CHAPTER 3

Past, Present and Future: Why the Past Matters

Fidelis Magalhães

Future is past's child, and has the father's face.

This chapter presents my analysis of the current state of Timor-Leste's development process. It is divided into the following sections. First, I discuss the tension between the theory and the *realpolitik* of state-building. Second, I discuss Timor-Leste as a country in the making. Third, I discuss the path to independence, the current Timorese leadership and the present political landscape. Fourth, I touch on the roles and the five-year plan of the president. Finally, I try to paint a picture of the future and identify challenges.

The theory and the *realpolitik* of state-building

I hold the view that most of the contemporary analyses on the socioeconomic development of Timor-Leste suffer from a serious historical deficiency. It is common for expert opinions to make claims about Timor-Leste's current economic performance while seldom referring to the course on which the country has sailed. Like driving a car, one ought to have a rear mirror to look behind. If the mirror is too big the driver will be distracted; but without one, the car cannot be driven safely.

Moreover, expert opinions seldom acknowledge that the development process is largely a political process. Beyond having the right economic theories and formulas, it is only through having strong political commitments and

sensitivities that a recently independent, economically underdeveloped country can progress. To succeed, it requires strong political will on the part of the leadership to build democratic governance based on the rule of law, yet at the same time ensure that the state is capable of creating consensus among main political forces that can otherwise be belligerent towards the state. The state needs to be creative in finding ways to ensure mid-term peace and stability so that attention can be given to building institutions and governance systems, and ensuring that services are delivered to its population. There is no development without peace and stability.

In fact, some of the inherent difficulties of state-building in Timor-Leste arises from the prescriptions of liberal democratic theory. It appears that interest groups, peace and stability, and electoral politics are interconnected. The question is how to ensure that the state maintains control over all the interest groups while not being hijacked by them. To only base our analytical approach on rent-seeking theories and to be overtly suspicious of the elites can be misleading. This is true since history has taught us that the elites and, of course, their political will, played an important role in most of the development success stories, *inter alia*, as in the case of South Korea and Singapore.

Timor-Leste: a country in the making

Snapshots of Timor-Leste's history can be divided into the following periods: pre-colonial, Portuguese colonial, Indonesian occupation, and post-independence. Not much can be said about the precolonial period. In fact, more archaeological and historical work is needed in order to establish accounts of that period. The Portuguese established their first trading post in 1562. However, it was not until the 1700s that more efficient commercial exploration of resources began. Primary cash crops such as sugar cane and coffee were introduced *circa* 1815 after the depletion of sandalwood, and an *imposto* (head tax) was introduced in the 19th century for all adult males between 18 and 60 years old. In general, during the period of Portuguese colonialism, Timor-Leste remained a backwater colony. Portuguese colonialism was not conducive to growth and had little impact on technological advancement. There was a serious lack of investment in both infrastructure and human development. The literacy rate at the end of the Portuguese rule in Timor-Leste was at 10 per cent (Saldanha 1994). School enrolment rates were low, despite having increased during the last several years of Portuguese occupation, after the Viqueque Rebellion in 1959. In the 1960s, the number of students enrolled in primary education climbed from less than 5,000 to 27,000 and, in the first half of the 1970s, reached a peak of 57,500 students (Saldanha 1994). Literacy rates in Timor at the end of the Portuguese presence reflect a very limited effort by the Portuguese dictatorial

regime of Salazar to provide education to the population of Timor. Salazar was the founder of *Estado Novo* (New State)—the regime established after the 1926 military *coup d'état*—and ruled from 1932 to 1968. Measured by these results, his policies represented a serious neglect of the interests of the Timorese people. The neglect and abandonment of the interests of the population is a typical characteristic of colonial policies.

Comparatively, in Indonesia for example, the impressive progress in literacy rates between 1945 and 1971 was a result of the radical change of state priorities—in contrast with the priorities of the Dutch colonial administration. This change was only possible with independence and with the establishment of a national government. What I am attempting to draw by comparing Timor-Leste's literacy rate and that of Indonesia during the first decades of its independence is that the lack of qualified human resources is due to colonial disinvestment in the sector. As a consequence, postcolonial governments struggle to build their countries with scarce human resources and at the same time invest in the education of the current generation.

