platt Amendment” which gave the USA the right to intervene in the region.

The USA also uses institutions such as the IDB to “organize hemispheric order” (Pacheco-Pizarro, 1995, p. 12). The USA involvement throughout the process of the IDB’s establishment allowed it to gain control over the Bank’s activities through capital power\(^{72}\) (Pacheco-Pizarro, 1995), that is, through its ability to use its financial contributions to the organization to gain protections and rights in the organization’s charter (Pacheco-Pizarro, 1995).

The end of the Cold War during the late 1980s early 1990s should have been a catalyst for the USA to change its strategies in Latin America because the threat of Communism that had influenced USA policies in the region since the end of World War II was greatly diminished or virtually non-existent (Frechette, 2006). However, USA style democracy, free trade and globalization continued to be promoted in the region, all geared towards neo-imperialistic ends (Crandall, 2011; Frechette, 2006; Leonard, 1991; Pelletier, 1997; Pineo, 2008), which eventually became conditions for receiving loans from international development banks, and which are incorporated into some of the discursive practices of the IDB, discussed in chapter seven.

Since the arrival of the Europeans, Latin America has not had the ability to direct its own course. In fact, since the 19th century, from the demise of the Americas and the rise of the USA as a regional hegemon, Latin America and the Caribbean has been subjected to USA “economic, political and cultural imperialism” (Young, 2001, p. 194).

\(^{72}\) The USA is the major financial benefactor of the IDB
Another way this subjectivity is represented is Latin Americans not taking responsibility for their own development, inability to influence prices for its exports on international markets, and not taking steps to diversify the range of their products that are exported.

History records no instance of a society that has succeeded in relieving itself of its own duties and hardships by finding another society, however wealthy, to meet all of its needs for establishing progress and well-being on a permanent basis (Herrera, 1963).

Latin American countries also face the problem of the sudden and pronounced price changes to which … commodities are subject in the international market. This problem is further accentuated … by the lack of diversification in primary product exports. For seven Latin American countries two single products account for more than 70 per cent of their export value and for 16 countries this dependence is above 50 per cent (Ortiz Mena, 1971c).

The region is vulnerable to external events as a result of … the excessive concentration of our exports, and our high dependency on primary commodity prices (Iglesias, 2001b).

Although considered a part of western culture, Latin America has had to lag far behind mainly because of factors which caused her to lose control of her raw materials and because of her size and geographic diversity, which have been serious obstacles for economic integration (Ortiz Mena, 1974e).

Latin America has abundant resources, not only sufficient to meet its own food needs but also to help meet those of other regions. But the production capacity of most of the countries in the region is not being fully exploited (Ortiz Mena, 1974d).

However, Goldsmith (2001) identified a number of problematics and comparisons between development and colonialism that speaks to the afore mentioned depictions.

First is the striking continuity between the colonial era and the era of development both in the methods used to achieve their common goal of taking control of countries at
distant shores and subjugating their people, and in the social and ecological consequences of applying these methods. In the case of Latin America and the Caribbean, institutions, such as the sugar and tobacco companies which ran the plantations growing these crops, were used to change the culture and practices of the natives during colonization. In the current development era, international development banks demand that these countries implement their economic policy prescriptions. As mentioned previously, the Latin American countries are forced to implement the prescriptions of the Washington Consensus. In chapter seven I discuss Guyana effectively being forced to move from Cooperative Socialism with the government having control of industries and enterprises, to capitalist ideals of privatization and foreign investment.

Second, in the era of development and with the advent of the global economy we are entering (or have already entered) a new era of corporate colonialism that could be more ruthless than the colonialism that preceded it. This is very problematic because, as discussed previously, there were a few specific industries in Europe, such as cotton, wool, rum distillation, sugar refining and ship building which benefitted most from colonization. These industries were controlled by a few companies. In the global economy there are a few multinational corporations which control most industries. A 2011 study of global corporate control by researchers at the Swiss Federal Institute of Technology, Zurich, Switzerland, found evidence of this corporate colonialism that Goldsmith (2001) references. Thirty seven million companies worldwide were included in the study and the analysis indicated that 40 percent of the wealth generated among these companies were controlled by only one hundred and forty-seven companies.
Eighty percent of the wealth was controlled by seven hundred and thirty-seven companies. Of the top twenty corporate owners, fourteen are American companies. Of the other remaining six companies, two are registered in the United Kingdom, two in France, one in Switzerland and one in Germany. Barclays Bank of the United Kingdom was ranked the largest corporate owner (Upbin, 2011). In this era, the reach of the corporations is therefore much wider than during the colonial era. In addition, the countries in which these top twenty corporate owners are located, are all non-borrowing member countries of the IDB. As discussed in chapter seven, borrowing member countries are restricted to only make purchases from IDB member countries. Thus, with 70 percent of the corporate owners being American companies, a large volume of the money spent by Latin American countries to make purchases using IDB funds, are flowing back into USA companies and thus the USA economy.

After World War II, the USA had demanded that the former European colonizers decolonize any remaining colonies. However, under the USA influence and control of the IDB, former colonizers the United Kingdom, Holland, Spain and France became non-regional non-borrowing members of the IDB73, and regained the ability to influence and control Latin America and the Caribbean through less direct means (Inter-American Development Bank, 2013; Pacheco-Pizarro, 1995), in addition to continuing to fill their coffers from Latin America.

The above findings also support Goldsmith’s third, fourth and fifth points. The third point is that there is no difference between development and colonialism, and

---

73 This category of IDB membership is discussed in chapter 3.
fourthly, development is just a new word for what Marxists call imperialism and what can loosely be referred to as colonialism. As mentioned previously, both development and colonialism result in the control of ‘underdeveloped’ countries from distant shores, and imperialism is the contemporary form of colonialism. The fifth point, he argues, is that although formal colonialism ended, the economic advantages that colonialism offered to some countries are now being obtained in ways that are more politically acceptable.

Goldsmith’s final point is that the countries taking loans for development fall into a cycle of continuous debt because of the nature of the development financing. Large sums are borrowed on which the countries must repay interest in foreign currencies, usually the USA Dollar which is often very difficult to do. For example, in the case of Guyana, the Guyana government in the 1980s had to purchase money on the foreign currency black market in order to make payments on their foreign debt. The projects financed by the loans do not provide immediate returns and there have been cases where the anticipated returns never materialized leaving the countries to finance the debt on a non-viable project. Ultimately what results is the countries become highly indebted and eventually fall under the control of the lending agencies, and therefore the control of the USA. They are subsequently mandated to implement structural and political reforms consistent with the views of the USA. Thus, making them *de facto* colonies.

Taken together, Goldsmith’s problematics demonstrate how Latin American countries would fall into the ‘development trap’. Their “[r]eality, in sum has been colonized by the development discourse” (A. Escobar, 1995, p. 5).
6.5. Chapter Summary

This chapter provided a discussion of the thematic analysis. I discussed the three dominant subjectivities identified in the data: needy, ignorant, and passive powerlessness, and the connection of each of these subjectivities to the concepts of the development discourse. I showed that each of these subjectivities were shaped in the colonial era and advanced after the USA became the defacto colonizer of the region.

In the next chapter I discuss the IDB discursive practices that work together with the discourses in shaping the underdeveloped subjectivity in the people of Latin America.
Chapter 7

Normalization of Knowledge

Development can be described as an apparatus … that links forms of knowledge about the Third World with the deployment of forms of power and intervention, resulting in the mapping and production of Third World societies. ... By means of this discourse, individuals, governments and communities are seen as “underdeveloped” (or placed under conditions in which they tend to see themselves as such), and are treated accordingly (A. Escobar, 1992a, p. 23).

7.1. Introduction

This chapter discusses organizational practices of the IDB, which function as discursive practices that work together with the discourses in shaping the underdeveloped subjectivity in the people of Latin America. Using examples from the IDB’s activities in Guyana, I show how the social reality of Guyana is shaped, which in turn shapes the discourses. I believe the manner in which the shaping and reshaping occurs in Guyana is indicative of the general situation in Latin America, because even the more developed countries in the region continue to take loans from the IDB for development purposes. For example, Brazil which has the 9th highest GDP in the world (World Bank, 2016a), is still considered underdeveloped, whereas non-borrowing member country Slovenia which is involved in making development decisions for Latin America is ranked 86th (World Bank, 2016a).

The chapter begins with a discussion of the IDB organizational practices which function as discursive practices, then I use examples from the IDB’s activities in Guyana to demonstrate the connection between these discursive practices and the development discourse and the subjectivities discussed in chapter six.
The organizational practices of the IDB discussed are: Monitoring and Reporting; Project Preparation and Loan Negotiation; Grouping of Countries; Loan Suspensions, Vetoes and Denials; Procurement of Goods and Services; and the Heavily Indebted Poor Country Initiative (HIPC).

**7.2. Organizational Practices of the IDB which serve as Discursive Practices**

The organizational practices discussed are the most dominant and pervasive practices of the IDB. They correlate with the view that discursive practices are points “where what is said and what is done, rules imposed and reasons given, the planned and the taken for granted meet and interconnect” (Burchell, Gordon, & Miller, 1991, p. 75). With the exception of the HIPC initiative, these practices place parameters around all Latin American countries, whereas the HIPC, even though currently affects only a small number of Latin American countries, is connected to other development organizations (World Bank, 2016b). Thus the effects of the HIPC can have more far reaching implications for the countries affected by this practice, beyond the country's connection to and interaction with the IDB. In addition, the IDB is only able to dictate these practices to Latin America because of the asymmetry in power.

