

Case Study (International Political Economy)

**Cambodian Economic Performance
in Electoral Business Cycle**

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Outline of the Paper

Abstract

I. Introduction

II. Literature Review

III. Elections

IV. Economic Performance

1. GDP

2. Government Expenditure

3. Money Supply

4. Interest Rate

5. Inflation

6. Exchange Rate

V. Conclusion

Aim of the paper

To explore what ways the government do during electoral cycles to absorb the majority votes from electorates.

Variables

Dependent variable: GDP

Independent variables:

1. Government Expenditure
2. Currency outside banks
3. Interest Rate
4. Inflation
5. Exchange Rate
6. Electoral cycles (7 months before elections and 24 months after elections)

Hypothesis, Method, and Data

- Does the government stimulate growth before election as well as in post-election period?
- Trend analysis of the YoY % change of the data sets
- Government spending, currency in circulation, interest rate, inflation rate, exchange rate, from January 1997 to March 2013 as monthly, and annually real GDP growth rate from 1997 to 2012
- MEF, NBC, IFS

Scope

National Assembly Elections:

- 1st election: July 1993
 - 2nd election: July 1998
 - 3rd election: July 2003
 - 4nd election: July 2008
 - 5th election: July 2013
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- Focus

There are 2 main parties:

- Cambodian People's Party (CPP), the holding power party
- Cambodia National Rescue Party (CNRP), an opposition party

Election Results

Parties	1998 (122 Seats)	2003 (123 Seats)	2008 (123 Seats)
CPP	64	73	90
SRP	15	24	26
FUNCINPEC	43	26	2
HRP	-	-	3
NRP	-	-	2
Total Seats	122	123	123

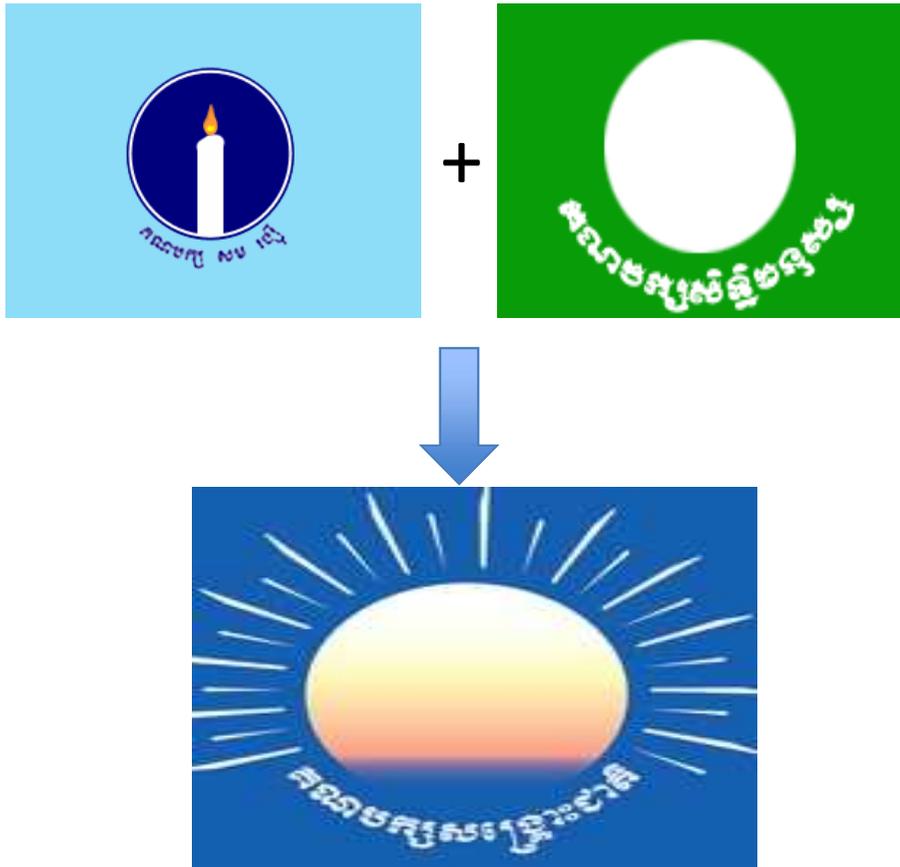
Source: United Nation Development Program