To conclude this brief reflection on the past, I will focus on the insufficiencies of the development policies of the governments led by Indonesian dictator Suharto. Suharto was the founder of New Order—the regime established after the 1965 coup, and presided over by the Indonesian government between 1967 and 1998. The development policy of Jakarta for Timor was accelerated from the mid-1980s, in the final 15 years of occupation.

I will not expand further on this, but will instead focus only on education as a measure of development: the policies of Suharto were characterised by a strong investment in equipment and infrastructure. These investments partially benefited the population and partially benefited the military leaders.

In 1985, there was already one primary school in each village, with a total of 497 schools (for 442 villages). By 1996—three years before the UN referendum for the self-determination of Timor-Leste—there were 736 primary schools. In 1996, there were also 112 junior high schools, 37 senior high schools and 16 secondary education vocational schools. There were seven universities, with the first one—Universitas Timor-Timur—having been established in 1986. In 1990, adult literacy had reached 33 per cent (Jones 2003: 41).

Throughout this period, the number of university students in Timor-Leste and Indonesia and the number of university graduates grew exponentially, although starting from a very small baseline. Those youths who were educated in Indonesia became a powerful force of resistance to the Indonesian occupation.

The growth in the number of schools was accompanied by the construction and opening of public facilities, from health to infrastructure and other sectors of public administration. Nevertheless, despite this progress, the country's human resources continued to be undervalued by the foreign administration throughout the entire period of the occupation. The paradox can be explained by the convergence of two factors. In both, consideration for the interests of the Timorese people was absent.

First, *developmentalism* was used by the Suharto regime for propaganda purposes. Consequently, the numbers quickly gained a life of their own, with statistics being more valued than the quality of the results on the ground.

Second, the jobs created in Timor by the investment in public services were often used by Jakarta to reassign Indonesian teachers and other professionals and staff. Once again, the preparedness of East Timorese senior staff to take on positions of increasing responsibility was neglected, as a matter of policy. This translated into another serious negligence.

Therefore, when the Indonesian administration withdrew in 1999, the destruction did not only affect the public and private buildings and equipment. That withdrawal left the country bereft of teachers, engineers, doctors, and other senior officers, who had been primarily Indonesian. The public administration in Timor-Leste was not only left without physical facilities (destroyed by arson), it was bereft of experienced officers and emptied of structures.

The path to independence and the present political landscape

I have discussed how underdeveloped Timor-Leste had been throughout foreign occupations. In fact, it was a planned underdevelopment of the country for centuries. Against this backdrop, many of our current development challenges cannot be solved overnight. Our challenges remain large. We became independent with little qualified human and financial resources, and our institutions were almost non-existent. Our society had never previously been democratic.

What was it that made our path to independence different from other countries that underwent similar experiences? First, we became independent under the auspices of the UN in the new millennium. Upon independence, we were thrust into a new and more demanding reality. We were expected to ascribe to all the existing international norms and conventions and to uphold liberal democracy without the know-how and existing institutions. What's more, this was at a time when the majority of the electorates were illiterate and heavily traumatised by

past violations. Our population became more oriented towards the attainment of individual rights and completely ignored their collective duty. This was difficult to manage, especially when mixed with the post-conflict sense of entitlements, or with the narrative of *terus* (suffering). In short, an essential part of nation-state building in the post-conflict context was to manage people's expectations.

We were fortunate, however. We were fortunate because we had individuals with a real sense of purpose at the helm—the running of the state. They tried (though not without episodes of near despair) and succeeded in sticking to democratic ideals while guiding the country through the first decade of self-rule. Even in the darkest periods of the *krize* (crisis) in 2006, and the assassination attempts against both the president and the prime minister, in which the president was seriously wounded, constitutional order prevailed. We opted to follow constitutional arrangements without creating negative precedents. Presidential and parliamentary elections were held in 2007 according to the electoral calendar, and with almost 75 per cent voter turnout.

The leadership has changed over the years since 2002. The elections in 2012 resulted in Taur Matan Ruak becoming president of the Republic. Even though occupying an important role in the Resistance as deputy commander of *Forças Armadas da Libertação Nacional de Timor-Leste* (FALINTIL; Armed Forces for the National Liberation of East Timor), Taur Matan Ruak does not belong to the '75 Generation. He joined FALINTIL when he was 18 years old and ascended through the ranks.

