



CROSSROADS OR CROSS-PURPOSES

1990 - B25

Inter-American Development Bank at 31

When it was formed in 1959, the Inter-American Development Bank (IDB) had twenty members – nineteen in Latin America plus the United States. Today, it has 25 developing-country members in Latin America and the Caribbean, two developed-country members in the Americas region (the United States and Canada) and seventeen 'nonregional' (i.e. non-Western Hemisphere) members ranging from Japan and West Germany to Yugoslavia and Portugal (see Table 1).

The IDB is of interest today for several reasons. First, its developing-country members are being torn apart by powerful forces. International debt and national mismanagement have precipitated an economic decline. Deforestation, much of it in the name of 'progress', has led to soil erosion and ecological devastation. The struggle for democracy and human rights is

gradually being won, but in many countries their hold seems threatened by economic shocks. The huge and growing drug trade in the region might also be added to this list.

These immense forces have generated considerable demands on the IDB, the region's own development bank, which until recently it could not meet. Moreover, the 'appropriate' response to the debt or environment problem has been a matter of controversy. And disagreement on fundamental issues has fuelled clashes between the U.S. and Latin American members over the direction, and ultimately the political control, of the IDB. Consequently, the institution epitomizes the coming of age of postwar multilateralism: international harmony, which gave birth to the bank and nurtured its growth over two decades, has given way to discord and threats to the agency's very future.

Since its creation, the IDB has committed over \$40 billion in financial and technical assistance to the countries of Latin America and the Caribbean. The total investment being supported by the IDB has amounted to about \$120 billion. Other sources (governments, multilateral agencies, private firms) have thus committed some \$80 billion.

Until the 1980s, this multilateral agency could be described as an example of successful and innovative international co-operation. For example, during its first 20 years, much of the IDB's lending was concentrated in agriculture and social sector projects (education, health, and urban development). Meanwhile, a large part of the World Bank's project lending in the 1960s was in support of massive infrastructural projects (dams, hydroelectric and irrigation schemes, etc.). The IDB was in a better position to target the agriculture and social sectors, partly because of its greater local expertise and knowledge base, but partly also because of its willingness to experiment in areas it considered a priority. The innovative approach of the IDB influenced other institutions, including the World Bank, during the 1970s to focus more on agriculture and human resource development in the struggle to alleviate poverty.

However, by the 1980s, the IDB was moribund. Its operational procedures had become cumbersome, its efficiency had

Table 1
Voting power of IDB members (as at 31 December 1988)

Country	Percentage of total number of votes
Regional developing members	
Argentina, Brazil	11.6
Mexico	7.46
Venezuela	6.22
Chile, Colombia	3.19
Peru	1.56
Uruguay	1.25
Bolivia	.94
Dominican Republic, Ecuador, Guatemala, Jamaica	.63
Costa Rica, El Salvador, Haiti, Honduras, Nicaragua, Panama, Paraguay, Trinidad and Tobago	.47
Bahamas	.23
Guyana	.18
	.14
	.1
	53.93
	34.5
	4.39
Nonregional members^a	
	7.18
Grand total	100.00

^aJapan, Israel and 15 countries in Europe: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom and Yugoslavia.

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