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Cambodia in 1998: From Despair to Hope?

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# CAMBODIA IN 1998

## *From Despair to Hope?*

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Sorpong Peou

Cautious optimism is an appropriate judgment for a review of Cambodia in 1998. Second Prime Minister Hun Sen's bloody coup against First Prime Minister Norodom Ranariddh in early July 1997 had sent the country into a tailspin. In early 1998, war-torn Cambodia still seemed to be mired in despair. But by the middle of the year, the political situation seemed a bit brighter. A national election was held on July 26. Members of the international community rated the election as being free and fair, reflecting the will of the Cambodian people. Cambodian relations with the outside world subsequently improved. Factional politico-military relations were better managed. The Khmer Rouge rebellion came to an end, and Prince Ranariddh and Hun Sen agreed once again to form a coalition government. However, sustainable economic and political reform continued to elude the country, and no catalysts for true change appeared. Overall, the country remained in a state of uncertainty.

### Politico-Military Developments

The year 1998 began with continued fighting between royalist and government troops and between the Khmer Rouge and government troops. By year's end though, the conflicts had waned substantially. Pol Pot, the infamous totalitarian leader held responsible for the death of more than one million Cambodians during his reign of terror from 1975 to 1978 and the founder of the Khmer Rouge, died in April. By June, five of the most important Khmer Rouge leaders—Chan Youran, Mak Ben, Thiunn Thioeunn, In Sopheap, and Kor Bun Heng—had defected to the government side. They left behind only a handful of Khmer Rouge leaders, such as Ta Mok (known as “the butcher”), Khieu Samphan, and Nuon Chea. By the end of December,

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the remaining Khmer Rouge leaders, except Ta Mok, had defected to the new coalition government. Ta Mok's chief of staff, General Khem Ngoun, who claimed to represent 5,000 troops and 15,000 civilians, asked the government for permission to return to society. These defections effectively brought the Khmer Rouge rebellion to an end.

Hun Sen and Prince Ranariddh continued their mutual hostilities throughout most of the year. Hun Sen demanded that the prince, who had fled the country before the coup of July 1997, stand trial for the importation of illegal weapons and having conducted secret negotiations with the Khmer Rouge. Hun Sen also warned that Ranariddh would be arrested if he returned to Cambodia. In February, Hun Sen accepted a Japanese peace plan that would allow Ranariddh to take part in the election after he had been tried. On March 4, the military court of the Royal Cambodian Armed Forces sentenced the prince to five years in prison for weapon smuggling. Two weeks later, Ranariddh and three of his military officers were tried for "raising armed forces against the government" and colluding with the Khmer Rouge. The prince received a 30-year prison sentence and was ordered to pay a fine of more than US\$50 million. Then, King Norodom Sihanouk pardoned the prince, thus paving the way for the latter's return to Cambodia, where he took active part in the July election.

Amid the political turmoil, however, election preparations were underway. On January 26, the National Assembly approved a National Election Committee nominee list presented by the Council of Ministers. On March 19, the Assembly also approved in a 79–7 vote the establishment of the Constitutional Council, thus paving the way for the electoral process to proceed.

The national election—the first since the U.N.-organized election of May 1993—was clearly the most significant political event of the year. Thirty-nine political parties registered to compete for 122 seats in the National Assembly. The Cambodian People's Party (CPP) was the winner with 64 seats, followed by the two main opposition parties, FUNCINPEC (43) and the Sam Rainsy Party (15). Much to the surprise of most observers, the election was conducted in a professional, nonviolent manner. About 5.3 million Cambodians, or 97% of potential voters, registered to cast their ballots. Approximately 90% turned out at the polls. The balloting and counting processes were generally well-administered and peaceful.

