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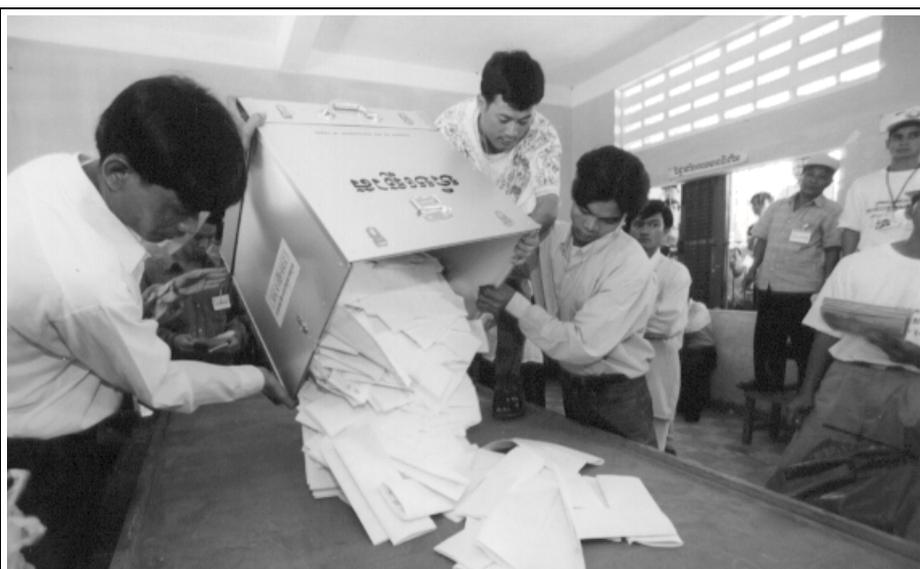
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The Conflict over Vote Counting

Caroline Hughes and Real Sopheap of the Cambodian Centre for Conflict Resolution assess the dispute over vote counting during the July 1998 national election as an example of the problems of authenticating information in a polarised political environment.*

A notable feature of Cambodian political conflict is the contested nature of information. Information is highly politicised in Cambodia because national systems for the dissemination of information—particularly education, the mass media, and even organised religion—are either poorly developed, overtly linked with political parties, or weakened by the effects of the war. Lack of experience in the field of investigation and data collection produce problems when organisations seek to uncover and disseminate facts. The strong and polarised loyalties which characterise Cambodian political party structures are likely, in this informational environment, to affect interpretations and accounts of events offered by the members of different political parties.

In the absence of authoritative information on which to base decision-making, rumours, claims and counter-claims, and perceptions of threat are widespread. These may be manipulated to affect political outcomes and to escalate political crises. The weakness of systems which could be used to stabilise politics, by providing a single authoritative account of any situation or event, is thus problematic for Cambodian politics. Conflict resolution in Cambodia frequently breaks down at an early stage, over simple disagreements over the facts. Among other factors, the difficulty of creating, verifying and circulating a single view of what took place was significant in causing conflict after the 1998 election. Particularly problematic



The conflict over vote counting contributed to the political crisis following the 1998 election. Lack of verifiable information and inexperience exacerbated the conflict.

for information flows was the inexperience of those observing and implementing procedures, the decentralised nature of the process, and the extreme politicisation of the electoral environment.

A major conflict which undermined the authority of the 1998 election result was the conflict which arose over allegations of vote counting fraud made by the National United Front (NUF) group of parties. This conflict exemplifies the impact of obstacles to information flow on the escalation of political conflicts.

The Vote Counting Process

The vote counting process was highly decentralised, taking place in more than 1,600 commune-level counting stations throughout the country. A variety of actors were present during vote counting: election officials from the

* This article is based on findings from a recent research project undertaken by the Cambodian Centre for Conflict Resolution between February and April 1999 on the nature and causes of conflict in the 1998 national election. The aim of this project was to learn from the experience of the national election to anticipate and prepare for the possible conflicts which could arise in the forthcoming commune election scheduled for 2000. Final results of this research will be published in a forthcoming CCCR research paper in August–October 1999. Caroline Hughes received funding from the Leverhulme Trust as a Study Abroad Scholar during this research project.

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Commune Election Committees (CECs); national NGO election observers; political party agents representing, potentially, all the political parties competing for votes in that commune; and, intermittently, international election observers. Each of these actors represented a larger, hierarchical structure, and had to report back to Phnom Penh on the local situation. Organisation leaders would aggregate this information to formulate an overview of the situation nationwide, to act as a check on the activities of the NEC. Consequently, at least five separate sets of information emerged from each counting station: the CEC version; the NGO version; the versions, at least, of the NUF observers and the Cambodian People's Party (CPP) observers; and the version supplied by international monitors.¹

Aside from one or two cases where vote counting was disrupted by particular incidents, early reports from most counting stations suggested a peaceful environment throughout the country. Yet national organisations in Phnom Penh were soon highly polarised on the issue of whether vote counting had been conducted fairly. The NUF parties, in particular, put forward a version of events which differed significantly from the versions released by national NGO and international observers and the National Election Commission (NEC).

Origins of the Conflict—Counting Stations

NGO and political party observers interviewed between February and April 1999 commented upon problems experienced in carrying out their duties as observers.

The major complaints among observers interviewed for this study were over transparency, which prevented them from verifying information regarding the counting process. This suggests that even among the small group of people at the counting station, information did not circulate freely. For example, observers claimed that ballots were not shown clearly enough so that the observers could check that the number called out by the counting official was in fact the number ticked; and that counting was conducted at more than one table at once, rendering parallel counting by observers problematic.

Similar problems were raised by NUF leaders shortly after the election. NUF party agents, who denounced the counting process at press conferences after the election, referred to instances where election officials had been seen behaving suspiciously near ballot boxes; where the number of counting tables had been increased beyond the number of observers; or where observers had been unable to verify the numbers called out by officials.

The length of time taken for counting was also a problem, particularly when it continued overnight. One observer interviewed commented: "When we guarded the ballots at night, there were only a few places where we could see them. In some places they locked us out so that we could not see them. And then observers were tired [when counting resumed], because they had to stay outside all night. The next day they were exhausted."

This account suggests that counting station officials may have given little thought in advance to the facilitation of observers. Observers themselves were unprepared for the length and intensity of the task. This impeded their ability to remain alert, to collect accurate information, and to be aware at all times of how the ballots were being handled.

Among interviewees, mutual criticisms of conduct centred upon lack of training, experience and preparedness. For example, a FUNCINPEC interviewee commented: "Political agents were not trained enough. FUNCINPEC trained its political agents, but the time [available for this] was very short and they did not understand the electoral process clearly. The CECs did not understand the electoral process and did not give clear advice to the political parties about what to do."

An NEC member commented: "In 1998 the percentage of observers that studied the procedures was very small—only COFFEL and COMFREL [did this]—because time was short and [the observers] had no experience."

Perceptions by each group of participants of the marked lack of training and experience of other actors appear to have been widespread, and to have affected willingness to accept the validity of the information gathered by these groups.

Origins of these issues may be found in a number of circumstantial factors, which made the relationships between the different groups of actors in the counting stations problematic. First, the 1998 election was the first to be organised by Cambodians since before the civil war. The uniqueness of the situation entailed uncertainty regarding appropriate behaviour and means of implementation. The short time available for training exacerbated this problem. Given long-standing distrust between the political parties, and between state and society, it is likely that uncertainty engendered tension in counting stations, in particular between organising officials and opposition and NGO observers. Election observation is a new concept in Cambodia, and the wider principle of immediate accountability of officials to the complaints and interventions of civilians also represents a departure from past practice. The situation was both unfamiliar and difficult for these reasons.

Second, though the election process in 1998 was generally peaceful, interviewees held mixed views on the impact of fear in the counting stations. Some NGO observers said that they had been afraid or that they had believed that other observers present in the counting station were afraid. One noted: "There was a very great effect from [the fighting of] July 1997. Many political party agents did not dare file a complaint. And they are political party people—what about normal people? I was also afraid."

NUF interviewees suggested that fear was widespread and oppressive in the counting stations. A Sam Rainsy Party (SRP) representative described the situation as

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such: “COMFREL and COFFEL did not dare to do anything—they were oppressed. They are still scared. If they saw the police and military do something wrong, they were afraid to complain. We complained, but they did not listen.”

Third, distrust characterised the relationship between the NUF parties and electoral organising agencies. Throughout the 1998 election process, the NUF parties repeatedly called for a review of the composition of the NEC, Provincial Election Committees (PECs) and CECs, claiming that the membership of these committees were biased towards the CPP. This lack of confidence was echoed by statements made by national election observer NGOs. This conflict was not successfully mediated before the elections, and created an expectation on the part of NUF parties that foul play was likely. Such expectations may have heightened the tension in counting stations, and may have altered the interpretations placed by NUF party observers upon the events they witnessed.

As counting continued on 27 and 28 July, the problems faced by observers in the counting stations led some NUF agents to the conclusion that electoral fraud was taking place. Often this was due to the inability of observers to keep track of the counting processes, because of a lack of transparency and failure to facilitate observation, rather than to any overt signs of cheating.

Barriers to Resolution at the Local Level

From the accounts of interviewees, it appears that objections often were not raised or resolved in the immediate environment of the counting station. For example, in each counting station, observers were asked to sign a statement to certify that the counting process had been performed properly. In many cases, it appears, political party observers signed these statements even though they planned later to complain to their head offices about problems they had observed. This contributed to escalating conflict later, as the failure to speak out at the local level undermined the legitimacy of complaints in the view of electoral organisers and some NGO observers, who argued that genuine protests should have been raised immediately at the counting station.

According to an NEC member interviewed: “[Party] agents signed the statements in the polling and counting stations, but the parties still complained. Some parties began to complain two days after the election or after the counting. We did not know how to solve this problem, because the parties did not understand their duties. For example, if they knew members of the local authorities were in the voting station, they should not have waited until several days afterwards to complain.”

Similarly, a member of an observer NGO asked: “We ask why was it that the party observers signed every form? Why did they stay quiet? If they had not signed, we would not have released the result. But if you sign that you agree, then we’ll release [it]. Our result was no different from the NEC score.”

Members of NUF parties contested this explanation, suggesting that party agents had not signed statements, except when compelled or tricked into doing so. An NGO observer commented, by contrast, that the NUF parties did not raise questions at the counting station, even though they were entitled to do so, because party agents were unaware of the procedures: “The political party agents did not understand. This was a problem of the NEC and a problem of the political parties, because the parties did not train their agents properly. The CPP trained their observers properly; FUNCINPEC and the Sam Rainsy Party did not train them, and they did not know how to complain.”

Another NGO observer remarked that though there was a pre-prepared statement available for observers to sign to certify the process, there was no complaints form available to register concerns. This imposed a psychological barrier against making complaints on the spot, and increased the difficulty of verifying complaints later.

