

Patrick Fine: So, the idea behind this podcast is to have a conversation between two people who are interested in the topic.

Sarah Chayes: Okay, good.

Patrick Fine: And so, it's not super fancy ...

Sarah Chayes: Not an interview, good, good.

Patrick Fine: It's definitely not an interview.

Sarah Chayes: Okay.

Patrick Fine: Hello. I'm Patrick Fine. Welcome to *A Deeper Look* podcast. I'm joined today by Sarah Chayes. Sarah, welcome to the podcast.

Sarah Chayes: Thanks so much for having me.

Patrick Fine: Listeners, this is the first episode of the 2019 season and, as our returning listeners know, this year we have a new theme: the darker side of development. So, we're going to be talking about the paradoxes and unintended consequences and some of the adverse effects of development efforts, the issues that we, as the development community, too often shy away from discussing. We'll release a new episode monthly, so subscribe wherever you get your podcast.

And follow the #ADeeperLook to keep up with the conversations. I'd love it if you'd leave comments about the conversations you hear and also if you suggest issues related to the darker side of development that you think should be tackled on this podcast.

Today, I'm starting off with a person who brings a pretty unique perspective to development efforts. Sarah Chayes started as a journalist based in France and covering North Africa. She went to Afghanistan in 2001 ...

Sarah Chayes: I mean I went right as the bombing campaign started and went into Afghanistan just days after the fall of the Taliban.

Patrick Fine: She worked first as a journalist. Then, then you established a ...

Sarah Chayes: A nonprofit.

Patrick Fine: A nonprofit. Can you say a little bit about the nonprofit you established?

Sarah Chayes: Yeah, there were different iterations, but what I ended up spending most time doing was just a small manufacturing. It was a manufacturing cooperative making high-end skincare products out of licit local agriculture. And I did that really because the Afghans around me were saying, "We need jobs. Why aren't you foreigners employing us?" And so, this was tiny, but the idea was, you know, an economy is made up of a variety of just like a mosaic of different little chips.

And what struck me was that, I mean, Southern Afghanistan you wouldn't believe it. The place looks like the moon, but it's got the most incredible plethora of fruit. I mean you've never seen the pomegranates, the grapes. They don't even have a word "grape," or they don't have a word "apricot," because they've got so many different varieties that they just name the variety name. You know what I mean? I mean this place it's just, it's bounty from the desert. It's amazing.

But the problem with fruit as a cash crop, which it is – it's not a subsistence crop – is that it's heavy and perishable. And so, what I was thinking about is how do you do something at least with some of that bounty that could be less heavy and less perishable and so easier to export.

Patrick Fine: And so that was to process it into skincare products.

Sarah Chayes: That's exactly right.

Patrick Fine: Right, so you did that for eight years. Is that right?

Sarah Chayes: I mean I was there total a decade between different ventures.

Patrick Fine: So that is, one, an amazing transition from a journalist who is there chronicling and reporting on events, to a social entrepreneur who's embedded in the community ...

Sarah Chayes: Right.

Patrick Fine: ... becomes a member of the community ...

Sarah Chayes: Exactly.

[00:04:00]

Patrick Fine: ... and is really doing grassroots development. You can't get more ...

Sarah Chayes: [Laughs] Grassroots that that.

Patrick Fine: Right and you were based in ...

Sarah Chayes: Kandahar.

Patrick Fine: Kandahar. Just say a little bit about the context of Kandahar while you lived there.

Sarah Chayes: Yeah, it's interesting. I mean, Kandahar, it tended to be overlooked because Kabul, you know, is officially the capital of the country. But if you glance back at history, you see that Kandahar is central to the identity of Afghanistan. It's where the country was founded. It sits on the border between two gigantic, you know, empires that sort of rubbed up against each other right there and in fact was the Taliban's real capital. They sent some people up to Kabul, but they ran the country and Osama bin Laden were in Kandahar. And so, I knew that this was the place to be, and so that's why I, I wanted to put myself down right there.

Patrick Fine: But it was also, and I think still remains, one of the most-contested areas in Afghanistan.