CPP



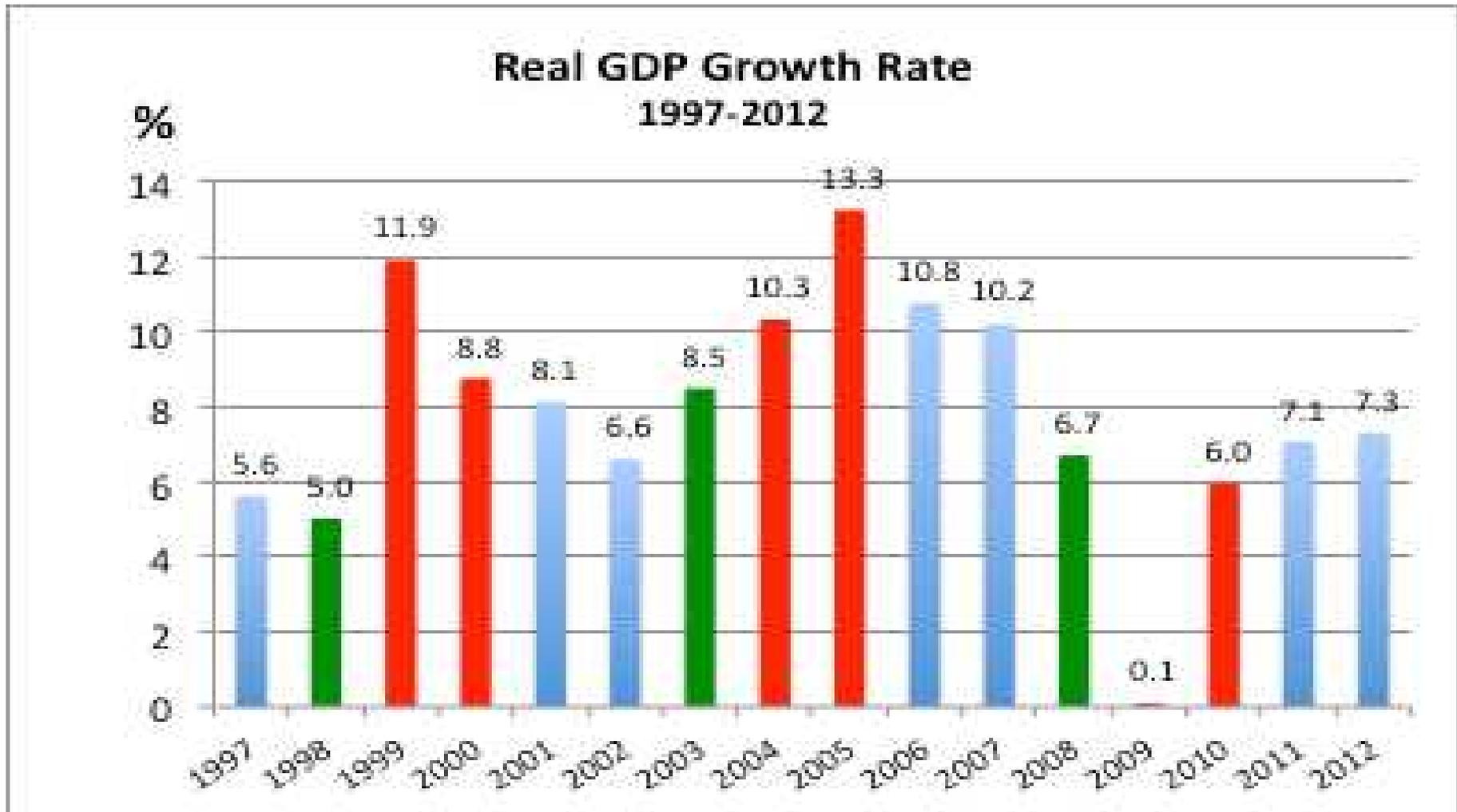
- People's Revolutionary Party of Kampuchea
- June 28, 1951
- Rescued Cambodian people from the genocide regime of Pol Pot
- Jan 7, 1979
- The party's policies
- Its history and policies made its popularity increase

