

PJ-ABL-241

Occasional Papers of
**THE EAST ASIAN
INSTITUTE** 
Columbia University
New York, NY

CAMBODIA

POSTSETTLEMENT RECONSTRUCTION AND DEVELOPMENT

Robert J. Muscat
with assistance by
Jonathan Stromseth

PN-ABL-241
15N 77154

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THE EAST ASIAN INSTITUTE

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Occasional Papers of the East Asian Institute
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New York, New York 10027
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Printed in the United States of America

Second printing 1990.

Library of Congress Catalog Card No.: 89-81713

ISBN 0-913418-01-3

PHNOM PENH AND THE GREAT RIVERS OF CAMBODIA

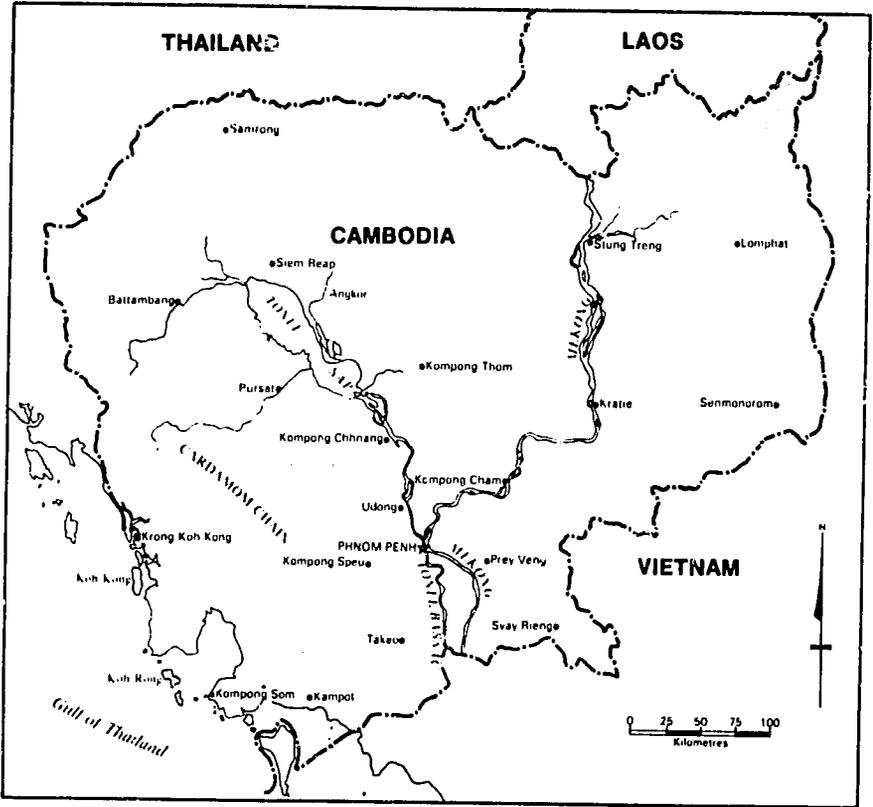


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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
CMEA	Council for Mutual Economic Assistance
DTEC	Department of Technical and Economic Cooperation
EEC	European Economic Community
EIU	Economist Intelligence Unit
ESCAP	Economic and Social Commission for Asia and the Pacific
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
IBRD	International Bank for Reconstruction and Development (World Bank)
IRRI	International Rice Research Institute
KR	Khmer Rouge
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
OHI	Operation Handicap International
PRK	People's Republic of Kampuchea
PRPK	People's Revolutionary Party of Kampuchea
PTSS	Post-Traumatic Stress Syndrome
UNDP	United Nations Development Programme
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
WFP	World Food Program
WHO	World Health Organization

NOTE TO THE SECOND PRINTING

The text of this second printing is identical to that of the first, except for a few minor corrections. In the four months since the original printing, in December 1989, there has been intensive diplomatic activity but no resolution of the Cambodian conflict. All the uncertainties surrounding the problems of post-settlement reconstruction remain as discussed herein while very little additional information on economic conditions has become available.

April 1990

I. Introduction

What will the post-settlement economy of Cambodia be like? What are the major problems and priorities a successor government will face in coping with reconstruction and development? What roles, options, and constraints will confront the international development agencies and bilateral donors? Although the possibility of resolving Cambodia's political deadlock and isolation began to emerge many months ago, little thought appears to have been given thus far to what comes after a settlement.¹ This lack of forethought is surprising given the long-standing calls for a "massive infusion" of economic aid to Cambodia in the event of a peace settlement. In this paper we attempt to sketch a picture of current conditions in Cambodia that are pertinent to a reconstruction and development effort. We also raise issues of policy and program content and draw some tentative conclusions that can serve as points of departure for more extensive analysis that might be engendered by the further evolution of events.

In approaching this study, we assume that Cambodia will reach a settlement that satisfies two interrelated conditions: first, restoration of internal stability and cessation of armed conflict, and second, acceptability by the international community, leading to general recognition of a successor government in Phnom Penh and restoration of Cambodian membership and good standing in the UN system agencies, the World Bank, the Asian Development Bank (ADB), and so on. If these conditions are not attained, Cambodia's isolation will continue. This isolation has been imposed on Cambodia because of Vietnam's military occupation of the country, which began in Decem-

ber 1978 and now appears to be ending. As a result of the politics surrounding the occupation, the People's Republic of Kampuchea (PRK)² has been denied access to development-oriented aid from major Western donors and from most UN agencies for the past decade. In practice this has meant that the UN agencies that provide emergency relief, such as UNICEF and the World Food Program (WFP), have been allowed to operate inside Cambodia, whereas the United Nations Development Programme (UNDP), the World Health Organization (WHO), and other development-oriented UN agencies have not.³ This ban has left most development activities in the hands of nongovernmental organizations (NGOs).

One potentially very important aspect of all future reconstruction and development efforts in Cambodia, even if the above conditions are met, will be mentioned here only by way of introduction but needs to be borne in mind. If post-settlement political alignments are fragile and the rival factions (true to past Cambodian form) are unable to develop the art of coalition governance, the resources and institutional support of donor aid programs likely will become political factors as they associate with and strengthen the hands of individuals and factions. Under one possible model each faction might be assigned control over specific ministries or departments. Individual donors might then face awkward choices and be unwilling or unable to work on problems under the jurisdiction of a particular faction.

The wild card that injects uncertainty into the whole post-settlement scene and into the scope for Western donor activity is the future role of the estimated 35,000-strong Khmer Rouge (KR). Will the PRK and the two noncommunist Cambodian resistance factions accept the KR into a future "quadripartite" government formula, or

will the KR be denied all forms of political legitimacy? In light of the KR's extremist ways and past dedication to united front tactics, will civil war, in any case, be inevitable? The answers to these questions no doubt will affect the possibilities for economic development in Cambodia, as continued warfare will hamper development planning and limit if not preclude donor activity. Some observers have suggested that the saturation of Cambodia by international donor agencies, human rights groups, and the media could help to thwart a KR takeover. Aside from journalists, however, it is difficult to imagine many in the international community who would expose themselves to such an unstable and potentially dangerous environment.

Another wild card is the future role of the People's Revolutionary Party of Kampuchea (PRPK), the party structure that serves as the backbone of the PRK. There are conflicting reports on the size of party membership, the extent to which the party reaches down into the countryside, and how the party relates to or controls the bureaucracy. What is clear is that the most recent major statements of policy contain contradictory language: some sections herald a shift toward private ownership and reduction of the role of the state; others reaffirm the centrality of state control. It also seems clear that the PRPK is the principal organization in the country apart from the army.

The PRPK is said to be in charge of many subjects and groups that will figure importantly in the reconstruction and development process and in donor programs: education, district and village authorities, trade unions, women's organizations, and so forth. Presumably a settlement will deal with the question of political parties and relationships, if any, with the components of the government's bureaucracy and other "free standing"

organizations. Even if its Marxist ideology is only a thin cloak, the PRPK now has a virtual monopoly on power, privilege, and personal aggrandizement. We can expect the individuals benefiting from this system to resist its dismantling.

For the purposes of this study, there would be little point in drawing out possible scenarios and their potential effects on the sectors and problems reviewed, but the political configuration might well have major influence on all issues raised in this paper. We will have more to say on this subject when considering the general economic policy framework within which reconstruction and development should take place.

Planning for reconstruction and development in Cambodia must be seen in the regional and international contexts that have been changing rapidly and are likely to remain very fluid during the initial post-settlement years. Large contextual changes such as the reduction in tensions between the Soviet Union and China, between China and Vietnam, and between Thailand and the Indochinese states, as well as the widespread disillusion with command economy socialist policies, have set the stage for changes in PRK domestic policies and for a possible resolution among the Khmer factions. The upheavals in China have cast a shadow of uncertainty over the entire region and the further evolution of these trends.

As the Thai economy surged in the past three years, the air in Bangkok has become thick with discussion of new regional configurations in which Thailand would emerge as a regional center of trade and communications, even as a dynamic subregional power. Indochina and Burma are seen in some of this theorizing as moving into new long-term relationships with the Association of Southeast Asian Nations (ASEAN), with their most direct

and extensive relationships forming a natural local constellation focused on Thailand.

We will not go any further into the heady futurism of regional geopolitics. We only note these speculations as indications that the normalization of Cambodian conditions and the development of economic and other ties with ASEAN can make a contribution toward a new regional regime that can substitute positive cooperation in place of long-standing fears and antagonisms. If such a positive outcome can be achieved, the modest resources that will be needed to help put this small country back on its feet will have contributed to the realization of the stability that has been the central regional foreign policy objective of Thailand, the United States, ASEAN, and Japan for many years.

Very little of the economic information on which this paper is based can be taken as a reliable description of Cambodia today. In fact, people who have worked with the PRK commonly give the view that officials in Phnom Penh have scant solid data on conditions in the countryside in the sectors under their responsibility. This study has had to rely on a handful of short papers, mostly about rice conditions; translated PRK radio broadcasts that contain occasional bits of information; some journalistic accounts; and on interviews and impressions garnered largely from persons working for NGOs in Cambodia over extended periods. For comparison with prewar Cambodia, that is the economic and social conditions that existed prior to 1970, we have drawn on the one World Bank country study done on Cambodia (written in 1970) and a few scholarly studies. In general, Cambodia is a relatively little-studied country and the literature on its modern history and economic and social conditions is quite small. For this first-round study, no travel inside Cambodia was

attempted. In our effort to develop information on current conditions and the very recent past, we have not delved extensively into older literature on Cambodia (especially French scholarship, such as Jean Delvert's *Le Paysan Cambodgien*). In sum, this study is bound to contain many errors and should be read as a discussion opener.

References to key source materials are cited in the text and in endnotes, with a full listing provided in the bibliography. As a courtesy to our numerous personal informants, who shared frank views and personal papers, we generally do not identify particular assertions with individual sources. Special thanks are due the Mennonite Central Committee and other NGOs, the Social Science Research Council, the Indochina Project, the US-Indochina Reconciliation Project, the Interim Committee for Coordination of Investigations of the Lower Mekong Basin, the UNDP, UNICEF, and the US Agency for International Development (USAID), for providing reports and archival materials. Thanks are also due Michael Chambers for the research and production assistance which he provided, and to Madge Huntington and Kiki Shiotani for their editorial assistance.

II. Cambodia in the 1960s

As described in the 1970 study by the World Bank,⁴ the Cambodian economy was not performing well in the last "normal" year before the 1970 coup, instigated by General Lon Nol against then Head of State Prince Sihanouk, and the subsequent upheavals. In the first decade of independence up to 1963, however, the performance had been encouraging. Gross Domestic Product (GDP) had averaged 7% growth a year, industrial growth about the same, and rice production was growing faster than domestic consumption, enabling the country to enjoy a substantial increase in rice exports from an average of 130,000 tons in the 1950s to over 480,000 tons in 1964. Investment rose to 17% of GDP by 1963, including substantial public sector investment in infrastructure that brought public sector investment up to more than two-fifths of the total. With both revenue growth and heavy US aid (see Annex) for budget support, finance was not a constraint on the public sector. The financial authorities pursued a conservative policy, holding inflation to moderate levels.

Between 1963 and 1969 economic growth slowed in the context of major changes in policy, including Cambodian rejection of further US aid and a sharp turn toward government intervention, development of state enterprises, and restrictions on the private sector. GDP growth fell to an average of 4%. Exports stagnated, apart from occasional spurts in rice from favorable weather, as did imports. The government's budget fell into deficit, and public investment dropped to about 5% of GDP in 1968. Cambodian "neutralism" entailed a substantial rise in aid from socialist countries, mainly for industrial plants. At the end of 1968 the government announced a partial

reversal of policy involving trade liberalization and an outward-looking orientation, and it applied for membership in the World Bank and International Monetary Fund. The implementation of the liberalization policy had barely gotten under way when the coup brought the prewar period to a close.

The economic structure of the country in the late 1960s can be sketched out quickly. GDP in 1966 was estimated at around \$890 million, GDP per capita around \$130. Eighty percent of the population was in agriculture, producing about 40% of value added.

Although some diversification was discernable by the late 1960s, the structure of production depended on a very narrow range of goods and services. With the outstanding exception of plantation rubber, productivity was low. Rice and rubber provided two-thirds of the country's exports. Fish comprised the major source of protein besides rice, and the basis of commercial development of canning and fish-meal production (mainly from the Tonle Sap, Cambodia's Great Lake). The list of commercially minor but promising commodities included timber, livestock, jute, coconuts, and kenaf. Fruit and vegetable production was important for local consumption and was increasing (although some exports to Saigon at the time were thought by the World Bank to be temporary and war-related). The Bank report also noted that maize, shrimp, and a few other products had potential. There were no mineral resources of known consequence. Manufacturing contributed 12% of GDP and consisted of agricultural processing and some import substitution.

Though living standards were not high for the majority of the population that lived in the rural areas, the government was expanding the educational and health systems. The relatively low population density meant that

food supplies were adequate. Despite low yields (one ton of paddy per hectare), the rice sector produced a market surplus. Farmers supplemented their diets with garden plots, fishing, and miscellaneous gathering in the ample wooded areas.

By 1969 the government had made considerable headway in developing Cambodia's infrastructure. Large investments had been made in a new port at Sihanoukville (now called Kompong Som), which opened up a second external trade shipping route, a direct alternate to the river port of Phnom Penh which provides access to the sea via the Mekong River through southern Vietnam. All provincial centers of economic activity were connected to Phnom Penh and to Kompong Som by road, including a new 224-km four-lane highway (a US aid project) between the capital and the new port. Some rail routes also existed. Inland water transport was of major importance along the west banks of the Mekong and Tonle Sap. There were two international airports, at Phnom Penh and Siem Reap, with the bulk of international air travel comprised of tourists visiting the Angkor Wat ruins in Siem Reap province.

The electric power system had reached only a very modest level of development and was in poor condition. About 75% of total power consumption was in Phnom Penh. The distribution system was "obsolete and overloaded" and there was no grid connecting different load centers. Voltage fluctuations and breakdowns were frequent. Power planning and management were poor.

Industry also was concentrated in Phnom Penh. Sihanoukville was to be developed as a second industrial "growth pole," based on unrealistic visions of a manufacturing free zone competitive with Hong Kong and Singapore, but little investment had materialized up to 1969. Industry

employed only 3% of the labor force. Over 60% of manufacturing value added was generated by small private unincorporated enterprises. Mixed state-private enterprises generated another 34%, and state enterprises 6%. Industry was described by the Bank as suffering from a litany of difficulties typical of postcolonial fledgling industrial sectors – general weaknesses of management and skills, lack of habits of industrial discipline among the workers, and inadequacy of private capital for initiating ventures beyond the small scale.

In an effort to bypass these constraints the government in 1963 adopted (consistent with its "neutralist" turn in foreign policy) a program of creating a state industrial enterprise sector. This was done through policies that constrained the private sector while state enterprise projects were built with Eastern bloc aid. A small "inodern" state enterprise sector came into existence producing textiles, cement, plywood, paper, glass, sugar, alcohol, and so on. The scale of these plants was generally excessive for the size of the small domestic market. Most of the plants ran regular losses, and the whole sector operated under an accounting and policy framework that made calculation of their true economic performance impossible. Most significant for clouding the general outlook of the private sector was the nationalization of banks, insurance, and foreign trade in 1963, as well as the suspicions the government harbored regarding the market system and the ethnic Chinese character of private commerce and manufacturing.

The overall picture that emerges from the World Bank study is of a small economy, largely agricultural, and heavily dependent on rice, rubber, and a handful of other commodities. Rubber productivity was high and internationally competitive, whereas the rest of the agricultural

sector was largely at subsistence levels of technology and productivity. Industrial development had very modest prospects and was moving in a policy framework that was mainly counterproductive for efficiency and for the future health of the private sector in general, both in industry and commerce. Transport infrastructure needed no further expansion given the foreseeable levels or routes of freight or passenger traffic, with the possible exceptions of areas in the northeast where prospects were promising for rubber and timber. On the other hand, there were serious problems of inadequate standards and maintenance, and the road-bridge network needed substantial upgrading and replacement.

The Bank saw a number of possible avenues for future income growth, but recommended that in most cases the inadequate information base for making investment decisions needed to be strengthened through sectoral studies. The possibilities included crop diversification, tourism, forest products, further rubber development, and general efficiencies through elimination of state enterprise monopolies in trade. The Bank also urged fiscal reform, rationalization of the small industrial sector, and a return to policies conducive to private sector confidence and investment. On Cambodia's largest single economic product, rice, the Bank was not optimistic, and a stagnant rice sector – locked in because of the country's hydrology – was in turn the basis for the report's general export pessimism:

As regards exports, the government does not regard this a policy issue except that the generally poor export prospects are a source of concern. In official statements the promotion of exports occupies considerable space, but the only way of achieving a faster growth rate, as visualized for the immediate

future, is to import more fertilizer to increase the yields of rice for export. There might be no alternative to rice at present, but long-term world market prospects for rice are not particularly favorable, and for the long term therefore the government would be well advised to undertake a much more systematic study of other export possibilities.⁵

Finally, the Bank concluded that the substantial investment the government had made in expanding education had brought the system to the point where a new appraisal of future direction was called for before further investment in facilities.

The Bank study focused on the resource and policy constraints on Cambodian development prospects. But it also contained observations on institutional constraints as well as several interesting paragraphs on Cambodian culture and the intellectual orientation of the Khmer elite. These latter observations are worth some attention despite the fact that contemporary Cambodian culture has been the subject of remarkably little scholarship on which to base sociological generalizations that may be pertinent to economic aspects of modern development.

As far as institutional capacities are concerned, many of the agencies and government departments responsible for specific economic sectors, activities, or products, were described as thinly staffed, operating with poor information, and lacking realistic and soundly based plans for the development of their respective responsibilities. The statistical services of the government were rudimentary, and the quantitative information base for development planning grossly inadequate. The absence of discernible trends in some of the components of the national accounts (for example the savings rate) were difficult to interpret because they might reflect the behav-

ior of the data system rather than the reality they purported to describe. National accounts data were not reconciled with the balance of payments, and public sector finances contained many impenetrable mysteries. The director of the National Institute of Statistics and Economic Research (part of the Ministry of Planning) was "the only professional statistician in Cambodia to carry out statistical work." He was assisted by a few clerks trained on the job. In fact this institute prepared national accounts only for the years 1962-66. When the foreign expert working on the accounts left, the accounts were discontinued. Between these constraints and instructions from above on preferred data outcomes, the Bank judged the flow of information on agricultural production, industrial activity, foreign trade, and public finance to be highly unreliable and "often of little utility." Monetary data were the only exception.

One does not expect a World Bank report, especially of the 1960s vintage, to delve much into social or cultural questions unless they have the most direct bearing on economic activity. But such areas of concern interact strongly with economic behavior in societies that are largely agricultural and in the earliest stages of modern economic change and development. In Cambodia's case the characteristics, strengths, and tensions in the culture and social structure can be seen, in hindsight, to have contained potential for dreadful self-destruction. Although these potentialities were to break out before the ink dried on the Bank report, the study gives no hint that its authors – or any of their informants – had the slightest premonitions.

The Bank report contains observations about Cambodian society that no doubt accurately reflected conventional wisdom. It interpreted these observations as

indicating the existence of cultural constraints that compounded the natural resource and other objective technical constraints that limited Cambodia's growth prospects. The report reads:

Official objectives and targets for economic development in Cambodia have generally been modest. The projections of GDP growth in the Second Five-Year Plan are generally a projection of past trends and do not imply the initiation of ambitious programs. More than a simple awareness of existing constraints, including limited natural resource endowment, this also reflects an appreciation of certain sets of values inherent in Khmer society. Social development takes precedence over material production. Buddhism supports a quietist attitude to exterior circumstances in life. Awareness of poverty and dissatisfaction with the absence of modern technology and gadgets are not widespread. There is no urban proletariat to speak of. And the Khmer farmer is widely known for his remarkable self-sufficiency, pleasant nature, and happiness.

The typical Cambodian peasant still lives and works within a set of beliefs and convictions within which the supernatural has a place. . . . Reticence towards the adoption of modern cultivation practices is thus a factor to be reckoned with.

The extreme hesitancy of the government in the recent past to adopt any measure of trade liberalization that could be construed as a favor to Chinese business, gives a measure of the bias in the ruling class in favor of Physiocratic concepts.⁶

It is always difficult to judge the power of such factors and the ways in which they interact with economic behavior. Neither the World Bank report nor any body of prewar scholarship on Cambodia was in a position, or ever attempted to our knowledge, to explore these socioeco-

conomic interactions with anything approaching rigor. And the example of Thailand next door, even culturally conservative northeast Thailand, where similar observations were commonly made into the 1960s, stands as a demonstration of how quickly "traditional" Buddhist peasants can respond as economic actors to the opportunities created by a market opening.

Twenty years have now passed during which Cambodian society underwent civil war, US saturation bombings, massive population displacement, and a thoroughgoing, self-inflicted effort to erase its culture during the four-year Khmer Rouge period. In the ten succeeding years any efforts the peasantry have been making to return to the normality of the prewar social structure and mores have been made within yet another imposed socioeconomic framework as designed by the PRK and (until very recently) their Vietnamese advisors.