Sarah Chayes: Yeah, exactly. Oh yeah, oh yeah, yeah, yeah, yeah because, you know, it had been the Taliban heartland because it's close to Pakistan who was really generating, ginning up the Taliban, if you will.

Patrick Fine: Supporting them, financing them.

Sarah Chayes: Absolutely. I mean actually invented them.

Patrick Fine: Right.

Sarah Chayes: It was Pakistan that invented the Taliban in the first place, not that, you know, they didn't tap into some real grievances and desires on the part of Afghans, but they came up with the formula, which was the Taliban and so it swirled around. It got really bad in about

2008, 2009. It got really hot and so, you know, stuff was going off every day and ...

Patrick Fine: That was around the time that you shifted to working for the Pentagon, correct?

Sarah Chayes: That's right. That's right. Now it wasn't the Pentagon. It was the military. But it wasn't initially the Pentagon. Remember this was a NATO deployment.

And the South was not primarily American at that time. And so, who I first interacted with were Brits, Canadians and Dutch who were cycling through command of the South.

Patrick Fine: But your position then was as a senior advisor ...

Sarah Chayes: Eventually, yeah.

Patrick Fine: ... to the regional command?

Sarah Chayes: No, no, no. I went straight, so the first job I had like I would train these incoming units. And eventually the Commander-in-Chief of NATO heard about me, so this was like weird, right? Like I get this email, something about a very important person wants to meet you at the base and I'm like who? Well, we can't tell you. I'm like, well, I'm not driving down Sniper Alley to meet someone that I don't know who they are, right, you know? *[Laughs]* So this ends up being the Commander-in-Chief of NATO who I just lay out what I think is going on. I'll never forget. It was John Craddock at the time and he's like, you know, sort of going "Oh", you know, when I'm saying well, guess what, our enemy is the government of Afghanistan and unless we address that, we're going to lose the war, you know, and things like that but ... *[Laughs]*

Patrick Fine: Challenging some of his assumptions.

Sarah Chayes: Challenging some assumptions although he had a pretty interesting bead on it, it turns out. So, my first job with the military was literally working for him but the job was, "Write me something every two weeks, whatever you want. Just write me something about something you think is important that's going on in Afghanistan every two weeks."

Patrick Fine: The reason I think you're such a good guest for this first episode is because of your very interesting touch points on international development. Your experience is not limited to Afghanistan. You have this trajectory as journalist, community development worker and social entrepreneur, and then working for the military as a strategic advisor.

Sarah Chayes: Right. And I did end up being a strategic advisor to the command of all the international troops in Afghanistan and then to the Chairman of the Joint Chiefs of Staff.

[00:08:00] So that's where I was kind of looking at what the U.S. military was doing. You know, obviously, my expertise was South Asia but, you know, then the Arab Spring blew up. So that's where I tapped into my North Africa experience going across for Admiral Mike Mullen who was the Chairman of the Joint Chiefs of Staff. I said, Boss, send me out on the ground, so I can help read what is going on here because you remember that Arab Springs, it was a surprise.

Patrick Fine: 2011, yes.

Sarah Chayes: Eleven, right, I mean and the way I started to see this, and this really the meat of it, is that these conflicts or these explosions didn't have to do with a lot of the tropes that we usually talk about like some wild ideological passion nor, you know, in the case of the Arab Spring was it just the sort of structural economic forces of "youth bulge" and unemployment.

I had discovered over these years that these economies, these political economies had been captured.

Patrick Fine: All right, so here's my first big question for you. These economies have been captured, but we're talking about both in Afghanistan by 2009, so you'd been there for eight years by that time, and in the North Africa and the countries affected by the Arab Spring. Those are countries where the international community had spent decades in the case of North Africa and the Arab countries and ten years in the case of Afghanistan trying to promote prosperity and rights through international development activities. Did that work?

Sarah Chayes: Did they produce any benefits? Doubtless. I mean you can point to number of vaccines delivered. You can point to reduction in mortality. You can, you know, but fundamentally here's the problem.

Here's what we don't see is we are so captivated by the surface level of institutions like government and business and criminals and terrorists and we think of those as separate categories. And what I discovered, and it took me years in Afghanistan and then it became obvious once I started looking at other countries, the point is there are integrated networks that combine, that weave across these sectors.

