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## New president, old friends?

**Whether the outpouring of anger that swept Indonesia in May hastens moves over East Timor, one thing is certain: western governments will find it increasingly embarrassing to prop up any regime in Jakarta that so clearly defies the popular will.**

Indonesia's president Suharto finally stepped down on 21 May, leaving the presidency to his deputy, Jusuf Habibie, in response to the riots which had brought students and workers onto the streets. Over 500 had died in a matter of days. Habibie faces a difficult transition, distrusted both by the democracy movement and the military. An election has been promised for 1999, but this is unlikely to satisfy his opponents, who are keen to keep up the momentum of democratic reform. With the release of two prominent dissidents, Sri Bintang Pamungkas and Mochtar Pakpahan, Western governments, led by Portugal, and backed by Australia, the US and Britain, have called for the release of Xanana Gusmão. The West had worked hard to shore up Suharto, protecting Western financial institutions and investors who have much to lose if the Indonesian economy collapses. This translated not only into the IMF rescue package, but soft-peddling on human rights and democracy issues — compromising UK government claims to an ethical foreign policy. As Andrew Rawnsley put it in *The Observer* newspaper, in Indonesia Robin Cook's ethics were 'dying on the streets'.

### Missed opportunities

In April Indonesia twice escaped censure by Western powers — first at the Asia-Europe Meeting (ASEM II) in London and then at the United Nations Commission on Human Rights in Geneva. Western governments might have

hoped that the Indonesian military would manage a smooth succession so that business could return to normal. But they should ask whether and for how long the Indonesian people would settle for another Suharto. The people's protest, although directed at Suharto and the corruption of his family and friends, is not just about him. It is a call for a more democratic and open society. The military has devoted itself to the defence of the corrupt, and is itself tainted.

José Ramos-Horta, representing the East Timorese resistance in exile, was cautiously hopeful about the impact on East Timor: 'The Indonesian students have shown the courage and moral force to tell Suharto and the international community that the Indonesian people have suffered enough. They have proved to be at the front of the Indonesian democracy movement and, as such, I believe they will embrace the East Timorese struggle for self-determination.'

### ASEM II

Although under no public pressure to support Asian countries, the European Union (EU) has been fully supportive of the IMF approach in Indonesia, reflecting the extent to which European financial institutions need the Indonesian markets. The Asia-Europe Meeting (ASEM II), in London on 3-4 April, was dominated by the Asian financial crisis. Prominent Asian leaders, such as Jiang Zemin of China, Fidel Ramos of the Philippines and Suharto of Indonesia, stayed away and the event itself received relatively little media attention.

Non-governmental organisations (NGOs) came together for two days prior to the official summit. The Asia Europe People's Forum gained little access to government leaders and its demands for a people-centred economic strategy for Asia-Europe relations — including increased access, accountability, consultation and participation, plus a broader ASEM agenda including governance, environmental and human rights issues — struggled to be heard as the inter-governmental conference confined itself to economics and the financial crisis. UK prime minister Tony Blair stated that Europe would not be a fair-weather friend, and would assist its Asian

partners in their time of need — comforting words for Indonesia's then vice-president, Habibie, attending his first ASEM summit.

Human rights issues were raised at two events staged by solidarity groups and people's organisations. The Alternative State Reception, organised by the Free Tibet Campaign, the Burma Action Group and the British Coalition for East Timor, attracted more than 400 human rights, democracy and environmental activists from Asia and Europe who heard pre-recorded messages from Daw Aung San Suu Kyi, of the Burmese National League for Democracy, and the Dalai Lama. José Ramos-Horta assured European and other western leaders that the East Timorese people would survive, just as they had survived when Henry Kissinger, Ronald Reagan, Margaret Thatcher and others had presided over world affairs.

Some 2,000 people demonstrated on 4 April outside the inter-governmental conference and in Trafalgar Square. Unfortunately, the main

### Summary

A Special Supplement in this month's *Timor Link* asks what the economy of an independent East Timor might look like — a simple enough question, but one rarely asked. If East Timor were to become independent tomorrow, its new government would face an enormous task of rebuilding and developing an economy virtually from scratch. A Timorese economist outlines the current state of the country's industrial and agricultural sectors and floats some proposals for their revival. From a distance, the fires on the streets of Jakarta might have cast a hopeful light on the struggle for self-determination for East Timor. But immediate concerns within the territory are about food and the behaviour of an increasingly disgruntled army. An insider describes the new tensions brought by the Indonesian crisis. We also pay tribute to Konis Santana, leader of the resistance in East Timor, who died in April; and we review a new publication that compares the struggles of East Timor and West Papua.

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message from the British government — that economic concerns hold sway over social issues — must have given the Indonesian government confidence as it went to the 54th session of the United Nations Commission on Human Rights (UNCHR 54).

**UNCHR**

In April 1997 the UN passed a strong resolution on Indonesia's activities in East Timor, co-sponsored by the EU under the Dutch presidency. In the months that followed, however, the human rights situation in East Timor deteriorated. Graffiti left on bodies referring to the Nobel peace prize and the visit of UN special representative, Jamsheed Marker, implied that human rights abuses were committed against East Timorese civilians by the Indonesian army in direct response to the UN censure. In the meantime, the Indonesian authorities entirely ignored the resolution's clauses.

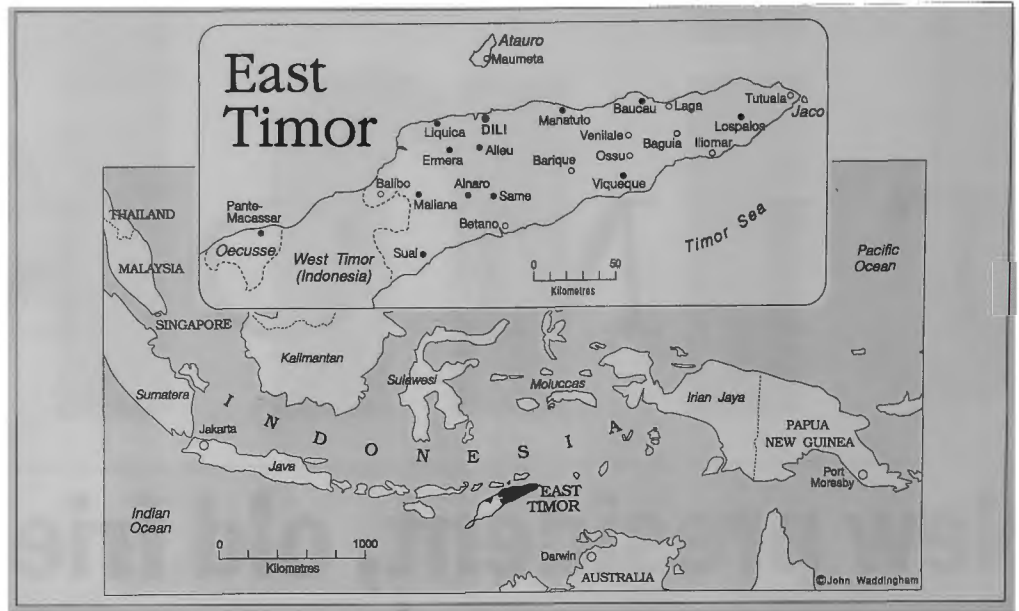
Human rights organisations such as Amnesty International and the East Timor Human Rights Centre in Melbourne, as well as networks such as the Christian Consultation on East Timor (CCET), had been lobbying governments for a 1998 resolution on East Timor of at least equal strength to last year's. At a foreign office briefing in January this year non-governmental organisations received assurances that during its presidency of the EU the British government would co-sponsor a resolution broadly the same as the one passed last year.

