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# Can Aid Thwart Democracy?

Oliver, Kate

Monterey, California. Naval Postgraduate School

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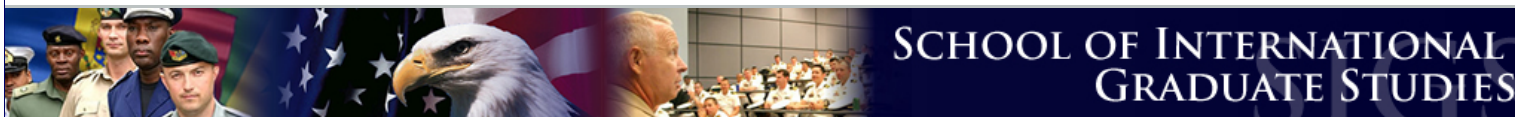
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## SCHOOL OF INTERNATIONAL GRADUATE STUDIES

### Can Aid Thwart Democracy?

[SIGS > News](#)

Article by Kate Oliver, Photos by Javier Chagoya



Born in Cambodia and raised largely in France and the United States, Sophal Ear, an assistant professor of National Security Affairs at the Naval Postgraduate School, knows something about struggling to survive and flourish. His mother escaped the violence of the Khmer Rouge in Cambodia, fleeing with her five children. She worked hard in the years following to support her children, accepting help when needed. Through his mother's example, Ear learned a mixture of hard work, dogged pursuit of goals and help from others leads to success.

In his new book, *Aid Dependence in Cambodia: How Foreign Assistance Dependence Undermines Democracy*, (Columbia University Press), Ear addresses the ongoing problems faced in post-conflict Cambodia. He challenges the notion that foreign aid helps Cambodia to the extent claimed by the Cambodian government and donors. He instead advocates for an approach that mimics the ethos of his family: encouraging the Cambodia government to support itself by raising domestic revenues (i.e. taxes), and gradually decreasing reliance on foreign aid. Ear believes this approach promotes a sense of ownership of 'Cambodia by the Cambodian' and allows the government to learn how to respond to citizens' needs.

"Despite decades of aid, technical cooperation, four national elections, no open warfare, and some progress in some parts of the economy, Cambodia is one broken government away from disaster," said Ear. "Foreign aid often carries with it the unintended consequence of disincantizing countries to find their own solutions. This creates an unhealthy dependence and promotes corruption."

Ear cites the financial changes enacted within Cambodia following the 1997 coup' d'état as an example of the success possible in the absence of foreign aid.

"In the wake of the coup, Cambodia was cut off from foreign aid pending democratic elections," said Ear. "During that time, the Cambodian government increased its tax revenue through a value-added tax. That was a positive step toward Cambodia becoming self-sufficient. After the elections when foreign aid resumed, there weren't any further steps by the government toward self-sufficiency.

"Domestic revenues, driven primarily by taxes, matter as a credible commitment to nationally owned development. For accountable growth to take hold, foreign aid has to be tied to improved domestic and tax revenue performance. If Cambodia is not collecting enough taxes because of corruption, foreign aid should not make up the difference," said Ear.

Post-conflict nations are ubiquitously short on cash and resources needed for reconstruction and development, one of the key reasons foreign aid is provided to these nations in the first place. In the case of Cambodia, according to Ear, foreign aid has continued for too long and at too high a level without sufficient oversight.

"When revenues are too low, the link between taxes and accountability is broken. Governments can ignore voters because they don't pay sufficient taxes to support the government. When the government isn't accountable, corruption inevitable takes hold. Corruption costs Cambodia an estimated 300 to 500 million dollars per year. And corruption is far more burdensome, as a share of income, on the poor than on the rich. This leads to an increasing income inequality within the country despite Cambodia's economic growth over the last years," said Ear.

"If Cambodia increased taxes and made the corruption money they collected official, then the Cambodian government would have enough money for development."

Ear thinks often well-intentioned foreign aid agencies are complicit in the corruption in Cambodia because they do not hold government officials accountable for aid money.

"Aid organizations need to hold governments accountable or bypass the government and reach out to the people they are trying to help. In Cambodia it is a fallacy that the government represents the best interest of the people," said Ear. "The system has been corrupted, and the international community must recognize its role in that. The international community has chosen to prioritize political stability above all other governance dimensions, and in so doing has traded a modicum of democracy for an ounce of security."