The Opposition Party



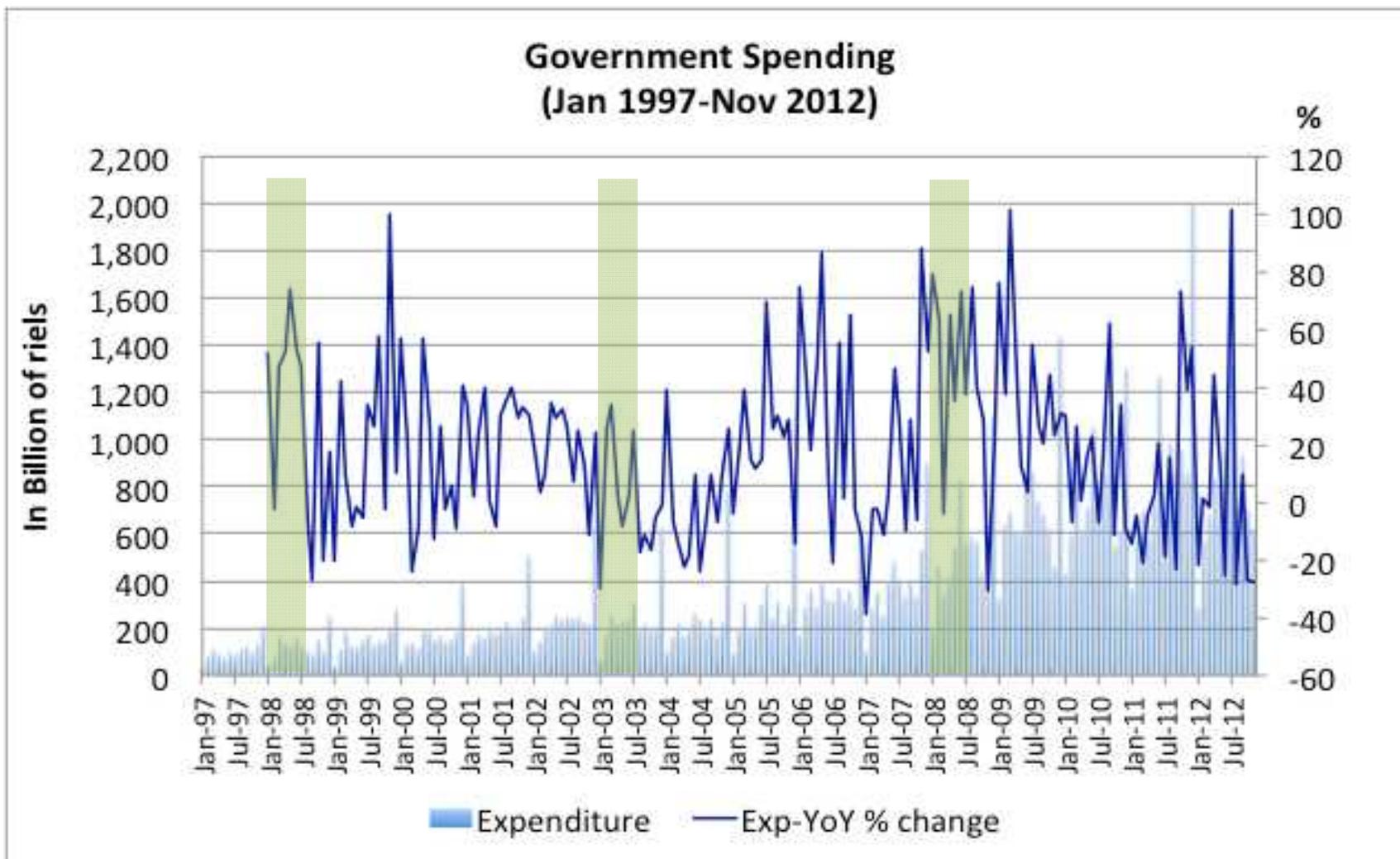
- Sam Rainsy Party (SRP), March 1998
- Khmer Nation Party (KNP), November 1995
- Human Rights Party (HRP), January 2007
- Cambodia National Rescue Party (CNRP) July 2012
- The party's policies

1.

