Diplomatic relations with North Korea were established in 1964. The action was accompanied by a joint proposal for economic cooperation and criticism by both countries of United States involvement in Indochina. North Korea was one of the first nations to recognize Cambodia's borders, and Cambodia subsequently stated its support for North Korea's proposal to reunify Korea.

South Korea broke consular relations with Cambodia in 1966.

THE SOVIET UNION AND EASTERN EUROPE

Cambodia established diplomatic relations with the Soviet Union in 1956 and subsequently recognized the Communist nations of Europe. Prince Sihanouk's relations with these countries have consistently improved since that date. In 1967 approximately half of the Cambodian students abroad studied in these countries; trade was increasing; and economic and military aid was received from them.

Soviet-Cambodian relations have improved despite Soviet-Communist Chinese differences. The Soviet Union was the first nation to respond to Prince Sihanouk's June 1967 plea for border recognition; this prompted the Prince to deliver a speech calling the Soviet Union and France the best friends of Cambodia. During the Communist Chinese-Cambodian dispute in the fall of 1967, Prince Sihanouk suggested that if Communist China's aid were cut off he would have to turn to the Soviet Union and France for more help.

THE UNITED STATES

Cambodian-United States relations, which began in a spirit of cooperation, have become strained. Cambodia unilaterally renounced United States military and economic aid in November 1968, and broke diplomatic relations with the United States in May 1965. In late 1967 the United States, Thailand and South Vietnam were cooperating in resisting Communist aggression, whereas Cambodia was pursuing a policy of accommodation to the Communists. Moreover, the failure of the United States to recognize Cambodia's borders in 1967 and its charges that Cambodia was used as a sanctuary for Viet Cong troops intensified the differences of opinion.

Charge and countercharge, however, have not completely alienated the two. Communist Chinese interference in internal affairs in late 1967 prompted the Prince to state that if the unfriendly activity were continued he would be forced to take action which would result in asking the United States for assistance. Prince Sihanouk stated that if the United States would recognize his country's borders he would send an ambassador to Washington immediately.
AUSTRALIA

Cambodian-Australian relations reached their zenith in the spring of 1967 when Prime Minister Harold Holt, after a week's visit in Cambodia, expressed his admiration for the nation and his understanding of its foreign policy position. Six months later a threatened break in relations occurred over the failure of Australia to issue a border declaration acceptable to Sihanouk, plus an incident in which the Australian foreign minister protested a letter from Prince Sihanouk to an Australian student organization sympathizing with the Viet Cong. Cambodia recalled its Ambassador at Canberra in November 1967.

FRANCE

France has maintained excellent relations with Cambodia. French rule in Cambodia was not oppressive, and during the period of the protectorate as well as after independence the French showed their admiration for Khmer culture and contributed to its study and preservation. French education, long the key to social and political advancement, remains important; French culture is admired; and the support of the newly independent nations by President Charles de Gaulle strengthens the close feelings between the two nations.

France materially assists Cambodia, and similarities in policy with regard to Southeast Asia provide moral support. It provided Cambodia with a military mission after independence and helped fill the gap left by the discontinuance of United States economic aid in 1963. A French mission of approximately 400 men continued in 1967 to provide military assistance and training and was the only foreign military mission in the country. In 1966 a visit by President de Gaulle and his addresses were enthusiastically received.

OTHER NATIONS

Diplomatic relations with Great Britain deteriorated during the 1960's because its government did not accept Prince Sihanouk's demand that it guarantee Cambodia's neutrality. In November 1967 Prince Sihanouk declared that he would "freeze" diplomatic relations with Great Britain if border recognition were not granted by the end of January 1968.

West Germany, which established diplomatic relations with Cambodia in November 1967, is its sixth most important trading partner.

Diplomatic relations are maintained with Austria, Belgium, Denmark, Italy, the Netherlands, Spain, Sweden and Switzerland.

In the fall of 1967 Senegal, Mauritania and Guinea recognized Cambodia's borders and proposed an exchange of ambassadors.
The president of Mauritania visited Cambodia in November 1967, and Prince Sihanouk accepted an invitation to return the visit.

Diplomatic relations are maintained with the United Arab Republic, which recognized Cambodia's borders in 1967.

In 1967 the visit of the Israeli foreign minister was welcomed as an example of Cambodian neutrality, and Israel recognized Cambodia's borders.

Cuba signed a trade agreement with Cambodia in 1962 and recognized its borders and sent an ambassador in 1967. In 1966 the First Tri-Continental Congress, held in Cuba, declared its support of Cambodian neutrality.

MULTINATIONAL ORGANIZATIONS

Cambodia was admitted to the United Nations in 1955 under a compromise 16-nation package agreement accepted by the Soviet Union and the United States. It is a member of most of the Specialized Agencies of the United Nations and of the International Red Cross Society. It is a participant in the General Agreement on Tariffs and Trade and strongly supports the efforts of the United Nations Committee on Trade and Development, which seeks to arrange more favorable trading terms between the developing countries and the industrialized nations.

Attitudes toward regional organizations are principally determined by security considerations. In 1965, after 6 years of attempted negotiations had failed to obtain international guarantees of neutrality, Cambodia proposed an eight-point program for peace in Asia. The points were: Asia should unite to eliminate all imperialist forces in the area; powerful Asian powers should not differentiate between small and large states; force should not be used to solve border problems; Asian leaders should hold periodic conferences; an Organization of Asian Nations should be created; only nonindigenous governments would be denied membership; disputes would be settled in the International Court of Justice; and an Organization of Asian Nations police force should be created. The proposal failed to elicit a response from other Asian nations.

By November 1967 membership in regional organizations (Asian Solidarity Association and the Association of Southeast Asia Nations) had been rejected on the grounds that they were Western inspired. The Mekong River project in Cambodia had come to a standstill because of differences between the four riparian members of the Mekong Coordination Committee, and membership in the Asian Development Bank was withdrawn in October 1967. At that time the Prince stated that his nation did not care to participate in regional organizations.
CHAPTER 16
PUBLIC INFORMATION

The principal exponent of the direct dissemination of information is Prince Sihanouk, and his views are shared, with some reservations, by the political elite. The government leaders believe they need to give their views to the people if they are to achieve their goals of unity, neutrality and development.

An effort was constantly made in 1967, through personal appearances and the mass media, to present government policy to the people and to convince them of its correctness. There were 13 daily newspapers and 1 radio station, which was government owned and an important source of news information. A function of the communications channels was to explain government programs and policies, and the effect created between the Cambodian people and their leaders a marked similarity of views.

Unity of opinion is strengthened by the character of the communications network. Radio, television and the Khmer Press Agency (Agence Khmère de Presse—AKP), the national news agency, are operated by the Ministry of Information. Most directors of the privately owned Khmer- and French-language newspapers are government officials or have previously held high-level government positions. All publications must be officially licensed, and films are censored. Only the Communist press dared question Prince Nordom Sihanouk; it was subsequently closed.

The generally accepted range of opinion has well-defined limits. Foreign policy in regard to Cambodia’s relationships with particular countries or organizations is sometimes questioned, but never the policy of neutrality.

Two other factors affect the information made available to the Cambodian: the influence of the French and the Vietnam war. French citizens hold influential positions on newspapers and periodicals, in the Ministry of Information and as advisers to Prince Sihanouk. Most releases from foreign news services that are used are those of Agence France-Presse, and its reporting of the Vietnam War often serves to strengthen the pro-Liberation Front, anti-United States position of the Cambodian Government (see ch. 15, Foreign Relations). This view is reinforced by Radio Peking and Radio Hanoi, which beam over 4 hours.
daily of anti-United States propaganda into Cambodia. The Vietnam War is extensively reported, but entirely from the point of view of opposition to United States involvement.

COMMUNICATIONS PATTERNS

Under the French protectorate public education was extremely limited; newspapers were rare; and few people owned radios. Since independence, education and public information have developed. The government has spent almost 25 percent of its yearly budget for education and foresees that illiteracy, estimated at almost 69 percent in 1958, will be eliminated by 1968. Newspaper circulation has tripled; television has been introduced; and radio, now found in almost every home, has become an important opinion maker.

In 1967 the voice of Prince Sihanouk and his printed dissertations were heard or read through all communications media. His speeches sometimes take up as much as one-third of daily broadcast time, and his activities receive front page coverage in all newspapers. As the highest authority of the people, he is listened to with reverence and belief.

In spite of such innovations as radio, however, word-of-mouth communication—once the principal method of informing and persuading—continues to play an important role. The monks are the interpreters of the news, and for the rural worker information may be of no consequence until it has been explained by the revered ecclesiastic whose advice is constantly sought. The traditional pattern of religious instruction for all boys serves to establish the influence of the monks in later life since close personal ties tend to be formed during this period.

The temple, as the focal point of community activity, is a key point in the transmission of information. People gather there to read the bulletin boards, books and newspapers and to converse with the monks. It thus serves as a link between the community and the nation, just as it serves as a bridge between the community and the world of the spirit.

Information is easily carried from one community to another by visiting government officials, schoolteachers, truckdrivers, boatmen and drivers of pedicabs. Cambodians move freely within the country, aided by extensive waterways and an expanding road network.

The Chinese restaurants and sidewalk cafes in the cities are popular spots for casual conversation. Most villages have a Chinese-operated store which, equipped with a few stools and a table or two, is also a restaurant and a center where information is exchanged. Every village has its market, which is ideal for the
Cambodians like to be reasoned with and to hear discussions. Before accepting a particular action or idea, they want to be convinced that it is to their advantage and in line with their basic philosophy and religion. Moral correctness, in terms of Buddhist standards, is extremely important and constitutes a strong, unifying force.

Cambodians relish information but tend to be suspicious of propaganda. Their confidence can be gained by strict honesty about facts and about limitations of knowledge, but not by a pretense of knowledge. If a proverb is cited inaptly, for instance, a Cambodian will categorize the speaker or writer as pretentious and unqualified.

The subtlety and consequent flexibility of the Cambodian language is such that there may be a dozen ways of expressing a particular thought, and the Cambodian chooses his words according to his judgment of the social status of those addressed. Context and knowledge of the personality of the speaker provide clues to the listener in his perception of the intended meaning. Allusions to symbols and legends that are commonly known by Cambodians also enrich the hidden understanding. Prince Sihanouk often refers to legends and uses allegories in his speeches.

Communications between people of one status and those of another are often a matter of nuances to be interpreted by both the speaker and the listener. Cambodians talk frankly and openly only within their particular social stratum. In discussions with people of superior status they are affable but discreet (see ch. 5, Ethnic Groups and Languages).

GOVERNMENT INFORMATION

Prince Sihanouk's Role

Prince Sihanouk takes his message to the people wherever and whenever possible. He travels constantly, often visiting remote villages and towns by helicopter, by automobile and on foot. His royal background, his campaign for independence and unity, his demonstrated interest in the people and his infectious enthusiasm make him the nation's most effective originator and medium of information.

Basically, he stresses the continued identity and independence of the country and its neutrality in foreign affairs. Corollary ideas are loyalty to the nation, the government, the throne and the religion of the country.

Government Agencies

Public opinion is largely molded through the personal guidance
of Prince Sihanouk with the support of his ministers and the agencies of his national movement, the People's Socialist Community (Sangkum Reastr Niyum—usually called Sangkum) (see ch. 14, Political Dynamics).

The Ministry of the Interior, which controls the internal government and administration of the country and, except in time of war, the national and provincial police forces, informs and influences opinion. Government laws and decrees are principally transmitted and applied through its agents. The Ministry of Religion, now a part of the Ministry of the Interior, reaches a large segment of the population through the medium of the Buddhist monks.

The Ministry of National Defense, which administers five frontier provinces, and the Ministry of National Education and Fine Arts, through the school system, influence important segments of the population through their authority and policies. Since 1962 the Ministry of National Defense has assumed responsibility for sports, an increasingly popular activity.

The Ministry of Information is officially responsible for publicizing government programs and policies. Information halls in every provincial capital are generally maintained by local employees of the Ministry. In the smaller towns and villages this effort is normally limited to a billboard, located near the town-hall, on which posters and official communications are posted by the mayor.

Government Publications

The government issues various official publications and influences all nongovernmental publishing. There is no official censorship, but every publication, whether or not printed in the country, must be licensed by the Ministry of Information. The Ministry may withdraw such a license at will, and there is little chance of appeal (see table 6).

The Journal Officiel du Cambodge, issued in both French and Khmer editions, is the official organ of the government. All laws, decrees and other official government acts are published in it.

