Chapter 5
The Institutionalization of Oknha: Cambodian Entrepreneurship at the Interface of Business and Politics*

Since the early 1990s in Cambodia, the title of “oknha” has been bestowed upon business people who make substantial financial contributions to national development projects. Recipients of this honor are identified by the leadership of the ruling Cambodian People’s Party (CPP), in particular Prime Minister Hun Sen. This chapter addresses the politics of awarding and receiving the oknha title as an expression of the reciprocal relationship between the Cambodian business elite and the CPP leadership, the so-called “elite pact”. This pact revolves around the tacit agreement that the oknha receive protection and privileges in their business ventures in return for loyalty and financial contributions to the CPP. Building on ethnographic fieldwork conducted in Cambodia’s capital, Phnom Penh, this chapter reveals the unequal albeit reciprocal patronage relationships that cement the interdependencies between business and state actors. In terms of theoretical contribution, this chapter proposes that oknha, being both the medium and the outcome of the encompassing patronage system, is subject to processes of institutionalization within the elite organizational field and is turning into a template that regulates and orders entrepreneurial ventures at the interface of business and politics.

“Oknha” once was a royal title (equating to the English title of “Lord”) awarded by the Khmer kings to individuals such as religious leaders, governors, ministers or personal councilors who offered exceptional service to the throne (Duong, 2008). After the turmoil of the 1970s, this title has been revitalized to honor Cambodian business people making financial contributions in excess of US$100,000 to national development projects. Although the title is formally awarded by the king, the leaders of the ruling Cambodian People’s Party (CPP) currently identify candidates to receive this honor. Therefore, the title has become “the preserve of businessmen interested in formalizing their relationship with the State (and by extension the CPP)” (Ear, 2011, pp. 72-73). This chapter addresses the politics of awarding and receiving the oknha honor as an expression of the reciprocal relationship between the Cambodian business elite and the CPP leadership – the so-called “elite pact”. By so doing, this chapter aims at revealing the dynamics of the Cambodian patronage system that seems to challenge the established view that clientelism declines as a country embraces modern development (Hughes & Un, 2011b). Cambodia seems to successfully reconcile economic growth with a patron-client based economy.

Current literature on Cambodia largely focuses on patronage at the interface of party politics and society (see Hughes & Un, 2011a; Öjendal & Lilja, 2009; Springer, 2010). In many developing countries where the state engages in development, political-party based patronage becomes a major force as reciprocal ties between state, the private sector and political parties strengthen in order to raise the funds and labor for the implementation of the development agenda. The “politics of development” is thus a central cause of the expansion of party patronage and private sector co-optation (Weingrod, 1968, p. 384). For adherents of a reform agenda based on “good governance”, Cambodia’s economic success is hard to comprehend. After all, the good governance agenda assumes that development depends on the quality of public sector management, accountability, rule of law and transparency. However, these criteria of development show serious deficiencies in Cambodia, where poor governance does not obliterate the country’s capacity to prosper. On the contrary, the continuous economic growth seems to indicate that “patronage is by no means sclerotic”
(Hughes & Un, 2011b, p.10). Given this apparent disparity between neoliberal thinking and Cambodian reality, the good governance perspective seems to have limited explanatory power with respect to Cambodia’s economy (Springer, 2010). Apparently the intertwining of political and business interests pushes the Cambodian economy forward and the patronage system presents itself as an alternative route to economic development. In exploring the wheeling and dealing of major players at the interface of business and politics, this chapter aims at contributing to the debate on the emergence, consolidation and transformation of the patronage system in Cambodia.

However, in deviation from the current literature, this chapter views patronage not from a political perspective but from a combination of an anthropological and institutional perspective, zooming in on, first, the interpersonal level and, second, the level of the organizational field. In anthropological literature, patronage is viewed in terms of asymmetrical but close and reciprocal personal relationships between individual actors (Weingrod, 1968) that reflect weaknesses in public sector management and, hence, constitute a model of state-society interaction. Conversely, the concept of organizational field “connotes the existence of a community of organizations that partakes of a common meaning system and whose participants interact more frequently and fatefully with one another than with actors outside of the field” (Scott, 2008b, p. 86). In this organizational field institutions produce the “rules of interaction”, providing a degree of stability and predictability (Fligstein, 2001, p. 108) and, therefore, a model for state–society interaction. We hold that within the organizational field of the ruling elite, oknha constitutes the primary institution providing such rules of interaction. Arguably, Cambodia’s ruling elite and the organizations they represent constitute an organizational field that has emerged from the interplay of entrepreneurial ventures and political interests, and revolves around the exploitation of Cambodia’s most valuable economic resources. Oknha guides the identification and recruitment of business people eligible to join the “elite pact” based on the social, symbolic and material resources they are able to deploy to cement their connections with the CPP elite and, in the final analysis, become an integral part of this elite. This chapter therefore proposes that the title of oknha – being both the medium and the outcome of the patronage system – is subject to processes of institutionalization.
This chapter is structured as follows. The next section briefly discusses the data that are at the basis of this chapter. Next, the literature review first discusses the concept of patronage and, second, offers an institutional perspective on patron–client arrangements, framing the business-state elite as an organizational field. The ensuing empirical section sketches the emergence of the *oknha* title and the business people claiming the title, and outlines the reciprocal relationships within and beyond the elite. Finally, the conclusions revisit the concept of patronage and reflect upon the implications of the institutionalization of *oknha* for the future development of Cambodia’s economy and political order.

5.2 Methodology

The empirical data presented in this chapter are drawn from empirical research conducted by the first author in Phnom Penh, the capital city of Cambodia, between October 2010 and December 2011. In light of the explorative character of the research and its focus on practices and discourses, ethnographic fieldwork was the major methodology applied. This methodology offers an understanding of the social construction of meaning from within and from below (Hammersley & Atkinson, 1995) and a sense of being there (Bate, 1997). Moreover, this methodology is well-suited to situations in which no direct questioning on sensitive matters is possible; as is the case with patron-client relations and opaque business deals.

During fieldwork, semi-structured interviews and informal conversations were held with numerous business people, differing in terms of economic sector, business size, age and gender. Where possible, these business people were interviewed repeatedly and their narratives were verified by means of an elaborate context analysis comprising documents, official records and websites, accruing to case studies revolving around a number of individuals. Themes that were discussed with these business people included company structure and network, business biography and personal and family history, and their relationship to the state in general and the ruling party in particular. We build on 16 such cases established with business people operating within the business-state elite, who are either *oknha*; family members or business partners of *oknha*; or business people otherwise
linked to the CPP party. Apart from interviews with business people, we draw on 14 interviews with representatives of various government bodies and business associations, and people from media, research institutes and donor agencies (see Appendix E for an overview of the interviews used in this chapter). In addition, observations during company visits and social events as well as textual documents consolidate the argumentation. The latter include websites of companies, non-governmental organizations (NGOs) and government bodies, and media archives of Cambodia’s two prominent English language newspapers: The Phnom Penh Post and The Cambodia Daily. These two newspapers – which are foreign-owned and less politically tied than many Khmer language newspapers – report rather elaborately on business-state relationships and questionable business deals in the country. On the downside, apart from (unofficial) translations, this chapter is limited to English language sources and thus omits the angle of Khmer language outlets.