As mentioned in chapter four, discursive practices are powerful in shaping subjectivities and achieving outcomes desired by organizations (Halford & Leonard, 2005, p. 657). These practices, as elements and mechanisms of power, “have their own histories, trajectories, own techniques and tactics” (Foucault, 1976, p. 99). Collectively, these practices make it very difficult for Latin American countries to chart the course of
their own development activities and serve to put them in a disadvantageous position. From a postcolonial perspective, this kind of dependence is very problematic (P. Prasad, 2005), because the effects mirror the colonial era where the colonizing countries instituted practices which kept the colonized countries in a state of dependence on the colonizers, such as the dependent relationship that Europe forced on Africa and Latin America previously discussed.

It should be noted that “practices intersect with one another in various ways” (May, 2006, p. 19), which could magnify the impact of these discursive practices on the economic situation of the country and in shaping the underdeveloped subjectivity.

7.2.1. Monitoring and Reporting

The IDB’s monitoring and reporting mechanism is multifaceted, encompassing monitoring by the IDB country offices, the Office of Evaluation and Oversight (OVE), and the Office of Institutional Integrity at the IDB headquarters.

7.2.1.1. IDB Country Offices

The IDB’s first president Felipe Herrera set the foundation for the IDB and one of the key components of the organization structure that he put in place was the establishment of country offices in the borrowing member countries. Herrera purposed that the IDB would be regional in nature and rooted in Latin America (Tomassini, 2001). As discussed in chapter six, a contributory factor to the IDB’s establishment as a development bank and not the original conceptualization of a regional bank, was the perception of the Latin American countries that the World Bank and the IMF were not meeting the needs of the region (Dell, 1972; Inter-American Development Bank, 2013;
Pacheco-Pizarro, 1995). Thus Herrera and those involved in the establishment of the IDB, purposed that the IDB would be different from the World Bank in this respect, and develop an organizational structure that would foster close relationships and greater intimacy with the Latin American countries. Consequently the country offices, at that time referred to as ‘representations’ were established in all the member countries in Latin America. Having a physical presence within the borrowing member countries would give these countries more readily accessible interaction with Bank personnel, and at the same time enable the Bank to provide more hands on assistance and guidance to the countries in the execution of projects funded by the Bank (Tomassini, 2001). As other Latin American countries became members of the IDB, offices were also established in those countries (Inter-American Development Bank, 2013).

The country offices function under the Country departments, which are responsible for the promotion of the Bank strategies and IDB financed projects for the group of countries governed by the department. The Bank currently has six country departments: Country Department Southern Cone
\footnote{Argentina, Brazil, Chile, Paraguay and Uruguay.} Country Department Andean Group
\footnote{Bolivia, Colombia, Ecuador, Peru and Venezuela.} Country Department Caribbean
\footnote{The Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago and via the Caribbean Development Bank (CDB), the countries of the Organization of Eastern Caribbean States (OECS).} Country Department Central America, Mexico, Panama and the Dominican Republic
\footnote{Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Mexico, Panama, and the Dominican Republic.} and Country Department Haiti
\footnote{Dedicated to Haiti. Reflection of the priority the Bank has placed on its work in Haiti, including a commitment to provide Haiti with up to US$200,000 million in grants each year from 2010 to 2020.}.

148
departments report to the Vice President Countries (Inter-American Development Bank, 2016a).

The Bank sees the country offices as playing a key role in promoting the Bank’s relationship with the borrowing member countries, simultaneously meeting the needs of the Bank and the member countries. For the member countries, the country office enables day-to-day contact with the IDB. For the Bank, the country offices report on political, financial, institutional and social issues that are of interest to the Bank, particularly those which have the potential to impact the Bank’s actions and activities. This information is obtained through the interactions of the office staff with public, private and ancillary institutions within the countries. In addition, these offices play a key role in the “identification, analysis, negotiation, administration, evaluation and reporting” of IDB financed projects. They are predominantly staffed by ‘international staff’ also called ‘sectoral specialists’79, assisted by local specialists80 who interact continuously with government officials and staff of project execution units, to assess compliance with IDB policies, procedures and loan covenants (Inter-American Development Bank, 1994, 2001a, 2016b).

7.2.1.2. Office of Evaluation and Oversight Project Missions Visits

The second organizational practice of the IDB related to monitoring and reporting is the project mission’s visits carried out by members of the operations department of the IDB headquarters. The specific office responsible for overseeing projects, is the Office

______________

79 Sectoral Specialists are usually citizens of both the Bank’s borrowing and non-borrowing member countries, but cannot hold this position in their country of citizenship.
80 Local staff are citizens of the country where the field office is located.
of Evaluation and Oversight (OVE), which was created in 1999 as an independent unit of the IDB as a result of the overhaul of the Bank’s evaluation process. Reporting directly to the Board of Executive Directors, this department is charged with the responsibility of evaluating IDB projects and the overall performance of the IDB and plays a key role in the Bank’s impact in the region through the four types of evaluations conducted: (1) *Country Program Evaluations* – which review the IDB’s involvement in each of the borrowing member countries in order to “improve the planning and goal setting capacity of the institution, and evaluate progress toward achieving country program objectives”;

(2) *Sector Evaluations* – which are “comprehensive analysis of a sector or topic”;

(3) *Project Evaluations* – which evaluate “the impact of individual or specific sets of projects”; and (4) *Corporate Evaluations* – which evaluate “the quality of IDB policies, tools, and internal processes” (Inter-American Development Bank, 2016b, 2017a). The stated goal of these evaluations is to promote organizational learning\(^81\) and improve the IDB’s development effectiveness.

However, it is the missions sent to countries to review projects that play a role in shaping subjectivity. The missions, enhance the functions of the country offices in that their goal is to reinforce the stipulation that IDB practices must be strictly complied with. Interviews are conducted both with direct beneficiaries of projects and those who also benefit from the projects indirectly. Project missions also identify projects for potential

---

\(^{81}\) Organizational learning is a process by which organizations improve themselves through various mechanisms used to create, retain and transfer knowledge obtained from their experiences within the organization.
financing. These are the programming missions and their activities are related to the project preparation organizational practice discussed below (Inter-American Development Bank, 2016a).

7.2.1.3. Office of Institutional Integrity

In January 2004, the IDB established the Office of Institutional Integrity to deal with corruption and promote integrity. The mandate of this unit is awareness, prevention, investigation and punishment. That is, to ensure that member countries are aware of the Bank’s rules and procedures relating to integrity, and also to investigate any allegations of fraud, corruption and misconduct in any programs or projects that are financed with IDB funds. In addition, as necessary, this unit ensures that there are consequences to violations and also take actions, which includes suspension and disbarment of providers of goods and services, as occurred in a number of projects in Guyana.

These monitoring and reporting activities of the Bank, are related to the ignorant and passive powerlessness subjectivity discussed in chapter six. Even though the IDB portrays these arrangements, particularly the country office, as enabling the organization to provide more valuable service to the borrowing member countries and provide guidance to the various projects, they are discursive practices focused on ensuring strict compliance with IDB guidelines and procedures. Although there are formal meetings between the IDB staff attached to these units and the staff of the projects, they also can visit the project sites unannounced; request documents with minimum notice; and related behaviours, which serve to ensure that the project staff operate in the desired manner. This supervision is not limited to the projects but also to the Ministry of Finance of the
country. The member countries are powerless with regard the Bank’s monitoring and evaluation activities as these Bank rights are embedded in all loan agreements (Inter-American Development Bank, 2016a). These lending agreements have embedded loan covenants, such as: report writing requirements, financial and accounting standards which have the capacity to influence the management practices in these countries and the subjectivity of the people, and allow the IDB to gain control (Neu, Ocampo Gomez, Graham, & Heincke, 2006; Neu, Ocampo Gomez, Ponce de Leon, & Zepeda, 2002; Neu, Silva, & Ocampo Gomez, 2008).

Frenkel and Shenhav (2006, p. 871) noted that during the colonial era, the viewpoint of the colonial aspect of management was to consider the practices of the colonized ‘other’ as inferior while seeing the western culture as a universal model. However, after colonization, this same practice continued and the western model was seen as the universal model which made the western model of management the spearhead of neocolonialism in the age of decolonization. This assisted in the west and the USA’s control over the world (A. Prasad, 1997). In studies of the role of USA controlled multinational organizations, Mir (2001) noted that the workers in the subsidiaries of these organizations in underdeveloped countries are akin to the colonial subjects. In this view, the docile workers in these subsidiaries and the colonial subjects share similar conditions in that the production of the colonized subject can be likened to the production of the organizational subject in the subsidiary organization. The workers in the subsidiary organizations have to employ management practices of the headquarters at distant shores (the USA). The function of these managerial practices is seen as exerting control over
the actions of these distant subjects through the exercise of sanctioned power and dominance. The multinational organization controlling the subjects in the subsidiary organizations from distant shores is considered evidence of hegemonic control and neocolonialism because the subjects are supposed to operate in accordance with the practices of the multinationals and not with the local practices.

This approach to management of the projects they fund, not only gives the IDB the ability to control the projects on a day to day basis, but this aspect of the organization’s structure and its continued presence within these countries is manifestation of what Foucault refers to as the discreet ways and structures within which actors usually operate (Foucault, 1991).