Foremost among the other social publications is the Agence Khmère de Presse, the daily 60-page mimeographed press bulletin of the AKP, the official Cambodian news agency. It was created as an autonomous corporation to be operated by the Ministry of Information. The AKP distributes 5,000 words in French each day to eight newspapers and to the government-owned radio and television stations. It has exchange agreements with the TASS (Soviet Union), TanYug (Yugoslavia), New China News Agency (Communist China) and ADN (East Germany) news services, and it subscribes to the Reuters (Great Britain) and Agence France-Presse (France) news services.

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<table>
<thead>
<tr>
<th>Name</th>
<th>Type</th>
<th>Circulation</th>
<th>Language</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agence Khmère de Presse (Khmer Press Agency)</td>
<td>—do—</td>
<td>2,000</td>
<td>French</td>
<td>Press bulletin of Agence Khmère de Presse, the official news agency.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Khmer</td>
<td>Source of news for most other newspapers.</td>
</tr>
<tr>
<td>Contre-Gouvernement (Countergovernment)</td>
<td>—do—</td>
<td>2,500</td>
<td>French</td>
<td>Represents the position of Prince Sihanouk.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Khmer</td>
<td>Published by the Central Committee of Sangkum.</td>
</tr>
<tr>
<td>Neak Chit Niyum (The Nationalist)</td>
<td>Weekly</td>
<td>8,000</td>
<td>Khmer</td>
<td>Official organ of Sangkum. Published by Sangkum.</td>
</tr>
<tr>
<td>Réalités Cambodgiennes</td>
<td>—do—</td>
<td>4,500</td>
<td>French</td>
<td>Semiofficial journal. A French citizen holds an influential editorial</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>position.</td>
</tr>
<tr>
<td>Kambuja</td>
<td>—do—</td>
<td>20,000</td>
<td>French</td>
<td>Directed at foreign readers. Features pictures and general policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>statements.</td>
</tr>
<tr>
<td>Le Sangkum</td>
<td>—do—</td>
<td>10,000</td>
<td>English</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Phseng-Phseng</td>
<td>—do—</td>
<td>25,000</td>
<td>Khmer</td>
<td>A satirical review. Is extremely popular.</td>
</tr>
</tbody>
</table>

*Sangkum Reastr Niyum (People's Socialist Community). Prince Sihanouk’s party.*
The Agence Khmère de Presse has approximately 2,000 subscribers, mostly members of the diplomatic corps and civil servants. It covers Prince Sihanouk’s activities in detail; his speeches, after being edited, are printed as official textbooks. Over 60 items of foreign news appear daily, many related to the Vietnam War and most bearing an AKP byline. Government news is printed almost as straight press releases and includes little or no editorial comment. Public notices and entertainment schedules appear daily, but there is no advertising.

Contre-Gouvernement (Countergovernment) was created in 1966 by Prince Sihanouk to serve as a critic of the newly elected Lon Nol government, which the Prince considered too conservative. It is published by the Central Committee of the Sangkum; its contributors are high-level members of that body and sometimes Prince Sihanouk himself. Its 20 to 30 mimeographed pages are distributed to 4,000 persons, 2,500 of whom receive the French-language version and 1,500 who receive the Khmer-language edition.

Contre-Gouvernement reflects the position of the government at the highest level, Prince Sihanouk. It turned its criticisms to domestic problems and corruption in the government as the Lon Nol government was shifted out of power. In mid-1967, concurrent with the government’s lessening of relations with Communist China, one of its editors, a strong pro-Communist China advocate, was removed.

Neak Chit Niyum (The Nationalist), a Khmer-language weekly, is the official organ of the Sangkum. Most articles are written by Sangkum members for the rural-oriented subscribers. A summary of news and of Prince Sihanouk’s activities accompanies discussions of agricultural science, crop care and rice production. There are 8,000 paid subscriptions, but more copies are distributed through the local Sangkum headquarters.

Réalités Cambodgiennes, a French-language weekly news magazine, is partially subsidized by the government. It is a semiofficial journal containing policy editorials, news and commentary. The director is a top-level government official, but the supervisor of policy is a French citizen, who is also the AFP correspondent in Phnom Penh. Of its 4,500 subscriptions, 8,000 are from other countries.

Three monthly magazines, all directed by Prince Sihanouk, are published by the government. Kambuja and Le Sangkum, printed for foreign consumption, are both edited by Chau Seng, the leftist editor of the daily newspaper La Nouvelle D dépêche. Kambuja is similar to Life magazine in size, use of pictures and layout. It contains statements of Cambodian policy and a large number of political cartoons. It is directed at a foreign audience
and emphasizes Cambodia's accomplishments and tourist attractions. Its circulation is 20,000 copies in French and 10,000 in English. *Le Sangkum* is an illustrated political review and features official statements, editorials, news and political cartoons. It is printed in French and has a circulation of 5,000.

*Phseng-Phseng*, also directed by Prince Sihanouk, is a monthly satirical review that is popular with Cambodians. Its 25,000 subscribers make it the only financially profitable magazine in the country. It is published in Khmer and features caricatures, political cartoons and numerous photographs.

**NEWSPAPERS**

There are 13 daily newspapers, published in four languages: Khmer, Chinese, Vietnamese and French. All are printed in Phnom Penh, where over half of the 65,000 subscribers are found. There are 27,000 subscribers to the five Khmer-language and 25,200 to the five Chinese-language newspapers. The one Vietnamese-language newspaper has a circulation of 6,000, which equals that of the two French-language newspapers (see table 7).

A 1951 law gave everyone the right to print and publish in Khmer or any other language, if notice were given to the Ministry of Information. Early in 1957 the government passed a law which guaranteed the right to disseminate and defend any idea, political or religious. In practice, newspapers have on occasion been suppressed, but publications suppressed under one name often continue by merely changing to another name.

The five Khmer-language dailies are designed more to entertain than to inform. *Souchivathor* (Civilization) has 11,000 subscriptions, the highest number for any daily in the country. It concentrates on crime, scandal in government and the Vietnam War. *Meatophum* (Motherland) prints four to six pages daily and has a circulation of 7,000. It contains stories, lengthy articles and crime reports. Prince Sihanouk referred to both of these newspapers as "Khmer red" in a 1967 speech.

*Souvannuphum* (Golden Country) was established in 1964 by a young, experienced editor. Its lively stories concentrate on domestic scandal, which is what the editor says his 2,000 readers prefer. *Soriya* (Morning) is a pro-Chinese Communist newspaper which, at times, has discreetly criticized Prince Sihanouk in its praise of Communist China.

*Khmer Eichorii* (Khmer Independent), the most influential Khmer-language daily, began publication in 1967. Its editor, Sim Var, is a respected and influential political figure.

The five Chinese-language dailies are oriented toward Communist China. The Chinese press is in a better financial position than the other newspapers because the Chinese merchants ad-
<table>
<thead>
<tr>
<th>Name</th>
<th>Circulation</th>
<th>Publisher</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Khmer Language</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Souchivathor (Civilization)</td>
<td>11,000</td>
<td>n. a.*</td>
<td>Concentrates on scandal and Vietnam war. Leftist.</td>
</tr>
<tr>
<td>Mealophum (Motherland)</td>
<td>7,000</td>
<td>— do —</td>
<td>Leftist.</td>
</tr>
<tr>
<td>Sovannaphum (Golden Country)</td>
<td>2,000</td>
<td>— do —</td>
<td>Concentrates on domestic scandal.</td>
</tr>
<tr>
<td>Soriya (Morning)</td>
<td>n. a.</td>
<td>— do —</td>
<td>Pro-Communist China.</td>
</tr>
<tr>
<td>Khmer Eichorii</td>
<td>— do —</td>
<td>Sim Var</td>
<td>Anti-Communist China. Advocates some free enterprise.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Influential.</td>
</tr>
<tr>
<td><strong>Chinese Language</strong></td>
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</tr>
<tr>
<td>Mekong Yat Pao (Morning News)</td>
<td>7,200</td>
<td>n. a.</td>
<td>Once pro-Nationalist China.</td>
</tr>
<tr>
<td>Cong Thuong Pao (Journal of Trade and Commerce)</td>
<td>6,000</td>
<td>— do —</td>
<td>Most influential Chinese daily. Subsidized by Communist China.</td>
</tr>
<tr>
<td>Mien Hao Yat Pao (Khmer-China Daily)</td>
<td>6,000</td>
<td>— do —</td>
<td>Subsidized by Communist China.</td>
</tr>
<tr>
<td>Sanh Hao Ou Pao (Life Evening News)</td>
<td>4,500</td>
<td>— do —</td>
<td>Afternoon newspaper.</td>
</tr>
<tr>
<td>Kwai Po (Quick News)</td>
<td>3,500</td>
<td>— do —</td>
<td>Afternoon newspaper.</td>
</tr>
<tr>
<td><strong>Vietnamese Language</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trung Lap (The Neutral)</td>
<td>6,000</td>
<td>Du Cam</td>
<td>Organ of Vietnamese Communists. Full coverage of local news.</td>
</tr>
<tr>
<td><strong>French Language</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>La Nouvelle Dépêche (The New Dispatch)</td>
<td>4,000</td>
<td>Chau Seng</td>
<td>Editor is pro-Communist China, anti-United States.</td>
</tr>
</tbody>
</table>

*n.a.—not available.
The Chinese also own most of the buses and trucks, and they ensure that their newspapers are distributed throughout the country.

The Mekong Yat Pao (Morning News), is the oldest (15 years) and the largest (7,200 circulation) Chinese-language daily.

The Cong Thuong Pao (Journal of Trade and Commerce), is an eight-page daily and has 6,000 subscribers. It carries industrial and commercial news and is the most influential of the Chinese dailies. The Mien Hao Yat Pao (Khmer-China Daily) has 6,000 subscribers. Both of these newspapers are reportedly subsidized by Communist China.

There are two small afternoon newspapers, Sanh Hao Ou Pao (Life Evening News) and Kwai Po (Quick News). Sanh Hao has a circulation of 4,500; and Kwai Po, 3,500.

Trung Lap (The Neutral), founded in 1959, is the only Vietnamese-language newspaper. Its circulation climbed from 4,000 in 1959 to over 6,000 in 1967. It has its own reporters, who cover the major news stories, but the newspaper carries no commentary on domestic events or events in Communist China. Over half of its space is devoted to news of Vietnam. The same staff publishes a weekly, Trung Lap Chu Nat, which has a circulation of 2,500.

The two French-language dailies are distributed primarily to the better educated elite who live in the capital. La Dépêche du Cambodge was founded in 1957 as a semiofficial organ of the Sangkum. In 1966 Chau Seng, its editor, gained complete control of the newspaper and changed its name to Lă Nouvelle Dépêche (The New Dispatch). The editor’s views are reflected in the editorials and news stories, particularly those about Vietnam, which occasionally cover half of the front page. Regular contributors are Prince Sihanouk, the editor of Contre-Gouvernment and other influential politicians.

The semiofficial, leftist La Nouvelle Dépêche is countered by the moderate, independent Phnom Penh Presse. Duoc Rasy, the editor, is an economist of note and the minister of finance and planning. Of the 2,000 copies circulated daily, only 1,200 go to paying subscribers, which indicates heavy subsidization. It reprints political articles from French newspapers and AKP news stories. In 1966 Sim Var, editor of Khmer Eichori, joined Duoc Rasy in an attack on Chau Seng. The war of words became so vituperative that Prince Sihanouk intervened.

A number of newspapers in all languages have shut down since 1960. Three Khmer-language Communist newspapers deserve special mention. Pracheachon, the official organ of the Pracheachon party, was closed by the government. Preah Vihear and Damneng Thmei, both Communist oriented, were closed in
1966 after Prince Sihanouk publicly denounced their editors at a session of the National Congress for implying that the Viet Minh and not Prince Sihanouk had won Cambodian independence. The government will not permit an openly Communist newspaper to operate.

RADIO

The availability of the cheap transistor radio has made the medium an important influence on opinion. There were estimated to be 400,000 receivers in 1967 as compared to 20,000 in 1957. Virtually all village homes and most rural homes have their own sets, which are played at top volume much of the day. Radio is an important source of news and information and serves as a national unifier by broadcasting the speeches of Prince Sihanouk, whose voice occupies up to 25 percent of broadcast time per week.

