

# ***Chumpea Loy:***

## ***Debt and the making of the Khmer Working Class***





**Gavan Blau**  
**Student 11378654**  
**MSc Human Geography**  
**University van Amsterdam**  
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**Supervisor: Prof. Dennis Arnold**

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## List of Abbreviations

ACILS	American Centre for Labour Solidarity
ASEAN	Association of Southeast Asian Nations
BFC	Better Factories Cambodia
C.CAWDU	Coalition of Cambodian Apparel Workers Democratic Unions
CCFC	Coalition of Cambodian Farmer Community
CFSWF	Cambodian Food and Service Workers' Federation
CLC	Cambodian Labour Confederation
CMA	Cambodian Microfinance Association
CPP	Cambodian People's Party
CTSWF	Cambodian Tourist Service-Workers Federation
CTWF	Cambodian Transport Workers Federation
CFITU	Cambodian Federation of Independent Trade Unions
ELC	Economic Land Concession
FLC	Forest Land Concessions
GCC	Global Commodity Chain
GPN	Global Production Network
GVC	Global Value Chain
ILO	International Labour Organisation
IMF	International Monetary Fund
ITF	International Transport Workers' Federation
LDC	Least Developed Country
MFI	Microfinance Institute
MFN	Most Favoured Nation Status
MOL	Ministry of Labour
NIC	Newly Industrialised Country
OECD	Organisation for Economic Co-operation and Development
PRK	Peoples Republic of Kampuchea
TATA	US-Cambodia Textile and Apparel Trade Agreement
TUSP	Trade Union of Sihanoukville Port
UNTAC	The United Nations Transitional Authority in Cambodia

## 1. Overview of Thesis

This thesis is concerned with the role of debt in the formation of Cambodia's wage labour force, a country that has been a post-transitional market economy since 1991. This study is based on 4 months of qualitative research in Cambodia conducted in partnership with the American Centre for Labour Solidarity, and is a trans-local, multi-sited, comparative case study focused primarily around workers at 2 major Special Economic Zones. Taking a political economy approach, this research seeks to make a context-specific empirical contribution to debates around various aspects of "primitive accumulation" and industrial transition; including household livelihood strategies, the commodification of labour, labour mobility, social reproduction and workplace arrangements. Observations on microfinance programs and labour migration dynamics will also be useful for policy practitioners in the field.

Specifically, this paper has 3 key arguments on the role of debt in Cambodia:

*Contention 1:* Microfinance has grown markedly in Cambodia in tandem with land titling and the formation of state authority, thereby becoming a dominant component of village livelihood strategies. Microfinance has not achieved its purported aims, largely because options for productive investment in rural settings are extremely limited. The main effects of microfinance debt have rather been to push subsistence farmers into the wage labour force, as well as commodifying pre-existing social relationships within village life. This process is exacerbated by the low provision of public services. Contra to theoretical claims, we find that landlessness and expulsion is substantially not the predominant driver towards wage labour.

*Contention 2:* We find that the labour market in Cambodia is highly geographically segmented, and workers predominately enter into wage labour on the basis of opportunities provided via social networks. Waged employment generally requires labour migration, such that workers actively incur debt to increase their labour mobility and set up financial arrangements that span the work and village sites. Debt and labour migration are thus often undertaken simultaneously as part of an intergenerational livelihood strategy, which "stretches the household" across multiple sites. The first effect of such household arrangements is to produce a highly culturally-specific pattern of urbanisation. The second effect is to subsidise capital by shifting the costs of social reproduction onto female and elderly subjects.

*Contention 3:* Regional development strategy interacts with domestic political arrangements such that Cambodia is compelled to attract FDI by being a provider of low-wage labour, while refraining from investing in the development of the labour force. Under this regime, employers and the state both work to increase the precarity of labour and reduce labour's bargaining power. In this context, debt acts an additional disciplinary mechanism on labour, intensifying work and increasing capital's share of value extraction.

## 2. Introduction: Industrial Transition in Cambodia

### 2.1. Problem statement

In 1991 Cambodia embarked on a new trajectory, opening up to contemporary forms of global capital circulation and capitalist relations. At this time the country was an economic “blank canvas”, after all facets of society had been dismantled by the Khmer rouge regime in the late 1970s, followed by a decade of communism under Vietnamese occupation. For the world powers administrating Cambodia under the banner of UNTAC in 1992-93, such a situation was ideal for implementing the dominant developmentalist doxa of the day, and by attaching conditions to bilateral aid and development loans Cambodia was compelled to open up its borders to free trade and provide a favourable investment environment to attract FDI capital. Policy makers assumed Cambodia would soon follow in the footsteps of its booming economic neighbours - the Asian tigers such as Korea or Thailand.

With a workforce that was uneducated, unskilled and rural, Cambodian development strategy aimed to position the country as a cheap factory for world supply chains, particularly in the export-oriented garment manufacturing sector. Aided by favourable trade concessions to the US and European markets, Cambodia was successful in attracting factories in the garment sector on the basis of offering low wages. Spurred on by such manufacturing activity, as well as tourism, construction and industrial agriculture (palm oil, rubber, sugar, cassava and nuts), Cambodia’s economic growth rate has remained relatively high, albeit proceeding from a low economic base. And so, it is true that in the 25 or so years since UNTAC, that peace, aid and investment have transformed the economy of Cambodia and the life of its people.

But it is also clear that such transformations have not been to everyone’s benefit. Development has been decidedly “uneven”, with many Cambodians suffering proletarianisation, impoverishment, expulsion and dispossession. Moreover, such economic growth has by no means guaranteed that Cambodia will depart from its trajectory to remain at the bottom of the global division of labour. Industrial activity in Cambodia has resulted in very few Cambodians performing any activities beyond the most basic and low-value tasks. Indeed, in order to remain attractive as a site for cost-competitive industrial activity, the Cambodian state has emerged as a key actor in maintaining a disempowered and low-cost labour force. Moreover, the state has made apparent that it will not seek to boost development by providing any significant investment in public infrastructure and facilities, which are widely considered to prove productive investments for a newly industrialising economy. Instead, it has set out on a strategy to maintain its attraction to FDI through the production of Special Economic Zones, which offer tax concessions and low-cost labour, and are designed to service grander ASEAN regional strategies of integration through economic corridors.

A second aspect of the economic doxa promoted since the 1990s, has been to encourage and cultivate the entrepreneurial subject, in a bid to “unlock” latent economic growth at a grassroots level. Within the context of the global south, such prognostications assumed that rural populations were a hotbed of potential economic activity, but remained prevented from doing so due only to a lack of investment capital. Accordingly, programs aimed at “financial inclusion” permeated throughout developing countries, offering “micro-credit” loans to fund the expansion of grass-roots entrepreneurial activity. In the case of Cambodia, such programs proliferated like wildfire, growing from the mid-1990s to become one of the most highly saturated micro-finance markets in the world today.

Yet if micro-finance is to be taken as a driver of development, the processes by which this occurs remains abstruse. Against the macro-scale economic processes, many Cambodians still find themselves struggling to eke out a livelihood. Many find themselves no better off than before. In these situations, debt becomes a driver of increased vulnerability, and can become a cause of migration, social dislocation and landlessness, rather than a driver of business activity. In many cases, rural farmers are forced to relocate to urban centres in order to perform waged work under dubious labour conditions. For such Cambodians, it is clear that their experience of development has been vastly different to that of the country’s elites, the emerging domestic middle class, and foreigners working in Cambodia’s private sector and NGOs.

Such a situation suggests certain contradictions inherent to Cambodia’s low-wage model of development, which form the basis of the problem that will be considered in this thesis.

## 2.2. Research Question

Newly industrialising economies (NICs) are characterised by a raft of cultural, social, economic and political changes and processes, which, taken together fall under the rubric of “modernisation” or “development”. While the desirability, effects and discursive associations of these terms remain hotly contested, certain modernisation processes are recognised in general terms across contexts. At the general level, my research has led me to focus on three in particular: commodification of social relations, social reproduction (here also connected to urbanisation), and industrialisation.

However these processes are embedded in a range of geographical and social settings, giving rise to highly variegated outcomes and characteristics of modernisation. This is a point well recognised by the Varieties of Capitalism literature. I thus seek to consider the Cambodian trajectory of development through a spatiality that is multi-scalar, topological and relational, thereby foregrounding the geographically specific configurations of socio-cultural practices and institutions that underpin Cambodia’s economic development.



In the Cambodian context, the development process is highly impacted by the provision of debt. Accordingly, I am using the specific variable of debt, as a particularly suitable measure for unpacking the spatial implications of development. Debt relationships have the ability to cut across multiple processes and scales.

Drawing these concerns together, this thesis will pose the research question:

*What role does debt play in the formation of a wage labour force, in the context of Cambodia's industrial transition?*

It has three sub-questions:

- *How does debt shape village livelihood strategies, in the context of the commodification of labour?*
- *How does debt shape labour mobility, in the context of social reproduction processes?*
- *How does debt shape labour agency, in the context of industrial development processes?*

The overall analysis will take a political economy approach, considering current debates around Marx's notion of primitive accumulation, with particular regard to labour studies.

### **2.3. Aim of thesis**

The first purpose of this research is to understand labour circulation processes in Cambodia and how workers are affected by debt. This is an exploratory and empirical task. By undertaking field work, this research can contribute by making new data available for analysis and use by scholars, advocates, unions and policy interfacing bodies.

The second purpose of this thesis is to accompany two other research reports that I provided to ACILS, which looked at SEZ labour conditions, workers debt situation and opportunities for labour organising.

The third purpose of this thesis is for it to provide the empirical backbone for further policy and academic work in future, by which I hope to contribute explanatory hypotheses to this data on my own. I hope to scrutinise and challenge several widely held assumptions and activities that continue to permeate the Cambodian policy landscape throughout the contemporary period.

## 2.4. Contribution to the Literature

My thesis will contribute to the following academic debates:

- The theorisation of industrial transition in the context of globalisation in the global south. It will do so by shedding light on various political economy debates around the concept of “primitive accumulation”. Of particular interest, is to understand the non-dualist dynamics of industrial transition, to critique developmentalist notions of transition, and understand how financialisation (which is well documented in the context of the global North) plays out in the global South.
- Sociological accounts of work in the field of labour studies. These accounts look at how precarious work conditions are on the rise and try to understand how this fits in the global division of labour.

My thesis will contribute to the following societal and policy debates:

- Whether microfinance is really helpful in rural subsistence settings, and if so in what conditions, challenging many existing NGO programs.
- Whether migration led remittances are a pathway to development, as stipulated in NMT New Migration Theory, particularly in the context of debt-fuelled migration and the rise of South-South migration.

The contributions I intend to make to these debates are largely empirical, as there are still large gaps in the literature with respect to on-the-ground data. By providing this contribution, one can address these debates with reference to the Cambodian context.

Rather than do an overall literature review, I have decided to include my literature review within each chapter, wherein I also explain the historical and contextual background. This will provide a more tailored reading of the literature for each chapter and a more focused thesis.

Nevertheless, it is worth noting the major empirical scholars of Cambodia’s economic development that informed my research, specifically: Bylander, Parsons, Lawreniuk, Derks, Diepart, Oveson, Springer, Un, Hughes, Arnold, Maltoni and Baird. The major historical and ethnographic scholars are Hou, Nim, Jacobsen, Oveson, Ledgerwood, Frings, Chandler, Kiernan, Delvet, Ebihara, Thui.



## 3. Theoretical Framework: Primitive Accumulation

### 3.1. Introduction

My research uses a political economy analysis of industrial transformation, with a particular focus on labour. Academically, this positions my research at the nexus of various post-Marxist debates around the notion of “primitive accumulation” in the context of globalisation and the global south. A political economy approach was not chosen *a priori*, rather, it emerged as the most suitable explanatory framework out of a grounded research process.

Post-Marxist debates have a high degree of theoretical nuance, and it is not my intention to recapitulate such categorical and theoretical minutiae in this chapter. This is because my research project is empirically driven, and I do not intend to do a closely read analytical exegesis later in the paper (nor do I have the space to do so). I do note that I hope to use the empirical findings of my research as the departure point for such theoretical investigations at a later date. A second reason is because within my chapters I cover a lot of theoretical ground and refer to much of the literature as the need arises, which I would argue befits both a grounded explanatory research methodology and a political economy theoretical framework.

### 3.2. Foundational formulations of transition in Political Economy

#### 3.2.1. Dual Sector Model

There are various ways in which the process of industrialisation has been theorised as a means of economic development. Classical development economics has often formalised this relationship mathematically by generating dual-sector models, beginning with the Lewis model (Lewis 1954) which describes the transition of workers from the subsistence agricultural sector to the capitalist industrial sector. The notion of a two-sector economy has been taken up in a variety of other formulations and disciplines, being considered in terms of capitalist and subsistence, formal and informal (eg Keith Hart 1973), modern and traditional, industry and agriculture, urban and rural, primary and secondary, and good-jobs and bad-jobs, free and unfree labour (Fields 2007). Some models have even been extended to include a third or fourth sector, while retaining the fundamental mechanism of the model. As noted by Fields, “today, dual economy and multi-sector models dominate both academic research and applied policy work.”

### 3.2.2. The Marxian Model

Industrial transformation refers primarily to the advent of capitalist relations over a pre-existing form of economy. To Marx, the instituting of capitalism was based on a process he called “primitive accumulation”, which is first and foremost, the ‘historical process of divorcing the producer from the means of production’, transforming ‘the social means of subsistence and of production into capital’ and ‘the immediate producers into wage laborers’ (Marx 1987:714).

The Marxian tradition further problematises the notion of a transition from subsistence labour to wage labour, pointing out that this is rarely (if ever) a peaceful process. For Marx, this process in which pre-capitalist modes of production are transformed into the capitalist mode of production is violent and coercive and intimately bound up with the role of the state. Using the English enclosures as model, Marx’s notion of Primitive Accumulation sets out an originary moment of enclosures of the commons by which the process of capital accumulation is started, in which the self-sufficient peasant labourer or craftsmen is (violently) separated from their means of production (ie land, resources, tools) and thereby forced to enter the labour market as wage labourer.

Marx’s description of primitive accumulation reveals a wide range of processes (3 of which I focus on in particular). These include:

*“the commodification and privatization of land and the forceful expulsion of peasant populations; the conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; the suppression of rights to the commons; the commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neo-colonial, and imperial processes of appropriation of assets (including natural resources); the monetization of exchange and taxation, particularly of land; the slave and usury, the national debt, and ultimately the credit system as radical means of primitive accumulation. The state, with its monopoly of violence and definitions of legality, plays a crucial role in both backing and promoting these processes.”* (Harvey 2003: 145)

To Marx, such a process was posited as an originary moment, with the assumption that a “fully-fledged” capitalism would take over most non-capitalist production through a process of subsumption.



The Marxist line of logic is further expounded by Rosa Luxembour (1913) with particular attention to how primitive accumulation underlies the expansionist drive of colonial imperialism, with colonisers taking means of production and resources from the colonised and preventing the continued practice of subsistence society.

### **3.3. Updated formulations of Primitive Accumulation**

#### **3.3.1. Neo-liberalism, Globalisation and the New Imperialism**

David Harvey (2004) has more recently argued that neo-liberal globalisation reproduces this dynamic, in a process he terms “accumulation by dispossession”. In this formulation, the opening of developing economies to free trade incentivises the dispossession of communal property, with profit seeking multinationals seeking to generate a profit by including these sites into the circuits of global capital.

Simon Springer (2010) has most recently applied this analysis to the Cambodian context, arguing for an understanding of Cambodian economic life in terms of “neo-liberalism with Cambodian characteristics”. Springer does rightly argue against an essentialised reading of neo-liberalism, arguing that it as a discursive set of practices that are taken up and applied differently in different contexts.

Within the context of Cambodia, such a dynamic has been evident since the time of UNTAC in 1992 -1993, when Cambodia began a transition to private property rights and a new era of a regime designed toward capital accumulation. This transition resulted in a spate of land privatisation and expulsion (“land-grabbing”) under the Economic Land Concession (ELC) and Forest Land Concession (FLC) systems, as well as urban displacement for development projects (Springer 2010, Strangio 2014). These processes are said to be “increasingly thrusting thousands of Cambodians into a position of landless proletarianism” (Springer 2010). Further, in 2001 significant land reform was implemented leading to widespread land conflict. That legislation enabled politicians and military personnel to appropriate large swathes of arable land and dispossess tens of thousands of Cambodians off of state land. One of the key points to note geographically, is how the production made on this land is generally for export to global markets, often via Thailand. Thus even local issues are shaped by global processes. This process of capital accumulation has been pushed along further by the provision of donor money for economic development, with total aid provided to Cambodia amounting to approximately USD \$5.5 billion over the decade 1998–2007 (Sato et al 2011).

Another way that the concept of Primitive Accumulation is receiving renewed attention today is in relation to the rollback of the welfare state in the Global North since the 1970s. The conceptual linking point is that new economic arrangements and techniques are designed to privatise all public resources and commons. In this way market logic and commoditisation penetrate into the other spheres of life. As well as Harvey (2003), Saskia Sassen highlights the key role that financialisation has played as a technique of new forms of dispossession and privatisation. In what she terms “expulsions”, she argues that complex debt and credit arrangements have played a key role in allowing market logic to penetrate common spaces. Key to this argument here, is seeing that primitive accumulation and dispossession can be orchestrated in much subtler ways than the classic Marxian case of enclosures of common land.

### 3.3.2. Critiquing Dualist Developmentalism

The legacy of both the liberalist Dual Sector model of development and the Marxian model of Primitive Accumulation is to overemphasise a progressivist developmentalism. The Marxist formulation is critiqued as being overly teleological and Eurocentric. Meanwhile the Dual Sector model overemphasises a dualistic binary between conceptual categories. Empirical fieldwork, especially in non-western and post-colonial contexts, have shown that the interrelation between sectors is much more fluid, complex and dynamic.

#### *Temporal Dualism: Original sin or ongoing process?*

For one, the unilinear process of industrialisation has been problematised. For example, Sanyal (2007) has argued that the capitalist sector actually itself produces new forms of non-capitalist economic activity, citing the example of Indian peasants. The key point within this literature is to note that development is not deterministic or uni-linear, that capitalist production may in fact reproduce some of the forms of non-capitalist labour it espouses to negate.

#### *Feminist critiques and the reorganisation of social reproduction*

A similar argument is taken up by feminist scholars such as Gibson-Graham and Silvia Federici, who have shown how capitalist production relies on informal labour – such as in the household – in order to generate resources and maintain itself as a system. In this way feminist scholars contest the idea that capitalist forces penetrate all of informal labour, rather, it stabilises itself by extracting surplus value from informal sectors if it can, and in this way reproduces informal forms of labour as an ongoing process.



### *Spatial Dualism: Urbanisation Patterns*

Dual sector theory has also emphasised the link between urbanisation and economic development. Rural populations are assumed to migrate to urban centres to undertake waged labour and earn higher income through new economic activities such as factory work. Thus the two-sector model is spatialised, with the agrarian sector supposed to be largely rural and the industrialised sector to be increasingly concentrated in urban metropolises. Technological progress is expected to not only create new industrialised jobs, but to provide advanced farming techniques that rationalise the agricultural sector and generate a pool of surplus workers who then seek migration.

Nevertheless, here it is again important to note that migration patterns do not necessarily proceed in a unilineal direction from rural settings to urban centres. Ample literature has shown the prevalence of seasonal work, short term migration, remittances, and continuing social linkages between urban and rural settings, further problematising how development and investment manifest spatially.

### *Agency Dualism: Free vs Unfree Labour*

Just briefly, the Marxian classic case tells the story of bonded serfs becoming free wage labourers. Thus a modern economy is assumed to be one free of servitude. Brass (2010) argues that this process is also not unidirectional and that modern economies can still produce forms of unfree labour. He also argues that the distinctions between “free” and “unfree” labour are not always so clear. Debt bondage has a long history in the case of Cambodia (Jacobsen 2013), and indeed, the situation faced by heavily indebted workers might be put into dialogue with such accounts.

## 4. Methodology – A Mixed Method Multi-Sited Case Study

### 4.1. Research Strategy

#### *A mixed method study*

This research project is a mixed-methods study consisting of qualitative research, supported by quantitative and cartographic research methods. Qualitative research was led by 4 months of field-work in Cambodia, where I was working under the auspices of the American Centre for International Labour Solidarity (ACILS), the internationalist arm of the American union movement. Quantitative and cartographic research was often limited to desk-based research, to support and cross-reference empirical observations and data provided from interviews. I elected to use a mixed-methods approach as the combination compensates for the limitations of each respective method, and also increases the internal validity of results by triangulating the data (Bryman, 2012).

#### *Comparative case study*

Within Bryman's five-fold typology of research design (Bryman 2012: 50), my methodology can be described as a multi-sited comparative case study. This design was chosen for its ability to span the meso-level between the particularity of a single case study and the generality of a cross-sectional national study. Whereas a single focused in-depth case study, such as ethnography, seeks nuance in order to make inductive findings, a cross-sectional design seeks to make generalisable findings about an area as a whole, often averaging out regional specificity. I on the other hand was seeking to take elements of each approach, allowing me to understand how the role of debt varies and is conditional across contexts within Cambodia. Such an approach is supported by Bryman's claim that, "the key to the comparative design is its ability to allow the distinguishing characteristics of two or more cases to act as a springboard for theoretical reflections about contrasting findings. It is something of a hybrid, in that in quantitative research it is frequently an extension of a cross-sectional design and in qualitative research it is frequently an extension of a case study design... By comparing two or more cases, the researcher is in a better position to establish the circumstances in which a theory will or will not hold." (Bryman 2012: 75). This notion of "hybridity" was appealing to me, as I wanted to understand the impact of debt in both a generalised manner within Cambodia, but also with an understanding that there would be a great deal of regional variation. I wanted to understand how context-specific factors conditioned that variation. Indeed, this is the tension at the heart of my methodology; because I have not embarked on a nationwide cross-sectional study across Cambodia, I am cognisant that often I am not able to make generalisable nationwide claims; nevertheless, my research extended far beyond the range of my primary case study sites, and the strength of my research lies in the ability to provide comparison and contrast across multiple national contexts. In this sense one could say there are cross-sectional elements to my methodology.

Comparison was also especially important for my research as causative relations between debt and other factors are not unidirectional, and I was seeking to go beyond existing studies that merely establish a quantitative (non-causative) correlation between debt and other factors, such as migration (Bylander 2015), medical issues (Sim Socheata 2014) or land loss (Maltoni 2007, Biddulph 2004). Bryman also notes that the multiple-case study is best for understanding non-“successionist” forms of causality, that is, “generative mechanisms that are responsible for observed regularities in the social world and how they operate in particular contexts.” This methodology is clearly suited to my research goals.

### *Grounded research process*

As grounded exploratory research, it was aimed at having a primary emphasis on empirical observations, which could then be connected to the theoretical debates and literature as relevant. Bryman refers to this as an inductive process. Unsure of the research opportunities that could be facilitated through ACILS, my research design remained adaptable to suit the practicalities and opportunities for research on the ground. In this chapter I will outline how and why my research design came to be implemented, emerging out of a grounded research process. From the outset, the research design was conceived to be inductive and iterative, to account for my limited knowledge of the research context, uncertainty about access to research sites, and uncertainty how the focus of the study, namely debt, would be of relevance within Cambodia. Therefore, I will begin by describing my initial research design, followed by a description of how the research design evolved and reasons for those decisions. I wish to demonstrate to the reader that the while the research design was grounded and fluid, its evolution was nonetheless methodical, systematic, and at all times considered against relevant research principles, namely “trustworthiness” (credibility, transferability, dependability, confirmability - Lincoln and Guba (1985) as set out in Bryman 2012), and reliability, replication, and validity in the limited parts where quantitative research was deployed.

## **4.2. Research Design**

### *A multi-stage trans-local process*

This research design drew on a similar study conducted in Cambodia by urbanisation scholars (Parsons, Lawreniuk, Pilgrim 2014). In their study of one worker site and its links to homeland sites, they persuasively trace the financial and social linkages between urban Phnom Penh worker spaces and linked village sites. Such a study proceeds by starting at a central site of interest and follow linkages outward based on “descriptive possibility”. This approach draws heavily on the methodologies outlined in the field of “trans-local studies” (for a summary of the literature see Greiner and Sakdapolrak 2013, as well as Brickell and

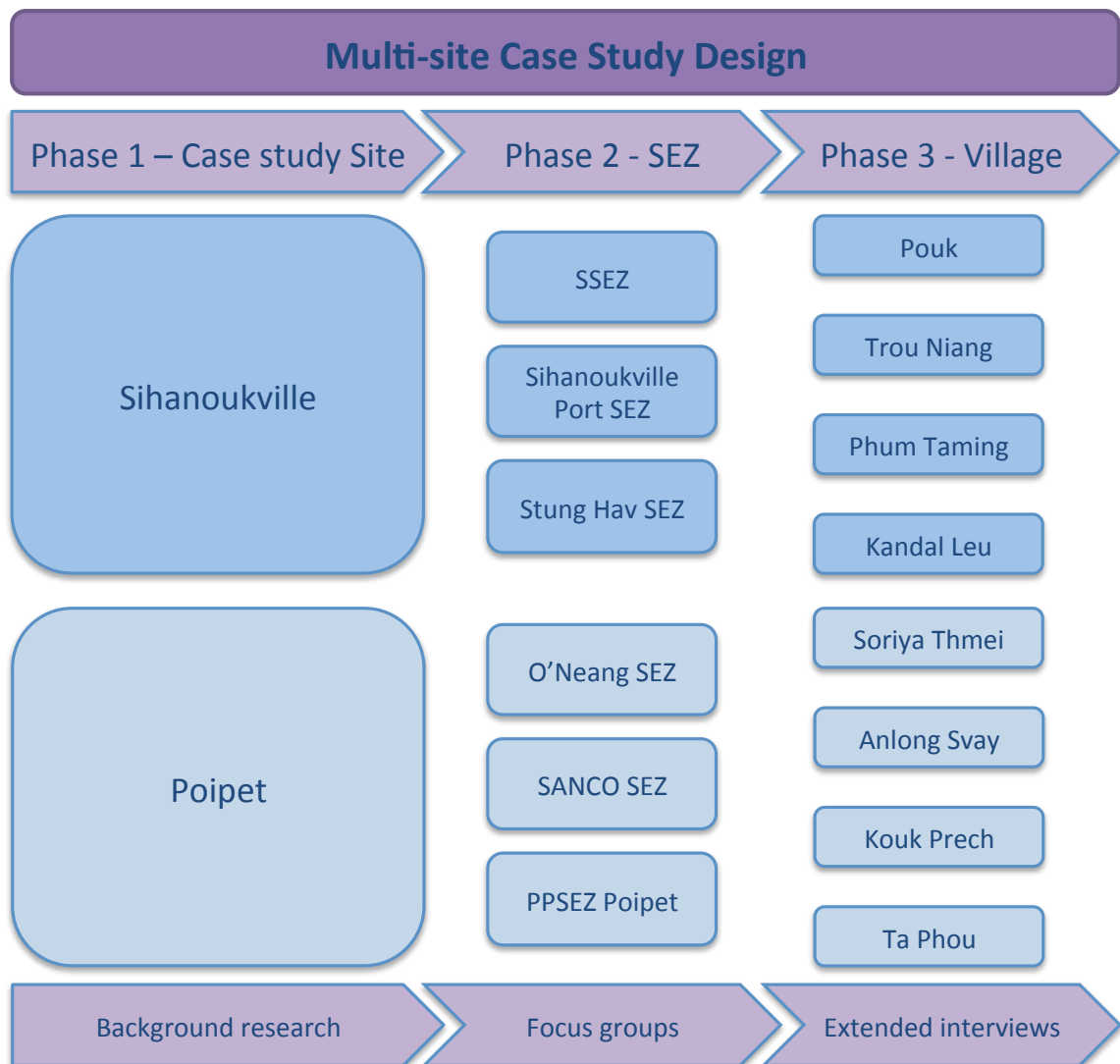


Datta 2011, Porst and Sakdapolrak 2017). Such studies seek to generate a collection of 'linked in-depth interviews in origin and destination'. The purpose of these approaches is to, "... direct attention to various forms of mobility beyond the movement of people. Building on a relational notion of place, these writings place a strong emphasis on the micro level and local-to-local dynamics to explain socio-spatial phenomena" (Greiner and Sakdapolrak 2013).

