



## Research

### Advantage and Disadvantage of Globalization in Cambodia Context

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**Abstract:** This paper demonstrated the advantage and disadvantage of globalization in Kingdom of Cambodia Context. In this context, I introduced about the advantage and disadvantage of globalization to Cambodia, what is the challenge that Cambodia facing. This paper also demonstrated the way in which globalization has made Cambodia grow significantly in terms of the expansion in economy, creation more jobs, increased foreign investment and foreign aid, especially case study about poverty reduction. On the other hand, globalization also has impacted Cambodian society by exploiting the Cambodian people in cheap labor forces.

**Keywords:** Advantage and disadvantage of globalization, factor affecting the globalization in Cambodia.

#### 1). Background

In the 1970s, many countries in world were affected by the Cold War. The war between communism and democracy involved countries all over the world, including Cambodia. Cambodia had many internal and external conflicts including civil war, and invasion by Vietnam. This led to economic crisis, corruption, and poverty. After the war, Cambodia has improved their economy and standard of living. Cambodia also entered the global market and made relationships with other countries. The economy has become much better, but the poverty problem still is a negative effect on Cambodia.

In the 1970s, Cambodia was involved in Civil War and invasion from foreign countries for several decades, which destroyed everything including infrastructure, human resources, and physical structures in this country. Additionally, the political system was monarchy with King Norodom Sihanouk as the Head of State. After the King went outside of the country for a

conference, General Lon Nol used a military coup to overthrow the King. He became President and changed the name of the country to the Khmer Republics in the year of 1970. During his administration, he allied with America; and received financial funding and technical support such as military weapons to control his regime. At the time, the war between Vietnam and America was still ongoing, and the fighting and effects of the war also spread into Cambodia for a year. After the war ended, the Congress of the United States discontinued its support for the government in Cambodia. Mr. Lon Nol faced many conflicts in terms of the financial crisis and civil war with Khmer Rouge (Communist Party) that was controlled by General Pol Pot. In the year of 1975, Pol Pot occupied the entire country and adopted communism. The Pol Pot focused on the rural areas and agriculture manufactures as their main primary production functions. The country was renamed as the Democratic Kampuchea. In the following years, Vietnam and Samdech Hun Sen (Currently Prime Minister of Cambodia), a leader of the New People's Republic of Kampuchea became allies, and used their combined military forces to remove Khmer Rouge from power in 1979.

The country was unstable for decades until the United Nations stepped in. In the year of 1991, Cambodia declared a cease-fire under the supervision of the UN. In the year of 1993, Cambodia formed a new government, which was scrutinized by UNTAC. Cambodia stayed in peace, and a new modern society had begun. The country entered the global market and made relationships with other countries.

**Cambodia** officially known as the **Kingdom of Cambodia** is a country located in the southern portion of the Indochina Peninsula in Southeast Asia. It is 181,035 square kilometers (69,898 square miles) in area, bordered by Thailand to the northwest, Laos to the northeast, Vietnam to the east, and the Gulf of Thailand to the southwest. Cambodia has a population of over 15 million. The official religion is Theravada Buddhism, practiced by approximately 95 percent of the population. The country's minority groups include Vietnamese, Chinese, Chams, and 30 hill tribes. The capital and largest city is Phnom Penh, the political, economic, and cultural centre of Cambodia. The kingdom is a constitutional monarchy with Norodom Sihamoni, a monarch chosen by the Royal Throne Council, as head of state. The head of government is Hun Sen, who is currently Prime minister and the longest serving non-royal leader in South East Asia and has ruled Cambodia for over 30 years.

Prospects for Cambodia, one of the newer ASEAN Member States, have greatly improved in the past years, with the country's GDP growing faster than expected in 2012. Agriculture, tourism, and garments industries bolstered the country's positive performance. Growth is expected to be sustained in the coming years.

Cambodia thrives in agriculture which accounts for 32% of the country's total economy. Major products include rice, rubber, maize, and cassava. Potentials in agriculture are driven by Cambodia's geographical location (being in a dynamic and rapidly integrating Mekong Sub-Region), vast fertile land, huge rural population, and access to a number of rivers and water bodies. Investors who wish to grow and process various produce are welcome. Since 1993, the government has granted land concessions totaling 1.4 million hectares to different companies.