Cambodia should be given high marks for electoral professionalism (few, if any, observers disputed this observation). The Joint International Observer Group (JIOG), coordinated by the U.N., concluded that the election genuinely reflected the will of the people. However, the election itself was far from free of controversy. Inter-party tensions increased following the election. The opposition parties called for Hun Sen's resignation and declared that they were prepared to work with the CPP only if it replaced him. In

response Hun Sen continually accused the opposition of making mischief. Their nonnegotiable political condition was not well-received, and the CPP subsequently voted to confirm Hun Sen's nomination as prime minister-elect.

The FUNCINPEC and Sam Rainsy Party then organized public protests to demand a resolution of their complaints regarding election irregularities. These commenced on August 24 and took an ugly turn following a grenade attack on Hun Sen's Phnom Penh residence on September 7. Hun Sen responded by calling for the arrest of opposition leaders. Hundreds of riot police moved in to drive the demonstrators out of the park where they had camped and violently dispersed the crowds. The situation worsened when thousands of people took to the streets, swelling the crowd led by some 50 monks. In the aftermath, at least 18 bodies were found in irrigation ditches, ponds, and rivers around Phnom Penh.

It was not until November 13 that the Cambodian party leaders agreed to form a coalition government based on a system of checks and balances. According to the agreement, Hun Sen was to become prime minister, while Prince Ranariddh would take the post of chairman of the National Assembly. A royally appointed Senate was to be led by the Assembly chairman and CPP president, Chea Sim. Hun Sen agreed to give amnesty to military officials loyal to Ranariddh. On November 30, the National Assembly approved the new government. Sam Rainsy was excluded from the coalition and became head of the only opposition party.

While the new government looked promising in terms of its commitments to political and economic reform, it was unclear how it would implement its policy decisions. With more than 200 ministers, secretaries of state, and undersecretaries of state all from FUNCINPEC and CPP, the new leadership would have an administrative maze to go through to implement policies.

In short, although 1998 began with the risk of escalating violence and only a slim possibility for a national election, it ended with some hope. Nevertheless, the hegemonic power structure remained unchanged. Hun Sen sought to consolidate his power by excluding many moderates within his own party. In his new political marriage of convenience with Ranariddh, Hun Sen was the sole prime minister. He appeared confident in his ability to rule alone.

### Socioeconomic Developments

Although Cambodia's economy did not go into a free fall as some had predicted, the country still languished as one of the world's poorest. It ranked 140 out of the 174 countries on the United Nations Development Program (UNDP) Human Development Index. About 40% of the population lived below the poverty line. Worse, the momentum that had been achieved in the fight against poverty was seen as having been lost. The brittle state of the economy seemed to make recovery a distant prospect.

Various economic indicators painted a fairly gloomy picture for 1998. Despite earlier optimism based on high rates of economic growth (6.5% on average), the economy continued to perform poorly. In 1997, growth declined to 2%. The government claimed that growth for 1998 was 4%, but skeptics thought it was in truth lower.

The government did little to spur growth. Its military budget for the year remained enormous. Despite a 5% reduction from 1997's level, military expenditures still represented a full 45% of total spending (roughly US\$397 million). Meanwhile, national revenue dropped. Illegal logging continued unchecked, with military commanders remaining free to export logs. The Cambodian leadership was accused of authorizing its generals to sell unprocessed timber to Vietnam, where stockpiles of Cambodian logs could be found. The government was either unwilling or unable to collect revenue from the logging business. Although forest exploitation had the potential to generate US\$100 million per year, the government managed to collect only US\$15 million on average. Meanwhile, the environmental damage caused by deforestation continued to affect agricultural production.

A late summer survey revealed low consumer confidence, a bleak business outlook, continuing struggles by vulnerable groups afflicted by high inflation rates, and depreciation of the Cambodian currency.<sup>1</sup> Since January, inflation rates continued in the two-digit range, reaching 19% in June. The currency depreciated 2% against the U.S. dollar in April and another 8% in May. By June, the rate hit more than 4,000 riels per dollar, its lowest level since the 5,000 riels to the dollar rate recorded before the 1993 election.<sup>2</sup>

Some areas of the country such as Svay Rieng, Mondolkiri, and Ratanakiri Provinces experienced rice shortages. The government appealed to the donor community for 250,000 tons of rice. In early October, Japan donated 16,533 tons. Overall, however, it was estimated that only 10% of the country had received insufficient rain and that the main rice crop in 1998–99 may be only slightly down from the previous year's 2.8 million tons to 2.7 million.