The CCET still sent a representative to the UNCHR in Geneva to drum up support for the draft resolution, and meetings with the British delegation drew further assurances that officials would be lobbying for the resolution. By the fourth week of the commission it was clear that 27 governments were prepared to vote in favour, more than voted for the resolution a year ago. The East Timorese resistance was greatly encouraged.

**Betrayed**

However, it emerged in the week leading up to the vote that the British had been negotiating with the Indonesian government for a weak 'chairman's statement' in place of a full resolution. The resolution sank without trace and the consensus statement merely mentioned a possible visit by the UN working group on arbitrary detentions sometime before the next UNCHR.

The East Timorese felt cruelly betrayed. Again their plight appeared to be of no concern to western governments. Again the Indonesian regime was allowed to ignore human rights. The people of East Timor, and civil groups abroad, who sought to increase Britain's international integrity, deserve an explanation.



**EAST TIMOR: Time for change**

Timor, area 7,400 square miles, is one of the easternmost islands of the Indonesian archipelago and lies 300 miles north of Australia, its nearest neighbour. The western part of the island, formerly a Dutch colony, belongs to Indonesia, whereas East Timor was for more than 400 years a Portuguese colony.

In 1974 Portugal began decolonising East Timor. Newly formed political parties discussed options for the future. The Timorese Democratic Union (UDT) initially favoured federation with Portugal but then formed a coalition with Fretilin, the nationalist liberation movement, to demand independence. A small third party, Apodeti, was used as a vehicle for Indonesian propaganda in favour of integration.

On 11 August 1975 the UDT staged a coup to pre-empt Indonesian threats to intervene if Fretilin came to power. In the ensuing civil war 1,500 people lost their lives. By September 1975, however, Fretilin was in control of virtually all of Portuguese Timor, following the defection of Timorese colonial troops to the liberation movement's side.

Indonesia, like the United States, was worried by the proximity of an independent state with radical policies and continued to threaten East Timor, despite previous assurances that Jakarta would respect the right of the East Timorese to independence. In September 1975 Indonesia closed West Timor to journalists and on 7 December it launched a full-scale invasion of East Timor with the knowledge of the United States and the encouragement of Australia. After a fraudulent 'act of self-determination' in May 1976, East Timor was declared to be Indonesia's '27th Province' in July 1976. The United Nations regards the annexation as illegal.

The invasion and annexation of East Timor has been brutal: up to 200,000 people, a third of the population, have died as a result of Indonesian rule. But the majority of Timorese have not accepted subjugation: Indonesia has

been unable to eliminate the desire of the East Timorese for self-determination and an armed resistance movement still remains in the hills.

Although the invasion has been condemned by successive UN resolutions, the international community has done little or nothing to implement them, given the major economic and geopolitical interests of the United States, Japan and particularly Australia in the region. Indonesia's crucial strategic location and regional status – it has the world's fifth largest population, and large reserves of oil and other natural resources – have all encouraged the world to downplay East Timor's agony.

In recent years, however, several events have combined to break East Timor's isolation and bring its continued occupation to international attention. In 1989 the Pope visited the territory and in 1991 the planned visit of a parliamentary delegation from Portugal, still considered the administering authority of East Timor by the UN, created huge expectations of change. To great disappointment in East Timor, the delegation was forced in October 1991 to call off its visit.

On 12 November 1991 Indonesian troops shot and killed up to 300 East Timorese civilians during a funeral procession held at the Santa Cruz cemetery in Dili, the East Timorese capital, for a victim of repression. Witnessed by foreign journalists, the Santa Cruz massacre provided indisputable evidence of Indonesian atrocities.

The Santa Cruz massacre has forced governments around the world to criticise Indonesia's brutality, injecting new impetus into diplomatic efforts to bring about a solution to East Timor's suffering. Since 1983 the UN secretary-general has been entrusted with the achievement of a settlement to the dispute; and with the post-Cold War era providing a new international climate for negotiations, Indonesia faces increased pressure to reach a solution with Portugal and the East Timorese under the auspices of the UN.



# East Timor: Prospects for an independent economy



**The transition from being a ‘province’ of Indonesia to being an independent state would pose enormous challenges for East Timor. Apart from questions over a constitution, a bill of rights and the structure of a new government, the country would have to choose an appropriate macro-economic model. All sectors would face the same basic questions: how to pursue development while ensuring the economy grows rapidly enough to provide job opportunities and generate incomes; how to achieve long-term growth and promote social welfare. Does East Timor need to be ‘part of the rupiah zone’ as argued by Dalrymple (1995) and Soesastro (1991)? Or should it remain an agrarian society on a subsistence model for the foreseeable future? Or can East Timor simply take the Indonesian model of development, *pembangunan*, as a guide?**

**This discussion paper outlines the economic challenges facing East Timor and attempts to deal with some of these questions. The author, a Timorese economist who for security reasons remains anonymous, proposes a phased export-oriented model of development as the best route for East Timor in the long run. *Timor Link* is publishing the paper as a special supplement in an effort to stimulate a debate that urgently needs to happen, and we invite readers to respond.**

The views contained here do not necessarily reflect those of *Timor Link*’s editors.

## 1. INTRODUCTION

Small economies in east Asia and the Pacific have demonstrated that growth is possible even in difficult situations. Singapore is one example. In 1965, after leaving the Malaysian Federation, the Singapore government decided to transform its impoverished, tiny territory and move rapidly to an export-oriented industrialisation strategy. Since 1987 Singapore has been a regional service centre characterised by high-tech industrialisation (Castells 1992:35-7). The economy of post-war Taiwan also prospered when the country turned to market liberalisation (Cheng and Hsiung 1991:233-66), and South Korea made a major transition in the 1960s, transforming capital into industry, expanding capital, and creating conditions for capital accumulation (Woo 1991:115-6; Hamilton 1983:53). Hong Kong also rapidly attained export capability, building its economy on entrepot trade

(acting as a point of transshipment) and low-wage manufacturing. In these newly-industrialised countries (NICs), the state — usually highly coercive, relatively independent from certain social sectors, and capable of restructuring society and directing the market (Woo 1991: 2ff) — has played a leading role in industrialising the economies.