Accordingly my research was designed to consist of a multi-stage process, as follows:

1. *Structured Surveys*- Structured surveys of SEZ workers were to be conducted with the assistance of ACILS contacts within Cambodian labour unions. These surveys would be designed for the purpose of sampling workers that were indebted, as well as providing quantitative statistical data regarding workers indebtedness, labour history, land ownership and other demographics. The initial survey was designed with reference to surveys taken by Professor Dennis Arnold, among others, and the version I prepared can be found in the appendix. As discussed below, the structures surveys were eventually deemed to be neither valuable or practicable and were later abandoned in favour of a short informal interview to ascertain workers' suitability for sampling;
2. *Focus Groups* - workers with experiences of indebtedness and/or internal labour migration would be selected for a series of qualitative focus group interviews on questions on livelihood strategies. This interview guide can be found in the appendix;
3. *Extended Interviews* – some focus group interviewees would be chosen for extended follow-up individual interviews, along with a visit to their home village and to meet their family and members of the village. The purpose of these interviews was to illustrate connections over multiple sites, and interviewees were chosen on the basis of availability and "descriptive possibility" (Parsons, Lawreniuk, Pilgrim 2014).

By modeling my methodology of qualitative fieldwork on Lawreniuk and Parsons, I was similarly seeking to understand how agricultural and industrial sites were mutually co-constitutive. For my study this relationship was to be outlined through the mediator of debt (such as in the forms of remittances and household arrangements), as a way for understanding Cambodia's transition away from subsistence agriculture towards industrial wage labour.



Visual representation of case-study design

### *Data Collection*

All interviews were to be conducted with the assistance of a translator, preferably a worker from ACILS or a union representative, as either of these translators were able to understand the nuances of labour issues and could gain the trust of workers, facilitating open discussion.

Sampling was chosen according to access, practicality and location. The aim was to get a cross section of workers located at the relevant sites. Using key contacts and snowball method, I was open to interviewing subsequent contacts, as recommendation improves the

likelihood of participation (Bryman 2012). I sought out diverse voices, particular with regards to gender, age, and social role, in order to not overlook important perspectives that are not immediately apparent or made available.

### 4.3. Revisions to Research Design

As a grounded research project, changes to the research design were anticipated to occur. The major changes were as follows.

*Refraining from Structured Surveys* - Initially, structured surveys were designed and trialed with 10 SEZ workers from Phnom Penh SEZ and Poi Pet SEZ. It was apparent that completing surveys would take longer than initially considered and would not provide reliable numeric data in many situations as workers often had complex financial and household arrangements, and were not always able to provide discrete, clear or reliable answers. I did not wish to impose a reductionist structure on their responses that would gloss over the complexity of their situation. For example, questions regarding reasons for migration consistently showed major factors to be debt, health expenses, unemployment and general poverty. Given that all these “causes” are deeply interlinked, the survey data does little beyond show a relationship that needs to be disentangled and understood in detail, and this is what I set out to do.

Furthermore, upon meeting with various stakeholders such as NGOs, I was directed to various existing reports and data sources in which similar and relevant survey data was already available (eg OECD/CDRI 2017, Maltoni 2007, CPS forthcoming). I thus concluded that producing new survey data would not provide information that was helpful for either my research or for stakeholders that I was working with, such as ACILS and labour unions. I knew I could not produce survey data at a scale that was persuasive and reliable for policymakers and policy advocacy.

*Abandoning attempts at cross-industry inter-linked work sites* - In my original study design this research was expected to encompass a third site, namely a co-linked site of plantation labour. It was expected that such linkages would naturally emerge from within the interview process. By and large this wasn't found to be the case. Certain plantation labourers were met in the village and interviewed, the result of which will be discussed. However, it was not possible to visit these sites for further research based on low accessibility, poor availability and connections. Moreover, the extent to which plantation sites were interlinked with these villages was much lower than anticipated, and emerging patterns regarding questions of labour and migration choices were revealing that it would not be so interesting to follow this line of thinking.



*Adding a second case study* – As my research proceeded and I made contacts in the field, it became apparent to me that I could arrange to extend my case study by replicating it at a second site. ACILS had an interest in the labour conditions in and around the border town of Poipet, and I had come across an NGO operating savings collectives around the surrounding province of Banteay Meanchey. I had met NGO Samaritan’s Purse within my snowballing process of generating stakeholder interviews, and they had reported working in villages with very high rates of foreign migration and indebtedness. Taken together I thought it might be best to consider the regional specificity of such debt and migration processes through a comparative analysis. The analysis would be comparative in the sense that I am seeking to make idiographic findings, that is, ones that are bounded to time and place; I wish to understand how debt is a factor in a variety of settings, knowing full well that it is a factor that cannot be easily untangled from other co-determinants of industrial transition. Yet I also wish to extend those findings to a level of generality over the wider case of Cambodia, with full knowledge that regional variation being the dominant characteristic and prevents any truly generalisable claims. At this point I considered Bryman’s commentaries on comparative design and realised that such a method would be well suited to my emerging theorisation in the direction of political economy, and away from a more narrow and positivistic methodology.

*Adding cross-sectional elements* – By the time I had conducted all my field work, I had the benefit of also interviewing workers in Phnom Penh SEZ, non-SEZ factory workers, workers at 3 different plantation sites (attending focus groups run by Dennis Arnold), as well as interviews with many union representatives that had knowledge of workers at different sites. I had also visited over 8 village sites where I conducted interviews with villagers on relevant topics. These interviews gave me a wide range of information, but certainly not the level of “thick description” or specificity about any particular site alone.

#### 4.4. Research Sites

##### *Sihanoukville*

Sihanoukville is located by the southern coast at the Gulf of Thailand. At the most recent census in 2008, it had a population of around 90,000. The city has been host to Cambodia’s only international deep-sea port, Sihanoukville Autonomous Port, since 1955, and is the major site for sea-borne export freight. The major industry is beach tourism, and more recently construction and manufacturing. The Sihanoukville city area has licensed 6 SEZs (as well as 1 near the Eastern border), only 2 of which are truly operational. The major SEZ is Sihanoukville SEZ 2, a Chinese run site with over 100 factories and at least 16,000 workers, but likely somewhat more. Administrators plan for the SEZ to grow to around 300 factories

and 100,000 workers (interview SEZ administrators May 2017). The other main SEZ is the Sihanoukville Port SEZ which is a small strip of land that connects to the port and consists of three operations.

The initial research design was to do a single case study focused around workers at the Sihanoukville SEZs. This site was chosen for being an export-oriented industrial cluster across a wide range of industries, as well as for its proximity to Cambodian villages. An added benefit would be that it is a region often overlooked for research in Cambodia, with many researchers either focussing on the high outward migration areas of the north-west, or the densely populated and easily accessible areas surrounding Phnom Penh. This would thus allow a geographic contrast to the research of Bylander, which has focussed on the high degree of debt-fuelled labour migration to Thailand from a particular district within Siem Reap, which is in the North West of the country and close to the Thai border. By contrast, Sihanoukville is at the Southern coast of the country, and could provide different dynamics for labour mobility and therefore an interesting site for comparison.

### *Poipet*

Poipet is a border town situated in the province of Banteay Meanchey, and is the site of the Poipet border gate to Thailand on National Highway 5, which is one of the major border crossings between the two countries. The town is dominated by casinos and casino tourism, designed to attract Thai gamblers seeking to circumvent the fact that gambling is illegal in Thailand. The Poipet gate is a major location on the Bangkok to Ho Chi Minh City economic corridor. Poipet has been growing rapidly; its population has increased from 43,366 in the 1998 census to 89,549 in the 2008 census. Nearly all inhabitants are internal migrants, as significant growth began in the wake of the UNTAC peacekeeping mission when Cambodians were living just across the Thai border in one of the largest Cambodian refugee camps. Many of these refugees had forged economic and social ties on the Thai side of the border and wished to remain nearby for trade. The town has a large border trade through a daily border market located inside Thailand, selling many garments and consumer goods made in Cambodia and Vietnam.

There are 2 operational SEZs in the town. The first O'Neang, has been operating for around a decade is not particularly dynamic in recent times. The second, SANCO SEZ is relatively new and showing rapid growth as it is supported by Toyota and largely services Japanese owned automotive supply chains based in Thailand. A third SEZ is slated to open within the next year and is a spin-off of the Phnom Penh SEZ which hosts almost 100 factories for Japanese firms, as well as other Asian firms.

## Villages

Four sites were visited in connection with the Sihanoukville site, and four in connection with Poipet. These sites were selected on the basis of access and descriptive possibility, and with the aim of exploring a wide range of village circumstances. For the purposes of my research, some of the key variations are location relative to major urban areas, land ownership distribution, and fertility of farmland. These factors are discussed in due course.



Map: Primary Case Study Sites



## CASE STUDY SITES: SEZs

	Name	Firms	Emps. *	Est.	Owner	Industries	Investors
POIPET CASE	SANCO SEZ	10	1354	2013	Chhour Vichet, Takahiro Yamamoto	Basic components for automotive industry; hard drive base plates	Toyota, and other Japanese owned auto manufacturers based in Thailand
	O'NEANG SEZ	5	1,927 (2,473)	2006	Van Ny	Garment; stationery; footwear	Thai and Chinese firms
	POIPET PPSEZ	-	-	2017	Lim Chhiv Ho	Under construction	Expansion of Phnom Penh SEZ; Japanese led
	SIHANOUKVILLE SEZ 2 (SSEZ)	109	14,874 (34,665)	2008	Ok. Lav Meng Khin	Garment, footwear, luggage and household products	Chinese investors; connection to WuXi head office
SIHANOUKVILLE CASE	SIHANOUKVILLE PORT SEZ	3	857 (510)	2009	Port authority (PAS), JBIC Loan CP-P6	International port; beer packaging; make-up sponges	Supported by Japanese development department
	STUNG HAV SEZ (ATTWOOD)	-	-	2005	Lim Chhiv Ho	Used as a private port for Attwood Investment Co.	None yet
	PHNOM PENH SEZ	92	16,954 (33,156)	2006	Lim Chhiv Ho	Varied low skill assembly: garment, packaging, wallets, tools, food, household products, motorbike and electronics assembly	Half Japanese; then Malaysia, Taiwan, Singapore, Hong Kong, Korea, Malaysia, Philippines, USA
Additional site visit	* Official figures at CDC (Council for Development of Cambodia) June 2017; Bracketed figures from SEZ authority via RULE University						

## CASE STUDY SITES: Village Profiles

2010 Census Data																
Village	Commune	District	Province	Current Population (informant data)	Village Population	Rice production kg/person (avg. 2008-2010)	avg. rice yield (tonnes/ha)	families <1ha rice land	families, no rice land	fertiliser use	chemical pesticide use	primary occ is agri farming 2008	primary occ is agri farming 2010	reported land disputes	migration for regular work	migration for irregular work
<b>POIPET CASE</b>																
Souriya Thmei	Koub	Ou Chrov	Banteay Meanchev	363 households, 1497 people	1520	504	1.9 wet season	22.2%	16.7%	73.4%	49.8%	96.4%	82.3%	1	0.46%	14.44%
Anlong Svay	Sangkat Nimit	Poipet Municipality	Banteay Meanchev	211 households, 802 people	971	304	1.9 wet, 1.8 dry	24.3%	55.6%	89.9%	88.4%	82.8%	88.7%	0	0.32%	12.78%
Kouk Preach (Kei)	Ta Phou	Svay Chek	Banteay Meanchev	unsure	675	1510	2.0 wet, 3.4 dry	11.8%	3.9%	100.0%	100.0%	99.9%	95.6%	0	0.02%	6.36%
Ta Phou	Ta Phou	Svay Chek	Banteay Meanchev	300 households,	968	1510	1.0 wet	4.2%	13.4%	86.6%	86.6%	99.9%	95.6%	0	0.02%	6.36%
<b>SIHANOUKVILLE CASE</b>																
Pouk village (Praek Pok)	Dang Tong	Dang Tong	Kampot	1000 people	728	165	2.5 wet	42.2%	4.5%	95.5%	4.5%	98.8%	99.4%	2	4.57%	1.52%
Traeuy Tonloab	Praek Bat Choan Chum	Kiri Vong	Takeo	200 households, 10 empty	1424	315	4.5 dry	21.9%	10.9%	84.3%	84.3%	95.8%	67.9%	2	3.85%	1.58%
Phum Tramaeng	Tramaeng	Chukk	Kampot	unsure	1143	570	2.4 dry	62.6%	0.7%	81.6%	7.1%	98.7%	98.0%	10	5.91%	3.49%
Kandal Leu	Banteay Daek	Kin Svay	Kandal	300 households	5084 (multiple villages)	632	4.5 dry	70.3%	27.7%	62.6%	62.6%	83.6%	75.5%	15	11.18%	0.79%

## 4.5. Research Conducted

Primarily I undertook my qualitative research by a method of triangulation, starting at the general and following leads to the specific and particular. Firstly, meetings and interviews were conducted with key informants in order to get an overview of how my concepts might be explored in light of practicalities on the ground. This research included stakeholder interviews, site visits and participant observation, where I was able to refine the research design and working hypotheses with the input of those who are experienced in working with workers in the region.

A summary of research conducted is as follows and is particularised in the appendix:

Type of Research	
Participant Observation	ACILS meetings and day to day work arrangements Union led worker trainings May Day worker protests
Site visits	7 x SEZs, including worker housing
Stakeholder Interviews	20 x NGO representatives 3 x Microfinance industry workers 2 x SEZ administrators
Stakeholder Meetings/workshops	10 (approx.) x NGO/policy meetings
Key informant interviews	10 (approx.) x academic researchers, union officials, local organisers
Focus Groups	3 x focus groups (approx. 10 people) Sihanoukville 2 x focus groups (approx. 30-50 people) Banteay Meanchay 3 x focus groups (approx. 10 people) at plantation sites – Kmpong Chnnang, Mondulkiri, Kampong Cham
Extended semi-structured Interviews	30 (approx.) x extended interviews, with individual or small groups, with workers or workers families
Village Visits	8 x villages within case studies 1 x village out of case study

Participant observation included my time at ACILS. ACILS is the international arm of the American Union movement, and their role in Cambodia is to provide capacity building assistance to domestically organised labour unions. They are staffed by an American Country director, Wim Conklin, and around 13 Cambodians, many of whom have backgrounds as workers that joined the union movement. The roles of ACILS include legal support and representation for unions, labour rights training of workers, conducting worker research, and supporting organisations that undertake worker organising. I attended ACILS during work hours (when not out in the field) for over 3 months, I was able to talk to numerous labour organisers, NGO workers, union officials, workers, researchers and policy experts. I was also able to attend many meetings and conferences, such as the presentation

of the OECD migration policy research project where I was able to talk to key researchers and authors of the report, and meeting of the labour migration network in which several NGOs discuss the issue of labour migration policy as a working group.

I then, with the help of key informant and translator from ACILS, conducted a series of focus groups with workers from within the Sihanoukville SEZ area. Such industries and interview members were largely selected on an availability basis. In the focus groups, major topics discussed included work choices, migration choices, debt and financial circumstances, labour conditions and individual biographical histories. From these interviews, several interviewees were selected to arrange to visit their village homelands to interview family members and village residents and officials, and to arrange a follow up interview with them as required. For some, one-on-one semi-structured interviews were conducted in conjunction with the focus group at the end of the session. Selected interviewees for follow-up were generally those that had clear characteristics of indebtedness and migration, and had interesting stories. In addition, many snowball meetings were arranged throughout the course of site visits and focus groups, resulting in a many in-depth one-on-one semi-structured interviews. These additional interviewees also formed the basis of village visits in some cases. Practicality, availability and access were also considerations as to which leads were followed. Site visits were conducted to Sihanoukville SEZ, Sihanoukville Port SEZ, Stung Hav SEZ, as well as worker homes in and around those sites. Interviews with Sihanoukville SEZ and Sihanoukville Port administrators were also conducted.

In practice, it was not as easy to directly replicate the Sihanoukville interview process exactly in Poipet. There is very little union presence in Poipet and thus my access to labour based networks was limited. This in general prevented me from doing large scale focus groups at the work sites, and rather I embarked on a series of semi-structured interviews with as many SEZ workers as possible. In total I spoke to 3 workers from O'Neang SEZ and 8 workers from Sanco SEZ, as well as the Sanco SEZ administrator, and 3 key informants in the area that had been involved with labour organising. In many of these cases workers were not recent migrants and I had met with them at their home relatively near to the worksites. Many recent migrants had come from quite a distance and I was not able to arrange visits to their villages within the time available. In what was an opportunistic decision, and perhaps counterintuitive, I instead conducted a series of focus groups, key stakeholder interviews, and one-on-one interviews with villagers in and around Banteay Meanchey, the province in which Poipet is located. Such investigation relied on the networks and programs of Samaritan's Purse. In these interviews I was expecting to trace links to Poipet on the basis of geographical proximity, but instead found a series of villages entirely connected to Thai networks. While such a methodology failed to achieve the trans-local aspect that was crucial to my research, it nevertheless resulted in some key insights about migration choices that would not have emerged otherwise. Studies to date have either focused on the international scale (eg Bylander 2014, 2015, 2016) or the rural-urban scale (eg Parsons et al



2014), and accordingly a conceptual division between internal and domestic migration seemed to be an implicit assumption within the literature. Moreover, most studies elucidating the “Cambodian context” have actually been regionally focused, rather than cross regional. This often resulted in a focus based on the borderlands of the North-West or the convenient locales around Phnom Penh.

Secondly, collation of desk research has been conducted in order to verify interview data, as well as provide measurable and verifiable data in support of my arguments. The purpose of providing quantitative and cartographic data is to support observations in the field, by providing evidence and an alternative mode of description.

#### 4.6. Units Of Analysis

As argued by Jacobson (2014) the basic social unit in Cambodian culture was and continues to be the family, not the individual.

*“Cambodian culture is not and has never been predicated on the assumption that an individual is a free agent. Everyone is in a position of obligation to someone else...Parents continue to exercise control over their children’s economic, political, and social participation.”*

As a result, “family takes precedence, no individual” so that “choice is always constrained to some extent.” This stands in contrast to the “western post- enlightenment perspective, wherein individuals are the basic building blocks of society and have inalienable rights over themselves that they only give up on a contractual basis to a spouse or a state.” Such a view is to an extent supported by other scholars (Ebihara 1973, Ledgerwood 1998), who stress that kinship is the most fundamental structure in Cambodian society, such that it structures inter-village and broader societal social structures.

Given these findings, the household should be the basic unit from which to explore the analysis. However in taking a trans-local perspective, one has to come to understand that in Cambodia the household is effectively stretched between multiple rural and urban sites (as explained in conversation with Sabina Lawreniuk, June 2017).

One should also be aware of how an individual may have multiple sites of subjectification, or in Cambodian terms, multiple obligations or *khsae* (chords). Thus one can also see that in the context of labour, ties can also bind to the union, the employer, housemates, or to fellow employees. Nevertheless, I will take the household for my key unit, recognising that households share resources and labour, and that other actors within the household can stand in to cover debts and debt relations.

## 4.7. Operationalisation

My original framework of analysis was to draw on the “debt topologies” outlined by Harker (2017), which outline how debt can manifest spatially. For the purpose of operationalisation, I formalised the topographies of debt framework into a four-fold typology by which the geographic aspects of debt could be identified and particularised . This framework is included in the appendix. This formed the basis of my interview guide for semi-structured interviews and focus groups, which are also included in the appendix. This typology ensured that I was able to think geographically about the subject matter at all times. Nevertheless, this framework was ultimately abandoned for its lack of theoretical utility in light of my empirical observations, and as I tended toward political economy for analysis my focus shifted.

Based on empirical observations, my research adapted to a political economy led framework. This caused me to draw emerging themes around key processes such as commodification, urbanisation, and industrialisation. This was ultimately formalised into the structure of my thesis, focused on the Production of Wage Labourers, The dynamics of Labour Mobility, and the conditions of Employment practices. A brief operationalisation table is provided in the appendix.

## 4.8. Limitations And Ethical Aspects, Validity And Reliability

My ethical considerations followed those proposed by Bryman (2012):

- respondents’ identity and records are kept confidential;
- respondents were be fully briefed on the subject and purpose of the research
- participation was with verbal consent, that can be withdrawn at any time
- I worked with translators who is proficient in both English and Khmer and were trustworthy
- I took a demographically/gender sensitive approach to the research, and considered data in a demographically disaggregated manner

My research is nonetheless be limited by the short length of time, my position as a foreign researcher, my foreign language, my positionality in interpreting the data and my positionality as a factor in generating the data. I must also recognise the impact I will have on local people, especially in such an NGO heavy environment where common assumptions are established.

And as mentioned above, the tension between specificity and generality is at the heart of my methodology; because I have not embarked on a nationwide cross-sectional study across Cambodia, I am cognisant that often I am not able to make generalisable nationwide claims; nevertheless, my research extended far beyond the range of my primary case study sites,

and the strength of my research lies in the ability to provide comparison and contrast across multiple national contexts.

## 5. Village Livelihoods: Debt, Land & the Making of Wage Labourers

### 5.1. Introduction

In this chapter, I show how the provision of debt has interacted with rural livelihood strategies, compelling subsistence farmers to partake in various forms of wage labour. For this chapter I draw on the various villages I visited and discuss them at the thematic level, rather than in a village-specific manner<sup>1</sup>.

Starting my analysis at the national scale, I will show how the availability of debt has grown primarily due to the commercialisation of the MFI sector in the early 2000s, but in particular by operating in tandem with the promotion of the land-titling regime by the state, which sought to reinforce the legitimacy of its authority.

Drawing on the various rural villages I visited, I then show that the key source of demand for debt is a lack of reliable rural livelihood options, and how subsistence livelihood strategies have been made untenable due to the reorganisation of the Cambodian rice industry, the exposure to international commodity markets, changing climatic conditions, and increasing land pressure owing to growing population demographics. I also show how this situation is exacerbated by a variety of regionally specific and household-specific “push and pull” factors, such as the need to pay for privatised services such as medical fees and school fees.

I further explore how financial relations have permeated village life and interacted with pre-existing social structures. I show how debt shapes the lived experience at the village scale, and how responses to over-indebtedness challenge classical assumptions within the fields of development and political economy.

### 5.2. Literature Review and Contextual Background

#### 5.2.1. Land in Cambodia

Debt is not new in Cambodian Society. Historically, Kampuchean society was characterised by subsistence rice farming households, with highly fragmented landholdings of small farming plots (Hou (1982), Nim (1982), Kiernan (1982)). Although some plantation farming was conducted along the river areas, by far the predominant economic activity was rice growing, so much so that rural people are referred to as *neak srae*, or rice people (Lawreniuk 2016). While people remained subsistence labourers, rice produce could be supplemented by fishing, raising animals, and gathering produce from common land. Furthermore,

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<sup>1</sup> As per my study design, in which the SEZ was the key site, and the villages were visited to explore linkages



significant areas of unsettled jungle lands were prevalent, allowing people to expand into new plots as required, especially at times of younger generations setting up new households. Economic development at this time was retarded by low productive efficiency, with the fragmented land ownership structure preventing the necessary level of scale and concentration to encourage technological investment. Nevertheless, ownership concentration was beginning to consolidate as a result of high amounts of usury to “Chinese” money-lenders, who were able to extract a very high proportion of surplus from the production process by lending to farmers at high rates.

In the ensuing years the agrarian nature of the country was only exacerbated, under Pol Pot’s forced imposition of agrarian labour and ruralisation of the population. During the decade of the socialist PRK regime, land distribution was reordered: individual possession of land was abolished, nationalised the entire agricultural domain and collectivised all means of production in the form of agricultural groups (Tyner 2008).

When the PRK fell, land use was again reordered. Land was allocated to each family on a per capita basis, at roughly 1 hectare per person, but land holdings were provided in non-adjacent fields in order to ensure an equitable distribution of land quality. In Cambodia, there are up to five types of different rice that can be planted, and all require different planting times, growing times and amounts of water. Accordingly, plots of land were allocated to prevent any household from holding too much of the preferable land, and also to vary the type of rice that was grown (to the extent allowed by local agricultural conditions). This resulted in an especially fragmented distribution of land. In addition, rural production co-operatives were established, operating under a local Cambodian principle of reciprocity called, *provas day*, which roughly translates to the principle of mutual aid (Frings 1994). These collective modes of production were not popular, in a climate of remaining civil distrust, and in the ensuing years collective models have come to be associated with the dark period of Cambodian history. These collective production groups saw declining participation and were quickly dismantled following the fall of the PRK (Frings 1994). But in their favour, they did at least provide sufficient food for the community and contained active redistribution mechanisms for supporting the vulnerable members of the village.

In the years following UNTAC, property rights were established, leading to a chequered process of land titling. This project was encouraged by foreign donors, under the influence of development theorists such as Hernando De Soto, who argued that the formalisation of property rights could spur development by increasing incentives to invest and cultivate land, preventing “tragedies of the commons” (De Soto 2000). Additionally, land titles could be used to provide loan collateral with which to access credit. Such a process was not resisted by the state, who saw land titling as a means for inscribing state authority, by casting the state as both an arbiter of land rights claims and as a conferrer of land titles. This allowed them a means to shore up patronage-based power structures, with allocations of land

occurring at the commune level. It also allowed the state to legally legitimate land grabs it had undertaken by force (Hughes 2007, Springer 2015). Thus the land titling process operated as part of a wider push toward economic formalisation, in which microfinance loans were rolled out in order to “bank” the “unbanked”. The rise of loans and land titles together thus produced a feedback loop of economic formalisation, with land titles serving as collateral to extend credit, and credit serving as an incentive to seek the formalisation of land titles.

### 5.2.2. “Traditional” rural livelihoods

If rice farming alone had ever supported rural livelihoods in a consistent and secure manner, it was long before living memory. Such a view was supported in village interviews.

When over-indebted farmers not making ends meet were asked to talk about farming and livelihood strategies prior to reliance on credit, villagers explained that prior to credit reliance they had lived under communism, before that under the Khmer Rouge, and in any period before that was too long ago. So when rural Cambodians “returned” to subsistence farming on a private household basis in the 1990s, they did not necessarily have stable and successful livelihood strategies from which to draw upon. There was no guarantee that such a practice would prove particularly sustainable.

Moreover, such subsistence-based livelihood systems quickly came under stress by a variety of new factors. Firstly, changes in climate patterns affected rainfall leading to several years of severe drought, as well as several years of severe flooding. Secondly, industrial agricultural plantations were set up and often involved the (violent) expulsion of peasants from their land, usually in favour of tycoons (*okhna*) or other elites within the governmental patronage network. Thirdly, state efforts at further land privatisation resulted in common land becoming inaccessible as a source of food, and also prevented younger generations from requisitioning new land, often forcing families to divide small land holdings into even smaller parcels amongst family member. Coupled with population expansion and the young post-war demographic of Cambodia, this has also resulted in many young people being provided with no land and being forced away from farming all together. Fourth, other subsistence systems such as coastal and river fishing were also made inaccessible to peasants through privatisation and industrial fishing. Thus most supplemental livelihood strategies for farmers were removed, many of whose livelihoods relied on a “bricolage” of subsistence options (Levi Strauss 1966)

As noted by Maltoni (2007:20):

*"The traditional Cambodian society safety net relies on most people having almost enough land, water and forest to produce almost enough food to feed their families. Most Cambodians survive by seasonally switching between*

*different modes of production - farming, fishing and foraging. In the absence of any formal social security services or other income support mechanism, access to farmland, wetlands and forest is all that stands between most Cambodians and chronic food insecurity. Restricting public access to any of these domains could suddenly end this diversified, range-dependent survival strategy with devastating consequences for many rural people."*

Yet by the time microcredit became available to Cambodians in the 1990s, the countryside still consisted of a significant non-cash economy, with villages engaging in barter and trade for labour and produce. The riel currency wasn't trusted and using currency such as the Vietnamese dong was common (Clark 2006, Im et al 2007). Rural businesses were not common. Against this background, there was little evidence to suggest that there was any entrepreneurial dynamism that was just waiting to be unleashed by the provision of financial credit.