Furthermore, a number of NGO observers either agreed that fear was a factor at this point, or that they believed fear was a factor for the party agents: “Many political parties wanted to file complaints—but local agents did not want to file the complaint by themselves because they lived in that area and they were concerned about their safety.”

Because of these problems, interviewees suggested, many party agents did not raise their objections immediately, but instead travelled to Phnom Penh to submit their complaints to party headquarters.

The Conflict at National Level

National-level conflict arose as different accounts of the counting process reached Phnom Penh. NEC and CPP observers reported few problems during vote-counting; NUF observers reported serious irregularities and abuses significant enough to undermine the integrity of the process. NGO and international observers reported some irregularities in many parts of the country, but viewed these as insufficient evidence of a systematic pattern of electoral fraud. These trends in interpretation remained consistent during interviews carried out for this study.

A major problem in resolving conflict at this level was the fact that the difference on which the conflict hinged was a difference of subjective impression of the intentions and activities of electoral officials. Little tangible or direct eyewitness evidence was available, aside from observer testimony as to their beliefs at the time, which may have been tainted by political motivation, fear, or lack of experience.

Mutual criticism between NGO observers, international observers and NUF observers of one another’s performance heightened the crisis, by casting doubt on the quality and validity of different information coming from the counting stations. Equally, the assertion that different levels of fear were experienced by different individuals and organisations made it difficult to compare accounts of

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the process. The varying levels of training and confidence possessed by observers in different parts of the country were impossible to assess from Phnom Penh. The emergence of doubt undercut the authority of all information simultaneously.

Transfer of conflict to the national political arena also caused other problems. The major dispute was between the CPP and NEC on the one hand, accused of conspiring to commit fraud, and the NUF parties on the other, who saw themselves as the victims of this conspiracy. Both the environment in Phnom Penh, and the time lag and distance between the occurrence of problems in the communes and the registering of complaints in the capital, prolonged and politicised the conflict.

The Political Environment in Phnom Penh

A major feature of the political environment in Phnom Penh was the greater strength of the NUF parties vis-à-vis the CPP than in the countryside. The NUF parties were in a stronger position to pursue their demands in Phnom Penh, despite their apparent electoral defeat.

Yet the balance between the parties was also characterised by intense polarisation and political machination. Early results, which indicated that the CPP would need to seek coalition partners to form a government, created a potential bargaining chip for defeated opposition leaders. It is unclear whether the NUF parties viewed either allegations of fraud as a bargaining chip for gaining favourable coalition terms, or the withholding of coalition support as a bargaining chip for urging the resolution of election complaints. The possibility of the former was sufficient to raise suspicions of ulterior motives behind the allegations of fraud.

Wider factors contributed to the escalation of these conflicts into an emotional appeal. Phnom Penh citizens had voted overwhelmingly for the NUF parties and were disappointed by the election results. Many were inclined to interpret the appearance of provincial observers with complaints as evidence that their own voting preferences were mirrored by their compatriots in the countryside. Also, the concentration in Phnom Penh during the election period of international organisations, who were perceived as capable of de-legitimising the electoral process through withdrawal of recognition, encouraged swift attempts by the NUF to maintain international engagement by raising early and vociferous complaints. For these reasons, conflicts over irregularities escalated in intensity when aggregated at the national level.

Retrospective Handling of Complaints

This escalating conflict proved difficult to resolve, in part because of an unwillingness, on the part of the NEC and victorious CPP, to recognise the legitimacy of these complaints, and in part because of practical problems in verifying information.

Electoral defeat created a possible motive for the NUF parties to manufacture complaints after the event, to derail the election process and de-legitimise the CPP victory. This led to denials of the validity of NUF complaints, which were aided by the fact that national and international observers had not reported similarly strong reservations over the integrity of the process.

NEC interviewees saw NUF party members as displaying feelings of chagrin arising from defeat, which the NEC interviewees then discounted. This view failed to acknowledge the extent to which such chagrin might be shared by a sizeable proportion of the population, at least in Phnom Penh. The extent of the support that the NUF parties managed to mobilise over this question in the following months indicates that attempts to de-legitimise NUF complaints as political ploys were not useful in helping to prevent conflict escalation.

Problems were also encountered in attempting to tackle complaints through verification of information. Reconstructing particular situations after the event was difficult, especially where subjective impressions or suspicions of the intentions of electoral organisers formed the substance of the complaint. Many claims of intimidation or lack of transparency during vote counting fell into this category. The failure of individual observers to speak out at the time made it difficult to check their allegations against the impressions of other observers.

The ballots themselves were also problematic as items of evidence. A complex set of procedures had been set in place for retaining the integrity of the ballots after they were collected from the counting stations. Yet the testimonies of observers collected for this research suggests that by the time party agents reached Phnom Penh with their complaints, these procedures had been irrevocably violated. Attempts to retrieve and recount the ballots from particular communes were rendered extremely difficult because of this.

One FUNCINPEC representative said: "When the commune bureau sent the bag to the province, the province checked it and then mixed the commune bags together. So we could not investigate properly. At the provincial level they mixed all the communes together—we had to open 106 bags before we found all the ballots for one commune. That delayed recounting."

This interviewee said he believed that this had been done intentionally to cover evidence of fraud. Yet COMFREL interviewees remarked that they believed these problems were unintentional, and that mistakes made in counting did not always benefit the CPP.

Immediately after the election, stories emerged of lost or confused ballots, bags which were not properly sealed, or which were left lying around in offices, unguarded. These rendered a retrospective attempt to address complaints authoritatively highly problematic.

(continued on page 8)

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Transition and Reconciliation

As Cambodia debates the functioning of a Khmer Rouge tribunal, Eva Mysliwiec outlines key stages of the reconciliation process and suggests four essential requirements for a successful tribunal.

As the world approaches the 21st century, the challenges to reconciliation are unprecedented. Two phenomena in particular account for the extraordinary state of the world at the close of the century. First, the wars, civil conflicts, genocide and authoritarian regimes that have brutalised its people may give the 20th century the distinction of being one of the most violent centuries known to humankind (Schreiter 1998). The ethnic conflicts of the 1990s add yet another dimension to this violence. According to one report, more than 100 million people have died in wars and civil conflicts in the past hundred years (Schriver 1995). It is distressing to note that in the last two decades, most international relief efforts were in response to man-made rather than natural disasters. This requires new interventions that address not only the alleviation of physical human suffering, but also the healing of societies devastated and divided by violence.

The second phenomena relates to the dozens of countries which by the mid-1990s had embarked on a transition to democracy. This involved both newly formed states, such as the 15 new nations constituted after the dissolution of the Soviet Union, and independent states such as the Czech Republic and Slovakia, Slovenia, Croatia, Bosnia and Eritrea. The unique element in the formation of these new states, according to Daan Bronkhorst, was that many of them "were making promises, fragile or unfilled as these may sometimes have been, to constitute themselves as democracies. They were holding or intending to hold free general elections; they were planning a rule of law based on a constitution; they allowed a free or at least a freely-developing press; they spoke out for human rights, and in many cases started to address the issue of human rights violations committed under previous governments" (Bronkhorst 1995).

Other more established states were also embarking on this transition. Between 1989 and 1991, all the established East European nations were beginning a transition from state socialism to a free market economy and a society based on democratic structures. In the same two-year period, more than 20 countries of sub-Saharan Africa had either adopted a multi-party system or were organising free elections.

Changes in Latin America began somewhat earlier, in the 1980s, with more democratic regimes emerging in Chile, Argentina, Brazil and Uruguay (Bronkhorst 1995).

Some Middle Eastern countries were also caught up in this phenomena of transition. Moves towards democratic change were evident in Jordan, Kuwait, Morocco and Yemen, though some of the initiatives floundered or erupted into new conflicts. In Asia, Cambodia initiated a number of economic reforms which signalled an opening up of the country in 1989. In 1993, Cambodia held its first multi-party election, and subsequently adopted a constitution based on democratic principles.

What conclusions and lessons can be drawn from a period of such explosive change and from such diverse situations? Where does reconciliation fit in?

For many countries in transition, the challenge of reconciliation with a violent and oppressive past in order to create a different and better future, is an enormous and complex, almost impossible task. What makes this task so daunting is that there are virtually no role models; no two situations requiring reconciliation are the same. The context, circumstances, culture, nature of the transition, national and international political considerations, and so on, will all affect the understanding of reconciliation. It is important to underline here, though, that Cambodia is by no means alone in the experience which it is undergoing at the present time, even though it may have some unique characteristics.

There is still much to be learned about reconciliation. Much has been written about the process, but little about the dynamics. Lessons from nations like Chile, El Salvador and South Africa, where reconciliation commissions played an important role, have not yet been assessed. Yet the experiences of nations undergoing change

and having to come to terms with violent pasts, provides valuable insights into the common elements of strategies of reconciliation.

Three Phases of Transition

One of the lessons drawn from the diversity of experiences of reconciliation is that societies go through different phases in the process of political transition and reconciliation. Bronkhorst (1995) discerns three phases of transition: 1) a genesis phase, 2) transformation, and 3) readjustment.

The genesis phase is usually characterised by armed struggle, repression, war or colonisation. A central authority, regardless of whether it espouses state socialism, liberal capitalism or dictatorship, governs with little participation from large sectors of society. Foreign actors (governments) supporting warring factions, diplomats, and relief and development organisations perpetuate the conflict and often undermine or delay its resolution. A large proportion of the national budget is diverted to the government and security forces, with few resources going to those affected by the conflict. It does not take much effort to see how well the above description fits the Cambodian situation, beginning with the Lon Nol coup in 1970, and the expansion of the war in Vietnam, which resulted in the US bombing of Cambodia; then the period

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of the Khmer Rouge genocide from 1975–79; and the period 1979–91, marked by armed conflict between opposition forces on the border between Cambodia and Thailand and the government in Cambodia, and by a punitive and unprecedented isolation of Cambodia by a majority of the international community. At this stage, there is a sense that the situation cannot remain the same and that some dramatic changes will take place, but the future is still unclear. Initiatives for reconciliation at this stage have little chance of success.

A second phase is one of transformation. It may well be the actual beginning of a transition, and is usually marked by efforts towards reconciliation and rehabilitation. Armed opposition groups are usually transformed into political parties and efforts are made to reintegrate them. A new openness attracts different actors from the outside world, with a variety of agendas and interests, and facilitates contact with the population. Civil society groups begin to re-emerge, and there is a general awareness that there can be no turning back. This transformation is often also marked by anarchic power struggles, struggles for influence and material gratification, corruption, and an increase in violent crime. The experiences of East European nations, South Africa and Cambodia share similarities in this regard.

The transformation often centres around a critical event. For Cambodia, the signing of the Paris Peace Accords in 1991, with provisions for a new constitution based on democratic principles and a UN-sponsored multi-party election, signalled the possibility of future reconstruction. At this stage, there are visions about a better future and many opinions about what ills need to be corrected, but few practical suggestions about how to address them. Reconciliation at this stage is viewed as the *possibility* of reconciliation.

