

# **Margaret Slocomb, *An Economic History of Cambodia in the Twentieth Century.***

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**Reviewed by Keith Carpenter.**

The underlying theme of this solid, well written economic history of Cambodia is summed up in the phrase “*plus ça change, plus c’est la même chose.*” The author, a former long-term resident of Cambodia, points to two characteristics of the country’s economy and society that have endured regardless of the form of economic organisation that prevailed in various periods: the resilience of agriculture and the continuing web of patron-client relationships. As regards the first, there has been a long-term and continuing failure to invest in agriculture, coupled with a paradoxical reliance on the sector to continue to bring the economy back from the brink of total collapse after successive crises. As for patron-client relationships, they are the basis for the persistent economic role of “corruption” in its various manifestations, regardless of who has been in control. Power elites of whatever political colour, or of no colour, continue to squeeze rural dwellers for whatever agricultural surplus can be extracted from the countryside, while peasants continue in a state of subsistence that sees no improvement in agricultural productivity. The extracted surplus is directed towards increasing personal prestige and power rather than investment in capital for productive activities. Thus the two persistent themes in Cambodia’s social and economic history are intimately intertwined. Why would the average peasant rice farmer want to increase his productivity when his folk memory reminds him that others are likely to appropriate any improvements in output that he might achieve?

*An Economic History of Cambodia in the Twentieth Century* both builds on the work of other scholars and makes extensive use of archival material in its treatment of the Cambodian economy up until about the year 2005. It will lay a foundation for scholars undertaking investigations into Cambodia in the future, as it sets the scene particularly well and draws together what has been written before. The extensive references will allow those interested in digging deeper to turn to the primary sources.

This review begins with an overview of the organisation of the book and then notes the principal themes of the book before outlining the issues discussed in each chapter. It addresses a number of possibly contentious issues that Slocomb's book raises, before examining some areas in which the analysis might have been expanded. The review comments on the final chapter, which discusses the post-2000 Cambodian economy, before concluding with an evaluation of the book as a whole.

## **Organisation**

*An Economic History of Cambodia* is organised into an introduction, five chronological chapters and a concluding chapter entitled "Economic Outlook for the Twenty-first Century." The titles of the five chronological chapters are as follows.

1. The Colonial Economy, 1863-1953
2. Post-Independence Economic Change, 1953-69
3. The Wartime Economy, 1970-75
4. The Revolutionary Economy, 1975-89
5. Rehabilitation and Reconstruction, 1990-c.2000

The introduction and each of the chronological chapters are, following some introductory comments, organised under the same broad outline headings, viz:

- Policies
- Population
- Human Development
- Economic Activity
  - Agriculture
  - Fisheries
  - Forestry
  - Industry and Services
- Foreign Trade, Aid, Investment and Debt
- Public Finance, Banking and Credit
- Conclusions

The book's introduction provides a particularly good overview of contemporary Cambodia. It includes comprehensive background material for a reader with a limited knowledge of the country, describing Cambodia and its economy as the start of the present century.

The introductory section to each chronological chapter gives an outline of the events that shaped the period under discussion as a lead-in to the detailed analysis that follows. The conclusion of each chapter offers interesting insights from a perceptive observer of Cambodia, raising questions that need to be addressed in any comprehensive analysis of the economic development of Cambodia. Chapter conclusions drawn point to a number of continuing themes in Cambodian economic history, regardless of the form of economic organisation that has notionally obtained in various periods. Some of the conclusions offer insights without elaboration; the chapter conclusions might have been stronger if more elaboration had been forthcoming. If nothing else, these insights may encourage or drive others to dig deeper into an analysis of recent Cambodian economic history.

The strength of Slocomb's book is the scholarship reflected in each chapter's synthesis and analysis of previous scholarship. Future researchers will turn to *An Economic History of Cambodia* for an overview of events of interest before turning to more detailed research available elsewhere. These details will help set the scene for those who pursue other themes in the study of Cambodia's economy. The volume will become a standard reference for twentieth-century Cambodian economic history. In addition to this basic reference material, the additional value of the book lies in the introductory sections of each chapter and, especially in their concluding sections.