There is one thematic study from the 1990s (Sedara et al. 2002) in which rural livelihood strategies are discussed by drawing on the case studies of 6 rural villages. What makes this study so interesting is that we can discern that all the villages are very different in terms of characteristics, including land distribution (and redistribution), access to forests and waterways, access to irrigation, environmental conditions, market influence, birth rate, rice production levels (surplus/ deficit), availability of common land, levels of agricultural modernisation, and levels of development. From this, we come to see how landlessness, migration levels, food security and livelihood strategies vary regionally at this time.

Crucially, at the time of this study access to credit for villagers is very limited, and it describes how informal credit is still the main source of credit used by most farmers. In many villages the larger farmers are traders and moneylenders as well, " many larger farmers are those who locally control the input and product markets as well, and in many cases are also the moneylenders." (Sedara et al. 2002)

### **5.2.3. Debt as a supposed driver of development**

Microfinance credit programs started to be widely implemented by development agencies in the 1990s, modeled on the celebrated Grameen bank founded in Bangladesh by Muhamad Yunus (Bylander 2014, Roy 2010). According to this model, livelihood strategies of the rural poor were often reliant on borrowing from traditional moneylenders at usurious rates, preventing them from generating surplus income and in turn expanding their income generating operations. Such people also lacked "financial access" as commercial banks considered them to be too risky and unappealing as clients, as they lacked financial assets, required only small sums, and often lacked financial literacy. Microcredit could thus intervene by offering small loans at affordable rates and "banking the unbanked". Key

features of the model was firstly that loans would be offered without requiring collateral, which was often a barrier to “financial access” for the rural poor; and secondly that the loans would be offered only for the purpose of productive investments, thereby allowing the rural poor to expand their income generating activity; and thirdly, the loans provided could be very small sums that were often deemed uneconomical for commercial banks. Notably, the model did recognise that debt could increase livelihood vulnerability if provided for non income-generating activities.

Essentially, “Grameen’s model specifically supported credit for self-employment (i.e. microenterprise).” This approach fit well with dominant theories of “neoliberal” market-driven development (Bateman 2012), particularly in the sense that the key driver for economic growth was seen to come from the entrepreneurial dynamism of the private sector and not through top-down state strategies, which were considered to be too welfarist and inefficient. Particularly appealing, was the idea that this model moved away from previous models of “aid” which were considered to be producing dependency, waste and crowding out productive activity. In contrast, this model would produce a culture of self-sufficiency, financial literacy and economic prudence among the rural poor, or to put in economic terms, “economically rational”. Other supposed benefits included a positive multiplier effects on local economies (Sachs 2008), consumption smoothing over agricultural cycles (Zeller and Sharma 2000) and the empowerment of women through their agency as economic actors in a market. It was assumed that in time, the expansion of small business would allow communities to generate surplus wealth and enter into the process of capital accumulation through reinvestment in productive activities. Accordingly, MFI became a strategy of choice in the international aid and development community in the 1990s (Roy 2010:22).

#### **5.2.4. Rise of Microfinance in Cambodia**

In Cambodia, MFI programs were first set up during UNTAC by development agencies under the auspices of economic reconstruction. For example the largest bank in Cambodia, ACLEDA, was set up largely by the ILO and UNDP in January 1993, as an NGO offering micro and small enterprise development loans, funded by a range of international agencies. By 1998 it was decided that the bank should expand and be run on a for-profit basis, and agencies such as USAID, MPDF/IFC and UNDP assisted in arranging a three year privatisation program, which culminated in 2001 and has allowed the bank to operate a full service offering on a commercial banking license since the end of 2003. Yet ACLEDA remains 49% owned by four foreign development bank investors, namely the International Finance Corporation (a division of the World Bank), DEG (Deg-Deutsche Investitions Und Entwicklungsgesellschaft MbH) (Germany), FMO and Triodos Bank (The Netherlands).



It is a similar story across the sector. Cambodia's second largest provider of micro-credit is PRASAC MFI, which in 1995 began as European Union program to fund the Cambodian agricultural sector (PRASAC - Programme de Rehabilitation et d'Appui au Secteur Agricole du Cambodge). By the end of 2004, only the microcredit activities were still operational, and the entity and was transformed into a licensed MFI. PRASAC MFI remains funded by international groups such as Germany's DEG, and Netherlands Development Finance Company.

In fact, the ability to operate as a commercial bank has only been available to MFIs since 2001. Amret was the first MFI to obtain a legal MFI license from the National Bank of Cambodia. Amret had begun as a project of French NGO, GRET, supported by UNICEF, AFD, UNDP, USAid since its inception. Its major investors at present are MFI Advans Luxembourg (approx. 52%), IFC World Bank (approx. 20%), and the Dutch development bank FMO Netherlands (approx. 20%). At its inception, the GRET loan program "followed the procedure of credit provision of Grameen Bank for applying to its procedure of credit provision by creating solidary group to guarantee each other for getting loan" Ameret website). At this time a lot of the loans were loaned on a group basis, seemingly building on the pre-existing solidarity group farming structures. Yet over time this practice has been declining, as individual loans became the norm. As I will discuss below, this has evolved in tandem with the erosion of many communal agricultural practices.

In recent times, consolidation in the sector is occurring since the National Bank of Cambodia significantly raised the minimal capital requirements for banks and MFIs. Cambodia's third largest MFI, Sathapana, also began as an NGO in 1995 before receiving a licence to operate as an MFI in 2003. In 2017 it was acquired by a large Japanese entertainment conglomerate, through its ownership of Maruhan Japan Bank Plc. Hattha Kaksekar Limited (HKL), was similarly acquired by Thailand's fifth largest financial group, Bank of Ayudhya Pcl (Krungsri), a subsidiary of Japanese financial group Mitsubishi UFJ Financial Group. This consolidation is likely to lead to increased market power for lenders, and also protecting profit margins in the wake of the interest rate cap should it be implemented.

A legacy of this development trajectory has been that many Cambodian's still believe MFI institutions to be run by the government, and offer "government loans". This was so much the case that last year the Cambodian Government issued a series of announcements and outreach programs to explain to people that the bank was a separate entity to government, that it was privately run and that the loans were not government related. In February 2017, ACLEDA was forced to change its logo as it was deemed to look too similar in style to the logo of the Economy and Finance Ministry (Phan Soumy Cambodia Daily, 20 February 2017). The relevance of this association is two-fold. Firstly, it has been a factor in the rapid uptake of microcredit to the point of "saturation". Some interview respondents told stories about how many years ago bank representatives had come to the village offering only small loans,

and people saw them as being part of government and international aid programs that they had become familiar with. This led to a normalisation of debt in the village, and over time, the loan amounts have increased. It has created a sense of safety and trust around loans. In ACELIDA bank for instance, employees refer to each other as *lokru* and *nekru*, meaning teacher. Secondly, I suggest that the recent actions of the government are an attempt to depoliticise debt. While most people do in fact by now know that the loans are private, the government evidently still sees debt as a possible political threat. If in fact the indebtedness levels of Cambodians are often unserviceable, as I will argue later, I suggest that the banks are under some political pressure to prevent any large foreclosures in the near future for fear of political backlash. At least four other banks have since been coerced to change their logos along similar lines (Matt Surusco, Cambodia Daily, Feb 27 2017). These measures have come in tandem with new legislation capping interest rates at 18% p.a, well below the usual range of 20%-40%. It appears that these caps are being enforced (worker interviews, June 2017), however banks are finding new fees and extending loan terms in order to recover profits (Interview Maryann Bylander, June 2017).



*Logos of the Ministry of Finance and Acleda Bank*

### 5.2.5. Approaching saturation

In the ensuing years the level of credit penetration has been immense. It can be seen that by 2008, Cambodia had become the fourth largest country by micro-finance penetration rate at 13% (Gonzalez, 2010) and could be describes a ‘microfinance saturated country’ (Bateman (2010). By 2011, microfinance in Cambodia had grown to 17 funders, with a median of 25 offices, 1,386,772 borrowers, and an average loan amount of US1,170 (Mix country briefing in Bylander 2014). On average, outstanding loan balances exceed annual income by over double in 2013.

Most loans are for a sum between up to \$5000, and a period of 3 years Interview, Cambodian Microfinance Association, July 2017). Interest rates are paid monthly, so usually

range between 30%-36% per annum, but have been subject to a new government initiative to cap rates at 18%. This is seen largely as a political ploy by the industry, who say that it will make them operate at a loss, and that they will just respond by increasing loan sizes and charging more loan fees. Several banks will merge to pursue returns of scale, while others will offer longer-term consolidation loans, designed to buy out the multiple loans held by many borrowers and to be paid off over a 5- or 6-year duration.

**Table: Expansion of Microfinance in Cambodia 1997-2013, from Bylander (2016)**

Fiscal Year	MFI's	Total Offices	Active borrowers	Percent female *	Average loan balance per borrower* (USD)	Average loan balance per borrower / GNI per capita *	Total Gross Loan Portfolio (in millions, USD)
1997	2		1,347	65%	125	42%	6.0
1998	3		42,784	74%	36	13%	11.6
1999	4		117,156	80%	138	49%	16.8
2000	5		175,051	66%	137	49%	24.8
2001	9		249,289	71%	124	41%	31.7
2002	9		281,724	67%	152	51%	42.8
2003	12	183	355,221	72%	174	51%	61.8
2004	13	180	419,666	73%	235	60%	98.7
2005	14	254	493,754	75%	303	66%	149.4
2006	15	264	606,266	72%	405	81%	245.5
2007	15	431	799,414	79%	586	107%	468.7
2008	15	476	1,049,292	76%	705	118%	739.9
2009	17	577	1,123,180	77%	744	97%	835.3
2010	17	705	1,247,681	81%	931	135%	1161.5
2011	17	759	1,386,480	77%	1,170	140%	1625.7
2012	16	895	1,571,655	83%	1,336	159%	2090.0
2013	16	1,051	1,826,845	82%	1,755	209%	2637.1

*Source: MIX Market Cross Market Analysis, accessed January 10, 2015. All information is of MFIs reporting to MIX.*  
*\*weighted averages*

The effects of this can be seen in every village I visited and indeed indebtedness is very much a normal part of day-to-day rural life. Flyers advertising microcredit are posted up all around the village, and most houses have the numbers of many different microcredit officers at hand, often scrawled in chalk on the beams of their house. At least one MFI loan officers can be expected to ride through the town on their moto every day, and villagers strive to keep a good friendly relationship with them as they expect that they may need to ask for credit in the future.



*Villagers have the phone numbers of MFIs on hand*

Nevertheless, it would seem important to note that high levels of debt have characterised rural Cambodian life since at least the 19<sup>th</sup> Century, and indebtedness and usury have long been recognised as major problems for Cambodia's peasants (Kiernan 1982, Thion 1993). During the colonial regime most farmers borrowed funds in order to enable them to buy inputs at the start of plantation cycles, while paying back at large interest rates at the time of harvest, usually in the form of rice product. In the 1960s, the indebtedness of peasants and their dependency to usurers became the norm (Kiernan2004). Such a process was already having an impact towards land concentration in many areas as some farmers were forced to sell land (Hou 1982, Nim 1982 and Kiernan 1982).

While the legacy of the colonial regime can be hard to discern in contemporary Cambodia, the prevalence of “Chinese moneylenders” in rural villages is one of the more pronounced remnants that suggest how ingrained debt and subsistence production cycles are within Cambodian rural culture. This can be seen by the fact that culturally, a “Chinese moneylender” is not necessarily considered to be Chinese in any racial, cultural or ethnic way. Rather, to be “Chinese” is a term used to denote the practice of moneylending or usury, and thus if someone trades in a strongly businesslike manner they are considered to be “revealing their Chinese character”. While undoubtedly money-lending practices have been linked with actual Chinese people in the past, in today’s Cambodia the distinction between Sino-Khmers and Khmers is not culturally pronounced. I would argue that rather, the ongoing use of this term points to a continuous social role of agricultural debt and an ongoing cultural memory that normalises such a practice.

Rather than replace usurious loans with sustainable activity as the Grameen model intended, in Cambodia the MFI industry has just created a monetised form of it. Indeed, as argued by Oveson and Trankell (2014) in practice the prior form of informal money lending has formed an integral part of the MFI system. This challenged many notions of full commodification, and rather suggests the partial nature of such processes. Oveson's findings were strongly supported in my interviews. Above all, debt-stressed individuals aim to maintain ownership of their land and to avoid missing a loan repayment to an MFI as it would have the effect of reducing their ability to source further loans. Thus the common practice among those unable



to pay loans is to either borrow from a local moneylender (at rates up to 40%) or to source another loan from a different MFI that is then used to pay off smaller ones that they struggle to service. In many cases both strategies are used. This creates real questions if such a debt is sustainable. In many cases it is not. The growth of loan sizes I would suggest are due to debt stressed individuals who never manage to pay down their debt, and rather adopt the common practice of repeatedly taking larger loans to pay off smaller loans.

One may wonder why informal money-lenders are used given their exorbitantly high rates. Interviewees explained that one could obtain a loan without all the paperwork and it was much quicker to obtain. In general, such loans were just used for short periods as bridging loans to service MFI debts. Informal loans also contained less conditions and were much more flexible in terms of repayment times. Additionally, these loans usually proceeded through relations of trust, and were not presented as arms length transaction. For example, someone might go to ask a known money-lender in the village for a loan, and the money lender might respond by saying “I haven’t got any money, but maybe my brother does, and I can ask him for you. But you will have to pay interest and offer your land title as security.” Similarly, if one was to have to lose their land, it was preferable to do so by selling to a moneylender because often that entailed the possibility of buying it back or continuing to work on the land as a sharecropper, giving a portion of the produce as rent. As one interviewee explained, his family had pawned their land to a relative for \$1500, allowing them to repay the loan after a few years and return to working the land.



*Flyers for microfinance loans can be seen throughout villages*



## 5.3. Empirical Observations

### 5.3.1. Rice farming

Cambodia remains a highly agrarian society with over 78% of people living in rural settings villages (NIS 2013), and with most families still holding some farmlands. Rice growing remains a cornerstone element within broader household livelihood strategies. Yet as was explained by many farmers, rice growing is in many cases not profitable. When taking consideration for the high cost of fertilisers, seeds and pesticides, as well as the risks of floods and drought, farming on less than 2 hectares is usually not enough to support an average family. Expenses have further increased as many areas have been introduced to hybrid rice seeds, which require annual repurchasing in order to maintain high yields, as well as expensive chemical pesticides and fertilisers rather than cow dung as used previously. For many farmers, if a neighbour uses such chemicals it increases the prevalence of insects on their crops, forcing them to follow suit. Many villages I visited lacked good access to roads, meaning that they were reliant on local suppliers of farming inputs, who held a monopoly and overcharged. Similarly, those who sold rice to regional markets were dependant on wholesalers that occasionally visited to the village, in the absence of competition these wholesalers were able to purchase rice below market rates. Beyond this, all farmers complained about the particularly low prices for rice and other agricultural commodity that have characterised commodity markets in recent years. Given the lack of profitability, many farmers said that they kept farming just “to feed the family”, “because they had the land”, or “had no other work to do”, it was considered that being a farmer was part of their identity and if a farmer did not farm they would “appear lazy”.

<b>RICE FARMING FINANCIALS</b>			
<b>Calculation of Rice Input Vs Benefit (representative case)</b>			
<b>Per Hectare of Land</b>			<b>USD</b>
<b>No</b>	<b>Input</b>	<b>Unit Cost</b>	<b>Amount Total</b>
	Soiling (fee for tractor..)**	100	1 \$ 100.00
	Labour for Farming (seeding..) (25 pers x 7\$)*	7	25 \$ 175.00
	Seed (80 Kg x 1\$)	1	80 \$ 80.00
	Fertiliser (6 sacks x 30\$)	30	6 \$ 180.00
	Pesticide (3 bottle x 30\$)	30	3 \$ 90.00
	Harvest labour*	100	1 \$ 100.00
	Watering (machine pump) 30 Hours x \$2 x 2 times	2	60 \$ 120.00
	<b>Total input</b>		<b>\$ 845.00</b>
	Production 2500 Kg x 800 Riel = 500 \$		\$ 500.00
	surplus		\$(345.00)
	*previously exchange labor among farmers, sometimes still		
	**soiling can be done using cows if available		

Source: Prepared by Heng Socheat of Cross-Sector Network

The perceived lack of profitability of rice farming could be seen most vividly in the towns I visited in Banteay Meanchey, where up to 50% of rice fields lay uncultivated. It was explained to me that this was because of the high amount of migration and the lack of people to till the lands. I enquired why people would not just rent out this land to others for cultivating, and I was told that there was no demand to do so as most people would consider it to risky to outlay the money on inputs given such uncertain returns. One informant told me that it was not unusual for farmers to lose up to \$150 for farming one hectare (Interview, Heng Socheat, July 2017)

Similarly, in one town in Takeo province, I was told how villagers had augmented their rice growing techniques so that they only had to return to the village once a year for plantation, rather than the previous two-step process that was implemented for that type of rice and rainfall region. This augmented method produced lower yields, yet most people did not consider it a worthwhile economic endeavour to return to the village for a few days as they did previously.

Here one also needs to understand the rice market in Cambodia. This market is increasingly allocating surplus product to export, with government led export targets. Some rice is traded locally for regional consumption. Farmers all complained about how the price of rice had fallen in recent years. Yet globally this is not especially the case. Rather, this is a reflection of a deeply uncompetitive market. The number of exporters is limited to those licensed by the Cambodian Rice Millers Board. Most farmers represent a captive market of price takers, as most rural communities are far from major trading centres, making them reliant on visiting buyers in order to sell rice. Such buyers are aware of their monopolistic power and offer only small prices.

Finally, demographics plays a large parts as young people increasingly do not have access to their own land. New households are often unable to acquire land in their home village, and are thus forced to seek wage-labour elsewhere. In past generations, new households would receive land through donation, traditionally by their parents (Maltoni 2010).

### **5.3.2. Other rural livelihood opportunities**

In all my discussions and all the villages I visited, it was very rare to meet anyone who had used loans for anything resembling “productive investment” in the manner predicted by microfinance theory – namely, in the form of village based entrepreneurial activity. Among the 8 villages I visited, I only saw one example of a loan used for a successful investment. In this case, the family business was large-scale animal raising, with over 100 ducks as well as some other animals. These ducks were raised and sold commercially to regional suppliers. This family had obtained a loan to build a pen for the ducks, but even prior to this, were farming ducks with commercial success.

In contrast, the village was generally seen as offering opportunities to support a sufficient livelihood. At best, it was viewed as offering opportunities for earning income that could be supplemental to wage labour within the family. These activities included: raising animals, including pigs, ducks, cows and chickens; growing vegetable crops, such as maize, sweet potato, beans or cassava; fishing; local construction work for members of the village or nearby villages; local farming work during peak times; opening a shop, predominately a grocery store or small food stall; street-picking / recycling. In some cases, wage-labour was available in and around the village, these jobs were generally limited to out-sourced garment production; working at a regional factory nearby; or of course, working as a micro-credit officer. Among these options, practically none represents an opportunity to invest and expand self-employed activities with commercial success. Rural areas were too quiet for shops to have a large turnover, while vegetable farming faced a lot of the same limitations as rice farming, namely small landholdings, high input prices and low sales prices. Animal raising to some extent might be a potential exception, yet most families engaged in it to some degree and did not consider it worthy for expansion to a commercial scale. On the other hand, in one village I visited in Kandal, all but one person had given up pig farming since the price of pork had plummeted in response to the market being flooded with Vietnamese pork imports, in the wake of trade liberalisation.

As villagers constantly see neighbours achieving some financial improvement through wage labour (usually through migration), in all my cases it has become very normalised to look for such work as the primary livelihood option.

### 5.3.3. Getting into Debt

Debt has become a totally normalised part of village life. While not every person is indebted, nearly every household that I visited holds some form of loan, and that is practically the same thing. One only has to look around the village to see flyers posted on trees and houses offering credit, and one sees the phone numbers of local credit officers scrawled on the concrete crossbeams of people houses, ready on hand. Such loan officers are a regular site riding on their motos through the village; and given the large number of MFIs, every village is thus bound to receive a visit from at least one credit officer on any given day. People seek to be friendly to credit-officers, not seeing them as intrusive at all, rather as people who are helpful in negotiating the loan bureaucracy and someone you need to keep on side.

In order to apply for an MFI loan, a borrower has to submit a business plan, showing that it is for “productive investment”. This process is largely treated as pretence by the parties involved: MFI officers, Village chiefs (who have to sign off on the loan), and borrowers. As noted by Bylander, most often loans are supported with wage-labour and this actually is seen as a more reliable source of income. Nevertheless, the supposed productive activity is

rarely baseless; it usually refers to some sort of economic activity that the household is engaging on some level, whether it be in the past or present. For example, one loan was purportedly to invest in rice farming inputs and equipment, yet that equipment had already been purchased long ago. In another application, a man borrowed to pay for healthcare expenses, but applied on the basis of becoming a moto driver, an activity he already did on occasion.

There are many ways that a person or household enters into debt, and it can be a gradual or sudden process. However in all cases, it occurs against a “general background of poverty.” Interviewees described getting into debt in a variety of ways and for a variety of reasons, but by and large, nearly all said that they took out loans because they were failing to make ends meet. Yet there were some common patterns and triggers. If I were to make a distinction here I would distinguish between active and reactive loans, which I will discuss in turn.

Reactive loans were those that were taken out in response to a crisis or shock. In general these people were those at the highest likelihood of over-indebtedness. Most commonly this included health emergencies. My interviews were not inconsistent with the findings of numerous studies that have argued that the main cause of debt in Cambodia is from health shocks, leading to large expenses (Socheata Sim 2014). The shock event that was most likely to force a person into debt was a health emergency, which was in turn often compounded by a diminished ability to earn income.

The case of crop failures and farming unprofitability is rather complicated. These often have some parallels with traditional forms of moneylending for farming, and are also deeply connected to the early MFI projects that often provided funds specifically for farming inputs. In these cases, farmers did not expect to find themselves unable to pay back the borrowed sum, and most importantly, did not intend to abandon subsistence rice farming, still believing it to be a viable source of livelihood. Nevertheless, as mentioned above, a variety of factors have made farming less viable and increased livelihood vulnerability, including the increased reliance on expensive fertilisers and pesticides, the decreasing soil fertility as a result of using chemical fertilisers, and climate issues such as flood and drought.

Active loans on the other hand have been taken out in pursuit of an alternative livelihood strategy or expenditure goal. These are generally capital expenditures, predominately a house or moto, and are generally taken as a form of upfront consumption on future wages. While these expenditures also can and often do lead to unsustainable debt, they are generally bundled up with a desire to enter the workforce and take part in “modern” life. As a result of these loans one sees the construction of new homes all over the village, and as discussed in the next chapter, the requirement that one migrate to pay them off means that many are unoccupied, or are in various stages of completion.

A hybrid example is that of escalating debt, which is somewhat applicable to every loan at present. For early borrowers like some ladies in Kampot that I spoke to, they started with a small loan over a decade ago, when an MFI came to their village offering \$50 loans to everyone. Since then they had begun to loan larger amounts before debt stress has forced them to use secondary loans and informal loans in order to service and pay off initial loans. Thereby, loan principals gradually grow and debt obligations are pushed further ahead in time.

*Table: Primary purpose of formally sourced credit, Cambodia, 2004 and 2009\**

	2004 (%)	2009 (%)
Agricultural production	32.0	30.5
Non-agricultural activities	13.8	12.1
Consumption needs	31.4	35.9
Illness/injury, emergency	9.5	6.2
Marriage, funerals, ceremonies	2.5	1.8
Housing purchase/improvement	3.4	5.6
Consumer durables	1.6	2.8
Debts	1.7	4.3
Other	4.2	0.7
<i>N</i>	1269	2546

*Source: Bylander (2015)*

*\*Such surveys rarely capture the non-discreet nature of loan use. Loans are nearly always used for a variety of reasons simultaneously and rarely reported accurately by respondents.*

#### **5.3.4. Formal and informal moneylending**

One of the stated goals of MFI programs is to supplant usurious moneylending, which is generally at very high rates. In Cambodia, the continued prevalence of private money-lenders, shows that this is clearly not what has transpired. According to newspaper reports, research indicates that half of borrowers use some form of private credit as well (Renzenbrink 2013, Song 2013)). Rather, Cambodia’s microcredit is a ‘symbiosis of formal and informal lending’ (Ovesen & Trankell, 2014). MFI loans are taken for having lower rates, yet they are considered “inflexible” and “too slow”. Thus, when a borrower is faced with a sudden need for cash, such as in a medical emergency, they will seek out a short-term loan from a private money-lender that they will then expect to refinance with an MFI at a lower rate. Similarly, if a borrower is struggling to meet a payment, they will seek a short term loan from a private lender in order to keep their formal borrowing record in tact, and protect their ability to take further loans in the future. Not only are informal loans often used to pay back formal debts (Bylander 2015), they are preferred by borrowers as a method of default, due to perceived “flexibility”. Private moneylenders will continue to charge interest when repayments are missed, but generally do not require strict payment schedules and are open to negotiation. One family I met had pawned land to a moneylender, who now required them to keep farming the land and give a share of the produce to him as interest.



*“We started off with a small loan to buy fertiliser and seeds for farming rice and cassava, but the price of rice and cassava is now so low. We were forced to get another loan after that to service our first loan. We had to put in a business plan in the application, and we put one in that showed our farming. But we decided to stop farming anymore because you cannot make a profit. We didn’t have much money for living and we needed money to send my brother to school. We took out multiple loans from different micros, but we didn’t want to record a default so eventually we took out a loan from a relative for \$1500 in exchange for pawning our land. At that time I decided that I would leave the village to find work and when I save enough money to pay off the debt I will go home and get our land back. That was 4 or 5 years ago, but I think I can pay it off with 3 more years of work.”*

- Factory Worker, Male, 27, Sanco SEZ  
Migrant to Poipet from Takeo Province along with Wife and Daughter

A further example of the intertwining of formal and informal credit was the case of a successful migrant to Korea who had borrowed from an MFI to finance his migration. He had managed to save a sum of money and upon his return he sought out a larger loan from an MFI which he began to on-lend privately to members of the village.

### **5.3.5. Borrowing in the family and household division of labour**

Formal debt systems are fundamentally based on a range of western post-enlightenment notions such as the agency of the individual, the creation of contractual relations, and privity of contract. When applied to the Cambodian context, we must consider how such notions and practices have become embedded within pre-existing social systems. As Oveson shows, the debt system incorporates networks of exchange that are both formal and informal, which is to say financial and non-financial. While on the one hand this exists between formal and informal money lending systems, it also exists with family borrowing and on-borrowing.

Commercialisation of the banking sector from 2000, occurred in tandem with the creation of a widespread land titling scheme in 2001, the *Land Titling Law*. The rationale behind the titling law was that by formalising and documenting ownership, land tenure security will increase, which will in turn reduce poverty by improving access to credit, developing a functioning land market and increasing investment (Grimsditch et al 2012). Thus the increase in debt is closely linked with the further entrenchment of private property rights, particularly as the commercial MFIs were then able to require borrowers use land titles as loan collateral. This collateral could be in the form of “hard” or “soft” titles, the latter of which still require some level of formalisation before they can be transferrable.