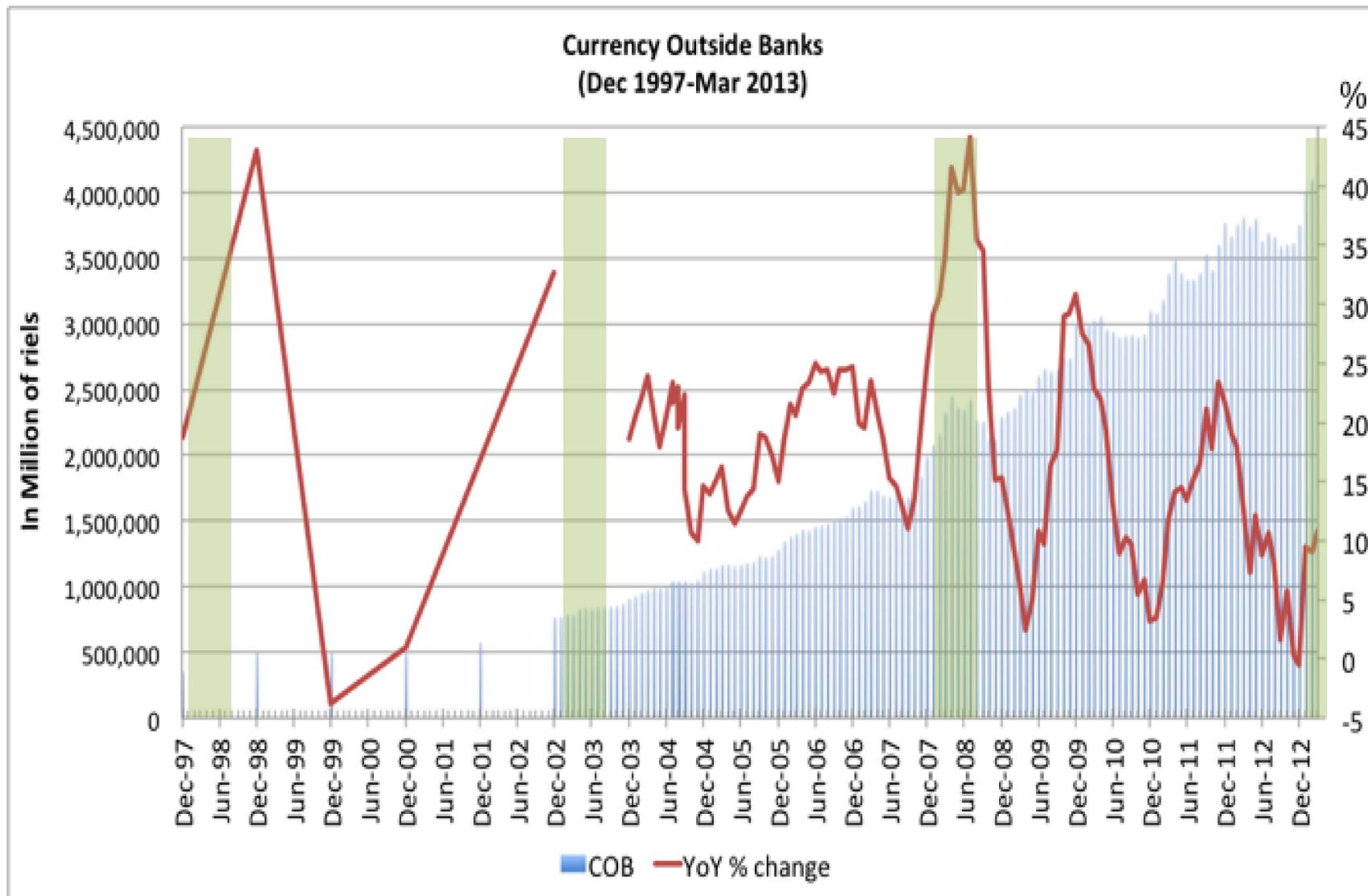


Source: MEF

2.