The textile industry is a strong pillar of Cambodia's economy. In 2011, more than 300 garments and textile factories powered by 335,432 workers make up the industry. Growth was positive at 34% vis-à-vis the previous year. Exports grew with EU market expanding by 70%. Tourism is another key sector. Foreign arrivals exceeded 2 million per year since 2007 and reached over 3 million in 2012<sup>1</sup>.

<b><u>Kingdom of Cambodia</u></b>		
Capital: Phnom Penh		
<b>Demography</b>	Land Area:	181,035 km sqs
	Population:	14.5 million
	Urban population rate:	21.0 percent
	Age clustering:	
	Children below 5 years old	10.0 percent
	Youth 15-29 years old	32.0 percent
	Elderly over 65 years old	4.3 percent
	Active workforce 20-44 years old	38.0 percent
	Life expectancy:	65.2 years
	Net enrollment in primary education:	94.8 percent
	Adult literacy rate:	73.9 percent
<b>Economy (as of 2011)</b>	GDP:	US\$ 12.8 million
	GDP per capita:	US\$ 879
	Inflation:	4.9 percent
	FDI:	US\$ 892,000
	Total trade:	US\$ 12.8 million
	Tourist arrival:	2.9 million

<sup>1</sup> [Council for the Development of Cambodia.](#)

	Currency:	Riel
Infrastructure (as of 2011)	International airports: Major sea ports: Road length: Paved network: Percentage of paved roads: Vehicles per 1000 persons: Internet subscriber per 1000 persons: Cellphone per 1000 persons:	2 international airports 2 major ports 44,900 square kilometers 3,881 square kilometers 9 percent 17 31 699
Other Information	Language: Religion: Race:	Khmer as official language Buddhism as national religion Majority are Khmer; ethnic groups include Cham, Vietnamese, and Chinese

*Note: Some figures may vary with figures in the AMS' website due to different covered periods or record years. Quantitative data were culled from the ASEAN Secretariat Statistics Leaflet Year 2012.*

## **2). Statement of Problems**

Globalization has helped Cambodia in terms of the economic growth and political stability (advantage). At the same time, globalization also creates many problems in this country such as the flow of foreign culture into Cambodian people mind, resulting in the forgetting of our own culture and tradition. However, in the upcoming research, I will introduce more advantage and disadvantage of globalization in Cambodia context. We cannot say in one word the explanation of why “globalization” is the cause of these problems, but it is a relationship of many problems.

## **3). Objective of Research paper**

This paper will discuss **what** the advantage is *and disadvantage of globalization in Cambodian Context* and how globalization advantage can contribute in poverty reduction in Cambodia.

This paper objective also aim to compare the way in which globalization has made Cambodia grow significantly in terms of the expansion in economy, creation more jobs, increased foreign investment and foreign aid. On the other hand, this paper objective also look into the globalization impact on Cambodian society.

#### **4). Methodology of Research**

This research employ the qualitative method and try to collect the secondary data ministry, website of national library of Cambodia, E-library of Cambodia Senate. This paper consult with relevant literature (Academic Journal, academic research paper). Moreover, this paper also focus on the national policy and strategies of the Cambodian Government in the effort to adapt and get the benefit from the globalization. At the end of the paper, we will try to draw a conclusion and finding the suitable recommendations.

### **Chapter 2: Literature Review**

#### **2.1. Globalization-Good or Bad?**

The reviewing of the relevant literatures is indeed need to back up the research proposal and ensure the success of the upcoming research. In this proposal, I will try to demonstrate the relevant literature to back up the idea and content in this paper. By reviewing the definition of globalization and advantage and disadvantage of it on Cambodia context, plus the data from Cambodian Ministries, we can find out about the negative effect and positive effect of globalization on Kingdom of Cambodia.

Globalization has become a subject of an ongoing debate in the literature. According to Williamson (1998) globalization can be characterized as ‘between-country integration of commodity, labor and capital markets’. Hence, globalization is a process of growing exchange of people, economic activities and culture that leads to the increased production of goods and services as well as to stronger interconnections amongst the countries and regions (BBC, 2012).

