

Cambodian ruling party re-elected with increased majority

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15 August 2008

Cambodia's national election on July 27 produced a significant victory for Prime Minister Hun Sen's ruling Cambodian Peoples Party (CPP). The preliminary official result released on August 9 by the National Election Commission (NEC) shows the CPP won 58.11 percent of the 6,010,277 votes cast, compared with 47.3 percent in the 2003 election. Voter turnout fell sharply, however, dropping from 83 percent five years ago to 75 percent.

When seats are allocated in the 123-member parliament at the end of this month, the CPP is expected to have 90 MPs, up from 73 following the 2003 election. The result will allow the ruling party to govern in its own right, without having to form a coalition.

The largest opposition party, the Sam Rainsy Party (SRP), won 21.9 percent of the vote—little more than 2003. It is expected to be allocated 26 MPs, compared with 24 in the previous parliament. The SRP conducted a populist campaign, promising lower fuel and food prices and free health care. It also promised free land grants to landless peasants. It promoted its leader Sam Rainsy as a man free from the endemic corruption in Cambodian politics. It failed, however, to make any inroads into the support for the CPP in rural areas.

The SRP has denounced the election, claiming that the result is the outcome of "massive fraud" by the ruling party.

The small gains that the SRP did make were primarily at the expense of three parties linked to the royal family of Cambodia, which won only seven seats between them.

The Norodom Ranariddh Party, which is loyal to Prince Norodom Ranariddh, who fled Cambodia in 2006 after he was found guilty of corruption, polled 5.62 percent of the vote and will hold just two seats. Norodom Ranariddh endorsed the election result on Tuesday in what commentators believe is part of a deal with Hun Sen to allow the prince to return from exile.

The traditional royalist party, Funcinpec, which removed Norodom Ranariddh as its leader in 2006, won 5.05 percent and will also take only two seats.

The Human Rights Party, which was formed in 2007 by a former Funcinpec leader, Kem Sokha, won 6.62 percent of the vote in its first election, mainly in rural areas. It is expected to be allocated three seats. Like the SRP, it campaigned against the alleged corruption of the CPP, which, in various forms, has

held government in Cambodia since the 1979 Vietnamese invasion that overthrew the Khmer Rouge regime.

Six smaller parties contested the elections but none registered a high enough vote to take a parliamentary seat.

Several factors explain why the CPP has been able to once again hold on to power. The state media barely concealed its bias toward the ruling party in its election coverage and there are numerous allegations of intimidation of opposition candidates and voters by CPP-sympathising police and government officials.

During the campaign, Hun Sen also exploited a dispute with Thailand over the sovereignty of the Preah Vihear temple near the Thai-Cambodian border to divert attention away from the social questions such as rising prices being raised by opposition candidates. The government hailed the United Nations World Heritage listing of the ancient site as evidence it scored a nationalist victory over Thailand.

While corruption and the anti-Thai campaign undoubtedly played a role in the CPP's vote, the main factor was Cambodia's economic growth over the last five years. The government was able to claim it is creating conditions for a better life for the desperately poor Cambodian population.

The International Monetary Fund estimated that Cambodia's GDP growth rate was 10.5 percent in 2007, one of the fastest in Asia. Foreign direct investment (FDI) has been rising and is predicted to reach \$US2.7 billion this year, flowing into the garment industry, tourism, infrastructure construction and agriculture.

Cambodia shares with Vietnam, Laos and Burma the same features that are attracting the interest of foreign capital: huge untapped natural resources, a young population and wage rates that are among the lowest in the world. The liberalisation of investment rules has also played a part in the upsurge in capital inflows. In April, the World Bank praised the Cambodian government for its economic reforms, including the decentralisation of administrative power.

Chinese investment is increasingly prominent. Chinese firms are currently constructing two major dams and Beijing has promised \$US1 billion in aid to help Phnom Penh develop hydro-electric projects. The demand for electricity is growing at the rate of 15 percent a year and inadequate power generation

capacity is potentially a major obstacle to future investment.