A small group of Cambodia scholars in the West has been able to study the KR period in great detail, drawing on hundreds of interviews in the border camps, further interviews and observations during periodic visits to the interior, and a reading of KR documents. The anthropological and economic literature on prewar Cambodia is surprisingly thinner. There has been very little research during the subsequent PRK years.

The general conclusions appear obvious: the social dynamics in which reconstruction and development will be taking place will present an unusual challenge to the outside donors. These dynamics demonstrably cannot be relegated to a category of marginal considerations to be handled in routine "impact" annexes to planning exercises. Field studies of current village conditions should be given high priority, and should not be sidelined as academic pursuits.

III. Cambodia in 1989: Status and Issues

For all the inadequacies of data and information about prewar conditions, our knowledge of the economy in the late 1960s is much greater than our knowledge of conditions today. This is not only a statement on the limitations on information available outside the country. It is also the general impression of foreigners working in Cambodia that officials in Phnom Penh have sparse information, only the weakest quantitative basis, and virtually no research on which to base government decision making. One striking generalization appears to be incontestable: the state of the economy now, and of the country's institutional capacity across the board, is well below what it was at the end of the 1960s, even though somewhat recovered from the situation in 1979 at the end of the KR period.

Destruction in the 1970s

The destruction of life and physical capital in Cambodia has been recounted by several authors.⁷ It is worth summarizing to give proper perspective to the PRK period and the problems of reconstruction planning. Professor Sin Meng Srun has developed a list of this destruction in a recent paper.⁸ Although the basis for his numbers is uncertain, Dr. Sin puts the human loss since 1970 at 1.4 million persons. This includes 60% of the primary school teachers, 70% of the secondary teachers, and 90% of the professional university teachers, for a total of 13,000 killed out of 20,000. Of the total student population of 827,000, he puts the number killed at 426,000, or about half. Of about 500 medical doctors, only 40 remained after 1980.

Of 70,000 monks, 14,000 died. He estimates 189,000 deaths among the public sector professionals. (The World Bank's one trained statistician is apparently no longer present.) Numbers of deaths among agricultural and industrial labor were very high but the figures are more uncertain than for the specific categories just cited. These estimates exclude those survivors who fled the country.

The material losses also were immense: according to Dr. Sin, half the 4,200 primary schools, 100 secondary schools, and 65 technical and professional schools were destroyed; the universities were heavily damaged (at least one was totally leveled); there was extensive destruction of railroad bridges, rolling stock, and track; 70% of the road system was heavily damaged, including destruction of many road bridges and much of the road construction equipment; 70% of the country's motor vehicles were destroyed; many ships were sunk in the Mekong and at Kompong Som; up to 80% of the equipment at the main airports was destroyed; and heavy damage was inflicted on power plants and municipal water systems, and on postal and telecommunications structures and facilities. Housing stock and government buildings suffered extensive damage and deterioration. Industrial plants were damaged and dismantled and large areas of forest were bombed and defoliated. These losses were the cumulative results of the destruction of the 1970s and the lack of capital maintenance which has extended into the PRK period.

Whatever the exact numbers, it is clear that the stock of human and physical capital was devastated by the end of the 1970s. The human stock was further sharply reduced when many of the surviving educated class fled across the Thai border and emigrated to new homes abroad. Subsequently, economic activity in rice and rubber production, industry, and commerce virtually collapsed.

Narankiri Tith has described the work of the KR as having reduced Cambodia to a stone-age economy.⁹ The literature on this period also describes the KR attempts to create a new economic structure based on bizarre notions of forced labor and of rebuilding the ancient Khmer system (and reincorporating the lower Mekong delta into Cambodia). The crash modernization program bore a striking resemblance to Mao Zedong's Great Leap Forward campaign of 1958-60: by harnessing sheer human willpower, the KR apparently sought to create the material conditions necessary for the passage to "instant" communism. Irrigation was the main area in which the KR built new capital structures. The KR engineering capability was very limited and many of their dams and canals collapsed in the first rainy season after completion. In place of the old patterns of a complex of small, privately owned paddy fields of varying sizes and shapes, the KR created communally worked large fields within rectangular networks of bunds. There are differences of opinion today over the extent to which the "Pol Pot canals" have damaged productive capacity by distorting the natural local hydrology patterns to which the preexisting irregular field layout had been adapted through long experience.

Books written by survivors and students of the KR period also describe the KR effort to outdo the Maoist Cultural Revolution in the thoroughness and speed with which they attempted to destroy much of the old fabric of Cambodian society, including Buddhism, the arts, urban life in its entirety, the individual village as a community, and even the extended and nuclear family. Casual observation by Western visitors, and a single close village study,¹⁰ suggest that the social fabric was torn but not beyond repair. However, that some Khmer have seriously consid-

ered the possibility that the society may have been damaged beyond recovery,¹¹ implying in some broad sense that the Khmer as a historical-cultural entity might now be joining other Southeast Asian groups who were once numerous and vigorous but have been fading for a long time into marginal or minority language communities where they once held sway (like the Mon and the Chams), is a reflection of the deep trauma Cambodia has suffered. As will be discussed below, the social and psychological legacy of the 1970s cannot be put into a separate box from the economic and material. To the contrary, the social upheaval has had very concrete and considerable effects on health, education, public administration, agriculture, and other areas.

Population

The size, age, sex composition, and vital statistics of the Cambodian population are not known. There are estimates, of course, but until a reliable census is taken we are confronted with guesswork. The various assertions and calculations that have been made appear to draw on and make adjustments to each other. The demographic situation in the base year (1969-70), which all current estimates use as point of departure, was extrapolated from a 1962 census and was somewhat unreliable itself. The 1970 World Bank report says the following:

The population of Cambodia at present is about 7.3 million. As to the growth rate, there is no adequate statistical base and estimates range between 2.2 and 3.6 percent a year. . . . The birth rate is estimated to be around 44 per thousand, which is comparatively high . . . but the death rate is also still

quite high at about 20 per thousand.¹²

The UN Population Division puts the 1970 population at 6,938,000, a figure the UN has been using without change. (In 1970 about 7% of the population was non-Khmer, including Chams, Chinese, Vietnamese, and other smaller groups.)¹³ The population's characteristics were in most respects normal for a low-income developing country.

Since 1970 there have been extraordinarily high levels of mortality, as noted above. The numbers of deaths cannot be known with any certainty. One million is the most commonly cited order of magnitude, but a USAID publication puts the figure at two million and the PRK claims three million. Two other large uncertainties are, first, the numbers of Vietnamese who have immigrated (returnees or new arrivals) from southern Vietnam, and second, whether recent PRK estimates include or exclude the population in the border camps.

The PRK took a population count in 1980 and came up with the figure of 6.4 million. Although there are reasons for thinking this figure was inflated (it was made up from reports submitted by local officials whose access to resources distributed by Phnom Penh was based partly on the numbers of people purported to be in their jurisdiction), the figure is accepted by the Economic and Social Commission for Asia and the Pacific (ESCAP) and also appears as the 1980 figure in the UN Population Division tables.

Table 1 shows the different estimates of population size and key demographic variables. We have brought the five sources up to 1986 for rough comparability. The ESCAP numbers are based on the UN Population Division calculations and the apparent differences are not conse-

TABLE 1: POPULATION

	PRK ^a	Ea	IBRD ^g	UN ^h	ESCAP
Population - 1986 (millions)	7.5	6.7 ^e	7.450	7.467	7.477
Growth rate (%)	2.8	1.5 ^f	2.31	2.51	2.48
Crude birth rate (/1000)	43.0 ^b	35.0 ^f	42.5	41.4	42.3
Crude death rate (/1000)	17.0 ^c	20.0 ^f	19.1	16.6	17.6
Life expectancy at birth - male (years)	--	--	44.0	47.0	45.3
Life expectancy at birth - female (years)	--	--	47.1	49.9	48.2
Population under 15 (%)	49.9	--	32.5	--	33.1
Female % of population	54.0 ^d	--	50.3	50.3	--
Female % of adults (15 yrs+)	64.0	--	50.4	50.4	--
Population - 2010 (millions)	--	--	11.0	10.7	10.7

Sources & Notes: a. UNICEF/Phnom Penh, using PRK data. b. Drops to 40.4 in 1987. c. Drops to 12.4 in 1987. d. Based on selected districts containing 20% of the population. e. Based on Ea's estimate of 6.1 million in 1980. f. As of 1984 or 1985. g. International Bank for Reconstruction and Development (World Bank) data from K. Zachariah and M. Vu, "World Population Projections, 1987-88 Edition," World Bank, Johns Hopkins University Press. h. UN data from "World Demographic Estimates and Projections, 1950-2025," United Nations, 1988.

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quential. The World Bank numbers are close to those of the UN, with a slightly lower growth rate due to higher infant mortality. The PRK numbers are drawn from a paper done by UNICEF staff in Phnom Penh in 1988. The second column is drawn from a paper written around 1984 by a Cambodian demographer, Meng-Try Ea.¹⁴

These estimates have a number of problems that cast doubt on their reliability. The basic weakness of the UN and World Bank data is the normal appearance of the sex and age distribution. The PRK shows a much younger population (half under 15) than do the World Bank and ESCAP (one-third under 15) within a total which, if the source were not rounded, is probably virtually identical to the World Bank and UN magnitudes for 1986. In addition the PRK shows a striking imbalance in the sex ratio of adults, with 64% female among those 15 years of age and above compared with a normal 50.4% used by the World Bank and the UN. The PRK figure on the female proportion of the adult population is certainly nearer the truth. The few existing close observations of individual villages have reported between 55 and 70% females among adults. All NGO workers and visitors and all recent papers on Cambodia where the subject of sex composition of the labor force arises agree on this imbalance. It will take an accurate count and rigorous demographic analysis to settle these differences and to bring the numbers on reproductive aged women (making warranted adjustments for the proportions involved in *de facto* polygamous relationships) into consistency with birth rates.

We are aware of only one study that explores recent Cambodian demography with professional expertise, that done by Meng-Try Ea. To complete this picture, it is worth noting the main lines of his argument and the conclusions he draws. Ea puts the 1975-78 deaths at one

million (including normal mortality). He estimates that another 0.5 million (or 7% of the 1970 population) died in the famine of 1979-80, with victims concentrated in the below-five and over-fifty age groups. Between famine, outmigration, epidemics, and continual removal of males for military service, nuptiality and procreation were depressed in a population already having a large deficit of males. Thus the claims of high birth rates (based on a PRK survey in 1982) are inaccurate, or at best based on a better-off section of the population located near Phnom Penh. In general, Ea believes that the PRK system for collecting population data is highly unreliable. He hypothesizes that the death rate in the early 1980s stood at 2%, which is higher than other "estimates," and that the birth rate was substantially lower at 3.5%, resulting in a population growth rate of 1.5%.

He concludes therefore that the demographic resurgence in Cambodia is still weak despite the baby boom, and that as of the mid-1980s it was too soon to affirm that the surge is a reversal of the major negative trend of the 1970s and not simply a temporary aberration.

The best that can be said about the current population size is that the estimates range between 7.0 to 7.8 million. This would put the population somewhere between 300,000 less to 500,000 more than the population 30 years ago. This comparison and the deficit of males in the agricultural labor force are important benchmarks for considering several of the major problems facing post-settlement Cambodia. (A final adjustment would have to be made to take account of the return and new immigration of Vietnamese and the presumed early return of the border population. It is not clear how these two groups are treated, or ignored, in the sources in table 1 other than Ea, and there are wide differences in the "estimates"

of the number of Vietnamese. Inclusion of these groups might raise the total population figure by several hundred thousand.)

Partial Recovery in the 1980s

One gets a picture from press accounts, official PRK statements, and conversations with NGO staff working in Cambodia that economic conditions have been improving, if unevenly. There appears to have been a sharp recovery from say 1982 to 1985, then a leveling off, then another rise since 1988. The impressions about the general level of activity rest to a large extent on the course of rice and rubber production, on the rising availability of consumer goods (mainly Thai), and on the quickening pace of the informal trade along the Thai and Vietnamese borders.

Nevertheless, the favorable contrast with 1980 should not obscure the fact that the economy is far from having recovered to its prewar condition. The reappearance of imported consumer goods (even conspicuous consumption) is largely confined to Phnom Penh and a few other urban areas, although certain goods such as soap, kerosene lamps, and candles have penetrated into the small towns and villages where the vast majority of the population lives. Pockets of "prosperity" have also appeared in towns that are centers of the recovering rubber and timber production and of trade flows with Thailand and Vietnam.

It is doubtful that much meaning can be attached to the occasional figures the PRK has issued regarding national accounts or indices of overall economic activity. The Ministry of Agriculture in 1983 said per capita income was \$50. The Economist Intelligence Unit (EIU) cited a

mid-1988 PRK figure of \$70. A more recent PRK estimate put the 1986 Gross National Product at 70% of 1968, which implied a per capita income in 1986 of about 60 to 65% of that in the late 1960s. There is no questioning the casual observations that see strikingly poorer and more spartan living conditions in Phnom Penh and in the villages compared with prewar conditions. The appearance of private automobiles in Phnom Penh in the past year or so, even prestige cars, is all the more conspicuous for its sharp contrast.

The rate of overall recovery of production was probably quite high in the early 1980s, starting from the extremely low base of 1970-80. From 1984 to 1986 the PRK put the rate of growth in national income at 3.5%, reflecting the plateauing of growth in economic activity mentioned above. The PRK has published figures on annual production of rice, rubber, maize, timber, and fish; on the stocks of buffalo, pigs, and chickens; and on power output and production of a few manufactured items. The Food and Agricultural Organization (FAO) has done the same for fruits, vegetables, and a few other crops. If any credence can be given to these numbers they support the general picture of production levels substantially below those before the war, but on the rise after a mid-1980s pause. Overall, these numbers suggest an economic size today on the order of \$550 million compared with the late 1960s economy with a GDP of roughly \$900 million. The comparison in dollars may exaggerate the extent of decline because the local purchasing power of the riel appears to be closer to its 1960s value than does the dollar. To put it in perspective, at a \$550 million magnitude Cambodia has an economic size one hundredth that of Thailand.

External Resource Balance, Trade, and Aid

Information on Cambodian foreign trade is very sketchy. A Ministry of Commerce official, Uy Sambath, recently put Cambodia's 1988 imports at \$125 million and its exports at \$30 million. These numbers are similar to earlier estimates but may exclude private border trade with Vietnam and Thailand. For 1985-86 the EIU quoted an estimate of only \$2-4 million for the annual value of the two-way trade with Thailand. This has certainly risen substantially in the past year, including the transport through Cambodia of Thai goods for resale at the Vietnamese border. Another uncertainty stems from the method of pricing the commodities in the trade with the Soviet Union, which is denominated in rubles and arbitrarily priced (at least in the case of Cambodian rubber shipments, which are said to be priced below world market levels).

The imbalance between imports and exports is reflected in Soviet data cited by the EIU for 1986, according to which Cambodia imported from the USSR goods worth nearly 13 times the value of its exports to the USSR. Vietnam and the USSR have been Cambodia's major trading partners. Since independence the geographic composition of Cambodia's trade has shifted abruptly several times (from France and Vietnam [and Senegal] to Eastern Europe, to the United States, and under the PRK back to Eastern Europe, the USSR and Vietnam) as the country's external political alignments have changed; this also reflects a reliance on bilateral trade agreements since 1956. The imbalance in trade has been financed to a large extent by grants and loans. Although the loans are reported to be concessional, they have built up to over 100% of the country's apparent GDP and are imposing a debt service burden which seems to be significant in

relation to the country's current export capacity. Table 2 indicates the status of Cambodian debt. The Organization for Economic Cooperation and Development (OECD) debt needs further explication as to distribution by country and the origins of the apparent slight rise in debt since 1984. Presumably the OECD debt comprises largely what remains on the books from the pre-KR era, and the increase since 1984 may be the result of capitalizing unpaid interest and/or amortization. If these numbers correctly reflect loans still legally extant on OECD books, presumably all official, the donors will have to reschedule or write off these amounts in recognition of the country's inability to undertake net aid reflows. As Cambodia's largest creditors, the socialist countries in the Council for Mutual Economic Assistance (CMEA) should be included in any joint program of forgiveness.

The EIU reports Cambodia's principal official exports as rubber latex, timber, maize, tobacco, and soybeans. The unofficial exports to Thailand are known to include raw gemstones, timber, and fish. The trade imbalance in favor of Thailand has apparently been financed privately with gold recovered from hoards. Since April 1987, when the PRK authorized individual Cambodians to receive remittances from overseas Khmer, the remittance flow may have become an item of major importance for financing the trade imbalance.

Whatever the full picture is regarding imports and their financing from CMEA countries, the economy is clearly undersupplied with fuel and spare parts. Its absorptive capacity for general imports is greater than the current volumes. One of the first tasks facing the donors as a group is to develop some notion of the magnitudes of aid Cambodia can absorb. Several factors will have to be taken into account, including the capacity of the bureau-

TABLE 2: EXTERNAL DEBT, 1982-86
(millions of dollars)

	1982	1983	1984	1985	1986
Gross long term debt	368	482	478	508	622
of which:					
CMEA	128	246	243	269	377
multilateral	3	3	3	4	4
OECD aid	227	233	231	235	241
capital markets	1	--	1	--	--
Short term debt	2	8	4	6	6
of which:					
banks	2	3	--	--	--
export credits	--	5	4	6	6

Source: OECD, *Financing and External Debt of Developing Countries*, 1987.

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cracy and public sector utilities and other agencies to employ inputs (such as vehicles, fuel, spare parts), and specific requirements of medical and other facilities. In general, the import needs will divide among public sector project and nonproject (that is general budget support) inputs, and private sector effective demand for import absorption. There appears to be scope through off-season employment for civil works, such as road repair and maintenance and irrigation system repair, to raise rural purchasing power. As long as government rice and other food procurement continues, government buying at market prices would be another avenue for increasing rural incomes.

Any surge in donor projects, especially large-scale civil works, will also inject new sources of money wages to the extent the required skilled and unskilled labor are locally hired. To avoid creating inflationary pressures in an economy that probably has very low elasticities of supply of consumption and intermediate goods in the short run, these budget support and local currency expenditures will have to be accompanied by non-project import financing, which may need to include food as well as other basic consumption items and fuel. Thus it will be important to get the right mix of project and nonproject aid and to monitor closely the impact of an aid surge on the supplies and prices of nontradeable goods and services. Inflationary pressures (25 to 30% in 1988, according to press accounts) are already evident in the Cambodian economy although, especially when compared with Vietnam, the Cambodian authorities appear to have resorted to deficit financing with restraint.

One of the most important early measures may have to be a substantial increase in civil servant salaries. So far, civil servants have been able to supplement their

nominal wages with subsidized rice and other basic commodities, by reselling these commodities, and by moonlighting (and even by renting out the entryways of government offices to vendors). As NGO personnel can best make out, these income-earning activities appear to have forestalled the decline in morale and the rise in corruption that one might expect from the gap that has opened up between public sector incomes and private sector earnings, at least in Phnom Penh. Even if this judgment is correct, it would be dangerous for the government to rely for long on a system with such disincentives to efficiency and probity. The PRK was forced into such a system through its inability to extract much revenue out of the weak economy. Budget support aid could help a post-settlement government raise civil servant salaries, recognizing that this would also have to be taken into account in its impact on effective demand. Although dependence on foreign aid for budget support and an import level substantially in excess of import capacity entails familiar problems, a recovery even to the income levels of twenty years ago is an unlikely prospect without such an aid effort. We have no way of estimating or proposing an order of magnitude for such budget support. A comprehensive examination of the public sector's status, roles, and fiscal position should be a high priority exercise for post-settlement planning. In general, to avoid creating a long-term dependence on aid for budget support, a program for revenue development will have to be devised, presumably based mainly on taxation of the few sectors with potential for rapid commercial expansion, such as tourism.

BORDER TRADE WITH THAILAND

Border trade between Thailand and Cambodia has grown very considerably since January 1989.¹⁵ There are said to be three main trading points along the border, where Thai traders buy gemstones, timber, dried fish, cows, and a few other products. They sell consumer products in exchange, such as jeans, T-shirts, rubber shoes, radios, and clocks. Goods from Thailand are plentiful in shops in Phnom Penh and other major towns. An active entrepôt trade also has been developed by merchants who buy Thai goods at the border and at the Cambodian port of Koh Kong (from Thai merchants who ply back and forth from Thailand's Trat in fast motorboats). These goods are then transported overland for resale in Vietnam. Ships loaded with consumer goods also arrive at Koh Kong from Singapore, Japan, Taiwan, South Korea, and India. In return, the local traders export mostly primary products. One recent estimate valued the trade moving through Koh Kong (half of which is believed to be with Thailand) at approximately \$11.5 million per month.¹⁶

The border trade is conducted in Thai baht and US dollars to the extent the transactions are not settled in barter or gold. In the early 1980s, when the Cambodians had very little to export in return, the Thai exports were acquired largely in exchange for gold drawn from hoards secreted in the 1970s. There is no knowledge of the extent of these hoards or how completely they may have been drained to finance the trade deficit since 1980.

Thus in the ambiguous transitional atmosphere between hostilities and normalization, and between PRK command economy policies and liberalization, the border trade and "investment" scene present a murky surface. Information is anecdotal and uncertain. The physical and monetary risks in some of the trade appear high. The

activities bear little resemblance to "normal" commerce. They are conducted without banking intermediation, formal customs, or other channels of regularized trade. Local military and civil authorities participate as merchants, sponsors, or rent-seeking purveyors of protection.

Infrastructure

As noted above, the transport, communication, and power sectors are all in a state of considerable disrepair and reduced capacity compared with their status 20 years ago, despite some recovery from the lows of 1980. The Phnom Penh water and sewerage system (and presumably that of Battambang and other towns) is in poor condition. The EIU describes telephone service in Phnom Penh and between the capital and Ho Chi Minh City as "skeletal." Each sector will need a survey and inventory of its status before any clear idea can be gained of the priorities for the first year or two of rehabilitation. Some components appear to have needs that are *prima facie* worth meeting, even if no basis, such as road traffic projections, may exist for any realistic analysis of feasibility. For example, some main roads have been resurfaced but need upgrading. Shoulders are thin or nonexistent, bridges and drainage structures are dilapidated, and there was no heavy equipment for proper compaction before the new surfaces were laid down. Many roads are in much worse shape than they were before the war.