The names of interviewees or information that might reveal their identities will not be disclosed in this chapter. All information provided is anonymized to ensure that its source remains confidential. Names of oknha do appear throughout this chapter, but only where we refer to publically accessible sources like newspapers or websites, not where information is derived from fieldwork.

5.3 Literature review: Patronage

5.3.1 Patronage in Cambodia

Cambodia is no stranger to patronage. On the contrary, it has been argued that patronage relationships form the basis of social life in Cambodian society and represent a persistent feature of Cambodian culture (Davis, 2008; Slocomb, 2010). Chandler (2008a) notes that in pre-colonial Cambodia, the permanence of patronage arrangements “had been drummed into everyone from birth” and even “marked the limits of their experience and of their social expectations” (pp. 127–128). Hierarchy extended from prominent officials surrounding the king down to the lower social strata and into the countryside, creating “overlapping networks of clients where protection was exchanged for loyalty and the provision of services”
The title of *oknha* – a word which appeared in early Khmer and referred to a devotee of the Hindu deity Shiva (Brinkley, 2011) – served as an instrument for the Khmer kings to award personal loyalty and, at the same time, enforce their officials’ dependency. The survival of the *oknha* – of whom Chandler (2008a) estimates there were about 200 in the nineteenth century – was highly tied to the fortune of the king, and the *oknha* had to renew their commitment bi-annually by drinking water of allegiance at the royal palace. Vice versa, the beneficiaries of the title were authorized to extract taxes from landholding farmers in their domain and round up manpower for public works or warfare, creating “bonds of terror, affection, duty and contempt” (Chandler, 2008a, p. 133) between the *oknha* and the people (see also Slocomb, 2010). Paralleling contemporary Cambodia – as will be elaborated below – the *oknha* title was deployed by powerful patrons to cement their relationship with their clients.

In an effort to come to terms with the persistence of patron–client ties throughout Cambodia’s history, some authors return to notions of Khmer culture (Davis, 2008; Roberts, 2001; Slocomb, 2010). It has been argued that patronage arrangements are embedded in the traditional habit of absolutism (Slocomb, 2010), in the notion that orderliness and civilization – as opposed to “being wild” – implies having someone to respect or look down upon (Chandler, [1978] 2008b, p. 41), and in a political culture built on traditional *khsae* (string) networks of clan loyalty and reciprocity (Roberts, 2001). However, the current patronage system is not merely a legacy of the past, but is reproduced by purposeful economic and political practice since the defeat of the Khmer Rouge (Springer, 2010).

After the demise of the Khmer Rouge in 1979, Cambodia was a torn country. The Khmer Rouge regime (1975–79) had killed most of the intelligentsia, and many Cambodians had died of illness, starvation or violence in the rural labor camps. The cities had been emptied upon the Khmer Rouge takeover, the use of money banished, and connections to the outside world closed off. When the Vietnamese invaded Cambodia in late 1978, state institutions and the economy were completely shattered and had to be rebuilt from scratch (Vickery, 1990). Once the Vietnamese army allowed Cambodians back into Phnom Penh, entrepreneurs started home-based enterprises in food production or retail, and petty traders
initiated commodity imports across the porous Thai border and from Singaporean boats approaching the Cambodian coast in the gulf of Thailand. The bulk of Phnom Penh’s enterprises remained small-scale throughout the Vietnamese occupation (1979–89). The Vietnamese – having installed the People’s Republic of Kampuchea (PRK) as their client state – attempted to construct a socialist economy based on state-owned enterprises, but at the same time, particularly towards the end of the 1980s, turned a blind eye to private enterprises which provided the bulk of consumer goods (Vickery, 1990). Private sector entrepreneurs thus kept their businesses small to stay under the government's radar, but small-scale entrepreneurship flourished. It was in this context that the deputy Khmer Rouge regimental commander, Hun Sen, who fled to Vietnam in 1977, emerged as PRK foreign minister and eventually became prime minister in 1985.

Gottesman (2003) argues that towards the end of the 1980s Hun Sen had “finally arrived at an economic system that made sense to him” (p. 207); he had long given up on Vietnamese-imposed socialist ideology, instead inciting loyalty among officials by permitting them to enrich themselves through the exploitation of resources at their disposal, such as land, soldiers and timber. Hun Sen’s consolidation of power has arguably hinged on his ability to patronize state officials in this manner, on his shrewdness in maneuvering loyalists in key political and military positions, and on marginalizing the opposition. Business people loyal to Hun Sen, within this strategy to gain control over Cambodian society, have been deployed to acquire the financial resources necessary to oil the patronage system in return for privileges in business. As such, a number of business people have managed to develop large and diversified business groups since the 1980s. In fact, a gap has emerged between the SMEs that still dominate the private sector in numbers and the largest enterprises that control some of the most lucrative economic niches.

When in 1989 the Cold War drew to a close and the Vietnamese army contingents departed, United Nations peacekeeping forces entered Cambodia to monitor the ensuing reconciliation process that led to the 1993 elections. The People’s Revolutionary Party of Kampuchea (PRPK) that had been installed by the Vietnamese after the Khmer Rouge – and whose leadership consisted partly of defected Khmer Rouge personnel who had fled Pol Pot’s internal purges to Vietnam – changed its name to the Cambodian People’s Party in October
1991. Within the party, Chea Sim – now president of the Senate and chairman of the CPP – lost status to his then and current rival Hun Sen, representing the older generation revolutionaries and younger generation professionals respectively (Vickery, 1994). Although the CPP lost the 1993 elections against the royalist party of Prince Ranariddh; the Front Uni National pour un Cambodge Indépendant, Neutre, Pacifique, et Coopératif (FUNCINPEC), Hun Sen nevertheless managed to broker a power-sharing coalition in which he and Ranariddh were co-prime ministers. The coalition was fragile, eventually leading to a violent coup de force by Hun Sen against Ranaridh and FUNCINPEC on 5 and 6 July 1997, which assured CPP predominance. In the following elections of 1998 and 2003, Un (2005) argues, the CPP’s strategy shifted, albeit to a limited extent, from using violence and intimidation to more subtle tactics for eliciting votes, such as the distribution of material inducements; and the threat from opposition parties to the CPP’s grip on power diminished. As Hun Sen has secured control over the state and the electorate, the patronage system that forges ties of loyalty and obligation between the CPP and other stakeholders has become increasingly elaborate, to such an extent that the state apparatus has become largely dependent on and indistinguishable from the ruling party (Hughes & Un, 2011b).

There is a burgeoning literature addressing current party politics permeating governance structures at all levels of the Cambodian state from the national down to village levels (De Zeeuw, 2009; Hughes & Un, 2011a; Öjendal & Lilja, 2009; Springer, 2010). This literature – drawing attention to the “elite pact” as an embodiment of corruption as much as the backbone of peace and stability in present-day Cambodia (Hughes & Un, 2011b) – is dominated by historians and political scientists. Focusing on the political dimension of patronage it is argued that the “elite pact” is based on patron–client relationships between and among interdependent layers of high and lower ranking politicians and administrators, foreign and domestic business people, and the rural electorate. Political scientists primarily focus on “the ways in which party politicians distribute public jobs or special favors in exchange for electoral support” (Weingrod, 1968, p. 379; cf. Un, 2005). Contrastingly, this chapter explores intra-elite patronage between politicians and business people. For an understanding of the dynamics of the “elite pact”, the next section builds on the body of knowledge on patronage and clientelism that has been developed in particular in
anthropological literature in the 1960s and 1970s, when anthropologists came to shift their attention to European “fringe” societies with weak states.