Undoubtedly, globalization has both positive and negative impact on the global economy. The most important benefits are trade liberalization and growth of Foreign Direct Investment (FDI) which lead to the faster access to new products, technology and information. On the other hand, there are rising concerns over the costs of globalization such as growing income inequality, environmental problems or the decline of cultural diversity (Nistor, 2007).

Positive and negative consequences of globalization have been discussed in the article, Globalization – good or bad? The author emphasizes a consistent argument, that globalization has a positive outcome to all nations. However, he fails to demonstrate strong support of this argument.

The only solid evidence is that the developing countries are major beneficiaries of globalization as it contributes to their economic development, internal stability and poverty reduction. Further, the author pays little attention to the negative effects of globalization.

While the article mentions the dominance of multinational corporations (MNC's) and labour exploitation, it takes no notice of large environmental and socio-cultural costs of globalization.

The author demonstrates strong evidences on MNC's and their contribution to the global economy. MNC's are a powerful force and have the ability to spread wealth, work, technologies that raise living standards. It results in greater occupational mobility and decrease unemployment globally (McComrick, 2003). Nonetheless, MNC's are reasonable global actors that seek profits maximalization. Hence, there is no guarantee that the revenues of MNC's will benefit developing states and their citizens.

More likely, the incomes will be transferred to the company's country of origin. Similarly, these companies might relocate their production between the countries if they assume that operating costs are lower in another country. It can lead to sudden employment changes within developing regions (BBC, 2012). Further, MNC's often contribute to the bankruptcy of local businesses, unable to compete with these powerful companies.

Not only does it influence on employment but also it might affect real incomes of the households in case MNC's obtain monopoly position and shape prices in poor countries. MNC's can also have negative consequences for the advanced economies. Offshoring results in a lower demand for low-skilled workers in developed countries and hence, increases unemployment within this group. It indicates that people have to stay longer in education in order to gain higher qualifications. Hence, the government needs to increase public spending on education (Nistor, 2007).

It is hard to undermine some positive impact of globalization on the economies of the developing countries. Trade liberalization and growing FDI led to faster economic growth as well as to higher level of national incomes in the developing world.

The national governments assisted by international organizations are able to increase spending on education, health care and other public policies and to tackle poverty. In fact, over the last two decades the poverty has declined in all regions of the world but Central and Western Asia. However, there is no clear evidence on the reduction of income inequality across the globe, postulated by the author (Guy Palmer 2010). While the decline of income inequality is visible in

some developing regions, an increase of income inequality is observed in Sub-Saharan region and a number of developed countries (The World Bank, 2012).

Arguable is also author's emphasis on free market development and criticism of protectionism. Indeed, trade liberalization is beneficial. However, it must be conducted slowly in developing regions. Sudden removal of barriers had dramatic consequences in the past. One of the examples is an economic crisis in Latin American countries in the early 2000s (Agnoli and Vilan, 2007). Moreover, while the developed countries stress the importance of trade liberalization, they often maintain high important barriers in order to support domestic companies. It is strongly visible in the EU's countries that develop various protective measures in reference to agricultural products to protect own farmers (Nistor, 2012).

The author postulates that developing countries do not benefit from globalization as they do not participate in it. He undermines the fact that developing countries have a little experience in trade liberalization and poor knowledge of Western values.

They need a strong assistance from the international organization. These organizations aim to contribute to the economic development of poor regions and to promote universal values such as democracy, good governance or freedom. Nonetheless, the conditionality of international aid is a highly ineffective tool (Williamson, 2002).

Developing countries have been donated significant financial capital each year and have been assisted at establishing trade links with other regions. At the same time, most of the developing countries have still been characterized by non-democratic governments and high level of corruption, (Transparency International, 2011). Moreover, each year the Amnesty International reports cases of significant human rights abuses in the developing world (Amnesty International, 2011).