The small states of western Europe, on the other hand, grew by exploiting niches. Norway developed a shipping industry, Switzerland established a high-tech industry and financial services, and Sweden and Finland expanded their highly skilled, high-tech manufacturing industries (Shapiro and Taylor 1990: 970).

In the Pacific, Fiji embarked on a market-oriented economy which grew and diversified after the 1987 coups (Elek et al 1993), based mainly on agro-industry (sugar), tourism and light manufacturing (the garment trade).

Tonga and Western Samoa, on the other hand, pursued a subsistence model, relying on agricultural products such as cocoa, copra, vanilla and vegetables.

In the short term, East Timor cannot be expected to emulate the export performance of the NICs or the small states of Western Europe because of its low skills level, small domestic markets and shortage of capital resources — characteristics of underdeveloped small states. However, governments in small states have managed to develop niche industries and attract foreign capital.

East Timor has to build up a minimum threshold of foreign exchange reserves or per capita export earnings for the country to survive beyond modest horizons, respond to changes in the global market and sustain economic growth. According to Myint (1984:222) 'countries that expanded their exports have also tended to enjoy rapid economic development, and significant correlations have been found between the growth of exports and the growth of national income among the underdeveloped countries'.

In the long run, East Timor must pursue a phased, export-oriented model for its economy. Although this might seem unlikely for such an underdeveloped country whose people have depended on subsistence agriculture, reforms implemented over 20 to 30 years could see East Timor's economy develop on an export-led model based on manufacturing and industry.

Before this is possible, however, a surplus must be created from East Timor's primary products and structural changes must take place so the Timorese can market this surplus. In the short term, restructuring and expanding the agricultural sector should be the priority. This requires land reform and expanding cash and food crop production. These changes will increase exports from the agricultural sector, opening the country up to global markets, expanding foreign exchange earnings and creating job opportunities. In the medium term, East Timor will also have to develop its manufacturing and industrial base, which will take longer because of its small population (the population is expected to be around 2.5 million in 30 years' time).

The economy will grow more rapidly if oil and gas revenues are forthcoming. Higher growth rates will depend on more foreign capital, and investment in human resources, and in the medium term there will be some imbalance between domestic savings and investment as the government is forced to play an active role in transforming and restructuring the economy.

## 2. PEMBANGUNAN — SUCCESSES AND FAILURES

From the mid to late 1970s the government of Indonesia introduced its unique model of economic development, called *pembangunan*, to bring 'civilization' and 'progress' to East Timor. In its attempt to overcome poverty, illiteracy and backwardness, a legacy of Portuguese colonialism, the government pursued rapid economic growth.

*Pembangunan* was carried out in four distinct phases:

1) Rehabilitation (1976-77) — involved massive political

indoctrination and security operations; and Bahasa Indonesia, the Indonesian language, was introduced to accelerate integration.

- 2) Consolidation (1977-78) — thousands of Timorese were resettled in concentration camps; as a consequence crop production and livestock farming declined.
- 3) Stabilisation (1978-79) — there were massive military operations; approximately 200,000 civilians lost their lives in concentration camps from mass killings, widespread famine and contagious diseases.
- 4) Short-term development (1979-84) — new roads were constructed to aid military operations, and schools were built so people would learn Indonesian language, history, culture and ideology.

Since then East Timor has had three five-year plans, beginning in 1984, 1989 and 1994.

Between 1976 and 1996 approximately US\$2.5 billion poured into East Timor to carry out this 'civilising mission'. The Indonesian government cultivated a picture of a country, once suffering from neglect under Portuguese rule but now enjoying the benefits of high investment. According to Indonesian statistics the results are impressive: the economic growth rate was, on average, 8 per cent a year between 1980 and 1992; gross domestic product (GDP) per capita increased from US\$60 in 1975 to US\$80 in 1991, growing at an average rate of 4.5 per cent a year between 1980 and 1990; some 1,400 kilometres of new roads were constructed, giving the country a total of 3,795 kilometres of roads, linking all districts and sub-districts with the capital city; 579 primary schools were built, 71 high schools, one new polytechnic, one university, and several health centres (Bappeda dan Statistik 1991; 1992; Soesastro 1991; Saldanha 1995).

However, economic development has been accompanied by many problems, ranging from environmental degradation as a result of deforestation to help military surveillance of Timorese guerrillas, to monopoly ownership of former Portuguese coffee plantations, to massive migration of the people into the countryside. East Timor has been so dependent on Jakarta's financial resources and expertise that all key financial and policy decisions have been made by administrative institutions in Jakarta. This has led to dependence on Jakarta's subsidies and has concentrated power at the 'provincial' level. Under *pembangunan* the government provides the goods and believes it knows what is best for the region's future. Programmes are imposed regardless of local needs, often generating extra income for contractors and government officials. Local people scarcely participate in development decisions, despite claims by the authorities that there is a grassroots approach. Today local people occupy most of the clerical and junior posts, and Indonesian migrants control key positions in the administration and the economy.

Capital resources are concentrated on developing the physical infrastructure of urban centres — schools, hospitals, water supplies and communications. These are capital intensive projects which are expensive to maintain and add little to regional income. More than 30 per cent of the total development budget has been allocated to construction, transport and communication, yet these sectors absorbed only 1.7 per cent of the labour force in

1992 (Bappeda 1993). Despite the dramatic increase in the number of schools, the overall quality of education in East Timor remains low because facilities such as laboratories and libraries are inadequate, and there are not enough qualified teachers. Political re-education sessions are conducted in all these schools, in which the Timorese are taught reverence for the national leadership — loyalty to the regime in Jakarta. There is a shortage of skilled personnel to meet economic needs.

The economy of East Timor resembles the economies of most small islands that have gained independence from colonial rule. Agriculture accounts for nearly 40 per cent of GDP, government and defence for 20 per cent, construction 18 per cent and trade 10 per cent. East Timor's once vibrant tourist industry has collapsed and there is no industrial production. From 1983 to 1996 industry accounted for less than 2 per cent of GDP. Exports represent only 6 per cent of GDP and constitute less than 3 per cent of the total budget. Coffee, East Timor's most reliable export commodity, was, until recently, under the control of a military-backed company, PT Denok Hernandez Indonesia, but now big coffee plantations left by the Portuguese-owned Sociedade Agricola Patria e Trabalho (SAPT), and the small plantations owned by small and medium farmers, have been monopolised by Suharto's cronies, under different company names. With the exception of the *fazenda* coffee plantation belonging to Mario Carrascalao, the Indonesian-appointed governor, none of the small plantations have been returned to their owners.