5.3.2 An anthropological perspective on patronage

As Weingrod (1968) points out, anthropologists have come to view patronage as a “particular kind of interpersonal relationship”, characterized by “unequal authority, yet linked through ties of interest and friendship” (pp. 378-379). Following Weingrod, the current chapter adopts this focus on interpersonal relationships. Looking into patronage from the vantage point of business, the focus of analysis will be the reciprocal relationships and unequal power balances unfolding between business tycoons and politicians constituting the ruling elite in Cambodia. However, this chapter takes the analysis one step further by analyzing such relationships not only as a model of the distribution of resources and power among the ruling elite, but also as a model for organizing this distribution. In the remainder of this section, first, the model of distributing resources and power among the ruling elite will be described by zooming in on the way in which patronage relations are arranged. Moving towards the second part of the argument, it will be argued that the observed patronage arrangements have come to be institutionalized in the organizational field constituted by the interface of business and politics.

The cornerstone of a patronage arrangement is the asymmetrical but reciprocal relationship between patron and client, in which the patron assists or protects persons who, as a consequence, become their clients, creating a debt of obligation on the part of the clients that binds them to their patron and morally compels them to reciprocate by providing services (Boissevain, 1966). Patronage is not a mechanism of economic exchange per se, but “is characterized by an exchange of favors, some of which may have pecuniary value” (Abercrombie & Hill, 1976, p. 414). More importantly, this exchange of favors is critical for both patron and client because they exchange non-comparable goods and services (Powell, 1970). These dyadic reciprocal relationships between patron and client are the building blocks in the development of a patronage system (Boissevain, 1966). A patronage system is built up by patron-client clusters (one patron with a number of clients), the patrons of which are linked to a higher-status patron (in relation to whom they are thus clients) to
make up a patron-client pyramid (Scott, 1972). Two characteristics of patronage are particularly relevant for our purpose: the inequality between patron and client and the proximity of their interrelation.

Firstly, the relationship between patron and client is one of unequal status, though retaining a degree of voluntarism with respect to the client. The relationship is by definition asymmetrical in favor of the patron because there are generally more aspirant clients that desire the scarce resources of the patron and because the patron derives his bargaining power from a more or less monopolistic position in access to these resources (Powell, 1970; Scott, 1972). Despite this asymmetry, patron-client ties are based on the principle of reciprocity and are thus different from ties strictly grounded in force. Sustaining a patronage relationship entails morality and informal sanctioning more than coercion and manipulation (Powell, 1970). As Scott (1972) puts it, “the power imbalance is not so great as to permit a pure command relationship” (p. 93).

Secondly, patron-client ties are far from dispassionate but are characterized by proximity, trust and even affection (Scott, 1972). After all, the expectation of loyalty has to be maintained by other than purely contractual means (Bearfield, 2009). Patron-client relationships may be viewed as a specific kind of friendship, albeit, in the words of Eric Wolf (1966), a “lopsided friendship” (p. 16). Notably, asymmetry in status does not undermine, but is a main feature of the “friendship” because “equalisation of status logically spells the dissolution of patron-client ties and their replacement by bargaining among equals” (Lemarchand & Legg, 1972, p. 152).

The element of proximity between patron and client not only implies that a patron can sustain only so many clients, but also that patronage arrangements are intrinsically informal. The penetration of patronage is therefore at odds with the development of nominally modern and formal authority structures such as bureaucracies, democracy and the rule of law (Scott, 1972). According to Boissevain (1966), a well-embedded patronage system weakens government, much like “a parasitic vine clinging to the trunk of a tree” (p. 30), and instigates influence-peddling, nepotism and corruption. A well-embedded patronage system then is the outcome of a weak state ruled by strong men. Conversely, a patronage system, once firmly established, may generate templates that arrange social relations at all levels to be molded
and absorbed by this system (Migdal, 1988). These templates – and oknha may be one of the templates applied in patronage relations – then become institutions that regulate relationships and interactions within the system. The next section discusses patronage as a process of state-society interactions.

5.3.3 An institutional perspective on patronage

Institutional scholars argue that micro-level behavior within organizations is not merely driven by immediate economic considerations, but is embedded in the wider social and political environment (DiMaggio & Powell, 1991; Granovetter, 1985). The concept of institutionalization is deployed to point towards the durability and taken-for-grantedness of social rules and prescriptions within a social setting (Greenwood, Oliver, Sahlin, & Suddaby, 2008b). Clearly, patronage arrangements have (re)institutionalized in Cambodia since Hun Sen’s ascent to power, both within the elite and society at large, and in the relationship between the two. Oknha, we argue, may be viewed as the elite-level manifestation of patronage, a manifestation that institutionalizes in the interplay between individual endeavors to secure economic and political interests and the encompassing patronage system. This interplay of diverse individual actors and their enduring reciprocal relationships within a context of unequal power relations is to be understood in terms of an organizational field.

The concept of organizational field “connotes the existence of a community of organizations that partakes of a common meaning system and whose participants interact more frequently and fatefuly with one another than with actors outside of the field” (Scott, 2008b, p. 86). Organizational fields are relational and “richly contextualized spaces” where, through institutionalized prescriptions, shared understanding is generated about activities and relationships within the field (Wooten & Hoffman, 2008, p. 138). This does not imply, however, that organizations within certain fields “march quietly down the path towards homogeneity” (Wooten & Hoffman, 2008, p. 135). Organizations relate but do not necessarily conform to prescriptions. Therefore, fields should not be seen as stable but as “conflicted and pregnant with suspended interests” (Greenwood et al., 2008b, p. 19). In any case, by looking into the relationships between actors in the field and the social rules that
govern these relationships, the field level approach, as Scott (2008a) puts it, focuses “not on organizations in environments but on the organization of the environment” (p. 434).

As divergent stakeholders interact, the institutions that are prevalent within organizational fields provide a shared understanding and some measure of stability and predictability to such interactions. Institutions may be defined as frameworks that comprise “symbolic elements, social activities and material resources” that are “relatively resistant to change” (Scott, 2008b, p. 48) and that “identify categories of social actors and their appropriate activities or relationships” (Barley & Tolbert, 1997, p. 96). In this chapter an effort is made to address the constraining effect of institutions (structure or outcome) on organizations while applying an agency-based view (actor or process). Such an approach, firstly, allows a transformational perspective that traces the process of institutionalization and, secondly, enables the exploration of power and interests. In the words of DiMaggio (1988): “Institutionalization as an outcome places organizational structures and practices beyond the reach of interests and politics. By contrast, institutionalization as a process is profoundly political and reflects the relative power of organized interests and the actors who mobilize around them” (p. 13, emphasis in original).