## **Themes**

The concluding passage of the introduction to *An Economic History of Cambodia* identifies the theme developed in much of the rest of the book: the contribution of agriculture to the economy is undervalued and significant parts of the economy are resistant to change, so that entrenched rural poverty is a major obstacle to economic development. Elites see agriculture as a cash cow to be milked their personal benefit; its potential for economic development has not been realised. This reality obtains regardless of the regime in power at any given

time. The concluding comment in the book's opening chapter suggests that policy-makers and peasants talk past each other, each seemingly not understanding the other or perhaps, more correctly in this reviewer's assessment, choosing to appear not to understand. Policy-makers refer to a "recalcitrant, tradition-bound peasantry," while the "under-resourced rice farmer typically avoids risking a lower yield" (p. 29). Without stating so explicitly, the book explains why this situation has continued to the present time.

Another theme concerns the enduring web of patronage and the associated place of corruption in the Cambodian economy. From the failed colonial-era attempts on the part of the French to control the power of the official elite (even as they effectively established an additional elite class) to the present when business success depends more on political patronage and favours than on commercial skill, patronage and corruption have remained one of the defining characteristics of Cambodia's society and economy. More worryingly, Cambodian history suggests that this "irrational" system (p. 295) is unlikely to change even in the face of significant economic crises.

## **Chronology**

The colonial period of the *de jure* French Protectorate (and *de facto* French colony) provided a long period of peace and stability that irrevocably changed Cambodian society but did not produce major changes in the economy. Rural living standards changed very little; subsistence rice production continued to be the economic base of the countryside, and the peasantry remained chronically indebted to the local money lenders. Education and health services were rudimentary and under-funded; infant mortality remained very high. Roads were built, but their construction required the contribution of much-resented *corvée* labour. The peasantry may not have starved, but neither was it prosperous.

Cambodia's elites did well out of the colonial period. The French did attempt to curb the power and excesses of power of the elite class, the high officials associated with the court, but they made little progress. Corruption merely found new realms in which to thrive. The colonial power created a new elite: the local officials needed for state administration. Industry did not develop, and the introduction of plantation agriculture had a minimal impact on the wider economy. Cambodia was not exposed to capitalism or even incipient capitalism. Slocomb does hint in the concluding remarks to her chapter on the colonial

period that the seeds of the great changes that were to overtake Cambodia later were laid at this time. She notes that it was during this time that some of those exposed to Western education were able to develop ideas for a different Cambodia.

The economic planners in the post-independence period sought to generate savings that could be used to stimulate growth, but their objectives were not realised. Personal savings did not lead to sustainable economic growth. Personal wealth came from graft and corrupt activity rather than from economic growth, and that wealth was not re-invested in productive activities. As a result, the incipient growth faltered, and the economy stagnated. The rural population did not benefit from the economic reforms of the 1950s and 1960s; the cultivated area grew but productivity did not increase. In general terms, the economy changed little from independence in 1953 to 1969, the year before the Khmer Republic was declared. In Slocomb's view, Cambodia remained a pre-capitalist economy with markets but without a market economy. GDP growth in this period was driven by the foreign-owned sector, and the withdrawal of government incentives towards the end of the period brought a stop to that growth. The author suggests that it was this economic crisis, as much as the deteriorating political situation, that led to the political revolution of 1970.

*An Economic History of Cambodia* deems the 1970-1975 period of the wartime economy and the Khmer Republic a time of economic failure; the Lon Nol regime could neither feed its people nor defend them. The March 1970 coup was a victory for big business and the indigenous capitalist elite over efforts to promote local industry and to encourage private domestic savings. The Republic was kept alive by foreign aid; the debt incurred is still being repaid. The period saw rice-exporting Cambodia become a rice importer. Corruption was endemic in official and military circles and at all levels. The author concludes, "The republicans believed that they had made revolution in their country's polity. Little, however, genuinely changed." (p. 163)

A possibly surprising aspect of Slocomb's economic history is its inclusion of both Democratic Kampuchea and the People's Republic of Kampuchea in the same chapter under the title: "The Revolutionary Economy, 1975-89." Most Western observers of modern-day Cambodia would be likely to regard these two regimes as being quite distinct and thus most suitably treated in different

chapters. The author quite clearly regards them as differing in degree rather than kind and takes her discussion forward on that basis. This distinction or lack of distinction is one that others may see as a matter for further research and consideration, though the lack of documentation from Democratic Kampuchea may hinder progress in addressing the question.

The introductory section of the chapter on the 1975-1989 period offers a particularly good overview of the events and forces at work during those fifteen years. The chapter's concluding remarks note that agricultural production during the period was lower than in 1969 and that industrial output was negligible. She concludes that the Khmer Rouge approach was never going to work, driven as it was by ideology rather than by economics, though she does suggest that time and a much less paranoid and hysterical xenophobic pre-occupation with Vietnam might have allowed some sort of rudimentary economic success.