The top leadership roles are now occupied by Taur Matan Ruak, Xanana Gusmão and Mari Alkatiri. José Ramos-Horta, although no longer occupying a formal role, still holds an important political influence. Taur Matan Ruak plays an important role as the bridge between the '75 Generation and the younger generation. Most political parties, including major parties such as the CNRT (*Congresso Nacional de Reconstrução de Timor*; National Congress for the Reconstruction of Timor-Leste) and FRETILIN (*Frente Revolucionária de Timor-Leste Independente*; Revolutionary Front for an Independent East Timor), give more prominence to younger leaders. Most government ministers belong to the *Jerasaun Foun* (New Generation) and the president's team is composed mostly of young people.

In terms of the contemporary political landscape, we are enjoying a very solid relationship among the leaders. This positively contributes to peace and stability. The president holds weekly meetings with the prime minister. Moreover, the relationship between the prime minister and the leader of the opposition has never been so solid. Rather than political posturing, the opposition has opted for constructive engagement in which it supports programs it considers good and continues to challenge those that it considers unsound. This new form

of political manoeuvring is not without its critics. There are many who argue that while the current CNRT–FRETILIN relationship is good for national unity, it significantly weakens democracy because it deprives the parliament from having a real opposition. However, this view has to be carefully weighed against many factors. I do think that at this stage of our nation- and state-building process, it is essential to build a broad consensus. During parliamentary debates, the opposition continues to be critical of government programs with which it disagrees, while at the same time offering more measured comments on those policies and plans with which it disagrees. I think we are simply becoming a mature democracy, where consensus building and conflict resolution is an integral part of the democratic exercise. This is in contrast to past practices where the parliament used to be a chamber for personal attacks.

Looking beyond current political culture, it would be a mistake to brand all radical political manoeuvres as anti-democratic. For example, mechanisms such as grand coalitions between major parties are not completely alien to political scientists. While I do not have a personal opinion on the subject, I nevertheless think it is important to keep it within the realm of what is possible and not dismiss it out of hand as anti-democratic.

Roles and the five-year plan of the president of the Democratic Republic of Timor-Leste

Having discussed broadly the changes in relationships among political leaders and institutions, I now would like to discuss in a more in-depth way the roles of the president of the Democratic Republic of Timor-Leste. I will frame this discussion within the context of institutional relations.

The president plays an important role in using his soft power to build political consensus. In Timor-Leste, we informally refer to this type of power in the words of one of our nation's founders, Dr Roque Rodrigues, as *poder da influência* (the power of influencing) and *galvanizador* (galvanising force). The fact that the president acquires his legitimacy from the following sources gives additional strength to his authority. First, the president is elected by popular vote. Second, more than holding a symbolic role constitutionally, the president himself is the symbol of national unity, the head of state, and the guarantor of the healthy functioning of state institutions. Third, also in accordance with the constitution, the government reports to both the president and parliament.

In practical terms, we are witnessing a solid co-ordination between all constitutional pillars. In fact, the relationship between the president and the opposition has now evolved into a much stronger one. The president holds regular

meetings with the prime minister, government ministers, and parliamentarians. Meetings with the opposition are held periodically. All these initiatives have cemented mutual trust and respect among political leaders.

The following list of goals shows how, with the existing mutual trust and close institutional collaboration, the president has managed to push some of his own priorities ahead. President Taur Matan Ruak's five-year plan, produced at the beginning of his mandate, included the following priorities:

1. generational transition
2. regional integration/strategic partnership
3. economic diversification/reduction of economic dependency
4. nutrition and food security
5. good governance
6. rural development
7. land and property issues.

Many of his plans have received positive responses from the government, parliament and civil society organisations. In fact, many have been translated into government policies. As I have outlined, much of the progress is the result of the president's use of *poder da influência*. President Taur Matan Ruak also calls for a strategic partnership with Australia, and our membership in the Commonwealth of Nations.

But of the many achievable goals in the short term, there are those that still require persistent hard work. Although all state institutions are working hard to achieve results, they require both time and improved administrative skills. For example, the public administration must continue to develop its capabilities to respond to national needs. Public services are still concentrated in Dili, whereas 80 per cent of the population live in the districts where the quality and reach of public services are insufficient.

The president of the republic has called for the introduction of rules for performance assessment that would guide career advancement and remuneration for civil servants.