There is also monopoly control of street commerce. Recent studies (Mubyarto et al 1990; Saldanha 1995) show that more than 90 per cent of street commerce, and almost 80 per cent of large- and medium-sized businesses are in the hands of Indonesian migrants. Given the lack of entrepreneurial and managerial skills among Timorese-owned companies, it is not surprising that government projects allocated to them are subcontracted to companies owned by Indonesian migrants.

As a result, many East Timorese live in deep poverty. In the early 1990s, nearly 53 per cent of children under the age of five were malnourished and 10 per cent of adults suffered from iron-deficiency anaemia, resulting in a lack of energy and stamina and weakened resistance to disease among adults, and retarded growth among children. The 1996 *World Population Report* by the United Nations Population Fund showed that East Timor had the worst infant mortality rate among the world's 30 least developed countries and territories, at 135 per 1,000 births (compared with 13 per 1,000 births in 1953, which was below average for an underdeveloped territory) (Felgas 1956:192). And this despite an increase in the number of doctors and health facilities. East Timor also had the lowest life expectancy among those same countries (48.4 for women and 46.7 for men), while adult illiteracy remains high at 60 per cent. In terms of per capita income, health, education, access to water, and poor housing, 48 per cent of Timorese still lived below the poverty line in 1993, and 71 per cent of villages were classified as impoverished (*desa tertinggal* in Indonesian) according to standards used by Indonesia's National Planning Bureau (BAPPENAS).

The systematic destruction of forests has been one of the biggest impediments to social and economic development in East Timor. Deforestation has accelerated

erosion, causing landslides and impoverishing soils, thereby reducing the capacity of the land to support human life in the near future. No reforestation has taken place in the affected areas.

### **3. A PHASED EXPORT-ORIENTED ECONOMY AND THE ROLE OF THE STATE**

The macro-economic policies which were so important in the NICs cannot simply be applied to East Timor for two reasons. First, *pembangunan* has unbalanced the economy of East Timor and this will have a strong bearing on the transition process. Second, East Timor has neither a qualified labour force, nor an entrepreneurial class, and the economy has not been exposed to an industrial culture. This will increase the amount of investment needed in the short term and limit private consumption.

But this does not mean East Timor should simply opt for a food self-sufficiency model of economic development, such as those adopted by Tonga and Western Samoa. An attempt at food self-sufficiency, as suggested by both Soesastro (1991) and Saldanha (1995), might see East Timor begging its neighbours for food supplies if its domestic harvest fails. Alternatively, if international commodity prices remain low, the self-sufficiency route might lead to low productivity, which will prevent farmers purchasing the manufactured goods necessary for agricultural output or private use. Therefore, agricultural output must be increased in order to meet domestic food requirements, and agriculture must be developed to provide the surplus necessary to speed growth.

At independence, most East Timorese farmers are likely to demand new plantation technologies, and meeting this need will require a substantial increase in land and scientific input. The role of the state will be crucial in promoting agricultural output, by maintaining and revitalising high value-added products, and expanding the actual production capacity. Smallholders, once confined to their own subsistence crops, will have to become part of the global commercial agricultural markets. In other words, East Timor will have to concentrate on exporting those agricultural products which give it, or will give it, a comparative advantage, and gradually move away from subsistence production by developing and diversifying its products.

#### **A. Priority one: Land reform and agricultural expansion**

##### **1. Land reform**

Before the Indonesian invasion there was no land ownership in East Timor. Every household (normally five or six people) was allowed to cultivate a piece of land (three hectares at most) for its own needs within an area which remained part of the village's dominion. The *liurai* (the traditional ruler of the area) had to give permission before the land could be cultivated. In return, every cultivator had to pay a *rai teen* (some 10 per cent of production) and provide services to the *liurai*. The *liurai's*

home farm operated with labour provided by the cultivators. The majority of the population had to work hard for their subsistence, and sometimes produced enough to take surplus produce to the markets in surrounding areas. This practice allowed the cultivators to stay on the land for many years.

When the Portuguese colonisers arrived they established plantations, mainly of coffee, rubber, cashew and cocoa. Coffee was the most profitable commodity. Until the late 1960s, 40 per cent of coffee was produced by SAPT, 10 per cent by 'landowners' (the *mestiços*, Europeans, literate Timorese or the *liurais*), and 50 per cent by smallholders (Thomaz 1994:677).

However, this practice changed with the Indonesian resettlement scheme, which uprooted the majority of the Timorese from their *knua* (traditional villages) and *to'os* (gardens) with adverse consequences for agricultural production, but favourable ones for the new owners of large holdings. The resettled Timorese were moved to fragile environments on the north coast where each household tilled a small piece of land in the backyard of a small house built by the military and the local government. These households cannot produce enough food even to be self sufficient. Meanwhile, the social cohesion of the villages has been broken, leading to land disputes and uncertainty about land 'ownership'. Productivity is so low that most surplus is consumed rather than marketed. It is difficult, therefore, for anyone to accumulate capital.

If agriculture is to be revitalised and expanded for commercial purposes the population must be allowed to return to their *knua* and *to'os*. It is imperative that each farming family can at least feed themselves and provide some cash crops or crafts so they can purchase consumer items. This could be achieved if there were sufficient land and certainty about land rights. Land reform is crucial if agriculture is to help remove the 'landlords' and create a significant number of owner-cultivators — the basis for commercial farming and greater equality. This must be a political and economic strategy. Land reform can lead to sustainable long-term economic growth and increase the efficiency of the agricultural sector. For example, Japan, Korea and Taiwan all implemented extensive land reforms before they embarked on industrialisation (World Bank 1993:159).

## 2. Agricultural expansion

But land reform alone cannot guarantee an increase in agricultural production great enough to generate income, unless farmers are willing and able to produce enough food crops to sustain themselves and expand their production of cash crops to create a surplus.

### A. Cash crops

The contribution of cash crops to economic growth is summarised in an article by Maxwell and Fernando (1989) who argue that cash crops can increase households' and countries' incomes by exploiting their comparative advantage. This maximises surpluses and attracts the foreign investment needed by small countries to accelerate growth.

This paper does not discuss all of East Timor's primary products but it is worth mentioning coffee, cocoa, cashew,

and sandalwood. Given the fragile environment and its monsoonal climate, East Timor should not develop any cash crops for logging.

**Coffee:** Coffee plantations were first opened by the Portuguese settlers in the late 18th century in Ermera (60 per cent), Manufahi (13 per cent), Ainaro (10 per cent), Bobonaro (9 per cent), and Liquica (8 per cent), covering an area of approximately 78,000 hectares. Coffee has been East Timor's most reliable commodity since the late 19th century and the country has long been known for the high quality of its Arabica coffee, one of two types of coffee cultivated by the Timorese — the other is Robusta (24 per cent). More than 90 per cent of East Timor's export earnings come from coffee. Between 1987 and 1990, for example, coffee exports contributed some US\$12.5 million to foreign exchange earnings (Departemen Pertanian 1991:20).

