

## **Development in the Era of Privatization: Fifteen Years On**

Cambodians have witnessed enormous changes in their country since the 1991 Paris Peace Accords brought about the beginning of the end of a twelve-year civil war and the arrival of a free market economy. The peace agreement coincided with the end of the Cold War and settled one of the last remaining proxy wars in the struggle between the Western and Soviet blocs. A decade-long Western embargo of Cambodia was replaced with the United Nations first major nation-building project, the United Nations Transitional Authority in Cambodia (UNTAC). In 1992-1993, UNTAC organized Cambodia's first free national elections, repatriated hundreds of thousands of refugees and began clearing the countryside of its devastating landmine contamination. Western and Japanese donors poured in aid money and introduced market-oriented development strategies aimed at generating economic growth. This was supposed to lead to poverty alleviation. Sadly, looking back on the billions of dollars of aid that has been invested over the last fifteen years, there is not much to show for it. In fact, many people feel that the social and economic situation is actually much worse today than it was under the socialist regime that the Vietnamese installed to rebuild the utterly destroyed country after their 1979 invasion ended Pol Pot's reign of terror.

Under the socialist system of the 1980s, healthcare, sanitation and water services were limited, but they were provided to all people free of charge by the State, with support from the Soviet bloc countries. During this period, all Cambodians also had access to land for farming. Things began to change when land ownership was privatized in 1989, as the socialist system began to crumble and Cambodia embraced market reforms. Following the 1993 elections, Cambodia became much more integrated into the world economy. In order to comply with the conditions of loans provided by the World Bank and the International Monetary Fund, Cambodia had to privatize, liberalize and deregulate its domestic economy. Under the Structural Adjustment Program that Cambodia's new benefactors imposed, public spending on social services was reduced and many of these services were handed over to the private sector in an effort to make them more efficient.

The primary result of these changes has been that people need to spend more money to meet their basic needs. With the removal of agricultural subsidies, most farmers now have to go into debt in order to buy seed, fertilizer and other agricultural inputs. Private health-care expenses are also a leading cause of debt accumulation, accounting for around 22% of total household spending. Those who cannot repay their debts often lose their land, and thus their ability to grow their own food. Even public school education has become unaffordable for the children of many poor families. Teachers who cannot get by on their meager government salaries are forced to demand unofficial school fees from their students.

The escalation of private debt and landlessness, caused by increased household spending on basic services, has led to a deepening of poverty and a dramatic rise in inequality. Today the gap between rich and poor and rural and urban areas is more extreme than it was during the early 1970s, when social and economic inequality helped to foster the conditions that led to the Khmer Rouge revolution. The number of people living below the poverty line has declined over the last decade in Cambodia at a rate of around 1% each year, and economic growth has remained high at 7% annually. Yet, 1 out of 3 Cambodians still lives on less than \$1 a day, and the vast majority of the population still has no access to clean water, adequate shelter, sanitation facilities or electricity. Food security has worsened for most poor Cambodians. Malnutrition is endemic amongst children and thousands die every year from easily preventable diseases. Infant, child, and maternal mortality rates are among the highest in Asia. For the poorest

Cambodians, life has clearly become more difficult. Meanwhile, the number of luxury villas and sport utility vehicles in Phnom Penh seem to be growing everyday. While some poor people are better off than they were fifteen years ago, the fruits of development in the era of privatization have mainly been hoarded by the ruling elite.

The most disturbing trend that has arisen from the market reforms has been rampant land-grabbing and forced evictions in the name of 'development.' For the rural poor, who make up 90% of those who survive on less than one US dollar a day, land is their single most important asset. Yet, landlessness is estimated to have reached 22% of the rural population and has been rising at crisis proportions for the past five years. The main problem is that 80% of the population occupies land without any legal documentation proving ownership - a result of mismanaged land policy and massive high-level corruption since land ownership was privatized in 1989. Consequently, access to land and natural resources has decreased significantly for the poor - whose livelihoods depend on them - while land ownership has become concentrated in fewer and fewer hands.

The absence of secure land tenure is a significant impediment to poverty reduction. It also makes the majority of the population extremely vulnerable to land-grabbing by the powerful, who are able to steal land from the poor with impunity. The lack of secure tenure allows the authorities to conduct forced evictions in order to facilitate huge land concessions that have been granted to investors and companies promising 'development.' These concessions are normally granted behind closed doors without any public participation or oversight. The 'development projects' that are touted to be intended for the public good are often fronts for land speculation, logging or other natural resource extraction operations and rarely produce good employment opportunities for the local community. On the contrary, the people who own the land being developed are forced to move elsewhere, often with little or no compensation provided to them, and with disastrous implications for their livelihoods.

### **Forced Evictions Create "Non-Citizens, Non-People"**



Burned Remains of the homes of 45 evicted families

According to a report released in August 2006 by Human Rights Watch, "The Government is allowing a handful of powerful and well-connected individuals to line their own pockets while trampling on the human rights of thousands of poor people." Amnesty International's 2007 Human Rights Report cites that over 10,000 urban poor were forcibly removed from their homes in 2006 and thousands more rural dwellers lost their land and livelihoods in land disputes and concessions. The land crisis has affected every province in the country.

Evictions are normally carried out by military police armed with assault rifles, electric batons, shields and tear gas. They often use excessive force to remove residents and destroy their homes. Those who non-violently resist the eviction risk arrest, beatings and sometimes even extra-judicial killings by the authorities.

Phnom Penh residents who have been evicted during the last year have been trucked to squalid relocation sites more than 20 kilometres outside of the city. The sites are often undeveloped paddy fields without water or sanitation facilities, and no nearby schools, hospitals or employment opportunities.



Evicted Families at the relocation site (AFP Photo)

Predictably, these deplorable conditions have led to a humanitarian crisis. Humanitarian organizations that have responded to the crisis report that diseases are rampant and spreading quickly, children are slowly starving, and the community is sinking into deeper and deeper despair as they wait in vain for the arrival of basic services or resettlement on another plot of land suitable for living. The evicted families have not even been allowed to register to vote in their new resettlement locations because the authorities know that they will vote for the opposition party. As one Cambodian human rights lawyer put it, "They have effectively become non-citizens, non-people." It is no wonder that the word many evictees have been using to describe their experience is the Khmer word for *evacuation* - likening the eviction to the last time they were forcibly removed from their homes in Phnom Penh and marched to the countryside when the Khmer Rouge took power in 1975.

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