The economy was beset by other problems, including sluggish tourism growth, the low level of incoming foreign investment, and a noticeable reduction of foreign aid inflows. To be sure, the trend in tourism was seemingly more favorable in 1998 than it had been in 1997, as the number of tourists had gradually increased from only 1,800 in November 1997 to around 16,000 in March 1998. From January to August 1998, the number of tourist arrivals totaled 124,700, but it still lagged behind the 166,562 figure for the same period of 1997. The prospects for the inflow of foreign investment looked

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1. Cambodian Development Resource Institute (CDRI), *Cambodian Development Review* (Phnom Penh: CDRI, September 1998).

2. *Ibid.*, p. 10.

slightly more promising. Between January and September 1998, 117 foreign-invested projects worth about US\$800 million received approval from the Council for the Development of Cambodia. This inflow represented a 33% increase over the same period in 1997.

As far as foreign aid was concerned, Cambodia left donors unconvinced that it deserved more funds for further economic reconstruction. Early in July 1997, just before the coup, the donor community pledged to provide Cambodia with US\$475 million in overseas development assistance for 1997. But the total aid disbursement was only US\$375.4 million, a 27.5% decrease compared to 1996.<sup>3</sup> Among the different aid programs, that for budgetary aid and balance-of-payments support was hardest hit, dropping from \$66.5 million pledged in 1996 to just \$2.6 million in 1997. Grants for investment-related technical cooperation and loans for investment project assistance also declined by 49.55% and 35.73%, respectively. There was no meeting in 1998 of the Consultative Group, the international mechanism where donors pledge aid for Cambodia's economic reconstruction. In light of the downward path the economy is on, the country's demographic trend does not provide much reassurance. The population grew by 3.5% per year, from 9 million in 1990 to 11 million in 1995, a growth rate far exceeding the 1.7% average annual increase of other low-income economies in the same period. With respect to the labor force, the *Cambodian Development Review* noted that "[there] are indications of increasing landlessness and pauperization in rural areas in recent years." Unfortunately, "issues of land tenure and access to land have been absent from virtually all discussions on rural development in the past decade."<sup>4</sup>

All in all, life in 1998 remained hard for ordinary Cambodians, with high inflation and the depreciation of the riel pushing up the cost of living. The economic crisis was further compounded by the reduction of foreign aid; the approximately US\$2 billion that had lifted Cambodia to commendable levels of growth from 1992–96 was not to be replicated anytime soon.

## Foreign Relations

Relations with external powers and international organizations improved somewhat in 1998. Nonetheless, there were some daunting challenges. Despite the opposition parties playing on Cambodians' anti-Vietnam sentiment before the election, relations between Phnom Penh and Hanoi appeared to be relatively positive. In early June, an 11-member delegation led by Ung Hout,

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3. Council for the Development of Cambodia (CDC) and Cambodia Rehabilitation and Development Board (CRDB), *Development Cooperation Report, 1997/1998* (Phnom Penh: CDC and CRDB, June 1998), p. 6.

4. *Cambodian Development Review*, p. 8.

the FUNCINPEC foreign minister and first prime minister who replaced the ousted Prince Ranariddh after the previous year's coup, was dispatched to Vietnam. Then in mid-June, the Cambodia-Vietnam joint border commission met to discuss disputes concerning the land border between Phnomh Penh and Hanoi. The two sides agreed in principle to settle the disputes and hold further talks on the status of the sea border.