The main arteries for bringing aid commodities into the country and distributing them to principal population centers, and for administrative and commercial connection between main centers and areas producing export commodities, should be readily identifiable along with their

rehabilitation needs: Kompong Som port and roads connecting the port with Phnom Penh, Phnom Penh with Battambang, and so on. Trade connections with Thailand and Vietnam will also need infrastructure improvements. On the other hand, rehabilitation of the railway network (or at least the purchase of new rolling stock) may not be justified for several years on those routes that were substantially underutilized before the war. Main streets, waterworks, and power in Phnom Penh and Battambang have already attracted some donor attention, and would probably merit early projects once donor resources of appropriate magnitude become available. Basic radio, postal, and other communications also will need rehabilitation. Although regular air service connects Phnom Penh with Hanoi, Vientiane and with Moscow (a new Soviet-built airport also is said to be in operation at Kompong Som for air freight), the Phnom Penh and Siem Reap airports will need upgrading to handle safely the inflow of air traffic related to official travel and tourism. Infrastructure of Siem Reap, in particular, will likely warrant early investment to lay the basis for tourism development.

Infrastructure needs are clearly great and will be natural areas for donors offering substantial funds. Administration of these projects, and putting maintenance capabilities into place, may pose greater obstacles than sheer engineering and construction which, in the case of many of these facilities, may have to be done by outside contractors on a turnkey basis. These projects can also serve the very useful function, as in many other countries at an early stage of development, of training local workers in construction skills, machinery maintenance and repair, and so on. The creation or strengthening of Cambodian government departments or organizations in each of these infrastructure areas will be essential, and should proceed

in tandem with the physical projects. It is likely that different donors will handle different parts of capital and related institution-building activities. Coordination in the planning of the rehabilitation of each infrastructure sector will thus be vital.

Rice

Rice production has recovered to the point where, at least in the 1988-89 seasons, no further food aid was required.¹⁷ This apparent return to self-sufficiency is fragile, however. The PRK claims that irrigated land is now 5 to 7% of the "cultivable" land, which is about the same as the prewar magnitude. Rice production continues to be largely dependent on the vagaries of an extremely variable rainfall in rain-fed areas as well as in the flood regime areas. There is no cushion of exportable surplus capacity as was built up in the 1960s. Even then, rice export capacity fluctuated greatly from one year to another.

In light of the debilitated condition of the industrial sector and the low levels of transportation, power, construction, and commerce, rice is certainly a relatively more important factor in the economy and the allocation of the labor force than it was in the late 1960s. The PRK has set a target of restoring rice production to prewar levels, a goal that may seem a natural one for any successor government to adopt as well. There are a number of difficulties and uncertainties regarding rice that will take much more study than has been possible thus far. At this stage, it appears that the path to restoring the status quo ante is not at all clear. In addition, despite the common impression that prewar Cambodia was another of South-east Asia's "rice bowls," it cannot be assumed that a focus

on rice for developing Cambodia's export capacity is necessarily the proper strategy.

According to the World Bank study, rice was not a dynamic growth sector. From 1950 to 1969 agriculture as a whole was growing at about the same rate as the population, with paddy production growing at an average of 2.2% a year, somewhat slower than the population and the agriculture sector overall. Paddy yields were constant over this period. Cambodia was experiencing the classic Southeast Asian pattern of parallel expansion of rice labor force and land area, using a constant traditional technology, with the expansion gradually occupying the best lands and pushing into marginal areas.

Within this overall pattern, however, the Bank described some remarkable short-period changes and variation among provinces (Battambang having more fertile soils and producing most of the exported rice):

An interesting [national] phenomenon that can only partly be explained is that both rice acreage and the number of paddy farmers in the first half of the fifties increased more slowly than the population at about 4 percent in 5 years; in the second half of the fifties (following independence) farmers increased 12 percent, acreage 24 percent, and production nearly 60 percent. Over the following five years, farmers increased 12 percent, acreage 7 percent and production 7 percent.¹⁸

Lacking any empirical studies of rice production functions in Cambodia, there was no explanation of the relationships among the factors of production and which were the constraints or the factors that would provide the greatest increases on the margin if suitably altered. The problem of how best to raise rice production in Cambodia

today appears to be similarly clouded with uncertainties.

The Bank study put the total population in 1969 at 7.3 million, the economically active population at 2.5 million (only 34% of the total), the active population in agriculture at 2 million, and the rice farmers at 1.7 million. We cannot vouch for the accuracy of these numbers and have even less basis for comparable numbers today. Nevertheless, an International Rice Research Institute (IRRI) paper "estimates" the rural population at 7.5 million and the rural labor force at 2.6 million (the figure published by FAO). If rice farmers still comprise about 80% of the agriculture labor force as was estimated in 1969, the current rice production labor force would be 2.2 million. At this level there would be a half million more rice farmers today than in 1969. The 1969 rice farmers were reported to have worked 2,427,000 hectares, producing about 2.5 million tons of paddy, enough for an export surplus of 94,000 tons of rice. This surplus was depressed below export availabilities of the previous few years because drought in 1968-69 drastically reduced yields on half the paddy area.

In 1988, according to Kong Somol, vice president of the PRK Council of Ministers and former minister of agriculture, the area cultivated was only two-thirds of the prewar acreage, which would mean about 1.6 million hectares. This figure represents a continuation of the trendless plateau that rice acreage has been on at least since 1982-83; the average between 1982-83 and 1987-88 is reported at about 1.5 million hectares. Average yield and total output show no convincing trend either. The accounts by François Grunewald on the state of the rice crop at different times over the past two seasons give a graphic picture of the high dependence of Cambodian rice on the almost completely uncontrolled progress of the

annual floods. Under these conditions any trends in yields that might be due to improvements in varieties or cultivation practices could only be discerned with any reliability over a fairly long stretch of years.

If all these numbers are roughly correct as orders of magnitude, what explains a situation whereby in 1989 a rice-farming labor force larger (by 13%?) than that of 20 years earlier is working only two-thirds the area and producing a comparably lower output? This is currently the major production puzzle in Cambodia. It is significant because these factors (land area farmed, output levels) directly determine the income levels of the largest fraction of the population, and absence of any exportable surplus deprives the economy of the largest prewar source of export earnings and puts it on a thin margin where inevitable bad years will reintroduce a need for food aid and possible exposure to severe deprivation and nutritional stress.

This puzzle is closely related to the problems of water and its potential control, which should be major subjects of interest to both the Cambodian government and to aid donors. Both likely will pick up where they (and the Mekong Committee, to be discussed later) left off two decades ago – in the early stages of developing large-scale irrigation and hydroelectric projects. Issues surrounding rice production and water management loom large in the total post-settlement picture, presenting aspects that will need close study and major investment options that will have to be clarified.

There are several factors working to keep rice production from recovering to previous levels. Yields appear to be fluctuating around the same prewar level of one ton per hectare, so the first question is why the labor force is not working more land. The few village-level

studies confirm that the land allocation made by the PRK to the "solidarity groups" (*krom samaki*) in which families were grouped and organized comprised smaller areas per family and per person than the norms prevailing in the prewar period.

The land allocation to solidarity groups bore little resemblance to the large-scale collectivization of land and mobilization of labor force under the KR. The former comprised 10 to 15 families settled on specified acreage. Three levels of organization were established under a complex set of rules and recordkeeping developed by the Department of Rural Economy in the Ministry of Agriculture. In level one all the land was collectively worked, animals and other inputs were collectively owned and shared, and the produce was divided according to a work-point system representing the relative work contributed by each individual (active adults received a full share, the active old and those aged 10 to 15 received half shares, and others received quarter shares). Members also could trade their paddy shares as they wished, and taxes and purchased inputs were handled collectively. In level two lands were distributed for private use according to the size of the family, although ownership remained with the state. Animals and inputs were privately owned but shared along lines set by the state; traditional labor exchange systems again became manifest. In level three the *krom* lands were divided into family plots worked on a completely individual basis, with the *krom* leadership providing a few general services.

The original rationale for introducing the *krom* was the need to ensure maximum use and availability of scarce animal and tractor power, and to ensure that the weaker families – female-headed households or those with disabled members – were protected by guaranteeing their access to

these inputs.

A number of the books and papers listed in the bibliography describe in detail the *krom* system and its rapid evolution over the decade. We need not repeat this here, particularly because PRK policy towards agricultural organization has been changing since late 1988. It apparently has moved toward family farm ownership. Although the PRK favored the more collectivized "level one" in its distribution of tractors and other scarce inputs, thereby creating strong incentives for people to sustain at least the appearance of collective forms, both casual observers and PRK-published data point to widespread preference for, and shift towards, the less collectivized levels over the past several years. At this time it is not clear how much collectivization remains or how quickly the remaining collectivized approach is being undone.

The PRK has cited a figure of one million hectares of land that is available but uncultivated. This land comprises both large stretches completely abandoned due to poor security and land allocated to the *krom* that has nevertheless remained fallow. The constraints on the farmers' ability to apply their labor to more acreage have been, first, the high proportion of females in the work force, which reduces the manual power needed especially for plowing; second, the limited number of tractors (Prabhu Pingali puts the current number at 1,225 but shortages of fuel and parts reduce the effective size of the fleet; pre-war there were about 1,500 used mainly in areas with large upland holdings, such as Battambang); and finally, a shortage of animal traction, with bullocks and buffalo in 1987 numbering 2.5 million, only three-fourths the number of traction animals that existed in the late 1960s.

There have been several additional factors (besides

the presence of land mines, said to be a principal cause for abandonment of fields in western areas) constraining output on the land that is being cultivated. The area under effective irrigation may be less than the 74,000 prewar hectares. Two-thirds of the prewar area consisted of reconditioned historic irrigation works at Siem Reap and Bovel. Five irrigation projects were in various phases of feasibility and engineering study, two on the Mekong main-stream, three on tributaries. Construction had begun only on the Prek Thnot project west of Phnom Penh, which was designed to irrigate 70,000 hectares and generate 50 million KWH of electricity in a normal year. Construction was abandoned in 1970, when the dam was near completion; today it is severely damaged and holds no water. There are different views as to the general effectiveness of the so-called Pol Pot canals and how damaging they were to the nation's hydrology. In any event, according to observers 60 to 80% of all the preexisting systems are not functioning. In Prey Veng province, for example, there is extensive need for repair of deteriorated concrete structures in the local small systems serving up to about six villages each. The provincial and district departments of hydrology in Prey Veng have no trained engineers and few tools or machines. The national Department of Hydrology, in Phnom Penh, had two civil engineers in 1985. The few newly trained engineers that have begun to staff the hydrology departments have all been schooled in East Europe, where the ability to teach tropical rice irrigation engineering may not be strong.

Local small-scale irrigation that involves lifting water from pools or canals needs either pumps or the traditional *snach*, a water scoop mounted on a tripod and driven by foot by one or two persons. Most of the pumps installed with Chinese aid during the KR years have disappeared.

(The 1,300 pumps reported by the World Bank as the total stock in 1968 would have long fallen into disuse in any case.) Recent aid efforts to increase the supply of pumps have been a disappointment, and maintenance has been a serious problem. A program financed by FAO to supply hand tillers proved ineffective for a different reason – the politically favored *krom* that received these tillers removed the engines and sold them to fishermen!

Fertilizer use appears to be lower than even the minimal prewar level. Farmers for generations relied on the annual flood regime to lay down a deposit of silt that added some fertility to the soil. The areas surrounding the Tonle Sap have a complex ecology in which the annual rise and spread of the lake produces an explosion of the fish population and a subsequent deposit of organic material. There is no tradition of manure use beyond natural animal deposit, although phosphate production and use had begun in limited areas before the war. The phosphate plant has been reconditioned with NGO assistance but delivery is uncertain because of a lack of trucks, and the plant appears to have often built up unmovable stocks.

Postharvest losses due to rats, birds, and traditional storage and processing methods are believed to be considerable. The effectiveness of cultivation practices is said to vary substantially from one place to another. The paddy-to-rice conversion ratio is low because of antiquated milling equipment and the mixing of varieties of different sizes in the milling process.

Cambodian farmers traditionally used a large number of rice varieties. In a risk-minimizing production strategy (that resembles the variegated adaptation of Thai farmers to their microenvironments), the Cambodian farmers developed intimate knowledge of their local

hydrology and soil. They planted numerous varieties with varying characteristics (as to timing, yield, rate of response to rising water levels, and so on) matched to the varying physical qualities of different paddy fields. These complex practices afforded very low yields compared with uniform cultivation of modern high-yielding varieties under controlled water conditions and with modern inputs. Yet lacking the ability to control an environment with very unpredictable and irregular water flow, the Cambodian farmer's technology instead maximized the likelihood that he would succeed in producing at least the minimum necessary for surviving from season to season.

Given this environmental variability (apparently much greater than the variability in northeast Thailand but resembling it in many respects) and in the face of the array of constraints on productivity from start to postharvest finish, the agronomists and agricultural engineers have proposed a wide range of possible interventions. Very little research has been done to evaluate the relative risks and merits of these interventions. The recent literature is extremely limited, and the few authors and development agencies that have put proposals on paper appear to have raised some difficult issues. These need to be sorted out before programs are initiated by donors that would impose upon Cambodian farmers, or lure them into, alternative regimes to replace the risk-minimizing ones they are in the process of reestablishing. Proposed interventions can be conveniently grouped between large-scale irrigation or systemic schemes, and an array of options for local or individual adoption by the vast majority of farmers outside potential major irrigation areas.

The large-scale interventions would be hydroelectric projects on the Mekong mainstem. Two projects that were being studied during the 1950s and 1960s, the Pa Mong

between Laos and Thailand above Vientiane, and the Stung Treng which is within Cambodia, would submerge large areas (only the latter would submerge areas in Cambodia), impound huge volumes of water, and irrigate large areas. They would also affect downstream flow and presumably alter, and possibly improve, the entire downstream hydrology. A third large project in Cambodia, the Sambor, would generate vast power along with minor irrigation. None of these three projects appears feasible in the near-to-medium future, owing to such problems as high cost, lack of markets for the power, submergence, and population displacement.

Other projects on Mekong tributaries would not have systemwide hydrological effects. As mentioned above, construction had started on the Prek Thnot project which was originally designed to irrigate 70,000 hectares. Two other large projects were in feasibility study stages – Battambang with an eventual area of 68,000 hectares, and Stung Chinit with 25,000 hectares. The total large-project irrigation area potential (apart from the Stung Treng and Sambor projects) was thus about 160,000 hectares, or 7% of the prewar rice area. In the search for interventions that can raise agricultural output and benefit substantial numbers of people, the revival of these projects will arise immediately as purportedly attractive options. Nevertheless, the experience of large-project shifts into controlled irrigation, including the experience in northeast Thailand in particular, should stand as a reminder of the caution with which such systems must be approached. Development of local system-management capability, of farmer cooperation for water use, and of individual farmer adjustment to new technologies have all proven difficult and have taken much more time than originally planned. The investments have been large relative to the numbers

of putative beneficiaries, and the returns in many cases, if realistically phased and discounted in the planning stage, have cast doubt on the economic viability of the schemes. Cambodian technical capacity to manage large irrigation interventions was very limited before the war, although some training on experiment stations was under way. This capacity must now be even more limited.

In the 1960s it was clear that the Tonle Sap system was in decline. The Great Lake had a reputation as the richest freshwater fishing ground in the world. Total production (including the Mekong river) was estimated between 105,000 and 125,000 tons, but declining. Fish exports, which had been considerable in earlier years, had almost disappeared by the end of the decade. Formerly, the open end of the lake was regularly dredged. It has not been dredged for the past 15 years. While provision of equipment to resume the previous dredging regime is likely to be a useful early project, the present endangered hydrology and ecosystem of the lake in its entirety is another subject that warrants a high place on a priority list of post-settlement research. In the meantime, fish yields from the Tonle Sap might be raised quickly through provision of boats, motors, and nets.

The signal importance for Cambodia of the Mekong basin system, with its potentialities for the interrelated development of irrigation, power, navigation, and fisheries, points to the important role that can be played by the Mekong Committee.¹⁹ First set up in 1955, the Mekong Committee was designed as a framework bringing together the riparian countries – Laos, Thailand, Cambodia, and (then South) Vietnam – and a number of donors to study the characteristics of the lower Mekong basin (defined as starting at the point where Burma, Laos, and Thailand come together on the Mekong) and to promote a coordi-

nated program for development of the system. It was explicitly hoped that joint system development would create common economic infrastructure and interests helping to bind the riparian countries in a mutually advantageous network of peaceful cooperation.

The overall political objective was thwarted and overtaken by events. Now, over three decades later, it is possible to contemplate the possibility that external and regional conditions may finally allow realization of the Mekong concept. In this context, the Mekong Committee may be able to play a key role in Cambodian development, both for projects within the country and through Cambodia's participation in the framework system encompassing the other three countries. Cambodia withdrew from the committee in 1975 and is expected to take up its seat again as part of the normalization of its international relations. (The PRK has been participating in annual meetings of a Mekong coordinating committee comprising Laos, Cambodia, and Vietnam, which exists outside the Mekong Committee framework and appears to have little more than a symbolic function.) In addition to taking responsibility for resumption of the Prek Thnot project (which would have to be restudied), the Mekong Committee could implement studies of the Tonle Sap and other aspects of Cambodia's hydrology, and of the rehabilitation of the meteorological and hydrological gauge network that had been installed and operated prior to 1970 but has since suffered from damage and disuse. The committee also could carry out studies on land use, employing Landsat and other remote sensing data.

The vast majority of Cambodia's farmers will continue to live outside the potential scope of these large irrigation systems. For most farmers who live in the flood plain, massive use of modern high-yielding rice varieties

appears not to be a feasible option. Instead, raising rice productivity, and the production of diversified crops in rain-fed areas and along riverbanks, will be a complex process involving the interactions of many factors. Although some interventions appear safe and sensible based on existing knowledge, for the long run it will be of prime importance to develop the country's agriculture research system. Some examples of possibilities that seem warranted for immediate implementation are given in the FAO/WFP/UN report cited in the bibliography. They include improvement of agricultural statistics and food supply monitoring; distribution of hoes and vegetable seeds; use of phosphate fertilizer; and assistance to the Department of Hydrology, as well as some suggestions on livestock, fisheries, etc. The report also points to the lack of spare parts for, and maintenance of, the agricultural machinery that is available.

Joel R. Charny has described the experience in 1979-81 during which the international agencies attempting to help cope with the food situation in Cambodia provided pumps, chemical fertilizer, and high-yielding rice seed varieties.²⁰ Despite the fact that the supplies of these inputs greatly exceeded what was available in the country before the war, the farmers made little use of them for production. Charny speculates that the farmers could not afford to take the risk of adopting changes in productive practices at a time when the risks to subsistence were so high. (The peasants did put the seed to good use, however, for helping to meet immediate consumption needs.) He also warns against the "fundamental unsuitability of massive doses of modern technology to Kampuchean rice production."²¹ In the long run, with sufficient research and reliable input systems, rice cultivation in at least some of Cambodia's varied production environments will probably

shift to new higher yielding technologies. The emphasis in the conservative arguments of Charny and a few other writers centers on avoiding "massive" inputs and premature efforts to introduce quick change. Still, the quick rebuilding of a tractor fleet in Battambang, with its large flat areas and fields, would be an example of a feasible injection of inputs to ease current production constraints.

Other Food Crops

The status of other food production is no more clear than the picture on rice. Some current assistance programs have developed an apparently successful small-plot fruit and vegetable project designed to meet dietary requirements (especially for mothers and children) for the nutrients not supplied by rice. This pilot experience may well be a model that could be used for widespread replication when greater donor resources become available. There were a number of minor crops the World Bank reviewed as export possibilities for the 1970s that needed further study. These would need to be reexamined in light of current conditions.

Rubber

In prewar days Cambodia's rubber industry was one of the most efficient in the world, boasting the highest average world yields, according to the World Bank report. Rubber occupied 2.3% of the cultivated area, produced 7.6% of the economy's total value added, and accounted for one-third of the country's exports. As the second most important export earner, rubber generated about half the

foreign exchange earned by rice sales. Total area planted to rubber was growing in the 1950s and 1960s. It reached 67,000 hectares in 1968, of which five French companies held 70%, comprising virtually all the land in their concessions. About 92% of the rubber area was in two provinces, Kompong Cham and Kratie, and almost the entire labor force was made up of immigrant Vietnamese. Two large state-owned plantations set up after independence were being planted and developed by one of the French companies. The rest of the industry comprised some smaller state plantations and some private Cambodian estates. The latter were said to have been developing successfully, based on high-yielding clones available from the French plantations. Ratanakiri province was estimated to have 150,000 hectares of soils suitable for rubber planting, but problems of labor supply (the province is lightly populated), malaria, and transportation costs were seen as obstacles. Given good management these obstacles were not seen as insuperable. As in Malaysia, the sector was served by an efficient Rubber Research Institute financed by a small tax on rubber.

It has been estimated that the years of warfare caused destruction of 20,000 hectares of rubber plantation. In 1982 the planted area was estimated at 52,500 hectares, of which 41,000 were being exploited. The current situation is not clear. The PRK claimed in January 1989 to have increased rubber acreage by 5,000 hectares since 1980, but it still put the current total at 52,000 hectares, or about 78% of the 1968 area. The area being tapped in the late 1960s was about 39,000 hectares, or 58% of the area planted, reflecting the large acreage which at that time was planted with immature trees. The latest PRK figure (April 1989) on the portion of current planted area that is being tapped is 43,000 hectares. Production in 1967

was 53,000 tons for an average yield of 1.37 tons per hectare. Production in 1984 was estimated by FAO at 13,000 tons. Various PRK figures on latex output range from 28,000 to 35,000 tons for 1988, implying a yield between 0.7 to 0.8 tons per hectare.

The PRK lists rubber as one of the four "spearheads" for economic recovery. The rubber areas have been put under the management of those Cambodian rubber technicians who survived the intervening turmoil. They apparently were not senior management personnel in the 1960s but may well have been able to return these areas to sound management of tapping methods and schedules, latex handling and treatment, weeding and so on. Nevertheless, productivity is well below prewar levels. Any areas newly planted in the past few years would not yet be mature enough for tapping. In addition, many trees that have survived since prewar days may be well past the age of prime productivity.