In the following section, we will adopt a processual view tracing the rise of Phnom Penh’s oknha, and relate how the institutionalization of the oknha title serves the various interests within the ruling elite. Oknha will be perceived as a dynamic institution that is enacted by actors within this elite organizational field and that, since the early 1990s, has become institutionalized as a template of and for unequal albeit reciprocal and enduring interdependencies at the interface of business and state. As an institution, oknha not only identifies the category of business people that have strong ties to the ruling party, but also interlinks the entrepreneurial resources of the bearer of this title with the political resources of the ruling elite, and consolidates and reproduces this link through social activities and symbolic expressions.
5.4 Phnom Penh’s oknha within the elite organizational field

In Phnom Penh, an elite organizational field can be discerned which comprises multiple actors that have a stake in the exploitation of Cambodia’s most valuable economic opportunities. In the following empirical sections, we will zoom in on the ruling party and the business elite and, where relevant, indicate other relevant stakeholders such as the top level of the armed forces, foreign investors and chambers of commerce.

5.4.1 The rise and rule of Phnom Penh’s oknha

Based on their personal and business histories, Cambodian business people who currently constitute the “caste of Oknha” (Duong, 2008) can broadly be distinguished into two categories. Firstly, during the 1980s, among those who had survived the Khmer Rouge, entrepreneurs started to (re)build their businesses. Some set up casinos, brothels or small production companies, but the majority ventured into trading. Secondly, among those who had fled Cambodia during the Khmer Rouge period were business people who returned to Cambodia after the Vietnamese withdrawal. These business people had often set up successful businesses in their host-countries – particularly France, Canada, the USA and Australia – and came to help rebuild the shattered economy.

Although entrepreneurship was severely hampered during the Vietnamese-dominated 1980s, fresh opportunities arose in the early 1990s, which seems to have been the most decisive period for these business people to maneuver themselves into a favorable position vis-à-vis the political elite. Cambodian business people started large-scale imports of goods, and these imports provided a boost to their businesses. One interviewee – the daughter of an oknha who had returned from Canada in 1990 and currently owns a large construction company – claims that in those days her father merely “helped out the government, built relationships and brought some material into the country” (Interview 4). Business people like him, who had already accumulated financial capital and a business network (either in the region or the West), became absorbed by the CPP. This party vigorously pursued political dominance in Cambodia and made unrelenting efforts to bolster ties with people who were able to provide the resources necessary to establish hegemony. Several interviewees claimed
that in the early 1990s an informal pact was forged between the CPP leadership and the most prominent current-day oknha, which supposedly entailed an agreement that the tycoons would support and show loyalty to the CPP in exchange for certain benefits accruing to their business ventures (Interviews 18, 19). The past two decades have witnessed little mobility within the ruling elite, which currently consists largely of men in their fifties and sixties. It seems that this informal “elite pact” has carved out the contours and consolidated the practices of big business in Cambodia ever since.

The reintroduction of the title of oknha in the 1990s can be regarded as the most tangible expression of the newly cemented ties between the political and business elites. In 1994 co-Prime Ministers Hun Sen and Prince Ranariddh breathed new life into the title through the creation of an order of decorations for those contributing to the good of Cambodia (Duong, 2008). It was decided that the “gold medal for national construction”, awarded to those spending in excess of $100,000 on development projects, would be accompanied by the title of oknha. Business people who desire the title manifest themselves as candidates by providing the capital for the construction of a high school, pagoda or road in a province. Once the project has materialized, an application for the status of oknha passes through various government bodies and is finally signed by the king. Apart from the title of oknha, three other titles are relevant here. Firstly, apart from the ordinary title, about a dozen prominent businessmen add the term “Neak” as a prefix to their oknha title; neak supposedly indicates a track record of extensive generosity towards the CPP (Duong, 2008). Secondly, “Chumteav” is an informal appellation reserved for women belonging to the ruling class, generally female oknha or the wives of top officials. Finally, the title “Ayadom” (his/her excellency or simply H.E.) is bestowed upon those in significant political positions.

Among the first to obtain the title of oknha in post-conflict Cambodia were business people who established reciprocal relationships with the CPP. Some were key figures in the political tug of war between the CPP and its major competitor, the FUNCINPEC coalition party, and in the ensuing coup de force in 1997. One of these key players is Neak Oknha Mong Reththy, a tycoon in agri-business, construction and real estate. The name of his construction company, Samnang Khmeng Wat (which translates into “luck of the pagoda
boy”), commemorates the time before the Khmer Rouge when Mong Reththy and Hun Sen lived together in Wat Neakavorn, a pagoda in Phnom Penh. Since its outset, the construction company has built hundreds of schools and pagodas on request by and in the name of Hun Sen. In a remarkable April 1997 incident, a large amount of marijuana was found in one of Mong Reththy’s containers which was supposed to contain rubber destined for Sri Lanka (*The Phnom Penh Post*, April 18, 1997). While Mong Reththy claimed he had nothing to do with the shipment, the incident worsened tensions between then-coalition parties FUNCINPEC and CPP. FUNCINPEC officials planned to file an arrest warrant for Mong Reththy, but this did not materialize, reportedly because Hun Sen protected him and advised anyone trying to arrest him to better wear “steel on his head” (*The Phnom Penh Post*, January 16, 1998). Another notable early-days *oknha* is Theng Bunma, who has been portrayed as a drug smuggler backed by high-ranking state and army officials (Thayer, 1995). Theng Bunma allegedly provided Hun Sen with US$1 million to finance the 1997 *coup de force* that ousted Prince Ranariddh’s FUNCINPEC party, forced the prince into exile, and bribed renegade politicians to break away from FUNCINPEC, thereby securing Hun Sen’s CPP hegemony (*The Phnom Penh Post*, August 29, 1997).

After the 1997 coup, *oknha* have become a cornerstone for the party to attract finances and commodities, and the number of *oknha* has soared to at least 220 in 2008, although the actual number is probably much higher (Duong, 2008). As the director of the “Decorations Department” of the Council of Ministers reportedly said, some “hit the gold and the title of Oknha by directly contacting the prime minister” (Duong, 2008). This has led critics to argue that the title has lost value because its acquisition merely depends on money and influence instead of merit (Interviews 11, 13). Late King Father Sihanouk found himself among these critics complaining about the soaring number of Royal Decrees he had to sign to certify the appointment of new excellencies, *oknha* and generals (*The Phnom Penh Post*, April 11, 2003).

5.4.2 *Oknha* business success

The rise of the *oknha* paralleled Cambodia’s rapid economic development. The firms of the prominent *oknha* have expanded and diversified into various sectors since the 1990s. While
the illicit import of consumer goods like cigarettes, alcoholic drinks or electronics was their main start-up business strategy, by the mid-1990s, many of them acquired official monopolies over the distribution of certain brands. These import monopolies have been a springboard to diversification. The entrepreneurs explored all kinds of lucrative investment opportunities and started production companies, hotels, karaoke bars, or ventured into retail. Despite this diversity, there are two categories of lucrative business undertakings that are almost entirely dominated by oknha and, not surprisingly, these are the two domains where state interest is particularly strong: public contracts and land acquisitions.