Patrick Fine: What kind of networks?

Sarah Chayes: So, they are networks, you know, in a country like Afghanistan they're largely bound together by kinship, by having fought on the same side in the civil war or against the Soviets, whatever, but they're very close personal networks. What's important about them, though, is that they bridge across these different sectors. So, you've got the governor and then you've got three construction companies and a gravel company.

[00:11:00] Well, it turns out all three construction companies basically belong to the governor via some proxies and the gravel company, too. And then it turns out that the opium smugglers are also part of the governor's network, so you have this incredibly powerful network that actually snakes around and weaves together the top people in public sector, private sector and the criminal sector very often. And I've seen this repeated again and again and again from Honduras to Tunisia to Lebanon to South Korea to Romania, I mean, you name it to, frankly, the United States. I mean it's pretty scary. Once you start doing some of this network diagramming it's like "Oh my god," and the point is we all live in networks, right. I mean I live out in the country in West Virginia and my ducks, you know, my diving ducks live in networks, right. [Laughs] A network per se isn't evil.

What's evil is when a network captures all of the levers of real power in a society and then bends them, torques them to serve the purposes of the network.

Patrick Fine: Which is to extract resources?

Sarah Chayes: The purposes of the network is to capture money. It's to, yes, capture the resources or capture any resource that can then be converted into cash, because you know what? In the world we're living in now money has become almost the exclusive marker of

social standing. So, people compete over money, not because they need more and more and more. You don't need it. It's because that's the marker, that's the standard on which you ...

Patrick Fine: Yeah, that's how you validate your social standing.

Sarah Chayes: Exactly and that's how you compete. That's how you win. You win by having more zeros in your bank account.

Patrick Fine: Right.

Sarah Chayes: The problem with that race is there's no finish line, right.

You've got six zeros after your name. Well, I need seven. Well, then you need nine and then the really dangerous part about that is, yeah, the banking system or the finance sector can make money out of nothing for a while. In the end, it always comes back to real values like houses.

Patrick Fine: Tangible assets.

Sarah Chayes: Tangible real assets. And the point is when you build a higher and higher speculative thing even on the housing market eventually it comes down. But when you build this on the mineral wealth of a country, when you build it on fossil fuels, when you build it on the air, water and land, when you build it on the effort and creativity of human beings and you convert all of that into cash and you rig the system to facilitate your converting it into cash, that way lies frankly very, very severe destruction.

Patrick Fine: So, what you're describing are networks that operate in a way to corrupt the system or to corrupt society.

Sarah Chayes: That's exactly right, yeah, corrupt the system. I think that's right. And they do – you're right – in the process, corrupt society.

Patrick Fine: And in so doing they, they extract resources. They contribute to increased inequality.

Sarah Chayes: Right because they're capturing the resources for themselves.

Patrick Fine: And using that both to empower themselves ...

Sarah Chayes: So that they can get more money.

Patrick Fine: Right and the end result is that everybody else get disempowered.

Sarah Chayes: Correct.

Patrick Fine: Or disadvantaged

Sarah Chayes: And impoverished.

Patrick Fine: So, you mentioned that you see these networks snaking their way through the institutions of society.

Sarah Chayes: Correct.

Patrick Fine: Governmental, business, nongovernmental ...

Sarah Chayes: Nonprofits.

Patrick Fine: Faith-based organizations as well?

Sarah Chayes: Sure, sure.

Patrick Fine: All right and how do you see the efforts of international development actors like the UN or any bilateral development agency or the nonprofits? How do you see them affected by these networks?

Sarah Chayes: Largely, I see them as blind to the networks and, therefore, carrying for the networks.

Patrick Fine: Do you see them collaborating with the networks?

Sarah Chayes: Certainly, but usually, usually inadvertently. But the point is if the role of the network is to capture revenue streams, that is its aim, its purpose in life, guess what? International development assistance is a gigantic revenue stream.

Patrick Fine: Right.