We do not know how well the rubber areas are being managed, if the old trees are being "bled" to maximize their latex flow in their last productive years, if the plantations have had access to new high-yielding clones from other countries. What is the status of the research institute and what needs to be done to return it to its prewar condition? What should be done to raise latex yields from the old stands of trees and to foster bringing additional acreage back into production and to launch replanting? What equipment and other inputs are needed to refurbish the plantations? These and other technical questions should be reviewed, as should more fundamental issues of management options, such as making arrangements for management contracts or exploring the acceptability and feasibility of returning ownership to international private plantation companies. The world's best expertise

in rubber research and production in all the patterns of ownership and management (large- and medium-sized private plantations, smallholdings, land development schemes under public agencies) is in the ASEAN countries. Technical assistance and investment arrangements offer attractive prospects for helping revive the Cambodian rubber industry and for creating mutually advantageous links between Cambodia and some of its neighbors.

Rubber wood for furniture offers a new and potentially early source of export earnings. Since Thailand developed a technology that makes wood from rubber trees usable for furniture, rubber wood furniture exports have grown rapidly, reaching roughly \$50 million in 1987 with the United States, Japan and Hong Kong the major markets.²² Previously burned when cut down at the end of their useful economic life, old rubber trees have now become a valuable raw material. In 1988 the price of rubber wood rose 40 to 50% in Thailand as a result of the floods in the south and the closing of forests in 12 southern provinces. Because supplies have been tightening in Indonesia and Malaysia as well, demand for rubber wood has been rising.

Cambodian rubber wood should find a ready export market in Thailand. A study of the status of the rubber industry in Cambodia could develop an age and productivity profile of the stock of Cambodian rubber trees and determine the areas and potential wood yield of older stands that would be more valuable if cut and replaced with new clones than left for tapping. With a proper investment climate, wood manufacturers in Taiwan, Thailand and elsewhere who are using rubber wood might find it profitable to invest in furniture production inside Cambodia rather than shipping the raw material. Manufacturing in Cambodia also might save on shipping costs

and could take advantage of Cambodian wage rates likely to remain well below those of the rest of the region for many years. If carpentry skills are not readily available, they are likely to be included in any programs to expand vocational education.

In short, there should be no difficulty in a successor government agreeing on the importance of reviving the rubber industry, whatever its composition. A comprehensive study of the condition of the industry should be a first order priority activity for donor financing.

Industry

As noted earlier the extent of industrial development before 1970 was very limited. The state enterprise sector by and large operated at a low level of efficiency, while the relatively larger (in terms of value added) private industrial sector comprised small family-owned enterprises that were stagnating if not in decline under industrial policies discriminating against private ownership. Both state and private industrial fixed capital suffered extensive destruction and deterioration during the 1970s.

The PRK has managed to put some of the old state enterprises back into production. Figures provided by the Ministry of Industry suggest that the value of cigarette manufacture far exceeds that of any other product now being turned out by the state enterprise sector. In general, factories are said to be operating well below capacity due to shortages of spare parts, raw materials, power, and skilled workers. Naranhkiri Tith questions the advisability of attempting to refurbish the state enterprises at all, given their obsolete technologies and the problems of spare parts and management. If some are worth refurbishing, how

should they be managed? These questions cannot be answered before the plants are surveyed one by one. A review of the physical condition and economic feasibility of restoration of these plants should be made and appropriate recommendations be formulated regarding operation for those worth salvaging, including proposals for management arrangements and/or transfers to private ownership. Detailed examinations could then be made on a second round for any plants that survived the first screening.

Tith also recommends that priority should be given to the rebuilding of small and medium enterprises of the private sector. The development agencies have considerable experience in methods for providing finance and technological assistance to the medium and smaller ends of the private sector which could be brought to bear in Cambodia. The main requirements are likely to be credit mechanisms, access to commercial information on relevant machinery (probably from suppliers in developing countries rather than advanced industrial economies), and nonproject aid to meet the resulting foreign exchange costs. Restoration of some parts of the country's infrastructure, especially electric power in the main urban areas, will be necessary for any significant revival of private industry.

However, even modest industrial growth will depend heavily on foreign and possibly expatriate Khmer investment for a number of years. One can only speculate on the potential interest of outside entrepreneurs even assuming security problems are completely resolved. Thai interest in Cambodian raw materials may not easily translate into investment in local processing. Surrounded by the much larger vibrant economies of ASEAN and the much greater potential of the Vietnamese economy, and hampered by the state of its infrastructure and skill availabilities as well as by the size of its domestic market,

Cambodia must keep to realistic and very modest expectations and goals for the industrial sector. In such a constrained situation, the possibilities (of which we have no knowledge) for investment by overseas Khmer communities that may have developed entrepreneurial and industrial experience could provide the most attractive option. Khmer expatriate entrepreneurial experience would be the key ingredient, as capital requirements would most likely be moderate and could be met in part by the aid programs of the expatriates' adopted countries. The Cambodian Business Association in Long Beach, California could be encouraged and assisted to develop an organized mechanism to facilitate private investment, perhaps through a development corporation if personal capabilities and risk perceptions prove constraints on individual initiatives.

The American Khmer community is the largest outside Cambodia (and Thailand). It is well organized in local communities where the Khmer are concentrated, as well as on the national level through some apex organizations. The Private Enterprise Bureau in USAID could assist this community to develop mechanisms facilitating Khmer-American investment in Cambodia. It could help in such matters as travel to Phnom Penh, consultations with Cambodian authorities on legal and other details of the investment climate, surveys of state enterprises that might be profitable if turned over to private operation, and identification of American firms that might be willing to join in a venture if Khmer Americans were participating.

It is important to note that there are likely to be very few in-country Cambodians in position to serve as partners in joint ventures with foreigners. Given the small scale of most private enterprise possibilities, overseas Khmer and investors from the ASEAN region who are still

operating in the more traditional small-scale, family-run, informally operated business culture are more likely to be able to adjust to the business climate and realities than investors from much more advanced and corporately organized economies. Given the weakness of potential Cambodian participation, the overseas Khmer role could be particularly important for reducing Khmer anxieties that non-Khmer investment might be exploiting them and robbing them of mastery in their own house.

Tourism, Minerals and Forestry

There has been a vast rise in tourism in East Asia since the 1960s. The prospects for Cambodia to tap into the existing flow of international tourists is probably the biggest and most hopeful single change in the country's economic potentialities since the prewar period. Tourism in Cambodia could also draw a separate incremental flow just from Thailand which might be as important a component for Cambodia as cross-border tourism from Malaysia is for Thailand (20% of all arrivals in 1988).

Tourism in Cambodia will focus on the temple complex of Angkor in Siem Reap province. In the longer run tourism might be extended to other Khmer sites, such as beaches and more routine attractions. But the Angkor complex is unique in the world and calls for an imaginative approach to Cambodian tourist development for several reasons. First, the level of tourist service at Siem Reap even in the 1960s was not high and is barely rudimentary today. A recent visitor reported the presence of only one guide with serviceable English and a modest knowledge of the ruins. Transport amounted to three or four school buses. Even moderate development of the site would

require building up accommodations, food service, local transport, guide services, and so on, not to speak of site preservation which is a major technical and archeological task even without any tourist load. Full-scale development would entail more substantial infrastructure development as well, including air and ground access.

Second, the sense of remoteness and proximity to the heavy surrounding tropical forest is integral to Angkor's unique atmosphere and evocative power. Uncontrolled construction of hotels and other facilities, or intrusive or discordant "development" of access roads and other touristic appurtenances could easily destroy these qualities. Although private sector investment and tour management will be essential, a laissez-faire approach risks destruction of the very characteristics at the core of the site's drawing power. Third, Angkor is much more than just a tourist site; it has played a central symbolic role in modern Cambodia's sense of national identity. For these reasons the development of the site should be approached with as much deliberation and seriousness as should the problems of rice production.

A few numbers from Thai tourism may be helpful for putting Cambodia's tourist potential into perspective. In 1988 Thailand had 4.2 million tourists. They stayed an average length of 7.4 days and spent an average of \$100 a day. In 1969 Cambodia had 47,000 tourists and was projecting 120,000 by 1972. Hotels were being built or planned, and air connections and other factors were expanding as well. In 1988 tourists numbered a mere 1,500. If Cambodia could tap only 10% of the flow into Thailand for an average stay of two days at the same rate of expenditure, the foreign exchange earnings would come to about \$85 million, over twice Cambodia's entire reported export earnings for 1988. If a tourist flow of this size

were evenly spread through a year it would imply a daily tourist population at Angkor of around 2,000 persons, a low density for so large a complex. (The relatively tiny Grand Palace and Emerald Buddha complex in Bangkok received an average of 3,600 a day in 1987.)

Thai Airways International is already reported to be planning a one-day round-trip tour to Siem Reap. Another tour is said to be available soon through Vientiane and Phnom Penh, and a few tourists have been making their way via Vietnam despite the present hurdles of visa and travel arrangements. A modest start of this kind can test the waters and begin publicizing the reopening of Angkor to convenient access.

Tourism is a major sector where both public and private sector cooperation between Thailand and Cambodia offers jointly rewarding prospects. It is cautionary, however, to note the unfortunate effects on Kenyan-Tanzanian relations of the fact that most tourists visited Tanzanian game parks from hotels inside Kenya and flew into and out of Nairobi, with most of the foreign exchange earnings accruing to Kenya as a result. Eventually the Tanzanians closed the border altogether. The tourism system that is developed around Angkor Wat must ensure that Cambodia captures a good share of those expenditures tourists will be making primarily to visit Cambodia.

Serious thought must be given to how Cambodia should organize itself to plan for tourism on a scale that should be attainable and could evolve into the most lucrative single sector of the economy. The fact that this tourism will focus on the Angkor complex, and that the complex must be both integrated with and separated from the surrounding infrastructure facilities, suggests a concept of Angkor as an enclave to be developed as a complete archeological cum ecological park, with associated facilities

for human use that do not degrade its historical or natural qualities. If the entire area, including the town of Siem Reap, were put under an Angkor Wat Development Corporation, one could imagine something like a cross between Colonial Williamsburg and the Adirondack State Park in New York State. The Adirondack Park embraces a large mountainous region that includes towns, private land, and state-owned wilderness. Private development is tightly monitored and controlled under special legislation by the state authorities. Colonial Williamsburg maintains a recreated historical site designed entirely for educational tourism.

In short, tourism appears to be the outstanding opportunity for rapid development of foreign exchange earnings. Foreign participation is essential to provide the necessary capital and expertise and to bring Cambodia into the regional tourism circuit. High priority should be given to an aid-financed study of the entire tourism structure and operations centered on the Angkor complex, to map out an orderly development process, preserve the character of the ruins, estimate the costs and returns (including linkages with other sectors), and propose institutional arrangements and guidelines.

Mineral potentialities appear very limited but have never been properly surveyed. Phosphate for local use and raw gem stones were the main prewar minerals. Although no seismic work has ever been done in on-shore Cambodia, it is quite possible that the off-shore gas fields in Thai waters continue through Cambodian and Vietnamese economic zones. In addition Cambodia has ancient lake sedimentary areas on shore that may be worth exploring. Before seismic work or exploratory drilling in the Gulf could begin, however, it would be necessary to clarify the off-shore boundaries between Thailand, Cambo-

dia, and Vietnam. Boundary clarification is desirable in itself in order to remove possible sources of friction between Cambodia and its neighbors. (Within weeks of the Khmer Rouge takeover in April 1975, the KR shelled the island of Phu Quoc and attempted to occupy Tho Chau, both claimed and administered by Vietnam. This brought on an immediate Vietnamese response and was the first outward sign that the two communist regimes were heading for conflict.) It is noteworthy that despite ten years of intimate political and security relations between Hanoi and the Vietnamese-installed regime in Phnom Penh, the boundary differences remain unresolved. In October 1989 Khieu Kanharith, editor of the leading PRK newspaper *Kampuchea Weekly*, told a press briefing in Bangkok that a joint technical group was currently working on border delineation and that some problems were still unsettled. One possible solution to these conflicting claims would be agreements on production sharing along the lines of joint agreements between Indonesia and Australia, and other neighboring countries, where off-shore claims have overlapped. Developers of Thai off-shore gas have deliberately refrained from extending into the disputed areas.

Timber extraction is perhaps too tempting an option for quick foreign exchange earnings, especially with the ready market in Thailand following the closure of Thailand's remaining forests to commercial exploitation. Three-fourths of Cambodia was forested in the 1960s, of which a third was dense rain forest in the southwest. Logs and plywood were exported, but timber exploitation and processing was described by the World Bank as based on unproductive techniques. The Bank recommended technical studies and modernization of extraction methods and sawmills. Timber exports are now reviving and, along with

domestic needs for new construction, could rapidly deplete Cambodia's forests. The current condition of these forests needs to be ascertained and an appropriate policy outlined. The forests in Cambodia are a public good and their condition affects the hydrology on which the bulk of the population depends. Thailand and Japan – the major buyers of Cambodian logs – should see their interest in a sustained-yield forest regime in Cambodia, and thus avoid future charges that they had despoliated Cambodia's natural resources.

Human Resources

As discussed earlier, the Cambodian educated class – doctors, teachers, lawyers, civil servants – was devastated by the Khmer Rouge during the mid-1970s. Anyone wearing spectacles, speaking foreign languages, or otherwise displaying the characteristics of higher education was at risk of execution in most Khmer Rouge zones. Of the approximately 500 doctors in Cambodia before the KR period, it is estimated that only 40 remained in 1979. Twenty of those quickly fled the country. Only about 725 of 3,400 medical students are said to have returned to Phnom Penh after the genocide.²³ The Khmer Rouge reportedly destroyed many of the nation's hospitals as well. Given this starting point the PRK has made impressive strides in rehabilitating the country's health and educational systems, according to a 1988 UNICEF report on Cambodia.²⁴

HEALTH CARE

The PRK has made restoration of a functioning health care system a major government concern. The 1981 constitution officially guarantees free health care to all citizens, with mothers and children receiving top priority. In 1985 the government also announced that greater effort would be put toward promoting health care at the village level, and it advocated a mix of modern and traditional medical practices. However, visiting medical observers have criticized the PRK for simply rehabilitating the old French model of curative medicine rather than establishing the preventive or primary health care model which they purport to favor. Scarce financial resources are used to send students abroad for "high tech" training in cardiology or neurosurgery. The 1988 UNICEF report in fact points out contradictions in the PRK health system "between preventive policies and curative acti. . ."²⁵ The present system also contains an urban bias, with a disproportionate amount of available physical and human resources concentrated in Phnom Penh.

Under the minister of health are four vice-ministers in charge of specific departments. The most important of these is the Department of Preventive and Curative Medicine, which has authority over most of the country's health care system. This department encompasses four key divisions: the Centre National d'Hygiène et d'Epidémiologie, the Centre de Protection Maternelle et Infantile, the Centre de Malariologie, and the Institut National Anti-Tuberculeuse. The Centre National d'Hygiène et d'Epidémiologie has responsibility for many programs important to public health, such as immunizations, sanitation and water supply, and health education. It is in charge of implementing national programs throughout the country even though it has no provincially based personnel. Such

programs are implemented by provincial health staff working under the Preventive Service units of the provincial health structure, reporting to a different department (Service de la Santé) in Phnom Penh.

The physical expansion of health facilities undertaken by the PRK appears to compare favorably with the number of facilities that existed before 1975. A comparison of 1969 WHO statistics with recent information provided by the Ministry of Health shows that the number of hospitals has risen from 99 to 188, the number of dispensaries, health centers, and infirmaries from 553 to 1,616, and the number of hospital beds from 5,462 to 12,953. Yet table 3, which compares the number of hospital beds during the two periods, illustrates a strong urban bias (there currently are an estimated 5 beds per 1,000 people in Phnom Penh, compared to 1.4 beds per 1,000 in the countryside). Whether the 1988 statistics are accurate is not immediately clear, nor is the actual nature of the dispensaries, health centers and infirmaries noted above.

Notwithstanding the ostensible expansion of health facilities, resource shortages severely hamper the operation of the present health system. Hospitals suffer from an inadequate supply of water, which in some cases is simply carried into the facilities in open buckets. Most hospitals have no electricity, and in those that do power shortages are common. Sanitary conditions are extremely primitive – hospitals often lack regular sewage and waste disposal systems as well as proper sterilization and laundry services. Blood and drugs also are in short supply. The government has drawn up a list of 200 "essential drugs," and it reportedly manufactures 40% of the country's pharmaceutical needs. Additional drugs are supplied by UNICEF, some NGOs, and a few Eastern bloc countries. Unregulated drug markets exist as well, and quality control is a major

**TABLE 3: HOSPITAL BEDS IN CAMBODIA
1969 AND 1988**

	1969			1988		
	Phnom Penh	Provinces	Total	Phnom Penh	Provinces	Total
PUBLIC						
Central Hospitals	1,654	--	1,654	2,500	--	2,500
Provincial Hospitals		2,046	2,046	240	4,256	4,496
District Hospitals		n.a.	n.a.	83	5,874	5,957
PRIVATE						
Hospitals & Maternities	989	773	1,762	n.a.	n.a.	n.a.
TOTAL	2,643	2,819	5,462	2,823	10,130	12,953

Source: UNICEF, *Children and Women in Kampuchea*, September 1988.
Note: n.a. = not available

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**TABLE 4: DISTRIBUTION OF HEALTH PERSONNEL
CAMBODIA 1988**

Category	<u>Phnom Penh</u>		<u>Provinces</u>		Total (Country)
	No.	%	No.	%	
Medical Doctors	221	73	82	27	303
Medical Assistants	257	45	309	55	566
Nurses	552	29	1,296	71	1,818
Midwives	275	44	344	56	619
Auxiliary Nurses	869	17	4,284	83	5,153
Auxiliary Midwives	163	9.5	1,550	90.5	1,713
TOTAL	2,307	22.6	7,775	77.4	10,172

Source: UNICEF, *Children and Women in Kampuchea*, September 1988.

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problem. Transport and communication limitations also constrain the operation of the health system, particularly in the provinces where no ambulances, telephones, or radio equipment exists with which hospitals can communicate and facilitate referrals.

Yet the most serious resource constraint is manpower. According to Dr. My Samedy, dean of the Faculty of Medicine in Phnom Penh, there is one doctor for every 30,000 people in Cambodia, compared to a ratio of one for every 2,000 in Vietnam and one for every 200 or 300 in the West. The Faculty of Medicine, which reopened in January 1980, is presently training 2,103 students. Medical students enroll in a six-year course of study (to be expanded to seven years in 1990), pharmacists in a five-year course. The first group of students who had attended the regular six-year cycle graduated in 1988-89. Since the Faculty reopened in January 1980, it has trained 400 medical doctors, 210 pharmacists, 34 surgeons, and 810 medical auxiliaries or assistants. This already slow process has been made more difficult by shortages of teaching materials and equipment as well as by language barriers.

Medical training is still very much oriented toward curative care despite the Faculty's recent switch to a preventive or primary health care approach. Dr. Samedy, who now stresses the need for more generalists and fewer specialists, points out that only the French were prepared to offer assistance in 1979, and the French (curative) approach also was imposed by visiting medical professionals from Vietnam. Most of the training of health auxiliaries has occurred at the School for Health Workers/Care Providers in Phnom Penh, which prepares students to become nursing aids, midwife aids, laboratory technicians, physiotherapists, and trainers. Two secondary level health workers/care centers also have been establish-

ed in Battambang and Stung Treng provinces, and five other centers are in the planning stage. Table 4 provides the distribution of health personnel in Cambodia. The table confirms the continuing urban bias (less among auxiliaries than doctors, who were first introduced into remote provinces in 1986).

UNICEF reports that the shortage of doctors and medical assistants in the provinces has led to predominantly curative care by insufficiently trained primary nurses and midwives. Another manpower issue emerges from the fact that virtually no administrative health officials exist in Cambodia, forcing medical personnel – whose expertise is best put to use elsewhere – to become overly involved in administrative tasks.

Coping with the health problems afflicting the Cambodian population would be a daunting task to any government, much less one only now recovering from the devastation of a decade ago. Infant mortality rates have decreased significantly since 1979 but nevertheless remain high. Recent surveys reveal an infant mortality rate of 98 per 1,000 births in Phnom Penh and Kandal and 110 per 1,000 in the remote Ratanakiri province,²⁶ confirming expectations of higher infant mortality rates in rural than in urban areas. In 1986 the child mortality rate was estimated at 206 per 1,000, indicating that about one-fifth of all children born in Cambodia die before the age of five. Based on hospital data, the primary causes of child deaths are believed to be respiratory, diarrheal and vaccine-preventable diseases, particularly neonatal tetanus and measles. In Ratanakiri, a province with minimal accessibility to health services, the government estimated that one-third of the deaths among children under 15 could be prevented through immunizations and adequate health care provided during childbirth.

Little information exists to gauge maternal death rates, although estimates fall in the range of 4 to 5 deaths per 1,000 live births. The lack of data reflects the low level of health care extended to women during pregnancy and deliveries.

Statistics from the Hospital Nationale Pediatrique in Phnom Penh shed some light on disease patterns in Cambodia. (As one of best equipped, staffed, and managed hospitals in the country, its clientele is unlikely to be representative of the population at large. According to UNICEF, however, the disease pattern at this hospital is not at variance with that reported and observed from other parts of the country.) The two main groups of diseases afflicting children are diarrhea and acute respiratory infections, accounting for 40.4% of in-patient cases and 64.5% of out-patient cases at the pediatric hospital. These are followed by an assortment of parasitic and infectious diseases associated with inadequate environmental conditions, poor individual and public hygiene, and limited utilization of preventive or curative health services. Diarrhea is one of the underlying causes of malnutrition and, as noted above, is also one of the principal causes of child mortality. Surveys in Phnom Penh and Kompong Spue also report a high incidence of rheumatic fever. Finally, outbreaks of dengue hemorrhagic fever have made it one of the ten leading causes of hospitalization and death among the young, and tuberculosis and malaria continue to pose major problems.