For poststructuralism, development is “a strategy of modern power and social control” (Richard Peet & Hartwick, 2009, p. 198). In Discipline and Punish (Foucault, 1977, 1979), Foucault discussed the emergence of disciplinary power that is manifested through a form of social surveillance. The IDB country office functions as a form of social surveillance. Foucault likened this form of surveillance to Bentham's Panopticon, which was a nineteenth century prison system in which prison cells were arranged around a central watchtower from which the supervisors could watch at inmates, yet the inmates were never certain if and when they were being watched. Because of this, what resulted is that the inmates began to police their own behaviour. Their thinking was such that they always thought they were being watched and thus always behaved in the expected way (Dreyfus & Rabinow, 1982). According to Foucault, individuals are made by discipline (Foucault, 1979, 1991). Discipline molds individuals to serve the needs of
power (Ransom, 1997). Through these practices, the IDB is able to mold the people of Latin America into becoming and remaining what the IDB wants them to be. In addition, because discipline makes subjects, Ransom (1997) argues, that this makes it practically impossible for individuals to confront those who are making them through discipline.

7.2.2. Grouping of Countries

The second discursive practice surrounds the IDB’s categorization of countries. The IDB has two groupings of borrowing member countries - Group I \(^{82}\) and Group II \(^{83}\), based on the country’s gross national product (GNP) per capita in 1997 (Inter-American Development Bank, 2016a). These groupings were created in 1999, and even though the GNP of countries change over time, the IDB has not updated the categorizations.

The IDB also groups countries with respect to the percentage of total cost of projects that the Bank will finance with foreign exchange. There are four main categories and their maximum percentages are: Group A – 60 percent \(^{84}\), Group B – 70 percent \(^{85}\), Group C – 80 percent \(^{86}\), Group D – 90 percent \(^{87}\) (Inter-American Development Bank, 2017b).

Related to the passive powerlessness subjectivity, this way of grouping countries mirrors the colonial tradition of imposing classifications on the colonized countries. The colonial classification standards which were supposedly objective, were primarily

---

\(^{82}\) Argentina, the Bahamas, Barbados, Brazil, Chile, Mexico, Trinidad & Tobago, Uruguay and Venezuela.

\(^{83}\) Belize, Bolivia, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru and Suriname.

\(^{84}\) The more advanced countries - Argentina, Brazil, Mexico and Venezuela.

\(^{85}\) Middle developing countries – Chile, Colombia and Peru.

\(^{86}\) Countries with insufficient markets – The Bahamas, Barbados, Costa Rica, Jamaica, Panama, Suriname, Trinidad and Tobago, and Uruguay.

\(^{87}\) The least-developed countries – Belize, Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Nicaragua, and Paraguay.
formulated based on western standards and guidelines with the ultimate aim of protecting western interests (Foster & Mills, 2002). Correspondingly, the IDB uses western standards and guidelines in grouping the borrowing member countries, without consideration of classification systems which may be more relevant to the Latin American context.

Grouping countries serves to divide rather than unify the countries because the classification results in preferential treatment being accorded to the countries in Group I. Group I countries, which are the countries with higher GNP per capita, receive 65 percent of the IDB’s lending volume, whereas only 35 percent is allocated to the countries in Group II, even though, based on the IDB formulization, these are the ‘poorer’ countries in the region and thus have a greater need for development assistance (Inter-American Development Bank, 2016a). This is consistent with research findings that the IDB does not provide the majority of its funding to the ‘poorest’ countries, rather most loans go to the richest countries in the region based on GDP (Ben-Artzi, 2005), and 2016 IDB loan disbursements data which shows that the ‘poorest’ countries in the region only received 7.5 percent of loans approved for that year (Admin, 2017; Inter-American Development Bank, 2017b). With the ‘richer’ countries receiving the majority of the IDB loans, could create resentment among the ‘poorer’ countries. To this end, it has been alleged that the IDB has made a strategic drift and rather than focusing on decreasing poverty, is rather focusing on increasing prosperity (Admin, 2017).

As mentioned previously, disunity and inequality are major criticisms levelled against Latin America (Eakin, 2007; Higman, 2011). Thus, segregating the countries
only adds to distrust between the ‘poorer’ countries and the ‘less poor’ countries. Although the IDB champions itself as performing a role of creating connections among the countries (Inter-American Development Bank, 2017b), this discursive practice of categorizing countries runs contra to this position and is effectively contributing to the evasiveness of true unity in the region.

It should be noted that the IDB does not categorize the non-borrowing member countries, even though the nominal GDP of many of these countries is lower than that of some Latin American countries. The range of the ranking for the non-borrowing member countries is very wide. United States No. 1, China No. 2, Japan No. 3, Germany No. 4, United Kingdom No. 5, France No. 6, Italy No. 8, in comparison to Finland No. 43, Portugal No. 44, and Slovenia No. 96 (World Bank, 2016a). The only difference the Bank accords to these countries is their voting power based on number of Bank shares owned.

The fact that many of the non-borrowing member countries have lower nominal GDP than the supposedly ‘poor’ borrowing member country adds to the problematics and politics of development and underdevelopment and really what is an underdeveloped country. Italy, for example, has been experiencing financial crisis for the last decade and has instituted structural reforms and defaulted on its debt (Focus Economics, 2016), yet it has not been classified as an underdeveloped country and is still making development decisions for Latin America.
7.2.3. Loan Suspensions, Vetoes and Denials

Another discursive practice employed by the IDB is the suspension and denial of loans.

The lesser known of this form of discursive practice occurs even before the loan is considered or during the approval process. Much of this is never made public. Consideration of many loans to Latin American countries have been suspended as a result of the United States Executive Director on the IDB Board of Executive directors voting against the loan application or abstaining from voting, effectively killing the loan application, “because of unresolved expropriation disputes with alien investors who are largely United States nationals” (Bornschier & Lengyel, 1994, p. 153). In 2006, the IDB froze new loans to Jamaica for 3 years because Jamaica had not invested the agreed resources in projects already being funded by the IDB. Jamaica had failed to uphold its agreement to invest Jamaican $5 billion in the IDB funded projects, instead the Jamaican government had only invested Jamaican $1.25 billion in these projects (WISE, 2006). These forms of denials can occur in a situation where “a proposal that is not already (unofficially) ’pre-approved’ by the US will not reach the voting phase” (Ben-Artzi, 2005, p. 39).

The more prevalent form of this discursive practice is the suspension of loan funds during the disbursement period for violations of IDB policies, practices, loan covenants, failure to meet specific loan targets, or similar reasons, such as being late on loan repayments which happened to Argentina in 2003, or political turmoil in Honduras in 2009 (Inter-American Development Bank, 2016b). These can occur anytime in the
project cycle and can be triggered by the previously discussed discursive practices: country office visits and project missions from IDB headquarters.

Suspension of loan disbursements relate to the ignorant subjectivity because they contribute to the narrative about the inability of countries in Latin America to engage in effective financial management (Thorp, 1998). In addition, this is related to the needy subjectivity because when funds are suspended there are far reaching implications. The salaries and other project expenses that rely on the loan funds are in jeopardy and the affected country has to find the funds to cover the shortfall. The absolute authority of the Bank to make these decisions links these practices to the passive powerlessness subjectivity.

Similar to the monitoring and reporting practices, through the suspensions of loans disbursement and loan considerations for non-compliance with IDB guidelines or preferences, the IDB functions as the type of disciplinary institution that Foucault describes (Foucault, 1979, 1991) and gives credence to the critique that the real purpose of development is to “discipline and dominate” (Storey, 2009, p. 35).

7.2.4. Project Preparation and Loan Negotiation

The IDB project preparation mechanism is another organizational procedure which serves as a discursive practice. According to the IDB, the main goal of the project preparation mechanism is to ensure that the projects submitted for approval are of a high quality (Inter-American Development Bank, 2016b).
Evaluation was always part of the Bank’s activities. From the inception, Herrera instilled a project preparation culture, whereby Bank officials would visit borrowing member countries and cooperate with those involved in project preparation and execution (Rodriguez-Rozic, 2001). This culture was nurtured by Ortiz Mena (Brezina, 2001). Under Iglesias, as part of the IDB’s reorganization, a specific Project Preparation Facility was established as the Bank became more involved in providing advice to Latin American countries (Carranza, 2001; Culpeper, 1994; Inter-American Development Bank, 2001b, p. xi; Rodriguez-Rozic, 2001).

Even though the IDB’s rhetoric on project preparation is assistance, the narrative in the USA is that control of project preparation rests with the IDB. The USA commercial service produces a document “How to Do Business with the Inter-American Development Bank” for USA citizens interested in providing consulting and related services to the IDB, and advises that generally, “the IDB staff in Washington, D.C., is responsible for the preparation of the project for approval by the IDB Board of Executive Directors” (U.S. Commercial Advocacy Center., p. 3), effectively taking the borrowing member countries out of the equation.

After the acrimonious events relating to the 7th replenishment of the Bank’s funds that allegedly contributed to the early departure of President Ortiz Mena from the Bank, the project preparation function was strengthened because one of the USA demands to approve this replenishment related to concerns about the quality of loans. Therefore post the approval of the 7th replenishment, the Bank agreed to improve the quality of the projects that were submitted to the Board of Executive Directors for approval (Carranza,

When the Office of Evaluation and Oversight mentioned above was established, three divisions of the Operations Department, organized by geography, became responsible for loan negotiation and administration. To strengthen the loan negotiation and administration process, three Deputy Manager positions were created in the Department of Economic and Social Development each responsible for: (a) assisting countries to strengthen their capacity to absorb the resources obtained for development purposes; (b) formulating and supervising programs so that there is consistency in program selection criteria; and (c) incorporating integration into the technical and financial cooperation process, respectively. The overall goal is to provide more guidance and support to the countries by having experts at their disposal, but at the same time ensure that the IDB headquarters could maintain control and supervision of programs. In addition, up to US$1.5 million in complementary financing is provided to finalize preparation activities for projects in the Bank's pipeline in order to shorten the project preparation stage, facilitating quicker loan approval and project execution (Inter-American Development Bank, 2016b).