The one radio station, Khmer National Radio (Radiodiffusion Nationale Khmère—RNK), is operated in Phnom Penh by the Ministry of Information. Its 20-kilowatt mediumwave transmitter and 15- and 50-kilowatt shortwave transmitters, all gifts of Communist China, permit it to broadcast over all of Southeast Asia. RNK provides a domestic service in Khmer, a shortwave international service in French and English and a shortwave experimental service in various Asian languages.

RNK domestic service broadcasts news and music, at 49 and 213 meters, from 6 until 9 a.m., 11 a.m. until 3 p.m. and 4 until 11 p.m. daily. Fifteen to 30 minutes of news, supplied almost exclusively by AKP, are heard every day at 6 a.m., 12 noon, 7 p.m. and 9 p.m. Ten minutes of civic education are given daily at 6 p.m. followed by 15 minutes of instruction in Russian or English. At 7:45 p.m. there is a daily 15-minute program entitled, "Our Citizens Answer Our Foreign Detractors." The government limits advertising to 3 percent of broadcast time.

RNK international service broadcasts music and news in French and English, at 61 and 405 meters, from 6:15 to 8 a.m. and 11 a.m. to 12 p.m. daily. RNK’s shortwave experimental station broadcasts, at 31 meters, a few minutes daily in three Chinese dialects, Laotian, Thai, Vietnamese, Hindi and Japanese.

TELEVISION

In 1961, with the aid of Japan, a television station was set up. Experimental service started in 1962 with 6 hours of telecasting a week. There was no live transmission, and there were only 300 sets in the capital. In 1967 there were 7,000 sets receiving approximately 10 hours of local programs a week. The
fact that the programs were of poor quality was recognized by the government.

**FILMS**

Filmgoing, which is becoming increasingly popular, is largely limited to Phnom Penh. There were 40 theaters, with a combined seating capacity of 24,000 in 1965. Attendance rose from 1.9 million in 1955 to 3.2 million in 1960. Some 800 feature films a year are imported under strict government censorship, mostly from India, the United States, Communist China and France.

Indian films, generally modern representations of old religious legends or swashbuckling adventure stories, are popular. Chinese films, which are well done, invariably carry a propaganda message. United States "Westerns" are liked for their sweep of action and scenery, and American comedies and the Tarzan series are well received.

Outside of Phnom Penh and the provincial capitals, there are few theaters. Nevertheless, mobile projection vehicles enable newsreels and documentaries to reach village audiences. The Ministry of Information produces newsreels and educational films, and the government imports some 700 newsreels and documentaries a year.

The Cambodian film industry, which initially produced entertainment films of the love story and thriller type, is becoming more sophisticated. Prince Sihanouk has produced a number of films portraying the beauties of Cambodia, which have been shown internationally. Seventy-two feature films were produced in 1960.

**FOREIGN INFORMATION**

France has the only sizable information program in Cambodia, but radio broadcasts can be picked up from all neighboring countries. Magazines and propaganda materials are available despite a currency restriction which permits only magazines printed in France to be imported. Five publications have been specifically banned by the Ministry of Information: Time, Newsweek and the French Candide, L'Aurore and L'Express.

**United States Activities**

The United States, which had an extensive United States Information Service and Agency for International Development program before 1963, now limits its activities to its Voice of America (VOA) broadcasts. VOA transmits 1 hour a day of news, music and discussion. State Department policy statements relating to Cambodia are included to keep the record as clear as possible. The Khmer Serei, a group opposed to the policies of the
government, operates a clandestine radio transmitter in Thailand; some Cambodians believe that its activities are supported by the United States.

**French Activities**

French cultural activities are welcomed, particularly in the capital, where most of the young people live who studied in France. The Alliance Francaise maintains in Phnom Penh a cultural center containing a library, lecture halls and exhibition space. French films are frequently shown at the French Embassy. About 300 French teachers serve in Cambodian schools every year, and French citizens hold influential positions on the staffs of newspapers and in the Ministry of Information. *Paris Match*, which sells 600 copies a week, and the French edition of the *Reader’s Digest*, which distributes 550 issues a month, are the largest selling foreign periodicals.

The French approach to influencing Cambodians avoids the attempt to “explain” or “sell” France. The French Information Service often sponsors exhibits of specific interest to Cambodians, such as picture displays concerning special Cambodian ceremonies, religious holidays and royal activities. These seem to be received favorably. French economic aid and trade relations are also emphasized.

**COMMUNIST PROPAGANDA**

Domestic Communist propaganda lost much of its strength after the gaining of independence and the signing of the 1954 Geneva Agreement. The national government could no longer be called a French puppet, and the subsequent general elections eliminated the other major line of the Communists, lack of true democracy. Prince Sihanouk’s abdication in 1955 and his insistence on a foreign policy based on neutrality and peaceful co-existence further blunted their opposition. In 1967 the Communists attempted to identify themselves with Prince Sihanouk because of his popularity. They attacked his real and imagined opponents under the general theme of “American imperialists and their lackeys” (see ch. 14, Political Dynamics).

The Vietnamese and the Chinese residing in Cambodia are the special targets of Communist propaganda. Pressures may be exerted on them by actions or threats of action against relatives in Communist-controlled North Vietnam and Communist China.
Cambodian society is exceptionally homogeneous. The interests and attitudes of the people revolve around Buddhism and the seasonal cycle of planting and harvesting, not national politics, which for them consists largely of reverence for their national leader whom they consider the personification of Khmer civilization. Since independence political awareness has sharply increased as the result of the ritual of voting, literacy programs and government propaganda, but a provincial outlook is still dominant.

Prince Norodom Sihanouk attempts to stimulate and guide the citizens by promoting ideas and activities intended to extend their horizon from the village to the national level. Most Cambodians now think of themselves as citizens of a nation, but their political views are limited to a reflection of the opinions set forth by the government-controlled news media. Basically, they accept the paternal authoritarianism of the Prince and support his programs and policies. Few persons oppose government policy, and their activities are carried out within the framework of the People's Socialist Community (Sangkum Reastr Niyum—usually called Sangkum).

THE GOVERNMENT

The government has consistently attempted to instill in the people the values of Buddhism, nationalism, neutralism, independence and the monarchy. It believes that Khmer civilization and the nation can best be preserved if the people are imbued with these values and unified behind these goals. The Prince and the government leaders write, speak and work constantly on these themes, which they consider vital and above debate. Freedom of speech, a right guaranteed in the Constitution, is not officially interpreted as to permit questioning such values and concepts.

The Monarchy

The leaders viewed the monarchy as an essential element of the continuity of Khmer civilization and culture and a source of political stability. For the people it retained its status as the protector of Buddhism and personification of the nation. In 1967 Queen Kossamak represented the monarchy, but her son, Prince
Sihanouk, in the eyes of many, retained his former status as king. Regardless of incumbent, the monarchy is retained for its symbolic value as a national unifier.

**Buddhism**

Buddhism is the most influential factor in the daily lives of the people. Instruction from childhood by Buddhist monks, a period served by most males as monks and the close relationship between family life and the local temple ensure a thorough indoctrination and acceptance of the Buddhist precepts which permeate many facets of daily activity.

Buddhists believe that they live in a reincarnation which is justly imposed upon them as a result of their previous existence. Resistance and struggle are not only wrong but are of no benefit; the deserving will be rewarded in the next life.

The government fosters a dynamic rather than a fatalistic interpretation of Buddhist belief. Officially, the nation is embarked on an attempt to create a community built upon Buddhist socialism. As defined by the Prince, Buddhist socialism means the abolition of suffering through energy, intelligence and far­sightedness. It includes the virtues of compassion and respect for others. By correctly understanding these things the nation will work toward the improvement of the individual’s well-being while respecting his rights.

Socialism is not equated with Marxism which has been rejected as a solution for national problems. Prince Sihanouk asserts that Marxist regimes are too harsh and would destroy the joy of life which is a distinguishing element of the country’s society. Buddhism teaches that those with authority must develop the sentiments of goodness and compassion, respecting those over whom they rule, thereby gaining merit and also removing the necessity of revolt. Prince Sihanouk interprets this as meaning that he should make every effort to improve the lot of the “little people” in a compassionate manner and that they in turn should respect their leaders.

**The Nation**

Nationalism is most evident in the loyalty and affection the people demonstrate toward their national leader. He stresses the equality of all citizens and the effort they must make together to build the nation. Civil servants and even Cabinet ministers are required to work 2 weeks each year with villagers in their social welfare projects.

Nationalism is supported by the people’s love of the land. A Cambodian believes that permanent separation from his homeland may affect his reincarnation. There is a genuine dread of exile, a form of punishment prohibited by the Constitution.
Independence and Neutralism

No citizen may question the validity of national independence and neutralism. Neutralism is the strategy for the maintenance of independence and noninvolvement in the Vietnam war, and, although the Prince’s tactics may often appear less than neutralist, his basic strategy has remained the same. The Prince has often stated that Communist China or the United States could swallow his country but that the strict maintenance of nonalignment has averted this danger. Moreover, neutralism, he believes, permits concentration on domestic problems rather than overinvolvement in external affairs about which little can be done.

THE GOVERNMENT AND THE PEOPLE

Traditionally, the Cambodians have been responsive to the leadership of their rulers. Prince Sihanouk has fully exploited this loyalty, successfully uniting his countrymen in a program of gradual economic, cultural and political change as well as winning support for his foreign policy. His efforts have been strengthened by incorporating his policies with the traditions and beliefs of the people. Programs are designed to better the nation without challenging its traditions.

The persons who have manifested opposition to the paternal authoritarianism of Prince Sihanouk are those with a higher education. They are not opposed to the Prince’s goals, but they believe that more democracy should be allowed, that authority should be more widely distributed and that the opportunity to gain power should be more open. These desires are not represented in the form of any organization, but they indicate that, as the educational level of the population rapidly improves, the Prince’s ability to control may diminish.

THE BUDDHIST CLERGY

Members of the Buddhist clergy have great influence in national life. The temple is still the focal point of village activity, and it is important for a villager to be recognized as a good Buddhist in order to be elected to local office. Much of the material support for the Buddhist hierarchy comes from the royal family, and Prince Sihanouk seeks its favor by asking its members to officiate at state ceremonies, participate in the dedication of new buildings in the provinces and interest themselves in education and community welfare projects. The Constitution denies them the right to vote, and their belief has prohibited them from participating in politics.

Most monks see their country as the repository of Buddhist values which must be protected and preserved. They also are foremost in defending Cambodian traditions and customs. They are attempting to accommodate nationalism, industrialization,
scientific inquiry and the objective of progress within the philo-
osophy of Buddhism. Change challenges their position, and there
is criticism from some intellectuals who feel that 60,000 to 70,000
unproductive monks are far too many, in purely economic terms,
for the rest of the population to support.

FOREIGN MINORITIES

Foreign ethnic minorities look upon the country as a land of
economic opportunity and, for the most part, do not consider
themselves Cambodian. Their loyalties are either nonexistent or
directed toward their native lands. They tend to scorn the Cam-
bodians for their lack of commercial aptitude.

The Chinese

The Chinese are both resented and admired for their economic
success and position. Heretofore they have stayed out of politics,
avoiding anything that might offend government officials. In
general, relations between the Chinese and Cambodians have been
amicable, and they have respected each other's traditions. The
Chinese are regarded as good marriage partners, and inter-
marrige is frequent.

In 1954 the government, which previously had sought to exclude
the Chinese from citizenship, passed a law making eligible for
citizenship anyone who had one Cambodian parent. Meanwhile,
the government policy of strictly limiting Chinese immigration
continued. The combination of these two policies has reduced the
percentage of Chinese citizens in Cambodia from 10.8 percent of
the population in 1949 to 6.5 percent 1966 (see ch. 5, Ethnic
Groups and Languages).

Approximately 90 percent of the merchants, who constitute
an economic middle class, are Chinese. They have become Sino-
Cambodian in attitude and have contributed to Chinese schools
and hospitals; in recent years they have become more involved in
national affairs. A number of important government officials
are of Chinese extraction, and many more became state employees
after the nationalization of the export-import and credit institu-
tions which they previously had monopolized. The nine richest men
in Cambodia are of Chinese origin.

The Chinese admire Communist China, but they would not like
to live there. The younger Chinese may feel more affinity for
Communist China than for Nationalist China because of the
Cambodian Government's established relations with Peking and
the illegal teaching of the principles of Mao Tse-tung and other
forms of propaganda in Chinese schools. In 1967 the government
cracked down upon Maoist agitation and activities in the schools
and greatly curtailed the propaganda activities of the Chinese
Embassy in order to prevent a Burma-type eruption of Maoist violence in Cambodia.