Concerning the People's Republic of Kampuchea, Slocomb's conclusions are more favourable. She writes that it did reasonably well with the external budgetary support that it received to rebuild a damaged economy, even while at war with the Khmer Rouge and its allies. She also argues that Cambodia's economy, unlike its political environment, was fundamentally unchanged by fifteen years of revolution.

The last chronological chapter of *An Economic History of Cambodia* is entitled "Rehabilitation and Reconstruction, 1990-c. 2000." Slocomb believes that the highly unstable political structure created by the UN-supervised elections in 1993 was resolved by the factional fighting of July 1997, which then led to the return of traditional absolutism under the guise of electoral democracy. Despite the commitment to macroeconomic stabilisation, the subsequent decade produced an aid-dependent and highly imbalanced economy, though one that enjoyed reasonably high real growth. There was and is a dual economy encompassing the comparatively modern economies of Phnom Penh and Sihanoukville and the traditional subsistence economy of the rest of the country. The result is a widening urban-rural wealth gap and levels of serious rural poverty that seem to be almost intractable. Life expectancy and infant mortality in the countryside remain low and appear to have changed little since the United Nations Transitional Authority in Cambodia arrived. Little has been invested in

agriculture, and such aid to the rural sector as has been available has not reached all provinces. The issue of equity in aid distribution has not even begun to be addressed.

This chapter briefly discusses Cambodia's present external debt position. This discussion is adequate for the purposes of the book, but it hints at related issues that might merit a more extensive analysis. It seems incongruous to this reviewer that the aid received during the civil war period, which was associated with the destruction of Cambodia at the time, should be treated as the debt of the Cambodia of today, debt for which repayment is expected.

Slocomb's chapter on the 1990-2000 period concludes that the Cambodian economy again demonstrated its capacity to recover and to provide for its people's basic needs during that decade. She comments that this period does not represent the end of Cambodia's journey towards creating "a modern economy" (p. 287). It was, rather, but another round of effort in that direction.

The final chapter of *An Economic History of Cambodia* returns to the question of whether Cambodia has been transformed into a modern economy. This chapter is in many ways the most interesting in the book, perhaps because it is not constrained by what others have written on the past. It allows Slocomb an opportunity to draw on her own scholarship and knowledge of Cambodia to ponder what the future might hold for the country. This review addresses some of these issues below. In addressing the question of whether the Cambodian economy has been transformed, the final chapter concludes that some transformation has occurred. The economy is more predictable and stable than in the 1990s, while the patronage system and official corruption continue to hold it back. On these grounds, Slocomb finds it difficult to accept that a genuine transformation of the Cambodian economy has occurred. Looking toward the future, she sees a rich and complex civil society as a prerequisite of economic transformation. While considering it too early to predict whether that civil society will develop, she does take some comfort that tentative steps toward that outcome have been taken.

## **Issues**

In a number of places throughout *An Economic History of Cambodia*, Margaret Slocomb makes statements and observations that are potentially contentious and for that reason, worthy of a reviewer's comment. Many of the

comments reflect the insights of an astute observer of Cambodia and are thus valuable pointers to additional needed research. Such research would both stimulate further debate and also help to draw out the implications of Slocomb's comments for Cambodian economic history.

The chapter on the wartime economy, for example, notes that Prince Sisowath Sirik Matak was the driving force behind the coup of 1970. But, it says, he lacked both popular appeal and, more significantly, "the strings of patronage to influence the military" (p. 132). In the present context, what makes this remark most interesting is Slocomb's assessment of the role of "special adviser" in the Cambodian political hierarchy: a position both then and now "for those who represent a potential threat to ultimate power holders" in the state (p. 134).

In the chapter on the revolutionary economy, the author comments that Democratic Kampuchea's governance failed because the administration did not respect the local knowledge of the peasants in growing rice. The peasants had been prepared to follow the Khmer Rouge during the civil war, as the latter's organisation and defence provided protection for the rice harvest. But when the Khmer Rouge in government applied to the peasants the harsh food rationing that applied to the urban evacuees, they quickly transferred their allegiance to a new regime that offered a more pragmatic approach. Later in the same chapter, Slocomb discusses the rather half-hearted attempts of the People's Republic of Kampuchea to establish collectivist organisations in wake of the withdrawal of the Khmer Rouge. She notes that once a degree of normalcy and security had been restored in rural areas, farmers ignored collectivisation policies and reverted to the traditional farming practices that gave them harvests sufficient to meet their needs.

