

# Can East Timor Beat The Odds Against It?

by Gail G. Billington

It is hard to imagine a more difficult context than today's global pre-occupation with the G.W. Bush Administration's campaign against terrorism, and the evidence of the impending collapse of the post-Bretton Woods U.S. dollar-based monetary system, for a new nation to come into being. But at the stroke of midnight on May 20, United Nations Secretary General Kofi Annan transferred authority over East Timor to Francisco Guterres, Speaker of the Parliament of the Democratic Republic of East Timor, or Timor Loro'Sae, at a site named Taci Tolu.

The first President, a poet and former leader of the Cold War-era radical leftist guerrilla army, the Front for the Liberation of East Timor (Fretelin), is still best known by his *nom de guerre*, Jose Alexandre "Xanana" Gusmao. President Gusmao administered the oath of office to his Prime Minister Mari Alkatiri, former Secretary General of Fretelin, and a 24-member cabinet, with representatives of 92 nations watching, including former U.S. President William J. Clinton, Prime Minister John Howard of Australia, and President Megawati Sukarnoputri of Indonesia.

The inauguration of President Gusmao and his cabinet ends the 33-month rule by the UN since the August 1999 "consultation" (a referendum on the status of East Timor). It legally ends some 450 years of Portuguese colonial rule, and 24 years as a Province of Indonesia, from 1975-99. Indonesia retains the western half of the island it now shares with independent East Timor.

## Brother People to Indonesia

Many of the Western powers which brought about the separation of East Timor from Indonesia were motivated, not by good-will for the East Timorese, but by the intention to split up Indonesia (as part of the speculative assault on the Asian economies generally between 1997 and 1999), and to create a permanent nexus of instability. In a statement released during the U.S. Presidential campaign of 2000, Democratic candidate Lyndon LaRouche warned against "this ill-conceived, hypocritical East Timor caper of the UNO." He pointed out that events in Timor since 1975, had reflected a continuing operation by former colonial powers Britain, the Netherlands, and Portugal, and that the British monarchy and its colonial allies planned a major oil-and-gas theft by London-based petroleum interests, while at-

tempting to break up Indonesia into helpless, looted micro-states.

The challenge ahead for East Timor is daunting. Perhaps its greatest resource is the intention expressed by President Gusmao in his inaugural address: to seek reconciliation, cooperation, mutual respect, and forgiveness. He delivered the speech in English, Portuguese, and Bahasa Indonesian, extending special gratitude to Secretary General Annan, and to "the courage of [former Indonesian] President B.J. Habibie, the efforts of Australian Prime Minister John Howard, and the decisiveness of President Clinton," and former colonial power Portugal for its support of independence. For better or for worse, each of these played a unique role.

The most spontaneous and sustained applause broke out when Gusmao and Indonesia's President Megawati Sukarnoputri came on stage, clasped hands raised, and Gusmao said, "We warmly welcome your presence here among us, not only in your capacity as head of state of the brotherly and neighboring country with which we share common borders, but also as a symbol of the democratic yearnings of the brotherly people of Indonesia. The Indonesian people and the Timorese people have endured 24 years of difficult relations. Today we all agree that the strains in our dealings were the result of an historical mistake, which now belongs to history and to the past. And this past . . . should not continue to stain our spirits or to hamper our attitudes and conduct. Together, Mrs. President, the two peoples should contribute to the construction of a better world."

To his constituents, Gusmao pledged: "Today you are witness of the resolve to build a democratic foundation of development for the entire Timorese society and . . . to the hope for the future based on the active and permanent struggle against poverty in all its forms. Today, with humility, and before the international community, we take upon ourselves the obligations towards our people. . . . Today we are a people standing on equal footing with all other people in the world. To the international solidarity, we extend a profound word of thanks from our people. We continue to count on you, to receive other forms of support, geared towards alleviating the hardships of our most needy populations and to the strengthening of the ties of friendship among people. Our independence will have no value if all the people in East Timor continue to live in poverty and continue to suffer all kinds of difficulties. We gain our independence to improve our lives."

## Living Up to Promises

East Timor starts out as one of the poorest nations in the world, and perhaps the poorest in Asia. The population of between 740-830,000 occupies an area of 14,874 square miles. Major "industries" include coffee, logging, fisheries, spices, and coconuts. Agriculture accounts for 25% of total economic output and 75% of employment. Annual estimated per-capita income is \$263-431; one out of three households

lives below the poverty line; life expectancy for women is 50 years, 49 for men; and infant mortality is 135 per 1,000 live births. An estimated 60% of the population are illiterate. At least three languages are in common use among the 90% Catholic population: Portuguese by the older generation, Bahasa Indonesian by children educated during the 24 years of Indonesia's governance, and the local dialect, Tetum, which pre-dates the other two.