The Vietnamese

The Vietnamese are generally disliked. Prince Sihanouk has written that, although Cambodians and Chinese can intermarry and become Sino-Cambodian, unions of this nature between Cambodians and Vietnamese are improbable. Prejudice, occasionally involving racial conflict, has been demonstrated in the past, and in 1963 the National Congress voted to refuse naturalization to the Vietnamese on the principle that they were unassimilable (see ch. 5, Ethnic Groups and Languages).

ETHNIC MINORITIES

The Khmer Loeu (upper Khmer) are being assimilated into the national culture through a civic action program. There is growing indication of conflict between them and the Khmer, despite the generally tolerant nature of both peoples. The lowland Khmer tend to look down upon the Khmer Loeu; the term “phong,” used to describe these tribal peoples, means “slaves.”

The Cham-Malays, a cohesive Moslem minority numbering 78,000 in 1963, have always demonstrated loyalty to the nation. Their supreme chief is appointed by the Chief of State and is considered equal in rank to members of the royal court. In the early 1950’s they were the objects of an intensive Viet Minh propaganda campaign which was completely unsuccessful.

OTHER NATIONALS

Most Cambodians have extremely vague ideas about other countries, except neighboring ones, and about the world in general. Their attitude toward world politics was expressed by Prince Sihanouk when he recommended that Cambodian policy toward the Big Powers be that of an ant standing aside while the elephants fight.

Cambodians hold great esteem for France. The French are admired for their culture and for a foreign policy which has made France the champion of small nations. Intellectuals believe that French intervention saved Cambodia from being seized by Thailand or Vietnam and that the French took the first important steps toward bringing Cambodia abreast of contemporary thought and action. Some of Prince Sihanouk’s closest advisers are French. There is also residual esteem for India as the source of many local customs, the homeland of Buddhism and a holy place.

The attitude of the government toward the Asian nations and peoples depends on its current foreign policy considerations. More basically, the Vietnamese are distrusted because part of present-
day Vietnam includes territory which formerly belonged to the Khmer empire. The Thai, Laotians and Burmese are considered similar on the basis of a common adherence to Theravada Buddhism.

Americans were little known until after World War II when they maintained a number of missions in the country. Personal relations at that time were often friendly, but since the break in diplomatic relations they have often been the object of criticism by the Prince.

NATIONAL SYMBOLS

The royal palace signifies the religious center of the world and the pivot of the universe. The city of Phnom Penh is considered to be a microcosm, and at his coronation the King makes a “cosmic procession” by going in turn toward the “four cardinal points,” wearing the costume and crown of each particular point as he does so.

The seven-storied parasol over the Kings’s throne symbolizes his power and represents the stages of the world around the central pivot. According to legend the parasol is inhabited by a powerful spirit who wisely counsels the King. The Sacred Sword (Preah Khan) is revered as the safeguard of the kingdom.

The national flag has a wide horizontal band of red with narrower bands of blue at the top and bottom. A white representation of the Angkor Wat is shown on the red band.

The national anthem is titled “Nokareach,” a combination of two words that mean country and reign.

May Heaven protect our King
And give him happiness and glory;
May he reign over our hearts and our destinies.
He who—heir to the builder Monarchs—
Governs the proud and old Kingdom.

The temples sleep in the forest
Recalling the grandeur of the Moha Nokar.
The Khmer race is as eternal as the rocks.
Let us have confidence in the faith of Kampuchea
The Empire which defies the years.

Songs rise in the pagodas
To the glory of the holy Buddhist faith.
Let us be faithful to the creed of our ancestors
So that Heaven may reward us
Of the old Khmer country of the Moha Nokar.
Like the society it serves, the economy is fundamentally agrarian. Producing units, whether in farming, fishing, forestry or industry, are for the most part small, and both goods and services are habitually acquired by barter. The preponderant agricultural sector comprises an export component of two staple cash crops, rice and rubber, superimposed upon an extensive subsistence base, including handicraft industry, which is only slowly succumbing to the process of monetization.

Prime factors controlling the structure and the year to year performance of this economy are climate and topography. The whole country lies within the zone of the monsoon and embraces the broad, moderately contoured river basin of the Mekong and its tributaries, including the Tonle Sap. This subtropical environment, combined with the comparatively low population density of even the flat central savannas which are best for ricegrowing, ensures general self-sufficiency in foodstuffs at the cost of relatively small inputs of labor or fertilizer.

Although half the total land surface is covered by virgin tropical hardwood, another quarter is under cultivation, and over 80 percent of this arable acreage is devoted to rice, the people’s chief staple. In the purchase of tillage requirements and in the sale of surplus rice, state-sponsored cooperatives and other governmental agencies have begun to emancipate the rural operator from middlemen speculators and village usurers.

Corn covers the second largest crop acreage and provides the second largest contribution to food supply. In addition, not only is it fed to livestock, it is also exported. For both crops, small owner-farmed holdings remain the characteristic unit of production; 60 percent of these holdings occupy under 2 acres apiece. Large stands of timber, too, are freely exploited by local residents. In rubber, on the other hand, the large French-managed estates have preserved their preeminence, and sizable land concessions
have accompanied the introduction of coconut, hemp, silk, cotton, oilseeds, beans, tobacco, tea, pineapple and sugar palm.

Vagaries of the weather, especially failure of the monsoon, and related aberrant behavior of the Mekong-Tonle Sap floodwater constantly threaten the agricultural basis of the economy, but since the demographic pressure upon the cultivated acreage is very light, an adverse turn of events in one season is likely to engender, not a famine, but a shortfall in the exportable surplus of rice. Though such a shortfall is the lesser catastrophe, it does have the wider consequence of deterioration in the national balance of payments.

Lacking a good supply of internally generated capital and, therefore, relying heavily upon the foreign exchange earned on world markets by export staples, Cambodia has suffered since World War II both from weather abnormalities and from the fall of rubber export prices and the rise of industrial import prices. In addition, an almost total absence of fossil fuels and of metalliferous minerals is only partly compensated by potentially large resources of waterpower and by some good deposits of basic materials essential in construction.

Governmental policy since independence has sought to strengthen the agricultural base through modernization and crop diversification and, at the same time, to diminish the dependence on foreign sources for manufactured products which can be produced domestically. Under the guidance of the Chief of State, efforts on many fronts have given flexibility and growth to the economy. These efforts have been seconded by considerable foreign support, financial and technical, both from the West and from the Communist world.

The main effort of national planning—to build up the economic infrastructure—has been impeded by administrative difficulties, but the outcome of the first Five-Year Plan, from 1960 through 1964, appears to have been moderately successful, in terms of industrial plants constructed and initial outputs generated. The 5-year growth in the gross national product from 1959 through 1963 measured at 1967 prices amounted to approximately 22 percent. The constituent increases for the major areas of economic activity were: extractive industries, 16 percent; manufacturing and construction, 35 percent; and services, 23 percent.

Notwithstanding much-advertised training programs, manpower supply at the technical, as distinct from the professional, level remains problematic, for traditional Khmer aversion to manual and blue-collar pursuits has proved difficult to overcome, and managerial talent of top quality is still largely confined to the Chinese and the French. Despite reiterated commitments to
private enterprise in official pronouncements, nationalization of insurance, commercial finance and foreign trade in 1964 greatly enlarged the scope of governmental activity. "Mixed-economy" enterprises, melding private capital with public, have grown considerably. Yet, all in all, state participation in production seems to be grounded in pragmatic rather than in ideological motivation.

Significant evidence of inflation includes a persistent disparity between official and unofficial rates of foreign exchange. Practical self-sufficiency in basic food requirements at the village level, however, more or less immunizes the rural population from the hazards of the monetized part of the economy, and average standards of living have suffered only minimally from the economic strains which the diversion of resources to industrialization imposes.

A second Five-Year Plan, originally scheduled to follow immediately after the first and to run, therefore, from 1965 through 1969, was deferred to 1967-71. There were indications in 1967 that its primary objective would be the further strengthening and diversification of the agricultural sector, rather than further amplification of the other elements of the economy. That way, the process of industrialization could come to depend less and less upon outside assistance. In the early stage of industrialization this policy entails a rate of growth slower than the maximum possible. The pace of economic development is largely controlled by political circumstances, which remain unpredictable.

STRUCTURE OF THE ECONOMY

Before Independence

During the period of the French protectorate there was no general reshaping of the economy. A major contribution to it, however, was the introduction of rubber culture. Other than this, the principal French influence on the economy was the considerable degree of commercial integration with the economies of the other countries forming the Indochinese Union, mainly in monetary, customs and foreign economic affairs (see ch. 3, Historical Setting). Through customs controls, emphasis was placed on the export of raw materials to areas in the French zones of influence and on the purchase of consumer goods from French areas of special political and economic interest. Cambodia was developed as a colonial extension of a metropolitan power; its economy was oriented to the growing of primary products; and its business classes, both foreign and indigenous, devoted their energies and talents toward commerce. There was, therefore, no special emphasis on the expansion and diversification of industry.
During this period, however, there was a major change in the composition of the population which continued to have great economic significance. This was the coming of the Vietnamese and, more importantly, of the Chinese. The Vietnamese came largely because of French influence. They came as laborers on the rubber plantations and as administrative and clerical workers in the government; with the growth of their numbers, they also gradually began to play a significant part in the economy as fishermen and operators of small businesses. The Chinese movement into Cambodia, on the other hand, was only one aspect of the nineteenth century mass migration of Chinese into all Southeast Asia. Since the Chinese were especially skillful in trade and commerce, the influence of this movement permeated the whole fabric of commercial and industrial life, from international banking and international trade down to the marketplaces in the smallest villages.

The extensive business activities of the Chinese contributed greatly to the commercial objectives of the French and to the advancement of economic growth. During the period of the protectorate, for example, fishing and lumbering concessions were provided for, and, because rather large-scale operations were involved, these concession rights were usually acquired by the Chinese, since only they had accumulated funds of the magnitude required for the exploitation of these resources. Other economic functions performed by the Chinese involved the purchase and collection of rice in the rural areas.

Recent Years

Despite the contributions of the French and the Chinese, Cambodia entered upon independence with an exceedingly underdeveloped economy. The new government was confronted with many factors favoring economic growth and also many which retarded that growth.

Among the natural factors which favored further economic development were an abundance of good, arable cropland, a surplus of agricultural produce for export and an enormous water-power potential. Rural society had developed an equitable distribution of farmland, which excluded any traditional landed aristocracy. The country was already skillfully producing a fairly wide variety of the simpler types of industrial products and enjoyed, in territories under French control, dependable trade outlets for rubber as well as for the rice, corn, peppers, fish, lumber and livestock surpluses (see ch. 20, Industry).

A factor which contributed greatly to the developing economy, but which could not begin to operate before development got: 214
started, was the introduction of a great diversity of consumer and capital goods from both free world and Communist countries under foreign aid programs. Especially significant because of its size was the Commodity Import Program of the United States Government. Under that and similar programs, almost every type of consumer and producer goods, including textiles, paper, machinery, vehicles and parts, chemicals and food products, has entered the country. As Cambodians become familiar with the goods and their uses, it becomes possible, through experimentation and duplication, to advance the timetable of industrial progress.

Offsetting these advantages were the problems of scarcity of funds for capital investment; insufficiently trained personnel to implement government plans; a low per capita income; and inadequate power, transport and communications facilities. Furthermore, there were no significant deposits of coal, iron or petroleum (see ch. 20, Industry).

Private investment capital continues to be in short supply and its rate of accumulation low. The government, therefore, remains the only possible source of funds and entrepreneurship for large projects, including pioneer large-scale manufacture, and the main source of financial assistance to small businessmen, farmers and even corporations.

Some private capital was, and still is, invested in the country, maintaining a link with foreign sources which were dominant in colonial times. Much of it is French, chiefly invested in rubber plantations. Chinese capital, formerly concentrated in industry, fishing and lumber, continues to be important for smaller industrial firms. Industry has, in fact, been by far the largest outlet for Chinese investment funds. In spite of the criticisms of usurious Chinese moneylending to small borrowers, the wages and prices prevailing for Chinese-financed enterprises do not reflect any excessive rate of return.

Taking stock of its position after independence, the government set out to make a systematic plan for an attack on its economic problems. These efforts culminated in the formulation of the Two-Year Plan for 1956 and 1957, which placed emphasis on an expansion of health, education, communications and transport facilities; the building of irrigation and flood-control systems; the development of small private enterprises; and community development.