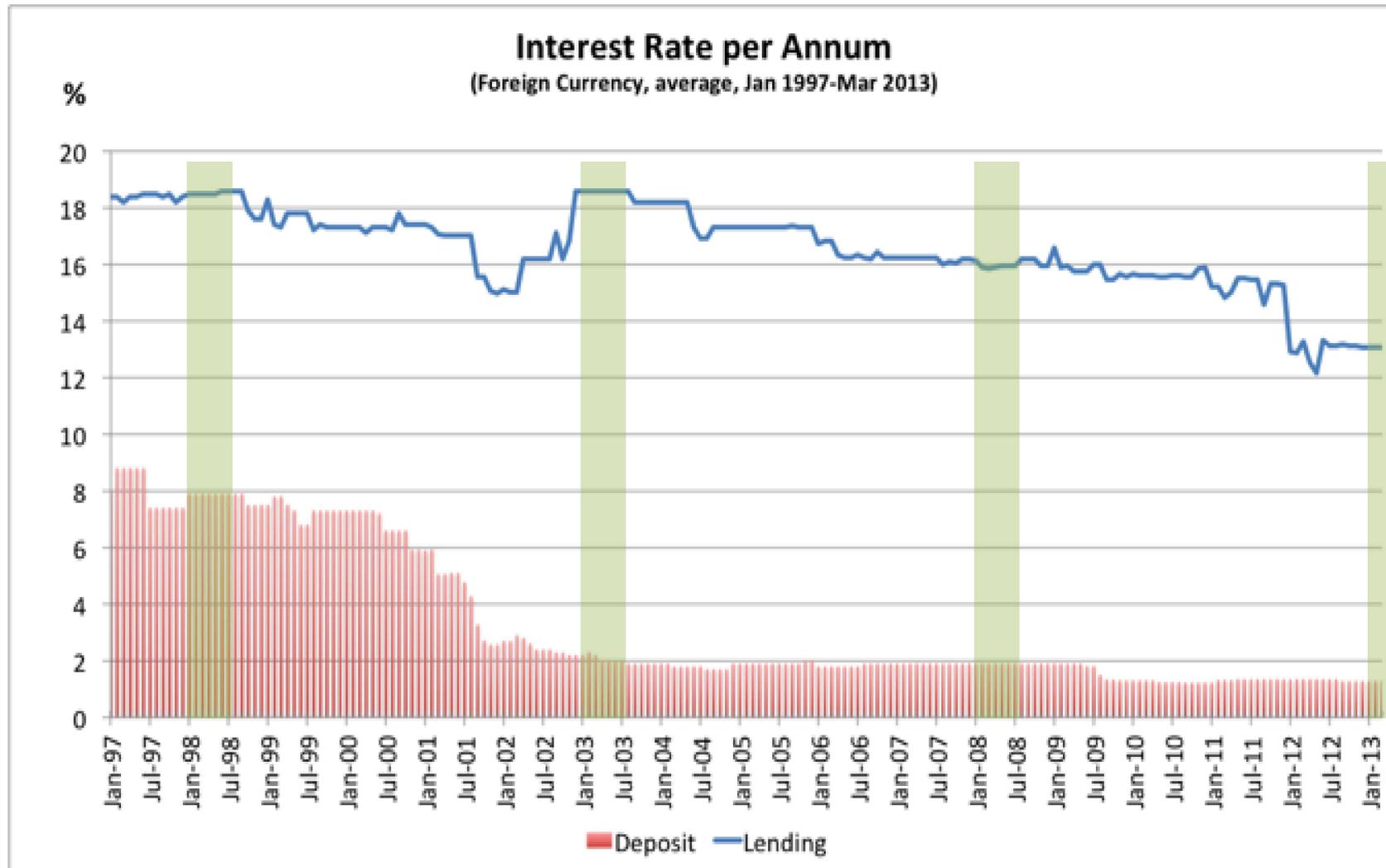


Source: MEF & the author's calculation