Regarding the former, public services, infrastructural projects and supplying the government are generally outsourced to private enterprises. Oknha hold monopoly contracts to pick up garbage in the cities, maintain the site of the Angkor temple complex, supply rice and clothing to the army, supply medicines to the Ministry of Health, produce electricity in urban areas and provide limousine services for government delegations. Whereas oknha and their associates mostly claim that such monopolies have been acquired through a transparent tendering process that allows anyone to bid (Interviews 4, 5, 9), people outside the oknha-CPP elite hold that tendering is mostly a farce to satisfy the international donors’ appeal for transparency, and that these contracts are allocated to business people with ties to state beneficiaries who, in turn, make money from distributing the contracts. In the words of a Cambodian economist: “Formally it’s free, but informally it’s something. The less you have to pay formally, the more you pay informally” (Interview 29).

Similarly, acquiring land in Cambodia is largely a matter of political connections. Ever since the Khmer Rouge abandoned private property and destroyed documents (Vickery, 1990), land ownership has been contested and, therefore, has become receptive to opaque transactions (So, 2010; Springer, 2010). Large areas of land have been allocated as concessions to be exploited by foreign (mainly Chinese and Vietnamese) and domestic business people over periods up to 99 years. According to recent estimates, over half of all of Cambodia’s arable land has already been granted as land concessions to private companies (The Cambodia Daily, March 10–11, 2012), which develop the land into rubber or sugar plantations, or simply clear the land of valuable logwood and leave it unused. Although the legal maximum is 10,000 hectares per concession, some oknha have obtained concessions far
surpassing that limit, spearheaded by CPP Senator H.E. Neak Oknha Lao Meng Khin, whose concessions exceed 300,000 hectares (United Nations Office of the High Commissioner for Human Rights, 2007). Securing these land concessions is often met with violence and coercion. Military platoons guard oknha plantations against rural dwellers that are often dependent on the land for their livelihood, and the police uses force against urban slum inhabitants that resist eviction because they only get meager compensation for their property (e.g., Brinkley, 2011; The Cambodia Daily, February 12, 2013). Much in line with such controversial practices, the oknha are characterized as “hardened and aggressive war veterans” and as displaying an attitude of “all for themselves to survive” (Interviews 14, 23).

Prominent oknha own highly diversified business groups. They are mostly chairman and chief executive officers (CEO) of an umbrella company or holding – often named after themselves – that houses a range of subsidiary companies that feed into each other. One interviewee, for example, owns a business group that comprises a construction company, a firm importing construction materials and a real-estate development and investment firm, each of which is run by one of his children (Interview 3). As such, in the words of an expatriate businessman, oknha have “built their own kingdoms within the Kingdom” (Interview 15). This pattern reveals that once oknha have secured a reputation of loyalty with the CPP leadership and the support of a well-positioned official, they can exert leverage to go about their ventures and set up all sorts of companies.

Foreign multinationals that are increasingly interested in tapping into opportunities in Cambodia are aware of the importance of being politically embedded and, therefore, often joint venture with oknha. As Ear (2011) puts it, oknha are highly sought after by foreign investors since they understand the “elaborate and highly ritualized hierarchy-mediating dance” (p. 73). From the perspective of the CPP elite, providing the oknha with khnorn (backing) (Kimchoeun, 2008) and redirecting investors to the oknha – through the Cambodia Chamber of Commerce for example – is an effective way of “outsourcing” their political weight while still, indirectly, cashing in on investments flowing into Cambodia. Such partnerships are mutually beneficial. While the foreign partner brings in financial resources, technical expertise and sometimes labor, the oknha provides the land (which foreigners are not allowed to own in Cambodia) and takes up the role of comprador in between the foreign
investor and the highly politicized Cambodian business environment. As a consequence, many oknha are adeptly shifting their activities towards more advanced producer services and industries. The current president of the Cambodia Chamber of Commerce, Neak Oknha Kith Meng, is the pioneer of joint-venturing with foreign companies, which led one interviewee to describe him as a “shopping mall for investors” (Interview 18). A Cambodian returnee from Australia, Kith Meng joint ventures predominantly with Australian firms in sectors like banking, transportation and telecoms.

Since the 1990s, a relatively small elite of business people and politicians has largely absorbed the lucrative business opportunities that emerged in Cambodia. Arguably, the “elite pact”, which Hun Sen has skillfully established since his rise to power, has created an organizational field with specific social relationships, activities, hierarchies and symbolic expressions. We argue that oknha – as a societal concept that represents a category of business people, their activities, connections, styles and biographies – has become the primary manifestation of the patronage system within the ruling elite. The title of oknha is not only the outcome of status and power earned by past actions; it has become a vehicle for accessing, acquiring and distributing riches. By exploring the inner workings of this elite, the next section will illustrate how oknha acts as the main organizing mechanism aligning the political and business domains in Phnom Penh.

5.4.3 Patronage arrangements within the ruling elite

“There are always rules of the game. The hundred or so oknha also have rules; it’s not a jungle. Perhaps these rules are not so much based on the law, but then at least on trust and connections.” (Interview 27)

Business interests and political authority are highly intertwined among the ruling elite. Most Phnom Penh residents can tell which politician is close to which oknha. Politicians (and particularly their spouses) are often said to have shares in companies or to receive informal payments from tycoons in exchange for certain “favors”. A striking example is Chumteav Oknha Lim Chhiv Ho, a prominent businesswoman who owns and manages a wide range of businesses in import-export, tourism, and real estate and industrial development. A Global
Witness report (2007) identifies her as belonging to a quartet of powerful women, including also the wife of commerce minister Cham Prasith, who reportedly owns shares in Lim Chhiv Ho’s company (Global Witness, 2007). Looking at some of Lim Chhiv Ho’s business deals, there seems to be a common interest between her and Cham Prasith. She established Special Economic Zones (SEZs) in Phnom Penh and Sihanoukville to attract foreign companies to set up factories in Cambodia. When the SEZ policy was initiated, commerce minister Cham Prasith had chosen Oknha Lim Chhiv Ho to join him on a trade mission to Japan and look for investors. Perhaps even more telling, in 2010, the Ministry of Commerce moved from a prime location downtown to a new place outside the city center. Oknha Lim Chhiv Ho was entrusted with building the new ministry and allowed to swap it with the more valuable property downtown (The Cambodia Daily, January 14, 2010). Similar stories of top CPP officials having stakes in the major business groups – although often merely rumors – regularly raise eyebrows among critics of the regime.

Prime Minister Hun Sen is at the top of the pyramidal patronage system. Hence the most prominent oknha – often referred to as Hun Sen’s “proxies” or “cronies” – are the ones co-opted by Cambodia’s strongman. A much-discussed WikiLeaks cable reveals the business people who, according to the US embassy in Phnom Penh, are “Cambodia’s top ten tycoons” (WikiLeaks, 2011). These ten tycoons, all oknha, are advisors to Hun Sen, CPP senators, or board members of the Cambodian Red Cross – which is headed by Hun Sen’s wife, Bun Rany. All ten are major financiers of the CPP. Rumor has it that these oknha contact Hun Sen directly when their business interests are infringed by third parties, so that the prime minister can personally resolve the matter by overruling anyone interfering.