Of the 8,500 million riel (see Glossary) expenditure planned for the 2-year period, only 2,455 million riel, or 70 percent, were actually spent during that time. Of the amount spent, 1,581 million riel (over 62 percent) came from United States aid, 404 million came from French aid, 62 million from Commu-
nist China, 29 million from the Colombo Plan (see Glossary) countries and 22 million from the Soviet Union. Funds supplied by the Cambodian Government amounted to 407 million riels, or between 16 and 17 percent; of this sum, 238 million came from the Royal Office of Cooperation (Office Royale de Coopération—OROC) and from the National Development Bank (Caisse Nationale d’Equipement—CNE), and the remainder came from the national and municipal budgets (see ch. 24, Financial and Monetary System).

Since the objectives of the Two-Year Plan were not attained in the allotted time, the plan was extended through 1958 and 1959; it continued to depend to an important degree on foreign aid, but more and more reliance was placed on funds of indigenous origin. The 4-year period was a transition between complete financial dependence upon France and the financial autonomy of an independent state.

At the outset of 1960 development entered upon a more elaborate stage, with the inauguration of a Five-Year Plan. The closer relationship which it achieved between planned objectives and actual achievement reflected the experience gained under the Two-Year Plan. On the other hand, official concern with irregularities and the postponement of the second Five-Year Plan showed that there were bottlenecks and shortfalls.

The prime objective of the first Five-Year Plan was an annual enlargement of the gross national product amounting to 3 percent per capita, or an aggregate of 4 billion riels over the entire 5-year period, assuming a population growth rate of 2 percent per annum and starting from a 1959 gross national product of 15.2 billion riels at current prices. A capital to output ratio of 3 to 1 was adopted, requiring a total capital outlay on the order of 12 billion riels, two-thirds of which would be financed from budgetary resources and foreign aid, the remainder from the private sector.

Actually, the population grew at least one-tenth faster than the projected flat rate of 2 percent—between 2.2 and 2.6 percent. The gross national product increase therefore looked better in the aggregate than from the per capita standpoint: between 1959 and 1964, the annual average rate of growth of gross national product appears to have been about 5 percent on an aggregate basis, but only between 2.5 and 2.8 percent on the per capita basis.

Included in the governmental quota of 8 billion riels for investment were foreign aid funds of 2.5 billion riels, which were expected to decline from about 650 million riels in 1960 to about 350 million riels in 1964. The fraction of budgeted costs finally
obtained from domestic resources, however, was about 74 percent instead of the projected 69 percent.

The contrasts between planned government expenditures and actual outlays in major economic activities, under the first Five-Year Plan, showed the difficulty of controlling the outcome of any complicated and protracted economic undertaking. Production—including agriculture, industry and mining—absorbed only 35 percent of eventual outlays, against 40 percent originally planned. Infrastructure took 33 percent, against 28 percent planned. Social overhead, such as expenditure on education, public health and general welfare, received 22 percent, against 24 1/2 percent planned, and administration absorbed 10 percent, against 7 1/2 percent planned.

Available data on government expenditures under the Plan could only be imperfectly reflected in national income accounts for the period during which the Plan was current (see table 8). Nevertheless, the manufacturing sector appears to be growing considerably while the much larger primary sector (agriculture, fisheries, forestry and mining) is shrinking, and within the manufacturing sector the more basic (infrastructural) component is growing faster than the output of salable industrial commodities. Overall stability within the service sector, construed comprehensively to include not only transport, commerce and miscellaneous services but also administrative and financial activity, masks an incipient expansion of services at the apparent expense of manufacturing. Each of these tendencies would be appropriate in an early stage of economic development.

Table 3. Composition of National Produce of Cambodia—Industry Groups as Percentages of Annual Totals at Current Prices, 1959–62

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<tr>
<td>Extractive industries</td>
<td>48.7</td>
<td>46.7</td>
<td>44.5</td>
<td>41.1</td>
<td>41.5</td>
</tr>
<tr>
<td>Secondary industries</td>
<td>15.9</td>
<td>15.3</td>
<td>15.1</td>
<td>17.4</td>
<td>17.6</td>
</tr>
<tr>
<td>All services*</td>
<td>40.4</td>
<td>39.0</td>
<td>40.3</td>
<td>41.5</td>
<td>40.9</td>
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<td><strong>100.0</strong></td>
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*Including administrative and financial institutions, along with service industries proper.

Since agriculture, including forestry and fisheries, constituted the mainstay of the economy, an organized national effort was made to increase and diversify the supply of basic industrial raw materials drawn from it. This involved the use of improved seed varieties, cultural practices and marketing methods; control of water through irrigation and flood-control works; and development of new land not yet in agricultural use. All of the activities were being carried on with the technical assistance of agricultural specialists and other professionals from the staffs of the Ministries of Agriculture and National Education and Fine Arts and from various foreign countries (see ch. 19, Agriculture).
A serious difficulty of industrial significance was the absence of known deposits of coal, iron and petroleum. Exploratory surveys were undertaken in this field during the existence of the Five-Year Plan, without result. A start has therefore been made with the planned exploitation of the country's enormous water-power potential.

MEKONG RIVER BASIN DEVELOPMENT

The development of the resources of the Mekong Basin could be a major contribution to long-range economic growth. The project was initiated by the Economic Commission for Asia and the Far East (ECAFE) in 1951. To remedy the almost complete lack of detailed basic data regarding the characteristics of the river and its tributaries in relation to the economy of the basin as a whole, the Committee for Investigation of the Lower Mekong was established in Bangkok under ECAFE auspices, and a preliminary report was submitted.

Ten years after the appointment of the Committee for Investigation, however, financial contributions from a variety of sources, public and private, amounted to no more than 80 or 90 million riels—sufficient to cover the costs of preparatory groundwork, such as geological and soil surveys, mineral searches, hydrographic investigations and aerial site photography.

The breadth and magnitude of the proposed undertakings and their potential contributions to the economy are difficult to comprehend. Electric power potential alone is estimated at over 20 million kilowatts from the proposed 10 mainstream projects and 39 tributary projects. Equally important for the economy of the four riparian countries (Thailand, Laos, Cambodia and South Vietnam) will be the availability of water for irrigation.

The first tangible results are not expected to derive from the mainstream projects, however, for some years, and obviously the success of the plan calls for cooperation of the highest order among the countries involved.
CHAPTER 19
AGRICULTURE

The country is fortunate in the nature and extent of its agricultural resources, including woodlands and fisheries. In 1967 only about 5 million of the more than 15 million cultivable acres were actually cultivated, reflecting a relatively light pressure of population upon the food supply and also a comparatively low level of farming efficiency. Agriculture is, nevertheless, the mainstay of the nation's economy, and at least 80 percent of the male population is engaged in it. The fact that they turn out only about 38 or 40 percent of the gross national product again reflects the conditions of general underpopulation and low productivity per worker.

Agricultural soils are very fertile; the climate is suited to the intensive growing of a wide and widening range of crops, vegetables and fruits; the lakes and streams breed fish in profusion; and the forests are rich in valuable timber. The bulk of the agricultural output is produced in four regions: the Mekong-Bassac-Tonle Sap river confluence area; the southeastern dry field district; the redlands, lying immediately to the north of this district; and the western wet-field region.

In terms of acreage planted, the principal crops were rice, corn, rubber, beans, green vegetables, fruits, peanuts and tobacco. Livestock and fisheries jointly contributed about one-fifth of total agricultural values; the most important livestock were cattle, buffalo, poultry and hogs.

For the most part, these crops are grown on small landholdings tended by independent farmers whose tenure is virtually absolute, and the main outlet for the harvests is the subsistence of the rural household rather than the market. Significant surpluses of rice and corn are usually produced, however, and rice ranks with rubber as a major item of export and, therefore, is a principal contributor to the normally favorable balance of merchandise trade. Rubber is grown on large plantations owned by foreign corporations; the trees are tapped by a wage-earning labor force, formerly Vietnamese but more recently Cambodian. Production is sold in foreign markets that were established during the period of the French protectorate.
Agricultural productivity continues to be generally low, largely because of the lack of modern techniques of cultivation and the prevalence of one-crop systems of land use, especially for rice. The seasonal flooding of the Mekong River, its tributaries and the Tonle Sap, however, together with an abundance of inland and offshore fish, makes an acceptable livelihood relatively easy for the rural family to obtain, even when the southwest monsoon starts late or finishes early.

Government policy recognizes farming as the basis of the national economy, and strenuous efforts have been made to improve productivity in the major foodstuffs, rice and corn, by spreading an understanding of the use of mechanical implements and chemical fertilizers. Several institutes for training specialists, both in crop raising and in animal husbandry, have been set up, and government offices in the provinces have been staffed with agricultural experts. The government has also sponsored and financed a farm cooperative organization for supplying the farmers with farm necessities at reasonable prices and marketing surplus produce without the intervention of middlemen. Modern drainage and irrigation works have also been the responsibility of the government, but it has participated little in the international scheme for developing agricultural and other resources of the Mekong River basin. Finally, to strengthen the country's self-sufficiency in food supply, the government has fostered the development of indigenous sugar planting, both palm and cane, through grants of land and of credit.

LAND USE AND DEVELOPMENT

A tropical location, the extent of the lowland "Cambodian saucer" and the seasonal changes of the Mekong River, its tributaries and lakes are the fundamental factors governing land use. Countrywide, the growing season exceeds 9 months, and an average annual rainfall of 85 inches normally provides enough water for agriculture. Some 60 to 65 inches, however, are concentrated in the southwest monsoon season between May and October. Flooding, therefore, must be controlled, and the surplus water must be conserved for later irrigation. Most vulnerable to irregularities in the date of arrival or departure of the wet monsoon are the rice, corn, cotton and oleaginous crops.

Well over half of the country is wooded. Two-thirds of this forest land is considered exploitable, but some tracts have already been overexploited. Much of the country, especially in the northern interior, is entirely uninhabited, and no cadastral or systematic land-use surveys have been attempted.

Cultivable acreage is liberally distributed around the shores of the Tonle Sap and along the Mekong between Stung Treng
and the Vietnamese frontier. These are the tracts of densest population; the villages normally comprise from 100 to 300 people. Of the unforested surface the cultivated area represents about 60 percent, and half the remainder is savanna lowland, much of it irrigable. Extension of the tilled acreage is, therefore, a practicable alternative to multiple cropping, which is seldom to be found even in districts where soil and climate would readily permit it.

A less intensive usage, both of land and of labor (by comparison with other countries in the Asian “rice bowl”), is reflected not only in the absence of multiple cropping, but also in the growing importance both of draft livestock and of vegetable and fruit farming. By working an average holding of 1.2 acres (1.48 acres if the urban minority in the population is discounted), the farmer is able to spare some land for the fodder crops required by work animals or for noncereal produce to enrich the family diet or to sell in the town market.

About 80 percent of the male population is engaged in farming, and except for the big rubber and pepper plantations, which utilize wagemokers, the typical unit of agricultural production is the single-family subsistence enterprise, whose participants usually supplement their income by part-time fishing and handicraft work.

Much progress was achieved between 1956 and 1966 in extending the acreage planted to particular crops and in enlarging the output (see table 9). Methods of cultivation for most crops, however, remained primitive until recently, and efforts to improve agricultural productivity under the first Five-Year Plan had not proved notably successful by 1967. Evidently the growth of population, adverse climatic circumstances or both had obstructed any uptrend in productivity which better agricultural techniques—seed selection, selective breeding, disease control, heavier fertilization and mechanical tillage—might have stimulated. Rice yields, expressed in tons per hectare (1 hectare equals 2.471 acres) were 0.974 and 0.984 for 1956 and 1966, respectively. Corresponding corn yields were 1.491 and 1.016 tons per hectare.

Including livestock and fisheries with cultivated crops, the agricultural component of the gross national product during the 1960’s has generally ranged between 38 and 40 percent, and of this total the joint contribution of livestock and fisheries has amounted to one-fifth or slightly less; the fisheries values have been more stable than the livestock values.