In the years since, many of these properties have been subdivided among families, as the next generation set up families of their own and needed a place to live. Yet such subdivisions remain unregistered because registration costs have become prohibitively high. As a result title remains registered with the older generation who received the initial title. Thus for many borrowers today, in order to obtain a loan today they must negotiate with parents offer the title as collateral, in the process creating an intergenerational set of obligations that accompany the formal loan. Thus loans instigated by younger borrowers remain embedded in the household structure.

A similar structure is also achieved when loans are taken at the instigation of older generations. In these case parents will draw on Cambodia's traditional generational roles where children are expected to support parents to a relatively unconditional extent, so that children must comply with explicit and explicit ties of obligation. Thus is a parent takes a loan, they can compel a child to enter into the workforce in order to service the loan, and this indeed is very often the case. Similarly, if a parent has faced financial hardship and fallen into indebtedness, a child will often volunteer to find work on their own instigation in order to support their parents livelihood, including the servicing of a loan. Such an example was also very common in my interviews.

The usual result of these obligations is that a child will be compelled to work away from the village and send remittances make to a parent to support the parent and service the debt. Children are generally left to live with the grandparents, who thereby take on a heightened role requiring domestic labour for social reproduction. According to Lawreniuk (Interview May 2017), in some cases families have come to regard this domestic work in monetary terms as between members of the family.

In the case of informal relations beyond the family, the state of the matter remains somewhat unclear. Ledgerwood argues that systems of mutual aid exists throughout ones circle of *bong-p'oun* (relatives); in which one can enlarge or diminish the circle of obligations to the extent of their financial ability. Thus the assumed atomisation of the Cambodian households is in her view, just a function of the low level of incomes prevalent in Cambodia, which has precluded families from extending mutual aid to wider circles of kin. I nevertheless found this hard to discern. On the one hand I came to understand that very rarely would siblings help each other financially, although they might help with labour or caring for children in certain circumstances. Such a view was expressed to me by a village chief in Sisophon, "Your head, your hair" (Interview, Banteay Meanchey, May 2017). Nevertheless I am led to wonder wether mutual aid between siblings exists, yet it is mediated through parental obligations, such that parents can require different things of different children and also by allocating their assistance to their children as they see fit. Villagers told me that there was no established practice of passing on land or finances within the family, and rather it was up to the parents to determine as they see fit.

On the other hand, I did hear stories of how a lady obtained a loan on behalf of a neighbour who lacked a land title as collateral. This was not seen as assistance per se, but rather as helping a trusted person to access the credit system. However when that person eventually refused to service the loan, the lady was stuck having to service the loan that was in her name, as the informal obligation between the neighbours could not be enforced or recognised. Accordingly, the land titling system in its interaction with the loaning system, can give rise to wider circles of informal obligations, as people take out loans “for someone else”, and this may extend outside of usual relations of obligation.

A second aspect to consider is how individual loans have come to supplant communal loans and support individualised farming.<sup>2</sup> At the inception of MFIs, loans were generally provided at the village wide level, with surety coming from spouses as guarantors, and also by obligation to the village chief as approver of the loan. At this time, forms of reciprocal agricultural labour were to some degree still practiced. With the rise of land titling, communal loans only became less popular, and now people have returned wholly to individualised farming and have to pay for fellow villages to provide occasional farming labour. In many ways people were resistant to communal organisation, associating it with the communist regime, and people had been quick to disband the Krom Samaki agricultural collectives of that time, “consistently express[ing] a preference for a return to private ownership of property” (Ledgerwood 1998:141). Yet the monetisation of local labour exchange has only increased in response, particularly “in areas where modern methods of agriculture have found roots, hired labour is gradually replacing labour reciprocity between households” (Sedara et al 2002).

### **5.3.6. Over – indebtedness and land loss**

By far the most common response to over-indebtedness is to take out multiple loans, gradually increasing the loan size and length. In this situation people work as much as possible in a bid to service the loan. If that is not successful, eventually selling assets is the only option remaining, and in nearly all cases this means selling land. In the southern cluster of villages I visited, land sales had occurred and land concentration was increasing. In Souriya Thmei, 4-5 families in the village had sold land, forcing them to live with relatives or migrate to Thailand or elsewhere in Cambodia.

Nevertheless, land loss from loans was not a common occurrence, and even when it occurs, it practically never through a formal process of bank foreclosure. In fact, as was explained to me by industry informers, bank foreclosures are rare because MFIs see them as causing

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<sup>2</sup> I give credit to Nathan Green for this argument. He is a geographer currently working on his Phd in Kampot Province

reputational damage, and they wish to retain their image as community serving organisations, particularly through measures like their SMART certification status. In any event, the repossession of land is considered exceedingly costly, because of the high cost and low accessibility of the formal legal system, the low price of land, as well as the difficulties in asserting formal and informal titles. In such cases, MFIs prefer to engage in a process of mediation rather than by exercising rule or authority; in fact in Khmer there is a distinction in words between solving a problem through mediation as opposed to authority. But such a distinction can be overstated, as in practice this usually involves regular visits by credit officers in order to place pressure on the borrower, and arranging mediation with the village chief who can then place pressure on the borrower to come up with an amicable solution. Such a solution can involve refinancing, sending a family member to work for wages, or the sale of land. Due to the non-contiguous allocation of land during privatisation, this means households usually possess multiple rice fields as well as a separate title on which their house is based. When people sell land it is usually one of their most distant rice plots. People generally aim to maintain at least one rice plot, due to the cultural attachment to rice farming as a base level of livelihood security; in the minority cases where even this land is sold, the family house is still maintained.

Given the extent that landlessness was occurring in some villages already in the late 1990s as a result of lack of access to credit (Chan and Sedara 2002, Maltoni 2010), in fact the availability in credit may have actually decelerated the process of land concentration for the time being at least. My village interviews at least, suggested that landlessness as a result of debt was not occurring to a great extent in those villages. However, patterns of land acquisition are highly regionally specific. In some villages there was noticeable land acquisition and other villages suggested barely any had occurred. Interviewees relatively near to Phnom Penh said that rich people regularly sent representatives to local villages offering and pressuring people to sell land. This is because these areas are suitable for land price speculation. In less active areas, land would be sold to a rich person within the village or a village or town nearby. But just as often land transfer did not occur at arms length; rather a neighbour or extended family member with a contiguous plot might buy the land, or the borrower would choose to pay off the MFIs by pawning the land to a local moneylender, in the hope of one day buying the land back, or at least by negotiating to continue farming the land. In some other areas, a known strategy was for people to sell a piece of land that was in a more expensive area in order to pay off debts, and use the remaining funds to purchase another plot of land that was cheaper and further from the village.

In 2003, it was researchers estimated that 12-15% of the rural population was landless (with an increase of 1-2% every year) and an additional 40% are near landless (or land-poor), having less than 0.5 hectares of cultivatable land (Maltoni 2010). Within these findings it would suggest that landlessness is not only likely to be caused by landgrabs, other forms of dispossession rather than debt, but predominately by young people who have never owned

land, such as newly married couples whose parents (generally women's due to matrilocality) can't provide them with land. As noted by Maltoni, "In earlier generations, a newly married couple might have received land from the local authorities, have cleared new land themselves, and/or have been given land by their parents. None of these options is now realistic for most new families in rural Cambodia."

## 5.4. Analysis

### 5.4.1. Debt and the commodification of village life

Typical Marxian narrative of economic transition suggests that subsistence workers enter into wage labour through a process of dispossession (Harvey 2003), thereby producing a landless proletariat that is dependent on wage labour. Certainly Cambodia provides contemporary examples of such "accumulation by dispossession" in the form of significant land grabs occurring through the ELC and FLC regimes, as well as the enclosure and pillaging of unsettled common lands. However, most of these forms of enclosure were not within Cambodia's most densely populated areas. In my research I only encountered dispossessed interviewees in the direct vicinity of ELC plantations. In these cases significant confrontations were reported between companies and villagers, yet often this lead to an imperfect resolution by which disposed workers were resettled on nearby land or received (usually inadequate) compensation. Overall, it is clear that the driving impulse toward wage labour has not been caused by mass landlessness of agricultural dwellers.

Thus I would argue that the formation of wage labour in Cambodia has been a much more complex and subtle process than that suggested by Springer (2015), who characterises the country's industrial transition as "Violent Neo-liberalism". As we will see in the following chapters, the transition to wage labour is not dualistic and clear-cut for most Cambodians, and we should challenge developmentalist lines of thinking.

Village life in Cambodia provides a case of an alternative and regionally specific trajectory by which subsistence life is rendered unsustainable for smallholders driving workers to look for waged labour. This is not simply a result of debt and financialisation. Already in the late 1990s, when access to credit was minimal, wage relations were increasing in prevalence:

*"The practice of wage-paid labour is rapidly replacing exchange labour. Agricultural modernisation, market penetration, population increase and land atomisation are all contributing to the rise in wage labour. Despite the fact that wages are at subsistence, people still tend to take up hired labour jobs since this increases the number of working days in a year in what is a largely mono-crop economy." (Sadara et al 2002:24)*



So we have to be careful here to understand debt as something that is embedded within a wider process, and interacting with it in complex ways. People are primarily forced into the wage economy by needing to pay for a certain large expense, such as healthcare or schooling. It is the fact of having to enter into exchange with the commodity economy that propels a wider commodification of labour. The provision of debt is one way by which workers are forced into the cash economy. The fact that Cambodia no longer provides public goods such as healthcare, further shows how there are many ways by which people are forced to enter commodity exchange relations.

And rather than land grabs being the driver behind the privatisation of land, we can also see access to debt was a key aspect of encouraging the land titling process. Thus, another aspect of debt is its implication in the production of the state, in the sense that land titles do produce law as legitimating force for property rights. Thus debt can potentially be considered a substitute process by which the commodification of production and property occurs.

Again here I would challenge Springer's claim (2011:2564) that debt has been a source of land dispossession along traditional Marxist assumptions of landless proletarianisation:

*"...in order to rescind the violence of ongoing primitive accumulation in the form of predatory lending practices, Cambodia must replace it with a new form of violence, a 'force' that will provide a security on investments called 'law'. In effect, this is a call for a different form of concealed violence, wherein should one fail to make payments on a loan, due to economic hardship or otherwise, the law will step in to dispossess the individual of whatever meager means s/he has left, or strip them of their spatial liberty through incarceration. Neoliberalization in this sense would see the penal system do more of the dirty work and thus entail a 'legitimization' of the means of accumulation by dispossession through a legal framework."*

In practice very few MFIs have resorted to formal legal means to dispossess people of land, and in fact, most MFIs are reluctant to do so and suffer poor public relations (Interview CMA, July 2017). I suggest throughout this thesis that is because workers are sufficiently useful to capital as indebted subjects as compared to landless subjects. Dispossession has not been a necessary condition of development in Cambodia, because the compulsion to wage labour exists even for landholders, (however I do especially want to reemphasise the high regional variation among Cambodian villages).

#### 5.4.2. Investment in the village - Implications for development

In the case study of Chanleas Dai Commune (Bylander 2014), loans “were not seen as capital best used to start local microenterprise, expand agriculture or invest in income-generating activities”, running contra to presupposed development theory by which loans are seen as a stimulus for investment and development. Calling for a more nuanced recognition of context, determinative factors such as risk perceptions, local preferences, local employment/investment potential, migration duration, and environmental insecurity are all highlighted as coming to bear on migration and funding decisions. In her estimation, residents of Chanleas Dai choose to migrate ultimately because they dislike high-risk and low-reward local livelihood strategies, with few opportunities for profitable investment in local areas. This view was supported in my interviews.

To develop a more productive agricultural sector, it is said that a region needs to increase their concentration of agricultural land, in order to incentivise investment and mechanisation of agricultural labour. It is considered that only through land concentration will an owner have sufficiently large landholdings to generate sufficient returns-on-scale to improve productivity and for such an investment to be profitable. One of the ambiguous findings of my research was with respect to land consolidation. Certainly I heard reports of people in the village being forced to sell their land to repay debts, but usually this was only a small parcel of their land and not the entire landholding. Furthermore, most often this land was sold to a family member or neighbour. And overall, on the whole it was relatively rare. Even when sales of land occurred, parcels of land were rarely directly proximate to each other due to the historical titling process where villagers were given small plots on a per capita basis, with the intention of achieving fairness by providing plots of different land quality, and hence not directly contiguous. The high level of fragmentation continues to be a challenge to efforts to industrialise Cambodian agriculture. Overall it was clear that most villagers strived to maintain their landholdings as much as possible, Nevertheless, a few in the village had pursued a strategy of accruing proximate land holdings, and sometimes engaging wage labourers to assist with the farming. More telling for me however, was that claim that in many villages up to 50% of previously farmed rice paddies were now unfarmed due to migration. A classical economic analysis would suggest that these plots would be farmed out to neighbours, but other villages said that they considered farming returns too low and outlays too high to warrant the effort of farming extra land with added rental expense, which was perceived to be too risky.

In contrast, the major sites of industrial agriculture was where large titles of lands exist, primarily due to Economic Land Concessions and dispossessions. In strict terms of economic production, this would actually suggest that in the agricultural sector at least, the provision of debt that is enabling continued land ownership and preventing land concentration might even be holding back “economic development”.

### 5.4.3. Debt and the production of economic subjects

A second strand with which to consider the use of village debt is that through the Foucauldian lens of governmentality, paying attention to the types of subjectivities produced by the advent of commercialising social activity. Specific critiques building on this notion stress the neo-liberal imperative to produce entrepreneurial subjects or *homo economicus* of utilitarian instrumental calculation. As Foucault writes summarizing this point of view: “*Homo economicus* is an entrepreneur, an entrepreneur of himself.” (Foucault 2008). It is no wonder then that MFI advocates, such as the OECD, stressed the need for financial literacy on the part of farmers.

My findings here are also ambiguous. On the one hand I want to argue later that becoming *homo economicus* increases the integration of wage labour into the logic of the factory, that debt produces subjectivities that are more easily exploited by industrial capital because they think in utilitarian cost/benefit terms. Nevertheless, my empirical findings showed that most farmers not only had poor financial literacy, but it was potentially getting worse by way of the common practice of making false business plans to qualify for microfinance loans. At this point I will just flag this argument as a point for future consideration.

## 5.5. Conclusion

In this chapter I have firstly outlined how contemporary banking practices have created a large increase in debt within rural villages, which has interacted with pre-existing topology of livelihood strategies, land use, social obligations and informal lending, so as to further a process of commodification through the form of land titling, the monetising of social relations, the weakening of practices of mutual aid, and above all, the production of wage labourers.

Secondly, I have shown how debt impacts can lead to a reorganisation of the village setting, the household structure and social life of rural villages. The implications of this I discuss in the next section.

Thirdly, I have outlined how my empirical findings suggest that debt is unlikely to produce either the household outcomes intended by micro-credit practitioners, or the economic goals suggested by development theory. Overwhelmingly this is because Cambodians do not believe there is opportunity to generate income in the village setting. Rather, taking on debt is understood to require that it be paid back with wage labour, and in most rural locations this is understood as needing to take some form of migration away from the village. This is the subject of the next chapter.

## **6. Stretching the Household: Debt, Labour Mobility & Social Reproduction**

### **6.1. Introduction**

In the previous chapter I discussed how debt pushed Cambodians towards finding wage labour in order to repay debts. In this chapter, I will discuss how in practice, engaging in wage labour nearly always involves the relocation of a family member away from the village. Moreover, this relationship is well recognised by Cambodians, who acknowledge that the decision to take on debt is to simultaneously commit to some form of labour migration to pay back the loan.

This is a very expansive and descriptive chapter, due to the wide variety of forms that labour migration can take, in terms of location, temporality and distance. I show how such migration and work decisions are deeply determined by pre-existing social and informational networks and roles, thereby giving rise to very regionally and socially specific urbanisation pathways and a segmented labour market.

Secondly, I show how debt is involved in a series of trans-local linkages, which is based on the prevalence of kinship ties and persisting household arrangements. This creates a dynamic and mutually co-constitutive relationship between rural and urban spaces. I argue that the role of debt is specifically to mediate this household arrangement over distance, thereby allowing Cambodians increased labour mobility to seek higher wages or available work opportunities in a situation of employment scarcity.

Thirdly, I argue that debt plays a role of reorganising the household to modify the division of labour involved in social reproduction from the young to the old. This represents an intensification of informal domestic labour as discussed by feminist labour theorists, and thereby represents a subsidy to capital.

### **6.2. Literature Review and Contextual Background**

#### **6.2.1. Debt and Migration in the Cambodian Context**

By the late 1990s, labour migration was beginning to emerge as a livelihood strategy in response to modernisation processes, even as access to formal credit remained very limited in Cambodian villages (Sedara et al 2002). Yet as this report notes, at this time people were still reliant on informal credit at high rates, and people regularly incurred debt as part of their overall livelihood strategy. At this time it was argued that providing “access to credit”

could not only reduce the rates at which people were forced to borrow, but could assist with consumption smoothing, as much paid work at that time was seasonal, regionally proximate, and short term. Interestingly, (Sedara et al 2002) do show that people who lacked access to funds were often forced to sell land and leave the village in order to seek work; so we well might argue that access to credit has since allowed some villagers to undertake the labour migration process on their own terms.

As MFIs and opportunities for urban wage labour have grown, it is increasingly clear that microcredit programs designed to fund small-scale investment and development activities are usually used by households to instead facilitate a transition to wage labour through labour migration. Such a finding runs counter to standard migration and development theory. The dominant pro-credit view holds that expanding access to formal or low-cost credit will reduce out-migration (e.g., Zohir and Matin, 2004)., based on the presupposition that loans will enable people to remain in the home village by funding local business activity. In fact this is one of the promoted benefits of micro-loans, which assert that households resort to migration as a substitute for inaccessible or absent financial services (eg Taylor et al., 1996).

The migration literature of Cambodia suggest that the opposite is true, and that MFI loans are primarily repaid through wage labour, and are often used to fund labour migration. In her case study of Chanleas Dai Commune (Bylander 2014), shows how households overwhelmingly sought to avoid the range of precarious livelihoods that were available in the village. These livelihoods were viewed as unprofitable, risky and undesirable. Rather people generally chose to migrate for work in tandem with seeking access to credit. Within this context, Bylander characterises loans in three ways: loans used to fund international migration (“migration migra-loans”), loans that cause migration in order to manage repayment (“remittance led migra-loans”), or loans that are unsuccessful causing the debtor to flee (“distress migra-loan”).

In a follow up study (Bylander and Hamilton 2015), this dynamic is considered using national data from Cambodia. They find that households using formal credit and households with greater access to formal credit are more likely to have labour migrants than households without access. However they infer no causal relationship between borrowing and migration on the basis of the data, concluding that migration and credit must be thought together as simultaneous responses within the “pre-existing and dynamic conditions” of development processes.



Urban-rural population, Cambodia 2008-2013			
	1998	2008	2013
<b>Total</b>	11,437,656	13,395,682	14,676,591
<b>Urban</b>	15,7%	19,5%	21,4%
<b>Rural</b>	84,3%	80,5%	78,6%
Source: NIS 1998, 2008, 2013			

## 6.2.2. Migration As Development Strategy

The very high rates of migration in Cambodia, as in many developing countries, has been tacitly acknowledged as unstoppable by development experts. Rather, they have started to turn their attention to considering how migration underpin remittance led development as an alternative and viable strategy. Within this view, villagers leave the village to become wage labourers (particularly abroad), and by seeking higher wages can send remittances back home. This remittance money can then be directed toward productive activities that spur development in the village. Under this model, microfinance institutions are perceived to be uniquely equipped to support remittance-led development programs by providing funds to support the migration process.

This model of development in Cambodia has most recently been advocated by the OECD in its recent report series, *Interrelations between Public Policies, Migration and Development* (OECD 2017). The report focuses particularly on international labour migration from Cambodia, which is predominately to Thailand (both legal and illegal), with a much smaller flow to Malaysia and South Korea. Yet it notes that despite the large level of migration and remittances being sent to Cambodia, little of these funds are directed to investment purposes. Noting that,

*“In a context where the decision to emigrate is largely influenced by poverty, lack of employment and alternative income sources, remittances or financial capital brought home by return migrants may be spent on basic needs, rather than on productive investments. The research found that repaying loans and debts is the most common expenditure by remittance-receiving households.”*

Despite this accurate diagnosis, the OECD nevertheless prescribes the normal salves that have been shown to be inadequate in the Cambodian context; specifically, the need for agricultural investment, increased access to finance, and increased financial literacy training programmes. As I have argued in the previous chapter, none of these prognostications make much sense in the Cambodian context. There are very few opportunities for agricultural upgrading in the village and access to finance is plentiful. Accordingly, the push towards financial literacy appears only as a way to individualise a structural issue, and thereby ignore that such a structural issue exists at all. Furthermore, as the report notes, Young people

planning to emigrate are much less likely to attend school, and this is because returns to education are lower than the benefits of emigrating (OECD 2017 p 16). Perhaps this is proof that people are quite financially literate after all.

### 6.2.3. Rural-Urban Linkages

There are two ways in which scholars are contesting notions of spatiality within migration studies. Firstly, by emphasising the need to think beyond the urban-rural divide, and secondly, by stressing that migration must be understood as a multi-scalar process. (De Haas 2010, Bakewell 2013)

For a long time the dominant spatial categories within migration literature have been ‘rural’ and ‘urban’, “which retain a conceptual grip upon migration research even in the face of a widening appreciation of their definitional porosity.” (Parsons et al 2014). Undoubtedly this is because of the contextually specific experiences of urbanisation that was experienced in Europe and America during their respective processes of modernisation. Because of these embedded notions, Lawreniuk says that while much literature now emphasises the persistence of financial and social networks spanning urban and rural areas it can not be reconciled with literature exploring “new, hybrid societies emerging in the urban space”. Instead, a “preferable conception would be of a fully integrated system spread across two or more geographical locations.” This view also implies systemic bidirectional feedback in which the rural and urban spaces continuously influence each other and are mutually co-constitutive. In this way, dynamics within the rural setting can reverberate in the urban setting and vice-versa.

For geographers, thinking in terms of multi-scalarity is nothing new, and of course is already deeply embedded within the approach of this thesis, as it draws on the GPN framework and Harker’s model in its mode of operationalisation. Nevertheless, migration scholars are increasingly stressing the need to understand how labour migration is deeply embedded in social processes, such that subsystems “nest within larger systems” (Cook, Hall, and Larson 2012). Thus macro-scale drivers will be mediated through local norms and networks. In the case of Cambodia, Lawreniuk argues that the macro scale condition leading to migration are navigated “pragmatically and flexibly” by households through “a framework of traditionalism, duty and hierarchy” which underpin social norms. These social norms are key for understanding the systemic and bi-directional nature of the urbanisation process.

The implications of understanding the systemic nature of migration also has implications for the policy sphere, where migration is commonly understood by a range of “push” and “pull” factors. Such thinking often results in survey data where people are asked to tick the box describing their “reason for migration”. This often results in the identification of one “shock factor” such as an environmental disaster or a medical emergency as the “reason”. This

often draws an artificial distinction between migrants who leave a village for lack of work and those whose farming livelihood has become untenable. As I have argued in the previous chapter, these shock factors that spur migration are better understood as catalysts by which people living under poverty and unstable livelihood options are forced into engaging with the wage labour system.

### **6.3. Empirical Observations**

#### **6.3.1. Deciding to Migrate – A household decision**

The starting point for analysing Cambodian labour migration decisions is to understand that it is a decision taken on the household level. This is not to say that it is not necessarily an individual's decision, but it will always be taken with reference to the needs and obligations within the household, rather than the needs and wishes of the individual alone. This is a point often stressed by Cambodia scholars (eg Jacobson 2013). Thus the decision to migrate will be taken into consideration the availability of work, schooling, and responsibilities across the family. This usually results in a split by age, where the younger members are sent away to work as they become of working age, while children and grandparents are left to stay in the village. In nearly all the villages I visited were essentially populated only by grandparents and young children, and practically everyone of working age was working and living outside the village.

As such, parents will not always explicitly take the decision. In many examples workers told me they had decided to migrate without telling their parents or discussing it with them, however the reason for migrating in those situations was for the young worker to provide financial assistance to the family, who they perceived as undergoing a period of need and hardship. In these cases, workers often set out to find work on the belief that it would be just for a temporary period until the family situation had improved, which often included the repayment of a debt obligation. In my interviews, these workers were often the ones faring worst within the factory setting, as difficulties at home restricted their ability to navigate the new setting and also prevented a through livelihood plan from being formulated.

*“My Sister and I came to find work because we are poor. We just want to work for a short time to save some money so that our family can hire farmers this season. He is sick and can’t work. We only have a small plot of land (>1 ha). Our Father did not ask for help but we are his oldest children so it is our responsibility to help the family. Our Father has many loans for living expenses and we thought we should help.”*

- Bolt Factory Workers, Female, 19 and 21, Sanco SEZ, Migrants from near Poipet

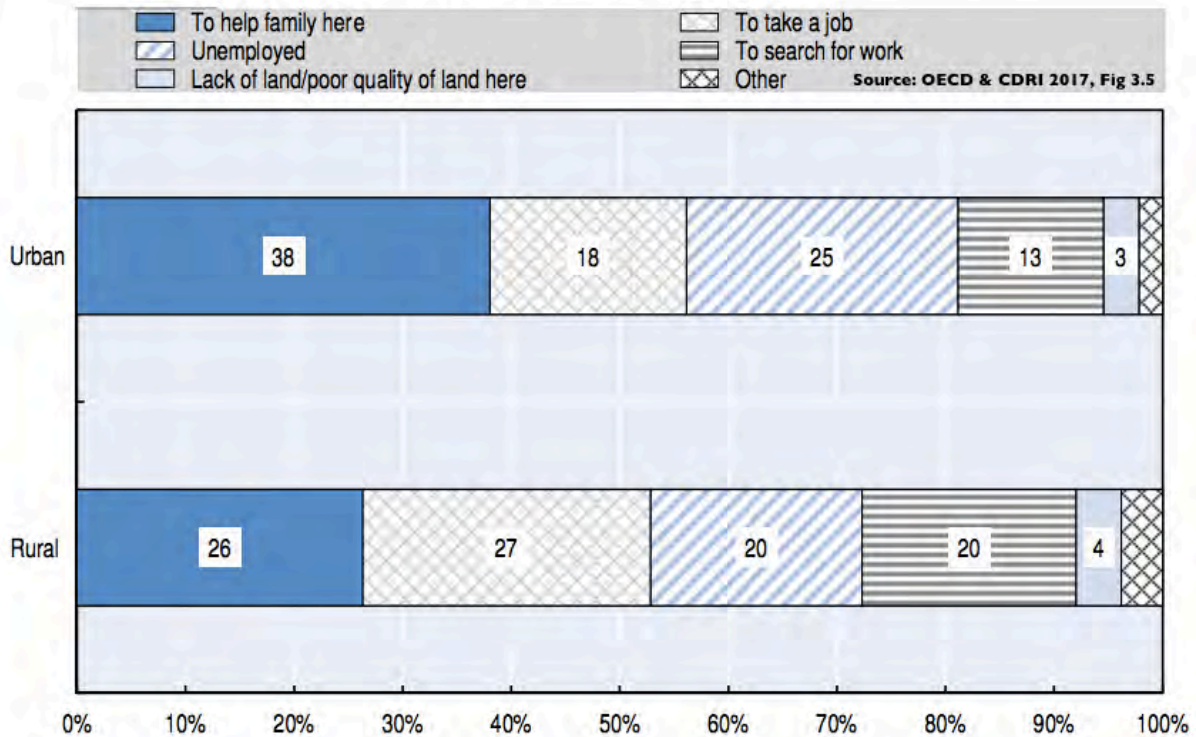
In contrast, many families sent their children to work at the explicit prompting of the parents. These parents would often say ‘there is nothing for you to do here’ and that the young person could not just stay around the village “doing nothing”. Anecdotally, these families seemed much more likely to be in a position to accumulate capital through working. This was often done because the parents had decided to get a loan in order to build a new house, and at that time sent a child to work to pay off the loan.

