



COOLING US-CAMBODIA RELATIONS: THE INCENTIVIZATION ARGUMENT AND ITS ERRORS

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Recent developments have blown a distinctly chill wind onto once-warming US-Cambodia relations. First came the US' [sanctioning](#) of the Union Development Group under the Global Magnitsky Act last month, followed by the release of new satellite imagery illustrating the [destruction](#) of an American-funded building—which had served as Cambodia's Tactical Headquarters of the National Committee for Maritime Security at Ream—re-igniting the debate over a potential Chinese naval base.

Regarding the relationship's future, one argument remains a staple of nearly all conversations: "Any US action perceived as harmful to the Cambodian government will push Cambodia further into China's arms." This position—let's call it the "Incentivization Argument"—has remarkable staying power. However, it suffers from four distinct problems: (i) it ignores agency on the part of Cambodia; (ii) it is logically flawed; (iii) it is empirically false; and (iv) even if its premises were granted, it is self-defeating in that it facilitates a downward spiral in the relationship. If US-Cambodian relations are to improve, analysts and scholars need to "call time" on the Incentivization Argument and reset dialogue.

As far as agency, the Incentivization Argument assumes that Cambodia has none—the kingdom is caught between two great powers and thus forced to choose between the US and China. This is simply not

the case. Southeast Asian states can (and do) adhere to a "mixed approach"—balancing on some issues, bandwagoning on other topics, and hedging when necessary to avoid "taking sides." The existence of genuine agency on the part of Southeast Asian states is further buttressed by the principle of ASEAN Centrality—re-affirmed last month in the [Chairman's Statement](#) of the 27th ASEAN Regional Forum. The Incentivization Argument implicitly rejects ASEAN Centrality, making action in coordination with other Southeast Asian states within the framework of ASEAN Centrality ultimately impossible and the structure of Sino-American competition entirely determinative to Cambodian foreign policymaking.

Second, the Incentivization Argument makes a classic—and dangerous—analysis error. US Secretary of State Mike Pompeo [noted](#) last week that the US government seeks to institutionalize the informal, minilateral "Quad" grouping (Australia, India, Japan, and the US) to counter Chinese hegemony in the Indo-Pacific. The new Mekong-US partnership [announced](#) last month pledges \$153 million in new funding to Thailand, Myanmar, Cambodia, Vietnam, and Laos for a range of projects. While Defense Secretary Mark Esper, in a recent speech at the RAND Corporation, explored details of significant US fleet expansion to counter China's naval modernization. As US-China competition grows, Washington is responding to the expansion of Chinese hegemony in the Indo-Pacific, and the Greater Mekong Subregion in particular.

However, it is invalid to assume that Washington's actions to stem Chinese influence either require states to choose sides or that US policy countering China's rise is the determining factor in all aspects of its bilateral relationships in Southeast Asia. [Pompeo's statement](#) last year, affirming the American commitment to ASEAN Centrality, further undermines the view that US-Cambodian relations should be viewed entirely through the lens of US-China relations.

Third, if the Incentivization Argument were correct, we should see consistent evidence that Cambodia's ever-closer relationship to China has been entirely driven by American hostility. Such an interpretation

requires a very selective reading of history. Cambodia has some justification to perceive some elements of US policy toward the kingdom as negative, even hostile, considering Washington's regular criticism of the kingdom's human rights and election issues.

However, Cambodia's move towards China has been driven much more strongly by the economics of its relationship with China. Over the last five years, China has become Cambodia's [largest creditor](#), largest investor, and largest provider of aid—the sheer scale of this influx of funds is a much more plausible explanation for Phnom Penh's leaning towards China than the Incentivization Argument. Moreover, US policy toward Cambodia between 1998 and 2017 was anything but negative—Washington provided (and still provides) significant aid and trade benefits through its GSA program. The US [remains](#), by far, the largest market for Cambodia exports. Cambodia's strong move towards China began—and continued—during an overwhelmingly and consistently positive period in its US relationship, due simply to money.

Fourth, even if one ignores the preceding three points, the Incentivization Argument is fundamentally contrary to the kingdom's own interests: it assumes that significant “open space” remains for China to occupy and Cambodia could lean significantly closer to Beijing. Yet for the argument to have its intended effect—minimizing US actions the Cambodian government sees as harmful—it must also assume that Washington perceives “open space” to exist and deepening of Sino-Cambodian relations as a problem that can be resolved or minimized. This reveals a lack of awareness regarding American thinking about the future of US-Cambodian relations.

Discussion of US policy towards Cambodia for the last few years has included several variants of the “Cambodia hawk” view. [This position](#)—presently a minority, but growing—contends that Cambodia has moved permanently into China's orbit and is so dependent on China that Phnom Penh is unable to make any move towards serious strengthening of US ties. Thus, rather than engage with Cambodia, the US should simply cut off the kingdom—making an example of Cambodia to warn other states.

Developments in Cambodia over the last two weeks, unfortunately, will likely give them further ammunition. First, Chinese Foreign Minister Wang Yi flew into Phnom Penh on Sunday for two days of meetings and [to ink](#) a new Cambodia-China Free Trade Agreement (FTA) – further integrating their economies. Earlier this month Prince Bank Chairman Chen Zhi was [given](#) the title of “advisor to the prime minister,” with the rank of minister. Chen, a naturalized Cambodian citizen originally from China, has turned Prince into a fixture of Chinese investment in the kingdom, with the firm viewed by many US analysts as something of a Cambodian branch of the United Front Work Department of the Chinese Communist Party. Chen's appointment is therefore seen, one might even say, as an enormous, five-starred red flag (hard evidence of this allegation, it must be noted, has never been publicly shared; it is discussed here to shed light on American thinking, not to endorse it).

To Cambodia hawks in the United States, Chen's appointment will be further evidence that Cambodia is “already lost.” The Incentivization Argument's warning—“don't push or Phnom Penh will get closer to China”—will increasingly be met with a response of, “There is no space left for China to occupy.” Analysts supporting continued engagement (full disclosure—including this author) will find it harder to defend the pro-engagement position while the Incentivization Argument becomes a self-fulfilling prophecy.

As US-Cambodian relations enter yet another difficult period, the Incentivization Argument finds itself on unstable ground. The relationship risks becoming locked in a downward spiral with Incentivists in Cambodia advocating for and justifying a hard response to American actions without grasping the implications, and Cambodia hawks in the States finding more and more adherents to their position.

It is time for a “reset” in US-Cambodian relations, recognizing that the explanation for Cambodia's move towards China is not monocausal, i.e., not entirely or even predominantly determined by US policy; while at the same time recognizing that Phnom Penh has genuine concerns as to US intentions. The

relationship continues to suffer from a fundamental absence of trust. Recognizing this and establishing a new framework for dialogue and a clear set of confidence-building measures are needed to maintain and improve the relationship.

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