Built for Extraction: Dependence, Sovereignty and Development in Timor-Leste

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Abstract

In 2002, Timor-Leste was granted membership to the United Nations (UN) making it the first new State of the twenty-first century. By accepting the authority of the UN and allowing the international development and aid architecture to take over the country, Timor-Leste entered into a relationship of dependency on foreign aid in order to become independent. Today, the country is still pursuing sovereignty on the final frontier of the Timor Sea. Using the overarching notion of 'extraction', this thesis argues that Timor-Leste's path towards self-determination has served the interests of third-party actors who benefit from the development processes of the country while many citizens suffer in poverty.

Through an integrated analysis that uses both qualitative and quantitative data, this thesis draws upon scholarship on dependency theory, post-coloniality, and international political economy to explain Timor-Leste's uneven pattern of development. While these literatures are useful in understanding elements of what has happened in Timor-Leste, they fall short when looking comprehensively at the country's experience and troubled history. To expand the picture, the thesis further draws upon and applies academic debates on 'extractivism' and 'neo-extractivism' as they have emerged in Latin American development studies literature. With this focus on extraction, the thesis explains the ongoing ways in which the spoils of development in Timor-Leste remain in the hands of a few.

Informed by research spanning eleven months in-country in 2013, and a return period of intensive field work in 2015, this thesis draws from the insights provided by over 50 formal and informal interviews conducted with a large cross section of local and international populations including donors, politicians, activists, students, academics, development workers and everyday citizens. Collectively these sources tell the story of a country that has matured out of a persistent struggle against outside control. Tracing the colonial history of Timor-Leste from the Portuguese traders of the eighteenth century to the Indonesian military rulers of the twentieth century to the intergovernmental aiders of the twenty-first century, the thesis unpacks the country's ongoing dependency relationships. It demonstrates how the state has increased its revenues and its hold on power due to the presence of natural resources in the country.

Applying the notion of an ‘oil complex’ rather than a ‘resource curse’ conceptual framework to analyse Timor-Leste’s resource wealth, this thesis demonstrates that the components of this phenomena are intrinsically linked with Timor-Leste’s fight for sovereignty by the country’s political elite. This effort to assert state sovereignty is made evident through its investment in the petroleum processing infrastructural mega-project ‘Tasi Mane’, an undertaking of dubious benefit for everyday East Timorese.

Finally, the thesis argues that there is a dire need for Timor-Leste to diversify its economy, but to achieve this diversification the country and its people will have to overcome past and present dependency relationships in the pursuit of national sovereignty. Taken as a whole, the discussion offers a timely addition to recent debates on development in Timor-Leste, while also providing a useful contribution to critical development studies.

Originality Declaration

I certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name, in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

In addition, I certify that no part of this work will, in the future, be used in a submission in my name, for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint-award of this degree.

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Signed:

Terese Geraghty, July 12th, 2019.

THE UNIVERSITY of ADELAIDE

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I dedicate this thesis to my Nagymama, the most tenacious advocate I have ever met.

Prelude: What is in a name?

While Shakespeare's Juliet may not have been deterred by her lover's name stating that 'a rose by any other name would smell as sweet' (Act II, Scene II), this thesis does not sympathise with the simplicity of her supposition that a name is an artificial concept; a meaningless convention. Words are loaded with meaning, power and bias, and as such, the words we choose matter. For this reason, the way in which we refer to Timor-Leste is important. As noted by Peake and Kelley in their support of using *Timor-Leste* rather than *East Timor*, 'for new or emergent nations, being recognised as 'foreign' is a significant end in itself' (2013).

In English speaking circles, *East Timor* has been widely used to describe the annexed Indonesian territory, the country under UN administration and the independent country. When the General Assembly admitted the country as a member of the United Nations in 2002, its official name became *República Democrática de Timor-Leste,* or *The Democratic Republic of Timor-Leste* in English. Although *East Timor* remains popular, I agree with Peake and Kelley that 'the emblematic power of 'Timor-Leste', even in English-speaking contexts, is important as a way of emphasizing a hard-won sovereign identity' (Peake and Kelley, 2013). This sovereign identity is the reward for enduring such atrocities at the hands of oppressors, and the inaction of the international community at the outset of Indonesian aggression. For this reason, I use *Timor-Leste* in the following thesis.

Further to this, the way in which we refer to the people of Timor-Leste is also a matter of contention. While it is common parlance to refer to citizens of Timor-Leste as 'Timorese'[1], this simplification of the term could be used to describe those from the Indonesian west side of the island of Timor. For this reason, I use the term East Timorese to refer to the people originating from the land of Timor-Leste.

[1] Formally the denonym is '*Timorense'*, which in English translates to 'Timorese'.