The third phase, and the one Cambodia appears to be going through at the moment, is a phase of readjustment. The national election of 1998, which paved the way for a new era of peace, and the first real respite from war in over three decades, marks the beginning of this phase. It should, however, not be confused with or be viewed as the end of transition. This phase can take a long time—up to 50 years if Germany and Japan are any example.

The third phase is difficult and complex because it seems that everything has to be done immediately, and often with limited human and economic resources. Human rights issues, whether from the past or resulting from recent events, and security issues are prominent in this period, as are social unrest and disintegration, leading to increased crime and violence. This may be further exacerbated by the problem of reintegrating refugees, defectors or large contingents of demobilised soldiers.

The complexity of readjustment lies in the double challenge of holding onto or consolidating the changes which have taken place, and at the same time taking steps to implement the vision of the future—a vision that entails creating a new humanity and a culture of peace. New

structures and processes have to be put in place, wrongdoers have to be brought to justice, reparations have to be made to the victims. Preventing further political abuse is a central issue in this phase. It is also the time when the more negative dimensions of society divert great amounts of energy away from the tasks of reconstruction.

Part of the problem in the transformation and readjustment phases, as Schreiter points out, is that “change and the rebuilding of society is never self-contained” (1998). External forces, such as a new economic order that marginalises large sectors of society, indiscriminate exploitation of natural resources, Western-style consumerism, and so on, threaten the social fabric of society and begin to impinge on the designs of people for change.

There is a danger too, that weariness will set in, that different stakeholders in the transformation and readjustment process may not be able to agree about what the future should be and how soon it should be realised.

Disillusionment may follow, as those who struggled for so long to bring about change may feel betrayed by the ambivalence of the readjustment phase and by the impotence of the rebuilding society in punishing wrongdoers and bringing about real change. At the same time, there seems to be a collective impatience to get on with life and to distance oneself from the past. Another reason why reconciliation is so difficult to attain is because it calls for a different set of emotions and compromise than those which are mobilised in the “struggle.” It is much easier to mobilise emotions and public support against apartheid, or against the Khmer Rouge regime, or tragically against the Vietnamese in Cambodia, than it is to mobilise those energies and emotions towards reconstruction.

The readjustment phase is the time to carry out programmes of reconciliation, but these must be concrete and deal with pressing issues, such as rebuilding the moral fabric of society, protecting human rights and the rule of law, promoting equitable and sustainable development, and so on. The sheer enormity of the task of rebuilding a post-conflict society is hard to encompass. Many countries in transition lack a tradition of democracy and genuine participation. Fear, whether from habit or from more recent experience, lack of trust, and weariness affect large sectors of society. There are also amnesties or pardons which complicate the process of reconciliation.

Definition and Elements of Reconciliation

Because reconciliation depends so much on factors such as context, circumstances and culture, there seems to be less agreement on what it is than on what it is not. What is clear is that it is not about denial or obliteration of the past. It may mean “a coming to terms with a very concrete past and working toward a different future within the constraints—political, economic, social, cultural, and religious—of the context” (Schreiter 1998). With this in mind, an effective strategy of reconciliation might focus on agreement on a few key questions:

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- What and who need reconciling? Some consensus here is important, particularly as many perspectives—from the wrongdoers, victims, and those not directly involved—will be brought to bear on this question. Regarding what needs to be reconciled, where does one begin—on the most obvious wrongdoing or on the deeper causes of the problem?
- What will be the best means for bringing about reconciliation? The appropriate solution will most likely rest in the given cultural and socio-political context, and by building on existing practices of reconciliation. Other factors merit consideration too, such as the state and capacity of the legal system, time, and the resources which can be made available?
- What will count for truth and justice in a given situation? Justice can mean many things. Many religious and philosophical traditions place a higher value on settlement or reconciliation as the end of a process of justice.
- What will the final reconciliation look like for Cambodia? If peace is to be the outcome of reconciliation, it is important to visualise what that peace will look like. If justice is the ultimate goal, then it is crucial to reflect on what kind of justice is being sought. Is it meant to redress wrongs, or does it entail putting in place conditions for a just society. Is it perhaps a covert way to seek revenge? After such reflections, Schreiter notes, some communities have come to the realisation that it is truth even more than justice which is being sought in the reconciliation process.

It may not be possible to reach consensus on what the final outcome of the reconciliation process will look like. More important, however, is that a dialogue involving all the stakeholders be established on this subject. These key questions so far appear to have been seriously neglected in the narrowly focused discourse currently taking place in Cambodia over what is only one element in a strategy for reconciliation—the tribunal. An even more critical question remains: what will happen to Cambodian society if no reconciliation takes place?

Who Are the Actors?

In any reconciliation process it is critical to identify all the groups or stakeholders who need to be involved in the process, and their agendas and relation to the process, so that they can participate in and benefit from it. In Cambodia, there are perhaps seven groups:

- The reconciliation process is of central importance first of all to *victims* and *survivors*. For them, it must reveal the truth about the past, and must result in at least some measure of justice for the victims. It must also build some kind of guarantee that the wrongdoing of the past will not happen again.
- Second are the *wrongdoers* who are responsible for the crimes committed. They will want to see reconciliation over with as quickly as possible, and with the

least possible damage to themselves. They will be interested in issues of amnesty and pardon.

- A third group are the *bystanders* who closed their eyes when abuses were carried out. Some live with guilt and fear that they may be implicated for not having done more.
- Fourth are those who were both *victims and wrongdoers*, persons who were co-opted or coerced to work with the “oppressors.” Such groups have the most difficult agenda in the reconciliation process, because they must sort out the conflict within themselves.
- The fifth are the *dead*. Although they do not participate in the reconciliation process, they exercise a powerful presence over it. No one can forgive the wrongdoers on their behalf. What can be done for them, however, is to honour them properly. Such honouring can become a key ritual moment in reconciliation.

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- *Future generations* comprise a sixth group. These are persons born after the period of violence, whose lives continue to be affected by what has gone before. Special thought must be given to the children and how they will grow up in the time after the violence.

- The seventh are the *neighbours or collaborators*, those who share borders with or who became involved by

siding with the wrongdoers or the victims. The United States, China, Thailand and Vietnam were perhaps the most directly involved in the Cambodian conflict. A majority of the international community, through the United Nations, also bears some responsibility for siding with and legitimising the wrongdoers even after knowing about the atrocities which had been committed, through a 12-year embargo and policy of isolation. Their need to participate in the process is proportional to the level of their involvement during and after the violence.

There are a number of strategies which can advance the process of reconciliation. These include the promoting of truth-telling and forgiveness, the use of ritual moments, and practices of peace-making. A tribunal, trial or hearing represents another strategy, but is only part of the larger process of reconciliation. Regarding the issue of tribunals, regardless of which mechanism is viewed as most appropriate in any given situation, it should encompass four essential requirements (Bronkhorst 1995):

- It must try to get at the truth, so that the country will be rebuilding itself on the basis of common memory.
- The process must lead to a strengthening of law. This may involve regaining respect for the law, and should entail provisions in the law that will protect citizens from similar violations in future.
- The process must be democratic and verifiable. As many stakeholders as possible should be part of the

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process, especially the victims. The process should be open to the scrutiny of the national and international

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Such mistakes also created non-political motives for the NEC to block attempts to verify the counting process. An NGO observer, who was closely involved in the final tabulation of the parallel counting figures, and was familiar with NEC calculations, commented: "The NEC had a lot of technical problems. For example, on the ballot counting there were many miscalculations. I helped COMFREL to do a parallel vote-count, saw all the election returns, and calculated all the figures. There were many mistakes."

An NEC member commented on this situation: "When the NEC was established and the Election Law was passed, there were no procedures for the NEC to conduct the election. There was no mention of the mandate for the NEC after the elections. There was no procedure to recount [and] verify."

No resources, staff, or time in the crowded schedule between completing vote-counting and swearing in the National Assembly had been allowed for addressing problems of demands for verification of the vote-count. The NEC argued that the cost of full public hearings, in which witnesses could testify, was prohibitive. Consequently, rival accounts of the procedure continued to circulate, and engendered severe conflicts which could not be resolved.

Conclusions

This account of the vote counting process indicates clearly the importance of accurate and verifiable information for rendering outcomes authoritative for all parties. A number of factors in the Cambodian environment can be seen to have detracted from the authority of the process in this respect.

First, the atmosphere in the counting station prevented an authoritative, consensual account of the situation emerging at the local level. The problematic nature of this

community.

- There should be avenues of redress and reparation for the victims.

Reconciliation is a process that involves the entire population. All Cambodians have been affected one way or another by the past. The process is as important as the outcome. In many cases, the process itself may be the end product of reconciliation. A society can reach a point where it can no longer dwell on the past and must focus its energies on the future. This may leave much undone, but continuing to dwell on the past may no longer contribute to healing but instead allow the divisions of the past to take on new dimensions.

One last important point to note is that no programme of reconciliation can be successful unless it has in its leadership individuals who are themselves reconciled, who can see with compassion what can and must be done in order to build a different future. It would be difficult to imagine what might have happened in South Africa if someone other than Nelson Mandela had tried to lead the transition from apartheid to democracy.

atmosphere, despite the fact that the elections were generally peaceful, suggests Cambodia still has some distance to travel before democracy can be viewed as an institutionalised phenomenon, in which actors participate in processes according to predictable patterns of behaviour. Inexperience, expectations of fraud and fears of violence, rendered the circulation and verification of information within the counting station problematic, leading to divergent accounts of the local situation.

Second, at the national level, the environment in Phnom Penh and the deep suspicion between the NUF parties and the CPP ensured that conflicting accounts of the vote counting process fed into the wider inter-party conflict, which elections are supposed to ameliorate rather than exacerbate. In particular, the existence of two powerful constituencies which may have been expected to sympathise with the NUF in Phnom Penh—pro-NUF residents and international observers—strengthened the challenge of the NUF parties to NEC information, and undermined the authority of the election process.

Third, practical obstacles to verification of results, caused by irregularities in implementing the procedure, and a lack of time and resources allocated by the Election Law and the NEC to a complaints process, ensured that no political processes were available to resolve this conflict within the framework of the election law. A greater awareness of the problems of information circulation and verification in Cambodia would allow development of measures to promote election processes as the means of generating an authoritative truth regarding the will of the Cambodian people, rather than generating conflicting accounts which increase division.

Endnotes

- ¹ In addition, many counting stations were not visited by NGO, international or party observers.

Now that there is peace in Cambodia, there may be a temptation to become complacent about continuing the process of reconciliation. Yet it is only now that there is peace that the conditions are conducive to earnestly pursuing reconciliation. What will reconciliation mean finally for Cambodia? Dialogue and reaching consensus on what a reconstructed future might look like are an essential first step in creating that future.