Despite East Timor's favourable climatic conditions, fertile soil and cheap labour, however, productivity has remained low, at 145 kilogrammes per hectare (kg/ha). This is for two reasons. First, the Indonesian invasion caused some 27,000 hectares of plantation to be destroyed between the mid 1970s and the early 1980s, and little has been done to repair these since. Second, insufficient efforts have been made to rehabilitate aging coffee plants. Presumably one reason PT Denok Hernandez Indonesia and other companies have shown little interest in investing their money in replanting and rejuvenating plants is because they are uncertain whether they will get any profits out of the plantations in the future, although the area of land dedicated to coffee production could be expanded by 60 per cent in coffee-growing districts in the medium term.

Since 1996 new small and medium-sized coffee 'owners' have emerged and have exported small quantities of coffee, although the largest proportion is still produced, processed and traded by the big plantation 'landlords'. The total area cultivated by smallholders is 34,000 hectares spread over five districts, Ermera, Liquica, Aileu, Ainaro and Manufahi. Small and medium-sized coffee growers assisted by an American company, National Cooperative Business Association (NCBA), exported 500 tons (10 per cent of total production) in 1997 to the United States, Europe, Russia and Japan. A further 1,000 tons is expected to be exported to these countries this year and a gradual increase is expected in the following years. The capital earned from exporting coffee has been invested in improving the quality of the product.

Non-governmental organisations (NGOs) and banks should provide credit to farmers to help them acquire more suitable land for coffee. At the same time, the government should begin to issue land titles. Credit could be given to farmers wishing to replant leguminous trees such as Acacia. These act as nitrogen-fixers, re-vegetate deforested landscapes, provide shadow for coffee plants and increase soil fertility. The areas that need re-vegetation most urgently are Dili, Liquica and Baucau in the north, and Covalima, Manatuto and Viqueque in the south. These areas need more than 40 per cent forest cover to protect water resources for domestic use and to irrigate agricultural lands and top soil.

**Sandalwood tree (*santalum album*) and other crops:** Relying solely on income from coffee exports would leave

East Timor vulnerable to fluctuations in international coffee prices. Sandalwood, cocoa and cashew could also be potential export commodities.

Foreign exchange earnings from sandalwood are unknown because the PT Scent Indonesia company has monopolised the extraction, processing and marketing of this product, and production was severely affected by the Indonesian invasion and over-exploitation. Nevertheless, together with cocoa and cashew, sandalwood is a high value-added crop familiar to Timorese farmers. Sandal trees could be replanted in small plots, while cocoa and cashew areas could be expanded considerably — at present they cover only 283 hectares and 4,106 hectares respectively. Since these cash crops are labour intensive, increasing production would also help to reduce unemployment rates.

### *B. Food crops*

Food crops, particularly rice and maize, account for 21 per cent of agriculture's share of GDP, and approximately half of the value added by all agricultural products — an indication of their potential for increasing food self-sufficiency.

**Rice and maize:** Studies have proved that East Timor's soil is fertile, climatic conditions are favourable and, with its cheap labour force, these commodities could be profitable. However, at the moment rice productivity is low (1.3-2.4 tons/ha). The total area cultivated is about 22,000 hectares, and between 36,000 and 55,000 tons are produced annually. The Indonesian department of agriculture said that a minimum input of fertilisers (30 kilogrammes of urea plus 10 kilogrammes of TSP/ha) will increase productivity to 3.5 tons/ha, and with a maximum input of fertilisers (50 to 100 kilogrammes of urea plus 20 to 30 kilogrammes of TSP/ha) it would increase to 5 tons/ha (Departemen Pertanian 1991:25-6). The area for growing rice was estimated to be 67,061 hectares.

By making optimum use of the existing area some 200,000 tons of rice and more than 120,000 tons of maize could be produced. Production is likely to double if the dry land paddy fields, and all potential production areas, are used. Assuming average consumption of 190 kilogrammes per capita per year, the amount of rice needed would be approximately 190,000 tons for a population of 1 million people. In this case East Timor, in its normal climatic conditions, would not have to import rice for domestic consumption.

To achieve optimum production levels of the best quality rice, the government must bear the costs of irrigation, mechanisation, education, other scientific needs and the supporting infrastructure such as transport, warehouses and subsidised credits for the farmers. Optimum rice production would contribute to East Timor's balance of payments because rice imports will be reduced to a minimum to protect domestic markets. Such protection is an approved measure under the General Agreement of Tariffs and Trade (GATT).

**Fishing:** East Timor's coast line is approximately 656 kilometres long, 340 kilometres on the north coast and 316 kilometres on the south. Its exclusive economic zone, an area stretching 200 miles off the south coast, is about 116,920 square kilometres, and its territorial waters, extending 12 miles off the coast, total 7,548 square

kilometres. Together this makes a total of 124,468 square kilometres of sea waters, more than in Kiribati, Tuvalu and the Cook Islands, for example. It is believed that East Timor has the potential to produce approximately 17,000 tons of fish per year (Departemen Pertanian 1991; Soesastro 1991), yet it has the lowest fish production levels, and annual per capita consumption levels, of all Indonesian provinces.

This is partly because fishing in deep-sea offshore waters has been hindered by inadequate technology, manpower, infrastructure and capital. Some attempts have been made to produce seaweed on the north coast but further development of this could harm the tourist industry, as it did in Bali. Giant clam and shellfish farming in the island of Atauro could also contribute to East Timor's economy, although the economic future of these resources remains uncertain.

## **B. Priority two: The sugar industry**

In 1996 two of the Suharto's children, 'Tutut' and 'Tommy', began investing in a new export crop — sugar cane. They plan to establish a sugar cane plantation which will extend from Manufahi to Viqueque, covering an area of 25,000 hectares. Meanwhile, the Indonesian Investment Board in Jakarta (BKPM) has approved the construction of the largest sugar mill project in Manufahi, expected to produce 162 tons of sugar and 8 tons of molasses per year. The license was granted to a new Indonesian company, PT Putraunggul Sejati, which is planning to invest approximately 500,000 billion rupiahs (quoted in Aditjondro, 1998). The most important question here is whether or not the plantations and factories could be retained as economic assets in a free East Timor. The possibility of this will be helped if there is a smooth transition of power.

Sugar cane plantations require large amounts of water so if sugar is to be grown commercially water must be allocated between agro-industry and subsistence crops. How this is done needs to be carefully assessed.

## **C. Priority three: Developing the manufacturing and industrial base**

If East Timor relied solely on exporting primary products its trade would be at risk from fluctuations in the price of, and demand for, those products. By developing its industrial base, it can shift resources from agriculture to manufacturing to offset this vulnerability. Raul Prebisch (1950) has argued that countries exporting manufactured goods find that demand grows more rapidly relative to supply than those exporting primary products. East Timor could develop in three markets, namely cement, the garment trade and tourism.