There are two kinds of malaria in Cambodia, of which an estimated 500,000 cases occur annually. The first type, *P. falciparum*, accounts for about 70% of total infections and for over 90% of those reported from the forested, hilly, or mountainous areas, which are inhabited by about 30% of the population. It is not amenable to

control by residual insecticides and is widely resistant to antimalarial drugs. It also results in a high mortality rate, particularly among infants and children. The second type, *P. vivax*, is largely confined to the more densely populated alluvial plain and coastal areas. It is easy to control with insecticides, is sensitive to treatment with chloroquine, and rarely results in fatalities. The Ministry of Health initiated an antimalaria program in 1980, and the Centre de Malariologie in Phnom Penh currently has a staff of 74. UNICEF's assessment of government efforts through 1985 stated that "outputs were affected greatly by the lack of experienced staff at all levels, logistic and financial problems, as well as the shortage of essential equipment and supplies, including life-saving malarial drugs."²⁷ Coupled with the extremely high infection rates, these shortcomings suggest that antimalarial activities warrant a high place on the priority lists of future donors.

The nutritional situation in Cambodia, while much improved since the emergency period in 1979-80, continues to depend on the vagaries of agricultural production. Although the Centre de Protection Maternelle et Infantile reports that the number of child deaths directly related to malnutrition is low, surveys show that it continues to be a chronic problem among children. (Preliminary 1987 data indicate that undernutrition affects 10% of children under five in Phnom Penh with less than 1% suffering from severe wasting, and 20% in the provinces with 5% suffering from severe wasting.) When malnutrition is combined with acute disease, moreover, prospects for child survival are poor. Cases of malnutrition in both urban and rural areas are most common within the 6 to 25 month age group, corresponding with the weaning period. Vitamin A deficiency is said to be common among pre-school age children.

The activities of the Ministry of Health have been supplemented since 1979 by the work of numerous international agencies and NGOs. There are presently 28 of these groups with about 130 personnel operating in Cambodia. UNICEF and the International Committee of the Red Cross co-coordinated the massive emergency relief effort in 1979-81, and they have since worked more independently. UNICEF has expanded from its emergency activities to focus on the survival, health, well-being, and development of children. It currently has 14 personnel stationed in the country with a 1989 "general resource" budget of \$2.5 million and "supplementary funds" totaling \$3.6 million. For their part, the NGOs have provided an estimated \$10 million per year in relief and development assistance to Cambodia, although the total appears to exceed that level for 1989.²⁸ In line with their general mandate, the NGOs tend to focus on small scale and health-specific activities such as nutrition centers and artificial limb workshops. Yet the severe conditions of Cambodia, coupled with the absence of bilateral donors and most UN development agencies, have prompted some NGOs to take on larger scale operations – notably rural and urban water supply, restoration of certain factories, and irrigation. Their activities, while impressive, are nevertheless limited when measured against the needs of the country as a whole. Below are a few noteworthy cases of the health operations undertaken by the PRK in cooperation with some of these NGOs and with UNICEF.

Together with UNICEF, the government launched the Expanded Programme of Immunization in October 1986. It targets six diseases (measles, poliomyelitis, diphtheria, whooping cough, tetanus, and tuberculosis) and aims to provide 80% vaccination coverage to all children under the age of one by 1990. Surveys carried out in

February 1988 revealed that over 80% of children between ages one and two had been completely vaccinated in Phnom Penh and Kandal province, and over 60% had been completely vaccinated in three other provinces. A February 1989 report by Operation Handicap International (OHI) had different figures: 95% coverage in Kandal, 80% in Kompong Cham, 60% in Phnom Penh and 30% in other provinces. In any case, UNICEF states that achievement of 80% immunization coverage by 1990 looks to be achievable.

A related activity, initiated by the government in cooperation with World Vision International and now supported by a number of other NGOs and UNICEF, is the creation of the RINE (Rehydration, Immunization, Nutrition and Education) centers. These primary health care clinics (11 in Phnom Penh, 12 in the provinces) provide care for approximately 200,000 children below the age of five. The centers teach mothers how to prepare a basic rehydration solution and simple weaning foods at home and supply them with child development cards. Supplementary feeding is given to children suffering from malnutrition. This maternal and child health care program has been received with enthusiasm in Cambodia. In light of the limited coverage to date, the possibility of its further expansion warrants serious consideration from potential donors in the future.

Another area with possibilities for expansion is the program for amputees and the handicapped. The American Friends Service Committee and OHI have assisted the Ministry of Social Action to develop a physiotherapy ward and prosthesis workshop in the National Rehabilitation Center in Phnom Penh. They have helped to build workshops in 11 provinces as well. Though the number of handicapped in Cambodia is not known, it is thought to be

high as a result of exploding land mines. With the Thai-Cambodian border area and perhaps other areas saturated with these mines, the unfortunate likelihood is that the number of victims, and the demand for prosthetics, will continue to rise.

Perhaps the area demanding the greatest attention is environmental health. Collective water systems exist in only a few cities, and the system in Phnom Penh is in a state of disrepair, as is the sewage system. Oxfam has spearheaded a Phnom Penh Waterworks and Distribution Rehabilitation Project, but full restoration will require a major international effort. An added problem in Phnom Penh is that most residents have emigrated from the countryside and lack urban behavior patterns toward public hygiene, particularly sewage and garbage disposal. Sanitation also is a major problem in rural areas. Very few water wells exist, and a significant number of rural residents have never used a latrine. Latrine construction is made difficult by the high water table in many areas of the country, requiring shallow pits and causing latrine walls to cave in. Many rural schools, teacher training centers, infirmaries, and hospitals lack adequate sanitation facilities.

UNICEF has launched a number of sanitation projects in the countryside, but these are dwarfed by the magnitude of the problem. In addition to the attention that should be directed at urban sanitation, opportunities exist in the countryside for the implementation of large programs that could have immediate and long-lasting effects on the health of the population.

Mental Health. Mental health is a subject that rarely figures in overall development planning.²⁹ In a normal environment, psychological and behavioral problems would figure as a minor element of a health sector analysis,

affecting only marginal numbers of people and calling for individual therapeutic treatment. In Cambodia, however, there are indications that problems may be widespread and of considerable importance. These problems are certainly worth flagging as an area that warrants an early attempt to estimate extent and seriousness.

The UNICEF report has this to say:

It could be assumed that societies that have suffered to such extent as the Khmer society has, social crisis and disruptions of the family structures, may show a variety of psychological and behavioral problems.[sic] This becomes most likely in relations with children and women in Kampuchea. Most school children and youngsters in this society were born or raised under extremely harsh conditions and they still face social and family problems. Women have also been exposed to sufferings and hardships and many of them still carry out the heavy burden of being workers, household heads and mothers. There is not much awareness about the negative impact that this situation might have on child development including learning capabilities nor is there information or assessment of psychosomatic and mental diseases affecting children and women in present Kampuchea.³⁰

We have noted already the unusual demographic structure of the population, the large numbers of widowed female-headed households (one estimate puts this at 30% of rural households), the heavy physical burden on women due to the shortage of men available to undertake the early season land preparation work, and the severe disruptions of social structures that normally provide supportive services and continuity of religious framework and traditional worldview. NGO reports contain observations on listlessness among Cambodian women and lack of interest in home repair, tree planting, or other activities

having their rationale in positive attitudes towards or interest in the future.

Close studies of the effects of the upheavals since 1970 have been made (or at least published, to our knowledge) only on Cambodian refugees who have resettled in the United States. Many who suffered through the KR period have problems described as strikingly similar to the "concentration camp syndrome" found among surviving victims of the Nazis. In both cases the survivors have undergone prolonged physical and psychological trauma, forced movement from homes, starvation, lack of medical care, degradation and torture, separation of family, execution of loved ones, forced labor, and constant fear of death. And it should be borne in mind that more "normal" conditions in recent years included civil war and saturation bombings before, followed by further starvation, mass migrations, and years of continuing uncertainty after the KR period.

The border refugees have experienced a decade of recurrent movement, physical threat, all the unnatural characteristics of refugee camp life, and in the case of the KR camps, further exposure to intimidation and coercion. The populations of both the camps and the PRK have been the targets of exhortation and, as evidenced by the rhetoric of the PRK and KR broadcasts, a drumbeat of vitriol and mutual denunciation and of calls for sustained hatred.

The refugees who have obtained haven in the United States have escaped much of the post-KR stresses. Although they have had to adjust to life in a new culture, no doubt yet another stressful process, the objective conditions of the US environment offer significant relief from the economic and other stresses to which Cambodians still in Southeast Asia are subject. Nevertheless,

Cambodian refugees in the United States are suffering from so-called post-traumatic stress syndrome (PTSS). Dr. Seanglim Bit, a Khmer-American psychologist who has visited Cambodia recently and been asked by the Ministry of Health to help develop some approaches in this area, believes PTSS is widespread. Dr. My Samedy is said to believe that mental health problems among the population in Cambodia are of a different character than the problems among the expatriates.

The symptoms among Khmer Americans who have been receiving therapy include depression, difficulty in sleeping, loss of appetite, difficulty in concentrating, intrusive interruptive thoughts, exaggerated startle response, emotional numbing, and severe irritability. There are therapies said to be effective for reducing these symptoms, but experience with concentration camp survivors indicates that the depressive effects are permanent.

Particularly disturbing is Dr. Bit's suspicion that the depressed state of the widowed mothers is being transmitted to their children even though the children may be too young (or born since 1979) to have had any direct experience of the KR period. He believes there may be a widespread legacy of learning disabilities, early school dropout, and high grade repeat rates – problems that may be substantial offsets to the quantitative accomplishments of the PRK in primary education.

According to Dr. Bit, all the prewar Cambodians trained in psychology and mental health were either killed under the KR or escaped to other countries, leaving Cambodia without a single person professionally qualified to deal with mental illness. People dysfunctional or schizophrenic enough to be brought to hospitals are mixed in among other inpatients with physical illness and receive no relevant treatment from hospital staff ill-prepared to

cope with mental illness. Dr. Bit expects new tensions (and significant numbers of people suffering from PTSS) to be introduced when the border refugees return.

The Cambodian border population has exhibited other signs of distress, including disregard of hygiene and personal health habits, failure of women to return to normal menses, and stressful relations between wives and husbands. These problems may arise from the abnormal conditions of extended residence in camps, compounding the trauma from which the refugees were fleeing. But they may also be interpreted, along with Dr. Bit's observations, as signs of a general malaise in Cambodian society. The inability of many Khmer to reorient themselves to normal behavioral stability takes on a wider significance when viewed in the context (perceived by some Cambodia scholars) of a society that has long suffered a general fear of domination, weakness, and decline after ancient grandeur. Against this kind of background, the extraordinary rhetoric of both the KR and the PRK – shrill, and filled with inflated self-praise and endless warnings and denunciations of enemies – must be taken seriously as an indication of sensitivities and preconceptions that may make normal reconstruction and development activity more difficult to pursue than in countries suffering only from postcolonial irritability.

In short, the problems we began describing as mental health concerns may be the clinical and individually observed manifestations of profound self-destructive currents in Cambodian society. The individual level symptoms have been seen by medical practitioners; the societal level malaise by historians and political scientists. It will be vital for the Khmer and those attempting to restore a normal and optimistic environment to develop an accurate picture of the status of the society as a whole,

even while dealing with the relatively easy problems of putting physical infrastructure back in working order or developing improved agricultural practices.

The one-on-one therapy Cambodians are able to receive in the United States is obviously not an option for the health system in Cambodia. There is a need for broader counseling programs, perhaps based on the *temple*, that are a mix of traditional and modern approaches based on training monks and medics. The PRK has tended to turn away from the problem, perhaps finding it too daunting or believing (as some outside agencies now working in Cambodia apparently do) that the constraints on donor and PRK capabilities argue in favor of concentrating on "hard" issues and projects. Such reluctance to devote resources to attack these kinds of problems is understandable. Questions of social priority will have to be decided by the Cambodians themselves as they work out their own social utility preferences, hopefully in a normalizing environment. In these extraordinary circumstances, however, the scale of psychological and emotional instabilities appears great enough to have significant impact on "hard" subjects such as educational effectiveness and labor force performance. Beyond this, of course, is the more basic humanitarian claim of women and children for attention to their ability to derive as much security and "quality" of living as the gradual improvement of their physical circumstances may permit.

EDUCATION

During their years in power, the KR reportedly killed almost three-quarters of the country's 20,000 teachers and destroyed many of the schools along with the teaching equipment and materials. When the PRK was

installed as Vietnam invaded Cambodia in December 1978, the country quite literally had no educational system in place.

Along with health care the PRK made restoration of general education a major government priority. The Ministry of Education oversees national policy, including curriculum development, and is in charge of providing the provinces with educational supplies. Provincial administrations are responsible for all other educational expenditures, and the local communities provide the school facilities as well as their furnishings. The official educational approach is to "link theory to practice," although less theory and more practical or vocational training is being introduced into the curriculum. The political education that does exist is said to be relatively mild. Stories from the KR period are recounted in "morale lessons." Apart from these activities, government efforts have focused on literacy and teacher training.

In 1960 the literacy rate for Cambodians over 15 was only 31%. Significant progress in literacy was made during the decade that followed, but public instruction came to an end in the early 1970s as the country became engulfed in war. By 1979 the number of illiterates between ages 15 and 40 was estimated to be over 1 million. The PRK launched the first of two sweeping literacy campaigns in 1980. The participating students were expected to be functionally literate after 150 hours of instruction extending over a five- to six-month period. When the first campaign concluded in 1983, the government claimed to have rehabilitated 567,197 or 55% of adult illiterates. The second campaign was launched soon thereafter, and today the government claims to have achieved a 93% literacy rate. This no doubt is an inflated estimate, one based on attendance at literacy classes rather

than on actual measurement. UNICEF puts the adult literacy rate at 70%. It notes as well that many of the "neoliterates" are vulnerable to losing their new skills, since little or no reading material is available to reinforce what they have learned.

As for teacher training, the PRK claims to have trained or retrained 50,000 teachers in teacher training centers across the country. There are 20 provincially based centers training primary level teachers, and 6 regional teachers colleges preparing "lower" secondary teachers. Three national teacher training institutions, all located in Phnom Penh, train teacher-educators, "upper" secondary teachers, and school managers and administrators. In spite of these efforts, Cambodia still suffers from a shortage of teachers. A record 2 million children are reportedly in need of education, and classrooms may be crammed with 60 or more students. The government urges older teachers to stay on to help cope with these large numbers. (Teachers earn a mere \$3 per month but can gain extra income through private tutoring.) Quality of instruction also is a problem due to the brevity of training and to the fact that many of the teachers have no more than a primary education themselves. The government is working to remedy this problem through in-service teacher training programs.

The government claims that during the 1988-89 school year, Cambodia had 1.7 million general education students and 20,000 students of secondary vocational and higher education, with another 6,000 students "having been sent abroad" for higher levels of study. Students in Cambodia are placed within an educational structure comprised of three levels: primary (five years), lower secondary (three years), and upper secondary (three years). For the few students continuing on to higher education, an additional

year of study is required. Early childhood education is limited, but there are an estimated 75 to 80 crèches – 60 in Phnom Penh – and 650 preschools in the country. The latter serve approximately 10% of the total population aged three to six.

According to UNICEF, primary education has undergone remarkable expansion and is now well established throughout most of the country. The official gross enrollment rate for the primary level is estimated to be 90% of all children 6-11 years old. UNICEF states that the rate is probably more like 90 to 95% in Phnom Penh, 85 to 90% in provincial capitals, 70 to 85% in district towns, 50 to 60% in remote regions, and 50% or less in ethnic minority areas. UNICEF also reports that the dropout rate is low. EIU on the other hand, asserts that the dropout rate, beginning at the primary level, is as high as 50%. Many parents reportedly keep their children home because they cannot afford to pay their way or buy books and pencils. In addition, an estimated 25 to 30% of primary-level students have to repeat their grades.

Approximately 40% of the primary students move on to the lower secondary level of education. In 1987 the completion rate for children in the final year of lower secondary school was about 75%. Only 10 to 15% of these students continued on to the upper secondary level. The government is making an effort to expand the lower secondary level so that, by 1995, all students passing the primary examination will have the opportunity to acquire eight years of basic education. The higher secondary level of education is not a government priority at this time. Instead the government is strengthening lower levels of education. Owing to the shortage of vocational schools in Cambodia, it has emphasized vocational training at these levels. New vocational subjects include agriculture, wood

and metal work, sewing, and so on. Even so, the 85% who do not have the opportunity to continue on to higher education are apparently poorly prepared for work, having acquired few practical or technical skills in their education.

Furthermore, popular demand for higher education is growing. The number of secondary school graduates is expected to rise from 10,943 in 1985 to 41,000 in 1990, yet only a handful of institutions of higher learning are available to absorb these graduates. Aside from the Faculty of Medicine, five professional faculties have reopened in the areas of technical engineering, agriculture, languages, economics, and administration. Given the severe shortage of qualified teachers in the professional and technical fields, the growth potential for higher education is likely to be minimal for some time to come. In short, while the government has made significant strides at the lower educational levels, the imbalance between this general approach and the meager provisions for higher education – now in ever greater demand – will need to be reconciled in the future.

The 1988 UNICEF report states that the rapid expansion of education in Cambodia has been "an impressive achievement." At the same time, the report notes that this expansion

has been achieved at the expense of some degree of educational quality. With Kampuchea's entire educational system having been rebuilt in only a few years, poor instruction, inadequate teaching aids and supplies and poor educational facilities are not infrequent.³¹

The poor quality of educational facilities remains a major problem. Many are dilapidated and have no provisions for

water or sanitation. Many also lack the most basic teaching equipment, and textbooks are in short supply. The Ministry of Education recently expanded its textbook printing capacity to 600,000 per year, but requirements exceed 2 million. In addition, personnel shortages exist in educational management and administration. Before many of these problems can be addressed in a coherent way, improvements will have to be made in the methods of collecting and assessing educational data.

A small number of cultural and scholarly projects have gotten under way in Cambodia with outside assistance. A Cornell University library is starting to help the National Library in Phnom Penh to rebuild its collections. No trained librarians survived the KR. Much of the National Library's holdings were scattered or lost, including perhaps 90% of the government archives. (Pages of old government archives have been recovered from marketplaces where the sheets were being used to wrap produce.) Archives outside Phnom Penh appear to have been totally lost. A Khmer couple in the United States, who appear to be the first Khmer-American scholars to revisit Cambodia, will be assisting the Ministry of Culture to assess the state of traditional music and dance and to develop some activities to help in the revival of these arts.

These projects are the initial results of two visits by small groups of American scholars arranged by the Social Science Research Council and the Indochina Reconciliation Project, financed by the Christopher Reynolds Foundation in New York City. The Social Science Research Council is developing a formal understanding with the Ministry of Culture for regular exchange programs and activities in education and culture.

International Language Training and Orientation. More widespread facility with foreign languages will be essential for Cambodia's future development. The destruction and emigration of a large fraction of well-educated Cambodians entailed the loss of much of the population that was conversant in an international language.

Following the discontinuity of the KR years during which use of foreign languages was decried (and even made a contributory excuse for execution), the PRK established Vietnamese, Russian, Spanish, and German as the languages from which students would have to select to meet their foreign language compulsory course requirement. These languages reflected the main PRK external aid and political relationships, including the need for Russian among the numerous Cambodians receiving training in the USSR. It is noteworthy that the list of eligible languages was recently revised and now is reported to include only Russian, French, and English.

A return to French was natural for the French-speaking survivors and has been encouraged by the French government's reopening of the Alliance Française in Phnom Penh. At least one major Phnom Penh University faculty, medicine, was reconstituted with French professors and curriculum, using French as a language of instruction in addition to Khmer. Interest in learning English is strong at least in Phnom Penh, where virtually every visitor has remarked on the mushrooming of English tutorial services offered largely by moonlighting civil servants. Australian aid is providing formal English instruction in Australia (currently 15 students a year) and has two instructors in Cambodia.

The sharp increase in NGO workers and foreign visitors in the past year has strained the supply of Cambodian interpreters to the limit. Translation capability will be

overwhelmed by the requirements of a flood of post-settlement aid workers and officials. The demand for English speakers is great enough at present to be draining some trained Cambodians away from work in their technical areas in favor of translation service. Thus, English language training should be given high priority among the initial areas for future aid. As noted below, the language constraint could be eased significantly by returning multilingual Khmer expatriates, including young overseas Khmer who might be willing to work as translators under voluntary agency programs such as the Peace Corps or UN Volunteers.

IV. The Management of Cambodian Reconstruction and Development

Absorptive Capacity

Planning and implementing reconstruction and development will be seriously hampered by severe constraints on the public sector's absorptive capacity. Throughout this paper we cite instances where the trained technical and administrative cadre are very few in number and stretched to the limit by their current level of operations and the needs of the NGOs for counterparts and administrative support. The willingness of international donors to finance and to undertake projects may well exceed Cambodian capacity to use aid.

The knowledge constraint merits special emphasis. The information basis for government economic and social policy making was inadequate in 1969; it is in much worse condition now. With the passage of time and the enormous shocks and changes the economy and society have undergone, the list of areas needing study and better understanding is much longer than it was in the late 1960s and now includes the impact of social trauma that has created great discontinuities with the relatively normal conditions 20 years ago. Thus the creation of a knowledge base appears to merit high priority as an aid objective.

Starting virtually from scratch, careful thought will need to be given to the selection of the knowledge that will be most useful in the next decade and the training and institutional development that will be needed to generate this knowledge. We use the word knowledge to cover everything from collection, collation, and storage of raw

data, through analysis, interpretation, and feeding into policy and project decision making, to monitoring and evaluation. A tentative list of subjects would include selected prices; external trade and payments; public sector accounts; production of rice, rubber, and other key commodities; population; maternal and child nutritional and health status.

In addition to the major areas of public investment that were cited by the World Bank in 1969 as needing study then, there need to be some overall sectoral studies of rice, other agriculture, rubber, forestry, industry, etc. There also need to be some studies of villages in Cambodia's different ecosystem areas to learn how the rural sector is settling into new socioeconomic patterns and adjusting to current demographic conditions and the long period of upheavals. Many things that need to be done seem so patently obvious that one might be impatient with a call for studies as a diversion from getting on with the job. On the other hand, major issues have already appeared regarding health system orientation and rice and irrigation strategy, to name two that are discussed herein, although we do not know if these issues have surfaced explicitly among PRK officials and NGO workers. Well-designed analytical studies can be invaluable in resolving these issues. Monitoring and evaluation of aid projects will be particularly important. The information-generating components of projects can add significantly to general knowledge about economic and social conditions.