Related to the ignorant and passive powerlessness subjectivity, the project preparation and loan negotiation practices diminishes the power of the countries to determine which loans are best for the development of the country, thus giving the IDB more power to determine which loans would serve the interests of the IDB. Through this
practice the IDB is able to prescribe the paths Latin American countries should take to development even if it does not realize in progress or economic advancement.

Consistent with the policy reforms of the Washington Consensus, the Bank identified loans for projects in the public sector, financial reform, privatization, and enhancement of the private sector’s role in the economy as priority areas. It was perceived that loans for these projects would assist Latin American countries to mitigate the negative effects of the economic reforms that were imposed upon them, because giving priority to these projects meant that funds earmarked for them would be rapidly disbursed (Inter-American Development Bank, 2016a).

Beginning in 1990 and increasing since the 8\textsuperscript{th} replenishment of the IDB funds in 1994, the Bank increased loans for modernization of the functions of the state. Areas targeted are ‘formulation of public policies, personnel training, improving public sector employment, effective legal and court systems, fairness and efficiency in the administration of justice (Inter-American Development Bank, 1995, 2013). Such projects do not generate revenue streams, thereby sinking the countries into debt to finance projects that should be financed from government revenues.

7.2.5. \textbf{Procurement of Goods and Services}

The manner in which goods and services are procured using IDB funds is another discursive practice of the IDB. The borrowing member countries have almost no voice in how the monies flowing from the loan is spent (Easterly, 2003). All goods and services sourced by the borrowing member countries must be purchased from another IDB member country (Inter-American Development Bank, 2016a).
Invariably, a non-borrowing member country, in particular the USA, is the source of these goods and services, because as discussed in chapter six, with the prevalence of corporate colonialism (Goldsmith, 2001), a large proportion of companies worldwide are American (Upbin, 2011), or belong to other non-borrowing member countries such as the United Kingdom (Goldsmith, 2001). Even if the borrowing member country could source the products and services cheaper on the world market, it is restricted from doing so. Thus this restriction on the procurement activities of Latin American countries could contribute to the representation of Latin American countries having poor financial management (Thorp, 1998), linking this practice to the ignorant and passive powerlessness subjectivities.

Another negative effect of the IDB procurement policies is that products purchased from IDB member countries results in funds for loans being disbursed in different currencies when the products are purchased from different countries. This creates problems for the borrowing country during loan repayment, as the loan funds have to be repaid in the currencies in which they were disbursed. As mentioned in chapter one, in the 1980s, Guyana purchased foreign currency in the parallel financial market in order to make payments to the IDB.

7.2.6. Heavily Indebted Poor Country Initiative

The Heavily Indebted Poor Country Initiative (HIPC), is a program began in 1996 by the international lending community to which the IDB is a participant. The goal of this initiative is to relieve the debt burdens of the ‘poorest’ countries in the world, such that they “are not overwhelmed by unmanageable or unsustainable debt burdens” (World
Bank, 2016b). Through this program some of the debts of these ‘poorest’ countries owed to international development banks up to December 31, 2014 were cancelled (Armendariz, et al., 2007; Pan American Health Organization, 2009). As a result, the IDB reduced the debts of Bolivia, Honduras, Nicaragua and Guyana in the amount of US$123 million collectively (Inter-American Development Bank, 2016a).

Related to the needy, ignorant and passive powerlessness subjectivities, at the surface level such an initiative would present the IDB and the ‘developed world’ as altruistic, caring about the countries that are in ‘need’. However, the reality is that this initiative made it possible for the countries to take on additional debt (Tuathail & Agnew, 1992, p. 192). At the time that the HIPC initiative began, Latin America had become attractive to foreign direct investment and the Bank needed to maintain its relevance (LatinFinance, 2007; Roy, 2005). Even though the Bank advocates for privatization and a free market, it is important for the Bank to maintain influence in the region.

Preston (1996) argued that interventions such as the HIPC are very decisive in nature.

Intervention in a social system might be understood as deliberate action whose objective is to bring about a particular change in some set of circumstances and thereby achieve a preferred state of affairs (p. 159).

The HIPC initiative was an intervention with very clear expectations of what will be accomplished and also the expectation that the party affected by the intervention will respond in a predictable fashion. Clearly the expectation was not to reduce the loan burden of the countries receiving the debt forgiveness, but as mentioned above, to improve countries’ eligibility to take on additional debt (Tuathail & Agnew, 1992),
because subsequently, new loans were issued to these countries (Inter-American Development Bank, 2016a). In 1991, “higher interest payments associated with arrears reduction, resulted in a substantial increase in the region’s current account deficit” (Inter-American Development Bank, 1992). Thus this initiative perpetuates the dependency cycle because what results is what I refer to as the *Iron Law of Development*. That is, both the success and the failure of past aid are both taken as justifications for future loans (Easterly, 2003).

### 7.3. Normalization of Knowledge: Lessons from Guyana

In this section I focus on the institutionalization of knowledge, that is, the process whereby knowledge and practice [about Latin America] becomes normalized (Knights & Morgan, 1991). As a way of gaining access to the constitutive effects of the discursive practices through which subjects are constructed and the world is made real (Davies, 1994), I use examples from Guyana. This discussion is consistent with the poststructural point of view, discussed in chapter four, regarding the link between truth and socio-political practices. What has been accepted as truth about Latin America (and particularly about Guyana based on the examples) as underdeveloped, is rooted in these discursive practices and the way these practices have been talked about by the IDB.

#### 7.3.1. Guyana’s Loan Suspensions and Denials

In 1980 the USA vetoed an IDB US$20 million loan to Guyana at a time when it was difficult for the country to obtain loans from international financial institutions (Armendariz, et al., 2007; Rose, 2002). In 1981, the IDB suspended consideration and
ultimately did not approve a US$20 million loan to Guyana because the USA administration headed by President Reagan vetoed the loan when it was presented for consideration before the IDB Board of Executive Directors. The loan had been earmarked for the Guyana Agricultural and Industrial Development Bank (GAIBANK) (Farnsworth, 1981). GAIBANK provided loans and related advice to the agriculture and industrial sectors in Guyana and was very helpful to small farmers, especially those involved in rice farming. Another activity carried out by GAIBANK was the administration of loans from international development agencies, such as the IDB, that were earmarked to benefit the agricultural and industrial sectors. GAIBANK was established in 1973 at the height of the ‘feed clothes and house the nation’ program as part of Guyana’s Cooperative Socialism initiatives, and met the needs of the target group which were not being met by the commercial banks. GAIBANK was owned by the Guyana government, consistent with the government control and ownership of all major banks and industries in the country. The USA rationale for blocking the loan was inadequate loan conditions, such that the absence of the appropriate loan conditions effectively reduced the loan to being a subsidy to the rice industry in Guyana. Another reason cited by the United States government for blocking the loan was the Guyana government not moving at an appropriate pace towards establishing free market pricing for agriculture products (Farnsworth, 1981). Instituting market pricing would have forced the Guyana government to remove subsidies on locally grown products to consumers in Guyana, which was contrary to the objectives of Guyana’s approach to Cooperative Socialism.
There were two main objectives of Cooperative Socialism in Guyana. First, to avoid the exploitation of its resources and secondly for the country to be more independent. Exploitation and dependence were seen as “features of the capitalist world order” (Rose, 2002, p. 185), of which the country no longer wanted to be a partaker. The government embarked on a program to ‘feed, clothe and house the nation’ that was proposed to be fully effective by 1976 (it is ironic that this was the year that Guyana became a member of the IDB). This would be achieved through import substitution and little or no reliance on external assistance. Burnham was adamant that Guyana would not be held hostage by the East (Soviet Union) nor the West (the United States), so self-reliance was promoted and Guyanese were encouraged to think local and use locally grown products as substitutes for many imported products (Rose, 2002). For example, some staple products, such as wheat flour was banned and no longer legally imported into the country. The ultimate goal was reduction in reliance on imported goods and promotion of locally grown/manufactured products. Ironically, the IDB has cited reliance on imports to meet domestic demands as an economic weakness which makes the country vulnerable to external shocks (Inter-American Development Bank, 2002, p. vii).

In addition this program sought to address inequality on two levels. First to enhance the income of the small farmers (Rose, 2002). Inequities in income distribution has been cited as becoming more entrenched in Latin American countries (Rey de Marulanda, 1992). The second area of inequity this would address was to make locally

---

88 In the case of wheat flour, Guyanese were encouraged to use flour made from locally grown crops such as cassava and plantain as substitutes.
grown food accessible to all socio-economic strata of the society (Rose, 2002). Removal of these subsidies would contribute to the economic inequality in the country as it would make food more expensive for those at the lower economic levels thereby creating more poverty in the country. Inequality occurs because forces in the marketplace usually increase instead of decrease inequalities (Knippers Black, 1991). This would support the IDB criticism of Guyana, which specifically states that “accelerating and sustaining economic growth in order to facilitate durable poverty reduction is the foremost challenge facing the country [Guyana]” (Inter-American Development Bank, 2002, p. ii). The demands made by the IDB and the resulting effects, is consistent with the argument that the world economic system generates inequality, runs on inequality, and the world economy is propelled by creating and maintaining the difference between the rich and the poor (Douglas Lummis, 1992).