Sarah Chayes: So, they are going to be all over it and the networks tailor themselves almost as a receptor cell, you know, for those international development actors and they do this by talking the talk. I mean they figure out exactly what the development actors

want to see, providing the metrics, you know, and all of this kind of thing.

But what that hides is that those development resources have largely gone directly into the pockets of the ...

Patrick Fine: So those development resources are being captured.

Sarah Chayes: Hijacked.

Patrick Fine: You mentioned that you also see it in the U.S. and I think that's a very fair observation. But I have a question for you. In the U.S., I see some of these practices where resources, say at a community level or a municipal level, are getting captured. And instead of achieving their objective of extending services to the disadvantaged or reducing inequality, they're captured and they have opposite impact. But they're captured through legal means.

Sarah Chayes: Sure.

Patrick Fine: So, the mechanisms, there's nothing illegal about the mechanisms.

Sarah Chayes: Well, so here's what I would say. The ideal for a network like this, why it wants to infiltrate government is precisely in order to bend the rules and, and agencies of government to serve the network rather than serve the people. You know, just look at the regulatory rollbacks under ...

Patrick Fine: The current ones?

Sarah Chayes: ... of the current administration, right?

Patrick Fine: Right.

Sarah Chayes: But let's go back and look at Bill Clinton's. Under Bill Clinton, the regulatory rollback on the financial services industry and the sell-off of ... it's not government property. It's the property that belongs to the U.S. population. It's all of our property. And that's what's fascinating, is you start to look at some of these networks in the United States. You notice suddenly the blue-red divide in the United States it dissipates because the networks cross over, both consulting and investing in developing countries in the Third World with their governments and with these vulture investors. You know, the ones, what was it, Elliott Management? Elliott

Management was one of the ones that snapped up debt from Peru and Argentina and stuff like that.

Patrick Fine: Oh, and from Argentina.

Sarah Chayes: And then launched, yeah, and then launched these legal suits to extract full payment of that debt for the profit of Elliott Management to the detriment of the ordinary people in Peru and Argentina.

Patrick Fine: And in that case we have the U.S. using its sovereign power to support that investment company and so that really, at least in my perspective ...

Sarah Chayes: That's exactly what I'm talking about.

Patrick Fine: ... was the corrupt aspect of that, although it wasn't illegal.

Sarah Chayes: There you go.

Patrick Fine: So very often when we talk about corruption, including in places like Afghanistan, what we're referring to are acts that are illegal. They're fraud, extortion.

Sarah Chayes: So legal, legal. *[Laughs]* Here's the point. When you control the writing and the enforcing of the laws, suddenly a lot of wrongdoing becomes legal. So, let me give you another example from the United States.

The 14th Amendment to the Constitution calling for equal protection of the laws and due process was designed to protect freed slaves after the civil war. By 19 ... I may have my numbers a little bit off but by 1910, at least 300 cases had been brought by corporations getting the 14th Amendment applied to them and winning. And less than a dozen cases were brought by freed slaves and they all lost, okay. I'm not trying to say that there's no difference between legal and illegal. What I'm saying is that the ideal of a kleptocratic network is to get deep enough inside government that it can ensure that the laws are written to protect and enhance its operations, to especially ensure impunity for its members and its ability to punish people who are getting in its way.

Patrick Fine: That is a common tactic by dictators or other authoritarians. One of the first things they do if they're effective is they seize control or they try to undermine the independence of the judiciary.

Sarah Chayes: Exactly.

Patrick Fine: So, Zimbabwe is a good example of that.

Sarah Chayes: Exactly so I would – I agree with that and all I would say is substitute the word "kleptocratic" for "dictatorship," because we have this tendency once we think that a country is democratic.

Patrick Fine: Would you say that all countries are somewhere around that spectrum of being controlled by kleptocratic networks?

Sarah Chayes: I think it's a great, great and troubling question and what I'm coming to is this: I think this syndrome arises sort of like a pandemic or a fever periodically, so let me put it this way. Violence is a constant in human society.

Patrick Fine: Right, it's part of our species.

Sarah Chayes: War is not a constant. It recurs. War is a particularly intense, widespread, organized and socially sanctioned form of violence.

Patrick Fine: Yes.