Notwithstanding their great extent—over half of the whole country—the forests contribute no more than 2 or 3 percent of the gross national product. Rubber plantations contribute about
Table 9. Agricultural Production in Cambodia by Acreage and Output, 1956 and 1966

<table>
<thead>
<tr>
<th></th>
<th>Acreage (in thousands of acres)</th>
<th>Output (in thousands of metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1956</td>
<td>1966</td>
</tr>
<tr>
<td>Rice</td>
<td>4,340</td>
<td>5,985</td>
</tr>
<tr>
<td>Corn</td>
<td>175</td>
<td>330</td>
</tr>
<tr>
<td>Rubber</td>
<td>75</td>
<td>146</td>
</tr>
<tr>
<td>Beans</td>
<td>90</td>
<td>117</td>
</tr>
<tr>
<td>Green vegetables</td>
<td>70</td>
<td>106</td>
</tr>
<tr>
<td>Fruit</td>
<td>59</td>
<td>74</td>
</tr>
<tr>
<td>Peanuts</td>
<td>14</td>
<td>60</td>
</tr>
<tr>
<td>Tobacco</td>
<td>21</td>
<td>43</td>
</tr>
<tr>
<td>Sesame</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>Copra</td>
<td>15</td>
<td>27</td>
</tr>
<tr>
<td>Kapok</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td>Soybeans</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>Cotton</td>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td>Cane sugar</td>
<td>7.7</td>
<td>10.6</td>
</tr>
<tr>
<td>Sweet potatoes</td>
<td>5.2</td>
<td>4</td>
</tr>
<tr>
<td>Jute</td>
<td>2.5</td>
<td>3.7</td>
</tr>
<tr>
<td>Cassava</td>
<td>1.4</td>
<td>2.7</td>
</tr>
<tr>
<td>Pepper</td>
<td>1.2</td>
<td>1.6</td>
</tr>
<tr>
<td>Coffee</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Tea</td>
<td></td>
<td>0.033</td>
</tr>
</tbody>
</table>

Source: Adapted from Sangkum Reastr Niyum, Basic Statistics at of 1st January 1967, p. 9.

the same percentage, but they are much more important than the timberlands as earners of foreign exchange, accounting for 22 percent of total foreign receipts in 1964.

LAND TENURE

Cultivated land is typically farmer owned; 60 percent of the individual holdings in 1967 were under 2½ acres; and only 2 percent exceeded 25 acres. Farm tenancy is practically unknown. By custom, uncultivated land becomes the property of the farmer who brings it into use, as does previously cultivated land left in prolonged disuse by an absentee. To give ownership a firmer legal status, the Board of Surveys is continuing the land survey begun by the French in the late nineteenth century. A title is registered in favor of an individual farmer on proof of ownership. An incontestable title is particularly important to the rice farmer, who must constantly invest in improvements in order to make efficient use of flood and irrigation water. Under the extensive land reclamation and irrigation development undertaken with foreign help since the late 1950's, it has become even more important to be able to prove ownership to land.

Plantations of cash crops, such as rubber and pepper, where the optimal size of the operating unit is large, are organized on the basis of land granted by the state to corporations. The au-
thorities expect the concessionary principle to prevail in the further development of sugar palm plantations.

ORGANIZATION AND OPERATION OF FARMS

Farms are smallest in the vegetable-growing districts in the vicinity of Phnom Penh and largest in the province of Battambang, where cultivation is by more extensive methods including broadcast planting of rice. The farmer lives as close to his holding as he can, within limits set by seasonal floodwaters. In addition to rice, he raises garden vegetables, fruits and tobacco for his own consumption and perhaps cotton for home spinning and weaving. Upon his own or other accessible ground he also raises enough sugar palms to supply his needs.

Along the streams there are permanent village settlements whose inhabitants combine fishing with the production of food crops for self-subsistence. Scattered groups of seminomadic tribal people, the Khmer Loeu, live by the slash-and-burn technique, or "shifting agriculture," clearing a patch of woodland or savanna, planting and replanting it until its fertility is exhausted and then moving on to repeat the process elsewhere. In addition, the elephant, tiger, panther, leopard, civet cat, boar, buffalo, antelope, monkey and wild ox are hunted.

AGRICULTURAL REGIONS

There are four major agricultural regions in the country: the Mekong-Bassac-Tonle Sap river confluence area, the southeastern dry-field district, the redlands and the western wet-field region. Many aspects of agricultural production and practice, including the predominance of rice cultivation, hand technique and barter, are common to the four regions; but there are important variations, based mainly on differences of soil, topography, rainfall pattern, floodwater supply, irrigation development, market distance and ethnic influences. A fifth region, the maritime, is to be developed.

Mekong-Bassac-Tonle Sap River Confluence

Lying chiefly in the province of Kandal, the Mekong-Bassac-Tonle Sap river confluence region is perhaps the oldest zone of agricultural usage. Its prime distinctive feature is the annual flooding of ricelands by the seasonal rise of the Mekong. Fluctuation in the volume and timing of monsoon rainfall and the amount of snow and rain in the upper reaches of the Mekong govern the rise and fall of the Mekong. These, in turn, dictate the times of planting and harvesting.

Integral with and immediately behind the riverbanks are natural levees built up through silt deposition on the adjacent flood plain during the seasonal overflow of floodwater. The levees
first appear in the vicinity of Kompong Cham and widen downstream to between 3 and 5 miles. A strip of marshland (beng), between 2 and 3 miles wide, lies behind the levees. Beyond this, the ricefields extend for 20 miles or more into the back country, shading into dry uplands that are unsuited to rice cultivation.

In profile, the levees rise steeply from the riverbed, then slope off gradually toward the marshland. Where the levels extend unbroken for long distances, the river must cross their crest before inundating the ricelands beyond. Elsewhere, however, numerous prek (openings), some natural, some manmade, afford the necessary access, and as the level of the Mekong falls during the dry season these prek lead the water back into the main river channel. Kandal Province alone has more than 100 such channel openings.

Levee lands are characteristically fertile and easy to till and have a high absorptive and retentive capacity for water. In places they have been built up over the centuries to a height above the present reach of the Mekong floodwater. Such localities, not subject to flooding, are among the most densely populated farmlands in the country.

The unique feature of levee land from the standpoint of agricultural utilization is its adaptability to a wide range of crops and cropping practices. Levees in the Phnom Penh area are devoted principally to commercial vegetable gardening to meet the varied and expanding requirements of the capital's cosmopolitan population. Most of the commercial gardeners are either Chinese or Vietnamese. Levee land not planted to vegetable crops is usually given over to field crops, predominantly corn, beans, tobacco, peanuts, sweet potatoes, sugarcane, soybeans, cotton, sesame and castor beans, and sometimes to various fruits.

Levee land above flood level usually produces excellent crops from the summer rains alone. In the flooded levee zone, on the other hand, as the floodwaters recede after the summer rains, freshly fertilized land becomes available for planting. A continual cycle of planting and harvesting, therefore, characterizes these flooded levees until the onset of the next flood season.

The narrow strip of marshland lying behind the levee is usually deeply flooded and is used primarily for raising floating rice. Corn is sometimes grown there before the flooding. Beyond the marshlands stretch the broad ricefields, the source of sustenance for thousands of farm families, which are clustered in villages. Most of the rice here is produced under floodwater conditions; as the farmer depends almost entirely on the flooding and the monsoonal rainfall, he makes no attempt to irrigate.
Southeastern Dry-Field District

The southeastern dry-field district, which mostly coincides with the provinces of Prey Veng and Svay Rieng, has an agricultural landscape that is quite different from that of the neighboring Mekong flood zone. The distinguishing feature is the farmer's dependence on direct rainfall instead of river overflow. Various diking and drainage techniques serve to impound and channel the runoff. The water level is thus controlled more effectively than is possible in the Mekong-Bassac-Tonle Sap river system. Along the western edge of the region, in the immediate vicinity of the Mekong, some flooding does occur.

The Redlands

The redlands, fertile red topsoil of volcanic origin, compose the upland terrain lying immediately to the north of the southeastern dry-field region and centered predominantly in Kompong Cham Province (see ch. 2, Physical Environment). This environment is particularly well suited to the growing of rubber, tobacco, cotton and corn. Of these crops, rubber is the most important, and the rubber plantations are the outstanding feature of the rural landscape.

Western Wet-Field Region

The principal natural feature of the western wet-field region is the Tonle Sap, the lake-filled depression which constitutes the center of the "Cambodian saucer." As the southwest monsoon progresses, the floodwaters of the Mekong get higher and higher and eventually back up into the channel of the Tonle Sap River. This reverses the flow of the river and raises the level of the lake, with the result that 400,000 acres of the surrounding flood plain are inundated. Both upland (dry) and floating rice are cultivable where the floodwaters are not too deep—the upland varieties in the shallowest parts. When they recede, the floodwaters leave behind rich new deposits of alluvial soil, as well as shallow waters teeming with fish (see ch. 2, Physical Environment).

Two bands of settlement ring the Tonle Sap concentrically. One band, clustered at the low-water margin of the lake, comprises professional fishermen who build their homes on high piles or on rafts. The second band, located just above high-water level, includes rice farmers who devote much of their time to fishing during the recession of the floodwaters.

During high waters, the flooded zone spreads out beyond the Tonle Sap flood plain across the surrounding provinces, each of which grows sizable rice crops. Partly because of the influence of the Mongkol Borey River, one of the principal tributaries of
the Tonle Sap, production in Battambang Province is much the largest. When it overflows its banks, the Mongkol Borey floods the contiguous terrain and covers it with fertile silt.

The Battambang area is the largest rice-producing district in the country, and is likely to remain so. Cultivation there is relatively new; the soils are fertile; and large, unused acreages suited to rice remain available. A considerable degree of mechanization has proved feasible because the farms are larger than those commonly found elsewhere in the country.

Maritime Region

The maritime region of the country by 1967 had not achieved the character of a distinctive agricultural area. Potentially, however, it had the capability of becoming one, and the government had begun to develop the prospects. The area consists of the narrow littoral of the province of Koh Kong, broadening somewhat around the Bay of Kompong Som and limited inland by the semicircular mountain barrier of the Elephant Range and the Cardamomes Range. This section of the country climatically is characterized by heavy rainfall, a short dry season and high humidity. Vegetable oil plants, whose demands on soils are not exacting, do unusually well in these climatic conditions. The government appeared in 1967 to be contemplating the reservation of the limited coastal districts for oleaginous crops, such as oil palm and coconut, except for such acreage as might be needed for subsistence rice. Oil palm and coconut provide ingredients used as domestic food supply, as sources of primary industrial materials and as earners of foreign exchange in the international vegetable oil markets.

AGRICULTURAL PRODUCTION

Rice

The application of scientific methods since World War II has contributed to diversity in the national diet, but rice is still the basic foodstuff. Since the beginning of the twentieth century, both the area planted to rice and the annual harvests have grown considerably, though not uninterruptedly. Area planted reached more than 500,000 acres in 1900 and 1.5 million acres in 1980.

Rice is grown in every province, the level central area of the Mekong River valley and the Tonle Sap being physiographically as well as climatically ideal. Acreage planted and per acre yield, however, are prone to vary. Average yield countrywide, about one-half ton per acre, has advanced little since the beginning of the century and is low in comparison with yields in other countries of the Asian “rice bowl.” Year-to-year differences in yields
can be sizable and contribute importantly to the variations of the exportable surplus.

Despite extensive flooding, the 1966-67 harvest exceeded the preceding one by 10 percent, and the average yield per acre increased 13 percent. Reasons for low yield included the primitive methods of cultivation, scanty use of fertilizer and prevalence of plant disease. In 1965 rice exports were valued at 1,935 million riels (see Glossary) and represented 52 percent of the total value of all agricultural exports.

Varieties

Almost all Cambodian rice is the nonglutenous or “wet” type, which is best suited to the subtropical monsoonal lowland environment. Some “dry” rice is grown in the upland country, chiefly under irrigation. About 10 percent of the total crop is “floating” wet rice cultivated on land subject to deep flooding in the marshes behind the levees and on the fringes of the Tonle Sap. Plowing, harrowing and broadcast sowing are done before the flood, and the crop is often harvested by boat if the rice ripens before the flood recedes.

Thousands of rice varieties have resulted from the farmer’s practice, pursued over the centuries, of utilizing seed culled from his own previous planting. The milling apparatus, however, cannot be adjusted to great diversity in the size of kernels, and the resulting high percentage of broken kernels weakens Cambodian rice in competition abroad. This problem is serious because rice is the source of almost 50 percent of the country’s foreign exchange earnings. The government is solving the problem by standardizing the varieties planted, and by 1962 improved varieties comprised an estimated 20 percent of the total crop.