There is a category just below the tycoons with direct access to the prime minister that consists of less prominent oknha or relatives of elite members. For the latter, acquiring the title of oknha is appealing not only because it opens doors to those business sectors where the CPP’s stakes are high, but also because the status that comes with the title may have rather acute effects on business dealings. Here is a daughter – who is co-managing one of Cambodia’s foremost rice-exporting companies that is owned by her parents – explaining why her father chose to become an oknha.
“Oh, you know, the title here can be bought. The truth is that he used to be a partner of high ranking people. [When the company was still relatively small, her father used to supply rice to the government in partnership with bigger suppliers.] When you are small they make it more difficult for you. It’s not about illegal things; he just needed the status so those people will not look down on him as too small. At that time he did not have relationships with government officials, but the people that he did business with partnered with the government. When the profit came, because they’re big they divided the profit according to what they felt like. He told me that during that time he got no profit at all. He worked hard for one year without any profit, though he knew that there was profit.” (Interview 11)

As some of the above accounts indicate, the business and political domains in Phnom Penh are so intertwined that a distinction between oknha and CPP officials becomes largely artificial. Firstly, many oknha hold government positions for the CPP. Looking, for example, at the Cambodia Chamber of Commerce – also known as “the oknha club” in Phnom Penh – out of the 36 executive board and elected members that carry the title oknha, 15 also have “H.E.” in front of their names (Cambodia Chamber of Commerce, 2010). A handful of prominent oknha are senators for the ruling CPP party, and numerous oknha are “advisors” to leading CPP representatives. Reportedly, Chea Sim has over a hundred advisors, while Hun Sen has over a thousand (Ear, 2011). In other cases, family ties are deployed as a strategy to embed in both the business and the political domains. Within many upper-class families in Phnom Penh, one of the siblings managing the investments and the business network carries the title of oknha, while another sibling has a government position and secures the business interests within the state apparatus (Interviews 2, 10). Conversely, a similar pattern of synergizing politics and business within one family is seen among politicians. Almost the entire CPP top level consists of males, and their spouses are often the ones that deal with the family’s business interests. A Phnom Penh resident explained that this is a highly instrumental arrangement; the husband can support the wife’s business, and when the husband’s extravagant lifestyle arouses accusations of corruption, he can always claim his wife has paid for the conspicuous consumption.
The far-flung patronage system that Hun Sen has built over two decades is cemented through pervasive and highly binding reciprocal relationships or, as an interviewee says: “Once you’re in, you can’t get out” (Interview 17). A well-connected official-cum-businessman, who claims he has a former classmate in almost every ministry, puts it as follows:

“You have to stay close to the powerful people, and commit toward those people. When you know someone, others will not touch you. You need to have a good heart, be patient, invest in the relationship and be true to the commitment. It’s like starting a relationship with a woman.” (Interview 2)

Oknha articulate such commitment in both financial and symbolic ways. A good example is long-serving H.E. Neak Oknha Sok Kong, whose Sokimex Group, according to opposition leader Sam Rainsy, grew out of the “commercial, trading, and financial arm of the Vietnamese-backed and imposed regime” and developed into the “financial pillar for the ruling CPP” (The Phnom Penh Post, April 28, 2000). During the turbulent mid-1990s Sok Kong lent tens of millions of dollars to the cash-strapped government (The Phnom Penh Post, April 28, 2000). Among other business interests, the Sokimex Group currently holds the ticketing concession for the Angkor temple complex, and has held a monopoly over providing petrol to government employees since the early 1990s, for both of which he is said to evade paying taxes (The Phnom Penh Post, April 28, 2000; The Phnom Penh Post, January 29, 2009). Sok Kong recently inaugurated his newest project, the Bokor Mountain Resort. The resort is situated on a mountain plateau along the Kampot coast and used to be a French colonial getaway. Sok Kong was granted the concession to redevelop the area into a massive resort, featuring residential areas, a casino, golf course and a new road up the mountain. During the opening ceremony, Hun Sen delivered a speech that not only reasserted his relationship with Sok Kong, but also unambiguously reaffirmed his own status as Cambodia’s unrivalled patron (CNV website, May 3, 2012). In this speech, Hun Sen relates how he chose Sokimex over a number of other companies. Oknha Sok Kong was the only one proposing to finance the construction of the road himself, and besides, he honored Hun Sen by naming three of the resort’s roads after him. The three roads’ names are versions of
“Mountain Road of Techo”. “Techo” is one of the six titles that Hun Sen carries – meaning a powerful, potent and highly respected person (BIC, 2011) – and the one that exclusively refers to him in present-day Cambodia. In the same speech, Hun Sen addresses requests made by Sok Kong’s company, saying that some, such as the demarcation of the concession, “can be settled right here”, while instructing relevant ministries to follow up on others (CNV website, May 3, 2012).

5.4.4 From elite to mass patronage arrangements

Another rationale behind the elite patronage system – a rational that reaches beyond mere personal benefits for the oknha and individual CPP officials – is the financing of the mass patronage system that parallels the elite-based patronage. The CPP deploys the financial resources of oknha for two particular purposes: to finance the state apparatus and to gain political legitimacy among the rural population. As far as the first purpose is concerned, Cambodia has a massive state apparatus, while tax revenues are extremely low since taxes are levied informally (Interviews 21, 28; Ear, 2011). This discrepancy is partly abated by having the private sector support civil servants’ livelihood through the patronage system instead of strengthening the formal tax system, which would go against the interests of the ruling elite. An illustrative example is a case of two brothers who co-manage an internet service provider (ISP) firm that is owned by an influential family member – an oknha or a high government official; they refused to tell (Interviews 6, 7). Apart from running the ISP firm, the brothers both hold a position within the Ministry of Post and Telecommunications (MPTC) as well. Because the brothers are dependent on the MPTC for their license to operate on a certain frequency, they are constantly rearticulating their loyalty towards the ministry. Among other acts to comply with norms of reciprocity, they channel part of their profit to the staff association of the MPTC, which provides some extra money for health care and pensions to compensate for the meager government salaries.

This informal mechanism is also at work on a larger scale and has recently even been formalized. As the Cambodian army is consistently short of resources, Hun Sen initiated a sub-decree that instructs prosperous Cambodians to support specific army units (Royal Government of Cambodia, 2010). The sub-decree lists dozens of army units, each of which is
linked to several partners that are expected to provide the army unit with financial or material resources (*The Phnom Penh Post*, June 2, 2010). These partners include businesses (virtually all owned by *oknha*), ministries or other state institutions, and some wealthy couples. One interviewee laughingly referred to the sub-decree as “entrepreneurship of the PM” (Interview 20). In a speech, Prime Minister Hun Sen singled out four *oknha* who together had donated 7000 wooden beds, and encouraged others to follow suit (*The Cambodia Daily*, February 24, 2010). Whereas the companies will certainly “feel compelled to participate, fearing unfavourable treatment by the government if they do not” (*The Phnom Penh Post*, March 2, 2010), some *oknha* also benefit from the relationship with the army units. CPP senator Neak Oknha Ly Yong Phat, for example, allegedly deployed the army division that he supports to secure his business interests. He obtained a land concession where he is developing a sugar plantation, and the army division has supposedly driven villagers off “his” land (*The Phnom Penh Post*, March 24, 2010). The sub-decree in general and this incident in particular spurred reactions from both the adherents and the critics of this new policy. An international NGO warned that the policy was “tantamount to sanctioning a mercenary force”, while a businessman spoke of helping to “relieve the difficulties facing soldiers and their families” (*The Phnom Penh Post*, June 2, 2010).