Sarah Chayes: You could think of this organized type of corruption in a similar way.

It's a particularly – there's always corruption in human society. But this syndrome is a particularly intense, widespread, organized and – strangely – socially sanctioned form of corruption.

Patrick Fine: Would you say that globalization has contributed to making it more widespread?

Sarah Chayes: I think it has, but I've been looking at the Gilded Age and it's utterly fascinating.

Patrick Fine: So, the 1890s so the 1880s to about 1920.

Sarah Chayes: Yeah, exactly. I think Mark Twain wrote the book *The Gilded Age* in 1873.

Patrick Fine: Okay.

Sarah Chayes: So, let's push it back to there but you're exactly right and, my god, I mean I suspected as much but I hadn't quite crystallized it. In Europe, it was exactly the same. They had crash after crash. There was, the Panic of 1873 started in Vienna and it was, what, it was real estate. It was real estate speculation. It was basically 2008 and then, bang, a bunch of European banks go down. I mean it was couple decades of Depression in Germany and stuff.

Banks go down. Well, guess what, they owned a whole bunch of U.S. railroad securities. So within like four months, J. Cook & Company goes kaput in Wall Street. Wall Street, huge panic. That was kind of the kickoff for it. And so, what I want to say is this has been a globalized world for a long time. I studied medieval Islam. You look at medieval Islam. It's an incredibly globalized situation, totally globalized banking system. They were so far ahead on banking basically until they gave it to the Templars in the Middle Ages. But, what I'm saying is globalization alone doesn't do it. It's an ethos question.

Patrick Fine: It sounds like you're saying that it's just part of our nature ...

Sarah Chayes: Not quite.

Patrick Fine: ... to form these networks and then to have these networks actually act in a malign way.

Sarah Chayes: So, I think the human nature holds both and that's what makes it so complicated.

Patrick Fine: Both ...

Sarah Chayes: Both a tendency to create hierarchies that are actually pretty extractive hierarchies, that are pretty verticalized and extractive. That, I mean, look at chimps. But what we developed very differently from chimps for 100,000 years, enough time to change our genes and our brains, our very plastic brains, was an egalitarian tendency. So, hunter-gatherer tribes are egalitarian because they have to share the resources. They can't survive otherwise and that means you get an alpha who wants to hog more than his share of the resources. He's going to get swatted down so fast in a hunter-gatherer tribe and we did that for 100,000 years. Then when we

settled and started building cities and things like that, we start developing these hierarchies again and so the two are in tension. So, let me tell you what I think happened. I think we got into a paroxysm of this vertical, extractive, give-me, give-me, meat-hogger thing during the Gilded Age.

Patrick Fine: Right, that, that is, that is connected to social status and identity, right, right.

Sarah Chayes: Exactly, where it's money instead of meat. Right and it's money instead of meat. That's exactly right. Then partly because of that syndrome, much of the world was plunged into a paroxysm of such catastrophe. If you look at World War I, the Depression, World War II, you get two genocides. You get a massive Depression. You get a pandemic of the Spanish flu that wipes out 100 million people.

Patrick Fine: Sure.

Sarah Chayes: I mean you're looking at international calamity on a scale that had not been experienced before. Now what happens in Houston when the hurricane hits? People start helping each other out. When your community is hit by a real disaster, the human instinct, that's where the egalitarian side of us really comes out, right?

Patrick Fine: Right, right so that's the brighter angels part of our nature.

Sarah Chayes: That's right and suddenly it doesn't matter if you're in Houston, if you're black or white. It doesn't matter if you're the one percent or the 99 percent. People are helping each other. Who's got a boat? They start hauling ...

Patrick Fine: Right.

Sarah Chayes: Right? So, imagine the world on the scale of that kind of calamity. I think that's what gave us 35 years of relative egalitarian ...

Patrick Fine: So, from about 1945 to ... *[crosstalk]*

Sarah Chayes: *[Crosstalk]* 1985.

Patrick Fine: Oh, '85.

Sarah Chayes: Yeah, something like that, 1980, sure, sure and then we started ...
[crosstalk]

Patrick Fine: [Crosstalk] And that's the, you know, interestingly that's the classic age of international development.

