



On the Cover:

It's a winning development over two millennia old—transport. As the Romans ably demonstrated, transport infrastructure is the key to economic growth, a lesson Cambodia has been slow to learn. (page 8)

Editorial

Efficient transport is in many ways the lifeblood of modern trade, and railways and roads are often the arteries that carry it. The vast stretches of Asia that are not served by land transport infrastructure are for the most part isolated and underdeveloped. For developing nations, especially least developed countries (LDCs) like Cambodia, the State lacks the money to commit to such huge undertakings. Private sector investment and donor assistance (and sometimes, like in Cambodia, a combination of the two) are the only choices.

Cambodia is in the process of linking its road and rail networks to neighboring countries in an ambitious scheme hoped to provide seamless transport from China all the way to Singapore. But critics are skeptical about the potential of some of the developments, and the old problem of transparency overshadows some private sector investments. In addition, the growing problem of traffic accidents, actually incurring a significant cost to the country, is widely overlooked by developers.

*As ever, ETM welcomes readers' suggestions and comments.
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Unemployed Graduates

Education Doesn't Guarantee Employment

Cambodia's ever-expanding youth is striving to re-invent itself, studying hard to land a job outside of the fields. But even university graduates are finding it tough.

Like in many agrarian economies, the Cambodian growth model has been at least partially based on the increasing population giving a greater supply of labor: Even if output per person remained roughly the same, output would grow. But population growth is a mixed blessing because, while there are more productive hands, there are more mouths to feed, a greater strain on services and infrastructure, and fiercer competition for work. (page 14)



Erick Maskin: Global Markets Fail to Reduce Inequality

The theory of comparative advantage predicts that, with expanding global markets, income inequality in poorer countries should decrease. To date, however, the international record on inequality is at best mixed in the face of recent globalization, according to Professor Eric Stark Maskin.

Maskin, a US economist who was honored the Nobel Prize for Economics in 2007 for having laid the foundation of mechanism theory, which attempts to maximize gains for all parties within markets and which examines whether trading mechanisms are the best ways of allocating resources, was talking at a round table at the Cambodiana Hotel with other senior economists in Cambodia. (page 20)



Losing the Thread

Cambodia's Dying Silk Industry

Cambodian silk, famed for centuries around the world, may have survived countless wars and the ravages of time, only to succumb to the great recession.

"The industry is going to collapse due to the global downturn," said Men Sinoeun, executive director of Artisans' Association of Cambodia. A sharp drop in local and international demand and a decline in tourism has been detrimental for the industry, he claimed. (page 22)



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