The chapter of *An Economic History of Cambodia* on the period of rehabilitation and reconstruction chapter asks whether Cambodia was "asleep" (p. 234) as of the early 1990s. Did Cambodia need to be reconstructed or resurrected? The differences in perspective and approach between the resident-power holders in the elite on one hand and returning Khmers and international development experts on the other led to significant policy differences. Even so, the author admits that in the 1990s economic policy was effectively dictated from outside Cambodia as a consequence of the Structural Adjustment Programme agreed with international creditors.

Slocomb's concluding chapter notes that the dominant scale of activity in both industry and agriculture will be family-based small to medium enterprises, limited by the resources that individual families can manage. She appears almost to lament that there are no large-scale modern corporations like Sony or Hyundai to drive Cambodia's economic growth. While she does not mention it, the very nature of the Structural Adjustment Programme will prevent the emergence of such firms. For firms of their type grew up behind trade barriers that allowed them to prosper in protected environments with large domestic markets. Externally imposed macroeconomic policies now require Cambodia to be a completely open market; it is, effectively, one of the most open economies in the world. It has offers no protected market in which an infant industrial firm can learn its skills before venturing into the wider world. There is, then, little chance of conglomerates emerging to underpin the country's modern industrial development. The high costs of Cambodian labour, which are a function of the low productivity, mean that local products that find a ready market are likely to be undercut by equivalents product brought across the Thai border. Cambodian entrepreneurs thus have little incentive to be innovative. Market forces encourage potential entrepreneurs to focus on becoming importers rather than taking the risk of becoming producers. Even before the constraints imposed by the size of the Cambodian market are addressed, it is necessary to understand that its open economy discourages innovative entrepreneurship of the kind that might lead to economic development.

### **Possible expansions?**

*An Economic History of Cambodia* includes a number of statements that, to this reviewer at least, seem rather cursory. They may assume a knowledge of Cambodia that the general reader does not possess. Such statements would have benefited from more explanation in the text.

Slocomb gives, for example, three dates for Cambodia's independence from France: *de jure* independence in January 1949, full independence in November 1953 (described as military and political independence), full sovereignty in monetary, commercial and financial affairs on 1 January 1955. While the significance the latter two dates is described in reasonable detail, it is not clear

from the text just what *de jure* independence involved or how it was different from the other two.

In the 1920s there was a land boom in Cambodia, possibly related to the demand for land for rubber plantations. While the land boom and its consequences are discussed in some detail, there appears to be little discussion of the causes of the greatly increased demand for land.

When writing of the revival of markets following the end of the Democratic Kampuchea period, Slocomb notes that the goods sold were obtained at points along Cambodia's borders with Vietnam and Thailand as well as through large-scale smuggling. She then offers the aside that some of the large-scale smugglers had continued to operate throughout the Pol Pot period. This is an intriguing comment, one that goes against the general understanding of the extent of Khmer Rouge control over the society. It begs for more detailed discussion. It may also suggest that official corruption was rife at certain levels and in certain places during Pol Pot times despite the official rhetoric to the contrary. Further, an enigmatic reference to "wealthy, gun-wielding smugglers from Koh Kong" active in the years around 1990 presumably refers to parties whose origins dated to some years or even some decades earlier. Again, further exploration of this question would have been welcome.

Almost in an aside, Slocomb remarks that Pol Pot appears to have lost power for about one month after late September 1976, with some resultant liberalisation of trade. More details on this event and the reasons for the changes in trade policy would bring depth to this brief discussion. If Pol Pot was briefly deposed at this time and then regained power, why were the trade liberalisation measures not overturned subsequently, given Pol Pot's apparent commitment to Cambodian self-sufficiency? Similarly, the brief discussion of the use of money (or rather the lack of its use in Democratic Kampuchea) appears to lack context and clear purpose. And the author notes that foreign aid during the Democratic Kampuchea period was "largely of the 'red and expert' kind that served largely to inflame the already over-heated nature of economic policy" (p. 224). This interesting and intriguing comment would have benefited from a more expansive discussion. Further, in a number of places in the chapter on the 1975-1989 period, the K5 Plan is mentioned as a border defence mechanism. Just what K5 involved is not spelled out.