Again in July 1983, the USA government, through its Executive Director, blocked a loan to Guyana that was earmarked for a water control project to benefit rice production along Guyana’s Abary River. The rationale for this decision provided by the USA was Guyana’s economic policies and the country’s inability to meet the loan objective of increased rice production. The USA wanted the rice industry in Guyana to be privatized, thereby attempting to diffuse democratic ideals in the country and effectively keeping this former colony linked to the capitalist system (Berman, 1983). The developed countries had reduced demand and prices for Guyana’s exports, especially commodity products – sugar, rice and gold. Ultimately, the IDB did not approve the loan in its initial conceptualization (Farnsworth, 1983). What the IDB requested contradicted with the
country’s goals to reduce poverty and promote economic equality which have been cited as issues to be resolved by development assistance. In particular, poverty is cited as a contributory factor to the country’s development problems (Inter-American Development Bank, 2011c, 2012b). The goal of Cooperative Socialism in Guyana addressed both of these two social problems.

The IDB policy of suspension of loan disbursements and suspensions of loan considerations can be influenced by USA corporations. In 2002, the USA Company Atlantic Tele-Network, Inc., initiated a lawsuit against the IDB to block the Bank granting a loan that was earmarked for the telecommunications industry in Guyana (ATLANTIC TELE-NETWORK INC. v. INTER-AMERICAN DEVELOPMENT BANK, 2003; Collins, 2002). Atlantic Tele-Network claimed that the IDB granting the loan would affect the company’s monopoly of the telephone market in Guyana. Claiming that it had invested large amounts of resources amounting to US$150 million in its subsidiary company Guyana Telephone and Telegraph Company Ltd. (GT&T), after it had purchased the company from the Guyana government in 1991, in addition to the US$16 million purchase price. Atlantic Tele-Network’s position was that it needed to have a positive return on its investment, through holding on to its monopoly. The IDB loan would destroy this monopoly by facilitating competition in Guyana’s telephone market. Atlantic Tele-Network sought to have the United States Executive Director at the IDB block the loan using sections of the USA code which provides for the USA President to instruct the USA Executive Director to vote against IDB loans which would nullify existing contracts or agreements, or otherwise negatively impact the operations or
property of USA citizens or corporations (ATLANTIC TELE-NETWORK INC. v. INTER-AMERICAN DEVELOPMENT BANK, 2003; Collins, 2002). This legal challenge was dismissed. The effect of Atlantic Tele-Network’s victory would have meant that GT&T monopoly of the telephone market would have continued, and this would support the aforementioned criticisms levelled against Guyana for not having enough competition in industry and not allowing the free market mechanism to dictate (Farnsworth, 1983). Many similar situations have not been made public (Bornschier & Lengyel, 1994).

In 2009, the IDB President, Luis Alberto Moreno, announced that the IDB would withhold funds allocated to Guyana for the second phase of the Unserved Areas Electrification Program (UAEP) funded by the IDB (Inter-American Development Bank, 2016b; South-South News, 2009). The loan was approved on September 3, 2002 with a scheduled implementation period between years 2004-2009 to accelerate development in the electricity sector, including to provide electricity to areas in the country for the first time. An IDB project mission team had visited Guyana to review the project operations and were dissatisfied with the beneficiary organization, Guyana Power and Light, Inc. (GPL), inability to meet a loan condition to reduce operating losses from 42 percent to 30 percent. Operating losses stemmed from limitations of GPL’s billing system, defective meters and electricity theft. The GPL, has not been a reliable source of electricity for Guyana and the citizenry is subject to rolling ‘blackouts’ where there are extended periods of electricity not being available (Staff Reporter, 2017b). The company actually publishes a list of scheduled power outages on its website (GPL, 2017). The IDB promised to reinstate the loan once the conditions were met. Ultimately, the project was
completed and the loan accorded a ‘closed’ status in the IDB loan records. However, over US$6 million of the approved US$34.4 million was cancelled as a result of the problems surrounding the loan disbursement suspension. The areas targeted for much of this loan were rural areas that have been considered to have the highest incidence of poverty. Having access to electricity would improve the economic conditions of these areas (Inter-American Development Bank, 2016b, 2016c; South-South News, 2009). The US$6 million that was cancelled as a result of the loan suspension meant that the regions that could benefit the most from these funds were shortchanged.

7.3.2. Heavily Indebted Poor Country Guyana

With Cooperative Socialism and the accompanying feed, clothe and house the nation program, Guyana’s economy was effectively closed due to the intense protectionism, import substitution and government involvement in industry. Through a nationalization process, all industries which were controlled by European and North American companies became state owned enterprises, including the sugar plantations and bauxite mines, such that in 1980, 80 percent of Guyana’s economy was owned by the government (Armendariz, et al., 2007; Gibson, 2014; Manroop & Singh, 2012; Rose, 2002).

The closed economy, nationalization and import substitution policies had repercussions. The anticipated economic development did not occur and this resulted in reductions in infrastructure and living standards and a decline in the country’s economic situation. The main contributor to this was the discursive practices of the USA and the European countries, mainly simultaneous reduction in both the demand and price paid for
Guyana’s products on international markets, especially commodity products – sugar, rice and gold, and increase in the price of products Guyana imported. Guyana was powerless in international markets. The country had no control over the prices paid for necessary imports and the prices that could be demanded for its exports. The increased costs for imports increased the production costs of the nationalized enterprises. When these enterprises were foreign owned, they were vertically and horizontally integrated into the corporate structures of their foreign owners and thus had more leverage in international markets. However, now that these enterprises were no longer able to tap into this vertical and horizontal integration, the financial and economic toll was being felt in Guyana as profits began to decline (Armendariz, et al., 2007; Gibson, 2014; Manroop & Singh, 2012; Rose, 2002).

In the initial stages of Cooperative Socialism the government had made a decision to disengage from the international financial institutions. However, as previously mentioned, in 1976, as the negative effects of the closed economy were beginning to surface, Guyana became a member of the IDB. Guyana was once again engaged with the international financial institutions and was taking loans from the IDB, IMF and World Bank, contrary to the goals of Cooperative Socialism and the government’s desire to not be subject to the influence of the East or the West.

In 1980 the IMF proposed very strict austerity plans for Guyana because the country had failed to meet economic growth targets that were previously arranged with the IMF. The country was not able to meet these targets because the developed countries that controlled the IMF were also the countries that were squeezing Guyana into this
situation by reducing the prices paid for their products and at the same time increasing the prices for goods Guyana imported. All forms of aid from the USA to Guyana were reduced and the USA also used its influence to make it difficult for Guyana to obtain loans from international financial institutions. Guyana was only able to obtain loans from the IDB, but even these loans were in jeopardy because as mentioned above, in 1980 the USA vetoed an IDB US$20 million loan to Guyana (Armendariz, et al., 2007; Rose, 2002).

In the midst of the ‘lost decade’, the 1980s, Guyana experienced the beginnings of the collapse of the state owned enterprises as the country began facing severe economic crisis and had very high levels of external debt (Armendariz, et al., 2007; Rose, 2002).

In order to recover, in 1988, Guyana embarked on an Economic Recovery Program (ERP), which was part of the IMF/World Bank Structural Adjustment Program for Guyana, to foster more private investment and less government involvement. These development initiatives focused on the social sectors, efficiency of social programs, structural reforms in the public sector and price liberalization (Armendariz, et al., 2007; IDB Country Office in Guyana, 2009). Effectively Guyana was bowing to pressure from the USA to abandon Cooperative Socialism in exchange for Guyana qualifying for financial assistance from international banks (Rose, 2002).

During the ‘disappointing decade’ of the 1990s in Latin America and the Caribbean (C. Santiso, 2003), Guyana continued on an economic liberalization and

---

89 The 1980s were considered the ‘lost decade’ in Latin America and the Caribbean and many other countries in the region were also experiencing economic downturn (Tussie, 1975).
privatization program and a shift to ‘capitalism’ and ‘democracy’. Foreign direct investment was also encouraged (IDB Country Office in Guyana, 2009).

In 1997, Guyana was the beneficiary of a seemingly altruistic endeavor as a result of being classified as a Heavily Indebted Poor Country (HIPC), which resulted in the cancellation of some of its debt to the World Bank, IMF and the IDB owed up to December 31, 2014 (Armendariz, et al., 2007; Pan American Health Organization, 2009). The inability of Guyana and the other countries classified HIPC to pay their debts is consistent with the view that inability to pay debts is a negative effect of the process of modernization (Knippers Black, 1991), which goes hand in hand with development. The IDB wrote off a large percentage of Guyana’s debt because Guyana is categorized as a D-2
dcountry, that is, one of the ‘poorest and most vulnerable’ countries in the region based on per capita income (Inter-American Development Bank, 2012a, 2012b). Post this cancellation, Guyana was the recipient of increased financial aid from international lending agencies and the country has been allowed to make low payments on outstanding loans, which put Guyana into further debt (Armendariz, et al., 2007; Inter-American Development Bank, 2017b; Pan American Health Organization, 2009).

Two sets of conditions were outlined in the HIPC guarantee for Guyana (Inter-American Development Bank, 2010d, 2012b; Ministry of Finance Guyana, 2001). The first set of provisions related to macroeconomic reform. This targeted reform of the country’s tax system and civil service and implementation of new procurement

---

90 The IDB categorizes countries as A, B, C, D1 or D2 based on poverty levels. **Group A:** Argentina, Brazil, Mexico, Venezuela. **Group B:** Chile, Colombia, Peru. **Group C:** Bahamas, Barbados, Costa Rica, Jamaica, Panama, Suriname, Trinidad & Tobago, Uruguay. **Group D1:** Belize, Dominican Republic, Ecuador, El Salvador, Guatemala, Paraguay. **Group D2:** Bolivia, Guyana, Honduras, Nicaragua, Haiti.
legislation. Most importantly, the main tenets of the Washington Consensus had to also be addressed, that is, more stringent government spending, privatization and restructuring of state-owned industries. The second set of conditions focused on the realization of the target areas of the poverty reduction strategy paper. These included steps to protect the environment; building stronger institutions and better governance; investments in development of human capital with emphasis on basic education and primary health; improvements to physical capital with emphasis on expansion of provisions of safe water and sanitation services expansion, farm to market roads, drainage and irrigation systems and housing; improvements to safety nets; and special intervention programs to address pockets of poverty in some regions (Inter-American Development Bank, 2010d, 2012b; Ministry of Finance Guyana, 2001).