Economic Policy Framework

After getting some notion of the physical state of the economy, how it is operating, and some of the sector

policy issues, one can turn to the broad question of general economic policy orientation.³² Settling Cambodia's basic policy framework will be fundamental for everything else that has to be done in the country's reconstruction and development. Besides setting basic policy principles there will be the major tasks of developing details, establishing a legal framework, and communicating a sense of direction and continuity to a populace that has been subjected to decades of ukase rule and violent changes in every aspect of economic and social life.

The history of Cambodia since independence in 1953 does not give one confidence that the policy definition process will be quickly or easily accomplished. Each of the four factions represents periods during which the economic policies espoused were either deeply flawed, from the viewpoint of efficiency and growth, unrealistic and unworkable, or plainly dreadful in the case of the KR. The political history of these periods is above all characterized by factionalism. As Serge Thion observes, "Factionalism is not a Khmer monopoly, of course, but it is a choice specialty in the local political tradition." Thion also notes that "in this unstable setup, it is clear that nothing has been learned from the past and nothing credible is proposed for the future," and he concludes:

The Khmer society, compared with others, appears loosely structured. Before the war, the presence of the state was far from being felt everywhere. In other words, political integration had not been completely achieved. The same can be said for Cambodia today, with the state appearing even weaker than it used to be, the Vietnamese presence notwithstanding. . . . Any proposal going beyond these [continuities], calling for some kind of representative system, had better be forgotten as unrealistic and probably dangerous.³³

We quote this view, from one of the few scholars of Cambodian politics, as a caution against excessive optimism that development of an effective policy frame in which donors can operate may be easy to achieve, even assuming that resolution of the KR problem is possible in a way that excludes their radicalism.

We have already noted several aspects of economic policy in the 1960s under Prince Sihanouk that were sharply criticized by the World Bank, some of which were being reformed at the very end of his government's life. The Bank report could serve as a useful backdrop on the effects on Cambodia's economy of this policy set, as the next group of policy makers begins shaping a new framework.

The thoroughgoing radicalism of the KR, carried to its greatest extremes by the Pol Pot regime as it purged other KR factions, may stand in human history as the most extensive repudiation and destruction of a society's norms, material wealth, institutions, and social structure ever carried out. In Pol Pot's words:

We are building socialism without a model. . . . There are no schools, faculties or universities in the traditional sense, although they did exist in our country prior to liberation, because we wish to do away with all vestiges of the past. There is no money, no commerce, as the state takes care of provisioning all its citizens. The cities have been resettled because this is the way things had to be.³⁴

Doing away with all the vestiges of the past extended to government archives and files and libraries, which were scattered or destroyed by the KR.

The PRK faced an unusual situation. In an environment of total collapse and chaos, all previous economic and social orientation had been swept away. The PRK leadership itself was Khmer Rouge cadre who had escaped Pol Pot's decimation of the Eastern Zone faction. The personal and intellectual histories and loyalties of the older PRK cadre reach back to Hanoi in the 1950s and 1960s, when many were trained there by the Indochinese Communist Party. They were installed and advised by the Vietnamese who, in 1979, had not yet begun their own economic policy reform and were still approaching the years of deepest economic decline. This decline was due in part to the burden of the Cambodian occupation and the international isolation that it brought on. While the PRK felt under powerful pressure to avoid programs that would identify them with, or appear to continue KR policies, they certainly began their rule with equally powerful convictions and pressures favoring reinstatement of a command economy regime, leaving little scope for private ownership or privately conducted economic activity. Beset by international isolation, dependence on the Vietnamese, the need to generate popular support in a situation of extreme privation, and the burden of coping with the revival of military activity from the KR and noncommunist resistance groups, the PRK has, like the KR, also clothed its policy pronouncements and hortatory political education programs in a rhetoric of extremism. Policy statements seem endless in their repetition, denunciations and self-congratulations. Details on policy changes are seldom given.

In many recent public pronouncements and in private conversations leading PRK figures have had with American visitors, the PRK appears to be instituting a wide-ranging *perestroika*.³⁵ Claiming to be responding to

the pressure of realities, the PRK has: (a) announced its intention to "create all possible favorable conditions for foreign investors"; (b) admitted that the formation of "socialist-oriented style of production" was "hasty" and had led to "shortcomings and weaknesses"; (c) "slashed out at negative phenomena in economic management including bureaucratism, red tape and the failure to improve working conditions"; (d) introduced "self-financing and management in economic enterprises," although the status of these enterprises remains unclear; (e) recognized the need to reform (presumably by raising) government food procurement prices; (f) allowed private rubber tapping of trees not included within state plantations; (g) given high priority to shifting from autarky to international trade; (h) allowed some private construction under municipal authorization; (i) allowed (i.e. accepted) resale by civil servants of subsidized goods available to government employees in state shops; (j) changed the constitution in February 1986 to legalize the private sector. Previous PRK economic philosophy had officially sanctioned only three sectors – state, cooperative, and family.

Recent announcements, based on resolutions of a meeting of the People's Revolutionary Party in Phnom Penh (5-13 April 1989), appear to spell the end of the *krom samaki* system described earlier. The PRK has called for returning land to peasant ownership, reducing the *krom* role to vaguely defined general and security functions, and allowing the peasants to produce and sell as they wish. Other resolutions "assure" that the state will: allow private establishments to "cooperate with" foreign "institutions" to obtain technology from abroad; offer to reduce taxes on enterprises producing goods for export or import substitution; allow private transportation enterprises to operate; and neither nationalize private enterprise ("if

their activities are in line with state policy") nor interfere in their operations.³⁶ We have no recent information on the effects of the shift toward private farm ownership and control over produce or on what interventions the PRK may be attempting under these new policies.

The celebration in January 1989 of the tenth anniversary of the victory over the KR engendered a series of speeches that reviewed the current status and proposed directions of PRK policies. Foodstuffs, rubber, timber, and fisheries are repeatedly discussed as the four long-standing spearheads of development policy. Tourism is added as a fifth spearhead. There are pragmatic admissions that industrial development will be modest in the coming years. There are also calls for planning the implementation of the Prek Thnot and other hydrological projects and for restoring the cement factory. One speech refers to industrial policy in which the state should limit itself to producing (undefined) "important" goods, leaving the remaining activities to cooperatives or individuals. Other references point to the need to promulgate or otherwise get on with policies that have already been announced in principle, for example to carry out the policy on private transport and the transfer ("selling or granting" – the policy seems unclear but in practice Phnom Penh residents are reported to have been granted ownership of the houses they have been occupying) of houses to private persons. Private vocational schools and other tutoring is encouraged, as is private production of films and videotapes. Finally, private ownership of any means of production is to be allowed, as is lawful competition, the right to trademark protection, private access to raw materials, private borrowing from abroad, and the private hiring of wage labor.³⁷

The PRK has done a complete about-face on religion as well. It originally imposed severe restrictions on

Buddhist temples and on ordination of new monks. These have been liberalized if not eliminated, and civil servants are now given leave to become ordained. In July 1988, moreover, Phnom Penh Radio began broadcasting Buddhist prayers for the first time in 13 years, and in April 1989 the PRK amended its constitution to restore Buddhism to its previous status as the country's national religion. The PRK also speaks of the "imperative" need to allow establishment of Buddhist, Muslim, intellectual, educational, student, athletic, artistic, industrialist and merchant associations.³⁸

There can be no doubt that this policy agenda greatly reduces the apparent distance between the PRK and the market-oriented preferences of the technocrats likely to be adherents of the non-communist factions. It is at least encouraging that the direction of PRK policy, and its private and publicly expressed pragmatism, appear to set the stage for successful negotiation of a mutually agreeable policy framework among the parties to the putative coalition government. This is a policy frame that could be harmonious with the policy predilections of the major donors, even including the socialist donors at this stage.

At the same time, those writers who have begun to celebrate the reformist character of the PRK may be oversimplifying the extent and depth of PRK commitment to basic policy change. The policy documents noted above also contain contradictory strains that may reflect unresolved policy differences and deep reservations on the part of some PRK leaders, who are unwilling to discard long-held convictions for short-term expediency. For example, there is discussion of the "imperative" need to strengthen state-run trade networks to ensure "direct transactions with the people" and of the need to "firmly control the market."

Along with recognition of the need for private trade, there is a reservation that foretells a possible reversion to socialist policies: "In the present state of our national economy, the role of these private sectors is necessary. However, the important thing is to oppose private traders who hoard goods for economic sabotage." There are similar references elsewhere to private activity "for the time being," and evidence of suspicion towards the motives of the private sector and of the long-held Cambodian belief (behind Sihanouk's nationalizations of the 1960s, as noted earlier) that the Chinese in their guise as private traders and "middlemen" were exploiting the Cambodian peasant.

Most daunting in the ten-year review in April is the following nugget:

The state must guarantee its right to centralized leadership in the activities of the modern economy through various policies and regulations. Moreover, the state orders the management hierarchy, bestows the rights to self-determination, and ensures both the democratic and centralized character.³⁹

This is hardly a ringing declaration of liberalism. It appears to reserve to the state the right to change the rules by decree, rather than indicate an intention of moving to the rule of law and predictability.

Finally, there are the remarks that the director of the PRK Office of International Cooperation, Hui Lim, made in July 1988 to a Western visitor on the government's planning goals. Among other things, he called for putting all old factories back into operation and creating a state trading network that will eliminate all private middlemen. "We want no middle class," he said. At the

same time, while saying that the ultimate goal is a socialist system in which everyone is employed only by the state, he admitted that it might take 50 years to reach this objective, and they might never get there. The same visitor also heard frank criticism of the "pigheadedness" of the minister of education for not allowing the study of Western economists.

We cite all the above points, not for academic discussion of the intricacies of PRK politics (which should optimally be based on the original sources in Khmer, as many of the English overtones may be the result of translators' word choices), but to emphasize the importance of getting the policy frame in order and enshrining it in constitutional and legal form. There has been no public indication, at least, that questions of economic philosophy have figured in the negotiations to date among the Khmer parties. Yet one may interpret the PRK policy shifts as reflecting both the unpopularity of previous policies and the desire to strengthen the PRK's international standing by reducing the policy differences between the PRK and the noncommunist factions. Of course, a settlement in which the noncommunist participation is more titular than substantive would result in a different policy framework than one in which noncommunist participation is extensive. The degree of noncommunist participation in the ministries of finance, planning and foreign affairs will have a particularly telling effect on economic policies. A further complication arises from the fact that several ministries own and operate commercial enterprises, the revenues from which may well be substantial supplements to their regular budgets. The allocation of these businesses does not seem to follow any logic relating to the ministry functions. Each of the handful of hotels in Phnom Penh, for example, is operated by a

different ministry. Other enterprises include restaurants and sporting goods shops. At this stage the continuation of these arrangements, or the entry of government departments into new businesses as the economy picks up, is more likely to be an issue of vested interests than of ideological preference.

The roles of the aid donors, the nature of their relationships with the government, and the conditions under which many individual projects would be carried out, will all be greatly affected by the relative power of the different factions over the general thrust of economic policy. The donors, or at least the major donors, will be providing resources so large in relation to the government's own personnel and financial resources that they should be able to exercise some influence in the direction of wise policy outcomes. However, experience in other countries where the recipient was utterly dependent also points to the possibility that donors may be unable for humanitarian reasons to exercise the ultimate leverage of withholding aid, no matter how dysfunctional the host government's policies.

The fluidity of Cambodia's legal framework deserves special mention. The PRK has issued a constitution and some of the trappings of standing rules and regulations are apparent, such as the detailed guidelines for the *krom*, the presence of police in Phnom Penh giving out parking tickets, and so on. Yet it is clear that the country largely operates in a legal vacuum. For example, settlement of disputing claims of prior ownership of houses is reportedly left to the local jurisdictions to work out as amicably as possible but without common norms. In a recent interview Hun Sen noted that the cabinet has been changing the constitution almost every time it meets and that these decisions generate vigorous debate on basic principles of

implementation and interpretation which, it appears, remain unresolved and awaiting promulgation. The PRK had to start from scratch to create a new legal structure after the KR had swept away the previous system, its judges, and records. The burden of this task rests with a staff of about half a dozen people in Phnom Penh. This situation creates obvious difficulties of unpredictability in all economic activity requiring contracts or any other binding obligations and norms; at the same time, it imposes few if any constraints on informal trade. Aid to a successor government in developing the legal framework for Cambodia's economic activity, especially external trade and financial relations, could be a very useful subject for technical assistance.

Taking together everything described in this paper, along with innumerable anecdotes of foreigners who have lived in Cambodia recently and of visiting journalists, one gets a picture of a social and governmental system that is highly particularistic – that is, functioning on the basis of informal, personal networks with no contractual or predictable relationships. Economic activity turns out ironically to be *laissez faire* in the extreme. The PRK holds all industrial facilities inherited from the old state enterprise sector, but has been unable to impose itself – as a state – or its agrarian socialist preferences on the farm sector. It has been forced to allow reemergence of private commerce to get the economy off the ground. But in the process the individuals in the state apparatus – bureaucrats, PRPK cadre, army officers – have reverted to age-old Khmer particularistic habits of personal intervention in economic transactions. The PRK army checkpoints are one example: set up to safeguard against KR movement, they regularly extract transit fees from trucks moving private goods. Many offices in the bureaucracy are operating their own

commercial activities, for example the hotels, where the revenue appears to accrue to the government department involved.

The recent decision to privatize urban real estate is a striking illustration of legal fluidity. Ownership reportedly has been bestowed on existing occupants, the majority of whom were squatters. Those lucky or powerful enough to be occupying favorable locations found themselves suddenly bestowed with wealth. Buying and selling has become active, with former squatters turning their assets into cash and relocating at more distant sites for a fraction of the money they realized from the sale. One foreign visitor who recently made a deliberate attempt to find people who had made formal contracts located only a single instance – an aid agency person who had obtained a contract permitting residence in a structure the agency was financing. The details of this arrangement need not be recounted here, but they illustrate how completely arbitrary is the regulatory environment and how uncertain the utility of apparently formal commitments (in this case from the Phnom Penh municipality) governing all transactions or property understandings.

Commercial activity has a similar informal character that people not steeped in the traditional business culture of premodern Southeast Asia will find too risky, too much like a bazaar to bother with for such a minor market or production base. These characteristics add weight, in our view, to the importance of tapping the expatriate Khmer entrepreneurial potential.

Market-Oriented Policy and Ethnicity: A Caution

As noted above, the PRK's recent moves toward market

orientation is encouraging as an indication that the PRK and noncommunist factions may be able to begin approaching economic policy with some common ground. However, it is important to bear in mind some potential pitfalls.

The fundamental problem in Cambodian history for several centuries has been how to preserve Khmer identity and mastery in their own territory against Thai and Vietnamese encroachment from the west and east, respectively. French colonialism in the nineteenth century was actually welcomed by the Khmer elite as the solution, at that time, to holding off their neighbors. During the French period, however, the growth of Vietnamese and Chinese minority populations in Cambodia raised new Khmer apprehensions because of the economic differentiation along ethnic lines – with the Vietnamese dominant in commercial fishing, rubber tapping, and the civil service, and the Chinese in commerce.

Taking the Khmer sensitivities toward outsiders first, it is likely that most non-Khmer direct investment in the country for a number of years will come from Thailand and other selected ASEAN countries (with possible exceptions in rubber or oil and gas). Domestic private capital in Cambodia will have very little capacity to match foreign investors' equity. To the extent that expatriate Cambodian capital can form joint ventures with local Khmer or other non-Khmer foreign nationals, Cambodian fears that their incipient tourist, timber, gemstone, or other sectors would be dominated by a few foreign investment projects may be assuaged. Cambodian fears may also be alleviated if contractual arrangements are transparent, adhere to best international practice, and are made with a view to avoiding conditions that might be seen as unfair or exploitative. Deliberate efforts should be considered to

assist the government both in mobilization of expatriate Cambodian investors and in ensuring adherence of investment projects to equitable norms with which few Cambodian administrators at this time may be familiar.

The domestic minority questions may be most fundamental. A policy giving full reign to the private sector, in effect embracing a Sino-Khmer assimilationist solution comparable to the Thai decision in the late 1950s, eschewing confrontation and ethnic exclusion policies adopted by many other countries of the region, might be equally feasible as it has been in Thailand and could form one of the key principles for future Cambodian economic and social stability.

The ethnic division of labor has reemerged as PRK policy has relaxed on private sector activity. Observers commonly report that virtually all merchants appear to be "Chinese." They also report no observable tensions or reservations on the part of the Khmer. While this is encouraging, ethnic division is seldom a superficial societal characteristic and cannot be assumed just to have gone away. The role of ethnicity in prewar policy and its relationship to basic economic orientation was noted in the 1970 World Bank report:

Some of these [industrialization] problems are inherent in Cambodia's situation but many are a result of past decisions and offer some scope for action towards a better climate for industrial development. For instance, the role of private initiative in the development effort of the country could be properly delineated. This, of course, touches on the role to be played by the enterprising non-ethnic elements who, as a result of the declared policy to Khmerize industry and trade, have in the past been gradually alienated from the system.⁴⁰

It is interesting to note that a World Bank study of Thailand⁴¹ published in 1959 made similar comments on the Thai government's ethnically driven policies toward the private sector, but took the next step of recommending that Thailand abandon antagonisms. In fact, of course, Thai policy towards the private sector was reversed by 1959 with great benefits since. This is a major area of socioeconomic policy where the parallels between recent Thai history and present Cambodian conditions are especially striking and where Thai experience may be useful to Cambodian policy makers.

One can only speculate as to the future course of ethnic relations and remain sensitive to the facts of recent Cambodian history and the pogroms against minorities. Expatriate Khmer investment may offer the most concrete safeguard against a sense, in the first decade of tourist, commercial, and other private sector revival, that the Khmer might be losing control of their own economy.

Resettlement and Rehabilitation of Displaced Persons

The displaced persons in camps along the Thai-Cambodian border number about 300,000 and, upon repatriation, will provide a 3.5 to 4.0% increase in Cambodia's population.⁴² (Because they are judged not to possess a well-founded fear of persecution from authorities inside the country, these Cambodians have not been given refugee status and are referred to as displaced persons.) In addition, resettlement and rehabilitation will be a major transitional program that will pose a number of difficult problems.

The Joint Voluntary Agency – the organization in Bangkok that administers the processing of Cambodian refugees resettling in the United States – has carried out

a survey of the displaced persons. The survey elicited information on the original home locations of the displaced families, the places they would prefer to return to, their skills, and their expectations for earning their livelihood after repatriation. Preliminary findings were that 50% (of the total surveyed) came from the western province of Battambang; 60 to 65% wished to resettle there; 10 to 15% would opt for Kandal province; the large majority were farmers; and none reported having originated from Phnom Penh or expressed a desire to return to the capital.

These and other findings, the first ever generated on the key characteristics and preferences of the displaced persons themselves, will need to be studied in detail for the planning of repatriation. This planning is now under way at the United Nations High Commission for Refugees (UNHCR), which currently has an office in Phnom Penh that is looking into the question of how the border population will be absorbed. In line with its general mandate, the UNHCR advocates a voluntary return to place of origin or choice. It views its role as being limited to the emergency phase of the operation, after which it would phase out as development organizations, such as the UNDP, phase in. The UNHCR has a general budget estimate of \$87 million for a repatriation effort encompassing 200,000 of the displaced persons. The figure of 200,000 assumes that some of the 300,000 will return spontaneously while others may be unwilling to return at all. The latter situation could result in a "residual" population at the border.

By providing the border population with a variety of economic assets as part of the repatriation process, such as cooking utensils or farming tools, the repatriation could generate economic tensions between the relatively well-stocked returnees and those who have remained inside the

country. It appears that a balance will have to be struck between the need to provide these "assets" in order to facilitate the repatriation and the need to avoid causing internal friction by providing too much. In fact UNHCR envisages the bulk of resettlement aid going to the receiving villages rather than to the resettling individuals. Finally, although most of the displaced border population is of rural origin, the long years spent under crowded conditions at the border – during which many children have been born who know nothing else – may have engendered new behavioral patterns more along urban lines. For this reason and perhaps others (such as land disputes), it is possible that a second round of movement could occur only a few months after the initial repatriation, when many of the returnees may decide to head for the cities.

Although repatriation will impose a major additional burden on the reconstruction process, requiring special donor allocations, administrative machinery, and community adjustment, it also will bring important benefits to the post-settlement recovery. Many camp residents have learned English in the course of working with the foreign relief agencies which have been operating camp programs. Many residents who have worked with these programs have shown considerable initiative and have gained valuable administrative experience. In addition, a substantial number of camp residents have been trained under donor-assisted programs in vocational skills and as primary school teachers. These skills are in short supply in Cambodia and could find ready employment, including easing the Khmer-English interpreter shortage and working in the administrative support functions that will be in great demand as the donor organizations return. Except perhaps for the teachers, many of the people who have

gained these skills would have to leave their families, who apparently show no interest in resettling in urban areas, for employment in Phnom Penh and other towns.

Finally, it is possible that the repatriation process might not follow the orderly scenario being developed by the UNHCR. Some of the camp population may simply head straight for their former villages, bypassing any delaying process and returning as soon as formal political "resolution" is announced. Others may refuse to leave the camps, holding out for a high level of assurance that satisfactory security conditions have been restored. Furthermore, the different factions may well have their own reasons for delaying dispersal of their "adherents" or otherwise influencing the repatriation process. At this stage the uncertainties are very great. It is essential that an orderly process be designed, financed, and put into place so that avoidable hardship, economic burdens, and political frictions do not arise simply out of neglect.

Khmer Expatriates: Opportunities and Cautions

One of the most extraordinary features of the current position of the Cambodian people is that most of its trained professional and technical personnel now reside in other countries.⁴³ Cambodian refugees who have settled abroad number about 250,000 and comprise the main body of Khmer skilled manpower. The main concentrations are in the United States (175,000), France (40,000), Canada (13,000), Australia (13,000), New Zealand (3,000), and Switzerland (1,300). If arrangements suitable to the successor government and to the overseas Cambodians can be made to employ expatriates in the country's reconstruction and development, some of the constraints discussed in

this paper could be eased and new options opened. The expatriate community could be one of the most significant assets available to Cambodia. The expatriate Khmer have some important assets to help offset the sensitivities referred to above. There is no language barrier. Their motivation is likely to be much more powerful than is usually the case among professional international development practitioners. Many family ties remain between the expatriates and the in-country survivors. The expatriates should find much scope for accomplishment and "job satisfaction" of a kind not normally open to "experts." Their expertise in various fields could also greatly expand the country's absorptive capacity for aid and the ability of the government and all institutions to raise the level of planning and implementation effectiveness. Yet there are a number of complications and factors to be considered before this potentiality can be realized.