China and Vietnam lauded the election as having been free and fair. On August 6, Chinese Foreign Ministry spokesperson Tang Guoqiang told local media that his government was "happy with the [election] results." He urged the Cambodian parties to respect the results and expressed its hope that they "will work hard to create a new parliament and government in a spirit of national harmony."<sup>5</sup> Likewise, Vietnam's official *Nhan dan* daily reported the election as "a big victory" for the CPP.<sup>6</sup>

Comparatively, Cambodia's relations with the U.S. were the most troubled of its external ties. U.S. lawmakers said that the election was unfree and unfair. Supportive of the opposition parties, Congressman Dana Rohrabacher of California claimed that Hun Sen was a "communist dictator" and "war criminal." He was depicted as waging a "war against democracy" and "peace-loving" Cambodians, and Rohrabacher urged that Hun Sen must not be allowed to become another Pol Pot lest he "murder Cambodia's future and hand the country over to foreigners who seek to enslave the Cambodian people."<sup>7</sup>

Other actions by U.S. lawmakers provoked deep resentment among the CPP leadership. On October 10, the House of Representatives passed a resolution that urged Washington to collect evidence on Hun Sen's alleged crimes for a future trial in the U.N. International Criminal Court. The Cambodian premier called for a trial of Khmer Rouge leaders on October 27 while claiming that the U.S. should be blamed for having failed to help prevent the Pol Pot reign of terror. In the end, however, Washington recognized Cambodia's new coalition government.

On the whole, Cambodia's relations with international organizations improved. The European Union provided US\$12 million for the July election preparations and dispatched some 200 observers. With respect to the conduct of the election, the EU's chief observer Sven Linder found no flaws or frauds of a scale that could have distorted the will of the Cambodian electorate. The EU declared on July 29 that it was satisfied with the external assessment report of the election.

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5. Agence France Presse (AFP), August 6, 1998.

6. *Ibid.*, August 6, 1998.

7. Statement by Congressman Dana Rohrabacher, "Hun Sen Is Becoming Cambodia's New Pol Pot," September 11, 1998.

U.N.-Cambodia relations took a brighter turn after Secretary-General Kofi Annan urged the Cambodian parties to accept the election results. The U.N. also began its investigations of the Khmer Rouge leadership's past crimes. Although Pol Pot had died, the investigations were to be directed at the other rebel leaders, specifically Ta Mok and Khieu Samphan. The Cambodian government agreed in principle to cooperate. On December 7, the U.N. General Assembly unanimously approved the seating of the Cambodian government at which time the U.S. likewise gave its aforementioned acceptance.

ASEAN, which had postponed Cambodia's entry into its membership previously scheduled for July 1997, accepted the election results. On September 4, the association hailed the election as "successful." Filipino Secretary of State Domingo Saizon accused the opposition leaders of acting irresponsibly and immorally in their initial refusal to join in a coalition government. Singapore Foreign Minister S. Jayakumar, chairman of the ASEAN Standing Committee for 1998, stated that ASEAN was looking forward to admitting Cambodia as a member "in the near future."

Despite the positive outlook, Cambodia was not granted admission into the regional grouping during the informal ASEAN Summit in December. The crux of the matter was that some ASEAN members did not believe that Cambodia was ready to join. Vietnam, Indonesia, and Malaysia were strongly supportive of granting immediate membership, while Singapore, Thailand, and the Philippines wanted to wait until the country's political situation was more settled. Singapore, for instance, took the view that there was no need to rush into admitting Cambodia, because the new coalition government still had to implement "all key aspects" of the agreement between the CPP and FUNCINPEC. At the December summit, ASEAN leaders agreed in principle to admit Cambodia, but no specific date was fixed.

## Conclusion

Cambodia made progress in 1998, particularly in the political arena. The Khmer Rouge's armed rebellion died out. Hostilities between Hun Sen and Ranariddh came to an end when they agreed to form a new coalition government. The international community seemed more satisfied with the military and political developments and appeared willing to support the reconstruction of Cambodia, although the level of aid inflow would be lower than it had been previously. The CPP remained dominant with the same old guard still in power, and many economic difficulties confronted the leadership.