The second purpose for deploying *oknha* financial resources is gaining political legitimacy through a plethora of rural development projects. Such projects are organized through a complex system of CPP working groups – based on hierarchy and loyalty – that operate from the national to the village level, the heads of which are prominent CPP officials who elicit contributions through their personal networks (Graig & Kimchoeun, 2011). Major television networks broadcast dozens of such visits by heads of CPP working groups to the countryside daily, during which medals are awarded to contributors (Kimchoeun, 2008). Particularly during election times, the prime minister’s agenda is packed with ceremonies to open new pagodas, hospitals, roads, bridges, and so-called Hun Sen schools (Hughes, 2006). Although Hun Sen finances such mass patronage by relying on *oknha* and international donors, he makes it look as if projects “flow personally from Hun Sen’s largess” (Hughes & Un, 2011b, p. 6).
Through various channels, oknha are “invited” to finance rural development projects. The website of an interviewee for example states that:

“Under the high guidance of our Prime Minister Samdech Akkah Moha Sena Padey Techo Hun Sen, [the oknha] has been invited to provide support to the Province of Rattanakiri in the aim of helping the Rattanakiri community within the Cambodian Government Poverty Alleviation Program” (Interview 3)

This earned him the title of oknha, while his wife was awarded the “gold medal for poverty alleviation in gratitude of her social responsibility”. Websites and brochures of oknha business groups often feature a “social responsibility” page that lists the various projects that they have supported, flanked by pictures of the oknha with Hun Sen during opening ceremonies, and some pagodas are decorated with the name of the oknha who contributed to its construction. Moreover, throughout their careers, particularly the prominent oknha support multiple projects for national construction and receive the appropriate decorations for doing so. H.E. Neak Oknha Mong Reththy is probably at the top of the list of contributors. Between 1990 and 2001 alone he spent almost $3.8 million, of which over 75% was through Hun Sen personally (The Phnom Penh Post, April 11, 2003), in return for which he received at least 16 medals (Mong Reththy Group website, December 3, 2012).

Next to the direct sponsoring of development projects upon Hun Sen’s invitation, many prominent business people sponsor the country’s largest humanitarian organization, the Cambodian Red Cross. This organization initiates development projects throughout Cambodia while, at the same time, it is the vehicle through which – quite literally perhaps – Hun Sen is able to establish who deserves preferential treatment. The president of the Red Cross is Hun Sen’s wife, Bun Rany, while the organization’s central committee consists of some of the most influential people in the country (or their spouses). The central committee also includes some oknha, in particular those that have been especially generous in donating money and effective in fundraising. The Cambodian Red Cross seems to be the body through which people can enhance their status within the elite and in particular in the eyes of the most powerful couple of the country. During the extensively televised annual charity event of the
Red Cross, the Cambodian elite congregates to pledge donations. Bun Rany personally accepts the donations, literally offered on a plate, after which the name of the benefactor and the donated amount is publicized. Throughout the year, business people, both Cambodians and foreigners, visit Bun Rany at the Red Cross headquarters offering donations, and she attends gatherings where donations are made.

5.5 Discussion: The institutionalization of Oknha

In post-Khmer Rouge Cambodia, an informal pact has been established that ties the political resources of the CPP elite to the entrepreneurial resources of the business elite. Business people that are close to high-positioned CPP figures, particularly Hun Sen, have been provided with land concessions, public contracts and monopolies that are hardly accessible to business people without such political connections. In turn, these tycoons have financially supported the CPP as a whole as well as individual top officials, as such contributing to the CPP’s growing hegemony over Cambodian society since the early 1990s. We argue that the title of oknha is the most tangible embodiment of this informal “elite pact”, and the hinge between the business and political spheres in Phnom Penh. The construct of oknha provides the specific rules of engagement between the tycoons and the CPP elite that regulate and provide order to the elite organizational field internally, and set it apart from society as a whole. The allocation of the title of oknha may be regarded a rite de passage (Van Gennep, 1960) for business people that rise above the ranks of SME owner and enter the business–state elite. The title unambiguously implies that the entrepreneur agrees to play by the elite’s rules and enter a reciprocal relationship that has to be maintained through social activities and symbolic representations of loyalty and admiration.

As outlined earlier, patronage is a particular kind of relationship between a patron and client, where the patron assists and protects the client who in turn is compelled to reciprocate by providing services to the patron (Boissevain, 1966). This chapter illustrates how the relationship between business people and the CPP elite represent this classic form of patronage, and culminates in the awarding and receiving of the title of oknha. We also outline how patronage relationships are constituted by two specific features. First, patron-client ties
are asymmetrical, though retaining a degree of voluntarism. This is highly apparent in Phnom Penh’s big business domain: the oknha are not coerced into supporting the CPP, but failing to do so would certainly backfire on their business ventures. Second, patronage is marked by proximity and informality between patron and client. In the relationship between the oknha and CPP top officials this is observable in the personalized nature of business-state transactions and the social and symbolic articulation of loyalty and friendship between them.

*Oknha*, then, has become a model of the patronage system within the elite organizational field. Moreover, we argue that oknha is not merely the elite-level model of the patronage system, but is becoming a model for the institutionalization of patronage. In other words, while the proliferation of the oknha title is the outcome of efforts to firmly embed patronage in state-business relations, the oknha title is also becoming the medium for further institutionalizing the patronage system. Marston (1997) aptly points out that in exploring patron–client relationships “we may want to look at how specific negotiation draws on specific inscribed hierarchies, or at how specific inscriptions of hierarchy also inscribe a process of negotiation” (p. 70). The oknha title can be regarded as a “specific inscription of hierarchy” (Marston, 1997, p. 70) that more and more inscribes the negotiation of interests, money and status among the elite. *Oknha* is turning into a template that regulates and provides order and stability within the elite organizational field. Several ongoing developments hint in this direction, two of which merit brief elaboration.

Firstly, the dominant position of the oknha within the Cambodian political economy is increasingly formalized. The earlier mentioned sub-decree on the oknha sponsoring army divisions is a perfect example of how the obligations of the oknha towards the CPP are displaced from the informal sphere and into the realm of state policy. Such formalization is also recognizable with regard to the privileges of the oknha. Oknha are taking up the position of captains of industry in sectoral development, for example through the Government-Private Sector Forum, during which private sector representatives raise issues to involved ministers, and through the establishment of business associations such as the recently launched Cambodian Constructors Association and the Cambodian Rice Exporters Association. Oknha are also acting as compradors for foreign investors, which is facilitated by regulatory frameworks such as the SEZs policy. The SEZs – of which at least half are
owned by oknha and the remainder largely by foreign Asians – attract foreign manufacturers, primarily through extensive benefits such as tax holidays, exemptions on value added tax and import duties (DFDL, 2010).