A handful of Khmer expatriate technocrats are likely to form a core of the policy makers that the non-communist factions would bring into the government to participate in defining and overseeing implementation of the policy directions of the successor government. The concept of "participating" in the post-settlement business of government should not be taken as an easy or routine process in which these expatriates can be smoothly integrated. If the mix of post-settlement senior administrators are to work out harmonious arrangements and relationships, they will have to cope successfully with several potentially divisive problems.

First, there may be substantial differences in basic economic and policy orientation. Resolution of such problems may be difficult for interpersonal reasons, as discussed immediately below, quite apart from the substantive differences of view arising from the very divergent

experiences in recent years between those who stayed in Cambodia and those who sought refuge abroad.

Second, NGO personnel in Cambodia report a commonly observed attitude among their Khmer counterparts that creates a definite divide between the latter as "survivors" who have endured the hardships and minimal living conditions of the past decade, and the expatriates who left and are now enjoying a comfortable life abroad. The "survivors" realize that after many years of isolation they have lost touch with developments in their fields. They fear that their accomplishments, level of efficiency, and current professional credentials will seem relatively mediocre compared to those of expatriate colleagues who have integrated into the advanced state of the art in their respective vocations. There is a potential source of conflict and resentment here if returning expatriates treat the survivors with condescension.

Third, even more important may be the conflict that might arise if Khmer expatriates are put into – or assume they should be put into – positions of authority or seniority over officials or professionals who remained inside. Whether the expatriates are de facto or de jure placed in senior relationships, it is clear that in many central and provincial government offices one or two well-trained and experienced technical expatriates would have a virtual monopoly on expertise. Good will and forbearance will be required on both sides. This point of course applies to virtually all the roles and levels of expertise that may be mobilized among the expatriate Khmer communities. Norms will have to be developed for how expatriates in different categories are to be formally designated, norms that are not without political implications in any coalition government. By categories we refer to the differences between short-term consultancies, long-

term resident positions (one or two years or more, but clearly temporary), and permanent resettlement in Cambodia.

Fourth are a set of administrative and logistical problems which will also have repercussions for interpersonal relations between Khmer expatriates and in-country counterparts. Short-term consultants should have the fewest problems. Those who decide to resume permanent residence will by implication be willing to settle back into a standard of living that perforce must share many of the characteristics of the general standard, even if they are able to bring relatively high purchasing power with them due to savings, pensions, or remittances. It is the medium-term returnees (i.e. those who intend to retain their permanent foreign residence and citizenship) who are likely to face the greatest problems. If they are in mid-career abroad, they are unlikely to be willing to take a "tour" in Cambodia at salary levels remotely near those being earned in Cambodia by even the most senior people in government. If they have school-age children they will want an international school to ensure the ability of their children to reenter the school system of their permanent overseas country. They also may want many of the amenities normally provided to international development workers. Even relatively modest special logistical arrangements for outside experts would constitute a significant difference between the temporary outsiders and the living standards of the local residents. These differences will add to the sense of distance between resident Cambodians and the temporary returnees, quite apart from the fundamental gap between salaries which would be on the order of 500 to 1,000 times.

Finally, on the plus side, a sizable expatriate Khmer presence could contribute substantially to overcoming the

foreign language constraint through both immediate translation services in the daily business of their organizations, and informal if not systematic language training. They could help strengthen the efforts of the Ministry of Culture and of artistic and cultural organizations and activities generally – indeed could help revive Cambodian intellectual and cultural life across the board. The opportunities would be very wide for them to make contributions of a sort far beyond the capabilities (or local acceptability) of the normal outside expert. A large role for Khmer now living in, and citizens of, the United States, France, and other countries could also serve to strengthen the public interest in Cambodia in these adopted countries and the participation of these countries in the process of Cambodian reconstruction and development.

The modalities for the integration of expatriates into Cambodia require some definition. In addition to the norms and categories outlined above or whatever arrangements the successor government itself may make directly with the expatriates, donor financing and special administrative mechanisms are likely to be necessary for any significant tapping of the expatriate community potential. There are several possible models for illustration. One in particular, the Tokten program of UNDP, is worth noting here. It is aimed at bringing expatriate professionals back to their home countries for short-term consultancies (usually up to three months), and it is an instrument already in place that could be well suited to the Cambodian situation. Since the consultants under Tokten work pro bono, receiving only transportation and expenses, the concept avoids at least the salary differential problem so extreme in this case. Funds are readily available from the unspent \$31.4 million remaining from past UNDP allocations to Cambodia.

Aid agencies in the expatriates' countries of new residence could consult with their local Khmer organizations to develop information on people interested in returning for shorter or longer periods, their skills, and the minimum support and administrative framework they would feel they need to make their work and residence back in Cambodia feasible. The Khmer community in the United States is already developing some of this information. USAID could easily form a general "program support" type project to accommodate a variety of Khmer-American professionals whose individual assignments did not fall into separate project-scale activity and frameworks. Khmer Americans would be an invaluable resource for any USAID representative office or full mission.

The first few years of assistance activities could offer an unusually significant opportunity for the Peace Corps (and its comparable volunteer organizations in UNDP and other donor countries) through a special program designed for young and retired older Khmer expatriates. The motivation of these two groups, especially the young, to assist in Cambodia's reconstruction and development may be particularly strong. They might well be able to supplement the very thin middle layers of technical cadres in Cambodia, in on-the-job resident capacities, much more easily than could expatriates still in mid-career. Peace Corps volunteers normally adjust to local living standards much more easily than do career technicians, and have much less of a problem with pay differentials. The language capabilities of overseas Khmer volunteers would be a major asset. A special Khmer Peace Corps program could also be explored with the Khmer-American apex organizations. Another option for the older expatriates would be the International Executive Service Corps.

At this time nothing very definite can be said about the numbers of expatriate Khmer who may be prepared to return for permanent residence in Cambodia. One hears different views among Khmer Americans, but the expressions of strong desire from some cannot be considered realistic indicators until normalization actually confronts those expatriates with the reality of such possibilities. For the larger numbers who struck root in the United States and presumably elsewhere, and who have children with years of schooling ahead, it would seem unlikely that many would be willing to migrate back.

Private direct investment in Cambodia by expatriate businessmen could play a particularly strategic role. There is a great asymmetry between the technical and financial assets of foreign investors compared with those of the incipient local entrepreneurs. At this stage, these entrepreneurs comprise mostly small traders, merchants, and small-scale manufacturers that might be partners in specific ventures. For all the talk about encouraging expatriate investment in joint ventures, only one appears to have materialized – the Cambodiana Hotel in Phnom Penh – a venture reportedly involving the municipality and a Hong Kong-based Khmer. As noted elsewhere, expatriate private investors may be able to play an important role as at least ethnic Khmer, nonforeign partners in joint ventures with other foreign nationals. USAID's private enterprise experience could be brought to bear to help develop the potentialities for direct investment among the Khmer-American community. Information could be developed on the business interests of Khmer Americans in order to get some idea of the potential for direct investment back in Cambodia and what facilitating service USAID might provide to help realize this potential.

Finally, we expect some of the most significant

initiatives to come from the major Khmer expatriate communities themselves. Individual remittance flows to family members in Cambodia are likely to rise and become a major factor in Cambodia's balance of payments. Remittance flows, now handled through a bank in Paris, will become easier for North American Khmer when simplified arrangements are established after normal relations are restored. Khmer expatriate organizations, already numerous in the United States, are likely to increase their sponsorship of activities now limited to the border camps. These Cambodian NGO projects could also qualify for assistance from USAID. For example, the Khmer-American community might be interested in forming a Cambodian Development Corporation and/or Foundation, with the former investing in business enterprises in Cambodia and the latter raising funds (including tax-free contributions) for non-profit projects in health, education, and cultural activities. Broadly speaking, the overseas Khmer recognize their potential importance for the country's reconstruction, are strongly motivated, and are likely to generate ideas and projects that will interest both the successor government and the donor aid agencies.

Donors: Roles, Coordination, Administration, and Logistics

A structure of relationships for aid cooperation between NGOs and the PRK government is already in place in Phnom Penh. This structure embraces virtually all the senior PRK policy makers and bureaucrats in the technical areas of the NGO programs and in the components of the Ministry of Foreign Affairs responsible for external relations. Until recently all the NGOs worked through a single department of the Foreign Ministry (designated as

the Department for Relations with International Organizations) for all general permissions – for visas, which have had to be renewed fairly often; internal travel, each trip requiring clearance and/or arrangements including security; accommodations; hiring of local support staff, which is not allowed to be done directly by the aid organizations; communication services, and so on. In the past year, as the growth in NGO personnel has overwhelmed the tiny staff of the International Organizations department, the NGOs have been allowed to deal directly with the regional departments of the foreign ministry responsible for the respective countries of origin of the NGOs.

Despite Cambodia's decade-long isolation from the West, some small aid contributions have trickled in from the European Economic Community (EEC), France, and Australia. Since 1985 the EEC has cofinanced a number of NGO rehabilitation projects, including irrigation pump repair workshops and facilities for producing farm implements. France was the only EEC member to earmark humanitarian aid to Cambodia through multilateral organizations in 1986 and 1987. For its part, Australia has channeled funds for humanitarian and rehabilitation projects in Cambodia through both multilateral and nongovernmental organizations. Aid from Western sources nevertheless remains limited to a few million dollars per year. As table 5 indicates, the vast majority of Cambodia's aid has come from the socialist countries in CMEA.

Soviet and Eastern European trade and aid have been very important to the PRK but not much information is available on these subjects. One UN report puts Soviet deliveries of industrial and consumer goods in 1982 at \$82 million. A 1988 Oxfam publication reported socialist country aid to Cambodia to be \$100 million per year (with Soviet aid totaling \$80 million),⁴⁴ although the CMEA

TABLE 5: OFFICIAL COMMITMENTS
(millions of dollars)

	1984	1985	1986	1987
TOTAL BILATERAL	100.4	115.2	180.8	191.6
of which				
Arab Countries	--	--	--	--
CMEA Countries	92.0	112.0	177.0	183.1
TOTAL MULTILATERAL	8.7	7.1	7.6	5.2
TOTAL BIL. & MULTIL.	109.1	122.3	188.4	196.8
of which				
ODA ^a Grants	42.9	60.2	74.6	66.8
ODA Loans	66.1	62.0	113.7	130.0

Source: OECD, *Geographical Distribution of Financial Flows to Developing Countries*, 1989.

Note: a. Official Development Assistance.

1/0

figures in table 5 suggest higher levels. Soviet aid projects have included the repair of port facilities, rubber plantation restoration, road construction equipment, a 2,000-line telephone exchange for Phnom Penh, two power stations in the capital, and the reopening of hospitals and the agriculture college with Soviet staff. In 1985 Bulgaria was reported to be running a project to raise tobacco yields. There are reports of Cambodian dissatisfaction both with Soviet projects (too large and sophisticated, ineffectual) and with Soviets living in Phnom Penh, who tend to remain isolated from Cambodians. The NGOs appear to have only limited knowledge of how the USSR and other socialist countries' programs coordinate with each other and with the PRK.

In their project activities, the NGOs deal with the responsible technical offices in Phnom Penh and the provinces and districts where the projects are located. In general, they paint a picture of a bureaucracy that is extremely thin in administrative and technical personnel; works with surprising dedication and for long hours (surprising because the senior personnel could easily earn substantially higher income if they were to moonlight in effect during work hours); and responds promptly. Lacking much technical expertise or depth of experience, the bureaucracy is also described as uncritical in its acceptance of recommendations from the NGOs – there is little or no evaluation and feedback. One gets little sense that the policy and technical issues are researched. At the policy level one gets a glimpse of cabinet deliberation that sounds off-the-cuff.

Two broad conclusions can be drawn: first, due to their financial preponderance and sheer technical weight, key donor agencies and individuals on the ground are likely to exert great influence on decision making of a

successor government at all levels; second, good donor coordination, on policy and program matters at all levels, will be essential.

It is to be hoped that Cambodian sensitivities will not stand in the way (as is the case in some other countries) of the donors taking on most of the burden of coordination themselves. Until Cambodian planning and administrative capabilities are built up, it would be counterproductive if government officials became preoccupied with problems of coordination that can be handled among the donors themselves. The line between acceptable self-coordination and the appearance of donor collaboration for the purpose of pressuring the host government cannot be drawn in advance, and in any case varies significantly among countries according to the administrative strength and self-confidence of the host authorities. For the first few years, the scope for donor self-coordination should be as wide as possible. Senior officials in the current administration seem to have no problem with the considerable coordination the NGOs carry out among themselves.

Much will depend on the political climate and the nature of a successor government. Under coalition arrangements and some degree of political pluralism, official aid will attain a scale and have political overtones which the NGOs are able to avoid. Coordination therefore may have problems on both the donor and the Cambodian sides that have only been hinted at so far, for example in the very limited interaction between NGOs on the one hand and technicians from the USSR and other socialist countries on the other. It would be very detrimental to Cambodian reconstruction and development if donor coordination were deliberately restricted in the pursuit of political advantage in factional competition.

The Paris peace conference in August 1989 actually

produced an agreement on a donor framework, an accomplishment of one of the technical working groups which caught little attention in the wake of the failure of the negotiations to reach a political settlement. Such a framework would have to be further elaborated (such as in sector working groups) as the programs develop. But some special thought needs to be given to the Cambodian side. It will take years before the paucity of planning and administrative capability can be overcome. In the interim the Cambodians may wish to consider special arrangements to expand and strengthen their ability to deal with the substance, legal aspects, and administration of the process of receiving, implementing, and monitoring the aid flow. Managing the aid process will dominate public sector investment for quite some time. Aid will be central to government efforts in virtually every sector to expand implementation capacities, will be the source of a substantial fraction of the government budget, and will be essential (for finance, cadre training, equipment, and so on) for virtually every development agency and institution in Cambodia. The Cambodian authorities responsible for overall economic policy, development planning, public sector finance, the legal system and the major sector agencies will all have to be involved and represented in an orderly way on the Cambodian side of the table.

We cannot foresee in any detail the extent to which the Cambodian side may be strengthened quickly through amicable mobilization of expatriate Khmer. It would be well to assume that this will only ease, not solve, the problem. The Cambodian side could also be supplemented by individual advisors provided under one or more donor aid programs; an advisory team or teams to provide integrated expert support to whole functions or agencies; and/or individual experts "seconded" (by, say, the World

Bank or UNDP) to work as members of the Cambodian civil service rather than as advisors. At this stage one may speculate that stronger arrangements would be more effective – secondment rather than advisory roles, integrated teams rather than individual experts. In fact the Cambodian administration may be best served if a special UN-sponsored entity or group is established specifically for the purpose of providing across-the-board advisory and secondment services.

BUILDING ON THE WORK OF THE NGOS

As discussed earlier, the NGOs have been operating for several years in the absence of the entire (nonsocialist country) international development system except for UNICEF, WFP, FAO and IRRI. The NGOs have built up good working relations with their bureaucratic and technical Khmer counterparts and have earned their trust. In a normal assistance context, the NGOs play a relatively small-scale development role. They are project implementing "intermediaries," not overall program funding agencies, and tend to confine their efforts to health, welfare, aspects of rural development, and related activities. This humanitarian focus also characterizes their activities in Cambodia, but the unusual conditions have led some of the NGOs to expand into infrastructure and agricultural projects. In Cambodia the NGOs occupy center stage not only in the sectors where they have their activities but by virtue of their very presence and image as the main contact with the nonsocialist world. In short, they are the main group of outside assistance agencies (especially since the departure of most of the Vietnamese advisors and technicians) that comprises the aid system and absorbs most of the bureaucracy's coordination and logistical support capabilities.

Given the fragile absorptive capacity of Cambodian administration, it will be essential for the international donors to work closely with the NGOs, to build upon the system in which the NGOs now operate, and to avoid any tendency to simply shoulder the NGOs aside. One can easily imagine resentment and friction being created if donors move into town and start drawing away interpreter and other support staff now working with the NGOs, or compete for accommodations, or preempt NGO counterparts on policy and project matters. Technical coordination at the problem and project level should be easy to develop and is self-evidently a requirement. But the NGOs should also participate at higher levels of coordination that cover policy and program planning. Because they are numerous and include many organizations that are small and have few resident staff, the NGOs will have to work out some arrangement that enables one or two persons to represent the whole group, including NGOs in the border camps that will be assisting with resettlement, at the level of overall aid coordination.

Logistic and administrative coordination will also be important. We noted the problems of accommodations, communications, provincial travel, and visa regulations that will face all newcomers and that will have to be eased if aid programs are to function. Besides cooperative arrangements and consistent positions in working out orderly solutions with the Cambodian authorities, there will be project areas relating to logistics and administration where coordinated activities would be more effective than individual agency efforts, particularly if these efforts became competitive. For example, given the numbers of vehicles donor agencies would have to bring in for their own mobility plus the increase in vehicles generally that would accompany post-settlement economic activity,

Cambodia's automotive maintenance and repair facilities will have to be increased almost immediately. Because all donors would benefit significantly from the creation of adequate provincial automotive repair centers, this represents at least one subject area that could be the focus of first-round donor coordination. It may be expecting too much, but Cambodia would be well served for the first few years if the donors could avoid overloading Cambodian vehicle and machinery maintenance capability with a large variety of equipment of different specifications.

In addition, a crash program to train Khmer interpreters will be very important for easing this constraint that will be common to most donor programs, and could be another area for donor cooperation.

THAILAND'S ROLE

Of all the countries in the region, Thailand may be in position to play the most extensive role in Cambodian reconstruction and development. Thailand's interest in building a new and close relationship with Cambodia has been stated quite openly from both economic and regional security perspectives. Many aspects of Cambodia's geography, hydrology, economic structure, traditional village life, religion, and social structure, more strongly resemble conditions in Thailand (or at least Thailand of three or four decades ago), especially northeast Thailand, than those in any other country. Although media attention to Thailand's future relations with Cambodia has focused on trade and investment, the opportunities for creating a new historical relationship between the two countries may be more significant through training and technical assistance in rebuilding some of Cambodia's basic institutions. A network of such relationships could help overcome residual

Cambodian anxiety over its large neighbor on the west and help it to achieve a balanced regional position. It is also likely that in many areas, Thailand has more to offer Cambodia than does Vietnam. Further, the natural orientation of the noncommunist factions and the expatriate Cambodians who return to participate in the country's recovery in economic, social, and institutional matters across the board is likely to look to Thailand as an example of successful development strategy in a context of considerable social stability and cultural strength.

An illustrative list of subjects and relationships where Thailand may be the best aid source for Cambodia includes: (a) assistance in developing managed production arrangements for diversified commercial crops involving farmers, agribusiness, export firms, and local government personnel, along the lines of the USAID-assisted Lam Nam Oon project in northeast Thailand; (b) help in shifting the orientation of the health system from curative toward a curative-preventive primary health care mix and building up the necessary capabilities; (c) assistance from the Thai Sangha to the Cambodian, for both rebuilding Buddhist education and for introduction of the concept of the "development monks" as catalysts for self-help village activities; (d) long-term institution-building relations for specific academic faculties (engineering, economics, fisheries), between Thai and Cambodian universities and technical schools; (e) assistance from the Central Bank of Thailand to help the Cambodian counterpart redevelop the banking legal and regulatory framework, accounting and statistical functions, and so on; (f) advisory services from senior Thai economic planners whose careers go back to the early days of modern Thai development (middle to late 1950s) when Thailand faced problems resembling those faced by Cambodia today; (g) development of Cambodian

handicrafts for the tourist trade; (h) cooperation in border areas for control of malaria and foot-and-mouth disease; (i) cooperation on narcotics traffic control.

There are two main constraints to an active Thai program along such lines. The first is financial, a constraint that should be easily overcome given the willingness of the Japanese authorities to consider financing third country technical assistance, specifically from Thailand. The second constraint is more difficult: the limited nature of Thai technical assistance experience to date. Most technical assistance provided by Thailand so far has consisted of training inside Thailand. Thai academic and other training institutions and DTEC* have no experience in projecting Thai technical assistance capabilities to other countries in fully rounded project form (what DTEC refers to as a "packaged" project), where the objective is to develop institutional capacity rather than merely to train selected individuals or provide short-term consultants. There is no doubt that a number of institutions and agencies in Thailand are capable of providing fully packaged, long-term projects in the form that much international technical assistance has taken for many years. Some faculties at Thai universities that have benefited from packaged projects since the 1950s are now in a position to use that experience and their present capabilities to attempt to extend similar assistance to institutions in other countries where comparable institutions are less developed.

To enable the Thai institutions to realize this potential, the Thai government may want to explore the possibility of tripartite arrangements with Japanese and American aid agencies. The Thai could provide the basic

* The Department of Technical and Economic Cooperation, the Thai government's agency responsible for aid coordination.

institutional framework and personnel, and some or all of the baht costs as is now the practice in Thai aid. The Japanese could top off the baht costs and meet the foreign exchange costs. The United States could assist DTEC and the Thai agencies involved in the initial period of designing fully packaged externally executed projects, drawing on USAID's long institutional linkages with both DTEC and Thai institutions. The United States could also top off project content with US aid inputs where appropriate. Other donors who have close technical assistance relationships with other Thai institutions that might be executing technical assistance projects in Cambodia might also be interested in similar dual and/or tripartite arrangements.

Technical considerations aside, there are obvious political and psychological dimensions that Thailand will need to take into account as this new era in Thai-Cambodian relations unfolds. While the legacy of Thai-Cambodian history has left the Khmer with less antagonism and apprehensions than has the legacy of Cambodian-Vietnamese relations, the Cambodians generally are likely to be sensitive and wary if Thailand appears heavy-handed. It is encouraging that the initial euphoria in Bangkok over Thailand's emerging NIC-dom (a NIC is a Newly Industrializing Country, a term applied to countries such as South Korea and Singapore), and over scenarios that have Thailand as the regional economic hub, has been followed quickly by expressions of caution that the country should not overplay these possibilities. The cautious voices have warned against trade and investment ventures that might smack of local neocolonialism in the form of denuding their neighbors of their timber and other exportable natural resources. These voices have also warned against business dealings that would be generally disadvantageous to the Cambodian side or would take on the character of

"carpet-bagging."