Finally, the author focused on two costs of globalization such as labour exploitation and the dominance of multinational organizations. He proves that these issues have rather minor negative effects. However, he completely overlooks serious environmental and socio-cultural costs of globalization. Considering environment, globalization contributed to the development of harmful practices. For instance, the companies move their production to the countries with

low environmental standards. It results in increased pollutions and environment degradation in developing regions, characterized by a low capacity to protect environment.

Further, the countries are allowed to trade their CO<sub>2</sub> emissions that do not add to CO<sub>2</sub> emissions reduction (Panayotou, 2003, Nistor, 2007). In the socio-cultural terms, globalization led to the strong dominance of Western culture[4] across the globe and the decline in cultural diversity. Moreover, globalization facilitated global migrations.

Immigrants often come from different backgrounds and culture and have problems with adaptation in new countries. It leads to social exclusion. As the newcomers are not always willingly accepted by citizens of the country it might also result in increased violence and crime (BBC, 2012, Nistor, 2007).

In conclusion, the author of the article postulates that globalization has numerous positive effects and is particularly beneficial for the developing world. However, the evidences demonstrated by the author are highly questionable.

Further, he argues that the costs of globalization, underlined by Anti-globalists have minor negative consequences. Nonetheless, this argument is based on two fragile examples of the globalization costs, while the serious socio-economic, cultural and environmental effects have not been discussed at all. Hence, the author fails to present a balanced and objective analysis of globalization and to demonstrate that the positive effects of globalization overcome its negative impact.

## ***2-2. Definition of Globalization***

Many authors have attempted, with relative success, to define globalization in a variety of ways. Some claim that it cannot be done, others claim that it would constrain the meaning to do so, and still others have defied these two beliefs and have constructed a working definition. Despite differing opinions about developing a definition, all authors agree on one thing: that defining this term is anything but easy.

Globalization as such, as a process of change taking place 'out there': even otherwise minded scholars tend to regard globalization as an undeniable and inescapable part of contemporary experience (Bauman, 1998; Gill, 1991; Luke, 1993).

Globalization is the act or process of globalizing :the state of being globalized; especially :the development of an increasingly integrated global economy marked especially by free trade,

free flow of capital, and the tapping of cheaper foreign labor markets (Source: merriam-webster dictionary).

Based on Cambridge dictionary, globalization is the situation in which available goods and services, or social and cultural influences, gradually become similar in all parts of the world.

If globalization is understood in the first concept as a process of interaction and transference between pre-existing units, the second concept does much to reverse this picture: in this sense, globalization is a process of *transformation* that occurs at the systems level, and it affects this system as much as it affects the identity of the units.

### ***2-3. Overview on Theory of Advantage and Disadvantage of Globalization***

Globalization has various advantage and disadvantage which are:

#### **2.3.1 Advantage**

\* **Industrial** - emergence of worldwide production markets and broader access to a range of foreign products for consumers and companies. Particularly movement of material and goods between and within national boundaries.

\* **Financial** - emergence of worldwide financial markets and better access to external financing for borrowers. As these worldwide structures grew more quickly than any transnational regulatory regime, the instability of the global financial infrastructure dramatically increased, as evidenced by the financial crises of late 2008.

As of 2005-2007, the Port of Shanghai holds the title as the World's busiest port.

\* **Economic** - realization of a global common market, based on the freedom of exchange of goods and capital. The interconnectedness of these markets however meant that an economic collapse in any one given country could not be contained..

\* **Language** - the most popular language is English.

- About 35% of the world's mail, telexes, and cables are in English.

- Approximately 40% of the world's radio programs are in English.

- About 50% of all Internet traffic uses English.

\* **Competition** - Survival in the new global business market calls for improved productivity and increased competition. Due to the market becoming worldwide, companies in various

industries have to upgrade their products and use technology skillfully in order to face increased competition.

\* **Ecological** - the advent of global environmental challenges that might be solved with international cooperation, such as climate change, cross-boundary water and air pollution, over-fishing of the ocean, and the spread of invasive species. Since many factories are built in developing countries with less environmental regulation, globalism and free trade may increase pollution. On the other hand, economic development historically required a "dirty" industrial stage, and it is argued that developing countries should not, via regulation, be prohibited from increasing their standard of living.