This set of obligations for work is based on the idea that it is a child’s job to support their parents when they get older. This will often lean towards the matrilineal responsibility, because a married man will most often relocate so that the family base is with the wife in her village. Nevertheless there is flexibility in this set up, depending in particular on where the couple is planning to live, the needs of the family, and particularly by which family members have agreed to take care of the workers children. For example, in Kandal Leu, the family grandmother was supported by the wages of her daughter and son-in-law, because she had become injured and unable to work and the family grandfather had left her. The grandmother looked after the couples children while they worked. Nevertheless, the daughter had gone to live and work in Sihanoukville, where the son-in-laws family was based. Despite this, they did not live with his parents because if they did so he would have been expected to send money to them to support them. As it stood he was freed from this obligation because his parents knew the money was needed by his wife’s Mother, however if they lived with them the obligation would be unavoidable.

In the same village I spoke to the family of the village chief. Their daughter and her husband were living with the family and were working as security guards in the nearby Phnom Penh Port. This money was then used to support the whole family, including her older sister who was unmarried, lived at home and had stopped working after doing the same job. As it was explained to me, *“my sister worked in the factory to support our parents for 10 years while my brother and I were at school. Now it is our turn to work and she can stay at home and rest.”*

## Emigration is motivated by labour and financial-related reasons

Relative share of reasons emigrants left (%)



### 6.3.2. Using Debt Within Migration Strategies

Given the way obligations can be fluid and exchangeable within the household, it is often very difficult to make strict distinctions between Bylander’s typology of loans. This is especially because there is a certain temporal fungibility in how people discuss and consider their finance decisions. As mentioned above, people don’t really engage in a process of allocating funds to particular uses and projects, rather funds are borrowed to support the family if and when required. Thus a house can be partially built, a loan can be taken out to continue building it while knowing that a young person in the family will soon find a job, a person in the family may then suffer a shock causing the worker to come back and care for them and a refinancing of the loan, and at the same time use some of these funds to buy a passport or to pay a broker to go to Thailand. While there are some cases where migration financing decisions are discrete, on the whole this is rare and almost always limited to those migration options that require a high financial outlay, such as buying a passport, or investing in Japanese or Korean language lessons. In cases of migration to Korea and Japan, agents in Cambodia are set up to administer language tests and offer jobs only to the best candidates. The agents then outlay migration costs, which are to be garnished from future wages. Thus the classical “migra-loan” example is not so common. The most common example of this is actually when a family decides to secure a loan for a large purchase, nearly always a house, and simultaneously plans to send a child abroad to pay off the loan.



In most situations, Cambodians acknowledge that the decision to take on debt is to simultaneously commit to some form of labour migration in order to find a job to pay back the loan. The only exception to this are those who actually follow the MFI doxa, and take out a loan to spend within the village, usually to fund rice inputs or other agricultural activity, which then generates less income than expected and forces them to migrate. Nearly no one else has illusions of staying in the village while being in debt, well, other than some MFI policy advocates of course.

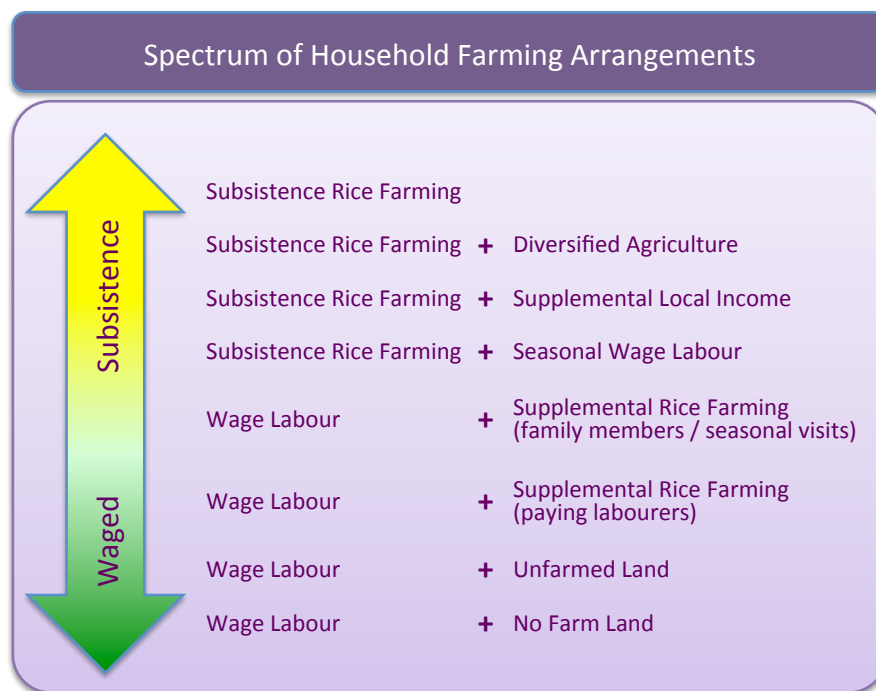


Table: Different degrees of integration into the “formality” of wage labour (based on my field work)

### 6.3.3. Migration and Work Choices

Perhaps the most pronounced trend within my interviews was the very high degree to which migration and labour choices were embedded in social and regional circumstances (a view confirming the findings of Phong and Barrerras, 2016). People rarely made a utilitarian weighing of abstract migration options from a bird-eye view. Nearly always the worker elected to follow a specific opportunity that presented itself, and those opportunities were deeply determined by factors such as village location, social role, gender, and household circumstances. In most cases, one would wait until Khmer New Year or Prachum Ben, the two major holidays in the Khmer calendar when nearly all people return from their places of work to visit family in the village. At this time a member of the household would tell fellow

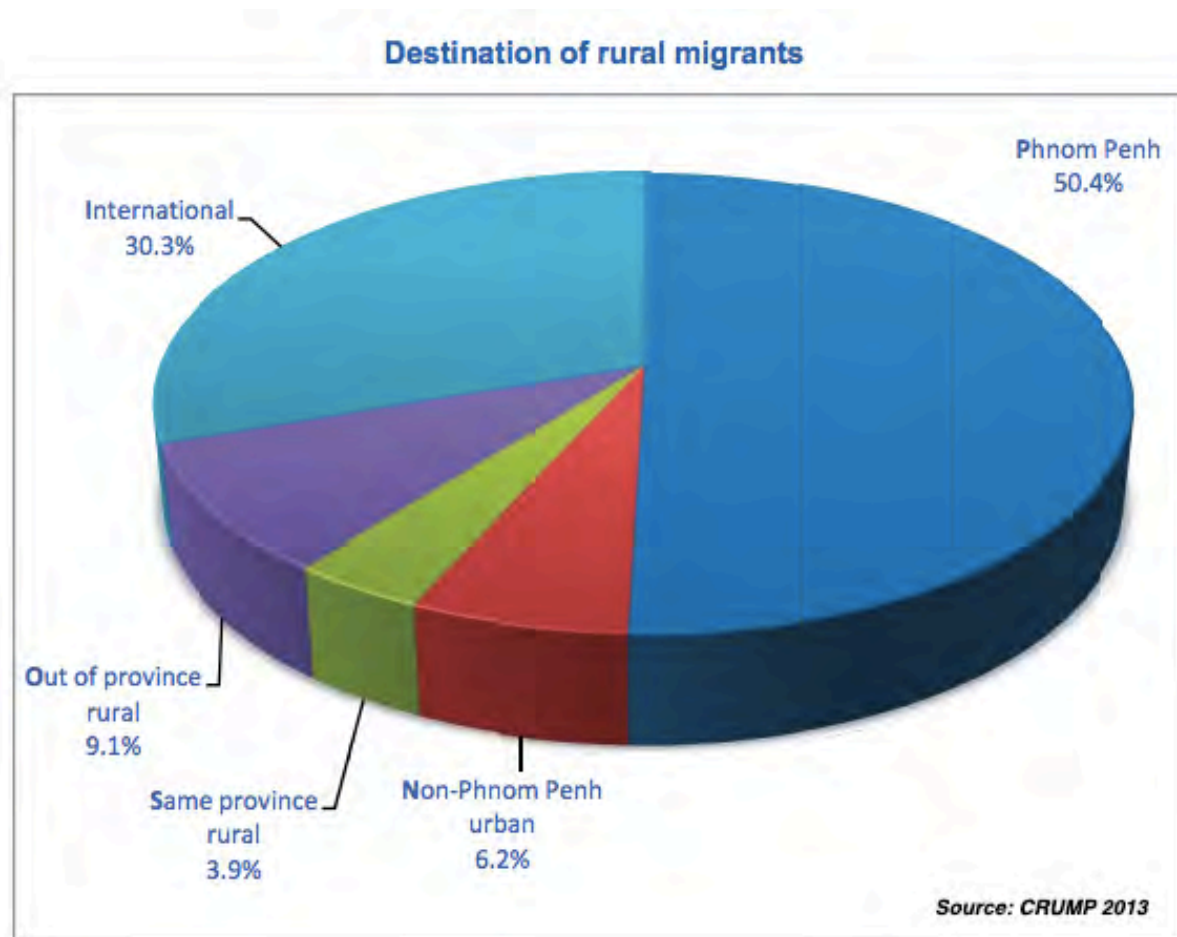
villagers that someone in the family was in search of work, and ask if they knew of any opportunities that were available. At furthest, one might hear of a job from somebody in a neighbouring village. Returnee workers would also expect such a situation and would know in advance of their employer was hiring and make arrangements to work. Thus villagers would leave for a specific job opportunity that they had pre-arranged with the employer, and generally had contacts who they could live with or could help them to get set up at their new location. If they had family they would usually go live with family, but if it was sourced from an acquaintance they would usually live in group worker housing, whether provided by the company or otherwise arranged. People would also enquire about employment outside of the major holidays, but one could not cast their net as widely to find work at this time. By and large work is obtained through social networks, and although I did meet workers who arrived to look for work based on hope and rumour alone, this was usually as a result of a lack of social networks as a result of coming from a poor place, and more so because of some urgency that meant that they did not wish to wait to look for work.

This reliance on social networks is also institutionalised in employer hiring practices. Employers very rarely placed public ads for jobs and always rely on word of mouth (the exception is when new factories and enterprises open and they do a public ad). This is exacerbated by the widespread patronage system, which results in the common practice of hiring managers taking bribes, or what is referred to commonly as having to ‘buy a job’. (for example at SC Wado all workers told me they had to pay \$200 before they could get a job there, and without knowing that this was required you might not work out how to get the job). As a result of this hiring strategy it is not uncommon for workplaces to have large groups of people from the same region. An employer told me that this can be a double edged sword for employee management; on the one hand workers would support each other and could be relied upon to sort issues out among themselves, on the other hand it was not entirely uncommon for a person to be fired from work, and this resulting in all the fellow people from that region leaving work along with them. Workers said this did not happen so often.

Workers thus made their migration and work decision on the basis of what job they heard was available, provided that the job was considered appropriate. For example, many families did not wish for young single women to migrate too far from the family, in part due to “traditional” Cambodian values, which would consider it improper or dangerous for a woman to migrate alone. This has meant that many more women migrate to Phnom Penh. Garment factories prefer to employ women as they consider them more dextrous in sewing and more compliant in industrial relations, and most have been set up in Phnom Penh as this as the capital was one of the first areas for FDI in

<b>Percentage of internal migrants by migration stream</b>	
<b>Migration type</b>	<b>Percentage of migrants</b>
Rural to rural	58.4%
Rural to urban	24.5%
Urban to rural	5.1%
Source: NIS 2013	

Cambodia, and in any event the rest of the country had very poor infrastructure in the 1990s. Similarly, some workers that intended to take their family with them were attracted to the construction sector as it allowed them the opportunity to live on the construction site. The most common forms of wage employment among community members were as factory workers (garment, food and basic consumer goods), as agricultural labourers, in construction, in food service, or self-employed as moto drivers, and small shop sellers.



This is just one example of how the system of referral has become so ingrained that social patterns become self-reinforcing in Cambodia. By this, I mean different regions have established deeper grooves in certain pathways, meaning that migration patterns are reproduced and strengthened. Proximity and historical migration patterns have also been another factor to become ingrained through social job seeking networks. For example, Poipet has a large number of migrants from Kampong Cham, despite the fact they are not close. This is because of the high number of people in Kampong Cham, small farming plots, and limited farming conditions. This has led to the population migrating earlier than other regions, but I am also led to believe that many people from the region became part of the army that was placed near the Thai border in the 1980s. Many of these soldiers managed to manoeuvre politically to secure landholdings and it then made it easier for family and friends

to join them in the region. Another factor is that the Province straddles the river, which has allowed for cash crop farming and produce trading for a very long time. This meant that many people in the region were quick to take advantage of the border trade opportunities in Poipet, particular those that are working at the Rong Kleu daily border market. Thus even today, migration from Kampong Cham to Poipet is pronounced because people have established social networks in the area.

However the patterning of this dynamic can be highly speckled and localised; for example the first village I visited in Thom Pouk had deep networks to the construction centre in one village in Thailand, yet a village nearby was not connected to this region of Thailand at all. Similarly, the village in Takeo which is far from Thailand, generally had people migrate to Phnom Penh and do self-employed work, as this was an established pathway for the village and had built up collective knowledge for this process. Some people in the village had migrated to Korea or Japan and become wealthy, while Thailand was not popular as it was considered dangerous and more expensive in terms of up-front cost. In contrast, the villages in Banteay Meanchey all have deep social networks to Thailand and do not consider it dangerous, relatively speaking, as they are able to arrange reliable job opportunities ahead of time and have trusted relationships with local informal migration brokers. In fact, for those in the Banteay Meanchey villages, the idea of going to work in Phnom Penh seemed strange: “Why would I go to Phnom Penh when I don’t know anyone there? It pays less money and besides, you have to have a university degree and connections to get a job there.” Meanwhile jobs in the regional centres such as Poipet and Sisophon were also considered inadequate despite their proximity, “My son once had a job in Sisophon doing construction and they never paid him on time. That’s how it is with jobs in Cambodia. Better to go to Thailand.”

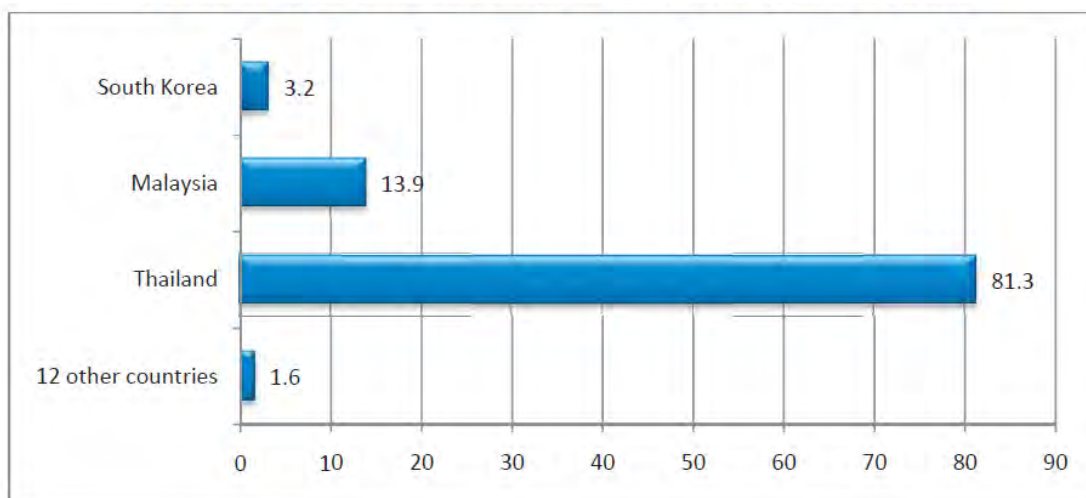
The increased prevalence of labour migration has caused it to become normalised and expected in many villages. And as it has become a well-trodden path it has also become easier to do, as informational and social networks have become established to assist would-be migrants with finding work and finding social support in the work setting.

#### **6.3.4. External vs Internal Migration**

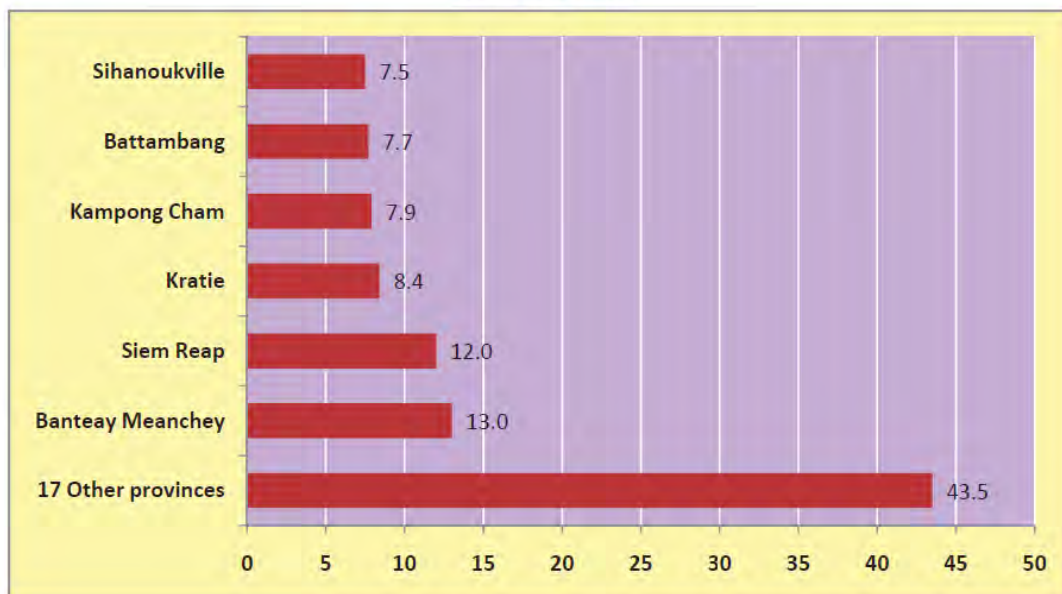
The main option for foreign migration for Cambodians is to Thailand, with over 70% of all out-migration. The next most popular destinations are Korea, Japan and Malaysia. By and large, villagers recognised that foreign migration offered better work opportunities than within Cambodia, especially with regard to pay. While one could expect to earn between \$150 - \$250 in Cambodia, the figure in Thailand could be \$600- \$1000, and even more in Korea or Japan. For most Cambodians, foreign migration was considered preferable to job opportunities within Cambodia. Women are more likely to migrate domestically than

men, while men are more likely to migrate internationally than women. The first reason for this is cultural, with the inherited idea that an unmarried woman should be close to the family and will not be adequately protected abroad, but this is increasingly diminishing.

Within the villages of North-West Cambodia, nearly everyone of working age migrates to Thailand. The social networks there are extensive and villagers regularly return to the village with knowledge of job opportunities. To workers from these villages, the distinction between domestic and foreign migration is not paramount. They do not know of any other places where they could find work. Even when I offered the suggestion of Poipet and its new SEZ factories, people said that they would not know anyone there and that factory work was not well regarded.



*Percent Distribution Of Out Of Country Rural Migrants, Source: CRUMP 2013*



*Percent Distribution Of Destination Of Non-Phnom Penh Out Of Province Rural Migrants  
Source: CRUMP 2013*



Given my assertion that social networks are central to migration and labour choices, I wish to argue that the presumed difference between domestic and foreign migration needs to be unsettled; at best it is misleading, but at worst it could be producing misdirected public policy. Especially I am thinking of a great deal of NGO programs aiming at stemming the flow of outward migration, which is well-intentioned in its aim of helping Cambodians to avoid human trafficking and labour bondage that is known to happen to undocumented workers in Thailand. Many people in the North-West do not see themselves as separate from Thailand as we might expect. Interviewees mentioned to me that they shared a cultural history, and that much of North-West Cambodia was once occupied and part of Thailand. The social linkages also span back to the time of the refugee camps in the border region. Many Cambodians who were in those camps managed to make contacts to Thailand, and were the first migrant workers, migrant job brokers, and border smugglers in the region. The trans-border connections between the two countries that exist today were built upon the relationships forged at that time. A similar type of situation exists around the coastal areas of Kep, Kampot and Sihanoukville. For those who worked in the fishing industries, the idea of finding a job inland seemed arduous and unfamiliar. To hide in a local boat transporting goods to Thailand (many that leave at Stung Hav port for example) and find a job through one's contacts in the fisheries on arrival, was in fact a much more established pathway of migration.

The other major areas of external migration were Korea and Japan on the one hand and Malaysia on the other. Malaysian jobs were often for women to work as domestic labourers, after the Philippines stopped allowing their workers to do so after many reports of abuse. Jobs in Japan and Korea are seen as most desirable because they have the best work conditions and highest wages, but they are seen as inaccessible to most, as they are competitive and require one to learn the language and to do so by investing in language lessons. Accordingly, this option was seen as suited to those who were a bit more well-off, ambitious or smart, even though the work there was known to be very low-skilled, predominately in the agricultural sector.

Bylander argues for a distinction between south-south migration versus north-south migration (2017) citing different upfront costs and paths for mobility in south-south circumstances. She also asserts that migration studies does not expect the poorest of society to migrate, but that this is common in Cambodia in terms of south-south migration to Thailand. My findings support her assertions. In the case of the Cambodia-Thailand border regions requires that we take this argument even a step further and not take the internal vs external migration frame as a given. For many Cambodians this simply is not the framework for considering migration choices. Rather, the goal is to find work, and that is done through word of mouth. And few wish to work in places where they do not have social connections. Thus having a social connection to a job opportunity is the determinate of proximity. In this sense a job in Japan can be much closer than one at a nearby regional hub like Poipet. The

exception to this that I found were workers who had already tried to migrate to Thailand unsuccessfully or had not liked it once there; as well as those that specifically seek to find a job very close to the home village.

Finally, this is not to downplay the serious risks faced by workers who migrate to Thailand, approximately 90% of whom are estimated to migrate undocumented (without passport) (stakeholder interviews, Samaritan's Purse, May 2017). Such workers engage in a "precarious economy of the border" (Arnold 2011) where they become exploitable, trafficked, and even fall into debt bondage. Spatially, their mobility is severely curtailed in Thailand, as they must remain on the worksite where they remain relatively protected from document checks. Nevertheless, many suffer arrest, imprisonment and deportation by authorities. Often this happens after a process of co-ordinated coercion from police, who will take bribes from migrants to turn a blind eye, meanwhile alerting other police officers within the vicinity of a new target for them to do the same. Even just at the end of June 2017, a new regulation by Thai government has resulted in truckloads of Cambodian workers being deported or leaving to come back to Cambodia to avoid the crackdown. The last major crackdown prior was in 2014. From the Thai point of view Cambodia represents a source of cheap labour, and so we can consider this an example of border as method", however that is beyond the scope of my analysis. However interestingly we might ponder why the Cambodian government has contributed to this situation by refusing to make passports cheap and accessible, despite constant pressure from NGOs. Potentially it is because the price filters through the administration of officials granting the passport, but perhaps it is to deter workers from migrating to enable sufficient workers to work at much lower wages within Cambodia.

### **6.3.5. Seasonal, Circular, Return and Rural to Rural Migration – How debt pushes workers towards intensified labour options**

So far I have not discussed a great deal how debt impacts on migration and industry choices. This is because in most situations it is not the key factor. However, one way in which debt influences labour choices is that it forces to workers to intensify the nature of their waged work. This often means shifting from a preferable work arrangement (such as short term or local) into the industrial sector, which is generally further away and requires more labour hours.

Rarely do migrants articulate a desire to move to the city. Nearly all say they would stay as their "homeland" if it were possible to do so. For many families then, the first foray into waged urban labour was viewed as a temporary measure, undertaken just until the costs of a large expenditure could be covered and the family member could return home and to continue farming. Still I met a lot of workers for whom this view exists. "I will just work here

until I have enough money to build a house at my homeland.” “I will work here until we can pay off my Father’s hospital bills.” “I will work here until we are out of debt”. Increasingly however, a move that was considered temporary becomes drawn-out, as workers come to realise that they are able to save less money than they envisaged. It is in this sense that debt also prolongs a workers time spent in wage labour beyond their original intentions.

As noted by Maltoni (2010), early forays into wage labour were usually seasonal and local. Because they often consisted of jobs in agriculture or construction, the work would be based around the busy times of the crop cycle such as the harvest, or be project based, respectively. Many workers became engaged in a pattern of seasonal or circular migration, in which they would migrate for a period for temporary work before returning to the homeland, and the repeating this when work was again available. These migrations are more likely to be rural-rural in nature, even if they are to Thailand or to rural Cambodia. Here however there is a distinction. Rural-rural migration to Thailand can pay sufficiently that it is attractive to workers who seek circular or temporary work. On the other hand, rural-rural migration patterns within Cambodia are usually to work on agricultural plantations and draw people from within the region. These jobs can pay less than working the factories even, with some workers I spoke to earning around \$100 per month only. Given the low pay these jobs are most attractive to workers that require greater work flexibility and to be closer to the village. Such workers are usually those with pressing family obligations, either to look after children or an aging parent in circumstances where they cannot manage entirely on their own. Circular and temporary migration is not limited to rural-rural situations however, and the construction industry is just one type of work that can be project based. For example one woman went with her husband to work in construction in Thailand, they both quit their job in order to build a new house at their homeland, and they intended to return to their old job in Thailand once it was finished. When they first went they went illegally, but as they were able to save up money they since got passports.

*“Yes - I am almost the only young person of working age in my whole village. All the other parents have left for work. I just got back from Thailand where I was doing some work in hospitality. I did not enjoy it there and I missed my family so much. I decided to return home, and now I can stay and look after my first child instead of my parents having to do it. I guess I will try and find work again in a year or two when my child is older. The reason I can stay in the village unlike the others is because my family does not have any debt.”*

- Young mother, Traeuy Tonloab Village

### **6.3.6. The Persistence Of The Homeland - Urbanisation without a landless proletariat**

Classical urbanisation theory assumes that peasants migrate to urban centres as landless surplus populations. In Cambodia most people maintain small landholdings within the family, and this makes them view their connection to the urban space as fluid, if not superficial. Even as young people are increasingly comfortable with the idea of migrating for work, attracted by what urban spaces have to offer (as outlined also in Lim [2007]), on the whole are very ambivalent to leave the homeland. Many say “I would stay here if could, but it is just not possible.”

In fact, one of the most striking things about the Cambodian path of urbanisation is the extent to which it is based on a mobile labour force that remains rooted to the village setting and commutes for seasonal and long term work. For example, even long term waged employees rarely purchase property in the city where they work, but prefer to buy land or spend money on building a house in the homeland. This was the case even in an attract real estate location such as Phnom Penh, were most workers still preferred rental accommodation.

Workers also travel to visit the village as often as possible, especially as that is where their children are being raised. These links can be seen in a variety of ways: people all remain registered to vote in their homelands; urban workers commonly rent in Phnom Penh but own land in the province; workers all return to their homeland to visit family over Khmer New Year and Pchom Benh the two major Khmer holidays; most workers intend to return to the homeland when they have “saved some money”, “paid off debts” or “on retirement”. People maintain very strong social and emotional ties to the home village. This attachment is accompanied by a “rural idyll” that is embedded within the culture in songs stories and tv shows.

