

military strength and because of the constitutional requirement for two-thirds majorities for various actions taken by the 120-seat National Assembly, a coalition became necessary. This led to the creation of a dual leadership in which Ranariddh gained the position of First Prime Minister and Hun Sen, Second Prime Minister. In each ministry, the pattern of dual allocation of positions was repeated.

Awkward as this arrangement was, it managed to function until the beginning of 1997. An annual average growth rate of 6% improved incomes, inflation was controlled and investor confidence grew. A free-market economy was emerging.

However, by early 1997, the cleavage between the two main parties was such that business could no longer be conducted in the National Assembly. Violence erupted: on March 30, a grenade was thrown into a crowd of supporters of Sam Rainsy, the leader of the Khmer Nation Party (KNP), killing 19. By June, both main parties were preparing for open conflict. On July 5, fighting broke out in Phnom Penh, resulting in the rout of FUNCINPEC forces in the city. Looting followed.

The fighting led 20 MPs from FUNCINPEC and allied parties to flee (Ranariddh had left on July 4), mainly to Thailand where they formed the Union of Cambodia Democrats (UCD). In Cambodia, CPP manoeuvred to replace those who had fled with members of FUNCINPEC and other parties who had stayed behind (eg, the new First Prime Minister Ung Huot).

Beginning in late July, Ranariddh's forces, in alliance with the Khmer Rouge, began to wage a small-scale war on the northwest Thai border with the forces loyal to Hun Sen (the Royal Cambodian Armed Forces - RCAF).

As documented by the UN Centre for Human Rights in Cambodia (UNCHR), the July events resulted in at least 41 extra-judicial killings (ie, deaths not the result of actual combat), including that of one Canadian. Neither these killings nor the March grenade attack resulted in any prosecutions, despite promises made by Hun Sen to undertake action, and despite a November UN General Assembly (UNGA) Resolution on Cambodia that noted the need to address the issue of impunity in order to create an atmosphere conducive to free and fair elections.

The July events renewed Cambodia's isolation: ASEAN, meeting at the time of the fighting, deferred Cambodia's membership. Except for humanitarian aid and some help to non-governmental organizations (ngos), the US cut bilateral assistance, as did the IMF (in September, on the grounds that large amounts of revenue from logging that were not reaching the government). The World Bank maintains humanitarian aid, but froze new programs until the IMF resumes lending. Japan, the largest bilateral donor, stopped new bilateral assistance. Cambodia's UN seat was left vacant. Although now reviving somewhat, tourist visits plunged by at least half