The quality of public tenders and of public works also still needs improvement. In many cases, the state's ability to supervise contracted work is poor or non-existent. Sometimes, money is spent on works that deteriorate almost as quickly as the time it took to build them.

Another challenge that we need to overcome is legal uncertainty. I will not expand on this subject except to mention the land law because of its importance from the point of view of the community and of investors.

Land ownership continues to be a source of conflict and, again, this is a lingering issue. Two land law proposals have been presented in recent years: the first proposal was approved by the national parliament, having been vetoed by the then President José Ramos-Horta; a new, modified proposal is now under review. This is a priority for President Taur Matan Ruak.

Finally, yet another important issue is the integration of our youth in the economy and in the construction of a country that will be theirs to run soon. This topic on its own would require a full seminar. There have been calls recently for the creation of some civic and national service to give the younger generation a sense of duty towards the country and a new sense of purpose. We are currently gathering ideas and we hope to kick-start a nationwide discussion in the near future.

The future

In general, we are optimistic about the future. We hope to become an upper middle-income country by 2030. While monetarily it should not be too difficult to achieve, socially the challenges remain enormous. According to our *Strategic Development Plan*, development is categorised into four pillars: social capital, infrastructure development, economic development, and institutional framework.

Now we face the following real challenges:

1. High youth unemployment. Around 70 per cent of Timor-Leste's population is under 30 and 54 per cent is of productive age. Of those belonging to the productive age category, only around 30 per cent are employed. At the moment, around 27,000 youths enter into the job market every year, while only a handful of job opportunities are being created yearly.
2. High incidence of malnutrition and undernourishment: 45 per cent of children are underweight, with 33 per cent stunting and 19 per cent wasting. (This requires a national consensus. Any government would need to pledge to put an end to malnutrition and undernourishment.)
3. Poor-quality education and poorly trained human resources. Many children who have been through schooling continue to be illiterate and do not possess even elementary maths skills.
4. Veteran issues/cash transfers. In 2012, public transfers were US\$233.7 million, or approximately 12.6 per cent of the annual state budget. For 2013, this figure was about US\$239 million, or 17.3 per cent of the annual state budget. Of the overall figure for cash transfers, around US\$84 million is designated for veterans alone (the rest to support poor families through the *Bolsa da Mae*

(Mother's Purse) program, subsidies to the elderly, and public transfers to civil society organisations). While cash transfers are an important tool to achieve short-term peace dividends, we shall, however, establish a fund that would lead to the reduction of dependency on the state. The president has been calling for veterans to establish a nationwide initiative where they fund health services and scholarships to their children using a portion of their monthly state subsidy. It is hoped that in the future the fund can also invest in various portfolios.

To conclude, the state's expenditure is more likely to continue to grow, especially the recurrent expenditure. This is a serious challenge when we are facing a more than US\$1 billion non-oil fiscal deficit every year. The non-oil revenue remains bleak with only US\$146 million in revenue for the last year.

Conclusion

Timor-Leste is a country in the making that has many potential and specific challenges. While it is true that many of our problems cannot be solved instantly, a great number of them are the result of our history. We have achieved a great deal since the restoration of independence in 2002, but we are aware that challenges remain. Our development process has been arduous, yet I am confident in saying that we are on the right track. We may have to make concessions, and engage in political manoeuvres and consensus-building along the way. These strategies are, nevertheless, short-term in nature and designed to achieve a specific end goal. Despite all these challenges, the foundations of our society are unshakeable. We continue to see democracy as both a means and an end. We do not believe economic development justifies the suspension of civic rights and participation. This option—the democratic option—may make the road bumpier but the result will certainly be more long-lasting.

References

- Jones, G.W. 2003. East Timor: Education and Human Resource Development. In J.J. Fox and D. Babo-Soares (eds), *Out of the Ashes: Destruction and Reconstruction of East Timor*. Canberra. ANU E Press, 41–52.
- Saldanha, J.M. 1994. *The Political Economy of East Timor Development*. Jakarta: Pustaka Sinar Harapan.

This text is taken from *A New Era? Timor-Leste after the UN*,
edited by Sue Ingram, Lia Kent and Andrew McWilliam,
published 2015 by ANU Press, The Australian National University,
Canberra, Australia.