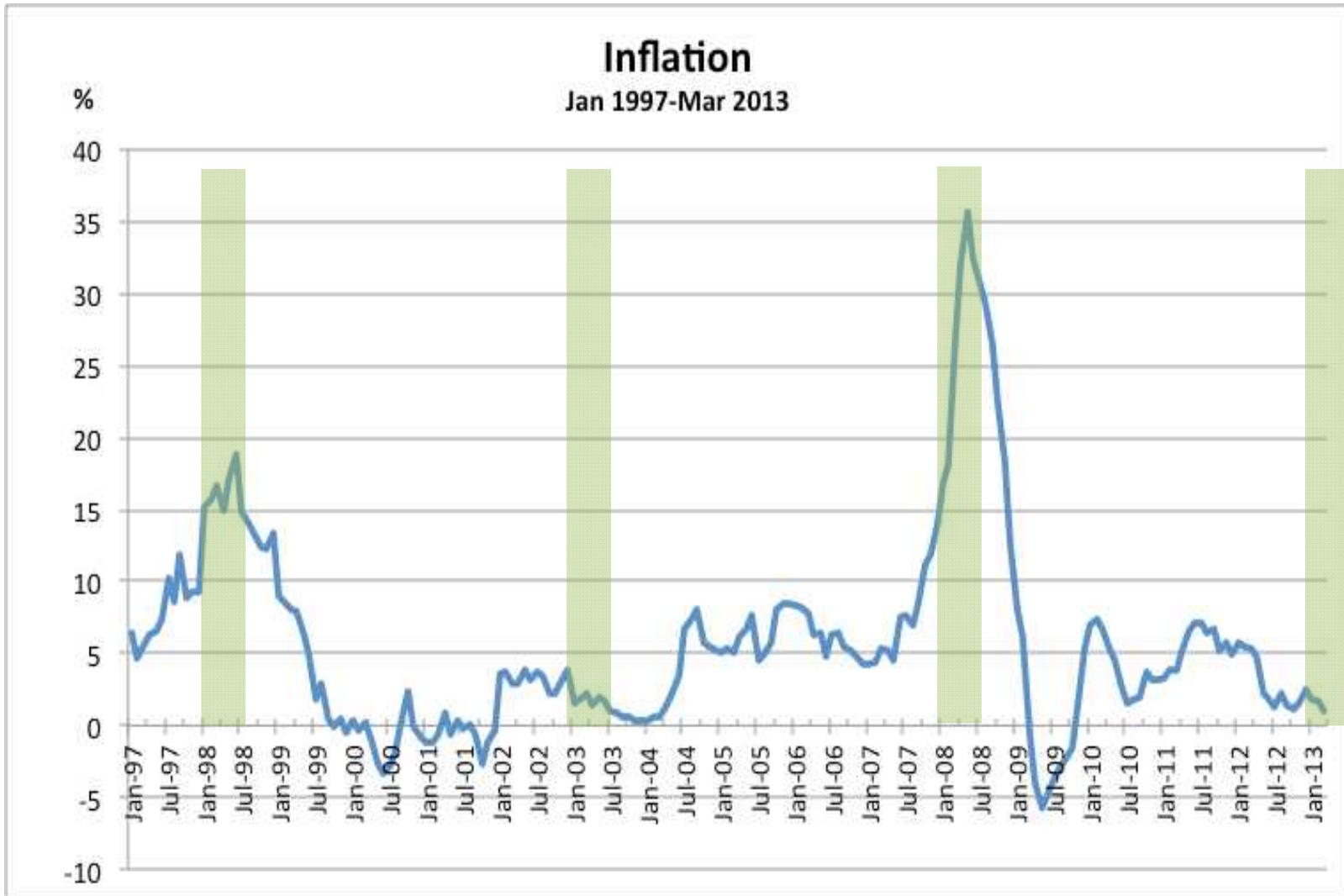
Source: NBC & the author's calculation

4.