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Impact of the Asian Crisis on the SEATEs

Toshiyasu Kato compares the impact of the Asian financial crisis on the Southeast Asian transitional economies—Cambodia, Laos and Vietnam—and the policy measures each country has adopted in response.*

A recent report by the Asian Development Bank declared that the economies hit by the Asian crisis have finally bottomed out and are beginning to recover (ADB 1999). It predicts that the Southeast Asian economies will grow by 0.8 percent in 1999, and by 2.8 percent in 2000. The extent of the recovery varies among the countries, however. South Korea and the Philippines are expected to grow at faster rates than Malaysia, Thailand and Indonesia.

Although a large number of studies have examined these crisis-hit economies, little attention has been paid to the impact of the crisis on the Southeast Asian transitional economies (SEATEs)—Cambodia, Laos and Vietnam. In order to fill the gap, six research institutes in the region¹ undertook collaborative research into how, and to what extent, the SEATEs have been affected by the crisis. This article is an overview of the findings from these studies.

Overall Findings

- The Asian crisis has had an adverse impact on the SEATEs, but the extent of the impact was much less severe than that in Thailand. Cambodia and Vietnam appear to have been insulated from the so-called “contagion” phenomenon; Laos has been severely affected.
- The adverse impact of the crisis on the SEATEs was felt more strongly in 1998. Export growth and foreign direct investment (FDI) declined sharply in Vietnam and Laos. Rising unemployment and falling incomes were seen in all three SEATEs. High inflation in Laos put pressure on people’s livelihoods, particularly in urban areas. A large number of Cambodian migrant workers lost their jobs in Thailand and returned to Cambodia.
- The adverse impact of the crisis was compounded by domestic problems in the SEATEs. In Cambodia, the political crisis following the fighting of July 1997 had a major negative effect on the economy. Relaxed monetary and fiscal policies in Laos exacerbated inflation and the depreciation of the kip. Vietnam’s

transition to a market economy has run into trouble, with inefficient state-owned enterprises (SOEs) and complicated rules and regulations impeding the development of the private sector.

- Governments in all the SEATEs took measures to promote a recovery of exports and FDI. Monetary and fiscal policies were tightened in Cambodia, and more recently in Laos. Some foreign exchange controls and import protection measures were introduced in Vietnam and Cambodia. However, few policy measures to mitigate social impacts have so far been addressed in the SEATEs.

Impact on Foreign Exchange Rates

The economic crisis in Thailand was triggered by massive outflows of short-term foreign capital in 1997. A drastic depreciation of the baht took place after the Thai government shifted to a floating exchange rate system in July 1997. The so-called “contagion” phenomenon then spread rapidly to the currencies of Malaysia, Indonesia, South Korea and other Asian countries.

Our study found that the impact of the crisis on foreign exchange rates varied considerably among the SEATEs. Laos experienced the largest fluctuation. The kip lost its

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value against the dollar at even higher rates than the baht in 1997 and 1998. The foreign exchange rate of the kip fell dramatically from 1,131 kip to the dollar in June 1997 to 3,224 kip to the dollar in June 1998. Unlike the baht, which bottomed out in February 1998, the kip continued to weaken in the second half of 1998, falling to around 4,700 kip to the dollar in October 1998.

Compared to Laos, Cambodia has been affected only moderately. The riel depreciated against the dollar by

around 30 percent in the second half of 1997. It became stable in the second half of 1998, however, after a period of depreciation before the national election in July 1998. The total depreciation of the riel against the dollar was around 40 percent from its pre-July 1997 level to December 1998. The impact on the dong was even less severe, because of the fixed exchange rate system in Vietnam. The exchange rate of the dong against the dollar remained at the pre-crisis level throughout 1997, and was devalued twice in 1998 by 16 percent in total.

The drastic depreciation of the kip pushed up the domestic prices of imported products and fuelled inflation in Laos. The CPI started rising rapidly, particularly from early 1998, and had surged by 102 percent in June 1998 from the pre-crisis level in June 1997. The impact was so considerable because around 50 percent of Laos’ total imports came from Thailand in 1997. In addition, lax monetary and fiscal policies exacerbated inflation. Measures to crack down on parallel exchange markets in May 1997 aggravated the depreciation of the kip.

By contrast, Cambodia and Vietnam managed to contain the upward pressures on inflation relatively well.

* This article is a summary of comparative analytical findings following a conference on the *Impact of the Asian Financial Crisis on the Southeast Asian Transitional Economies*, held in Phnom Penh from 17–22 January 1999. A volume of conference papers will be published in July–August 1999.

Reflecting the lower rates of depreciation of foreign exchange rates, Cambodia experienced much lower rates of inflation than Laos, recording 9 percent in 1997 and 15 percent in 1998. The two-digit inflation in 1998 was partly attributable to poor harvests due to bad weather. Inflation in Vietnam was kept even lower, only 3.6 and 9.2 percent in 1997 and 1998 respectively.

Problems in the Financial Sector

In Thailand, the drastic depreciation of the baht against the dollar put enormous pressure on commercial banks and finance companies, which became acute as their unhedged foreign borrowing and non-performing loans increased dramatically. Consequently, a large number of financial institutions were closed down in the second half of 1997.

The SEATEs also experienced pressure on the financial sector, though the extent appears to have been much less than that in Thailand. In Laos, the massive depreciation of the kip eroded people's confidence in the national currency, and caused a decline in commercial bank deposits in kip. Capital flight was also noted. Despite these difficulties, however, none of the banks in Laos had gone bankrupt as of February 1999. Cambodia experienced a decline in foreign currency deposits after July 1997, but only two of 29 commercial banks in Cambodia, both of which were Thai owned, closed their offices in Phnom Penh in the second half of 1998.² In Vietnam, the amount of overdue debt in the banking system increased more rapidly than in the period before the crisis, and eroded confidence among depositors. Part of the problem in the Vietnamese banking sector was associated with the difficulties in recovering loans from SOEs.

The performance of the financial sector in the SEATEs needs to be interpreted with caution, however, because all three are still in the process of developing the supervisory and regulatory framework that enhances transparency and accountability. At the moment, little information is available to assess the activities of banks. In addition, heavy-handed state intervention, particularly in Vietnam and Laos, makes it difficult to assess the banks' true performance. This is because they in effect receive subsidies from the national budget, in the form of funds which have been poured into inefficient SOEs that have accumulated irrecoverable debts.

Shrinking GDP and Tumbling FDI

The crisis in the financial sector had devastating effects on output growth in Thailand. The closure of many finance companies led to a serious problem of credit crunch, as banks became reluctant to extend loans to companies with deteriorating balance sheets. In addition, increased interest rates, aimed at restoring confidence and stability in the financial sector, raised the cost of borrowing and discouraged private investment. Credit crunch in

the financial sector also hindered a swift recovery of exports, due to a shortage in trade credits. All of those factors contributed to a large-scale contraction of the Thai economy in both 1997 and 1998.

All the SEATEs experienced a slowdown in economic growth in 1997 and 1998, with the decline becoming more apparent in 1998. These adverse effects were, however, relatively moderate compared with those in Thailand.

Despite the major fluctuation of foreign exchange rates and prices, real GDP in Laos grew by 7.2 and 6.7 percent in 1997 and 1998 respectively. The slowdown of the economy was more apparent in Vietnam, where real GDP growth dropped from 8.8 percent in 1997 to 5.8 percent in 1998. In Cambodia, the adverse impact of the Asian crisis was compounded by the political crisis precipitated by the fighting of July 1997. The impact of the external and domestic crises combined resulted in Cambodia's real GDP growing by only 1 and 0 percent in 1997 and 1998 respectively.

All the SEATEs experienced a slowdown in economic growth in 1997 and 1998, with the decline becoming more apparent in 1998. These adverse effects were, however, relatively moderate compared with those in Thailand.

The slowdown of economic growth in the SEATEs was partly attributable to the slowdown of exports and inward FDI. Laos experienced a fall in exports in 1997 and 1998, and a drastic fall in FDI, reflecting the crisis in neighbouring Thailand, Laos' largest trade and investment partner. Vietnam managed to maintain positive export growth even after the crisis, though the growth

rate plunged from 21 percent in 1997 to only 1 percent in 1998. The decline of FDI in Vietnam appears to have been smaller than that in Laos, however. Cambodia was in a more fortunate situation, as the recent development of the garment sector mitigated the adverse impact of the crisis. Cambodia's exports grew in 1997 and slowed only slightly in 1998, due primarily to an increase in garment exports to the European Union and the United States, which recently granted GSP status. With regard to imports, all the SEATEs experienced a decline in 1998.

Social Impact—Rising Unemployment

In Thailand, the financial crisis turned into a social crisis. Unemployment increased sharply, the number of wage employees plunged, and many Thai migrant workers in other regional economies returned home. In the manufacturing sector, a large number of factories had to curtail working hours as an alternative to laying off workers. Many who lost jobs in urban areas returned to the countryside. Public hospitals have been overloaded by people who cannot afford costly private medical services. The number of children dropping out from school has increased, as their parents can no longer afford to send them to school.

So far, the social impact on the SEATEs has not been as severe as in Thailand. However, the crisis has been putting increasing pressure on people's livelihoods, and undermining social development, in all three SEATEs.

In Laos, unemployment rates have not shown any

significant change, though the social impact was felt in urban rather than rural areas. Larger numbers of household members, particularly spouses and children, have begun participating in income-generating activities in Vientiane. People in urban areas also increased their working hours with secondary jobs, to compensate for the loss of earnings from their primary jobs. Responding to a sharp decline in real wages and earnings due to high inflation, people cut back their overall consumption by eating more vegetables and less meat and fish. The cost of medicine and schooling also increased, as a result of high inflation and the depreciation of the kip.

The situation in Vietnam appears to be similar to that in Laos. Unemployment rates increased, primarily in urban areas, but with a slight increase at the national level. Adjustment of labour markets has been taking place inside firms, such as the increasing number of idle workers within SOEs. The working hours of wage employees in urban areas declined as well.

In Cambodia, the domestic political crisis and the Asian crisis have had an adverse impact on the livelihood of the people. The number of wage employees has declined considerably in Phnom Penh, and their real wages have dropped. The most severely hit were self-employed vulnerable workers. The earnings of vulnerable workers in Phnom Penh plunged substantially in real terms. These groups responded to the loss of earnings by increasing their daily working hours. A large number of Cambodian migrant workers in Thailand lost their earning opportunities there and returned home. Although inflation in Cambodia was much lower than in Laos, medical costs increased disproportionately, due to the depreciation of the riel against the dollar. In addition, the rate of enrolment in lower secondary school has dropped sharply.

Policy Responses to the Crisis

The responses of governments to contain the crisis varied between Thailand and the SEATEs, reflecting the variation in the extent and nature of the problems each country was facing.

Thailand, the origin of the crisis and the hardest hit, has taken the most comprehensive measures among the countries studied. As regards macro-economic policy, the Thai government tightened monetary policy to restore confidence in the financial sector. It also cut back on public spending, in accordance with IMF conditions. These tight fiscal and monetary policies were, however, recently relaxed, as the urgent need for public spending on social services was recognised. Several measures to reform the financial system have been undertaken, such as closing down insolvent finance companies and establishing capital support facilities for solvent financial institutions. Procedures for foreclosure and bankruptcy were strengthened as well.