This reviewer's feeling that the treatment of money and banking in *An Economic History of Cambodia* is rather cursory may reflect his own interests and biases. There is only minimal discussion of the present dual-currency economy. Changes to the laws on banking supervision in 1999 are noted, but there is no comment on the consequential closures of a number of banks in 2000 or the subsequent distrust of banks.

The discussion of population issues in the later chapters of Slocomb's book is quite extensive. This discussion might have benefited from the use of population pyramids, which can be constructed from the census data. Such pyramids for Cambodia show very clearly the demographic impact of the Khmer Rouge years and the subsequent recovery in the demographic structure. The pyramids also show very starkly the magnitude of current need to provide employment opportunities for those born in the early years of the People's Republic of Kampuchea era. These Cambodians are now entering the labour force in large numbers.

### **Contemporary Cambodia**

The concluding chapter of *An Economic History of Cambodia*, on the economic outlook for the twenty-first century, is in many ways the most interesting chapter in the book. Slocomb there deploys her deep knowledge of the country to address its immediate future. This comment is not to downplay the solid scholarship in the other chapters; it is because of the solid scholarship in the rest of the book that the final chapter can successfully turn to a consideration of what the future might hold for Cambodia. This chapter looks at the first few years of this century, examining growth and job prospects, and discussing the contribution to the economy of the garment industry, of construction and of tourism. The author notes that agriculture has been largely unaffected by the double-digit growth in the economy. While this growth was occurring, rural poverty levels remained virtually unchanged, largely because of factors impinging on agriculture such as population pressure and reduced land availability. Slocomb sees the immediate challenges for the economy in coping with the spill-over effects of the global financial crisis as the creation of job opportunities, the maintenance of health and education standards and the need to ensure political stability and security. Agriculture is likely to be called on to again to pull the economy back from the brink of total collapse. This will require more investment

in agriculture, in the forms of irrigation infrastructure, improved marketing and distribution facilities, and credit for local rice milling operations. Realisation of these modest aims are might make possible the long-term aim of the modernisation of Cambodian agriculture.

Slocomb concludes her book by looking ahead to the time when the current generation of political leaders moves on or to when the Cambodian Peoples Party loses its current ascendancy. Whether or not these transitions will be destabilising, and how destabilising, will depend not least on the state of the economy at the time that the changes occur. Slocomb clearly links these matters to the question of whether the Cambodian economy has seen a meaningful “transformation” (p. 297). She concludes that institutional changes made at the behest of international donors and lenders have changed the economy but that these changes have occurred almost in spite of, rather than because of, any domestic official encouragement. The economy did change and grow “despite lack-lustre governance and actually increasing levels of official corruption” (p. 297). Commercial success is still highly dependent on political patronage and favours rather than on commercial skill and diligence. Slocomb argues that Cambodian history suggests that significant economic crises are insufficient to change the ingrained habits of governance or the “irrational” (p. 295) patronage system, as deleterious to the health of the economy as such a system may be. On these grounds, she concludes that it is too early to predict whether a genuine transformation of the Cambodian economy has occurred or will occur, but she does take some comfort that tentative steps have been taken down that road.

## **Conclusion**

*An Economic History of Cambodia in the Twentieth Century* is a solid work of scholarship that wears its learning lightly. It offers a systematic account of the recent economic history of the country, while at the same time giving a comprehensive overview of the contemporary Cambodian economy. For those with limited knowledge of the Cambodian economy and its history, it provides a valuable solid introduction to pave the way for encounters with more specialised resources. For those with a more extensive knowledge of Cambodia, the book will be a valuable reference that puts events and themes into context. It will for such readers too be the place to start before turning to the primary sources. Some of the conclusions of the author are contentious, and those readers who find them

so might be challenged to follow up on them. They will thus add to our overall understanding of the development of the modern Cambodian economy. For young Cambodian researchers looking for topics for further research, this book will repay careful study; observations on numerous topics that need to be teased out in much greater detail than a book of this nature can achieve are tucked away in Slocomb's volume. An insightful and astute observer has raised issues that need to be researched in much greater depth, issues whose consideration is likely to lead to a much greater understanding of the drivers of the Cambodian economy. This economic history of twentieth century Cambodia with its description of the issues facing contemporary Cambodia belongs in the working library of every serious student of Cambodia.

*Keith Carpenter, a former senior banking executive, is an economic and financial analyst living in Sydney. He worked as a research adviser in Cambodia for several periods between 2003 and 2009.*