\* **Cultural** - growth of cross-cultural contacts; advent of new categories of consciousness and identities which embodies cultural diffusion, the desire to increase one's standard of living and enjoy foreign products and ideas, adopt new technology and practices, and participate in a "world culture". Some bemoan the resulting consumerism and loss of languages. Also see Transformation of culture.

\* **Technical:**

-Development of a global telecommunications infrastructure and greater transborder data flow, using such technologies as the Internet, communication satellites, submarine fiber optic cable, and wireless telephones

-Increase in the number of standards applied globally; e.g., copyright laws, patents and world trade agreements.

\* **Legal/Ethical:**

- The creation of the international criminal court and international justice movements.
- Crime importation and raising awareness of global crime-fighting efforts and cooperation.
- The emergence of Global administrative law.

\***Cultural effects:** Culture is defined as patterns of human activity and the symbols that give these activities significance. Culture is what people eat, how they dress, beliefs they hold, and activities they practice. Globalization has joined different cultures and made it into something different. As Erla Zwingle, from the National Geographic article titled "Globalization" states, "When cultures receive outside influences, they ignore some and adopt others, and then almost immediately start to transform them."

One classic culture aspect is food. Someone in America can be eating Japanese noodles for lunch while someone in Sydney, Australia is eating classic Italian meatballs. India is known for their curry and exotic spices. France is known for its cheeses. America is known for its burgers and fries. McDonalds is an American company which is now a global enterprise with 31,000 locations worldwide. Those locations include Kuwait, Egypt, and Malta. This company is just one example of food going big on the global scale.

Meditation has been a sacred practice for centuries in Indian culture. It calms the body and helps one connect to their inner being while shying away from their conditioned self. Before globalization, Americans did not meditate or practice yoga. After globalization, this is more common. Some people are even traveling to India to get the full experience themselves. Another common practice brought about by globalization is Chinese symbol tattoos. These tattoos are popular with today's younger generation despite the fact that, in China, tattoos are not thought of as cool. Also, the Westerners who get these tattoos often don't know what they mean, making this an example of cultural appropriation.

The internet breaks down cultural boundaries across the world by enabling easy, near-instantaneous communication between people anywhere in a variety of digital forms and media. The Internet is associated with the process of cultural globalization because it allows interaction and communication between people with very different lifestyles and from very different cultures. Photo sharing websites allow interaction even where language would otherwise be a barrier.

### **2.3.2 Disadvantage**

Globalization has been one of the most hotly-debated topics in international economics over the past few years. Globalization has also generated significant international opposition over concerns that it has increased inequality and environmental degradation. In the Midwestern United States, globalization has eaten away at its competitive edge in industry and agriculture, lowering the quality of life in locations that have not adapted to the change.

## **Chapter 3: Advantage and Disadvantage of Globalization in Cambodia**

### ***3-1. the advantage of globalization in Cambodia***

One of the benefits of globalization that Cambodia has seen is a high growth rate in GDP of ten percent per year between 1998 and 2008. Globalization also helped to improve the quality

of education, health care and standard of living for Cambodian people. During the economic crisis in 2008 to 2009, Cambodia suffered stagnation in their real GDP. In 2010 to 2011 however the GDP bounced back again at six percent. It is expected that their GDP will continue to grow at 6.5 percent annual rate from 2012 to 2013<sup>2</sup>.

Cambodia is a developing country in Southeast Asia, which relies on agriculture as their primary production functions and main net export. Cambodia gained international trade with several countries such as China, South Korea, and Kuwait, and especially with Vietnam after the war. China is the main foreign investor in Cambodia. They embark in direct capital investment of the agriculture sector amounting to about 4.2 billion dollars, which is 40.14% of the total foreign investment in Cambodia. Korea has invested about 40 million dollars to purchase Cassava from Cambodian farmers. Kuwait has made a bilateral agreement with Cambodia to provide a loan of about 546 million dollars to support rice production for the Kuwait market. They will also provide technical support such as buildings for hydro-power plants and direct flights for tourism.<sup>5</sup> (the Federal Ministry for Economic Cooperation and Development) these are some benefits of globalization that resulted when Cambodia entered the global market with those countries. These international trading relationships helped to create more jobs for Cambodian people and improved their standard of living.