The overall impact of the crisis on Laos perhaps has

been not as severe as that in Thailand, since output growth rates are still positive. However, accelerating inflation and continued depreciation of the kip is a serious concern. The Laotian government recently made efforts to tighten fiscal and monetary policies to meet the challenge. For instance, the Central Bank of Laos limited issuance of the kip, and sold Central Bank Bonds to reduce the kip supply in the non-bank sector. Interest rates for kip savings accounts in commercial banks were raised to encourage people to save money in kip. The government also curtailed public expenditure, and introduced measures to enhance tax revenues, such as raising import tariffs on luxury goods. Despite these efforts, the measures did not appear to have borne fruit as of January 1999. This indicates the urgent need for new measures to fight inflation and the sliding value of the kip.

The Cambodian government responded to the twin crises with both macro-economic and structural policy measures. Occasional dollar auctions were undertaken by the National Bank of Cambodia to curb the large fluctuation of foreign exchange rates. This turned out to be fairly successful, as the exchange rate of the riel became stable after a year of gradual depreciation. Foreseeing a shortage of national revenue due to the decline of trade tax revenues and foreign aid after July 1997, the government imposed stringent fiscal discipline by reducing public expenditure. Simultaneously, it launched several fiscal reform measures to enhance revenue collection. Both measures contributed to reducing the risk of monetary financing of the fiscal deficit. The Law on Investment also was reviewed to improve the investment climate.

Vietnam's policy responses centred around reviving high economic growth. Recognising that the high growth in the past was led by the expansion of exports and FDI, the Vietnamese government introduced several measures to improve the investment and business environment. The deteriorating performance of SOEs after the crisis prompted an urgent call to accelerate their "equitisation" (privatisation in Western terminology). Our study points to the growing risks of policy failure if the government continues to pour state funds into inefficient and unprofitable SOEs simply in order to rescue their workers.

In Cambodia, the domestic political crisis and the Asian crisis have had an adverse impact on the livelihood of the people. The number of wage employees has declined considerably, and their real wages have dropped.

Endnotes

¹ For details on the Development Analysis Network, see *Cambodia Development Review*, Vol. 3, No. 1.

² One of these Thai banks recently re-opened its office in Phnom Penh.

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Towards a National Statistical System

San Sy Than, Director of the National Institute of Statistics, describes some problems facing data collection in Cambodia, and outlines some suggestions for creating a national statistical system.*

For the past decade, Cambodia has had a decentralised statistical system, in which statistical programmes have been administered by separate ministries and government institutions. The system comprises the National Institute of Statistics (NIS), statistical sections within individual ministries, with similar statistical offices in provincial and district departments.

These decentralised statistical sections collect and compile data through periodic reports and through the processing of administrative records. The responsibilities of the NIS recently have been increased. In addition to its function of compiling the data collected by these sections, the NIS now has a role in primary data collection through the development of surveys and censuses.

Recent Work and Surveys

- Asian Development Bank (ADB) assistance in the improvement of infrastructure and facilities, including staff development in the fields of data processing, national accounts, price statistics, statistical organisation, sampling and survey design, and demography
- Socio-Economic Surveys of Cambodia in 1993/94 and 1996, the surveys of establishments in 1993 and 1995, plus labour force surveys in Phnom Penh, which were conducted with ADB support.
- A further Socio-Economic Survey was conducted in 1997 with support from the United Nations Development Programme, the World Bank and SIDA, and included additional information on living standards and poverty analysis.
- The 1996 demographic survey, conducted with the assistance of the United Nations Population Fund, and the follow-up full-scale national census in 1998. Analysis of the census data is ongoing, and should be complete by mid-2000.

Strengthening the System

A number of issues have a direct bearing on the overall strengthening of Cambodia's statistical systems:

- Shortage of qualified staff: Cambodia lost most of its

professional statisticians during the war, and now lacks staff with specialised expertise. Curriculum reform and the upgrading of teaching are needed to produce locally trained statisticians.

- Adoption of new methodology: this work is extensive and specialised, and requires support from the United Nations and other agencies to establish international standards and classification schemes.
- The compilation of national accounts needs to be institutionalised, with an effective system of cooperation between the National Bank of Cambodia, the Ministry of Economy and Finance and other institutions, to ensure the collection of data, in addition to more small-scale surveys. Although some positive steps have been taken in this field, this work should be

A meeting of the heads of ASEAN statistical offices in January stressed the need for each country to be linked to ASEANWEB to facilitate the exchange of information. Other priorities include improving cooperation between members on the use of common statistical indicators and methodologies.

looked upon as a long-term programme requiring technical assistance. In connection with this, expansion of existing surveys to the provinces is needed.

- Strengthening the legal framework: the existing sub-decree on statistical obligations needs to be upgraded to the status of a law. This would promote better data collection, by obliging organisations and individuals to respond to statistical questionnaires, as well as by protecting the confidentiality of data.

- Budgetary constraints: although the government's revenue base is growing slowly, the financing of statistical programmes is constrained because of the

needs of high priority programmes, such as the rehabilitation of agriculture, education, health and physical infrastructure.

- Strengthening local offices: this is necessary to ensure the effectiveness of work. Statistical staff in the local offices need training and equipment. One aspect of the current five-year development plan is to install computers in each provincial office to facilitate work and communication with the NIS.
- Strengthening international statistical integration between ASEAN countries: a second meeting of the heads of ASEAN national statistical offices in January 1999 stressed the need for each country in the group to be linked to ASEANWEB to facilitate the exchange of information. Other priorities included adopting international statistical standards and classification schemes, and improving cooperation between the ASEAN member countries on the use of common statistical indicators and methodologies.
- A workshop on the reorganisation of the NIS in mid-March 1999 agreed in principle to create a National Statistical Coordination Committee to coordinate statistical activities across different institutions. This also entails additional funds, equipment and qualified staff.

* This article is a summary of a presentation made at a workshop on *Monitoring the Cambodian Economy*, held in Phnom Penh on 31 March 1999.

Data Problems Hold Back Policy-Makers

Martin Godfrey and Tep Saravy summarise discussions at a workshop on *Monitoring the Cambodian Economy* on the limitations of government economic statistics.*

In general, participants felt that Cambodia is better provided with social than with economic statistics. The 1998 population census, for example, is widely acknowledged to have been a great success. Education, health, income distribution and poverty are quite well covered through socio-economic surveys and administrative data. Economic statistics, however, are much less in evidence. One workshop participant went so far as to maintain that they "hardly exist." Missing data include those on investment (at present, only approvals of investment projects are counted), production, value added and costs (particularly in agriculture, other than for rice, and industry), dollarisation, flows of external assistance, and debt. National accounts according to expenditure cannot be estimated at the moment. National accounts by sector contain a great deal of guesswork, and have not been estimated by the National Institute of Statistics (NIS) since 1997.

Limited Continuity and Coverage

The main reason for the shortage of economic statistics is lack of budget. Both the NIS and individual ministries, such as the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Tourism, have scarcely any funding for data collection. Almost all the staff were reported to have left the Ministry of Agriculture statistics unit, and the Ministry of Tourism has to rely on other organisations for its data. Equipment is also needed, particularly computers. All these factors contribute to gaps in coverage and to delays and discontinuities in reports and surveys. They also lead to limited geographical coverage (for instance, the CPI and labour force surveys have so far been limited to Phnom Penh). As far as the NIS is concerned, this means that surveys can only be undertaken if a donor agency provides the funding.

Nevertheless, more use now seems to be made of special surveys than of administrative data. The old administrative data system appears to have broken down. Some data are collected but are not widely released, such

as the foreign trade data by commodity and by country (in the Ministry of Commerce), hotel room occupancy rates, housing construction, tourist arrivals in places other than at Pochentong airport, etc.

Problems with Consistency

With data collection and estimation spread over a number of ministries and organisations, there are many duplications and inconsistencies. Sometimes this is due to differences in the definitions used, such as the definition of a "tourist" by the Ministry of Economy and Finance and the Ministry of Tourism, and of items in the balance of international payments by the Ministry of Economy and the National Bank of Cambodia (NBC). For whatever reason, there are discrepancies between the tourism data

There is a tendency to see information as a source of power, and as a consequence to refuse to release it. Such an attitude is not only out-dated in the age of rapid communication via the internet, it is also inconsistent with national objectives, such as reforming the economy and reducing poverty, for which accurate and up-to-date information are desperately needed.

of the Ministry of Economy and the Ministry of Tourism, between the national accounts estimates of the Ministry of Economy and the Ministry of Planning, and between the balance of payments estimates of the Ministry of Economy and the NBC. There are also occasional inconsistencies between national accounts estimates and sectoral production data. There was widespread support during the workshop for the proposed establishment of a National Statistical Coordination Committee to look into these issues. There was support also for the upgrading of the current sub-decree on statistical obligations to the status of a law.

The question of demand for information was also raised by workshop participants. At present, this is fairly low, reflecting a general lack of awareness of the uses to which such data can be put. Some consciousness-raising is needed, in both government and non-government circles, about the usefulness of data. On the other hand, Cambodia is in a good position to avoid the opposite problem of excessive data collection that is faced by some countries.

While waiting for progress towards a fully funded national statistical system, with the NIS at its centre, there are several immediate options available to monitors which were explored in the workshop. Rapid surveys, while falling short of statistical generalisability, are inexpensive and can be extremely revealing. The CDRI surveys of market conditions and vulnerable workers, and informal interviews with enterprise managers, which have been regularly published in these pages, were presented and discussed. The potentially rich seam of unpublished official data can also be tapped. For this, however, cooperation is needed from data producers. As one workshop participant pointed out, there is a tendency to see information as a source of power, and as a consequence to refuse to release it. Such an attitude is not only out-dated in the age of rapid communication via the internet, it is also inconsistent with national objectives, such as reforming the economy and reducing poverty, for which accurate and up-to-date information are desperately needed.

* This article is a summary of points raised by participants at a workshop on *Monitoring the Cambodian Economy*, held in Phnom Penh on 31 March 1999.

Economy Watch

Output

Cambodia's economy was stagnant in 1998 after growth slowed in 1997, according to the Ministry of Economy and Finance. The growth rate of real gross domestic product (GDP) declined to 0 percent in 1998 from 1 percent the previous year (Table 1). Consequently, per capita GDP declined in 1998 relative to 1997. The downturn was due to the combined effects of political uncertainty surrounding the mid-year national election, a prolonged regional financial crisis, and drought.

Agriculture, which is the largest sector in the economy, showed a slight increase of 0.4 percent in 1998, reflecting stagnation in rice production and a sharp decline in fish products. A decline in construction, caused by a reduction in capital inflow, offset growth in the manufacturing sector, mainly for the garments, which have preferential access to US and EU markets. As a result, the industrial sector registered 1.1 percent growth in 1998. On the other hand, output in the service sector fell sharply relative to that in the previous year, due to a reduction in tourism and a loss of consumer confidence.

