

## Book Review: Ear, S. (2013). *Aid Dependence in Cambodia: How Foreign Assistance Undermines Democracy*.

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Based on the premise of the importance of national ownership for development, this book examines the relationship between Cambodia's aid dependence and its poor governance. Sophal Ear, assistant professor of National Security Affairs at the US Naval Postgraduate School, chooses Cambodia as a case study as it is one of the most aid-drenched countries in Southeast Asia. To achieve the aforementioned objective, the book is divided into four chapters, using field interviews, case studies, and document analyses as a source of information.

Chapter 1 concisely highlights the connection between aid dependence and quality of governance. This chapter claims that the quality of governance depends upon the governance system followed in the country. It argues that foreign aid has had negative incentives for good governance, weakened tax collections, and undermined accountability since donors failed to improve the rule of law.

Chapter 2 describes the recent economic growth in Cambodia and shows the ineffectiveness of foreign aid and government policies in three main economic sectors (garment, rice, and livestock). Ear points out that effective and sustainable economic growth depends upon good governance in as much as the government ensures the rule of law, democracy, and anti-corruption.

Chapter 3 assesses the effectiveness of Official Development Assistance (ODA) and the effects of aid dependence based on the example of Highly Pathogenic Avian Influenza (HPAI). The chapter shows that the efforts and policy responses to prevent the disease were weak mainly because of the lack of good governance, fund management, and the weak coordination at the state level.

Last but not least, Chapter 4 looks into indigenous human rights activism between 2005 and 2006 that drew on international media and international diplomatic ties to curtail the excesses of the state and the ruling Cambodian People's Party. Funding by the international community was particularly oriented towards local, national, and international NGOs working to liberalize Cambodian democracy. As a result of international pressure, some political prisoners were released; yet, the pressure was too weak to spur government reforms in the country.

The central argument of *Aid Dependence in Cambodia* is that neither democracy introduced by the United Nation Transitional Authority in Cambodia (UNTAC) nor foreign aid flows led to economic development and a stabilization of the country. Therefore, the author suggests that Cambodia should cut foreign aid as soon as possible and instead strengthen domestic tax collection and en-

hance ownership for national development. Ear argues that Cambodia's main problems (e.g. poverty, corruption, and inequality) are global problems that can – particularly in postconflict societies – only be dealt with through international aid. However, Cambodia has received ODA for more than two decades with little impact on the socio-economic conditions of its people. The main reason for this ineffectiveness is high corruption and mismanagement of funding. The long-term aid dependence has made Cambodia a “laboratory for donors’ trial and error experiments” (p. 10). Having this in mind, the author demands political will to change the culture of corruption.

With regard to specific economic sectors, Ear finds that donors in Cambodia failed to invest in the energy sector and fight against informal payments in order to develop the rice, garment, and livestock sectors in the country. The garment industry as an important employment and income generation sector was successful mainly due to favorable external market conditions, the imposition of good labor practices by trading partners, and unified trade association. Lack of collaboration between rice-milling associations, poor access to credit, and high cost of energy and transportation limited the rice production in the country. Similarly, lack of trade association, poor quality of certification, and high informal payments for exports were the main hindrances for the livestock sector development in Cambodia.

Ear claims that aid dependence is the main obstacle for Cambodia's ownership of development and links foreign aid flows with the government's political reluctance to tax; and without taxation, the link between the government and electorate is broken. Thus, in a recent interview with the broadcaster Voice of America (VoA Khemer), the author stated that when people do not pay taxes, they do not own their part of the democratic process (Sothearith, 2013).

An important argument further claims that directing aid to economic development means removing many of the gatekeepers who stand between a country's national economy and the international system. Therefore, aid can only trigger economic development if it fosters: (1) information to the general public of both donors and recipients; (2) transparency; and (3) consultation and participation in order to increase the demand for good governance.

In addition to these arguments, there are some points that have not been clearly discussed and potentially limit the strength of the book. First, clear and detailed information for most of the arguments is missing. For instance, there is no elaboration on the system and approaches for the collection and administration of domestic taxation, neither is the access to credits and certification for the rice and livestock sector comprehensively explained. Moreover, the author offers no successful example of tax collection as a substitute for foreign aid from other postconflict and aid-dependent countries. Due to this lack of information, the contribution of taxation to economic development in Cambodia is questionable. Son Chhay, a Sam Rainsy Party parliamentarian, has criticized the tax collection system in Cambodia for its high level of tax leakage and losses. According to him, collected tax goes into the private pockets of the tax collectors. Although rising year by year, tax income therefore does not reflect real payments or collection (Kunmakara, 2012).

Second, as the book is a compilation of previously published articles, particularly Chapter 1 (aid dependence and quality of governance), it is difficult to follow the sequence of the author's rationale.

Third, the author's policy recommendations, such as imposing stronger penalties to tackle corruption problems, collecting more revenues from taxation, and beefing up civil society (pp. 140–141) stand little chance to be implemented effectively in Cambodia due to high levels of corruption. It is also not clear whether an increase in revenue would have a positive impact on governance as an example for such a case is missing.

In sum, it should be noted that the above-mentioned shortcomings of the book do and shall not undermine the weight of the author's arguments. The book is a good source of information for donors, politicians, and civil servants in Cambodia as well as for other highly aid-dependent countries in Africa and Asia to understand that aid dependence impedes good governance and how aid dependence can be avoided. In addition, policymakers, development practitioners, theorists, and political economy students can benefit from this thin and yet instructive book for a better understanding of the inter-connection between foreign aid and governance in Cambodia.

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