Drawing on the works of leading economists in the Americas who are advocates of global market-oriented development and governance, Vivares (2013) drew attention to the perception that the IDB and other RDBs are not only “obstacles that distort the natural unfolding of global market forces” but also of promoting “uneven development” and generating “negative incentives for countries to implement structural reforms necessary for access to external financing of development” (p. 15). Therefore keeping many countries in an ‘underdeveloped’ state.

The cancellation of these loans meant that Guyana would now have increased access to the IDB’s Ordinary Capital (OC) resources. Loan originating from these resources are more expensive because they usually have higher interest rates. With this increased access to the Bank’s OC, Guyana’s access to the funds from the less expensive
Fund for Special Operations (FSO)\textsuperscript{91} would be reduced. Until receiving the debt cancellation, Guyana was only able to access loans from FSO resources. The FSO offers loans that have lower interest rates and are granted for longer terms (Inter-American Development Bank, 2006; International Financial Institutions in Latin America, 2007). However, post the debt cancellation, under what the IDB views as a ‘Debt Sustainability Framework’, 50 percent of the borrowing would be from the more expensive OC (Inter-American Development Bank, 2006). Guyana received US$467 million debt cancellation on loans from the FSO\textsuperscript{92}. Debt relief improved Guyana’s debt profile. It is this favourable debt profile that enables the country to receive additional, but more expensive, loans from the IDB.

This program is more beneficial to the IDB than to Guyana. First, by writing off Guyana’s loans it adds to the narrative that the country is one of the poorest countries in the region and is needy, consistent with the dominant subjectivity shaped for Latin America. The poor status, comes with the underdeveloped assumption and thus the country is ignorant and lacks the capacity to define its own interests (Rahnema, 1992).

Second, the loans that were written off were old loans. Guyana has the oldest average loan portfolio of the Bank, 4.5 years (Inter-American Development Bank, 2011c, 2012b). Therefore, Guyana had already been paying interest on the cancelled loans. The IDB applies compound interest\textsuperscript{93} to its loans. Thus the amount of interest that Guyana

\textsuperscript{91} As mentioned in chapter two, the OC and FSO were combined to create a new a concessional lending instrument on January 1, 2017.

\textsuperscript{92} As of January 1, 2017, Guyana and the other HIPC countries, Bolivia, Honduras and Nicaragua have access to the new concessional financing instrument.

\textsuperscript{93} Compound interest also referred to compounding of interest, results in large increases in the outstanding loan amounts because interest is applied to the initial loan amount and also applied to the outstanding interest. Hence, this is often referred to as interest on interest.
would have already paid on those loans could have surpassed the original loan amounts.
At a minimum, Guyana would have repaid the original loan amounts.

As at July, 2016, Guyana was repaying the IDB at rates that were higher than the expected disbursements and the negative net loan flows were expected to continue in 2016 (Caribbean Development Bank, 2016), and did materialize. Guyana’s current Finance Minister, Winston Jordan, speaking at a Pre-Governor’s meeting held at the IDB headquarters on February 21, 2017, noted that Guyana, an FSO eligible country which belongs to Group D\(^94\) and is also categorized as HIPC\(^95\), in 2016 had made interest payments to the IDB that was 131 percent more than the loan funds received in the same year. The Bank had made a profit of almost US$1 Million from Guyana. In the Minister’s view, that amount of profit would be acceptable if the IDB was a commercial bank. However, it is unacceptable for an institution like the IDB that is focused on development. In his view, it may be more advantageous to Guyana to cease borrowing from the IDB and instead only request payments of shareholder dividends on the Bank’s profits. In this way, Guyana would be “better off” (Admin, 2017).

This sentiment of Guyana’s Finance Minister is similar to those of Former Nigerian President Ousegun Obasanjo, who alluded to the horrors of compound interest. Speaking at the G8 summit in 2000, he put the blame on the compound interest charged by international development banks for Nigeria’s debt situation. He stated that even though the country had borrowed around US$5 billion up to 1985 and had repaid about

\(^{94}\) Guyana is categorized as a D-2\(^94\) country, that is, one of the ‘poorest and most vulnerable’ countries in the region based on per capita income (Inter-American Development Bank, 2012a, 2012b).

\(^{95}\) Heavily Indebted Poor Country.
US$16 billion thus far, at the time of his speech Nigeria was still owed its creditors US$28 billion (Talabi, 2011).

As at December 31, 2014, Guyana owned 19,018 shares in the IDB, and contributed US$9.5 million to the IDB’s capital stock, which is the country’s paid in portion to the IDB subscribed capital (Inter-American Development Bank, 2015a). The contributions to capital stock in 2014 represented a 7 percent increase over US$8.9 million contribution to capital stock made in 2013 (Inter-American Development Bank, 2014). The callable capital for 2014 was US$220 million compared to US$197.9 million in 2013 (Inter-American Development Bank, 2014, 2015a).

Third, with those loan write offs, it created borrowing capacity for Guyana to receive new loans from the IDB. This is important because if Guyana maximizes its loan capacity and no longer qualifies for loans from the IDB, this reduces or eliminates the IDB’s and hence the USA influence and control over the country.

7.3.3. Guyana’s Loan Portfolio

At the birth of the 21st century, Guyana continued the development and modernization agenda of the 1990s. Consistent with Wolfe’s (2009, p. 11) view that development is “both a process and a project96”, key to the development program was the implementation of the National Development Strategy 2001-10, and the Poverty Reduction Strategy 2002-5. The objectives of the National Development Strategy 2001-10 were: (i) to attain the highest rates of economic growth that are possible; (ii) to

96 “The process stemming from the structural historical condition of capitalist development. The project involves applying strategic objectives within the system created by structural transformation required” (Wolfe, 2009, p. 11).
eliminate poverty in Guyana; (iii) to achieve geographical unity; (iv) to attain an equitable geographical distribution of economic activity; and (v) to diversify the economy (National Development Strategy Secretariat, 2000). Similarly, the Poverty Reduction Strategy 2002-5 looked at the “trends, characteristics, causes and effects of poverty” in Guyana (Ministry of Finance Guyana, 2001, p. 2).

The 2008-2012 Country Program Evaluation for Guyana analyzed the Bank’s Country Strategy (CS) for Guyana during that period (IDB, 2012). This evaluation report indicated that the IDB’s loan portfolio in Guyana during that period focused on “energy and roads, financial and judicial reform, housing, nutrition, health, and water and sanitation” even though the growth diagnostic conducted for Guyana had recommended that the IDB support a growth strategy for Guyana based on exports. Further, during that period, the Bank did not approve any new loans to make the country more competitive or for agricultural diversification, which are important components of the growth strategy based on exports. There is no evidence of whether these types of loan applications were made, because much of the ‘push and pull’ politiquing is done behind the scenes and in informal ways … [and] throughout the years, a certain institutional discourse has developed which enables the various members to sense conflict before it arises, and informal institutional mechanisms solve these problems or eliminate them before they reach the formal stages of negotiation … If there is an anticipated conflict, discussions will take place before approvals are brought to the Board for a vote (Ben-Artzi, 2005, p. 39).

In fact, “a proposal that is not already (unofficially) ‘pre-approved’ by the US will not reach the voting phase” (Ben-Artzi, 2005, p. 39).
As a result, the areas of prioritization for Guyana’s growth during that period were not targeted in the Bank’s development agenda for the country.

The Bank not targeting the key aspects of the growth strategy, particularly agricultural diversification, contradicts its rhetoric regarding concerns about Guyana’s reliance on a small number of commodity products and commitment to the acceleration of Guyana’s economic growth (IDB Country Office in Guyana, 2009; Inter-American Development Bank, 2011c), and what has been a dominant theme of the IDB’s activities in Latin America, based on the recommendations of the Washington Consensus, to promote market-driven and export-driven development. Thus the projects that would contribute to Guyana’s advancement and economic development were not the Bank’s priority, showcasing that ‘development’ as a theme is self-serving to the international development banks, giving credence and legitimacy to their very existence (Annisette, 2004). These actions are contrary to the Bank’s rhetoric that the IDB must “help Latin American and Caribbean countries face the challenges of a globalized economy … that will improve the competitiveness of the Latin American and the Caribbean economies” (Moreno, 2006b).

7.3.3.1. Citizens Security Sector Loan

Consistent with the Bank’s focus on loans for modernization of the state, in January 2007 the IDB approved a US$22 million loan to revitalize Guyana’s security sector, with a goal to reduce crime, violence and insecurity in the country (Inter-American Development Bank, 2007b). The projects and activities financed with this loan are expenses that should be included in any government budget and part of the usual and
customary expenses of the operation of the institutions involved. These monies were earmarked for modernization of Guyana’s Ministry of Home Affairs and Police Force, to facilitate a number of crime prevention and management programs including: rehabilitation of police stations; installation of a forensic laboratory, a crime observatory and related technology to monitor things like crime trends; training for those using the technology; and national surveys to inform future crime prevention policies. Numerous international ‘experts’ were hired to assist the Guyana police force to modernize. The security sector in Guyana has a number of problems, however, there are no revenue generation opportunities. Evidence from Guyana indicates that the issues in the security sector relate to the behaviours of the personnel (particularly lack of integrity of members of the police force), adequate staffing and appropriate number and types of transportation to attend to crime scenes (Inter-American Development Bank, 2007b). Consequently, the problems that this loan were supposed to fix were not resolved. Rather, there was increase in violent crimes (which was targeted to be reduced in the loan). Yet in December 2014 the IDB approved an additional loan of US$15 million for this same project even though the goals of the first loan were not met (Inter-American Development Bank, 2007b; Staff Reporter, 2014). This further entrenches the country into debt and poverty. The reality that these kinds of loans are considered part of the development machinery funded with loans from international development banks is consistent with the way in which countries like Guyana fall into a continuous cycle of debt, taking loans for projects which do not generate returns. They then have more debt, fall under the power of lending institutions, and eventually have to engage in debt
management programs and structural reforms imposed by these institutions (Goldsmith, 2001).