Similar concerns should inform the initial Thai entry into technical assistance projects. Here it is not a question of economic exploitation. More subtle aspects of these new relationships are involved, such as avoidance of paternalism or relationships with Khmer counterparts that would suggest condescension on the part of the Thais. These are things to which good practitioners of international aid have long been sensitive. With their normal sensitivity to interpersonal relations, the Thais actually should be more adept in working relations with the Cambodians than foreigners from many other cultures, but the point should not be taken for granted. If properly administered, Thai technical assistance – especially in areas having little direct relationship to trade or other economic interests – can help to strengthen an image of Thai-Cambodian relationships as having dimensions that are clearly humanitarian and divorced from narrow self-interest. If some expertise could come from Khmer-speaking Thai, this would be an additional advantage.

In conclusion, we should probably stress Khmer attitudes and wariness toward Thailand as the single most important potential constraint on Thai-Cambodian technical cooperation. The possibilities may turn out to be strongly affected by the personal attitudes of the senior Khmer administrators in their respective agencies. It may be best to proceed by building relationships of trust step by step, starting with Cambodian participant training in Thailand (already under way with Cambodians from the border camps), the Sangha relationship, and mutually important border area problems such as malaria and foot-and-mouth disease.

JAPAN'S ROLE

Japan has made a public commitment to provide post-settlement economic aid to Cambodia and Vietnam and would likely be the largest donor. The Ministry of Foreign Affairs has a flexible set of guidelines in mind. First, assuming that the UN designates Cambodia a "least developed country," as is certain, Japanese aid will be all grant. Second, aid would be available in project, non-project, and technical assistance forms. Nonproject, or balance of payments, aid could finance general imports, such as fuel. The implication is clear that the funds would not be tied to procurement in Japan. Nonproject aid also opens the way for local currency financing and general budget support. Third, recognizing that Japan may not be the best source for technical assistance, the ministry might be agreeable to the use of Japanese aid for financing technical assistance from third countries, such as Thailand.

It would be hard to improve these guidelines. When the time comes, if these ideas in fact turn out to define Japanese aid policies in Cambodia, it would mean that the largest source of funds would be made available with all the flexibility needed for meeting Cambodia's external needs in an effective manner.

V. Summary: Conclusions and Recommendations

1. The PRK has been changing its economic policies in recent months, moving with apparent swiftness toward private ownership and increasing scope for private economic decision making, and toward normalizing and opening up the economy. PRK development planning appears to be rudimentary and the actual implementation reach of authorities in Phnom Penh in different ministries appears severely constrained by drastic limitations of skilled and experienced professionals and administrators. The withdrawal of most Vietnamese advisors is said to have resulted in a great relaxation of atmosphere and reduction in interest in propaganda and political "education." Nevertheless, PRK official statements and personal interviews continue to echo ambivalence in attitudes towards the liberalization of policy and suspicion of private merchant activity which harkens back to traditional Khmer antipathy to the private, that is, ethnic Chinese or Sino-Khmer, sector.

2. Although the noncommunist factions are likely to press for market- and private-oriented policies as basic to a successor government's economic philosophy, the outcome of a political settlement (which is presumed to be reached, for this study) in this respect is the greatest unknown. In the pre-KR and prewar years of independence from 1953 to 1969, Cambodian economic policy underwent a major shift towards state intervention in economic activity and preemption of private commerce and industry, with unfortunate results for economic

efficiency, private confidence, and the overall growth of the economy.

We conclude that the first priority objective of the key donors should be to strengthen the hand of Cambodian leaders and technocrats (who may be drawn from expatriate Khmer communities now resident in the United States, Canada, France, and elsewhere) who recognize the necessity of setting the country's basic economic course in an outward and market-oriented direction right from the start. Technical assistance in development planning, and in supporting institutional rebuilding in related disciplines (such as statistics), will be essential.

3. Administrative and technical cadre at all levels of Cambodian government and public sector agencies are extremely thin. The same can be said of most of the technical and higher educational institutions that have survived the destruction of the 1970s. The largest body of trained and experienced Khmers now lives outside the country. In addition to the individual institution-building projects, which will have to be launched and supported by external aid for a sustained period, high priority must be accorded to an ambitious program of training in development skills across the board, including long-term overseas training leading to advanced degrees.

4. Programs to facilitate the return of expatriate Khmer for varying periods and jobs could make a major contribution to a quick easing of skill constraints. Volunteer programs for expatriate young Khmer and retirees could be especially useful to fill the gap in interpreter and other functions that has already constrained the operations of NGOs.

5. Logistical constraints face any significant increase in foreign aid staff or expatriate returnees. Development agencies will have to bring logistical support and will need to reach an understanding with a successor government that relaxes many of the travel, local hiring practice, and other impediments that the PRK has placed on the NGO staffs.

6. Although the economy has recovered substantially from the virtual collapse of 1979-80, the country's economic size and per capita income are well below the levels of the late 1960s, perhaps down by one-third. Estimates of Cambodia's population vary widely and rest on no reliable data. The population may be on the same order as in 1969 (7.3 million) or if higher (7.8 or even 8.0 million) still well below what it would have been under normal conditions. There appears to have been a baby boom in the early to mid 1980s and the current growth rate, while generally thought to be high, cannot be specified with any precision or certainty.

The demographic structure is very unusual in at least one respect: a disproportionate ratio of females to males among adults. It has been observed in some villages that females make up 70% of the population over 15. The large number of widows and female-headed households presents serious problems for agriculture due to the shortage of males for heavy plowing before rice can be planted, as well as for health status and the reconstitution of traditional family mores. This demographic imbalance will have to be taken into account in such areas as the design of research to develop improved cultivation practices; the selection of agriculture extension personnel; the content and organization of farm training programs; coping with school drop out of children whose economic value will

be high in families lacking adult males; depressive problems of traumatized widows, communicated to their children; health problems caused by the unusually high physical stress on adult females.

7. Although priorities for raising production and restoring the functioning of the economy may appear *prima facie* obvious, every sector and major economic issue needs systematic reexamination after 20 years of upheaval and the extensive loss of human and physical capital. Sector and product studies should be launched quickly, especially covering rice, rubber, timber; nutritional status and related production of fruits, vegetables, and other protein sources to supplement rice; and tourism.

8. Rice production appears to have plateaued at a level that puts Cambodia on the edge of self-sufficiency. Without even a modest surplus for stock building and minor exports, the extreme annual variability of Cambodia's rain- and flood-based production means that the country will often need food aid to avoid serious nutritional stress. The constraints – for example manpower, animal traction, power tillers, and fertilizer – need to be clarified. This will allow donors to focus on a rational technological strategy consistent with the primary need to support the traditional risk-minimizing productive systems that Cambodian farmers have adapted to local soil and hydrological conditions over many generations. In the short run donor strategies can include refurbishing small irrigation systems. In the longer run there are potentialities for multipurpose hydrological projects such as those studied under the Mekong Committee back in the 1960s, which now need to be reexamined from scratch.

9. Rubber, timber, and tourism appear to offer the only significant options for earning foreign exchange for a number of years. The tourist potential probably offers the single most important and hopeful avenue for Cambodian income growth compared with the modest overall prospects for economic growth in the late 1960s and, indeed, for most of the economy in the 1990s. We have touched on a number of issues regarding the three sectors, stressing the dangers of unplanned and unrestricted development especially in forestry and tourism. The policy, institutional, technical, and private sector aspects of rapid development in these areas should be among the first round of subjects addressed by the successor government and aid agencies.

10. The need to refurbish the country's infrastructure is clear, and some of the choices for first-round investment appear obvious. Some options may be debatable, for example, how far to invest in restoring railway capacity. (In time the rail link from Bangkok to Ho Chi Minh City may have economic justification, but before the war the Cambodian rail system paralleled some of the main highways and was underutilized.) Refurbishing roads, rail, municipal infrastructure, and the main airports will all attract the interest of those donors with substantial funds to offer. Some projects can proceed forthwith, but the transport sector as a whole needs a comprehensive reexamination. The prewar transport sector had numerous institutional and policy problems that can be avoided by a successor government starting anew.

11. The absorptive capacity of the Cambodian bureaucracy is already strained to the limit by the activities of the NGOs. An attempt by international donors to flood into Cambodia could cause major disruption of ongoing

programs, impossible pressures on the bureaucracy, and friction with the NGOs if the new arrivals, with official backing and much larger resources, preempt NGO counterparts and bid away scarce logistic facilities. The NGOs have built up valuable experience and relationships; their intermediary role as executing organizations should be built upon, not pushed into the margin. Expansion of the absorptive capacity of the Cambodian governmental administration will be a prerequisite for orderly donor programs.

12. Donor activities may well have significant political impact if the post-settlement period is marked by factional rivalry and if different ministries or functional areas are distributed among different factions. Donor resources will likely be very large in relation to the total resources available to the Cambodian government. Thus for both political and technical-administrative reasons, it will be essential for the donors to develop with the government a set of effective coordinating arrangements and relationships.

13. Aid will be needed in all three traditional forms – technical assistance, capital projects, and straight resource transfers (nonproject or balance of payments support). Any push on capital projects must be accompanied by nonproject aid to ensure sufficient import capacity to meet rising domestic demand. Even then, close monitoring should be instituted to make sure that the upward ratcheting of capital projects does not cause inflationary pressures. The revenue capacity of the government is very limited at present; budget support will be required to expand administrative capacity and operating funds and meet local costs of reviving public sector institutions.

Budget support should also be financed by nonproject aid. The development of a system of import financing, matching the buildup of public sector local expenditures and the consequent increase in the domestic money supply, must be a high priority task in the initial stages of aid revival to ensure that the whole process does not cause economic instability.

14. Japan is likely to be the major donor. The policy of financing general imports (implicitly not tied to Japanese procurement) should be encouraged. It would help facilitate Cambodian-ASEAN economic relations as a by-product, because general consumer goods, construction materials, and many items of small-scale equipment will find their cheapest source of supply in the ASEAN countries.

15. An important contribution to absorptive capacity can be made by programs offering foreign language training, especially in English which is already in great demand.

16. Possibilities for investment in Cambodia by Khmer expatriates settled in the United States and elsewhere merit special attention. Participation by Khmer expatriates can help ensure that the revival of the private sector in commerce and industry is not perceived as being dominated by non-Khmer. USAID should seek ways to assist Khmer-American entrepreneurs and organizations interested in investing in the country's reconstruction. USAID could similarly encourage the Khmer-American community to explore different mechanisms and fields in which they might participate in Cambodia's recovery and to develop proposals that might involve US aid. The Canadian,

French, and other governments of course could do likewise.

17. While Japan will be a key financing donor, Thailand could play an important role as a source of technical and institutional assistance. There are more cultural and agronomic similarities between Cambodia and Thailand, especially northeast Thailand, than between Cambodia and any other country. Some training activities are already under way in Thailand for residents of the border camps, including a program involving Thai and Khmer monks. Potentialities and cautions are discussed in the text.

18. The donors need to be sensitive to the possibility that aid projects may introduce new inequalities in the rural areas and between the urban and rural populations. Some inequality of impact is unavoidable due to the inevitable resource and activity concentrations in major urban centers and to the differences in land quality and water regime in different parts of the country. Nevertheless, in programs to extend health and other services and to increase the availability of traditional production inputs (such as animals for traction), it should be possible given the relatively small size of the population to plan for relatively even coverage. It will be especially important to bear in mind the danger that large numbers of economically weak, female-headed rural households could become an underclass if they are just left to their own devices without safety net provisions.

19. In health care, efforts could be made to encourage the present trend toward preventive medicine. An expansion of the RINE centers – primary health care clinics that teach mothers how to prepare rehydration solutions and

weaning foods and also supply them with child development cards – would be an appropriate area for donor involvement. Another would be sanitation, where opportunities exist for large programs that could have an immediate and long-lasting effect on the health of the population. Given the extremely high rates of malaria infection and the shortcomings to date in combating the disease, antimalarial activities also warrant a high place on the priority lists of future donors.

20. As for education, there is a great need for expansion and improvement of basic facilities and for dissemination of textbooks and other reading materials. These materials could help to solidify the reading and writing skills which many Cambodians have only recently acquired and are at risk of losing without reinforcement. In the longer run Cambodia will need extended aid to expand secondary education, reconstitute higher education, and in general rebuild an education system to meet its long-term human capital requirements. Assistance in education sector planning is likely to be needed to ensure that scarce education resources are well allocated and to avoid creating domestic facilities in disciplines where the country's manpower requirements will be small and can be met more cost-effectively through external training. Consideration should also be given to setting up a short-course in-service training facility in Phnom Penh for upgrading administrative and planning skills, especially for officials who cannot be released from their responsibilities for long training periods.

VI. Annex

Previous US Economic Aid to Cambodia

As shown in table 6, the United States provided a total of \$918.3 million in economic assistance to Cambodia between 1946 and 1988. This compares with the \$45.6 million contributed by the ADB, UNDP, and other UN agencies over the same period. In addition, two different USAID missions have operated in Cambodia, one during the early to middle Sihanouk years (1955-63) and the other during the Lon Nol or Khmer Republic years (1970-75).⁴⁵ The first began with a commodity import program and other forms of nonproject aid, which accounted for nearly 80% of the approximately \$300 million obligated to Cambodia from 1955-63. Project programs included small technical assistance activities in health, education, and agriculture, and larger projects in transportation and public works – such as the Khmer-American Friendship Highway linking Phnom Penh to Sihanoukville (now Kompong Som). Prince Sihanouk terminated all of these programs in November 1963, however, after determining that American aid no longer served his political interests. His abrupt policy shift came in the wake of the overthrow and assassination of President Ngo Dinh Diem in South Vietnam.

The second USAID mission operated from start to finish in an environment of warfare that accelerated in intensity. The aid program was part of a larger effort to bolster the government of General Lon Nol, who had overthrown Prince Sihanouk in March 1970. The basic aim was to enable the government to withstand the destabilizing effects of its growing war with the Khmer

Rouge. As with the previous USAID mission, the dominant activity was a commodity import program, intended to provide essential imports needed to sustain domestic production and consumption at prewar levels. The United States also provided agricultural products under the Food for Peace (Title I) program and supported a multilateral Exchange Support Fund, created largely to encourage the Khmer Republic to establish a realistic exchange rate. Moreover, as the war intensified and an increasing number of rural Cambodians fled to the cities, the USAID mission implemented a large program of Title II food disbursements. These were distributed by several voluntary agencies until just before the Khmer Rouge takeover in April 1975. From the first appropriation in February 1971 until the downfall of the Khmer Republic, the United States provided \$581 million in economic assistance to Cambodia.

**TABLE 6: US ECONOMIC LOANS AND GRANTS
TO CAMBODIA, 1946-88**
(millions of dollars)

Economic Assistance – Total	918.3
Loans	289.6
Grants	626.4
AID (and Predecessor Agencies)	549.7
Loans	—
Grants	549.7
Food for Peace	368.6
Loans	289.6
Grants	79.0
Title I – Total ^a	297.0
Title II – Total ^b	71.6

Source: United States Agency for International Development, U.S. Overseas Loans and Grants (and Assistance from International Organizations), Obligations and Loan Authorizations, July 1, 1945-September 30, 1988.

Notes: *a.* Title I provided food for general consumption through the normal commercial food marketing system. *b.* Title II distributed food through targeted feeding programs.

Notes

1. The Paris conference on Cambodia in August 1989 engendered papers on reconstruction by the Swedish International Development Agency and by several UN agencies. Two earlier pieces, by Joel R. Charny and John V. Dennis, Jr., are listed in the bibliography.
2. For convenience we refer to Cambodia since 1979 as the PRK, although the Phnom Penh regime changed its name to the State of Cambodia in mid-1989.
3. For a critical assessment of the policies leading to Cambodia's isolation, see Eva Mysliwicz, *Punishing the Poor* (Oxford: Oxfam, 1988), pp. 71-83.
4. International Bank for Reconstruction and Development, *Report of Economic Mission to Cambodia, 1969* [hereafter cited as 1970 World Bank report], East Asia and Pacific Department, Vol. I, 12 October 1970. See also Asian Development Bank, *Economic Report on Cambodia*, March 1970.
5. 1970 World Bank report, p. 57.
6. 1970 World Bank report, pp. 53-54.
7. For instance, see Mysliwicz, pp. 5-19.
8. Sin Meng Srun, "Status of War Damage in Cambodia," paper prepared for the International Symposium on Cambodia, California State University (Long Beach), 17-18 February 1989.
9. See Naranhkiri Tith, "An Agenda for the Economic and Social Reconstruction of Cambodia," paper prepared for the International Symposium on Cambodia, pp. 17-19.
10. See Chanthou Boua and Ben Kiernan, "Oxfam America's Aid Program in Babong Village, Kampuchea," Department of History and Politics, University of Wollongong, Australia, April 1987.

11. Refers to views expressed at the International Symposium on Cambodia.
12. 1970 World Bank report, p. 5.
13. The Muslim Chams, a small ethnic minority group in Cambodia, are believed to be descendants of the people of Champa. They have always lived apart in Cambodian society, building their own villages (centered around a mosque), wearing colorful dress, and establishing professional specialties as fishermen and cloth merchants. See Elizabeth Becker, *When the War Was Over* (New York: Simon & Schuster, 1986), p. 261.
14. Meng-Try Ea, "Recent Population Trends in Kampuchea," in *The Cambodian Agony*, ed. David A. Albin and Marlowe Hood (Armonk, NY: M.E. Sharpe, 1987), pp. 3-15.
15. Numerous stories on the border trade have appeared in the Thai press. See especially David Storey, "Profit and Despair in Kampuchea's Black Market Gateway," *Bangkok Post*, 3 March 1989; "Move to Open Trading Point at the Border," *Bangkok Post*, 5 June 1989; FOCUS Section, *The Nation*, 8 July 1989.
16. Rodney Tasker, "Peaceful Coexistence," *Far Eastern Economic Review*, 12 October 1989, p. 36.
17. Information for this section has been drawn from a number of sources, including various UN reports by François Grunewald as well as papers and articles by Prabhu L. Pingali, Joel R. Charney, John V. Dennis, Jr., S. Fujisaka, Michael Leifer, and the FAO. See the bibliography for full citations.
18. 1970 World Bank report, p. 13.
19. Formally the Interim Committee for Coordination of Investigations of the Lower Mekong Basin.
20. See Joel R. Charney, "Appropriate Development Aid for Kampuchea," in *The Cambodian Agony*, pp. 254-260.
21. *Ibid*, p. 247.

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22. See the Bangkok Bank's *Monthly Review* for May 1988 and February 1989.
23. Estimates provided in Sin and in Mysliwec. The figures vary slightly; Mysliwec reports that of 450 doctors before 1975, only 45 remained in 1979. See also Rick Fredericksen, "After the Khmer Rouge," *Asia Magazine*, 26 June 1988, pp. 8-12.
24. The bulk of the information on health and education is drawn from this internal UNICEF report, which was kindly made available to the authors by UNICEF in New York. The report is titled "Children and Women in Kampuchea: Situation Analysis" and is dated September 1988 [hereafter cited as 1988 UNICEF report]. Additional information is drawn from a February 1989 Operation Handicap International report by Myriam Houtart, titled "Perceptions of the Cambodian Medical System and Possibilities for the Reintegration of Khmer Medical Personnel from the Border Camps," as well as from Mysliwec, Fredericksen and the EIU report listed in the bibliography.
25. 1988 UNICEF report, p. 37.
26. Collection of Cambodian health information is still in an initial design stage. Most estimates are based on sample surveys in individual provinces, hospital statistics (mostly from Phnom Penh), and facts recorded during epidemic outbreaks.
27. 1988 UNICEF Report, p. 68.
28. See *Humanitarian Assistance in Kampuchea, 1989*. The \$10 million estimate is provided by Mysliwec, p. 66.
29. Articles addressing mental health issues among Cambodians include J.D. Kinzie, "The Concentration Camp Syndrome among Cambodian Refugees," in *The Cambodian Agony*; Anne E. Goldfield et al., "The Psychological Impact of War Trauma and Torture on Southeast Asian Refugees," *American Journal of Psychiatry* 144

(December 1987); and Michael F. Mollica and Russell R. Jalbert, *Community of Confinement: The Mental Health Crisis in Site 2*, World Federation of Mental Health, February 1989.

30. 1988 UNICEF report, p. 72.

31. 1988 UNICEF report, p. 45.

32. This section draws on interviews with NGO and other personnel working in Cambodia and on translated official statements by the PRK.

33. Serge Thion, "The Pattern of Cambodian Politics," in *The Cambodian Agony*, pp. 162-63.

34. Quoted in Mysliwicz, pp. 6-7.

35. For example, see "Achievements of 10 Years of Revolution Reported: Details of Economic Successes," *Foreign Broadcast Information Service: East Asia* [hereafter cited as *FBIS: EA*], 27 April 1989, pp. 43-48.

36. "Resolutions of Cadres Discussed," *FBIS: EA*, 25 April 1989, pp. 37-39.

37. See "Hun Sen Addresses National Economic Meeting," *FBIS: EA*, 13 March 1989, pp. 52-53; and "Heng Samrin Addresses Meeting," *FBIS: EA*, 6 January 1989, pp. 41-44.

38. Murray Hiebert, "Change in the Air," *Far Eastern Economic Review*, 29 June 1989, pp. 16-17.

39. "Details of Objectives, Tasks," *FBIS: EA*, 27 April 1989, p. 54.

40. For further elaboration of ethnicity and the Cambodian economy, see 1970 World Bank report, pp. 5-7 and 33.

41. *A Public Development Program for Thailand* (Baltimore: Johns Hopkins University Press, 1959).

42. This sections is drawn from interviews with members of the Joint Voluntary Agency and the UNHCR in Bangkok.

43. This section benefited from conversations with Cambodian residents in the United States.

44. See Mysliwec, p. 80.

45. For an extensive discussion of previous American aid to Cambodia, see United States Agency for International Development, *Termination Report: USAID/Cambodia*, book 1, 1964, and *Cambodia Termination Report*, vol. 1, 1975.

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