Cropping Practices

The agricultural year follows the rhythm of the monsoon and the subsequent rise and fall of the rivers. Plowing, harrowing, sowing and transplanting occupy the months between May and August. Harvesting takes place in the dry season from November through January or February. Both the wet season and the dry season may arrive irregularly, however, and the farmer must alter his timing accordingly. A significant departure from the climatic norm is likely to curtail yield substantially, though not to the point of total loss of crop.

Most rice is grown during the wet season and is planted either by broadcasting before the onset of the monsoon or by transplanting from nursery beds. The growing crop is watered by impounding the day-to-day rainfall or by flooding with river overflow.
Irrigation depends on the nature of the water supply and whether it lies above or below the level of the ricefield. Confluents of the Mekong and the Tonle Sap, as well as much floodwater and day-to-day rainfall, feed by gravity directly into the fields or into storage basins. For lower level water sources, small gasoline-powered pumps have begun to supplant water wheels, hand scoops and buckets. On soil of good water-holding capacity, some of the crop can be left to root, after the flood recedes, to engender another crop during the ensuing dry season.

Rice is threshed by hand-operated machine or by trampling with oxen or buffaloes. Village mills hull the rice to be consumed by the farmer grower—amounting to an average of about 60 percent of the harvest. Any surplus is either sold unhulled to local Chinese buyers as agents of urban merchants or to committees for the local cooperative. By 1965 the cooperatives were expected to market about 10 percent of the rice crop.

Along with the cooperatives, the Royal Office of Cooperation (Office Royale de Coopération—OROC) directly controls the Rice Purchasing, Processing and Reconditioning Service (Service d'Achat de Transformation et de Reconditionnement du Riz—SATRAR), which has the mission of buying rice from the cooperatives, processing it and selling it for export through the National Import-Export Corporation (Société Nationale d'Exportation et d'Importation—SONEXIM).

Corn

Both as a staple foodstuff and in the acreage devoted to it, corn is the second most important crop—as in the Philippines, Indonesia, Malaysia and Laos. Grown originally in only small quantities as a supplementary food crop, it developed under French promotion as livestock food for export to France. In recent years the output has generally expanded—from 120,000 tons in 1960 to about 175,000 tons in 1964. Per acre yields, however, have been only about three-fourths of a ton. A flinty type of yellow corn is the dominant variety, grown chiefly for export to Japan and elsewhere in Southeast Asia. Garden types of sweet corn have begun to displace the white corn which in the past was grown for domestic consumption. Experiments have begun with higher yielding yellow corn.

Corn is grown extensively on levees and, to some extent, on the better drained adjacent lowlands. Another notable corn tract is the redlands around Kompong Cham. Chief producing provinces are Kandal, Kompong Cham and Takeo. Among the Khmer Loeu, on some of the higher plateaus, corn replaces rice as the dietary staple.
Sugar

The indigenous sugar palm, of great historic, aesthetic and economic importance, grows throughout the country but thrives best on rich, well-drained soil. A mature tree yields between 50 and 60 pounds of sugar annually, but collecting and cooking the sap requires much labor from the 40,000 families whose livelihood depends partly on the crop. Trees numbered 1.2 million by 1956, 1.8 million by 1964 and 2.3 million by 1966—60 percent of them belonging to small estates.

The government is attempting to reduce the national sugar deficit by promoting local growth of both palm and cane sugar trees. A state-owned sugar refining plant, located at Kompong Tram in the province of Kompong Speu, which started producing in the spring of 1965, can accommodate the cooked liquids from the 44 palm sugar cooperatives, along with raw cane and beet sugar. The quantity of cooked palm sugar liquids collected by the new factory, however, was insufficient in 1967 to keep it working the year round, and consumption was rising by 10 percent per annum. The refinery, which produced 18,000 tons of refined sugar in 1966 and probably 15,000 tons in 1967, was eventually to become capable of producing 22,000 tons after planned enlargements were effected. The total domestic requirement of refined sugar by 1972, however, was projected in 1967 at 24,000 tons.

It is to be expected, therefore, that the country will continue to depend on foreign sources for cane sugar for some time. In the early 1960's, when some 25,000 to 30,000 tons of refined palm sugar were being produced annually, the cane sugar deficit usually amounted to about 12,000 tons. The government later proposed the introduction of cane sugar on fertile ground in the province of Battambang and also another refinery. A plan being worked out in 1967 would result, by 1975, in the planting of some 8,600 acres of sugarcane concessions, which would yield 9,000 tons of raw cane sugar. This plan presumably would end the reliance on foreign supplies of cane sugar. Although palm sugar output doubled between crop years 1956 and 1966 to 50,000 tons, production difficulties are expected to prevent much further extension of the plantations, and the estimated raw output ceiling is 60,000 tons. Cane sugar could ultimately become an important item of export because of the favorable climatic and soil conditions.

Supplementary Food Crops

Secondary food crops are important contributions to village self-sufficiency and to diversity in diet, as well as to the export trade. They are usually cultivated on a family basis, and they
serve as alternative crops when flood or drought curtails the rice crop. Their volume, therefore, fluctuates considerably from year to year. Cultivated in family garden plots or gathered from the forest are small quantities of tea, coffee, cocoa, cinnamon, mulberry, areca, manioc, banana, mango, citrus fruits and medicinal plants, such as anise, benzoin, cardamom and nux vomica. Three tea gardens were established through governmental promotion between 1964 and 1965, and by 1967 the acreage had expanded from 32 to 53. By 1966 coffee production, mainly from Battambang, Kampot and Kompong Cham Provinces, covered three-quarters of domestic consumption requirements. Oleaginous crops, including soybeans, mung beans, castor beans, sesame, peanuts and coconuts, derive special significance because animal fats are not used in the country. Microclimatologic experiments have yielded encouraging results for avocados, cantaloupes, onions and grapes. Grapes have produced well in small plantings on the brown soils of the province of Battambang, which is rich in limestone and phosphate.

Fiber Crops

Ramie, kapok, kenaf, jute and cotton are the chief textile crops; silk production is an ancient but declining industry, usually carried on within the family. Ramie is grown in small patches along levees and is used for fish netting. Kapok, which flourishes on the levee knolls, especially in the provinces of Kompong Cham and Kandal, is used as insulation and for pillow filler and similar purposes; about one-third is exported. Production has expanded steadily from about 2,500 tons in 1949 to 7,000 tons in 1966. Kenaf production has just started. Jute production, which is a labor-intensive but not a soil-exhausting type of culture, is just beginning, and fiber yield is about 1 ton per 2½ acres. Subsidized by a state agency, Sokjute, to the equivalent of at least 25 percent of the eventual value of the crop, over 4,000 farmers had contracted to plant 17,600 acres of jute in the srok (districts) of Mongkol Borei and Battambang by 1967, an average planting of slightly more than 4½ acres. Additional jute is grown in the provinces of Kompong Cham and Kandal. The record of production, however, has been disappointing.

Cotton became an “industrial crop” when textile mills were established under the first Five-Year Plan. It has been cultivated throughout the country, but the main crops are found along the Mekong and Bassac Rivers and in the provinces of Kompong Cham and Battambang. In the red soils of Kompong Cham, however, where annual cropping has brought soil erosion and laterization, cotton has been rapidly losing ground to such tree crops as rubber and banana. No system of crop rotation, which might halt
The retreat of cotton, has yet been devised, and another threat to cotton culture is competition from the soybean, which sometimes affords the farmer a higher income. On the other hand, out of some 15,000 acres of black soil in the Andeuk Hep district of Battambang, over 6,000 acres are well suited to cotton cultivation; here there is potential competition from cane sugar.

Cotton is planted toward the end of the wet season, grown during the dry season and harvested in February and March. In line with the government objective of greater self-sufficiency, cotton acreage was expanded from under 1,100 acres in 1955-56 to over 14,500 acres in 1965-66. There has been no export surplus.

Tobacco

Like jute, tobacco is grown throughout the country, but the best tobacco ground lies along the banks of the Mekong and in the redlands around Kompong Cham. Production—mostly family style and used entirely for domestic consumption—rose from 5,200 tons of leaf tobacco in 1955-56 to 10,500 tons in both 1965-66 and 1966-67. National cigarette output averaged 2,567 million per month in 1963 and 2,485 million in 1964; the proportion of local to imported tobacco climbed from about 7 to 1 in 1963 to about 11 to 1 in 1964.

Rubber

The first Cambodian rubber plantation, established in 1921 on the Chup Plateau, has become the world's largest rubber plantation under single ownership, covering approximately 50,000 acres. In 1967 the country ranked eighth among the world's producers of natural rubber. Rapid expansion increased the rubber acreage from about 75,000 acres in 1952 to 145,000 or 150,000 acres by 1966 and the accompanying production from 16,500 to some 50,000 tons. About 55 percent of the trees have been in the tapping stage in recent years. Well-drained reddish-brown upland soils in the province of Kompong Cham are best for the rubber tree, and the continuously high yields are jointly attributable to soil fertility and the use of the most modern methods of exploitation. Recent changes include the replacement of Vietnamese plantation workers by Cambodians and the development, with government loans and technical help, of family-size holdings and some state-owned plantations.

The output of rubber increased consistently, both in quantity and value, between 1959 and 1966, and most of the product was exported, principally in the form of smoked or dried sheet, crepe and latex. The United States usually has bought about two-thirds of Cambodian rubber exports.
Pepper

Conditions of soil and climate particularly favor pepper planting on the seaward slopes of the Elephant Range chain in the provinces of Kampot and Takeo. Both as workers and as owners the Chinese are dominant, reflecting the cohesion of Chinese communities abroad and the aptitude of the Chinese laborer for the meticulous attention which pepper production requires. Most of the crop is exported, but the market is uncertain because the quality of the output is mediocre, as a result of plant diseases and inadequate fertilization. A government effort has been made to improve productivity by grafting, but this has not been very successful. Between 1956 and 1966, though acreage under pepper expanded by one-third from about 1,200 to about 1,600 acres, output tonnage expanded by only one-fourth, from about 1,200 to about 1,500 tons. In 1930, by contrast, there had been 3,000 acres planted to pepper, but destruction and abandonment during World War II reduced the acreage to only 1,000 by 1948. Outputs in 1966 and 1967 amounted to 1,500 and 1,600 tons, respectively.

Fisheries

Fish is the third most important product after rice and corn and is the chief source of protein in the farmer’s diet. Since most villages are located either on or near rivers or on the shores of the Tonlé Sap, practically all of the farm population engages in part-time fishing. The Tonlé Sap, the largest fresh water lake in the Indochinese Peninsula, provides at least 50,000 tons of fish each year; this is more than half the total fresh water catch. The lake supports both subsistence and commercial fishing enterprises, and half of the product is exported to other Southeast Asian countries. Other principal fishing grounds are the Mekong river system and the Gulf of Siam; from all of these areas there is some exporting.

The controlling physical circumstances affecting fish life in the Tonlé Sap-Mekong River complex is the reversal of the Tonlé Sap River current with the rising floodwaters of the Mekong. As the Tonlé Sap rises from the backing up of the Mekong and floods the surrounding lake plain, inundated woodlands, with their special flora, provide ideal breeding and feeding grounds for the fish—predominantly of the Cyprinidae, or carp, family.

Of the two general types of fishery, the protected and the classified, the classified type is reserved to concessionaires, usually Chinese, by government grant. All fisheries not in the classified domain are protected; that is, subject to general regulation as to seasons, sizes and species taken, and methods of catching. Family subsistence fishing is permitted year-round in the protected domain and during the July to October off-season in the classified
Most of the fishing is done between November and April as the waters recede and the breeding season closes. It thus alternates conveniently with rice growing, which has its heaviest labor requirements during the wet season and time of rising waters.

A possible additional marine enterprise that had not been undertaken in late 1967 was fishing for pearl oysters. After a cursory survey an expert Japanese mission suggested that further investigation, both along the seacoast and around the Tonle Sap, should prove worthwhile.

Livestock

Livestock raising, as a primary economic enterprise, does not exist. Most farm families keep some cattle or water buffaloes for transportation and farmwork and poultry and hogs for domestic consumption. A small group of Cham-Malay farmers residing near Phnom Penh raise cattle commercially for the domestic market and for export. During 1966 over 1,000 live cattle and 1,500 buffaloes were exported. Over a 7-year period the value received in millions of dollars from cattle exports was: 1959, 1.9; 1960, 2.02; 1961, 4.3; 1962, 0.9; 1963, 1.2; 1964, 0.45; and 1965, 0.7. Livestock production in cattle, buffaloes and hogs has been increasing gradually but not as fast as poultry production.