Because of the IDB stipulation that procurements in excess of US$100,000 must be done through international bidding, local firms in borrowing member countries usually partner with international firms in order to qualify for the projects, which creates opportunities for corruption. The Coordinator of the Citizen Security Program awarded contracts to himself (a clear conflict of interest) and at the same time there was collusion with the Trinidadian firm, Western Scientific, to supply equipment for a forensic laboratory for the Guyana Police Force. As a result of this collusion, and investigations by the IDB Office of Institutional Integrity, both the former coordinator of the program and Western Scientific received sanctions from the Bank and are ineligible to bid on future contracts for stipulated periods. The reasons given by the Bank for the sanctions are fraudulent and collusive practices (Inter-American Development Bank, 2017d). More detail on the findings of the sanction is not available because the Bank does not provide details of the investigations into sanctioned companies. However, the punishment given to sanctioned companies highlights the collusion in international development banking because in many cases the sanctions given to a company by the IDB also applies to the sanctioned company’s interactions with the World Bank (Inter-American Development Bank, 2017b). This demonstrates how the development apparatus links forms of knowledge about Third World societies with the deployment of forms of power and intervention, which results in the mapping of societies such that they function under
conditions in which they act in an ‘underdeveloped’ manner, tend to see themselves as such, and are treated accordingly (A. Escobar, 1992b).

**7.3.3.2. Georgetown Solid Waste Management Program**

In 2006 the IDB approved a loan of US$18 million, with the loan contract signed on February 22, 2007, for the Georgetown Solid Waste Management Program, to fund the building of a sanitary landfill for the capital city Georgetown. An additional US$2 million was approved in 2010 for the project overruns for a total of US$20 million (Inter-American Development Bank, 2007a, 2016b). The program objectives were: institution strengthening and capacity building for solid waste management; creation of a community participation and public awareness program to provide citizens with education on solid waste management; design, construction and operation of a new sanitary landfill and closing of the old one; and studies and investments in healthcare waste treatment.

Solid waste management in Guyana is problematic, especially in the rural areas, with much of the waste, including organic waste, simply being burnt or dumped by the households (Inter-American Development Bank, 2017b, 2017c; Kaiteur News, 2015; USA International Business Publications, 2007). Even in cities such as Linden and New Amsterdam, which have municipal collection, burning is a means of waste disposal, and there are no controls on hazardous waste (National Development Strategy Secretariat, 1996) which were anticipated to be resolved through financing from the IDB by 2010 (National Development Strategy Secretariat, 2000).
The IDB cites inadequate recycling and waste minimization programs and lack of education and awareness on these issues in Guyana as problematic, however, only a small portion of the loan was allocated to these activities, with the Ministry of Local Government and Regional Development receiving funding to provide training on composting methods under the Clean Green Guyana Campaign (Inter-American Development Bank, 2007a; Reporter, 2014). A large percentage of funds was targeted to building a new, privately owned, sanitary waste landfill (Inter-American Development Bank, 2007a, 2016b), effectively inserting privatization into this sector and removing the municipal government monopoly on solid waste management in the capital city. In addition, the effects of improper waste management are increased whenever there is flooding, because the coastal areas of the country where most of the populace reside is “19.7 inches (0.5 meter) to 39.4 inches (1 meter) below sea level” (Climate Hot Map). The focus of this loan does little to reduce the perception that poor infrastructure, poor public utilities, institutions97 and the country’s high vulnerability to natural disasters98 are the main obstacles to Guyana’s development and negatively impacting productivity and living standards (IDB Country Office in Guyana, 2009; National Development Strategy Secretariat, 2000; Pan American Health Organization, 2009).

7.3.3.3. Unserved Areas Electrification Program (UAEP) - Guyana Power and Light Inc. (GPL)

With regard the IDB loan to the Guyana Power and Light Inc. (GPL) previously mentioned, approved in September, 2002 (Inter-American Development Bank, 2016b),

97 Inherited from the Colonial era that are no longer suitable for the country.
98 Flooding along the coastline.
there has been questions raised on the process used to evaluate bidders for the installation of smart meters and transmission lines. The project was awarded to a Chinese company, but this award was petitioned by a Colombian company that had also bid on the contract. The petition was based on the fact that the bid by the Chinese company was $1 Billion Guyana Dollars over the engineer’s estimate. The Colombian company had submitted the lowest bid. The rationale provided by the Guyana government for awarding this contract was that the $1 Billion additional funds were “unforeseen risks”. To date the IDB has not determined whether there was any corruption or collusions in the awarding of the contract (Inter-American Development Bank, 2007b; Staff Reporter, 2013a, 2013b, 2017a). This situation is not unusual, even though the IDB has made a commitment to improve public sector financial management in Guyana (Inter-American Development Bank, 2012b). This occurrence is indicative of the representation that the people of Latin America do not have the skills needed for development, discussed in chapter six, which Eric Williams (1970), argued equates to intellectual and psychological dependence. In addition, because the IDB is actively involved in loan negotiations, the IDB most likely played a role in the decision to award this contract to the Chinese company.

7.4. Chapter Summary

In this chapter I examined the discursive practices of the IDB, and how these create dependence on the IDB and also shape the knowledge about Latin America, using examples from the IDB’s activities in Guyana. This form of dependency identified,
coincides with the view that power relationships, dominance and dependence is a major problem for Third World countries (P. W. Preston, 1996) like Guyana.

All of the discursive practices discussed increased poverty; marginalized cultural business practices; disciplined, contributed to corruption, inequality and disunity, which are key concepts of the development discourse (Culpeper, 1994; Esteva, 1992; Sachs, 1992b) and discourses historically associated with Latin America: subordinate, inferior, disadvantaged, unknowing, wanting, different, distinct, separate, unsophisticated, disunity, diverse, and identity diffusion (Mama, 1995). Thus, the discursive practices are informed by the realities and play a role in shaping these realities, resulting in the underdeveloped subjectivity being shaped and reshaped.

IDB aid and activities in Guyana demonstrate a pattern that the Bank’s loans and activities in Guyana are not designed to foster the long-term economic advancement of the country. ‘Poor’ countries like Guyana are actively prevented from moving up the development ladder by these kinds of practices, especially those which require deregulation of markets and privatization (Hickel, 2013). This would explain why development aid has failed to reduce poverty in Guyana or any of the anticipated levels of growth.

The next chapter is the conclusion of this dissertation.
Chapter 8 - Conclusion and Future Research

We did not control how we became who we are, and who we are is not simply something we can walk away from; nevertheless, we do not have to be who we are. We can be otherwise. And to be otherwise, as it will turn out, is not simply something I can be. Usually it is something that we can be: not all of us, to be sure, but certainly more than one” (May, 2006, p. 16).

8.1. Introduction

This dissertation is a poststructural/postcolonial critique of contemporary development. My analysis drew primarily on Foucault’s conceptualization of power/knowledge and subjectivity, and the role of discourses in the construction of the subject (Foucault, 1970, 1991). Through a critical discourse analysis, I examined the role of the Inter-American Development Bank in shaping an underdeveloped subjectivity in the people of Latin America, by examination of the discourses in the communications of the four presidents who have served the organization thus far, and the organization’s discursive practices. I used examples from the IDB’s activities in Guyana to show the relationship between discourse, discursive practice, and social reality. My goal, consistent with the poststructural/postcolonial agenda was to create awareness in the people of Latin America, and in particular the people of Guyana, of how their identity and subjectivity are being influenced through representation and dependency, similar to the colonial era.

8.2. Conclusions and Implications

As I have demonstrated through analysis of the IDB’s activities in Guyana, the knowledge of the IDB on Latin America is “discursively mediated” (de Goede, 2006, p.
It is very difficult for the country to get out of the development trap. The presidents are speaking the colonizer’s language, because their speech, from a Foucauldian perspective, is restricted to existing categories and ways of speaking (Foucault, 1980a, 1980b). Also, as citizens of Latin America, their subjectivity has already been shaped, consistent with the view that subjects accept subject positions simply because they are part of a society and have been positioned over their lifetime (Fairclough, 1989). In addition, the manner in which the organization’s discursive practices create dependency on the organization and perpetuate the discourses generally associated with Latin America, increases the strength of the discourses and shaping and reshaping the underdeveloped subjectivity. This has implications for other Latin American countries because the discursive practices mirror the strategies used by the colonizers to create the region’s dependence on Europe, and the findings are consistent with the view that subjectivation is a historical and social process (McLaren, 2013). Latin American countries share the commonality of the IDB being their major benefactor for development purposes, and thus are subject to similar effects of the discursive practices.