Inflation

Riel-denominated consumer price indices (CPIs) in Phnom Penh remained largely stable during the first quarter of 1999, according to data from the National Institute of Statistics (NIS). The slight decline in the inflation rate from the previous quarter was the result of an increase in supply of farm products, such as rice and vegetables. This season is characterised by a fall in the price of food, which led to an overall decline in CPI. The exchange rate of the riel against the dollar showed a fairly stable trend during the same period (see *Economic Indicators* on page 18). This was perhaps the result of an

Table 1. Real GDP Growth, 1991–98

Sector	1991	1992	1993	1994	1995	1996	1997	1998
Agriculture	6.7	1.9	-1.0	0.0	6.5	1.8	1.2	0.4
Industry	8.8	15.5	13.0	7.7	9.8	13.3	-2.9	1.1
Service	8.5	11.2	7.2	7.4	7.9	8.8	2.6	-0.9
GDP	7.6	7.0	4.1	4.0	7.6	6.5	1.0	0.0

Source: *Asian Development Outlook 1998* and Ministry of Economy and Finance

improvement in the business environment and a gradual increase in confidence in the riel. The stable exchange rate also contributed to the stability in inflation. Year-on-year inflation rates have dropped to one-digit levels since January 1999, and reached 8.6 percent in February, the lowest inflation rate during the past 12 months.

Consumer prices in the provinces, which are collected by CDRI in cooperation with a number of NGOs on 12 essential items, showed a slight decline from December 1998 to March 1999. This was likely caused by the fall in price of some food items. However, year-on-year inflation rates had gradually declined from December to February but increased sharply to 17 percent in March, the highest annual inflation rate during the past eight months.

Market Survey

A market survey from 10–14 May revealed that inflation based on 20 essential items had changed little since the February survey. The year-on-year rate remained at 5.1 percent, the largest improvement observed over the past six quarters (Table 2). The most remarkable change is the increase in the price of beef, which rose by 20 percent in three months, or by 1,800 riels per kg over one year. The reason given by vendors for this large rise was that many cows had been smuggled across the border to Thailand.

Many vendors claimed that recent stricter implemen-

Table 2. Prices of Essential Items and Inflation in Five Phnom Penh Markets, July 1997 – May 1999 (riels)

Item	Unit	1997			1998			1999		
		Jul 15–17	Sep 1–3	Dec 1–3	Feb 2–4	May 11–13	Aug 17–19	Nov 16–19	Feb 8–12	May 10–14
CPI (index: July–September 1994 = 100)		135.0	134.5	132.0	134.4	144.3	156.2	159.0	150.6	151.7
Inflation from the previous survey			-0.3	-1.9	1.8	7.4	8.2	3.7	-5.5	0.7
Year-on-year inflation		16.0	12.2	3.9	9.2	13.0	12.8	17.8	12.1	5.1
(1) Rice (top quality)	kg	1,172	1,172	1,205	1,210	1,420	1,493	1,465	1,233	1,347
(2) Pork (without fat)	kg	7,830	7,440	7,000	7,300	7,430	8,395	9,275	9,375	9,500
(3) Beef (top quality)	kg	8,075	7,975	8,000	7,825	8,475	8,861	9,050	8,867	10,281
(4) Mud fish (large)	kg	5,214	5,773	4,654	4,714	5,214	7,857	9,100	5,913	6,333
(5) Chicken egg	egg	172	173	162	186	200	223	229	275	203
(6) Duck egg	egg	256	245	224	268	284	321	305	357	299
(7) Trakuon	kg	816	1,161	1,195	870	1,150	971	1,070	1,353	1,142
(8) Cabbage	kg	1,185	1,420	1,335	1,860	1,700	1,170	2,145	1,095	1,307
(9) Cucumbers	kg	810	1,055	1,190	1,025	1,010	906	1,035	911	967
(10) Banana	bunch	818	905	805	772	1,194	1,414	1,000	1,220	850
(11) Brown sugar	kg	1,242	1,339	1,615	1,175	1,379	1,550	1,570	1,469	1,300
(12) MSG (Thai)	0.5-kg pack	3,220	2,720	2,785	2,945	3,040	2,847	3,150	3,147	3,007
(13) Soy sauce	bottle	1,270	1,105	1,105	1,100	1,100	1,141	1,130	1,194	1,227
(14) Fish sauce	bottle	1,415	1,325	1,365	1,355	1,350	1,288	1,310	1,300	1,327
(15) Sarong (Thai)	piece	6,603	6,700	7,045	7,015	8,750	7,643	8,165	7,640	7,720
(16) Kerosene	litre	950	1,040	1,150	1,150	1,150	1,000	1,080	1,133	1,100
(17) Charcoal	kg	413	480	410	388	440	500	510	497	483
(18) Gasoline	litre	1,480	1,429	1,592	1,600	1,700	1,567	1,650	1,600	1,700
(19) Motorcycle fare ^a	passenger	1,500	1,310	1,261	1,388	1,228	1,300	1,250	1,333	1,375
(20) "Lux" bath soap	cake	1,105	940	850	830	1,005	1,000	1,087	1,070	1,053

^a = Between Phsar Thmei and Phsar Chbar Ampeu

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Table 3. Sales and Earnings of Vendors in Five Phnom Penh Markets, February 1998 – May 1999

Questions to vendors

Q1. Is the amount of your sales [more than, the same as, less than] that before 5–6 July 1997?

Q2. If less, what percentage are current sales relative to those before 5–6 July?

Q3. Are you earning enough money to cover your daily expenses?

	Q1: Percentage of vendors who reported selling less					Q2: Average amount of sales as a percentage of those before 5–6 July 1997					Q3: Percentage of vendors who reported earning enough				
	V	VI	VII	VIII	IX	V	VI	VII	VIII	IX	V	VI	VII	VIII	IX
All items	98	93	92	87	90	48	52	51	62	60	58	57	58	79	68
Non-food items	99	92	92	91	94	45	47	50	60	56	49	47	57	85	76
Durable items	100	93	90	97	94	43	46	44	52	54	45	44	46	72	59
Luxury Items ^a	100	100	100	95	100	45	40	38	48	49	47	38	33	79	44
Household and utility items ^b	100	91	83	100	93	44	53	50	50	57	60	54	50	74	78
Clothing, shoes, bags	100	93	94	97	89	42	45	44	59	55	37	44	56	66	54
Non-durable items and services	93	88	95	85	94	54	48	56	69	59	67	59	77	100	92
Food-items	98	94	93	82	87	54	59	52	65	64	76	73	60	73	60

V indicates the fifth market survey (11–13 May 1998); VI the sixth survey (17–20 August 1998); VII the seventh (16–19 November 1998); VIII the eighth (8–12 February 1999); and IX the ninth (10–14 May 1999). a = Luxury items include precious stones, gems, gold, jewellery, televisions, cassette players, watches, video tapes, gifts, etc. b = Household and utility items include kitchenware, plastic containers, blankets, mosquito nets, construction materials, electrical appliances, motorcycle spare parts, etc.

tation of taxation regulations, especially on imports, had placed upward pressure on prices of their goods. Nonetheless, the May survey found that almost none of the vendors interviewed were aware of the value-added tax (VAT) that the government imposed at the beginning of 1999. This reflects the fact that VAT has not yet been applied in outdoor markets.

The May survey also indicated a notable recovery in consumer spending. After picking up during the Chinese and Khmer New Year celebrations (in February and April respectively), average sales in Phnom Penh markets levelled off to 60 percent of their pre-July 1997 level, compared with 48 percent reported in May last year. The percentage of vendors that reported earning enough for their daily expenditure rose by 10 points over the past year (Table 3).

The 1999 Khmer New Year celebrations do not seem to have been as good for traders as those of 1998. Although 62 percent of the 134 vendors interviewed said that they had sold the same amount of goods over the past two years, 32 percent reported a fall this year of up to half the amount, resulting in an average drop of 20 percent. Sales to provincial market vendors also remained weak, reflecting slower recovery in provincial areas. Sixteen out of the 18 wholesalers interviewed reported declining sales to their provincial traders relative to the same period last year.

According to vendors, the reason for this decline, as well as for the lack of recovery to pre-July 1997 boom levels, was weak demand, especially from farmers who had become worse off in the economic downturn since July 1997 and the 1998 drought. There was little attribution to other factors, such as an increasing number of suppliers. Only 14 percent of the vendors surveyed noted that the number of the same kinds of shops had increased;

the rest said that they had not seen any change. Regarding future prospects, only 23 percent of vendors believed that they would sell more in the future, whereas others said they could not predict future sales.

Poverty Situation—Vulnerable Workers

A survey of vulnerable workers in Phnom Penh from 3–7 May 1999 revealed a substantial increase in the earnings of cyclo drivers, porters and small vegetable traders relative to May 1998, though wages were still much lower than their pre-July 1997 levels (Table 4). Nonetheless, earnings had fallen slightly compared to February because of a seasonal decline in consumption and trading activities following the Chinese and Khmer New Years, and a shortage of vegetable supplies.

The year-on-year increase was reportedly the result of political stability which led to an increase in consumer confidence, people's mobility, normalised trading activities and reduced harassment. Less competition among cyclo drivers, porters and small traders had also offered almost the same opportunities for earnings. These groups reported that rural migrants had decreased by around 30 percent after Khmer New Year because of this year's early rains. Cyclo drivers and porters reported earning at least enough for their consumption. Only six out of 32 small traders interviewed reported that they had reduced their consumption.

