

Kampuchean natural resources aren't rich enough for it to accumulate capital by exporting raw materials or having a fair part of GDP saved as other countries. Its production couldn't meet the demand of domestic market basing only on land and labor force without foreign trade. Depending totally on foreign aid and investment in a background of unstable socio-political situation means letting the economy develop by itself and letting the situation become unpredictable. This can't be acceptable. Therefore, there must be a choice.

According to experience of some countries in the region who succeeded in economic development, especially of Malaysia and Thailand, and taking domestic situation into consideration, we could see that the Kampuchean economy could be oriented towards the following directions:

- Firstly, the economy should be open to the world: International markets could be used as stimuli to develop the domestic production and potentialities so as to accumulate needed capital.

- Secondly, home industries should be encouraged in order to satisfy the demand of the domestic market, restrict unnecessary imports and save foreign exchange. On the other hand, Kampuchean goods and services should be introduced to foreign markets with a view to securing sources of foreign exchange and modern technology.

- Thirdly, basing on clearly defined direction of development, Kampuchea should secure long-term loans from foreign financial institutions for infrastructure projects.

Basing on the said directions, Kampuchean strategy for capital formation can be: "To accumulate capital by attracting foreign investment, exporting raw materials, and using labor surplus in infrastructure projects and developing service industry".

Underdeveloped as Kampuchea is, Kampuchea can carry out this strategy basing on the following conditions:

- Kampuchean natural resources are of no great reserves, but due to a small population, it can be seen as a potentially rich country compared with other countries in the region. Particularly, Kampuchea has got many valuable natural resources such as gem stones (ruby, emerald...), seaproducts, natural gas, oil, good types of wood, etc.

Additionally, Kampuchea has been an exporter of many agricultural products such as latex, rice, etc. and these exports were a remarkable source of capital. In recent years,

because of political unrest, that source of products has been exploited by remnants of Pol Pot army and other groups who wanted to take power illegally.

- There are a lot of tourismmagnetic areas in Kampuchea which could serve as bases for development of cultural tourism, such as Mekong River, Tonle Sap Lake, Angkor Temple (one of the most ancient architectural works of the world). On the other hand, many Kampuchean traditional occupations which produced handicrafts for export (such as goldsmith, embroidery, carving, etc.) should be revived.

- Recently, because of the civil war and Pol Pot genocidal regime,



SOME OPINIONS ABOUT STRATEGY FOR CAPITAL FORMATION IN KAMPUCHEA

by SA SAMBO

Kampuchea has held a lot of interest for the world: The UN has helped with restoration of peace and security, many countries have given aid, so Kampuchea can receive finance for development from many international organizations.

Basing on these conditions, it's suitable for Kampuchea to carry out the strategy for capital formation by securing both foreign and domestic sources. For the time being, foreign investment could be used to exploit available resources. When a certain growth rate is obtained and per capita income is improved, Kampuchea can mobilize the domestic source of capital.