### **1. Cement**

An extensive geological and hydrological survey (UPN 'Veteran' 1992), carried out in East Timor between August 1990 and June 1992, suggests that a cement industry in the territory is viable because of its abundant raw materials. However, Aditjondro warns that the environmental impact of this industry must be assessed.



## 2. The garment trade

East Timor's traditional cloth, *tais*, can be produced from local raw materials and developed without importing large amounts of foreign equipment.

## 3. Tourism

Tourism is an important source of income in most small island developing states (SIDS) in the Caribbean, Pacific and Indian oceans. It has been the largest contributor to GNP in the Bahamas (53 per cent), and Antigua (69 per cent). It can earn valuable foreign exchange earnings, for example US\$94 million in the Maldives in 1994, which was 74 per cent of its total foreign exchange earnings for that year.

Tourism will certainly solve some of the economic difficulties of East Timor — and will contribute to government revenues, stimulate regional development, and increase employment and income. Tourism uses the existing natural environments of a country, such as the climate, beaches, sea, and other attractions, which require relatively low level investment. All these can be found in East Timor. Also, geologists agree that East Timor represents a laboratory for geological research because of its complex geomorphological structures. This could attract more overseas visitors. However, the tourist industry in East Timor must be developed in an holistic way, taking account of its institutions and culture.

## D. The oil and gas deal

Like tourism, oil and gas will play a significant role in the economy of East Timor. The Zone of Cooperation (Timor Gap), an area of approximately 60,000 square kilometres, is rich in oil and natural gas fields. Petroleum reserves in the Zone have been estimated at between 500 and 7,000 million barrels and there are some 50,000 billion cubic feet of natural gas. Undoubtedly, this would meet part of the demand for oil and gas in East Timor's neighbouring countries, particularly Australia and Indonesia, where demand is rising. Australia's own supplies are expected to decline sharply by 2005, while Indonesia is likely to become a net importer from the year 2000. Its petroleum demand has been growing at 7-8 per cent per year, and it is unlikely that its current level of liquids production, about 1.5 million barrels per day, can be maintained until 2000. Not enough new discoveries are scheduled to come on stream over the next few years to compensate for the natural decline in mature fields (*Petroleum Economist* 1993:11-12).

The Zone's reserves may safely be assumed to be of considerable value, so it is one of the principal economic assets of the East Timorese people. Oil revenues will have a significant impact on the economy of East Timor. If the oil were to be sold at US\$13 per barrel, it would generate an annual revenue of approximately US\$2 billion. The revenue from oil and natural gas alone could rapidly transform East Timor from an agriculturally based economy to one of the major oil exporters, raising living standards and gross national product.

However, it is highly unlikely that Indonesia will simply hand over the treaty for East Timor to renegotiate with Australia. If the treaty cannot be renegotiated it is questionable whether East Timor's economic

independence will be possible without oil and gas. This paper suggests that the short- and medium-term future of East Timor's economy must be based on non-oil products, although revenue from oil and gas production would no doubt stimulate a higher level of economic growth.

As East Timor becomes a sovereign state it will be necessary to renegotiate the Timor Gap as soon as possible. But the issue could be included, as a 'confidence building measure', on the agenda of the intra-ministerial and ambassadorial talks between Indonesia and Portugal currently being held under the auspices of the United Nations secretary-general.

## E. Government expenditures and investments

To expand agriculture for domestic consumption and commercial purposes in the years immediately following independence, the government will have to become an active agent of development. There will need to be intensive public sector investment, new state agencies to expand government services, new infrastructure constructed, considerable mechanisation in preparing, planting, cultivating, and fertilising land, and government measures to combat malaria and malnutrition. Although this would certainly increase government spending to more than 20 per cent of GDP in the first years of development, intervention should be limited to these areas only, while commercial activities in agriculture, manufacturing and services should be left to the private sector.

## F. Currency and exchange rate policy

East Timor can have its own currency. Let us name it 'Xana', after East Timor's resistance leader, Xanana Gusmão. At an early stage the Xana must be pegged to the US dollar to benefit the economy in the short term, increasing the confidence of the private sector and encouraging foreign investors.

East Timor's ability to benefit from global markets will partly depend on its exchange rate policies. Naturally, overvaluing the new currency is more likely to result in trade deficits, so the exchange rates must be kept in equilibrium.

## 4. HUMAN RESOURCE BASE

Common features of development in east Asian and Pacific countries is the 'availability of educated labour, able to re-skill itself during the process of industrial upgrading, with high productivity at a level of wages very low for international standards', and the ability of these economies to adapt to the changing conditions of the world economy. Such characteristics mean countries could upgrade their technologies constantly, expand their markets and diversify their economies (Castells 1992:53, 54). A 'well-developed entrepreneurial class and good social and physical infrastructure' were present when Fiji embarked on its economic policies (Elek et al 1993:750).

In East Timor, there will be a shortage of qualified local people to fill middle and senior posts in the civil service. The number of local professionals needed to analyse economic problems, define policy options and manage the

entire process of preparing policy will be small or non-existent at the time of independence. Heavy reliance on Indonesian staff for simple decisions will perpetuate East Timor's dependence on foreign projects, concepts and goods. However, to achieve rapid economic growth, East Timor must have a population which is well educated and able to take full advantage of the many opportunities offered by the international community.

One of the central characteristics of the development process in East Timor must be a shift from subsistence to market-oriented production, and the relationship of Timor's women to these socio-economic changes will be very important. The majority of women in East Timor work in agriculture or in enterprises in the informal sector in urban areas, so the state will need to design development strategies that provide income-generating projects for women, and give them some social and economic autonomy.

East Timor must channel men and women equally through education and training programmes, assisted by experts from various labour departments in the United Kingdom, Australia and Taiwan, who would help to plan and set targets for enrollment in vocational and higher education. The government must allocate a certain amount of money to education if East Timor is to develop its human resources quickly enough for industrialisation to be successful.

In the short term, primary and junior education must be free and compulsory, making basic education universal, and creating a more literate work force equipped for economic growth. Men and women wishing to continue studying after junior high level will have to pass an aptitude test to enter a senior high school, vocational high

school or five-year vocational college. It will be important to shift from general to vocational education, to avoid creating a large, educated but unemployed population. In 1993, for example, nearly 45 per cent of high school students in East Timor were in vocational schools, whereas the rest were in senior high schools studying religion, *pancasila* (Indonesian ideology), the history of Indonesia's national struggle, and Indonesian language and literature.

