



Remarks
by
H.E. CHEA Chanto, Governor of National Bank of Cambodia,
On the occasion of the 30th Anniversary of the Re-establishment of
National Bank of Cambodia

Intercontinental Hotel, 9 October 2009



- Mr. Jean-Daniel Gardère, Former Economic and Trade Advisor to the Embassy of France in Cambodia,
- Excellencies, Lok Chumteav, Neak Oknha, Ladies and Gentlemen,

Today, I am very delighted that the National Bank of Cambodia has the honor to organize the public seminar on “Money and Sovereignty” after celebrating yesterday the 30th Anniversary of the Re-establishment of the National Bank of Cambodia “October 1979–October 2009,” presided over by Samdech Akak Moha Sena Padei Decho HUN SEN, Prime Minister of the Kingdom of Cambodia.

Today’s seminar is a part of the events celebrating the 30th anniversary of the re-establishment of the National Bank of Cambodia and aims to present the evolution of the monetary and financial system development in Cambodia throughout our history. The establishment of the Cambodian banking system during these thirty years has been a story of numerous obstacles. Beginning with empty hands, it took time, resources and great effort to protect, restore, reestablish and develop the Cambodian banking system up until today. The development was performed stage by stage until achieving our present stage of development.

Excellencies, Lok Chumteav, Neak Oknha, Ladies and Gentlemen,

I would like to seize this opportunity to talk about the importance of history and that of money and finance before touching on the background of compiling the monetary documents.

Speaking of history, I am very interested in history, in particular monetary history. Through my research and experiences, I would like to highlight the importance of history and that of the monetary and financial system in Cambodia as follows:

1- Importance of history: History is very important for a nation. I always study and research history in order to understand the meaning of history and all events that have taken place in each era. I consider it a lesson learned in pointing out the direction to perform present tasks. Through my research, I could say that history is a bank of all kinds of experiences, a record of all past events. History can teach us lots of scenes and knowledge, and indicate all kinds of experiences of management and leadership. If we didn't study and research clearly to know ourselves - strengths, weaknesses and gaps - the same mistakes could be repeated. It is what we say in English : "History repeats itself." This is the meaning of studying history; we ought to remember, understand and avoid making the same mistakes.

2- Importance of the monetary and financial system: Jean Meyer said, "History is nothing but financial. The rest tags along, at least most of the time." This means that the development of human society depends on two factors: 1- wars to extend power, to enlarge the territory and population and to lead the country. However, this is only done within each country and does not extend greatly; 2- commercial wars to enlarge the market; it is very extensive, much more than the territory of its country. It could lead a country to be what it is called a "great economic power." The enlargement of the economics of a country is more extensive than its borders and strongly influences society, culture and politics in both its region and the whole world.

Thus, the real factor that brings a country to develop is not war to extend power and to enlarge the territory, but development of trade's activities. The latter stimulates

economic development and enhances the standard of living of the population. The extension of market power via trade makes the world more integrated. In order to facilitate trade, a medium of exchange is needed; it is “*money*.”

This is the role of money in the history of human society. Due to its importance in everyday life, I wished to compile documents on Cambodian monetary history for students, economists and researchers. However, because of the destruction caused by the war in Cambodia, it is technically difficult to do it and to find remaining documents on that matter. It took a very long time to make this wish come true. It went largely unrealized until I met Mr. Michel Dabadie, the IMF’s Expert at the National Bank of Cambodia. Mr. Michel Dabadie introduced me to Mr. Jean-Daniel Gardère, former Economic Advisor to the French Ministry of Economy and Finance in Washington D.C, U.S.A., Former Head of the French Foreign Trade Board, and Former Economic and Trade Advisor to the Embassy of France in Cambodia. I asked him to write a book entitled “*Money and Sovereignty*.” At last, thanks to his efforts, we have the result we wanted. The original book is in French and is now being translated into Khmer and English for the general public who wish to read, study and research Cambodian monetary history.

This book describes the importance of using money in human history. Money develops both economics and society. Money is not only used as medium of exchange, a unit of account and a store of value for the development of economy; it also represents a national identity, sovereignty and economic power of a country. Furthermore, money is also a historical instrument which shows us the evolution of a society, politics and economy of the country that issued it in each era.

For Cambodia, the development of using money came relatively late compared with that of countries in the region and the world. This is due to the fact that our economy is mainly based on agriculture and the Cambodian people have a culture of sharing or exchanging goods without using money as an intermediary, a barter economy in a sense. It wasn’t until the early 16th century, in the Sdech Kon “Preah Srey Chetharaja Metiphadey” era, that Cambodia first issued and put in circulation the Cambodian

currency called “Prak Sleung.” In the era before this, Cambodia used foreign currencies. However, those currencies weren’t generally used for domestic exchange but rather for international trade and as offerings in religious rituals. The fact that Cambodia didn’t extensively use money in the economy led to eventual weakness.

In the era of the French protectorate, the General Governor of Indochina decided to issue banknotes for the three Indochina countries: Cambodia, Laos and Vietnam. All decisions on the management of currency in circulation were made by the French government. Even though Cambodia had a currency already, we had no sovereignty. Money was used by the French as mean to collect taxes from all social classes. After achieving independence from France in 1954, Cambodia established its own central bank and currency. Unfortunately, the Pol Pot regime eliminated the monetary and financial system and brought the national economy down to zero.

Seeing the importance of the role of money in economic and social development after liberation day on 7 January 1979, the People’s Revolutionary Committee, under the direction of Samdech Akak Moha Thoma Pothisal CHEA Sim, Samdech Akak Moha Ponhea Chakrei HENG Samrin and Samdech Akak Moha Sena Padei Decho HUN SEN, reestablished the National Bank of Cambodia and began to issue “Riel” on 20 March 1980 to develop the country and demonstrate to the international scene Cambodian sovereignty.

In the thirty years of development after Pol Pot’s genocidal regime, Cambodia has improved in all political and economic areas; the banking system has also developed remarkably. These achievements were generated by the great efforts of NBC officials at all levels during these thirty years. Taking this opportunity, I would like to express my profound gratitude and strongly express my appreciation for the efforts with high responsibility of all officials of the National Bank of Cambodia who have contributed to the achievements for NBC and the country so far. Their efforts have contributed toward establishing and developing the Cambodian banking system with more confidence from the public, good health and efficiency in line with the Financial Sector Development Strategy 2006-2015 of the Government.

Excellencies, Lok Chumteav, Neak Oknha, Ladies and Gentlemen,

In order to understand the evolution of using money in Cambodia until the creation of national currency and the central bank in each era from Funan up to the present, I would like to invite Mr. Jean-Daniel Gardere to make a presentation. Please!

Thanks