Despite the impetus given by the recent economic growth, the Hun Sen regime went into the elections acutely conscious that serious economic problems and social conflicts are looming. Rises in world oil and commodity prices are having a severe impact. The government stopped publishing inflation figures after January, when a year-on-year inflation rate showed prices had risen by 18.7 percent compared with 5 percent a year ago. The price of staples such as rice rose 80 percent.

The price hikes have intensified the resentment among the urban and rural poor over the grotesque inequality that characterises Cambodian society. While a small number of business owners and government officials have amassed significant fortunes from the inflow of foreign investment, the majority of the population faces poverty.

Tens of thousands of people who migrated to Phnom Penh from rural areas to work in the export industries still live in squalid shanty towns on the edge of the city. Over recent years, there has been growing unrest over the eviction of shanty dwellers and the seizure of land for corporate development projects. When South Korean investors undertook the construction of Gold Tower 42 and the International Finance Complex, hundreds of people were forced to move.

Economic conditions are now set to worsen, leading to significant job losses. On the broader economic front, commentators are predicting a slowdown in growth as part of global trends. The garment industry, which employs over 360,000 people, is expected to suffer from falling US demand and fierce competition from China and Vietnam. Sales to the United States fell in the first three months of 2008 to just \$1 billion, compared with close to \$2 billion in the first quarter of 2007. Some economists expect overall growth to fall to 7 percent in 2008 and 2009. Tourism is also predicted to decline.

The CPP's nervousness over the election was reflected in the efforts it made to manipulate the poll to guarantee that it won a large majority. The SRP claimed that as many as one million people were struck off the electoral rolls. The NEC admitted to removing 585,723 names in a 2007 review but claimed this was due to migration, death or loss of voting rights. Some monitors claimed that up to 50,000 people were turned away from voting stations.

Both the US-based Human Rights Watch (HRW) and local non-government organisations reported that opposition candidates were subjected to intimidation, including demands that they join the CPP. On July 11, newspaper journalist Khim Sambo, who wrote for a paper connected to the SRP, was murdered along with his son by unknown assailants. HRW claimed that the murders appeared to be "intended to send a message not to engage in opposition politics". In the course of the campaign, the Ministry of Information shut down a pro-SRP radio station.

Despite accusations that the ruling party used its control of the state to influence the outcome, investors and the Western

financial press welcomed Hun's re-election. Since 1993, the CCP has opened up the country for capitalist exploitation, enforced some of the lowest wage rates in Asia and repressed strikes and other protests demanding an improvement in the conditions of workers.

Investment management firm Leopard Capital CEO Douglas Clayton told the *Financial Times* on July 19: "We can now predict who will be running the government for the next five or even 10 years—and a government that is pro-business—which isn't the case in Thailand, Malaysia or the Philippines."

The British-based *Economist* commented on August 6: "The election was riddled with irregularities, mostly in favour of his [Hun Sen's] Cambodian Peoples Party (CPP). But he would likely have won anyway: the stability he has brought to a war-racked country, though often iron-fisted, has given Cambodia one of Asia's fastest-growing economies."

The director of the Cambodian Acleda Bank, Peter Kooi, told the *Phnom Penh Post* on Monday: "The general view is that the political situation is more stable now than five to ten years ago. Our customers want stability. They are saying if there is stability we will invest our money."

The local and foreign financial circles were not the only source endorsing the result. There were 13,000 election monitors in Cambodia, including from Europe and the United States. Martin Callanan, the head of the European Union's monitoring team, noted that the use of state resources in favour of the CCP and the unequal access to the media tarnished the election, but refused to characterise it as unfair. The EU team will not even release its final report until October, well after Hun Sen has formed a new administration. Compared with Hun Sen's guarantee that he will use his parliamentary majority to continue pro-investment policies, the voting "irregularities" are small change.



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