Secondly, in emerging sectors business people are incorporated by the CPP through the oknha title and as such the group of business people carrying the title is broadened. Recent developments in the rice sector seem to point in this direction. The rice sector is traditionally fragmented, consisting of many small rice millers and only a few large enterprises run by oknha, including a public enterprise of the Ministry of Commerce (which had a monopoly over exporting large quantities) and a private enterprise run by a CPP senator that supplied rice to the army (Ear, 2011). Recently however, especially after the European Union lifted import taxes on Cambodian rice, this “narrow elite pact” has been opened up, and numerous companies have emerged from the SME domain to become large-scale rice exporters. Hun Sen has embraced the promising sector by backing bank loans and publicly warning rent-seeking officials not to bother rice exporters (Interviews 11, 16, 26). Interestingly, more and more rice exporters are acquiring the title of oknha (Interviews 10, 11, 16). So it seems that the CPP elite is attempting to absorb the emerging sector by awarding business people the oknha title.

Taken together, not only are established oknha maneuvered into key-positions through business associations and policy frameworks, upcoming business people also seem to be co-opted by the CPP elite through the oknha title. Oknha seems to be turning into a tool for the CPP to retain control over and reap the benefits from economic diversification and foreign investment without losing its grip on the private sector. Although the title re-emerged in the early 1990s as the embodiment of reciprocal ties between the CPP elite and a limited number of business people, it is currently turning into a template for doing business in Cambodia. As the Cambodian private sector is expanding, the “narrow elite pact” might slowly become a “broad elite pact” which dictates that as long as one is loyal to the CPP – which after all is what the oknha title symbolizes – one is “licensed” to venture into business. Arguably, oknha is becoming a model of and for doing business in Phnom Penh beyond the SME sector.
If indeed the dominant position of the oknha is formalized and the “caste of oknha” is broadened, the institutionalization of the patronage system commences to take an alternative route. The concept of institution is deployed in two distinct ways in academic debates. Institutions have been referred to as “‘models’ that become cultural prescriptions” based on tacit understandings, social prescriptions and symbols, but also as “regulatory agencies of the political economy” based on policies and agencies (Greenwood et al., 2008b, p. 12). Although the patronage system came forward as an informal model to seal off the reciprocal relationships between business and state actors, the second meaning of institutions increasingly applies as well. This trend is rather peculiar when revisiting the concept of patronage. In the classical definition, patron–client ties are characterized by proximity and informality (Powell, 1970; Scott, 1972), and exactly these features become less apparent as more and more business people lay claim to the title, and as formal positions are accorded to the oknha. As the patronage system institutionalizes further – that is, as the relationship between patron and client is cemented not only through cultural prescriptions but also through regulatory frameworks – it departs from those characteristics that are deemed typical of patron–client ties. This paradox can be solved simply, as the next section suggests.

5.6 Conclusion: Oknha, patronage and Cambodia’s economic and political order

In retrospect, the oknha have moved from what may reasonably be labeled doing “shady business” during the post-conflict Cambodia of the 1980s and 1990s (illicit trades and logging, and running brothels and casinos), to activities that have required extensive CPP patronage from the 1990s onwards (land exploitation, public contracts and monopolies), to more advanced industries and services since the 2000s. This latter shift is ongoing and represents a response to and capitalization of economic diversification and Cambodia’s increasing integration into regional and global markets.

These processes of globalization and economic diversification that are currently reshaping the Cambodian economy pose a challenge for the “narrow elite pact” between the oknha and the CPP. The typical business activities that assured a steady flow of money within the elite during post-conflict Cambodia – natural resource and land exploitation, illicit
trades and monopolies in public services – are not inexhaustible. In time, the elite needs to tap into new resources to sustain the patronage system that bolsters their lavish lifestyle and finances mass patronage of the general population. Moreover, post-conflict threats to stability and peace have largely faded with the consolidation of power in Hun Sen’s hands. Broad-based economic growth and entrepreneurship are seen as a crucial next step in Cambodia’s reconstruction. These developments potentially undermine the “narrow elite pact” because prompting broad-based growth means scaling down rent-seeking and preferential treatment, creating sector-wide regulatory frameworks and allowing entrepreneurs in promising sectors to grow beyond the SME level. Needless to say, the contrast between such developmentalist policies and the personalized and informal character of the elite patronage system could not be sharper.

Hughes and Un (2011b, pp. 9-10), observing a shift from “illicit conflict trades” towards “more respectable industries” – a shift that represents a “visible change in the level and nature of economic activities from the 1990s to the 2000s” – argue that an “economic transformation” is currently taking place in Cambodia. They initially suggest that while “key players are cleaning up their acts”, Cambodia may break away from its habit of crony capitalism (referring to a narrow pact between the state and major businesses) and move towards developmentalist practices (implying that the state is able to craft policy independent of the dominant class) (Hughes & Un, 2011b, pp. 17-19). Slocomb (2010), on the other hand, holds that economic development has occurred despite rather than because of governance practices and that, therefore, “it is difficult to accept a genuine transformation has occurred in the Cambodian economy” (pp. 297-298). She asserts that the “all pervasive patronage system” (p. 297) hinders both the establishment of an effective bureaucracy as well as economic competitiveness and the growth of the private sector.

We doubt, as do Hughes and Un (2011b) in developing their argument further, whether the right question is being asked in this discussion. After all, questioning whether the state can effectively implement policy beyond the dominant class’ interests is hypothetical in the Cambodian context because “the state” – that is, the CPP elite – is an important segment of the dominant class. Moreover, as Hughes and Un (2011b) argue, the capacities of the state have become largely dependent on the CPP party, and now that Hun Sen seems to pull the
strings, keeping the patronage system in place has become a matter of political choice rather than technical incapacity. In this context, perhaps, the “narrow pact” between the CPP and the private sector elite is increasingly being transformed into a “broad pact”. This “broad pact”, which through the proliferation of oknha incorporates an increasing number of business people from increasingly diverse economic sectors, arguably allows for developmentalism, albeit a strictly economic, highly selective and at times violent developmentalism. The oknha title becomes a means for Hun Sen to elicit loyalty of businesspeople while, at the same time, it decreases the necessity of proximity and informality that are deemed characteristic of patronage ties. As such, the oknha title and the patronage system that underpins it are not so much being challenged but seem to be becoming further anchored in business–state dealings.

Since its reestablishment in the early 1990s, the institution of oknha has represented the impenetrable pact that defies opportunities for entrepreneurs outside the elite organizational field. Particularly in the eyes of donor agencies and NGOs that have aimed to build a “strong” state bureaucracy freed from the parasitic patron-client ties, the proliferation of oknha equals the failure of developmentalist policies. Could it be that Cambodia is taking an alternative route to economic development, one that operates through the patronage system instead of against it, and one in which the oknha title proves highly instrumental? This may be a premature conclusion derived from a pattern that is only beginning to take shape, but the signs are there that this is what Hun Sen is opting for. In any case, as this chapter aims to demonstrate, the last two decades have witnessed the proliferation of oknha in parallel with the deepening of state–business patronage relationships, and there are few indications that the trend will reverse for as long as the current regime remains in place.