## 5. TRADE LINKS

Indonesia is the dominant power in the region, and East Timor's future foreign and security policies will depend on an alliance with its previous occupier. There is no simple way to establish trade links and win markets, but East Timor can learn from the experiences of Asian countries, such as Japan. In the 1950s and 1960s Japan kept the yen undervalued in order to sell its products cheaply and capture markets, while improving the quality of its products. This enabled Japan to raise the overall standard of the production process, helping it to introduce technological innovations.

East Timor must have an aggressive and sympathetic industry promotion body — a kind of Timor Trade and Investment Bureau — which would encourage foreign direct investment. The Bureau would conduct feasibility studies on commodities that have commercial value, and negotiate with private sector development agencies that are already operating in the region, such as the Canadian International Development Agency (CIDA) and Britain's Commonwealth Development Corporation (Cole 1993:242), which would provide grants to fund feasibility studies, equipment and material.

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## RECOMMENDATIONS

### NEUTRAL THIRD COUNTRIES

- Neutral third countries, such as Switzerland, Belgium, or countries in the Asia-Pacific Rim should help to negotiate equal shares of oil and gas between East Timor and Australia, and should host the negotiations.

### DONOR AGENCIES

- The World Bank, the European Union (EU), and other international or bilateral donors should stop aiding Indonesian projects in East Timor unless there is reliable evidence that the projects will benefit the Timorese.
- International organisations such as the World Bank, the International Monetary Fund (IMF) and the World Trade Organisation (WTO) should provide expert technical assistance and training in the area of trade.

### PORTUGAL

- The Portuguese government should provide scholarships for undergraduate students who want to study in East Timor and postgraduate students who want to study abroad, in Indonesia, Australia, New Zealand, South Africa, Malaysia, the United States, Brazil, the UK, and other EU countries.
- A Consultative Group on East Timor should be set up in Portugal immediately, involving Timorese leaders, academics, Portuguese economic institutions, national and international professionals, and NGOs involved in East Timor, such as CAFOD, CIIR and CARITAS. The group should be responsible for formulating future policies and macro-economic programmes for the country.

### AUSTRALIA

- The Australian government should halt any further exploitation of oil and gas in the Timor Gap.
- The Australian government should provide access to data on the oil and gas explorations in the Gap.
- The Australian government should recognise and accommodate the interests of the people of East Timor when exploring and exploiting the resources in the Timor Gap.

### NGOS

- International and national NGOs should allocate 10 per cent of their budgets to research before and after implementing projects in the region.
- NGOs should conduct research on adopting and adapting appropriate technologies in the territory to avoid the potential negative impacts of foreign technology and investment.
- There should be research on the best methods of enhancing private sector development and foreign investment in the region.

# Reflections on a crisis

**An East Timorese resident in the territory tells Timor Link about the impact of the Indonesian crisis and fears for the future.**

*How are the East Timorese coping with the effects of the Indonesian financial crisis?*

The population faces many hardships, but the implications are most serious for the infrastructure which Indonesia has created in the territory. Otherwise, life is much the same as it was in Portuguese times: economically nothing has changed much, despite Indonesian government claims to have developed East Timor. The East Timorese have not benefited from Indonesian 'development' — we still queue for food as we did in colonial times. Price rises have not affected the Timorese greatly because they could not afford most things anyway.

*What about security?*

There are anxieties about security, in particular questions about what will become of the military infrastructure. What if the army ceases to be paid? Troops are already demoralised, and with their salaries now worth about one-fifth of what they were, soldiers are beginning to question why they should stay. Given this, soldiers are more likely to extort credit and privileges from the Timorese population.

It will be extremely expensive for Jakarta to maintain a wasteful war in one of its remote outlying islands. Suharto did not rely on the

market, but on speculation, bribery, and nepotism, and this has translated down to the grassroots of the army — so the entire military edifice is rotten with corruption. The danger is that soldiers will inflict a new and more terrifying kind of violence on the indigenous population as they leave.

*In a time of transition what could be some of the other consequences?*

There could be a food shortage — flour will not be available so there will be no bread, there will be insufficient rice, and little transport to distribute food — so famine could result. Coordination of food distribution will be the main problem. Indonesia has built up rice stocks, but these could be destroyed. East Timor will be looking to Australia and other western countries to step in with speedy assistance.

*What needs to be done?*

Foreign donors should recognise the regime's failure and make future bail-outs dependent on Indonesia's withdrawal from East Timor. Now that money is coming directly from the IMF and the World Bank, the East Timorese should ask for concessions — openness, accountability, transparency, and democracy — as this money should not be used to cause human rights violations.

*What would a transition period entail?*

A transition period will entail further costs to all

the inhabitants of East Timor. Violence may occur as well as famine and human rights problems. People are very keen for the International Committee of the Red Cross to remain in East Timor to monitor the situation.

The physical isolation of East Timor might also cause difficulties if there is turmoil — if flights are cancelled, or telecommunication links disrupted, it will be impossible to tell the world outside what is happening.

East Timor is entitled to see the UN resolutions implemented. The Security Council must guarantee assistance so that the transition in East Timor passes off as peacefully as possible. If the Indonesian police and army are withdrawn, a UN peacekeeping force might be necessary, or at least some form of UN supervision, and Jamsheed Marker will need to open an office in Dili. The church will also need to play a key role in bringing about reconciliation between different people.

The Portuguese, as administering power, should also play a role after the period of transition. It should mobilise the European Union to assist, possibly by sending EU troops. EU countries look to Portugal for a lead, but should also give strong backing to it.

The role of the British government will be to back both EU and UN initiatives both morally and materially.

*For security reasons, the identity of our East Timorese interviewee has been withheld.*

## Konis Santana – guerrilla leader and diplomat

**On 1 April East Timorese activists abroad received news of the death of Konis Santana, head of the Executive Council of the Armed Struggle, and secretary of Fretilin's Directive Committee. Agio Pereira pays tribute.**

Reaction to the news that Konis Santana had died after falling down a cliff was that someone was playing an April Fool's trick. It was difficult to believe that a man who had lived in the mountains all his life could have died in this way. Sorrow followed, as did hatred for the Indonesian army, although the reality was that this could happen to anyone. The difference was that Konis was a strong guerrilla leader with unique abilities to keep the guerrilla going and to communicate on equal terms with the representative of the resistance in exile, José Ramos-Horta, and the imprisoned resistance leader Xanana Gusmão. It will be difficult for his replacement to demonstrate similar qualities.

People's anger probably reflected the realisation that Konis's death could have far-reaching effects on the struggle of the people of East Timor.

Little is known about the past of this charismatic guerrilla leader. In an interview broadcast by a Timorese radio programme in Sydney, Australia, Konis said he was born in Vero, a tiny village in one of the remotest areas in eastern East Timor, accessible only on foot. He did not wear clothes until the age of five. In the same interview he expressed his dislike for Portuguese colonial rulers' treatment of the Timorese. The Portuguese authorities, he said, used to visit his areas once every two years, and then only to collect tax and/or to take strong young men to work for free elsewhere in Timor. His father, a barefooted Timorese, was once beaten until his skin was torn off 'because he could not afford to pay his tax dues'. This, said Konis, happened in front of him and his brothers when he was only a child, and left him 'traumatised'.