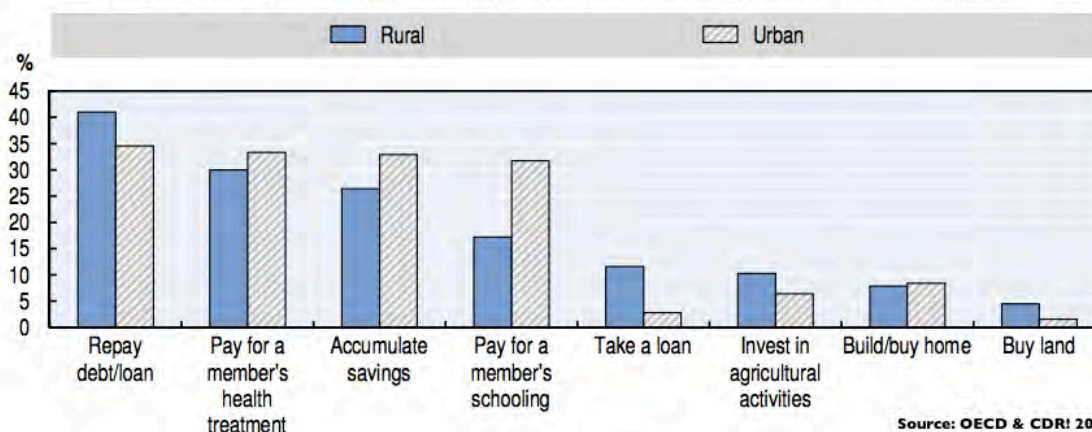
Overall, Cambodian workers remain attached to their family structures and their land, and remain attached to the village. They see their future in returning to the village and continuing the family arrangement where the old stay in the village and are looked after by working children. This is borne out by the fact that the majority of surplus funds are spent in the village setting via remittances.

### **6.3.7. The Use Of Remittances**

The OECD’s recent report (OECD & CDRI 2017) shows the major uses of remittance funds in Cambodia. Paying off debt is the number one expense, while investment is marginal at best.

### Debt repayment is the most common action for households receiving remittances

Actions taken by households that receive remittances from a former household member



Source: OECD & CDR! 2017, Fig 3.8

The implications of this are that many Cambodians are working without accumulating savings. Thus there is no surplus available for them to invest in the village or otherwise with which to impact development. This is certainly true in a large portion of households I visited, and for these workers, debt has just been a mechanism by which the value of their labour is captured by other parties. Geographically, we can see that although funds may be disbursed to such workers at the time of loan, in fact very little remains to circulate within the village setting, as it is quickly paid back to banks in regional centres, who in turn must pay fixed rates of return to international shareholders. Thus the local multiplier effect of waged labour, which is expected to drive development, is greatly diminished by the debt situation.

However the level of surplus achieved varies by industry, job and region, largely in proportion to wages. In my case study Sihanoukville SEZ workers usually earned between \$153-\$200 per month, which is low relative to living costs. Unions are pushing for a base rate of \$179 (plus entitlements) as the minimum wage for a worker to live off. Thus the workers' families I visited in and around Sihanoukville reported receiving irregular remittances, maybe only a few times a year. Such remittances were for low sums, and so were only enough to assist with subsistence and basic living purposes. Such expenses included supporting the children left behind, providing for their education, servicing debt, and supporting consumption expenses for parents.



### Case Study: Textile Workers, Sihanouville SEZ –

One couple I met both worked in Sihanoukville SEZ at garment factories. The couple were heavily in debt and were able only to send remittances occasionally. Their two young daughters, live with the paternal grandmother in Kampot, and she only had the land on which the house was built. The house was very small and built from wood and odd panels. It was one of the poorest houses I saw. Due to a combination of the agedness of the grandmother and poverty, she had trouble looking after the children and they both were not attending school, which was not within close proximity.

The low amount of remittances was a source of confusion for the grandmother, *“why don’t they send me money for the children like everyone else? I think it is because this younger generation don’t follow their obligations to look after the parents like they should.”*

She also thought maybe it was because she was the patrilineal mother, and that her daughter-in-law either didn’t want to help her or spent the money frivolously. While this probably had some basis of truth, I thought perhaps that other workers faced the same dilemma, where they were not earning enough money to have extra to send home, yet were too ashamed of this to say it outright to their parents, thereby creating intergenerational conflict.

In contrast, families who had a member who had migrated to Thailand or abroad were generally receiving remittances with a healthy surplus available for investment activity. While the dangers associated with migration to Thailand were much higher, the potential financial reward is much higher as well. The other families that were able to eke out a surplus were those where numerous members of the family were working, and were able to pool their resources together.

The families that did receive a surplus by and large spent the money on building a house, buying capital items like a motorbike, and spending on farming inputs. Interestingly, in these cases families usually opted to get into debt in order to make the expenditure rather than save up money and then make a purchase. People believed this made for a good enforced savings strategy (“temporal binding” to behavioural economists) despite having to pay extra money in interest, as many said they would not be able to regularly save the funds otherwise. The reason people used the funds to build houses was clear – there simply was not an alternative profitable investment that they considered to be available, supporting Bylander’s findings (“lack of better options”). Farming was not considered profitable and therefore not worthy of capital investment in equipment or expansion of activities by farming more land. Investing in village based activities was not seen as profitable, rather the village was a site for consumption, storing assets, and improving ones home. It was still important to migrants to consider their social status in the village, even when they were not

there. This was not only through home improvement, but for example during the holiday festivals when migrant workers would return. People said it was common for those with money to buy a new motorbike at this time in order to ride it around the village, even though many would sell the motorbike at a loss only a few days later when they returned to work.

Spending on houses also led to a few interesting outcomes in terms of the experience of the village. Firstly, it was quite common to see brand new houses in the village that were unoccupied, because the family were all working elsewhere to pay it off. Secondly, there was an increasing prevalence of “Thai” style houses (by which they mean “modern” in the newer style which has become popular in Thailand), which are characterised by embellished decoration, bright colours, and often being one storey. In contrast, Khmer houses are traditionally two storeys high, with the upper floor built on supporting beams first, allowing a space to relax in the shade underneath. For many in the village, appearing “Thai” was equated with being modern and urbane. Other markers of “Thai” style in the village was that some younger people had gotten tattoos, earrings or dyed their hair colour. Another way that richer communities spent their money was on communal projects, particularly by donating to the local pagoda. One could see wealthier areas with new pagodas under construction, as well as new village meeting spaces.



*Houses in Kouk Prech Village: House on the left represents the new “Thai” style, while the house on the right is the “traditional Khmer” style. Interestingly, the house on the left is vacant, because the whole family has migrated to Thailand in order to pay off the debt used to build the house.*

### **6.3.8. Stretching The Household Over Space - Reorganising social reproduction**

One of the key ways to apprehend the trans-local aspect of the current work situation is to imagine the Cambodian household/village as stretching over multiple locations. This means that even in work settings people are still affected by what is happening in the homeland and vice versa. One young factory worker in Sihanoukville lived with her older neighbour from the village, who had gotten married and ran a restaurant there. In fact, she had been the one that had heard of jobs going in the factory and arranged the job for her. Meanwhile,

her parents were living in Phnom Penh working as street vendors selling coconuts, while their home remained unoccupied in Takeo province. I visited their home in Takeo province, where the photos of the family had been placed at the front of the house, almost as if to occupy the place in their absence. I came to understand that factory work for the girl was viable because of the support in housing and food she received in Sihanoukville from her neighbour, and that this was reciprocated in kind within the village, where relatives were successfully raising ducks on a commercial scale.

Most villages are made up of grandparents looking after their grandchildren. The social effects of this arrangement are still yet to be understood. The older generation who would not otherwise be expected to work are finding themselves as important members of the household required to perform the informal labour of social reproduction by raising the children. This is one way in which the formal sector has avoided costs by transferring them to the informal sector. However, grandparents are ambivalent about this role. Many feel they are valued and have more agency in family affairs (Lawreniuk 2017), but many I spoke to expressed deep worry about the fact that they were too old and tired to spend enough time with the children and giving them the attention they require. Secondly they were very anxious about the possibility of themselves or the child getting sick, saying that this was too much of a strain for them to manage. Thirdly the well documented dynamic of inter-generational trauma (eg Field 2013) is amplified by the fact that most grandparents survived the Khmer Rouge regime, and are not necessarily the most emotionally equipped for a parental role.

However as Lawreniuk notes, it is also not entirely uncommon for workers to migrate with family, taking older family members and children with them to migrate to the vicinity of work. Migrant families generally chose not to live in worker housing, preferring to rent their own small home for their family in a private rental nearby. This often lengthened the distance and price of their daily commute. In some of these situations the family was able to pool resources together and buy new land in the new location. This was more common in Poipet where land was significantly cheaper. These families represented the more classic case of urban-rural migration, where we expect to see them become re-rooted in the new location over time. In Poipet, a town of migrants from all over Cambodia, this appears to be happening as families recognise the opportunities for development in the town, and many felt a need to buy land while it remained affordable. For these families, the ties to the homeland were not extinguished, but were not as easily discernable.

## 6.4. Analysis

### 6.4.1. How Debt Influences Labour Decisions - Urbanisation Cambodian style

The empirical observations in this chapter are admittedly lengthy and varied. However there are three key mechanisms by which debt determines workers' choice of job location and industry:

- Firstly, debt allows for increased labour mobility and flexibility in livelihood strategies. This means that although Cambodians migrate, they retain ownership of their land and continue to base their life around the rural homeland.
- Secondly, the overarching reason for this formation is that labour mobility is part of an inter-generational household strategy, which draws upon existing cultural emphasis on kinship ties. Debt allows the inter-generational social structure to be upheld by providing the liquidity to support livelihoods over multiple sites, which are then negotiated through remittances, rural investment and flows of goods.
- Thirdly, debt intensifies the need to work such that workers are pushed out of local and irregular forms of wage labour into distant and intense labour settings. This is often unintentional, with workers attempting to enter wage work on a local or flexible basis, which debt often renders untenable over time.

Ultimately, debt has had an ambivalent effect on Cambodians labour mobility. On the one hand it has been a factor in making rural life economically untenable, and has pushed rural communities to leave the village for work. On the other hand, debt has also been crucial in allowing Cambodians to undertake labour migration while upholding their existing social obligations to the family. In this sense it has allowed Cambodians to develop their country in their own cultural image, that is, within a deep attachment to rural life. Cambodians have invested substantial funds in supporting their homelands through remittances, and while surpluses and accumulation has been minor, it has meant that many Cambodians maintain the upgraded rural home as the main fruit of their labour. Long term this ties them to the village setting. This raises the question of the cultural specificity of the Cambodian model of urbanisation, in which it is normal for landed rural peasants to “stretch” the household across multiple sites. Policymakers would be well advised to not work against this model and rather see the developmental possibilities inherent to this development pathway. As investment in transport infrastructure increases, the ability for Cambodians to commute throughout the country will only increase.

## 6.4.2. How debt reorganises the labour of social reproduction to subsidise capital

### *Subsidising Capital with Informal, Gendered and Inter-Generational Labour*

We have seen how debt relations are a mix of formal and informal bonds, that permeate through a re-spatialised household unit, leading to a reorganisation within the sphere of social reproduction, in the form of changing intergenerational and gender roles. In particular we can see how the eldest generation who were previously not expected work late into old age are now enlisted to raise children and maintain the family home, in other words the work of social reproduction of future generations.

Following feminist scholars (Federici 2012, Gibson-Graham 1996, Mezzadri 2016) we can see that social reproduction is a form a labour, and bisects the overly-dualistic formal-informal binary. Such a concept is recognized by Cumbers:

*“Labour in the abstract sense refers to all the work involved in securing continued accumulation in a capitalist system. Thought of in these terms, GPNs also require regimes of labour control that stretch beyond the workplace into the sphere of social reproduction” (Cumbers et al 2008:372)*

Debt can thereby be considered as a form of labour control and exploitation that extends from the factory to the village. Mezzadri (2016) shows that this relationship stems from differential power structures that are taken up by capital in the form of differential wage relations. However there is some complication in applying her argument to the Cambodian context. Mezzadri talks of how patriarchy results in women’s body being ‘disposable’ and paid less than that of men. However in the case of Cambodia, the transition from hierarchy to commodity is reversed – older people are considered hierarchically above younger people, yet as they are less able bodies it is true they are valued less by capital. Yet this is not a problem for our analysis, rather it is insightful in showing how the result of capital is that existing age hierarchies are being eroded and even reversed. In Cambodia, being able to earn more money than ones parents has created a definite “generation gap” between younger and older generations (see Derks 2008 for example). This was reported to me in various interviews. From a gender perspective the analysis is twofold, or rather, intersectional. The majority of this labour of raising children is falling on grandmothers, not grandfathers.

Overall, this reorganisation of the household alleviates capital from having to pay its full share of social reproduction, thereby extracting surplus value through this rearrangement. Following Federici, we can see that the process of primitive accumulation is not simply about exploitation at the workplace. Rather the whole of labour within society is transformed, “as an accumulation of differences and divisions within the working class, whereby hierarchies built upon gender, as well as ‘race’ and age, became constitutive of class



rule and the formation of the modern proletariat.”

Thus, primitive accumulation starts in the reproductive realm, by which the household becomes a site for labour struggle. As put by Mezzadri:

*“Once production and reproduction are both considered as two key moments of the process of class formation, it becomes impossible to separate ‘productive’ and ‘reproductive’ struggles. Or, to put it differently, a sharp, neat distinction between struggles over exploitation and commodification emerges as increasingly problematic.”*

### *Labour control extending into the village*

We can further see this dynamic in the ways that the form of the factory imposes factory time on those that come into contact with it. Built on broadly Taylorist principles, time is commodified and can be calculated in terms of profit and loss, driving a work regime that must strictly regulate time and output as a function of time. This imperative produces a profit motive that makes employers disinclined to provide workers with days off and to force overtime hours. Part of the reason that social reproduction has been outsourced to the village location entirely is because the heavy demands of factory time prevent workers from coming up with a more flexible arrangement. We can see in cases where such a flexible arrangement is possible – such as in the case of seasonal work – then workers are apt to make use of those arrangements and take greater involvement in the village location.

In past years it was more common that factory time was subject to farming time. Workers regularly quit work before Khmer New Year and stay in the homeland for the farming season, before going to find new work after the farming cycle was complete. Many workers now report that this is less the case, that they do not have sufficient time or funds to travel between the worksite and the homeland locations. Increasingly factory time is coming to dominate agricultural time, and this process exacerbated by debt. Indebtedness imposes strictures of financial time, represented by the interest rate and monthly repayment. The inflexibility of debt repayments further push workers into the realm of factory as they all stress the need to have a reliably paid income in order to service debts without penalty. This temporal relationship is geographically manifested in the village space too, with remittances sent to the village in accordance with the wage and debt payment schedule. This creates a break from the temporality of farming which is governed by seasonality and can limit agricultural production when there is disjuncture between when funds are available and when they are needed to invest in farming activity. Debt obligations are increasing workers beholdance to factory time, and as I will argue below, this is one way that debt acts as a disciplinary technique over labour.

## 6.5. Conclusion

In this chapter I have firstly outlined how credit and labour migration are closely linked in the Cambodian context. I have outlined the major destinations for labour migration taken by Cambodians, as well as the main industries into which they find work. I then have outlined how Cambodian villagers formulate their migration strategies and labour choices, and how this can be intertwined with circumstances of debt

I have then shown how worksites and village sites retain social, economic and physical linkages, which reveals these sites to be mutually co-constitutive through trans-local relations. This is largely based on maintenance of household relations and reorganisation of social reproduction.

## **7. Disciplining Workers: Debt, Industrial Arrangement & Employment Practices**

### **7.1. Introduction**

The focus of this chapter is to understand how debt shapes the relationship between employers and Cambodian workers in the context of international supply chains. By taking a labour studies perspective, we are trying to look at how debt reduces labour agency and in turn labour's share of output, so that employers, financiers, government and rent-seekers can all extract greater surplus from labour. This chapter draws heavily on focus group and extended interviews with Cambodian SEZ workers, as well as workers at other sites.

First I outline the regional development framework for Cambodia as a whole, in order to show how Cambodia's role as a late industrialiser limits its ability to attract investment capital other than on the basis of low cost labour. I connect this to the developmental strategies of my focus SEZ regions, outlining their linkages to global production networks and regional economic corridors and domestic political arrangements.

I then provide an empirical analysis of the labour conditions within these sites, including strategies by wage labourers to better their position. I show how employer strategies are designed to maintain a low cost workforce and attract capital on the basis of low cost labour. I then show how debt is used as a disciplinary apparatus on workers and lowers worker agency and subsidises the cost of labour for capital.

### **7.2. Literature Review and Contextual Background**

#### **7.2.1. Cambodia's Role in ASEAN Economic Integration**

Cambodia's economic trajectory is shaped by its transition to becoming a market economy in 1993, which followed a decade as a Vietnam-administered communist state, and an earlier period of destruction under the Khmer Rouge. Much has been written of Cambodia's transition and subsequent economic development (Hughes 2003, Hughes & Un 2011, Arnold and Shih 2010, Arnold and Pickles 2011, Sokty and Ung 2013) and I will not recapitulate those accounts here. Rather, of key concern here is how the Cambodian development model has come to be characterised by low wage labour, FDI and export-oriented processing (see tables below). I wish here to outline the geographical specificity of this model, which is a result of the

interaction between many factors, including the heavy involvement of international institutions, the dominance of free market thinking at the time of Cambodia's entry to the market, the political economy of domestic state building, and the set of possibilities for economic development that were available to Cambodia over this period.

The first reason for Cambodia's development model being dependant on foreign investment is the heavy involvement of international institutions in shaping Cambodia's economic reconstruction. Cambodia has been a leading recipient of aid funding from US, EU, Japanese and multilateral aid institutions. Between 2002 and 2010, Cambodia received US\$5 billion in aid, or 94.3 per cent of total government expenditures (Ear, 2013). This dependence has given foreign donor institutions strong influence in the development of Cambodia's laws and development model. At the very least the Cambodian government has had to navigate these international concerns in order to govern on its own terms (Ear 2007, Strangio 2014). This can be seen for example in the Cambodian Labour Law and Better Factories Cambodia program, which are designed to comply with ILO labour standards. By complying with these international measures, the Cambodian government was able to appease donors, while also making "ethical labour" part of its marketing strategy (Arnold and Shih 2010). Nevertheless, actual enforcement of such laws remains another matter, and labour demonstrations have continued throughout the period. In recent times, international aid has become less direct and is tied to infrastructural investment programs, with Japan and China the leading funders of Cambodian roads, railways and ports. What is important to point out about this situation is that aid is provided where it is of benefit to foreign investors, so they choose fund infrastructure projects that enable their companies to operate and export goods from Cambodia. Thus Cambodian infrastructural investment is suited to interests of investors.

This leads to the second factor, which is how international institutions used their influence to encourage free market policy in Cambodia. In the 1990s international bodies such as the IMF and Worldbank strongly promoted the values that have come to be known as the "Washington Consensus", based upon trade liberalisation, export led development, privatisation and servicing the needs of capital. This has allowed foreign companies to access Cambodia's pool of extremely cheap labour, as well as open up a new Cambodian consumer market to leading conglomerates. Most saliently, it would not allow Cambodia many opportunities to develop its own domestic industries, through a process of import-substitution or otherwise, as such industries would generally lack the scale and technical efficiency to compete against foreign imports. For workers, it has allowed cheaper agricultural imports to compete against domestic producers, and as many workers reported to me, made the prices of agricultural produce low enough to render such activity unprofitable.

Cambodia joined ASEAN in 1999 and the WTO in 2003. In practice, Cambodia's insertion into global production networks was led by textile and garment production, which by 2008 accounted for roughly 70% of exports volume, 90% of export revenue and 16% of GDP (Arnold and Shih 2010). These industries were boosted by Cambodia's preferential trade status, via arrangements such as the US-Cambodia Textile and Apparel Trade Agreement (TATA, 1999-2004) and the ongoing duty-free importation to the EU through the EU's 'Everything But Arms' program. These programs gave Cambodia's garment industry in particular preferential access to US and EU markets, allowing some shelter from open market competition to develop these industries.

Many countries seeking funding from international institutions in the 1990s were forced to "consent to coercion" (Harvey 2003) by undergoing "structural adjustment" in return for needed funding. Yet in the case of Cambodia little coercion was necessary as the fledgling government saw that trade liberalisation could provide income to sustain a patronage system by which to shore-up government legitimacy. This factor, is best explained by Hughes (1993:61):

*"the introduction of a modified patron-clientism could bridge the gap between modernizers within the state and the conservatism of farmers in the countryside, long-since disillusioned with the ideological drives of successive regimes. This could allow the exploitative practices of rent-seekers in the military and state to be dressed up with a customary legitimacy that might render them more, rather than less, palatable to the broader population than a discredited ideology of socialist modernity".*

This patronage system has come to condition Cambodia's development pathway to a large extent, and I will discuss this more in the next section, but the salient feature here is that domestic government elites welcomed "neo-liberal" arrangements as they would be able to benefit personally through their patronage networks (Springer 2011, 2015, Craig and Pak 2011)

The fourth aspect that I identify as constraining Cambodia's development options is the fact that Cambodia is a late developer by world and regional standards. This has meant that Cambodia cannot easily replicate the growth enjoyed by neighbours such as Thailand and Vietnam, who were able to attract foreign manufacturing operations during the first wave of trade liberalisation and economic offshoring in the 1980s. In Thailand for instance, Japanese auto-manufacturers offshored a great deal of processing and assembly work by setting up Thai factories. As we will see below in relation to Toyota, it remains unclear whether Cambodia can meaningfully attract a



share of existing operations when they are at such significant competitive disadvantages in terms of labour skill, capital development and experience. Taken together with the impetus toward regional integration this forces Cambodia to consider its development in terms of what competitive advantage and role it can play vis-a-vis regional development. So far the only answer available has been cheap labour. Indeed this has always been the idea promoted for Cambodia, since the 1992 Asian Development Bank (ADB) GMS Economic Cooperation Program, which sought regional GMS integration to stimulate free trade and investment in the region. Such integration is a double edged sword for Cambodia; on the one hand it is well placed regionally to leverage its geographic location and integrate seamlessly with surrounding supply chains; on the other hand, such a strategy will likely to condemn it to only the most basic of production activities.

<b>Investment Capital by Country</b>										
Year	2012		2013		2014		2015		2016	
Total	\$2.9 Billion		\$4.9 Billion		\$3.9 Billion		\$4.6 Billion		\$3.6 Billion	
Rank	Country	%	Country	%	Country	%	Country	%	Country	%
1	Cambodia	42.08	Cambodia	66.80	Cambodia	64.00	Cambodia	69.28	China	29.92
2	China	20.69	China	15.68	China	24.44	China	18.62	Cambodia	27.55
3	Korea	9.89	Vietnam	6.10	Malaysia	2.18	U.K	3.0	Japan	22.78
4	Japan	9.15	Thailand	4.37	Japan	1.72	Singapore	2.18	Thailand	4.61
5	Malaysia	6.04	Korea	1.76	Korea	1.66	Vietnam	1.92	Korea	4.59
6	Thailand	4.53	Japan	1.59	Vietnam	1.26	Malaysia	1.61	U.S.A	3.38
7	Vietnam	2.89	Malaysia	1.04	UK	1.13	Japan	1.28	Singapore	3.03
8	Singapore	2.59	Singapore	1.03	Singapore	0.89	Thailand	1.18	Vietnam	2.45
9	U.K	0.51	U.K	0.43	Thailand	0.88	Korea	0.21	Korea	0.21
10	U.S.A	0.42	France	0.27	Australia	0.51	Canada	0.19	India	0.55
11	Others	1.21	Others	0.93	Others	1.33	Other	0.53	Others	0.54

FDI in Cambodia by Source Country 2012 – 2016

Source: Council for Development of Cambodia

	2012	2013	2014	2015	2016	2012-2016
Agriculture	556.60	1,128.80	264.70	482.60	478.30	2,911.00
Industries	1,489.70	1,106.70	2,835.60	919.30	1,186.30	7,537.60
Infrastructure	227.80	2,620.80	353.50	3,129.80	544.30	6,876.20
Tourism	691.50	106.00	479.60	111.90	1,400.80	2,789.80
Total	2,965.60	4,962.30	3,933.40	4,643.60	3,609.70	20,114.60

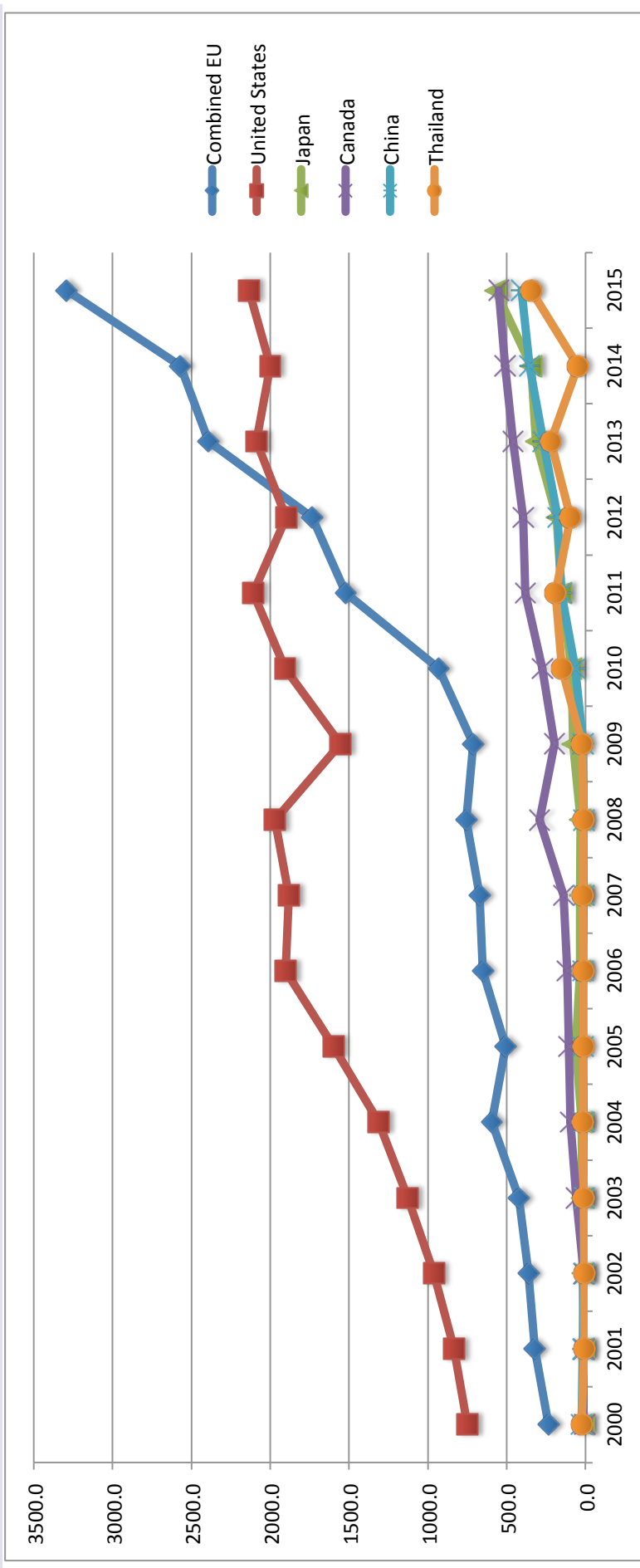
FDI in Cambodia by Industry 2012 – 2016

Source: Council for Development of Cambodia

# Cambodian Exports(US\$M)

Source: world bank

Partner Name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Trade (% of GDP)	111.6%	113.7%	119.7%	123.1%	134.5%	136.8%	144.6%	138.3%	133.3%	105.1%	113.6%	113.6%	120.7%	128.2%	129.0%	127.9%
Total Exports	1389.5	1499.3	1923.0	2118.2	2797.5	3018.6	3566.4	3531.2	4358.2	4992.0	5590.1	6704.1	5796.3	6665.9	6846.0	8542.4
Combined EU	235.3	323.0	362.6	423.8	593.4	507.0	651.8	671.5	757.6	714.2	932.9	1521.0	1735.6	2389.9	2568.7	3290.0
United States	750.5	833.9	961.8	1128.6	1311.6	1597.8	1901.5	1883.5	1970.3	1555.1	1905.6	2107.2	1897.7	2088.0	2000.2	2136.8
Japan	10.9	13.3	18.9	21.7	25.1	62.9	34.1	33.7	32.1	79.9	89.6	153.4	184.2	314.1	344.9	571.6
Canada	4.9	10.4	10.2	60.0	94.5	107.2	115.3	138.3	291.5	196.2	274.4	382.6	394.7	459.5	509.0	551.0
China	24.2	16.8	8.3	6.5	12.6	14.3	15.5	10.2	12.9	16.4	65.0	154.6	178.0	266.7	356.6	405.5
Thailand	23.3	7.7	7.9	11.8	17.1	15.2	15.2	18.4	13.5	21.7	150.1	190.5	96.4	221.2	50.0	346.2



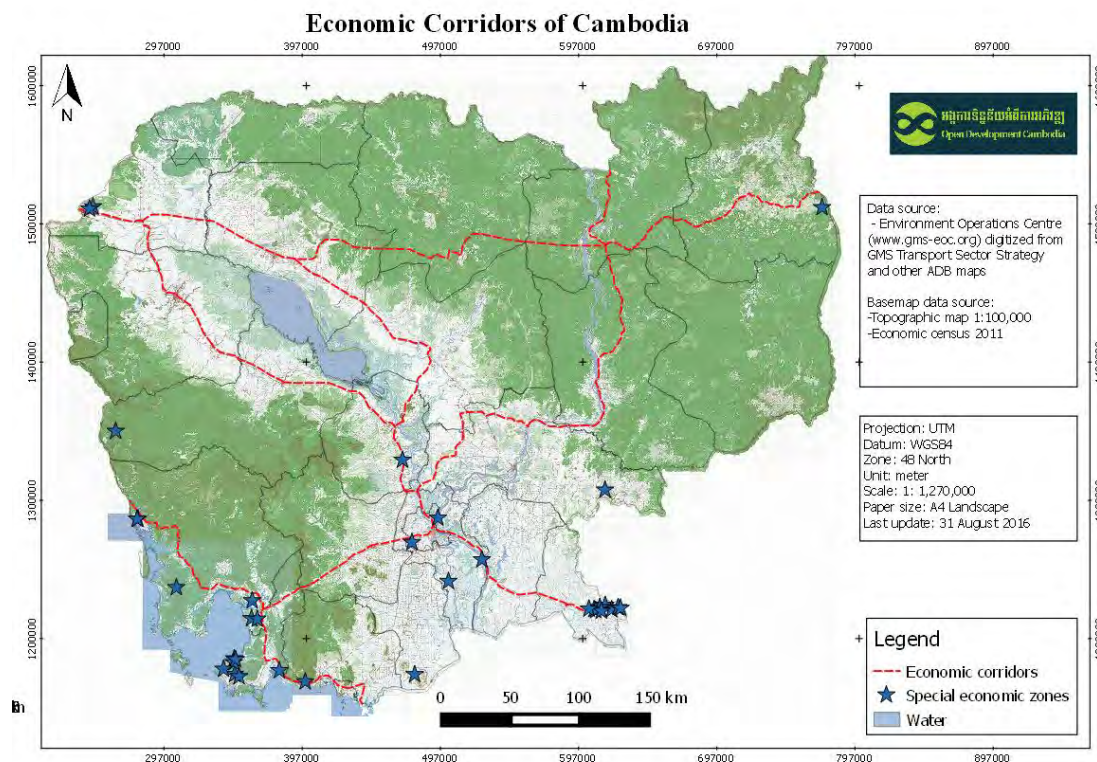
### 7.2.2. SEZs and Economic Corridors in Cambodia

In recent years, economic integration across South East Asia continues to be the overarching framework for regional development by which Cambodia plans its economy (Cambodia National Strategic Development Plan 2014-2018, ADB Regional Investment Framework Implementation Plan 2014-2018, and backed by ASEAN). This strategy has been formulated as a series of economic corridors, where infrastructural development of transport and logistical hubs will reduce time and transaction costs across the region.