Sarah Chayes: That's right.

Patrick Fine: Where you, where you had these new institutions formed, the Bretton Woods Institutions, the UN, the World Bank, the IMF. And you have agencies like the Peace Corps, which really does have a kind of altruistic ethos to it. And, while I think everybody would see that foreign assistance serves national interests and has political dimensions to it, also there is a ...

Sarah Chayes: Genuine.

Patrick Fine: Genuine sincere desire to promote prosperity and rights around the world.

Sarah Chayes: And reduce poverty and reduce suffering and haul people out of the floodwaters, right?

Patrick Fine: And improve the human condition.

Sarah Chayes: Yeah, exactly. Now that being said, there was a particularly cynical political side to this, which involved assassinating, you know, a lot of heads of state and corrupting others so that these countries also would stay dominated and suppliers of raw materials to their former colonial ...

Patrick Fine: You have the geopolitics. You have the Cold War during that period so there's that competition going on.

Sarah Chayes: Right, right.

Patrick Fine: And then there's ideology which is beyond just the national ...

Sarah Chayes: And there's straight-up domination, you know, resource extraction.

Patrick Fine: And the desire to control trade, economic resources.

Sarah Chayes: So, I'm not trying to make it out like a Golden Age.

Patrick Fine: Right.

Sarah Chayes: I'm not. You know, I think we need to be very careful about who bore the brunt.

Patrick Fine: But I do hear you saying that, say, from 1980 onward ...

Sarah Chayes: We're going back to becoming like the Gilded Age.

Patrick Fine: We're moving in the wrong direction ...

Sarah Chayes: Correct.

Patrick Fine: ... in terms of our efforts globally and locally ...

Sarah Chayes: Right.

Patrick Fine: ... to promote greater inclusion, to promote rights, to promote prosperity or eliminate poverty, those mega-objectives of the international development community. What you're saying is that despite our efforts ...

Sarah Chayes: We're losing.

Patrick Fine: Maybe.

Sarah Chayes: Yeah, our efforts are actually making it worse.

Patrick Fine: So that's the darker side of development.

Sarah Chayes: It is because what we're doing is reinforcing these networks. We're letting them capture the revenue stream. And we're also allowing – I mean, this again is kind of a big idea.

But, so much of this race for zeros in bank accounts is predicated on the extraction of resources and conversion of them into money and it's an ever-growing. It has to be an ever-growing GDP, an ever-growing bank account. This planet is finite. The real assets that this planet disposes of is finite.

Patrick Fine: Right.

Sarah Chayes: And what we need to be doing right now is gearing our whole economy toward a regenerative cyclical economy.

- Patrick Fine:* So, I was going to ask you what can we do as a way of breaking this kind of vicious cycle that you've described?
- Sarah Chayes:* On the "do no harm" side of things, I think it's irresponsible to go in as development actors into countries like this with no visibility on, on the networks. You have to sit down and do the work. And it's not that hard to get at least a basic idea that says, okay, presuming, you know, in any country where corruption is a big problem, which is just about any developing country. You have to assume this type of network is operating. So, you figure out what are the specific elements of state functions that they captured, right? And you can do this talking to local journalists or NGOs but it's going to be an uncomfortable conversation because it can be dangerous, you know, so you have to get the right people in the room and things like that.
- Patrick Fine:* Or if it's too dangerous, maybe that is a pretty clear indication of what can and can't be accomplished.
- Sarah Chayes:* That's a good point and you figure out what are the chief revenue streams that they're capturing and you start thinking through what are the enablers? Who are the sort of witting or unwitting colluders with this, and too often that's where I would put development assistance. And so, then you have to figure out how do we do this without inadvertently reinforcing the very networks that are impoverishing and exploiting countries.
- Patrick Fine:* So that is the classic dilemma, isn't it, that you have development assistance and development actors who go in order to try to improve the overall well-being of the communities they're working in, both socially and economically and politically. And yet, their efforts may wind up reinforcing ...
- Sarah Chayes:* Exactly.
- Patrick Fine:* ... the very system that is holding people down.
- Sarah Chayes:* So, if there's no way to do any work without reinforcing the system, then don't do work.
- Patrick Fine:* So, this is one of my biggest criticisms of international development work. Very often, international organizations go into a country. And in their desire to be a neutral player, to respect the

local authorities and to respect local customs and local traditions, they take an attitude that the work they do is divorced from the politics of the country or the locality that they're operating in, as if somehow they can operate as neutral actors and not be subject to the politics of the country.