Konis's ambition was to become a school teacher — virtually the only way to earn money to pay for food for his family and for his brothers' education. Born in 1956 or 1958 (at the time there was no official birth registry in East Timor), Konis went to school much later than the norm because of his isolated village life and 'hardly finished secondary school'.

Such experience gave him strong enough reason to fight tyranny and oppression.

### Strategist

For José Ramos-Horta, Konis was not only a guerrilla leader but also an astute diplomatic strategist. 'He understood the intricacies of diplomacy. He always supported me in my proposals for diplomatic solutions. He strongly supported the CNRM peace plan.'

As a young boy Konis was one of those who might have been mobilised for guerrilla warfare in East Timor against Portuguese rule. But Timor, unlike Mozambique, Angola, Guinea Bissau and Cape Verde, did not produce a Samora Machel, Agostinho Neto or Amílcar Cabral. The liberation struggle was a distant goal for the middle-class *assimilados*.

It was not until the early 1980s that Konis emerged as a middle-ranking cadre. In photographs which circulated after the collapse of the ceasefire between Xanana Gusmão and general Purwanto, he appeared as a young man, wearing shorts in the liberated zones, holding a radio and tape recorder. He was then working for the department of information, in charge of the

collection of data on human rights abuses, and supporting the work of Nanana Gusmão.

In 1984, as the political struggle between Xanana Gusmão and Mauk Moruk (the former head of Fretilin Red Brigades) reached breaking point, Konis emerged as a disciple of and obvious successor to Xanana.

After Xanana was captured in Dili, in November 1992, Mau Hunu became head of the resistance until his capture six months later. After Mau Hunu was captured, it was left to Konis to prove himself.

Konis did not wait to re-organise the resistance. He tested the ground and considered all possibilities. He even proposed that Ramos-Horta take over the leadership until Xanana Gusmão's executive powers were re-instated. The two men came up with a troika whereby Taur Matan Ruak (chief of staff of Falantil), Ramos-Horta and Konis Santana led the struggle in different fields, until such time as Xanana's powers had been fully reinstated. In March 1993, the head of the Clandestine Front, Sabalae and Konis Santana, meeting with other leaders in Dili, East Timor,

declared Xanana Gusmão's executive powers reinstated.

Konis Santana once said of Xanana: 'They have captured him, but if they don't kill him, that's the end of Indonesia in East Timor.' The fact that Xanana was not killed in custody was taken by the guerrilla forces as the ultimate test of his ability to devise strategies, to implement them and to ensure success for the future. Nino Konis Santana knew it all along but, like Amilcar Cabral, he did not live to witness the final victory. His death is, indeed, a great tragedy.

REVIEW

## Same difference

*East Timor, West Papua/Irian and Indonesia*, Keith Suter, Minority Rights Group, 1998, 33pp.

### A new report compares Indonesia's invasion of East Timor with its exploitation of West Papua.

There is an obvious link between the struggles in West Papua and East Timor. Both populations suffer at the hands of the same undisciplined army, controlled by the same corrupt and undemocratic government. Yet the plight of the West Papuans, brought to the world's attention in 1996 when the Free Papua Movement abducted 24 environmentalists, has since faded into obscurity. While the situation in East Timor continues to attract international attention, few international NGOs devote time to the story of West Papua, and there are few West Papuan advocates active on the world stage. For the sake of the West Papuan cause, therefore, this report deserves wide circulation.

The background to the situation in West Papua, and the parallels with East Timor, are described in the final section of the report. As with the Balibo declaration in East Timor, no proper consultation took place among the West Papuan people. A highly selective poll of pro-Indonesian apologists was claimed to represent the will of the people.

### Guerrilla war

A liberation struggle has been waged in West Papua since 1963, and like Falantil in East Timor the Free Papua Movement continues a guerrilla war of attrition against the Indonesian occupying forces. West Papua has also suffered the consequences of Indonesia's transmigration policy, with dislocation and ethnic tension feeding popular resentment over land redistribution and traditional farming methods.

However, West Papua has had a far worse experience of foreign transnational companies than East Timor has. Mining of West Papuan gold and copper reserves has had devastating environmental and social consequences, displacing local people and disrupting their lives without paying compensation. Logging companies are decimating the rainforest, causing soil degradation and loss of wildlife, all

of which the Indonesian government has ignored.

The report begins with the recent history of Indonesia. It points out that economics has succeeded cold war politics as the dominant influence on western governments' policies towards Jakarta. Since publication, the report has been rather overtaken by events, with the impact of the Asian financial crisis and Indonesia's own political crisis emerging. Rising prices and unemployment have acutely exacerbated the social inequalities which Suter describes and although, as he points out, a growing middle class and a nascent democracy movement have been calling for change, evidence of an alternative to military rule is thin.

### Resistance

Turning to East Timor, Suter offers a thorough examination the resistance – now locked in stalemate with the Indonesian armed forces – and explains its impact in the international arena.

On the role of the United Nations, Suter draws some interesting distinctions between the different UN resolutions on Indonesia and East Timor. These might have been even more useful had he added an analysis of the UN-led negotiations over East Timor – those between Portugal and Indonesia and the All Inclusive Intra-East Timorese dialogue. It would also have been worth examining the potential for progress offered by UN secretary-general Kofi Annan's appointment in 1996 of a special representative, Jamsheed Marker.

US complicity with the Indonesian invasion of East Timor receives deserved exposure in Suter's study. With an eye on more recent history, however, he might have asked whether moves in late 1997 to block the use of US weapons in East Timor, and greater public and media disquiet over support for Suharto, signify a recent fundamental change of attitude in the United States. Suter is also right to underline Portugal's role in raising the profile of East Timor. It could be added that Portugal's role should be seen in the context of the European Union and of the 1996 EU Common Position on East Timor, the framework for EU policy whose potential NGOs are seeking to maximise.

### Church action

Suter under-plays the roles of the Catholic and the Protestant churches in East Timor. Bishop

Belo's contribution deserves greater attention and his position should be seen as more than 'circumspect'. Belo denounces human rights abuses by the authorities and under his leadership the Catholic church has posed a consistent challenge to the authorities.

In the past, as part of the Indonesian Communion of Churches, the Protestant church has tended to support Indonesian government policy. But in recent years increasing numbers of East Timorese have converted to Protestantism and, in 1994 the Gereja Kristen Timor Timur sought and gained independent membership of the World Council of Churches. Its leader, Reverend Arlindo Marcal has often argued for a referendum on East Timor's future. These changes have helped to strengthen ecumenical solidarity and cooperation around the world.

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