This means that SEZ led development has become a cornerstone of the Cambodian Government's current industrialisation strategy (Cambodia Industrial Development Policy 2015-2025). One of its five stated strategies is to attract FDI by promoting SEZs and developing regional economic corridors; and one of its "four key concrete measures" is to, "[transform] Sihanoukville Province into a multi-purpose Special Economic Zone" by 2018. In brief, Special Economic Zones have become development strategy of choice for newly industrialising countries, spurred on by the success of this model in places such as Shenzhen in China. Zones are specially designed to attract FDI by offering tax exemptions, and other generous concessions in the hope they will provide backward linkages, clustering, technological diffusion and other positive spillovers. They also concentrate infrastructural investment around industrial parks. This represents an extension of Cambodia's current approach to supporting investment to suit investors and not domestic public needs. In practice, SEZs placed in NICs are primarily used to attract low-skill manufacturing activity (Warr and Menon 2015), which is highly mobile due to the low amount of training and human capital required to set up production. Investing in SEZs is particularly attractive to price sensitive factories looking to outsource processes from their supply chains into SEZs in order to reduce production costs.

These SEZs are located along the ASEAN economic corridors, thus Cambodia promotes itself on the basis of its geographical convenience as well as low cost labour. Poipet and Sihanoukville are both key sites within this plan, falling directly within GMS (Greater Mekong Subregion) regional corridors. Poipet falls along one of two main routes for crossing between Thailand and Cambodia (the other is in Koh Kong), while Sihanoukville is designed to be the main port for international shipping. We should also note here the geopolitical character of the zones, with each zone having a regional flavour. For example, the Phnom Penh SEZ is known as a "Japanese Zone", while Sihanoukville is known as a "chinese zone" made up of investors predominately from those countries.

Cambodia is increasingly forced to compete to attract FDI, as preferential trade agreements expire (eg MFA quotas in 2005) and international aid is reduced. Meanwhile, in response to union activity and social unrest and rising costs of living, workers in the garment sector have won wage rises in recent years, which, along with development fuelled inflation, have spilled over to increase the costs of labour. With rising wages and inferior infrastructure, Cambodia is no longer especially price competitive against destinations such as Bangladesh, Myanmar or Ethiopia, Accordingly, competitive factors have increasingly come into play, “such as productivity, reducing transaction time and cost, streamlining regulatory burdens and the like,” eschewing previous commitment to being an, “ethical producer” as a source of competitive advantage (Arnold 2010). Taken together, this regional integration and increased price competition places increasing pressure on labour.



Map: Economic corridors and SEZs in Cambodia  
Source: Open Development

### 7.2.3. Private Debt as a Substitute for Public Debt - How lack of common infrastructure places additional burdens on Cambodian workers

The geographical imperatives set out in the ASEAN strategy provide some overarching logic to Cambodia’s infrastructural development and investment, nevertheless the ways in which Cambodia pursues these national investment plans are deeply embedded in the local machinations of Cambodian political relations.



Specifically, Cambodia's political system has been described as an "oligarchic" and "kleptocratic" (Hughes 1993, Springer 2015) regime of reciprocal patronage networks, extending from the very top of government all the way through to the level of the village chief. These produce a regionally specific form of governance arrangements for global capital circulation. However, as outlined in earlier chapters, these governance arrangements have been forged out of pre-existing imperatives, such as a hierarchical culture, a continuation of military organisational structures, competing factions vying for state authority, a power vacuum at the state level, factional distrust coming out of years of civil war. As a result I do not wish to make any normative claims, and I would here mention that oligarchic formations have emerged in many early capitalist settings, such as the contemporaneous example of post-transition Russia, or even gilded age USA.

Practically all the SEZs in Cambodia are owned by one of the *okhnas* (tycoons), under an arrangement where the okhna owns the SEZ land and license, and either sits on the land for future land price speculation or outsources the development of the SEZ to a developer to then rent to industry. An okhna is a traditional feudal title given to high ranking officials in the King's court, but now has been repurposed for the upper echelon of the oligarchic business class. The title of okhna is conferred in exchange for donations to the government (of at least \$100,000), and there are currently around 100 okhnas in Cambodia. By being an okhna you become high up in the patronage system and your projects will be treated favourably (Verver and Dahles 2015).

First of one has to apply to the SEZ Board to secure a license to run an SEZ. But in any event, part of the governments role has been to facilitate the necessary forceful expulsion of land owners for development in these areas to occur. For example in Mittapheap District, the area surrounding the Sihanoukville port, 105 families were violently evicted from their village on 20 April 2007 (Springer 2015) and the land was reassigned as a 'development zone'. Thus the inflow of FDI is controlled and channelled within this patronage network that ensures that those at the top receive direct benefit from development and capital flows (Slocumb, 2010, Springer 2015), and also fits into the more conventional notion of primitive accumulation which Harvey terms "accumulation by dispossession."

The reason for describing this development regime is not as mere background, but because it is central in determining how infrastructure investment occurs in Cambodia, which ultimately has the effect of shifting cost burdens onto workers that have traditionally been borne by the developmentalist state. Because large industrial projects are geographically confined and built to serve foreign business and geopolitical interests, public infrastructure and amenities are underdeveloped.



Rather than partake in public projects that are necessary for the logistical needs of the country at large, much of this development has occurred to just serve private interests in the form of specific localised projects. For example, irrigation projects that have been undertaken with government approval and foreign support have done so under the pretense of helping the people, yet in reality these channels are designed to go to large landholders of agro-business, which occur at the nexus of kleptocratic government interest and foreign private interests. In one case, irrigation provided water to rural farmers knowing that they were at a particular altitude and slope that would ensure all the water merely flowed down to the commercial agri-cop below (Interview, ACILS staff member, June 2017). Similarly, several SEZs and national ports exist only for the benefit of private companies. One example is Okhna Mong development zone and Srae Ambel Port exist solely primarily for the use of the Mong Rethy conglomerate that has large farming operations nearby, including oil palms and pigs.

In order to remain an attractive environment for FDI, the government must simultaneously keep a small amount of debt on the public balance sheet. In this sense Cambodia has undergone a process of “structural adjustment” and austerity without undergoing the intermediate phase of public investment that was undertaken in most post-colonial contexts in exchange for funding. In those contexts, state infrastructure projects would often include items such as public transport, public hospitals, public schooling infrastructure and widespread irrigation. The absence of these provisions is a significant factor that workers are finding living off the land unsustainable. As a result of their absence workers suffer lower agricultural yields, pay more money in agricultural inputs, must pay high levels of medical and education costs, and spend a significant amount of money on transport in the form of motos and fuel. In effect, we are talking about placing cost burdens on to workers and away from the state. My argument here is that high indebtedness of workers can thus be seen as a substitute for public debt within the context of economic development.

Limited government expenditure shows the reluctance of the state to develop public investment. Taxes and other public receipts increased from 4.3 percent of gross domestic product in 1993 to 8.0 percent in 1998 and further to 13.3 percent in 2008 (Hang 2012). These figures remain low by international standards, yet the government has only been running minor budget deficits. In fact the country is also quite constrained in taking on budget deficits due to the dollarization of the economy. The country ran a deficit during 1990–92 financed by central bank credit, but this only led to escalating rates of inflation and currency depreciation. This in turn contributed to a lack of public confidence in the national currency and high level of dollarisation. Due to the dollarised economy, macroeconomic policy in Cambodia

“relies mainly on a conservative fiscal policy to prevent inflationary pressures”(Chair and Luna 2013) as the reserve bank actually has little control over the effective money supply.

### 7.3. Empirical Observations

#### 7.3.1. Precarity – Reducing The Security And Agency Of Labour

In order to explain how worker debt reduced labour agency, it is crucial to explain how debt is only one factor within an entire regime of labour precarity. Here I use the term ‘precarity’ to refer broadly to a range of techniques deployed in both the developed and developing world for reducing labour power. These techniques have been referred to as precarity, informalisation, contractualisation and casualisation, among others (Vosko et al. 2003, standing 2008 , Chang 2009; for a discussion of different terms see Arnold and Bongiovi 2013). It is not my intention to deal with the taxonomy of these terms here.

Debt and over-indebtedness was completely normalised for many workers and as a result it was very rare that workers viewed debt as the primary cause of their financial and social situation. Rather they saw their entire financial condition as being very dire, and debt was seen as only one factor within this configuration. In this section I will outline some of the key features that interacted with debt that conditioned the effect of debt on workers.

##### *Low Wages*

Worker precarity in Cambodia is based primarily on the fact that wage rates are so low and in many cases do not provide a living wage. Only the garment sector has minimum wages, which have now grown to US\$153 per month plus benefits; however other industries are to some degree pegged to this wage as a result of the high substitutability of workers across all the low-skill job market, putting all employers into competition to attract workers. Yet this effect is greatly circumvented by the large undersupply of jobs vis-à-vis labour, which means that virtually no employers have had to raise wages in order to attract workers. With low wages and few jobs available, workers are on the back foot from the outset.

In Sihanoukville SSEZ, workers were all in financial precarious positions, only earning between the minimum garment sector wage of \$153 and about \$185. Many did not make ends meet by working in the factory. Many found themselves falling further into debt in their urban life, beyond what they owed in the village. As argued by Parsons (2016), the social circumstances in the village were effectively reproduced in the work setting. Those who had poor means for earning an income in the village or

suffered worse living conditions at the outset, were forced into new situations of relatively worse working conditions. Workers coming from a weak financial position were doubly affected: on the one hand they were needy in terms of having higher debts to service, having more family members dependant on them, and having to provide more in remittances; on the other hand their family at the home village could offer less support to them in terms of sending food and rice, looking after children and providing alternative sources of income.

In Poipet, the situation was not all together different, except that living costs and land costs were somewhat lower in the region. This meant that several workers could earn some surplus from their wages for saving and providing some degree of security. In some cases entire families had relocated to the Poipet region and purchased cheap land on the outskirts of town, and in these case families were able to offer much more support to workers and ensure that wages went a bit further.

### *Casualisation of the workforce*

In recent years the casualisation of sections of the workforce has intensified. Under Cambodian labour law there are two main categories of employment contract: undetermined duration contracts (UDCs) which mean ongoing employment, or fixed duration contracts (FDCs) which usually last usually 3-6 months. In my research, workers in Sihanoukville SEZ were practically all on FDC's of 3 months, which often were rolled over into new 3 months FDCs, or terminated in the final week to ensure minimal payout of entitlements to workers. According to a union representative at C.CAWDU (interview May 2017), all the factories in Sihanoukville SEZ had switched to FDCs around the same time as part of a co-ordinated push back on labour. If a worker makes complaints or represents a cost to employers (eg a pregnant woman) employers use the FDC as an easy way to terminate employees by not renewing contracts. In most factories workers start with a 1 month probation period, and are then put onto short term 3 or 6 month contracts, which are generally renewed multiple times. In the trial month, companies will test a workers willingness to do forced overtime hours. When workers are dismissed the company will wait until the week before the end of the contract, to ensure minimum pay-out of wages.

Meanwhile, in Poipet, most workers at Sanco SEZ, said they did not even have a work contract. Yet these workers were employed on an ongoing basis.

Another aspect of FDCs has been as a tool for union busting. In some case it was reported that a company that wanted to rid itself of a union would do so by switching the entire workforce to FDCs and just gradually not renewing the contracts of union members.

In some cases FDCs were used within a strategy for a company to avoid labour regulation altogether. For example, if a company was receiving international pressure regarding work conditions, they might just casualise the workforce, lay off workers at minimum pay out, and shut down the company. Meanwhile they would sell company assets to a new corporate entity, and effectively continue on the company under the new auspices.

### *Union Busting*

Widespread unionisation occurred with ILO encouragement under the Better Factories Cambodia program in the early 2000s, but government strategy has been to control and contain the union movement by setting up government affiliated unions while also buying off or co-opting independent (non-government affiliated) worker unions. Thus the Cambodian government appears to encourage such tripartite arrangements in form only, while wanting to silence any independent labour organisation in substance.

At present there are only 3 major independent unions in Cambodia and all report significant government opposition in recent years, which has only intensified in the past months as the government wishes to restrain any perceived anti-government activity ahead of the political elections in 2018 (interviews, May 2017 C.CAWDU). The effort to bust unions by employers has also been a most pronounced push back against labour, as support for the BFC tripartite regime has waned. Cambodia's decreased reliance on western and multi-lateral aid and funding in favour of backing from China (Japanese funding being more of a constant), has meant that funders have less leverage in pressuring Cambodia to maintain a functioning union movement.

The main forms of union busting has been for employers and government to favour government aligned unions in order to crowd-out independent unions, for employers to fire workers who are part of a union, and for government to limit union activities through a variety of measures (such as restrictive permits for organising protests and state violence).

*“If there is an issue about work conditions, there is no point making a complain to the arbitration council. It takes too long and they never do anything anyway. On the other hand, if we decide to seek help from the union then we will be fired. So really, there is nothing we can do except try to find another employer, but that is not so easy so we have to wait to hear of something better.”*

- Textile worker, Female, mid 40s, Sihanoukville SEZ,  
Migrant from Kampot province

In Sihanoukville, there is an established union presence with independent C.CAWDU in the garment industry and CFSWF having offices and operations, but their ability to influence conditions in the SEZ has waned considerably. In a somewhat ironic manner, the strategic coupling and clustering of firms within the zone has not been in the intended sense of technological diffusion, reduced co-ordination costs and knowledge deepening, rather it has been through the co-ordination of multiple firms to reduce labour costs through a co-operative and localised mode of labour disempowerment and exploitation. The SSEZ has effectively created a cartel to mutually ban any workers who take industrial action. If a worker has taken union activity or shown resistance to management, factory owners will fire that person and circulate a photo and details of the person preventing them from getting any other work within the SSEZ. Such people can also be barred from entering the SSEZ area, by closing the main gates. This prevents competition in the labour market, as the SSEZ is the location for the majority of manufacturing jobs in the area, and non-SEZ firms are increasingly crowded out. This has led to reduced unionisation among workers in the zone, as well as declining labour standards. Workers report increasing prevalence of forced overtime, discrimination against pregnant workers, less leave allowance, improper non-payments of benefits, and docking pay disproportionately for missed days.

Meanwhile in Poipet, due to its remote location there is practically no industrial union in the area. Some union related activity exists in relation to the Casino service workers, but such organisers have suffered from being jailed by local police, or being offered bribes to become part of local patronage networks (Interviews with labour organiser informants DP and BS, May 2017). Employers at Sanco SEZ have stated to workers that they can form a union on the proviso that it is a pro-government union, but workers reported that they are still learning how to partake in labour organising processes (Interview, workers, May 2017).

## *Government Unions*

I should also note here that pro-government unions cannot be dismissed out of hand. They do represent a legitimate tactic by workers to navigate labour governance, although admittedly it is a problematic and compromised method. In the case of Sihanoukville Port, the pro-government port workers union affiliated with the CFITU and ITW, (interview and focus group May 2017) has been incorporated into the organisational structure, perhaps functioning not altogether differently from a human resources department. In this arrangement, workers have a lot of bargaining power owing to the high-skilled nature of their work, and the necessity of the port to comply with international labour standards in order to be used by international shipping companies. Workers enjoy high wages (\$700 - \$1000) and long-term contracts (UDC) and staff turnover is very low - most staff have been working at the port for over 20 years, having been hired as ex-army soldiers for their strength. The unions main role has to be to negotiate safety standards, and as a result there is an on-site medical facility for staff with 4 doctors, and workers contribute to a Port Union Fund which supports medical expenses up to 70% for workers and 30% for partners.

However we can also see how the government union crowds out wider claims for labour, as the site effectively operates as a two-tiered system. While international port workers hours were 8 hours per day, 5 days per week, ancillary workers that did lower skilled jobs such as cleaning and container stacking often worked 7 days per week, receiving overtime only on Sundays and only 3 days sick leave per year. Those most exposed to physical harm are approximately 375 full-time workers with the General Cargo and Operations departments, but these departments also hire approximately 200 temporary workers on a fully flexible "on call" basis, and these workers do the dangerous labour of moving containers at low daily rates (approx.. \$40 per month on average for irregular work). These flexible workers do not receive medical benefits or safety equipment and receive a significantly restricted level of union compensation if they die at work. One such worker died in 2016 (Chhorn Phearun, 26 September 2016, Cambodia Daily) the union did not disclose this information). Workers also complain of working in the rain, as it can be slippery and dangerous, and often work multiple shifts in a row due to economic need. The attraction for temporary workers to the job is that they will be hired on a full time basis after one year, at which time they receive full medical cover and union membership and good wages. If this promotion does not happen then they can be retained on temporary basis.

Here we can see an example of how a union can be co-opted by capital. In exchange for good conditions for those at the top, union management try to maintain good



terms with management and suppress industrial organising activity. The union discourages workers in the nearby factories operated by the Port Authority SEZ from unionising. They want to maintain exclusive authority of workers on the worksite and do not want a disruption that can jeopardise their own high level of benefits.

### *Reserve Army Of Labour*

Stakeholders repeatedly mentioned that there are many more workers than jobs within Cambodia. This is seen as one reason why out-migration rates to Thailand are so high. Even as Phnom Penh remains the major destination for rural-urban labour migration, many workers said that finding a job there at the moment is very difficult without a high level of training. Thus as discussed in the previous chapter, many workers do not see themselves as having a great deal of options for waged work and must take whatever opportunity is available, generally on the basis of social networks. In the meantime, many workers remain in the village and work on farming until such an opportunity presents itself. In fact, debt is a large factor in allowing people to remain in the village until a potential job opportunity is identified, as people can live off the funds in the meantime rather than having to relocate immediately when village livelihood strategies are no longer tenable. I would also say that this availability of debt while work is being sourced along with high land ownership is one way in which debt has prevented Cambodia from forming large urban slums, relative to other NICs.

In this way, much of Cambodia's rural population can be seen under the Marxian rubric of a "reserve army of labour", which increases the supply of workers such that there is no scarcity and no upward pressure on wages and work conditions. Workers have no bargaining power when they can be easily replaced. Those that remain in the agricultural sector are what Marx referred to as the "latent" segment of the reserve army, being the people living off of subsistence agriculture who were looking for monetary employment in industry and are not yet fully integrated into capitalist production. Similarly, as discussed in the preceding chapter, those that are working in domestic settings of social reproduction also form a latent reserve army of labour that can enter the workforce if desired by industry. Taken together with the casualised workforce, we can see the point made by Brass (2009:750) "In this second role, members of the reserve army are no longer used simply in addition to an existing workforce but now instead of the latter. Replacing skilled, more costly and/or better organized workers already established in the capitalist labour process with less skilled, cheaper, and/or unorganized ones, enables producers to exert a downward pressure on the pay, conditions and living standards of the proletariat generally, not just in particular national contexts."

A lot of the “reserve army” is not latent however, and exists in and around the worksites. Sanco SEZ administrators reported (interview, May 2017) that around 30 workers would arrive at the zone every day looking for a job, most of who did not have a contact and were from around Banteay Menchay or a surrounding province. News of the new SEZ has attracted workers from Poipet and surrounding provinces (Banteay Meanchey, Battmabong, Pailin and Pursat) to search for a job there. Many of these workers had already attempted to migrate to Thailand, and had decided to work in Poipet after that had failed or to be closer to family. Those from Poipet are often migrants from earlier waves, such as from Kampong Cham and Battambang.

Most recently, Cambodia has promoted the “Thailand+1” and “China+1” policies within the SEZs, which encourage businesses to set up ancillary manufacturing facilities in the SEZ to supplement the working of the main factory abroad. The ADB has praised this plan, which can allow factories to have flexible increased capacity on hand. The purported benefit of such a capacity is to deal with situations like the Thai floods of 2011, which forced manufacturers to cease operations. In fact one of the advertised benefits of the Poipet SEZs is that they are some 20-50 metres above sea level. Similarly, Sanco has innovated the SEZ labour model by setting itself up also as a labour agency, in which they are hiring and training a ready workforce that can be on hand to be hired out to new tenants (extracting additional surplus from production activities in the process).

From an international labour point of view it seems clear that such a mode of operating will have the effect of producing a section of workers on hand as a reserve army of labour. Not only will these workers be highly casualised in order to be scaled up and down at short notice, they will be on hand to keep downward pressure on wages and industrial action at other worksites abroad who will be threatened with the possibility of being substituted by Cambodian workers. Thus the reserve army “are drawn on by capitalists not so much to increase production but rather as a weapon in their struggle against those still in work.” (Brass 2009)

### *Worker Dependence*

While debt increases labour mobility at the stage of looking for work, once work is found labour mobility decreases markedly as there are transaction costs in finding new work.

Workers are further locked into the job they have because most jobs require an upfront fee or bribe to get employed, as well as a personal contact. This transaction cost acts as a disincentive to labour mobility, reducing competition for labour among

employers and I turn increasing their bargaining power. At SSEZ in particular, the workforce has become disempowered and feel less hope in joining a union.

In many cases another restriction can be in the form of worker housing. Some employers provide “cheap” housing to workers on-site as a means of subsidising labour expenses, and the workers that live in these usually share a room of around 30sqm between 4 or 5 at around \$30-\$40 each per month. These houses are mostly made up of younger workers who have migrated from the provinces, many of whom have left their children with family members at the homeland. Older workers generally prefer to live off-site as they have a more established family life away from work.



*Worker Housing, Sihanoukville SSEZ*

Housing arrangements can be extremely restrictive on labour when workers are dependant and have no other housing option. This was the case in a rubber plantation in Kampong Cham (focus group July 2017) where workers were paid very low wages but were provided free housing from the employer. Workers reported having nowhere else to go should they wish to find another job, as many had been onsite for many years since the rubber plantation was a state owned enterprise.

At SANCO, the SEZ provides no onsite worker housing at present, and as a result wealthy locals have bought up surrounding land and privately rent out worker style housing. SANCO has future plans to bind labour to the worksite, by building rent-to-own worker housing (rented out at \$130 per month, that will become owned by the worker over 20 years). Administrators claim that this will benefit workers (Interview

May 2017), and indeed it is possible in certain aspects, but such a program is ultimately designed to create labour stability and worker compliance as workers come to become attached to the worksite and have their interests aligned with the SEZ over the long term.

### *Debt Allows Increased Rent-Seeking*

In some factories, a member of management had learned of the workers financial need and started providing workers with informal private loans. This was not done through the auspices of the company, but rather a manager who had contact with the workers, such as the HR Manager or the Chinese-Khmer translator. Similarly, as workers are more indebted and more desperate for workers, upfront fees and bribes to get employed have grown in size.



*Workers protest at May Day Rally, Phnom Penh, 1 May 2017*

### **7.3.2. Debt As Disciplinary Tool**

I now turn to the empirical findings of my interviews, with respect to ways in which workers reported that debt influenced their role as employees.

## *Debt as discipline*

Debt can be understood as disciplinary in a variety of ways, but in general I will take a study of Bonefield as a departure point:

*“... the burden of servicing debt forces workers to accept longer work hours, lower wages and harder working conditions, contributing to production of more surplus value. Along the process, whilst workers become more dependent on capital with the rise of indebtedness, debt also restrains their chance to implement economic and political power. As such, debt helps undermine resistance to wage reductions and the intensification of work, playing a critical role in ‘disciplining social relations to monetary scarcity and a life of hard and unrewarding labour to sustain basic needs’ (Bonefeld, 1995, p 69).*

On the one hand, “ultimately, debt increases each worker’s commitment to the employer” (Karacimen 2014), but in addition workers are now bounded not only to the disciplining structures of workplace but also finance and credit structures (Gills, 1997). This means that workers will accept worse conditions, be more vulnerable to exploitation and insecurity, suffer more abuse, and offer intensified levels of labour in return for wages. It also means that workers will endure such undesirable conditions to a greater extent before providing resistance.

In my interviews, I must say that most workers did not identify debt as a primary source of their working discontents. Most identified the source of their dependency on employers to be a combination of poverty, low wages and lack of alternative employment. However I would say that workers had normalised debt to the extent that they did not identify how it interacted with these other factors, especially given that for many financial literacy was poor. However what was clearer from interviews was that debt was a very prominent factor in rendering a return to subsistence farming in the village as an unviable option. As mentioned in earlier chapters, a subsistence life on the land is difficult but doable, but once one has incurred debts, this life option becomes difficult to retain.