The people are not forbidden to eat meat, as are Buddhists in many other countries, but they are prohibited from slaughtering the animals themselves. Abattoir functions are performed by non-Buddhists in village and urban marketplaces. It is fish, however, rather than meat, which supplies most of the protein in the diet.

An exceptionally favorable land-to-man ratio suggests that much more livestock could be raised, notably in the open forests and savannas west of the Mekong and in sparsely populated sections of Battambang, Pursat and Siem Reap, but expansion must wait for improved disease control and breeding practices. Rinderpest has been brought under effective control, and vaccines for its continued control are being produced in adequate quantities.

Forestry

Virgin forest covers half of the country and includes a wide variety of hardwoods and softwoods suitable for paper, plywood, cabinet work, heavy construction and numerous other purposes, but much of the better timber is not readily accessible (see ch. 2, Physical Environment). Teak lumbering is particularly important.
Almost all the forested land is government owned, and 9.4 million acres, or 28 percent of the total, is reserved for award to concessionaires. Timber cutting concessions, acquired usually by Chinese and occasionally by Vietnamese, are granted either for classified or for unclassified domain. A classified concession is granted after public auction and prescribes species, sizes and methods of cutting. In the unclassified domain; cutting is authorized by lease, the government receiving a fixed percentage of the timber values realized and exercising control through the lease of the method and extent of cutting. Inadequate conservation practices prevail, however, and some timberlands have been seriously overexploited. Inundated timberlands on the margins of the Tonle Sap have been extensively deforested in the interests of illicit exporters in collusion with local officials.

About 5 million cubic meters of timber are cut annually; this is sufficient for internal consumption and allows an export of between 100,000 and 120,000 cubic meters. Criticism of the quality and uniformity of export shipments led the Ministry of Agriculture in 1964 to instruct the Forestry Service to standardize consignments of timber destined for abroad.

ROLE OF THE GOVERNMENT

The government expresses great concern for agricultural development, since the country's wealth lies primarily in its agricultural resources. Both the Two-Year Plan of 1956–57 (extended eventually to 1959) and the first Five-Year Plan of 1960–64 called for substantial expenditures in all phases of agricultural activity—particularly in education, irrigation and flood control, fisheries, forestry and agricultural finance and marketing. All these activities were supported from 1951 through 1968 with funds, materials and specialists by the United States Agency for International Development (AID) and, in some aspects of the program, the French Government and the Southeast Asia Treaty Organization. Economic assistance from Communist countries has generally been limited to the industrial phases of the country's development programs (see ch. 20, Industry).

Both through research and through popular education the government has sought energetically to diversify and intensify agriculture and also to extend the cultivated upland area. These measures tend to promote internal migration, to bring about an equilibrium between needs and resources, to expand exports, to curtail or even eliminate agricultural imports and to meet the raw material requirements of the infant industries.

Government efforts are being directed to expanding the production of rice, rubber, corn and pepper for export and of other crops, including cotton, jute, cane sugar, copra and mulberry, for
domestic usage. Fisheries have been modernized, and selective livestock breeding has been more extensively practiced. Forest resources are to be more effectively organized through the development of virgin forest tracts, access being afforded by the building of new forest roads. The use of small pumping equipment for farm irrigation is being extended. Large-scale systems of irrigation and drainage are to be further developed, and land settlement in the provinces of Kratie, Stung Treng, Ratanakiri and Koh Kong is to be further expanded. Finally, certain new districts of fertile ground in Kompong Speu and Battambang Provinces have been designated for "industrial farming" of cotton, jute and sugarcane.

Agricultural Education

Well aware that the achievement of long-term objectives depended basically on the supply of trained leaders and on the broad dissemination of technical knowledge, the government has given high priority to agricultural education. Schools to provide extensive specialized training have been established, and information on modern techniques has been brought directly to the farmers from agricultural experimental stations, by agricultural agents and through community education centers.

The Ministry of Agriculture administers two principal agricultural schools. At the Prèk Leap School of Agriculture, near Phnom Penh, qualified students from secondary schools undergo a 2-year course in vocational agricultural training in preparation for careers in staff positions in the provincial offices of the Ministry.

The National School of Agriculture, Animal Husbandry and Forestry, located in the capital city, has provided advanced agricultural education at the secondary level, but it is anticipated that the school will later offer professional education in agriculture at the university level. From 1951 to 1968 the AID contributed funds and specialists for the school's improvement program.

In collaboration with the Prèk Leap School of Agriculture and the National School of Agriculture, several agricultural experimental stations function in the provinces under the administration of the Ministry of Agriculture. Foremost among the stations are the Agronomy Service Station at Kok Patry, the Stung Keo Livestock Station at Kampot and the four regional agricultural stations in the provinces of Battambang, Kompong Cham, Svay Rieng and Siem Reap. The Ministry also maintains agricultural specialists in each of the provinces for the purpose of bringing advances in agricultural knowledge directly to the farmers.

An important institution for agricultural adult education is the Tonle Bati Community Education Center, which was estab-
lished and formerly maintained in large measure with funds from the AID. Administered by the Ministry of National Education and Fine Arts, this school gives 75 to 100 young graduates of secondary schools 1 year of instruction in health, sanitation, nutrition, gardening, home economics and village improvement. They are then sent out to work with the adult population in rural districts. Many adult education programs are conducted in provincial meeting centers that were constructed in 14 provinces with funds from the AID. Equipped with motion picture projectors and small libraries, these centers serve as central meeting places for community educational and social activities.

Irrigation and Flood Control

Monsoonal flooding of rivers and lakes provides vast quantities of water for the agricultural areas during the rainy season, greatly benefiting the land with a new deposit of rich alluvial soil. Since 85 percent of the rain falls during the May to October monsoon season and only 15 percent during the dry season, the problem is to bring the water under control so that it can be used efficiently. Because of the high level of the Mekong during floodtime, much water is available by gravitation methods at relatively low cost. Studies show that a considerable increase in the level of agricultural production could be achieved, however, by improved methods of irrigation, including the extension of dike and levee construction to prevent excessive flooding and the establishment of better systems of impounding and distributing surplus water.

United States financial and technical support between 1951 and 1968 contributed significantly toward restoring old Cambodian and French irrigation facilities, which had fallen into disrepair or had been damaged in war, and also toward building new flood-control works. Approximately 200,000 acres have been brought under some system of irrigation or systematic flood control. Nine principal projects have been completed in seven different provinces with the use of heavy construction machinery and earthmoving equipment furnished by the United States.

Resource Development Programs

With the aid of technicians supplied by France and formerly by the United States, the government has been conducting a number of programs aimed at improving both the quality and the quantity of the important crops. These programs cover introducing improved rice varieties to enhance yield and to secure greater uniformity in kernel size, grafting high-yielding strains into original pepper stock, importing long-staple cotton varieties and expanding the cotton acreage in the hope of achieving self-
sufficiency in domestic cotton requirements, and popularizing the use of both organic and chemical fertilizer through "volunteer agricultural action groups." Special programs of forest conservation, fisheries management and corn and livestock production have also been launched.

Forestry Conservation and Utilization

A comprehensive forest inventory has been pushed to an advanced stage, so that long-range timber development can be planned on the basis of estimates of forest growth and usage which could serve as guides for policy in the granting of concessions. Beginnings have been made in constructing access roads and forest guard headquarters, improving leasehold practices, installing fire-control systems, instituting forest experimentation and training administrative personnel.

Cooperation with the government in its forest conservation and utilization program constituted one of the major activities of the AID. Its funds and forestry specialists assisted in the construction of firebreaks and access roads in important forest reserves and carried on an extensive program of public education in fire prevention and fire control.

Fisheries Development Programs

Inequities resulting from Chinese control of the fresh water fisheries led the government in the early 1940's to establish the Fresh-Water Fishing Cooperative to improve the marketing mechanism in the interest of the fisherman. Initially, the position of the fisherman improved, but in the confused aftermath of World War II the Cooperative encountered difficulty in collecting old loans. Loss of capital, therefore, weakened the Cooperative, and the Chinese merchants resumed their role in the supply of credit and the purchase of fish.

Fisheries legislation is comprehensive and aims, in principle, at conservation. In practice, however, administration by the National Fisheries Service in the Ministry of Agriculture operates to maximize government revenue through adjudication of fishing rights and through the sale of fishing concessions, to the detriment of conservation.

The United States contributed generously to the program of fisheries research, providing funds, technical personnel and equipment for aiding law enforcement. Difficulty in developing popular interest in a broad program of fisheries conservation has been because of the abundance of fish, the ability of large operators to find ingenious ways of evading the law and the official tendency to overlook infractions by the numerous small subsistence fishermen.
Corn and Livestock Development Projects

Corn contributes importantly to export earnings, but the government prefers to use it as feed in order to enlarge the export of livestock. This program of substituting cattle for corn in the export trade, launched in 1958, included the introduction of higher yielding corn varieties and the improvement of livestock feeding practices.

One aim of the first Five-Year Plan was an annual increase of 4 percent in the numbers of cattle, buffaloes and hogs, and these objectives were attained. Projects completed under the Plan included several livestock experimental stations, modern slaughtering and cold-storage facilities in Phnom Penh and Kompong Som and improvements in the provincial slaughtering establishments. By 1966 three state livestock stations were conducting experiments in animal husbandry, training cattlemen, perfecting stock-raising practices and developing stud cattle.

Agricultural Marketing and Finance

The shortage of rural credit on reasonable terms has been a perennial problem in Cambodian agriculture, and it compels the farmer to rely heavily upon the Chinese moneylender, who is usually also the rice buyer and local merchant. By setting the price for both the surplus rice he buys and the farm supplies he sells, the merchant is able to protect his loan investment at the expense of the farmer.

Starting in 1956 the government sought to stimulate agricultural cooperatives, so as to give the farmer low-interest loans and higher prices for crops. Administering the program is the OROC; its original allocation of 200 million riels in capital funds was later supplemented by 42 million riels from the AID. The farm cooperatives are multipurpose, offering credit provision at a reasonable cost; higher prices for marketed produce; and lower procurement prices for seed, fertilizer, tools, clothing and other necessities. The OROC, however, has not been outstandingly successful in these objectives. By the end of 1965, 398 cooperatives, comprising 277,000 farmer members, had reportedly been established, and the annual turnover totaled 466 million riels; one-third of this sum related to consumer and producer goods, two-thirds to the marketing of agricultural produce. Cooperatives in 1965 handled 15 percent of the rice exported, approximately 50 percent of the agricultural products delivered to industry and the entire cotton crop. By the end of June 1966 there were 512 credit-granting cooperatives, 390 multipurpose farm cooperatives, 14 specialized production cooperatives, 55 cooperatives supplying goods for local consumption and 40 school cooperatives in rural areas.
CHAPTER 20

INDUSTRY

Industry included no large-scale modern manufacturing plant in 1967, but the number of smaller units was perceptibly increasing and so was the variety of their output. Processing of local food crops, especially rice, remained paramount. Fish products, textile fibers and forest products were next in importance. There were also some small tanneries, several brick and tile kilns and miscellaneous metal-fabricating plants.

Having expanded at an average rate, in terms of current prices, of no more than 3 percent from 1957 through 1960, the gross national product remained virtually unchanged during 1961, but rose 9 percent in 1962, 8 percent in 1963 and then 3 percent in 1964. Industry, however, still contributes only about one-eighth of the total, about the same as in 1957, or well below one-third as much output as agriculture.

Per capita gross national product in 1963-64 stood somewhere between 3,500 and 4,200 riels (see Glossary), of which no more than 425 riels could represent industrial production. The basically nonindustrial character of the economy is reflected in the small number of full-time workers, only 100,000, engaged in industry and handicraft. Those engaged in strictly Western-type industry number only 6,000, including 4,000 employed in state undertakings.

Industrial progress has lagged behind that of many Asian nations for four principal reasons: lack of essential raw materials, poorly developed indigenous fuel supply, insufficient numbers of skilled managerial, professional or technical personnel because of the absence of systematic apprenticeship or vocational training in colonial times and the relegation of the country during the protectorate to the role of supplier of primary commodities for processing elsewhere. Governmental efforts since independence to speed up industrialization have been considerably impeded by an unstable financial structure and by heavy inflationary pressure arising out of the developmental process itself.

Diversification of manufacture during the past decade has taken several forms, including more and better equipped plants for working up the established staples of farm and forest, for supplying the requirements of the incipient construction indus-