In the year of 2004, Cambodia became a member of WTO and expended their economy into the global market. They gained benefits in trade policy and made agreements with their members of WTO. According to WTO agreements, each county has to permit equal opportunity in terms of trade to all countries with regard to trade policies including subsidies, low tariffs, and regulations. Members especially have to adhere to laws that help to protect property rights. (ADBInstitute) This was an opportunity for Cambodia to attract more foreign investment such as a big Multination Corporation Company (MNCs) from other countries such as China, Korea, Japan, Australia, Kuwait, and other members of the WTO. For instance, news that was published in The World's Peace website in Dec 27, 2011 said that the Japanese had planned investment in Cambodia. There were more than 65 Japanese's companies attended the meeting.

They spent their capital for investment in the environment, human resources and infrastructure. (The World's Peace website) On the other hand, WTO's policy can be seen as

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<sup>2</sup> World Bank Overview

favoring to the developed countries more than the developing countries, which results in deteriorating terms of international trade with those developed countries.

### ***3-2. the disadvantage of globalization and the poverty problem.***

Multinational Corporations (MNCs) are very powerful, because they can easily withdraw all their capital from one region to another region. Especially, in this modern society, the new technology such as communication, internet, and transportation make the MNCs become more powerful than in the past. They can just click on the computer and then remove all their assets and capital from one place and move it to another place in a few seconds. Mostly in developing countries, governments have a notion that if only they have more investment, then they can create more jobs for their citizens; there will be a decrease in the unemployment rate, an increase in consumption, and an increase in net exports. Their GDP will also then increase when the income level in the country has increased, their people's standard of living will increase, and the poverty problem will be eliminated. Therefore, most governments in third countries try to implement policy that would attract more foreign investment if they can; the results of this. However is that those governments then become weaker and make the MNCs become more powerful. Cambodia has taken this path. They opened themselves to the free market and gave incentive to the foreign investors such as lower taxes, no regulations, and free land concession. Many problems have occurred with the MNCs operating in Cambodia.<sup>8</sup> (AAA-Advisors.com) For instance, the Cambodian government gave 340 sq km to a Chinese company called Tianjin Union Development to build resorts and a casino. In this company's framework, they need to cut down many trees in the forest of their land concession in order to build their resorts and casino.

This company not only destroyed the forest, but also many settlements of Cambodia in the area. The people lost their own property, land and housing<sup>3</sup>. As can be seen by the example above, MNCs have had a negative effect in Cambodia society. They are not going to help the poor, but to exploit the poor. Many trees were cut down from the forest, and people have no access to the land. When the trees are gone from the forest, it will affect the environment such as global warming and the temperature change. It also leads to the natural disasters and so on. The

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<sup>3</sup> (REUTERS NEWS Website)

companies just invest in Cambodia and exploit every natural resource and take the capital benefits from their casino to their home country. Unfortunately, they are not providing adequate compensation to the local community or to Cambodia as a whole. It is seen that the cost of destruction and poverty created by the MNCs are greater than the benefits gained from MNCs in Cambodia.

The International Monetary Fund (IMF) is an organization which provides short term loans to countries that need loans to pay for their previous debt and to prevent economic crisis. (IMF's Website).