Since the "consultation" of August 1999, UN rule has introduced further distortions into the local dollar-dominated economy, which recorded an 18% leap in GDP in 2001. The UN is the leading employer of East Timor! But unemployment runs as high as 90% in "urban" areas, such as the capital, Dili, and Baucau. Dili is still building out from under the widespread destruction of infrastructure that occurred in the violence that erupted after the August 1999 consultation, while around 200,000 refugees, who sought refuge in West Timor in 1999, have been repatriated, with perhaps another 60,000 still to return.

With the new government sworn in, the UN has begun to scale down its functions. As of January 2002, the UN-East Timorese civil service was reported to have shed 75% of its international staff, taking a nasty chunk out of the local service economy.

The job of running the country will largely fall to Prime Minister Alkatiri, former Secretary General of the Fretelin party and the son of Yemeni immigrants, a practicing Muslim whose brother leads the Dili Muslim community. The constitution adopted by the 88-member national assembly does not invest the President with executive power. Next to Alkatiri, Foreign Minister and Nobel Peace Laureate Jose Ramos Horta and Finance Minister Fernanda Borges will have the most clout. Numerous reports point to frictions within the new administration, including widespread reports that President Gusmao has dissociated himself from Fretelin, and that he supports amnesty for those accused of post-consultation violence.

The UN force in East Timor, at about 9,000, will be reduced to around 5,000, while a 1,000-strong UN police force will remain until the newly formed East Timor Police Service is fully operational. That police force, as well as the East Timor Defense Force, have largely been recruited from the ranks of the political (Fretelin) and military (Falintil) wings of the former guerrilla movement. A senior Indian diplomat, Kamallesh Sharma, has been appointed to head the smaller UN operation, whose focus is to provide expertise.

Annan recommends the UN military contingent be cut from 6,000 to 3,870 by November 2002; to 2,780 by June 2003; and to 1,750 by November 2003; with final withdrawal in 2004, at the end of the UN's remaining two-year mandate.

In the last eight months, the Timorese have drafted their own National Development Plan, in a process that included consultation with over 40,000 citizens, 10% of the adult population. A shortened version of the plan, "Our Nation, Our

Future," has been made available to every household. It outlines the plan, goals, and strategies for the first five years within a 20-year development perspective.

Whether East Timor survives as a nation, however, will depend more on developments outside the boundaries of the tiny nation itself. Rather than the source of instability referenced by LaRouche, East Timor could become a new paradigm of Asian development.

Within Australia, there are minority factions, including the Citizens Electoral Council, the co-thinkers of LaRouche, who propose linking the industrialized South of Australia with Asia, via high-speed rail connections to Darwin, the port city in the North, only 90 miles across the Timor Sea from East Timor. From there, with the necessary development of high-speed catamarans and other forms of modern shipping technology, East Timor would sit upon the crossroad of an extended north-south, rail-sea Asian Road, linking up with the multi-branched Eurasian Land-Bridge transport corridors running from the Atlantic to the Pacific. It is with this vision of the future that President Gusmao's dedication to peaceful cooperation and mutual forgiveness with Indonesia is crucial.

The new administration has set up an independent Commission for Reception, Truth, and Reconciliation, in an attempt to establish the truth of what happened during the 24 years since Indonesia intervened in 1975, when the Portuguese colonial administration simply abandoned its colony. The aim of the commission is to reintegrate and reconcile the island as a whole.

### **A Distant Pot of Gold?**

The Asian Development Bank predicts economic growth in East Timor will slow to zero this year, as the initial burst of foreign aid tapers off and money is tracked into grassroots development projects. International donors pledged \$360 million over the next three years in May, plus \$81 million in the Trust Fund for East Timor, after which royalties from oil and gas fields in the Timor Sea are expected to begin.

On Inauguration Day, Prime Minister Alkatiri signed a treaty with Australia over future revenues from oil and gas fields in the Timor Sea. Revenues are not expected until gas from Bayu-Undan, the first of two offshore fields, begins shipment to Japan in 2006. East Timor could receive revenues of \$180 million per year. Development of a second field, Greater Sunrise, reported to have 9 trillion cubic feet of natural gas, could vastly raise revenue. Under the terms of the new Timor Gap treaty, East Timor stands to receive 90% of total proceeds, worth \$6 billion over the next 20 years. However, East Timor has already raised the issue of redrawing the maritime boundaries with Australia, which could give the new nation control of the entire field. Australia is resisting, and claims by Indonesia could also arise. Moreover, this national income will not provide jobs and necessary skills, as Australia will control the downstream processing of the resources, since Timor lacks production capacity.