This study can bring about a change in the thinking of the people of Latin America to examine the specific ways in which the discursive practices discussed (and other IDB organizational practices which could be determined to also be discursive) impact each of the countries, because subjectivity can change if new discourses are made available (Weedon, 1987). In his essay on “The Subject and Power”, Foucault proposed that our focus should not only be on discovering who we are but to refuse what we are. In so doing aim at promoting new forms of subjectivity by refusing subjectivity that has
been imposed upon us (Foucault, 2000). With this knowledge of the subtle ways in which they have been continuously shaped and reshaped to think of themselves as ‘underdeveloped’, Latin Americans, and particularly the people of Guyana, would be more aware of not only the institutional and structural constraints which determine the choices available to them, but also how they are being influenced to think and operate within these structural confines. Thus they can choose to write a different script for themselves; decide not to ‘dance the dance’ but rather ‘change the dance’, that is, choose a different path for themselves by changing how they see themselves.

At a time when development has evidently failed as a socio-economic endeavour, it has become of paramount importance that efforts are directed at liberation from its dominion over minds and thinking (Sachs, 1992b, p. 5).

Changing the subjectivity of the people of Guyana would be multifaceted, especially given the plausible predisposition of the people to have their subjectivity externally determined. Therefore the purpose I attribute to this dissertation is that it is a tool to enlighten the people of Latin America and Guyana in particular, of seemingly routine practices, yet subtle ways, of the IDB, that have the effect of keeping the country in the development cycle, through representation and dependency.

Development knowledge is produced at different sites and different ways and different actors. Not only in IDB official policies and official documents and statements, but also in the speeches of the presidents, which carry the power of the organization to create knowledge. The discourses of the presidents have the ability to shape subjectivity because no discourse is neutral and there is always a purpose to discourse.
Effectively, Guyana is playing an active role in its subjection through its financial contributions to the IDB.

Unger (1987, 2001) in his conceptualization of ‘false necessity’, argues that contemporary society has failed to recognize the flexibility or plasticity of the world and in so doing has failed to focus on how transformation can occur. He believes that false necessity, is incorrect, inappropriate and possibly the most unethical phenomenon about modern social thought. I believe that Latin Americans have embraced a false necessity and even though efforts have been taken in some quarters to disavow this false necessity, this has not resulted in Latin America moving away from the subject positions that has been created for it.

To this end the people of Latin America can benefit from May (2006) to guide their future behaviours:

If who we are is a matter of our practices rather than of some human essence that determines us, then who we are is much more fluid and changeable than we are often taught. This is not to deny that the historical grip of our practices is a tight one. On the contrary, it is precisely the fact that our historical grip holds us so tightly that makes it seem to us that we cannot live otherwise than the way we do now, that we cannot be something other than what we are. However, if history is contingent, then its grip is not inescapable. How things are is not how they must be. By understanding our history we can intervene upon it (May, 2006, p. 21).

It is important for the people of Guyana and the rest of the Latin America to know that “[i]n order for someone to conceive the possibility of escaping from a particular condition, it is necessary first to feel that one has fallen into that condition” (Esteva, 1992, p. 7). On the other hand, it’s in the IDB’s best interest to keep itself in business. To this end, the organization will continue to use practices which contribute to its
survival, which also play a role in shaping the underdeveloped subjectivity in the people of Latin America and in turn play a role in the types of practices that the organization puts in place. In the process this “inform the production and articulation of Latin America as a constellation of discursive constructs” (De la Campa, 1999, p. viii).

Irrespective of the positives or negatives, what is very clear is that development affects the ways that subjects are produced and act within the world materially, by changing the circumstances of people’s lives, and also by broadening the discourses that help to shape subjectivity (McLaren, 2013, p. 212).

International systems and organizational practices “work together as networks of power within which individual subjectivity is produced, negotiated, and represented” (McLaren, 2013, p. 212), but for Latin Americans there is hope because societies are plastic and anything that is made can be remade (Unger, 2001). Latin America and Guyana, are social constructions, so they can be constructed to be something else.

On the flip side, Spivak (1988) asked the question “Can the Subaltern Speak?.” What she suggested is that it may be impossible for the oppressed people, like the Latin Americans, to ever recover from the vestiges of colonialism and imperialism.

8.3. Challenges

The key challenge I faced in conducting this study was access to data, mainly because the IDB archives is closed to the public and information which could have contributed to the richness of this dissertation were not available, even though over the years the IDB has changed its disclosure policy and numerous documents have been
made available to the public on the IDB portal. Also, I experienced delays obtaining documents requested from the IDB Public Information Centre.

Reliance on publicly available data limited the amount of speeches available for analysis. The presidents make numerous speeches in Spanish at arenas in the Spanish speaking countries which I could not use because of translation issues. It is also possible that I could not locate many of these speeches on public forums.

Selecting an approach to discourse analysis was very challenging because most approaches to discourse analysis are very linguistic in nature and requires the ability to analyze text production and consumption, which is beyond the scope of this research.

Because the presidents’ communications are very diverse and could cover a range of topics, it was very difficult to categorize the data. Originally my intent to categorize the data was to let the themes flow directly from the data. However, this proved to be very difficult because of the different communication styles of the presidents, and the diverse forums at which the speeches were presented. Although I selected to use an approach that allows pre-determination of the categories for coding using theory and research, as discussed in chapter five, there was much overlap among the categories which required further refining of the category descriptions. In addition, given the wide range of information covered in the communications, in order to stay within the parameters of this research, I had to exclude statements that discussed the Bank’s activities in Latin America and prescriptions on how Latin America could resolve their development problems. Thus I decided to only include statements that appeared to be
descriptive and not prescriptive, in order to get a clearer picture of the representations made of Latin America.

8.4. Future Research

I have shown the effects of the IDB discursive practices on Guyana. Future research should replicate this study across the other borrowing member countries of the IDB, to examine their vulnerabilities and the effects of the IDB’s discursive practices on each of these countries.

Foucault identifies three ‘modes of objectification’ by which humans are transformed into subjects: scientific discourses; dividing practices; and the contributions humans make in the process of being turned into subjects or in their subjectification (Foucault, 1970, 1972, 1973, 1978, 1979, 1981). Although future research in this area could be multifaceted, an examination could be made into the third mode of objectification. One area of research could analyze the speeches of the members of the Board of Governors, representing borrowing member countries to look for evidence of how they craft their identities and shape their subjectivities. Another aspect could be carried out through conducting interviews with past and current members of the Board of Governors representing the borrowing member countries. Even though this would be a monumental and possibly unmanageable task, it could provide invaluable insight. For example, in 2010 at the conclusion of the annual Board of Governors meeting held in Cancun, Mexico, the Mexico Finance Secretary, Ernesto Cordero, who had just been elected to the position of Chairman of the Board of Governors, stated that with the 9th
capital increase in the Bank’s resources that had been approved during the meeting, the
countries in Latin America and the Caribbean would have a “strong and efficient Bank
for years to come” (Inter-American Development Bank, 2010c). This sentiment is
indicative of a subjectivity tied to underdevelopment in thinking that Latin America and
the Caribbean countries would need to borrow funds from the IDB into perpetuity.
However, prior to the meeting, the Brazilian Minister Guido Mantega was critical of the
Bank stating that “the Bank isn’t fulfilling its mission” (Bloomberg Businessweek, 2010)
and indicated that Brazil will join Argentina in demanding that the Bank practice more
efficient management. Similar negative statements were made about the Bank by other
borrowing member states. For example, an investigative committee in Chile accused the
Bank of being “careless and irresponsible” and demanded changes to loan granting
procedures (Bloomberg Businessweek, 2010). Even though the Bank has been criticized,
these criticisms still endorse the thinking of Latin Americans that Latin America would
need the IDB in the long term.


BBC (2015b). Brazil Profile - Timeline

194


GPL (2017). Scheduled Outages, from [www.gplinc.net/outages/schedule](http://www.gplinc.net/outages/schedule)


Herrera, F. (1960b). Address before First Plenary Session of the Special Committee to study the Formulation of New Measures for Economic Cooperation, Third Period of Sessions, Bogota, Colombia, September 6, 1960.


Herrera, F. (1964). Address given in observance of the 175th Anniversary of the Founding of Georgetown University, Thursday, April 2, 1964, Theme “175 Years of Inter-American Relations”. 

201


Iglesias, E. V. (2003b). Address by Mr. Enrique V. Iglesias, Inaugural Session, Forty-Fourth Annual Board of Governors Meeting, from March 24 to 26, Milan, Italy.


Inter-American Development Bank. Who was Felipe Herrera?, 2012, from http://www.iadb.org/library/eng/About_Library.html


Inter-American Development Bank (2010a). Washington, DC.


Inter-American Development Bank (2010c). IDB ends annual meeting with historic agreement on capital increase, Haiti aid. Washington, DC.


Inter-American Development Bank (2017c). Guyana opens a new sanitary waste landfill to replace outmoded facility.
Inter-American Development Bank (2017d). IDB Sanctioned Firms and Individuals.
International Financial Institutions in Latin America (2007). The IDB takes a step towards debt cancellation, but future loans would be rendered more expensive.
International Monetary Fund (2010). Guyana: Staff Report for the 2009 Article IV Consultation: International Monetary Fund.


Ortiz Mena, A. (1972c). Address by Mr. Antonio Ortiz Mena, President of the Inter-American Development Bank, Annual Board of Governors Meeting, Quito, Ecuador, from May 8 to 12, 1972.


Ortiz Mena, A. (1974a). Address at the Fourth Annual Conference of the Canadian Association for Latin America (CALA IV), Toronto, Canada, June 17, 1974.


Ortiz Mena, A. (1975a). Address at the Seminar on Modern Mexico, Organized by the University of Alabama, Tuscaloosa, April 1, 1975.