The survey indicated a slight fall in scavengers' earnings over the past year, after a slight increase in February. Scavengers have suffered from a constant fall in the availability and price of recyclable rubbish. The price of rubbish has reportedly fallen by 33 to 50 percent (with a slight recovery in January and February) relative to pre-July 1997. This was due to a dramatic increase in the transportation costs of exporting rubbish to Thailand and

Table 4. Average Daily Earnings of Vulnerable Workers in Phnom Penh, July 1997 – May 1999

Occupation	Net daily earnings (riels)							Feb 1999 / May 1999 /	
	pre-Jul 97	Jan 1998	May 1998	Aug 1998	Nov 1998	Feb 1999	May 1999	Jan 1998	May 1998
Cyclo drivers	12,250	9,100	6,975	6,167	6,100	9,407	9,271	3.4	32.9
Porters	9,675	6,905	5,415	4,720	4,543	8,543	7,856	23.7	45.1
Small traders	7,050	5,150	3,400	4,767	5,913	7,923	6,694	53.8	96.9
Scavengers	4,155	3,415	3,040	2,610	2,567	3,697	2,956	8.3	-2.8

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Table 5. Real Wages and Employment, 1996–98

	1996 Q4	1997 Q2	1997 Q3	1997 Q4	1998 Q2
Real monthly wages (index: 1996 Q4 = 100)					
Manufacturing	100	108	108	90	94
Electricity, gas, water	100	59	119	52	59
Construction	100	82	83	69	73
Wholesale and retail trade	100	97	67	74	129
Hotels, restaurants	100	136	187	118	203
Transport and telecommunications	100	113	118	85	116
Finance, real estate, business	100	159	65	107	111
Government services	100	108	97	97	116
Other services	100	86	98	99	177
International organisations	100	186	107	112	133
Total	100	106	97	91	116
Wage employment					
Manufacturing	17,115	15,494	18,834	12,844	30,680
Electricity, gas, water	975	2,325	1,139	1,687	985
Construction	10,015	19,982	8,898	11,081	6,111
Wholesale and retail trade	4,173	4,859	6,743	11,292	4,801
Hotels, restaurants	1,629	7,125	2,430	2,365	3,145
Transport and telecommunications	7,199	10,557	8,439	8,637	6,822
Finance, real estate, business	4,350	3,250	1,476	2,110	6,615
Government services	67,960	65,265	71,074	73,070	56,340
Other services	10,526	7,611	9,470	10,046	12,551
International organisations	4,733	2,523	3,045	1,781	2,239
Total	128,675	138,991	131,548	134,913	130,289

Source: National Institute of Statistics

Vietnam as a result of increased taxation, especially in the past three months. This has caused a dramatic decline in the export of recyclable rubbish, resulting in the laying off about 30 percent of workers employed by rubbish traders. Twenty-five out of 32 scavengers interviewed reported that they had reduced their consumption and/or were buying food on credit.

Although the trend in earnings is upward, most respondents are acutely aware that they have not yet reached the levels of income they enjoyed before July 1997. They feel that trading activities are still weak and that people have become poorer. In particular, rural poverty has accelerated due to landlessness and indebtedness caused by crop failures. In addition, cyclos have become less competitive due to an increase in the number of motor-taxis and taxis. The uncompetitiveness of river transport has had an adverse affect on the earnings of ferry porters.

Wages and Employment

Labour market indicators suggest that the livelihood of wage employees recovered slightly in the second quarter of 1998 compared to the pre-July 1997 period. The recovery was mainly due to an increase in activity in the trade, hotel and restaurant sectors. According to the quarterly labour market survey in Phnom Penh conducted by the NIS, average monthly real wages rose by around 9 percent in the second quarter of 1998 relative to the same period in 1997 (Table 5). However, wage employment in the second quarter of 1998

was 7 percent lower than a year earlier. The manufacturing sector saw a drastic increase of almost 90 percent. This was likely due to the expansion of the garment sector. By contrast, wage employment in government services declined substantially, though it still comprised the largest share of employment in the second quarter of 1998.

Investment

With the improvement in political stability after the formation of the new government late last year, investment inflow had been expected to increase gradually. However, its level is still low. The number of investment projects approved by the Cambodian Investment Board (CIB) fell by 36 percent in the first quarter of 1999 relative to the same quarter in 1998 (Table 6). Registered capital and fixed assets represented by approved projects fell

by 54 and 41 percent respectively. Agriculture was the only sector to show an increase in investment approvals over this period.

Major foreign investors in Cambodia have been the ASEAN countries, China, Hong Kong and Taiwan. According to CIB data, the prolonged regional crisis appears to have had an impact on the investment inflows into Cambodia. Approved investment from ASEAN and Asia-Pacific countries declined sharply in the first quarter of 1999. The slowdown of investment projects was partly due to the decline in economic growth rates and credit crunch in the crisis countries. In addition, the introduction of quotas on Cambodian textiles by the US government contributed to the decline in investment.

Public Finance

Table 6. Investment Projects Approved, 1997–99

	1997				1998				1999
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Number of investment projects approved								
Agriculture	8	7	14	1	3	1	2	0	2
Industry	35	42	54	33	40	20	40	21	26
o/w garment	27	30	36	12	26	14	26	17	16
Service	3	2	7	0	7	3	2	1	4
Total	46	51	75	34	50	24	44	22	32
	Registered capital (millions of dollars)								
Agriculture	3.8	2.1	11.0	3.0	8.0	2.0	8.0	0.0	10.9
Industry	105.1	37.3	67.0	66.5	90.2	33.9	186.1	14.3	31.3
o/w garment	26.8	28.0	39.2	8.6	28.6	18.7	33.0	11.2	16.0
Service	7.1	50.0	19.9	0.0	28.3	4.5	1.5	40.0	15.9
Total	116.0	89.4	97.8	69.5	126.5	40.4	195.6	54.3	58.1
	Fixed assets (millions of dollars)								
Agriculture	8.3	9.3	18.6	1.5	17.7	1.4	7.2	0.0	18.7
Industry	231.7	33.9	98.5	188.9	99.9	152.4	345.4	21.1	65.2
o/w garment	25.1	25.4	39.6	9.7	30.7	28.8	43.1	18.2	25.6
Service	63.1	33.0	69.5	0.0	84.8	72.0	14.2	32.9	36.0
Total	303.0	76.2	186.7	190.4	202.4	225.8	366.8	54.1	120.0

Source: Cambodian Investment Board

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Table 7. Current Expenditure by Ministry, 1995-98 (billions of riels)

Ministry	1995	1996	1997	1998 (budget) ^a	1998 (actual)	1998 (percent) ^b	Percentage of total expenditure			
							1995	1996	1997	1998
Defence and security	386.5	435.4	439.7	384.2	460.8	119.9	57.9	52.6	53.9	50.7
Education	73.8	81.3	80.5	93.9	102.1	108.7	11.1	9.8	9.9	11.2
Health	26.1	44.0	46.2	62.4	32.2	51.6	3.9	5.3	5.7	3.5
Agriculture and rural devel.	15.3	18.7	18.2	24.0	18.1	75.4	2.3	2.3	2.2	2.0
Other	165.4	247.8	231.3	444.9	294.8	66.3	24.8	30.0	28.4	32.5
Total	667.2	827.1	815.8	1,009.4	907.9	89.9	100.0	100.0	100.0	100.0

a = 1998 Budget Law. b = Actual expenditure as a percentage of the budget. Source: Ministry of Economy and Finance

The Ministry of Economy and Finance has recently published statistics on 1998 government expenditure by ministry (Table 7). Total current expenditure was kept at about 90 percent of the level determined by the 1998 Budget Law. However, expenditure on defence and security overran the level set by the Budget Law. This was perhaps due to government spending on the reintegration of Khmer Rouge defectors in late 1998. Expenditure on education also exceeded the budget. By contrast, expenditure on health, agriculture and rural development was substantially below budget levels.

The allocation of current expenditure by sector changed little in 1998 relative to 1997. Expenditure on defence and security remained at over 50 percent of total expenditure. The objective of increasing the proportion of expenditure on social and development sectors has still not been achieved. Expenditure on education, health, agriculture and rural development together accounted for less than 17 percent of total expenditure.

Garment exports

Concerns have been raised about the development of the garment sector after the introduction of quotas. According to data from the Ministry of Commerce, the total value of textile exports to the United States grew by 190 percent in the first quarter of 1999 relative to the level in the same quarter of 1998, and 12 percent relative to the fourth quarter of 1998 (Table 8). This appears to suggest that the quotas did not have an immediate impact on the garment industry. However, the chairman of the Garment Manufacturers' Association said in an interview that the quota system will affect the industry in the later part of the year, because manufacturers tend to use up their

Table 8. Destination of Garment Exports, 1997-99

	United States	Rest of world	Total
	Millions of dollars		
1997 Q1	4.94	25.39	30.33
1997 Q2	21.72	34.25	55.97
1997 Q3	35.09	28.27	63.36
1997 Q4	45.34	32.11	77.45
1998 Q1	40.34	18.85	59.18
1998 Q2	62.71	18.65	81.35
1998 Q3	88.67	27.05	115.72
1998 Q4	104.47	17.31	121.78
1999 Q1	116.94	15.67	132.61
	Percentage change from previous year		
1998 Q1	716.5	-25.8	95.1
1998 Q2	188.7	-45.6	45.4
1998 Q3	152.7	-4.3	82.6
1998 Q4	130.4	-46.1	57.2
1999 Q1	189.9	-16.9	124.1

Source: Ministry of Commerce, Department of Trade Preference Systems

export quotas at the beginning of the year. In addition, the quotas have been relatively small and based on the exports of textile products in August 1998.

The quotas will affect the garment industry in various ways. Some existing factories probably will have to close down temporarily or reduce their overtime operation after they have used up their quotas. Other manufacturers will need time to shift their export destination from the United States, or to produce non-quota textile products. This will result in the laying off of garment workers. Furthermore, the quota system will tend to discourage new investors in the industry, though 16 new garment projects with fixed assets worth of \$25 million were still approved in the first quarter of 1999.

Tourism

The tourism sector, struggling since July 1997, continued to recover in the first quarter of 1999, reflecting the significant improvement in political stability since the new government was formed in November 1998.

According to data from the Ministry of Economy and Finance, the total number of passenger arrivals to Cambodia through Pochentong Airport rose in the first quarter of 1999 to its highest level since July 1997 (Table 9). The number of arrivals increased by 15 percent relative to the same period in 1998, and 10 percent higher than that of the fourth quarter. The increase in passenger arrivals was a favourable development, but the level of arrivals was still 30 percent lower than that in the first quarter of 1997. Passengers identified as tourists accounted for 68 percent of total arrivals. The number of tourists arriving via Siem Reap and Preah Vihear has increased, but data for these sites were not available for analysis at time of publication.