Sarah Chayes: And that's a fallacy.

Patrick Fine: It's a complete fallacy. To me that's one of the great blind spots.

Sarah Chayes: Exactly. So, the first thing you have to do is choose not to be blind and choose to see these networks and that means you have to spend some time researching them. You need to put some resources against that. And the problem is then we get into the whole issue of the internal incentive structures of development organizations, which typically are to spend money to get people, you know, to do some action that you can count. Well, golly, if you say we just spent money examining the networks, that's not helping the people on the ground, right?

Patrick Fine: Right, right. Who's that helping? Right.

Sarah Chayes: And not only that, when I've advised foreign ministries and things like that or even sometimes the U.S. State Department, what I get is "Ooo, that's too sensitive."

Patrick Fine: Well, that's my point.

Sarah Chayes: And I'm like wait a second! It's too sensitive to know who's who in the zoo and it's not too sensitive to send millions of dollars or Euros in there? *[Laughs]*

Patrick Fine: Again, I think that's one of the great paradoxes. Let's take the best-meaning incentives, which is to help people, to have resources reach people who are in need and improve their access to health services, improve their access to education. And so, there is a concern or a fear that if we touch on these political or too-sensitive nodes of the network, we won't be able to achieve our objectives of improving education, improving health care and so forth.

Sarah Chayes: Well, maybe we won't. Let me give you another example so let's take Ebola. Okay, I get it. When it's a humanitarian crisis, you go in there and you bury the dead, right?

Patrick Fine: It's an urgent situation.

Sarah Chayes: Yeah, urgent. You go in and do that.

Patrick Fine: You're responding to this.

Sarah Chayes: But, the reason we had an Ebola crisis was because of the corruption within the health sectors of these countries, right? And so, if you just keep delivering immediate urgent health care, you're going to get another Ebola crisis. And that's the problem, and so on some level I want to say it might be something like creative destruction. I mean I think it's true at some point you might have to sacrifice some current good-doing for a future trajectory.

Patrick Fine: And that's at an operational level. But if you take it up to national or international level, especially looking at the current trends, you run into the issue of sovereignty. So, now the argument that I hear policymakers putting forth is that we can't really hold our partner countries accountable for the types of things you're talking about because they're sovereign and that's their business.

Sarah Chayes: Well, but it's our money.

Patrick Fine: One of the things that disturbs me about the current trajectory of discourse in international affairs is the rise of nationalism and along with that ideology goes the idea that whatever a country does within its own borders is its own business and it's free to operate these networks. It's free to extract as much ...

Sarah Chayes: Maybe so, but then it's our money. Then, we're also free to not feed it what it craves, which is money. And that means FDI – foreign direct investment, as well as ...

Patrick Fine: Public resources.

Sarah Chayes: ... as well as public resources.

Patrick Fine: Right.

Sarah Chayes: So, I'm, again, as I'm looking at these networks, I'm looking at Madeleine Albright, former Secretary of State, right. So now she runs this consulting firm, that consults with a vulture investment fund that profited off of debt extraction that impoverished the people of Peru and Argentina. She also has her own hedge fund

and she bought an energy company that makes temporary electricity-generating plants fossil fuel.

And I remember not that company but that kind of plant in Afghanistan where, you know, you got nothing but sunshine. Apart from rocks, you nothing but sunshine in Kandahar, Afghanistan. Like why didn't somebody put up ten megawatts of solar power?

Patrick Fine: You know, to be fair, in the period you're talking about, the solar solutions and the engineering behind them ...

Sarah Chayes: They were already up to ten. I mean I researched it.

Patrick Fine: Even today they're still a little wobbly.

Sarah Chayes: Let's start. Let's do something, okay.

Patrick Fine: I'm all for renewables.