Indeed workers presented numerous complaints regarding labour conditions during interviews. Most common included the following: forced overtime, no leave, poor safety conditions, overheating in workplaces, mis-payment of benefits. Debt certainly played a disciplinarian role in some factories. In the SC Wado factory in Poipet for instance, workers reported that their high debts made difficult working conditions necessary, and that they would not consider looking for other work until they had paid off debts.

### **Case Study, SC WADO factory, SANCO SEZ, Poipet:**

SC Wado is a circuit board factory. Workers are required to work forced overtime making one 12 hour shift every day. If you refuse to work forced overtime you will be fired. Workers said they only slept 4-5 hours per day when on night shift, as the living conditions meant that people nearby were awake during the day and they could not sleep. Workers got practically no leave – with one informant reporting that he had only 5 days total off work over the past 2 years. Workers said they regularly received electric shocks which could “KO” them from performing work activities, and that they had to remain standing and hunched over their work all day, resulting in ongoing neck and back pain. During night shift workers sometimes fall asleep, the night manager reports this and those workers are terminated.

Workers have met with management to discuss such issues but management said that they do not care, and tell workers to quit if they don't like it. Workers said they do not feel they have an alternative but to stay at the factory as they need to service debt. They said all factory work can be similarly exploitative and that there were not so many factory jobs in Poipet anyway. The only other option was to find work in Thailand, which could be dangerous because people were often trafficked, arrested or targeted for repeated fines by police. There is no union at their factory or in Poipet, workers said they would like to set one up.

*“Last month there was a boiler explosion at our work and a man died. We often also get electric shocks from the equipment, which can KO a worker. The company has reduced our work quotas but I still feel unsafe. But I don't know where else I could find work, and farming at home does not pay enough to pay for expenses.”*

*- Factory Worker, Male 25, SC WADO, Migrant from Kampong Speu*

### *Debt made workers less likely to complain about labour conditions*

Workers said they feel disempowered to improve their situation. If they complain to the Ministry of Labour or try to undertake the Arbitration Process, workers say they will be ignored and the government does not care and will not follow through on such complaints. Even if one manages to get through the Arbitration process decisions take too long and will not be enforced. Workers do not feel they can call



the union for help because they will get fired automatically for contacting the union and companies will inform all the other companies not to rehire them.

When faced with problems at work, workers that had brought up issues with management almost never received a favourable response, and so were less likely to raise issues in the future, thereby avoiding conflict. One worker who had insisted repeatedly on bringing up an issue related to overtime in SSEZ was soon fired, and on returning to work one day was barred entry by security guards and forcibly removed from the work site. His photo was given to all the other factories and to the SSEZ from gate in order that he would not find alternative employment. He has sought help from the CFSWF union and remains unemployed. He is sustaining himself through debt.

#### *Debt as a substitute for worker action*

Workers who took industrial action or made complaints through arbitration mechanisms said that they did so because they felt that they have no other choice. Many were in a situation where they simply needed the money and had no option but to try and obtain it from their employer. I would argue that debt provides another choice for workers to obtain urgent funds, even if only temporarily. It thereby lessens the urgency that drives workers to take action to improve conditions. It can also have the effect of reframing issues of worker exploitation into an issue of financial difficulty, making it an issue of personal mismanagement. It also redirects frustration towards the bank, who are very hard to take action against, rather than towards employers.

This also tied to the fact that precarious workers would use debt as a type of wage substitution. If they suffered a drop in work days, late payment of wages or temporary unemployment, they would use debt as a stopgap.

#### *Debt reinforces workers reluctance to unionise from fear of losing their jobs*

I also sought to find if indebted workers were less likely to take part in industrial action. Workers said that regardless of debt, they were thoroughly barred from taking industrial action within the existing employment configuration. In the case of Sihanoukville SEZ, the concerted action against employees being members of a union has thoroughly discouraged workers from taking action through the union. In any case many workers had limited hopes for advancement of conditions through union activity.

Several said their strategy was to keep alive to employment opportunities at other factories and to move jobs if they heard it had better conditions. Very few had links to other industrial areas or urban employment as an alternative, and very few had alternative sources of income to fall back on in the village. Overall, indebtedness prevented workers from having the flexibility to make the necessary moves to change jobs. Most were working very long hours with constant overtime, and recognised that placing their employment position in jeopardy would also make their financial obligations even more untenable.

*“If my employer finds out that I am in a union then they will fire me and I won’t be able to find any other work around here. If I am not working then I can’t pay my repayments and I will lose my land.”*  
– Textile Worker, Sihanoukville SEZ

#### *Debt as reducing labour mobility between jobs*

Despite providing some initial mobility to leave the village, debt poses a problem because it creates a great deal of labour immobility once the worker has joined the workplace. Workers do not feel that they can leave their jobs or look for other jobs for fear of losing a steady income. Workers often have to pay an unofficial bribe to a HR manager in order to secure a new job, and often do not have money to incur costs of moving for new work multiple times.

### **7.3.3. Debt as subsidy to industry**

Marx clearly pointed out that the surplus value is appropriated by both the owners of capital who receive profit of enterprise and those who collect interest (Marx 1867, ch. 23). In talking about debt as a subsidy to industry, I refer to the ways in which debt makes workers bear increased costs and enjoy less benefits, and thereby increases the surplus value that is retained by employers, financiers, rent-seekers and the state. In the Cambodian context, these parties generally overlap, with political elites owning a great deal of industry or having an indirect interest in it. By emphasising the extraction of value it can be distinguished from the characterisation of debt as disciplinary tool.

#### *Debt intensifies work*

As discussed in the previous section, debt reduces labours ability to resist exploitation by capital. The forms in which capital valorises this increased power is through making labour more productive. It does this firstly by forcing workers to

accept longer work hours and lower wages, greatly increasing the level of output per worker. This reduces the relative proportion of fixed costs for employers, increasing profit margins. Secondly, by reducing labour turnover, debt reduces hiring and training costs for employers. Thirdly, employers have to invest less money to meet the demands of labour in terms of maintaining agreeable working conditions and undertaking negotiation. A disciplined workforce offers less resistance and costs less to appease.

The burden of servicing debt also incentivises workers to work overtime days in order to earn more money. Interviewees supported this finding clearly. Most workers felt they were working more hours and days than they considered desirable, and most said they would work less if they could afford to do so. Many said they would work less overtime regardless of income, but were forced to in order to keep their jobs .

*“When someone has a debt, then all they think about is work”*

- Village Chief, Banteay Meanchey

*Debt makes workers take jobs with stable payment even at a reduced price*

Interestingly, wage reliability emerged as an important factor to workers as a result of indebtedness. Indebted workers placed a higher premium on reliability of being paid and being paid on time, in order to meet MFI obligations. Many were willing to forego the possibility of higher wages in preference for wage reliability. In fact, one interviewee reported that wages in the construction industry in Banteay Meanchey were not reliable and that they had not been paid for a job there, so it was better to find work in Thailand on this basis (Interview, Banteay Meanchey, May 2017).

While bonded labour is beyond the scope of this analysis, this also points to the fact that in fuelling undocumented migration to Thailand, debt can increase the risk of falling into bonded labour where extraction of value is intensified further and coercively.

### *Debt restricts a competitive labour market*

As mentioned above, workers face significant transaction costs in shifting between employers, that they are unable to pay due to debt. This restricts competitiveness in the labour market, driving down wages in a context of high labour supply.

### *Debt forced workers to take second jobs*

A significant amount of workers at SSEZ were heavily indebted. Such workers reported a constant struggle to find sources of money to make ends meet. As a result they spent much time finding small sums of money from wherever possible in order to make payment deadlines. This included reducing spending on food, working more overtime if possible (most were already working at the limits of overtime at their jobs), reducing remittances, borrowing small sums from other workers, and moonlighting by working other jobs. Such other jobs were usually as waiters, waitresses, dishwashers, or as moto drivers in Sihanoukville's tourist driven hospitality industry. This is literally a subsidy to employers who are paying workers less than workers require to meet expenses.

Researchers now recognise that dualist labour theories are less of a dichotomy and more intermixed, that "the world of labour cannot be divided into two sections of organised and unorganised sector workers respectively. There is no clear dividing line between them" (Breman 1999). This can clearly be seen by the way that heavily indebted factory workers are forced to take on informal work as form of supplemental income. This is yet another example of how all the dichotomies of labour, (such as formal/informal, urban/rural, agricultural/industrial, subsistence/wage) are in practice complicated and admixed.

### *Debt brings more workers into the market, especially women*

Most workers in SEZs are women, with most factories having between 60%-80% women in the workforce (Warr and Menon, Interviews with Administrators May 2017). Administrators say this is because light-manufacturing work is very detailed and women are more dextrous, and that men in the region prefer to find work in Thailand. Workers said rather the reason is because women are considered more compliant and less prone to labour organising. This latter explanation would reflect the findings of labour scholars elsewhere (eg Mezzadri 2016) who argue that by employing women employers are able to extract a greater surplus from labour. Not only do women strike less, they are generally paid less and are easier to co-erce through intimidation and violence by capitalising on existing patriarchal power structures. Accordingly, if debt obligations compel more women into the workforce

and to shift reproductive labour onto older family members, we can say that debt provides more opportunity for capital to use existing patriarchal power structures to extract additional surplus value.

In general, we can also say that if it so that debt is a driver of workers into waged labour, debt thereby increases the pool of workers in the reserve army of labour, and makes incumbent workers easily replaceable. This drives down wages and makes workers more exploitable.

*Debt allows banks to extract surplus value, diminishing investment and local recirculation*

Microfinance is theoretically supposed to allow productive investment in the village setting, thereby allowing the recirculation of funds throughout the village, improving development through an economic multiplier effect. However, when debt is used in tandem with migration, wage labour and high interest rates, it rather has the effect of being an extractive rent placed on workers, in the form of interest payments. Surplus value that is captured by workers is effectively redistributed away from their communities and to the location of financiers. Meanwhile, the little surplus retained by workers does not enter local recirculation as workers and economic activity are driven away from the village and into the city.

The question of where those interest payments are ultimately allowed to recirculate is a question for a detailed global value chain analysis in future. However the various outcomes are clear. Firstly, for funds that are redeployed by MFIs within Cambodia it effectively means that one poor and highly-indebted worker in Cambodia is forgoing accumulation just so that the process can be redeployed on another similar worker (Bateman 2010). Without allowing any capital accumulation neither worker ends up much better off. Rather we find that surplus value is realised in the form of returns to financial investors abroad who fund the Cambodian banks (and increasingly are taking them over), preventing significant accumulation and recirculation of funds within Cambodia. This is compounded, as so much waged work is for export-oriented industry, where again surplus value is realised offshore and leaves Cambodian workers dependant on subsistence wages.

*Debt shifts the cost of social reproduction away from the state*

The obvious point here is one that is made over and over again by scholars of “neo-liberalism”, who argue that the non-welfarist state individualises costs and shifts the cost of social reproduction away from the state and employers and onto labour. We

have examined how this is true in preceding chapters through the costs of healthcare, infrastructure, education and by reorganising the division of household labour. The other element that debt brings into play is that by allowing workers to migrate abroad it also allows the state to shift these costs onto other states. For example, workers who migrate to Thailand through legal channels are able to obtain coverage for themselves and family in the Thai healthcare and education system. Meanwhile, these families still repatriate funds to support family members in the village and invest (non-productively usually) in the village. This ultimately lowers pressure on the Cambodian government to effect financial redistribution in the form of welfare provision.

## 7.4. Analysis

### 7.4.1. Precarious labour and primitive accumulation

By way of adding to my analysis above in general terms, the push back on labour is an inherent dynamic of profit and competition that underlies capital:

*From the perspective of capital, the labour problem sooner or later reasserts itself into the logic of accumulation. That problem—in its simplest terms—is threefold: first, the need to successfully incorporate labour into the production process; second, the need to exercise control over labour time in the production process and third, stemming from this second point, the imperative to exploit labour as part of the process of commodification to realize surplus value. (Cumbers et al 2008)*

But financialisation adds another component that intensifies this process so that labour offers more work and value to the market:

*In this respect, variable capital faces the same competitive imperatives as constant capital. Even more emphatically, variable capital becomes “locked in” to this agenda via credit. While the wage relation involves a retrospective payment to labor for past surplus value, consumer credit, as labor’s relation with capital about the future, implies the rending of surplus value before participation in “production,” and so intensifies labor’s commitment to the production system itself (Bryan 2009:470)*

Interestingly, this places Cambodian workers in a double-bind with respect to primitive accumulation: on the one hand they are being forced into wage labour, while simultaneously suffering the immediate intensification of this process.



## 7.5. Conclusion

In this chapter I have outlined how SE Asian regional development strategies have encouraged Cambodian elites to implement the variegated SEZ form of industrial development in a manner adapted to the Cambodian political context. I argue that these SEZ arrangements intensify and spatialise Cambodia's development model based on low-wage work and limited government spending on the public sphere, thereby shifting costs onto workers.

Secondly, I show how debt operates in tandem with labour precarity to produce a disciplinary effect on the workforce, that seeks to suppress wages and maximise extraction of surplus value from labour. This industrial situation of debt and precarity must be considered in relation to the village setting, from which debt and precarity are reproduced, as workers remain tied to mutual livelihood pressures.

## 8. Conclusion

In spatio-temporal terms, what we are witnessing in Cambodia is the coalescence of two processes within contemporary globalisation, being played out simultaneously in a specific context.

The first aspect, which can be conceived spatially, is the entry of Cambodia into global circuits of capital (Harvey's new imperialism), which fits with classical Marxian conception of primitive accumulation as being concerned with the institution of market relations. Within this trend, "accumulation by dispossession" in the forms of privatising common land, and creating privatised enclosures operates in much the same way as in the classical case.

The second phenomenon, which is connected to financialisation is primarily associated with new techniques of capital accumulation developed in the post-fordist era in the developed "core" economies. In what Sassen has called "expulsions", increasing financialisation has been successful in rolling back of the post-war Keynesian welfare state. In Cambodia, we are seeing such techniques deployed, despite there being no common assets generally associated with the welfare state.

Put together, we find that these two phenomenon act in concert to compel agriculturalists into wage labour for the global economy; however they can also act as substitutes for one another in that financialisation can actually take the place of direct dispossession of workers from "the means of their subsistence". In a highly financialized environment, violent coercion and landlessness is not always necessary to coerce workers into exploitative labour regimes.

This difference shouldn't be glossed over in a reductionist way, or lumped into an overly broad term such as "neoliberalism". Rather, what I believe this analysis shows is that the forms of "new expulsion" also provide workers with complex circumstances and hence unique channels by which to exert their agency in pursuing livelihood strategies. Perhaps the strongest example of this that I have covered is the way that financialisation has on the one hand coerced Cambodians to enter wage labour, but has also allowed them to do so in a highly culturally specific manner, characterised by small land ownership, supplemental rice farming, and "stretching the household" over multiples sites. However, with workers subject to high levels of debt relative to wages, it remains to be seen whether such debts can be maintained and what new formations will emerge.

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## 10. Appendix

- **Operationalisation Tables**
- **Interview Guides**
- **List of Interviews Conducted**

## Operationalisation Model - Harker (2014)

<b>ANALYTICAL FRAMEWORK : 4 Geographical dimensions of debt</b>	
<b>Dimension</b>	<b>Measures / Indicators</b>
Mobility	<ul style="list-style-type: none"> <li>Movement of people</li> <li>Movement of goods</li> <li>Migration decisions</li> <li>Commuting for work</li> <li>Visits to the village</li> <li>Type of migration eg seasonal, circular, foreign</li> </ul>
Place making	<ul style="list-style-type: none"> <li>Social changes in the village</li> <li>Use of remittances</li> <li>Economic development</li> <li>Labour conditions</li> <li>Living conditions</li> <li>Social pressures</li> <li>Land ownership</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>Levels of indebtedness</li> <li>Financial flows- remittances</li> <li>Financial flows - nature of debt repayments</li> <li>Public vs private space</li> <li>Foreign direct investment</li> <li>Location of indebtedness</li> </ul>
Boundaries	<ul style="list-style-type: none"> <li>Foreign vs national jurisdiction</li> <li>Spatial limits of regulatory bodies</li> <li>Spatial limits of bonds of trust</li> <li>Production of state relations</li> <li>Production of commodity relations</li> <li>Strategies for navigating geopolitical boundaries</li> </ul>

see Peebles (2010), Harker (2017)



## My Operationalisation Model

OPERATIONALISATION TABLE							
Question	Object of Analysis	Key Concepts	Measures	Key Process	Spatial Characteristics	Key Site	Dominant Scale
Debt in the Production of Wage Labourers	Livelihood strategies	Household Financial Choices	* Debt, Remittance, Consumption, Investment	Commodification of Labour	* Economic linkages between formal & informal sector * Reciprocity between financial & social exchange	Village	Local
		Household Division of Labour	* Family and social arrangements * financial arrangements				
Debt and Labour Mobility	Migration strategies	Migration Choices	* Type: eg. seasonal, circular, foreign	Urbanisation of Communities	* Physical linkages between rural and urban spaces * Interpersonal linkages within social space	Rural-Urban Linkages	Regional / Translocal
		Work Choices	*Type of work and location				
Debt and labour conditions	Investment and Labour Management Strategies	Household Division of Labour patterns of urbanisation social reproduction	*living conditions *family situation				
		Economic Development Strategies	* Strategies to attract FDI, develop export industry & infrastructure	Industrial Development	* Financial flows of FDI & export goods	SEZ	Global
		Upgrading Strategies	* Strategies to manage labour/productivity *working conditions *financial remuneration *worker strategies to improve conditions		* Governance arrangements of Global Production Networks		

## MIGRATION DECISIONS SURVEY

Gavan Blau // University of Amsterdam // +855.96789.2035 // gavblau@gmail.com

*All responses are confidential*

### A. Contact Details

Name:

Age:

Phone Number:

Email:

Address:

M/F:

### B. Work Situation

What is your job?

What company do you work for?

Where is your work located?

What brands/items are made at your work?

### C. Living arrangement

Where do you live?

Do you live in worker accommodation? Yes  No

Who do you live with? How many people?

How do you get to work? Car  Motorbike  Truck  Bus  Walk  Other

How long does it take to get to work (minutes)?

### E. Migration Situation

When did you leave your family home (month, year)?

What is the reason you left your family home?

Who decided that you should leave the home?

How did you decide where to migrate?

Did you know people here? Who?

What other migration options did you consider?

#### D. Family Household

Where does your family live?

Is it urban or rural? Village  Farm  Town  City  Worker housing

Do you/your family own the land? You  Family

How much land (hectares)?

How many people live in your family house?

What do each of the people in your family home do for work?

#### F. Financial Situation

What is your monthly wage?

Do you send money back to your family? How much (per month)?

Is there anyone else who you have to pay money?

Is there anyone else who helps you financially or with work?

What is the income of your family household?

Do you or your family have a loan? You  Family  How much?

From whom did you borrow the loan? Microfinance  Family  Bank   
Private lender  Loan shark

What was the main thing you spent the loan money on?

When did you obtain the loan?

How do you feel to talk about your loan? Comfortable  Ok   
Not sure  Uncomfortable

Would you be willing to take part in further discussions about your family household and migration experience? Yes  No

What times would be OK for you to meet for further discussion?

Mon AM  Tues AM  Wed AM  Thurs AM  Fri AM  Sat AM  Sun AM   
Mon PM  Tues PM  Wed PM  Thurs PM  Fri PM  Sat PM  Sun PM

## Interview Guide – Focus Group / Semi-structured interviews

The purpose of this focus group interview is to learn about the issues faced by SEZ workers in their day-to-day lives, and what they do in response to manage these issues. Key topics will include (1) working conditions inside the SEZ (2) living conditions (3) family situation (4) financial situation (5) debt (6) migration choices (7) workers actions/plans to improve their situation

1. Working conditions - The goal here is to understand what are the major issues of concern in the workers' workplace and what actions workers have taken to respond.
  - a. Profiles of SEZ
    - i. What is produced? What factories and brands?
    - ii. Who is the management /ownership that you deal with?
  - b. What are the major issues of concern in your workplace? eg
    - i. Working hours, Pay, sick leave, Overtime, OHS, Contract length, collective agreement, job security, control over the labour process, regulatory protection, following of law
    - ii. Do you feel you are benefitting from working in the zone?
  - c. Who's responsibility is it to deal with these issues?
    - i. Employer, Worker, Union, State
    - ii. In what situations? Different for different problems?
    - iii. What is the states/each parties responsibility?
  - d. What actions have you taken in response to these issues?
  - e. What do you think is the best option for improving your work conditions?
    - i. Protest, negotiate, resist, move
  - f. Which unions./ associations operate in your zone? What involvement do you have with the union?
  - g. Education levels. Is there any training, skill development or upgrading?
  - h. Do you consider quitting your job? Why or why not?
2. Living Condition - The goal is to understand how workers social and living situation is affected by work
  - a. Do you live alone or with family?
  - b. Do you live in the zone?
  - c. Location in proximity to work. Transport
  - d. Provided/subsidized by employer? Cost?
  - e. How many people per room? Demographics? Conditions?
  - f. Do you consider this your main this your home?
  - g. Do workers maintain a base in the community of origin?
  - h. Do you or your family own land? Did they used to?
  - i. Do they use it for farming? Type of crops
3. Family situation – The goal here is to understand the spatial distribution of families and its implications
  - a. Married? Single? Divorced? Children? Age?
  - b. which people do you support?
  - c. Impact of unpaid work responsibilities? childcare issues?
  - d. do they still have family in their home province/village and what is the current relationship to the family and the village?
  - e. How do families manage their relationships across generations? Where do children live and with whom?
  - f. Gender contract, Institutional context? Who has more ties to village?
  - g. What responsibilities/obligations to village? How often they visit?

- h. Do you send remittance? What do they use it for?
4. Migration - Where do workers come from and why do they choose to work there vs other places/sectors?
- a. When did you first leave hometown?
  - b. How do workers get and find jobs here? Brokers, friends, etc
  - c. Who works there? Type of people? What work history?
  - d. Movement from formal to informal sector?
  - e. Who moves? Men or women? Age?
  - f. Type of migration: seasonal, inter-urban, inter-province, international; how many times back and forth. residential patterns.
  - g. Has migration improved your situation or not?
  - h. Why did you migrate for work (can check more than one):
    - i. Push: No jobs in hometown, Family needs money, Lost land (land grab, sold it...), Agriculture not productive or profitable, debt
    - ii. Pull: job opportunity, family members, urban life
  - i. Considerations in domestic migration vs foreign migration
  - j. What social networks do you use to find jobs or choose location?
  - k. Have you tried to migrate elsewhere before?
5. Financial situation
- a. Total income
    - i. Monthly rate, overtime, savings, benefits, pensions
  - b. Total expenses
    - i. Rent, utilities, food, debt, remittance, other food
  - c. Overall: managing to save/ make ends meet?
  - d. Healthcare? Health expenses?
6. Debt
- a. is the worker or their family in debt? How much?
  - b. how and why did they get into debt?
  - c. is debt a factor in their decision to move?
  - d. Make more or less mobile?
  - e. Does debt influence how a worker tries to improve their working conditions?
  - f. How did they first hear about loans?
  - g. Did you/family understand loans?
  - h. From where? Bank, mfi, money lender etc
  - i. How many loans? What is the loan history
  - j. How is a combination of bank and money lenders used
  - k. Have you had to sell any objects / land to repay debt?
  - l. Has your amount of debt increased?
  - m. Do you think its possible that you will repay the debt one day? Why or why not?
  - n. Has there been land concentration in your village?
  - o. Tell me about the money lenders in your village
  - p. What would you do if you could not get any new loans?
7. Worker responses
- a. What is the single biggest change that could improve your life?
  - b. Who's responsibility is it to help you these issues?
    - i. Employer, Worker, Union, State

- c. Who do you turn to for help?
- d. Long term plans?
  - i. How long do you intend to stay in your job?
  - ii. How long intend to stay living in the city / return to village?
  - iii. Considering international migration?
  - iv. What would you consider to be a good future lifestyle?



## Interviews Conducted

General Interviews	
NGOS	ACILS OECD Development Centre - Migration Unit Asia Institute Samaritans Purse Open Institute CDRI Oxfam Worker Information Center Winroc IOM Central Social Action for Change Cross –Sector network Asia Foundation Rattanak CPS
Researchers	Prof. Ian Baird Dr. Maryann Bylander Dr. Sabina Lawreniuk Phd Reseachers: Anna Saalmavira, Nathan Green, David Chicu
Unions	CFSWF CLC C.CAWDU CCFC CTWU CFITU
Microcredit	National Bank Cambodia Cambodian Microcredit Association
SEZ Admins	Sanco SEZ, Poipet Sihanoukville SEZ, Sihanoukville
Workshops attended	OECD Migration workshop WIC report launch on factory conditions Ministry anti-trafficking Presentation Maryann Bylander and Nathan Green
Site Visit PPSEZ	Focus group / 5 x individual worker interviews PPSEZ
Site Visit With Prof. Dennis Arnold	Sugar Plantation, Kampong Chnnang – Focus group approx. 10 workers Rubber Plantation, Mondulkiri – Focus group approx. 10 workers; Extended Interview with Indigenous Community Leader Rubber Plantation, Kampong Cham – Focus group approx. 7 workers

CASE STUDY POIPET	
POIPET SEZ	
Site Visits	Sanco SEZ, Poipet O'Neang SEZ, Poipet Site of future PPSEZ, Poipet Phnom Penh SEZ, Phnom Penh
Key informant interviews	Administrator, Sanco SEZ, Poipet 2 x union related informants
Focus Groups	Worker housing, 4 workers SANCO SEZ
Individual interviews	3 x workers O'Neang SEZ at worker homes 8 x workers SANCO SEZ at worker homes
POIPET Village	
Site Visits	Sisophon Village 1 Sisophon Village 2  Thom Pouk Village 1 Thom Pouk Village 2  O'Neang Villages 5-7 Poipet border crossings
Key informants	4 x key Informants, local workers for Samaritans purse 2 x credit officers, AMK bank
Focus Groups	Thom Pouk Village 1, 40 – 50 residents, town hall meeting style Thom Pouk Village 2, 20-30 residents (short)
Extended individual interviews	Sisophon Village 1, Village Chief Sisophon Village 1, 3 x outwork garment workers  Sisophon Village 2, Village Chief Sisophon Village 2, farmer Sisophon Village 2, shop owner  Thom Pouk Village 1, Village Chief Thom Pouk Village 1, 1 x family  Thom Pouk Village 2, Village Chief Thom Pouk Village 2, 4 x farmers

CASE STUDY SIHANOUKVILLE	
Sihanoukville SEZ	
Site Visits	Sihanoukville SEZ, Sihanoukville Sihanoukville Port SEZ, Sihanoukville, Stung Hav Port SEZ, Sihanoukville Worker housing area, Sihanoukville SEZ, Sihanoukville
Key informants	4 x Unions: CFSWF, CLC, CCFC, CTWU
Focus Groups	CFSWF Sihanoukville, 8 workers Sihanoukville SEZ CTWU Sihanoukville, 11 workers Sihanoukville Port SEZ CLC Sihanoukville, 7 workers Sihanoukville SEZ
Extended individual interviews	4 x workers, Sihanoukville Port SEZ at worker homes 3 x workers, Sihanoukville SEZ at worker homes 3 x workers, Anchor Beer factory, (outside but nearby Sihanoukville SEZ ) at worker homes 1 x local informant, Stung Hav
Sihanoukville Village	
Site Visits	Village 1, Kampot Village 2, Kampot Village, Takeo Village, Kandal
Extended individual interviews	1 x family member, and 1 x neighbour Village 1, Kampot 2 x family members, with 3 x neighbours, Village 2, Kampot 2 x family member, and 2 x neighbours, Village, Takeo w/ 2 x family members in Phnom Penh