### ***3-3. Case study on: Disadvantage of foreign aid and loans***

In order to get a loan from the IMF, the borrower needs to make a negotiation with the organization. The IMF requires borrowers to accept their policy reform. It is called the Structural Adjustment Program (SAPs). The SAPs policy reforms require the governments to cut their funding for programs such as education, welfare, healthcare, and government salary in order to pay their debt back. SAPs also require governments to provide intellectual property rights and give an incentive to attract more investment from overseas. The government also needs to regulate high tariffs on imports and subsidy that encourage domestic exports. 14 For example, Cambodia was provided with several loans from the IMF. In 1995-1996, Cambodia borrowed \$41 million from IMF.15 (IMF's website) In 2001, Cambodia received loans again from the IMF of about \$11 million.16 (IMF's website) Cambodia had to accept the SAPs policy reform and was supervised by IMF to operate their own economy. This loan was a negative effect to Cambodian people such as students, teachers, farmers, and so on. Cambodian people are excluded from basic needs such as food, medical and education. It has created a social construct scarcity. Additionally, Cambodia is one of the poorest countries in Southeast Asia. Cambodia also gets a high amount of foreign aid every year. It receives approximately USD \$500 million every year from developed countries for projects including technical support such as Official Development Assistance (DOA) to Cambodia. This foreign aid is intended to sustain the life of Cambodians and to operate other activities such as infrastructure, building, education, healthcare and security assistance and so on.17 (The U.S. Congressional Research) There are many Non-Government Organizations (NGO) such as UNICEF and UNDP that are providing direct aid to the people and health services. UNICEF is the United Nations agency who is focusing on child

welfare on such issues as child labor and health disease. They also help to operate an AID/HIV's program for Cambodian people.<sup>19</sup> (UNICEF) UNDP is another one of the United Nations agencies in Cambodia. They are helping to reduce the poverty problem, to improve the environment, and to promote democracy in Cambodia.<sup>20</sup> (UNDP) According to Bert Hoak and Ray Zepp's opinion on foreign aid (Author of *Thoughts on foreign Aid*), Cambodia has become dependent on foreign aid in order to operate their country. He lived in Cambodia for about five years doing research about Cambodia society and foreign aids. He said the Cambodian people have suffered from oppression of the government. Cambodian people do not even get basic human rights<sup>4</sup>.

A documentary about corruption in Cambodia was written by a British man who went to live in Cambodia for 2 years. He interviewed Cambodian people about their perspective toward their government. He concluded that foreign aid does not help the poor. The foreign aid had been corrupted by the government from the top levels to low levels. There are many NGOs that have spent their money to help Cambodia, but in his research he saw that all the money was just spent toward the salaries, and luxuries of government workers.<sup>21</sup> (Thestudentroom's blog) According to HE Kent Wiedemann, Ambassador of the U.S., "Corruption is a very serious problem in Cambodia." He had invoked to the Cambodian government to take action immediately on this serious issue related to corruption in Cambodian society. He said that Cambodian government should use authority to straighten their constitution, and to eliminate the corruption. Unfortunately, he has been criticized by the Cambodian government who said he went too far as a diplomat and even threatened to break the relationship between the United States and Cambodia.

## **Conclusion**

There have been positive effects from globalization in Cambodia, but overall globalization creates more problems in Cambodian society than benefits. The historical conflict in this country has made Cambodian people poorer. The foreign investment in Cambodia has helped to create more jobs for Cambodian people, but the MNCs have paid too low of salaries to the Cambodian people for them to feed their families and maintain a decent standard of living. The land was given to the MNCs for export projects, and people have no access to the land,

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<sup>4</sup> *Thought On Foreign Aid* by Bert Hoak and Ray Zepp, published on [www.mekong.net](http://www.mekong.net)

therefore, they cannot produce their own food to feed their family. The WTO has not helped Cambodia's economy, but instead has helped foreign countries to take more advantage of Cambodia, its land and its workers because of free trade policies. The subsidy loans from the IMF do not help Cambodia to solve their previous debt problems, but have only hurt the Cambodian people because of their SAPs policy reform. Foreign aid has been sent directly to the government to improve their physical structure, reduce poverty and maintain political stability, but the government has taken this foreign aid for their own benefit and has resulted in reducing the ability of the people to rely on their government. This problem has helped one individual that dominates the state and has led to a dictatorship. The elimination of poverty has failed and the foreign aid has become a tool for a dictator to build his power and maintain power. According to the discursive material theory, we can bring every part of these structures concerning globalization, including MNCs, WTO policy, foreign aids, and the role of government in Cambodia including the sign, evidence, and the senses; they all form the poverty problem and the nexus of relations that results in the poverty and scarcity problem.

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### **Dedication**

Not mentioned.

### **Conflicts of Interest**

There are no conflicts to declare.



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The graphic features a green plant growing out of a globe, symbolizing global reach and growth.