Sarah Chayes: So, this company markets itself to the mining industry in Africa, which we know is a particularly extractive, exploitative captured by networks. And guess who most of their contracts or many of their contracts are with? USAID. None of it's illegal, but do you –

Patrick Fine: Well and some of it's probably not even deliberate. Some of the linkages reinforce each other ...

Sarah Chayes: Really?

Patrick Fine: ... but they may reinforce each other by circumstance, not by design.

Sarah Chayes: I doubt it. I'm sorry. A lot of this comes back down to ethos. If you believe in empowering and lifting up developing countries from the crisis they're in, do not invest in companies whose business model is predicated on keeping them in that kind of crisis. Sure, FDI is good. Sure, development assistance is good if it's actually pushing the wheel away from corrupt extractive processes toward genuinely regenerative horizontally structured, citizens' oversight, democratic in every sense of the word.

Patrick Fine: I'm so happy you're making the point about the responsibility of the private sector because we hear so much emphasis put on the importance of the private sector being the engine of growth and

certainly it is an engine of growth. But what you're pointing out is that it can also be one of the engines that fuel these networks that paradoxically contribute to underdevelopment.

Sarah Chayes: They may fuel growth but they capture all the growth and so they capture all the economic growth. And so, the ordinary population has less resources, is more impoverished both spiritually in terms of their communities, in terms of their land and water and air, and in terms of their future options.

Patrick Fine: Sarah, thanks for sharing your perspectives with us. I'm sure the listeners have really appreciated the kind of insight that you bring that you outline in your book, *Thieves of State*, which is an absolute must-read for anybody who's interested in international development.

Do you find that most people agree with you or are there some things that almost no one agrees with you?

Sarah Chayes: I find most people, at least that I have spoken with about this, tend to agree. In particular, ordinary people tend to agree. The people who start having a hard time with it tend to be more elite types.

Patrick Fine: People who are operating those networks?

Sarah Chayes: Maybe not operating, but who may inadvertently be enabling or ...

Patrick Fine: Participating in some way.

Sarah Chayes: ... in some way or benefitting ...

Patrick Fine: Benefitting, yes.

Sarah Chayes: ... benefitting in some way. I think opinion on this has moved since I was working within the system. I think also events just lined up – the Arab Spring, the Ukraine Revolution and then everything that's been happening ever since – has kind of brought these issues to the surface. Earlier, again, there was this split between decision-makers that could not get their heads around this and regular people for whom it seemed pretty obvious.

Patrick Fine: Right.

Sarah Chayes: But in terms of development, I would say as a residue of this process of some changing views on this, what's left that I think a lot of particularly development actors disagree with, is something we touched on in this conversation, which is, is it possible that development assistance in aggregate is doing more harm than good?

Patrick Fine: And that is the question we're going to try to answer throughout this year as we take a look at the darker side of development. I'd like to wrap up our episode by asking you what's one lesson you've learned that you'd like to share with our listeners?

Sarah Chayes: I think, in the development context, I think the most important lesson that I learned was be careful who your intermediary is between you and the community that you wish to assist or learn about or whatever it might be. Someone plays the gatekeeper role between you and that community.

Patrick Fine: And often that's a person who becomes your friend or colleague and comrade.

Sarah Chayes: Right, but it's an incredibly powerful position and so that's why, for example, learning languages is incredibly important, but it's crucial to try not to have just one. And, believe me, I've slipped into the "just one" again and again and again so it's hard to resist.

Patrick Fine: That is a wonderful lesson for anybody who wants to do not just international development work but any kind of work in human development.

This conversation has been a great way to start this season which is looking at the darker side of development. Thank you very much for sharing the perspective with us.

Sarah Chayes: Thanks for having me.

Patrick Fine: Yeah, what a great conversation. Listeners, thanks for tuning in. Again, I'd love to hear your thoughts on this conversation. Add to the conversation. Share comments and feedback with us and leave a review for the podcast. Share it with your friends and stay tuned.

We invite you to join us next month when I'll be talking with Raj Kumar, who's the head of Devex, which is a media platform for the

international development community, and we'll have another thought-provoking discussion. I'll see you then.