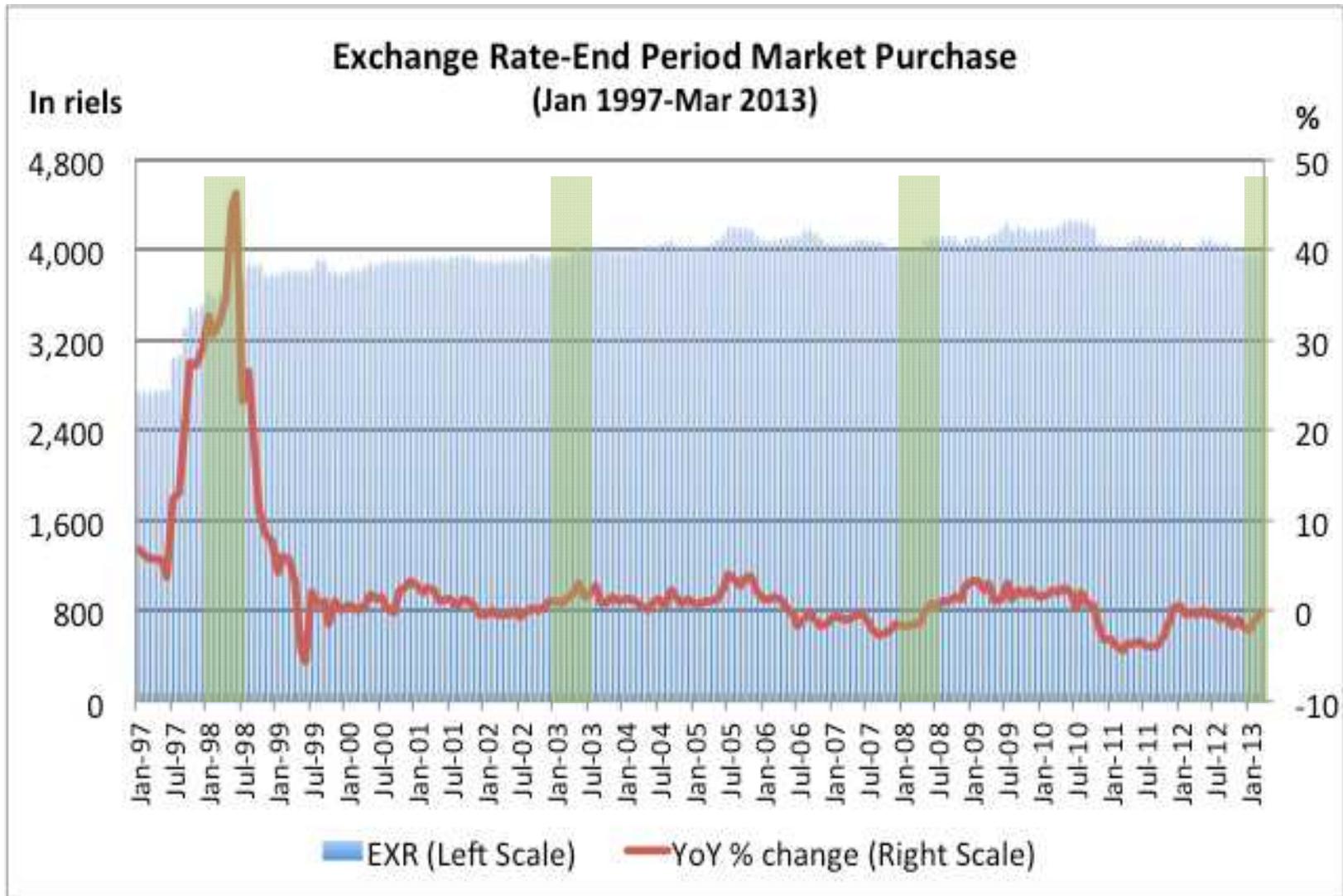
Source: IMF

5.



Source: IMF & the author's calculation

6.



Source: NBC& the author's calculation

Conclusion

- CPP's history & policies influenced voters' decision
- No sufficient evidence on fiscal spending, interest rate, inflation, and EXR
- More evidence on currency in circulation
- Prediction: currency outside banks may increase before reelection
- Prediction: GDP may increase more after election year
- Limitation: less electoral cycles, no breakdown components of fiscal spending, no involvement of trade policy and investment.

Thank you for your attention