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Table 9. Passenger Arrivals at Pochentong, 1997-99

	Arrivals			Total	Percent change
	Tourists	Business	Official		
1997 Q1	72,240	16,944	3,701	92,885	25.6
1997 Q2	53,967	18,821	3,698	76,486	14.7
1997 Q3	23,102	8,042	3,067	34,211	-51.5
1997 Q4	36,025	11,790	3,727	51,542	-40.1
1998 Q1	41,033	11,411	4,023	56,467	-39.2
1998 Q2	35,995	11,004	4,149	51,148	-33.1
1998 Q3	32,938	9,090	4,239	46,267	35.2
1998 Q4	42,401	11,274	5,378	59,053	14.6
1999 Q1	44,221	15,432	5,387	65,040	15.2

Source: Ministry of Economy and Finance, *Monthly Bulletin of Statistics*

Economic Indicators

1. Consumer Price Index (CPI) in Phnom Penh and the Provinces, April 1998 – March 1999

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	Monthly CPI											
Phnom Penh	131	135	137	142	140	143	144	143	143	141	141	141
Provinces	150	162	166	165	162	168	165	167	169	168	165	165
	Monthly CPI (seasonally adjusted)											
Phnom Penh	134	138	141	139	139	140	139	140	143	141	143	145
Provinces	154	167	171	158	150	164	157	167	169	168	165	183
	Inflation based on seasonally adjusted monthly CPI (month to month)											
Phnom Penh	-0.5	2.8	2.6	-1.3	-0.6	1.4	-1.0	0.9	2.2	-1.8	1.6	1.5
Provinces	3.5	8.5	2.0	-7.6	-5.3	9.9	-4.6	6.4	1.7	-1.1	-1.3	10.7
	Inflation based on seasonally adjusted monthly CPI (year on year)											
Phnom Penh	14.9	17.2	18.9	14.8	14.0	13.0	12.4	12.2	13.6	9.0	8.6	8.0
Provinces	13.6	20.8	24.6	17.6	15.1	13.9	10.9	16.6	15.6	11.3	6.8	22.8

CPI for Phnom Penh is taken from the *Monthly Bulletin of Consumer Price Index* (National Institute of Statistics/Ministry of Planning); CPI for the provinces is constructed by CDRI based on the prices of 12 essential items in 12 provinces. (Base year of indices: July–September 1994 = 100)

2. Foreign Exchange Rates and Gold Prices, May 1998 – April 1999

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
	Exchange rate (riel/dollar)											
Market rate	3,998	4,047	3,753	3,873	3,888	3,878	3,772	3,791	3,791	3,811	3,821	3,821
Official rate	4,015	3,995	3,770	3,730	3,800	3,870	3,775	3,770	3,776	3,780	3,790	3,790
(Market rate/official rate)	(100)	(101)	(100)	(104)	(102)	(100)	(100)	(101)	(100)	(101)	(101)	(101)
	Exchange rate (index)											
Market rate	155	157	145	150	151	150	146	147	147	148	148	148
Official rate	155	155	146	144	147	150	146	146	146	146	147	147
	Gold price (riel/chi)											
Value	128,809	130,619	130,772	117,665	124,545	124,852	125,174	123,236	123,253	123,961	123,558	121,328
Index	112	113	113	102	108	108	109	107	107	107	107	105

Source: National Bank of Cambodia and the *Cambodia Daily*. (Base year of indices: July–September 1994 = 100)

3. Money Supply, March 1998 – February 1999

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
	Billions of riel											
Broad money (M2)	1,076	1,102	1,140	811	1,004	1,050	1,080	1,134	1,207	1,230	1,266	1,270
Money (M1)	420	435	437	429	460	467	474	479	549	543	544	535
Currency outside banks	389	399	402	395	429	436	441	445	516	509	510	500
Demand deposits	31	36	35	33	30	31	33	33	33	34	34	35
Quasi-money	657	667	703	383	544	582	606	656	658	687	722	734
Time and savings deposits	11	12	13	14	12	14	15	16	20	20	19	19
Foreign currency deposits	646	655	690	369	532	568	591	640	637	667	702	715
	Percentage change from previous year											
Broad money (M2)	10.0	22.8	26.8	-10.1	17.2	18.8	19.7	20.0	16.7	15.7	14.3	16.0
Money (M1)	26.0	30.7	31.7	29.6	35.7	36.7	36.0	30.6	43.9	41.2	41.3	40.6
Quasi-money	1.7	18.2	23.9	-33.0	5.1	7.5	9.5	13.2	0.8	1.3	0.0	2.9

Source: National Bank of Cambodia

4. National Budget Operations, February 1998 – January 1999

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
	Billions of riel											
Total revenue	63.7	91.7	81.4	65.5	90.6	70.4	55.5	61.7	89.9	68.5	118.3	88.5
Tax revenue	43.5	65.9	61.8	53.9	60.8	43.4	41.1	50.8	68.4	53.9	88.0	74.5
o/w customs duties	22.7	37.2	33.3	29.1	35.5	22.7	21.4	29.8	38.2	28.0	50.7	26.9
Non-tax revenue	13.6	25.7	19.2	8.1	25.0	21.5	14.3	10.9	21.5	12.8	21.0	13.3
o/w forest exploitation	1.3	1.1	2.3	1.1	2.0	3.6	0.6	0.9	2.7	1.2	5.5	1.1
o/w telecommunications	5.7	9.0	7.2	1.9	10.1	9.9	7.5	6.5	9.7	7.7	6.3	7.6
o/w royalties	0.1	0.2	0.2	0.3	0.0	1.8	0.2	0.1	0.0	0.1	0.0	0.1
Capital revenue	6.6	0.1	0.4	3.6	4.8	5.5	0.1	0.0	0.0	1.8	9.3	0.7
	Billions of riel											
Total expenditure	97.0	150.1	135.7	127.2	113.5	130.3	87.0	88.7	110.5	93.4	130.6	89.7
Capital expenditure	47.9	38.3	35.7	39.6	34.5	37.3	24.9	21.9	31.8	27.3	34.8	14.1
Current expenditure	49.1	111.8	100.0	87.6	79.0	93.0	62.1	66.8	78.7	66.1	95.8	75.6
o/w defence	18.0	66.1	61.0	31.3	56.2	36.4	32.6	13.0	55.7	25.4	36.6	0.9
o/w civil administration	31.1	45.7	39.0	56.2	22.8	56.6	29.5	53.8	23.0	40.7	59.2	74.7
Overall deficit	-33.3	-58.4	-54.3	-61.7	-22.9	-59.9	-31.5	-27.0	-20.6	-24.9	-12.3	-1.2
	Percentage change from previous year											
Total revenue	19.3	30.1	16.9	-8.2	43.5	33.8	-17.9	8.2	32.0	-27.7	-18.0	45.6
Total expenditure	17.7	52.7	43.9	33.2	1.6	60.7	-17.5	-23.1	-6.7	-28.3	-34.7	34.9

Source: Ministry of Economy and Finance

Glossary

Transition and Reconciliation

Amnesty (ការលើកលែងទោស)

Amnesty is derived from the Greek *amnesia*, which means “forgetfulness.” Amnesty therefore can be seen as a “legal forgetting” that something ever happened. It means that whatever has been done will not be investigated, and the alleged wrongdoer will not have to answer any allegations, or accept any blame or punishment, for what they have done.

Justice (យុត្តិធម៌)

Four kinds of justice may be called for in a reconciliation process: (1) punitive justice involves the arrest, trial, conviction and punishment of the wrongdoers, but it should not become revenge; (2) restitutive justice seeks to provide reparations or restitution to the victims, though it recognises that full and complete justice cannot be done (the dead cannot be brought back, for example); (3) structural justice aims to redress the inequities of a society that were the source of the conflict or violence, such as protection of human rights or land reform in war-torn societies; (4) legal justice deals with the reform of law or the judiciary, such as ensuring a fair, open and equitable legal system, which is essential for the long-term reconstruction of society.

Pardon (ការអត់ឱ្នទោស)

A pardon is a decision by a court or government that there will be no punishment, though unlike amnesty it does not imply “forgetting,” and therefore leaves open the possibility of a hearing, trial and verdict.

Reconciliation (ការផ្សះផ្សា)

There are many meanings to the word reconciliation, depending on context, circumstances and culture. In general, reconciliation is a process in which parties in a dispute or conflict restore harmonious relations. It may also mean a process through which a society comes to terms with a violent past. It is a process of rebuilding the moral order of a society and ensuring that the abuses of the past do not happen again. Reconciliation is a long-term process which can take decades to achieve.

Rehabilitation (ការស្តារហេដ្ឋារចនាសម្ព័ន្ធឡើងវិញ)

Rehabilitation is the rebuilding of the physical or societal infrastructure that has been damaged during a period of conflict. The rehabilitation of a post-conflict society is an enormous and challenging task.

Tribunal (សាលាក្តី)

A tribunal is a special court or commission that is set up to deal with a particular problem or situation. Creating a tribunal is often a sign that the problem is too complex or sensitive to be handled by the existing judicial system.

Truth Commission (គណៈកម្មការការពិត)

A truth commission is a special committee that is responsible for investigating crimes and/or human rights abuses. One of the most famous examples is the South African Truth and Reconciliation Commission, which was able to pardon those guilty of crimes in return for their telling the truth about the apartheid system.



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CDRI Update

Research

A CDRI workshop on *Monitoring the Cambodian Economy*, held in Phnom Penh on 31 March, brought together more than 50 data producers and users. The workshop, funded by the Asia Foundation, reviewed the availability of and gaps in official data, and discussed the prospects for building a national statistical system (see articles on pages 12 and 13). Tep Saravy, with an M.Sc. in Aquaculture and Aquatic Resources Management from the Asian Institute of Technology, joined the section in March, and Sik Boreak, with an M.Econ. in Agricultural and Resource Economics from the University of New England (Australia), joined in May. Ung Bunleng, senior analyst at the Reserve Bank of New Zealand, is spending May at CDRI as a Visiting Fellow. Chan Sophal attended a World Bank international conference on *Democracy, Market Economy and Development* in Seoul in February, and a World Bank workshop on *Openness, Macroeconomic Crises and Poverty* in Kuala Lumpur in May. Tia Savora attended a Konrad Adenauer Foundation seminar on the *Economic Crisis: Roads to Recovery* in Kuala Lumpur in March, and is participating in a course in Environmental and Resource Economics, organised by the Economy and Environment Program for Southeast Asia, in Los Baños during May and June.

English Language Programme

English language testing and selection in preparation for the Cambodia Offshore Masters in Education, provided by Ateneo de Manila University in the Philippines, took place at CDRI in April. Thirty applicants out of a total of 103 were selected to take part in the English training. Training began in May and will continue until December. Stephen Moore joined the programme in late May, while Nay Chhuon left at the end of May. Terry Durnnian will leave at the end of June.

Library

The Library now holds about 5,400 titles on economic and social development. In order to meet international standards, the Library is changing its classification system to Dewey Decimal Classification. This project, which is receiving voluntary assistance from Sari Devi Suprabto, librarian at Cornell University Library, began in March 1999 and is expected to take six months.

Cambodian Centre for Conflict Resolution

With capacity building a top priority, two CCCR staff are currently taking part in skills training courses—Huy Romduol in the United Kingdom and Ngy San in Sweden. CCCR has been busy preparing for a conference on *Conflict Prevention in the Commune Election*, which is being held on 16–17 June at the Cambodiana Hotel.

Publications

Recent publications include: English and Khmer editions of *The UNICEF/Community Action for Social Development Experience* (Working Paper 9); the English edition of *Gender and Development in Cambodia: An Overview* (Working Paper 10); and the Khmer edition of *Food Security in an Asian Transitional Economy: The Cambodian Experience* (Working Paper 6). Forthcoming publications for June–September include: a special report on the migration of Cambodian labourers to Thailand, and Khmer translations of Working Papers 7, 8 and 10. You Sethirith left the publications programme at the end of April.

Readership Survey: Many thanks to those of you who took part in the recent Readership Survey. We are currently assessing the results and discussing future directions. A summary of findings will be published with the September issue of the *Cambodia Development Review*.

Cambodia Development Review is also available in Khmer

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Cambodia Development Review welcomes correspondence and submissions. Letters must be signed and verifiable and must include a return address and telephone number. Prospective authors are advised to contact CDRI before submitting articles, though unsolicited material will be considered. All submissions are subject to editing. CDRI reserves the right to refuse publication without explanation.

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