Prologue

This thesis is about development in Timor-Leste, the first officially new nation state of the twenty-first century. While the international community has played an important role in this achievement of the small half-isle situated between South East Asia and the South Pacific, it is the experience of local actors that serve as the motivation for the arguments presented. Timor-Leste is the home to a diverse range of citizens, with a common experience of suffering at the hands of external actors. Much like using a microscope, the closer one gets to seeing Timor-Leste, the more one needs to adjust the focus for clarity. From a distance it is possible to see a very new country learning to build capacity, strengthen international ties, all while reducing corruption. Look a little closer and you will see a very old land equally influenced by the living and the dead, rugged landscapes, and complex communities where kin may be the most important qualification one could possess. The paradoxes present in the country are seemingly endless. Pot-holed roads bearing scars of a brutal past hug a coastline where, just meters from the shore, lies an underwater coral wonderland untarnished by modern fishing and exploration practices. Head further into the ocean, and the natural resource rich Timor Gap creates questions surrounding notions of ownership, territoriality, sovereignty, international law, and justice.

Since 1999, the international community in conjunction with the newly formed, and subsequently re-formed Government of Timor-Leste, has sought to bring about the development of the country after centuries of Portuguese colonisation and almost three decades of brutal occupation by Indonesia. The occupation of Timor-Leste concluded with the destructive departure of Indonesian military and pro-integrationist East Timorese. Now, the country's middle class along with the capital city of Dili has the opportunity to grow. Indeed, there are signs of this growth: the bustle of flashy cars, the arrival of the fast food outlet *Burger King*, and late night clubs blasting pop music into rooms lit by fairy lights and disco lasers. But alongside these changes however, poverty persists.

Time spent in Timor-Leste will produce stories of crocodiles eating both horses and men, owls bearing bad news to those that hear its *hoot,* and dogs being given the same names as their owner's children. There is wealth and poverty, modernity and tradition, compassion and

greed with the path in-between being the hardest to find as, for all practical purposes, truth and rumour are often indistinguishable. *How*, *where*, and *why* these cleavages come together to assemble a country whose international reputation is improving year by year serves to be an endless topic of fascination for me. It also serves as a crucial case to those interested in international development. The 'wins' in Timor-Leste have been favourable, the losses disastrous. But the unavoidable truth, as I will assert in the coming pages, is that this is a country that has been supported only to the extent that it serves the interests of third party actors who have been able to benefit from the development of the country. Timor-Leste has been built for extraction.

Research for this PhD began by looking at gender and state building in Timor-Leste, with the ambition of discovering what impact Timor-Leste's relatively progressive constitution has had on the nature of gender norms in Timor-Leste's developing context. After some time researching in-country, this topic was then renegotiated to produce a sectoral study of development in Timor-Leste and the evident 'mixed bag' of results that can be observed when looking at the asymmetrical successes and failures of development in the country. The decision to change (and significantly broaden) the scope of the project was a direct result of two things. The first was my difficulty in accessing research participants in the field who were involved in the constitution process and who had considered the impact on gender equality in the country. The discussions on gender and the constitutionalisation of rights I was having resulted in, what I thought at the time, to be a much too narrow group of actors. The relevance of the fact that I was researching a country with a small populace (1.2 million at the time) was lost on me. Secondly, I had been advised that a sectoral based analysis, with three distinct case studies would be a more fitting way to organise a PhD dissertation in the field of development studies. These case studies were to be healthcare, education and infrastructure. Of all the case studies that were debated such as gender, health, education, governance, decentralisation, food security (even the Catholic Church!), the one that continually piqued my interest was infrastructure. Not because roads and bridges are inherently interesting to me, but because of the sheer amount of money and attention they garnered, and the subtle (but certainly present) collective grimace that I noticed when discussing infrastructure provisions in the country. This was especially the case when discussing the largest infrastructure undertaking in the country – the Tasi Mane South Coast Petroleum project.

To bring clarity to what I saw as a muddied landscape, I devoted some time to studying game theory as I felt development was a game and to be brutally honest, I was not sure if I wanted to play. The concern that I would have an infrastructure-heavy dissertation analysed through a critical lens (not conducive to a balanced sectoral study) led me to again renegotiate my work. This time I decided to provide an explanation on why Timor-Leste has had mixed development outcomes through an analysis of three distinct time periods. This was the settled topic by the time I left the field in 2013, and thus concluded the first data collection period of my PhD. Needless to say, due to a lack of consistent clarity, my data was highly varied, and wide. I felt as though I would never produce a focused and insightful contribution to the field of development studies, nor anything useful for those working to improve the conditions many East Timorese find themselves facing on a daily basis. I persevered with writing, and then I hit a brick wall. I realised I had been writing so much, yet saying nothing. I could not quite put my finger on what was wrong. I needed to revisit my data.

I do not regret the sheer diversity of things I have looked at while researching Timor-Leste and 'doing' my PhD. Everything I have learned has provided part of a bigger picture. My adventures down theoretical alleyways and metaphorical dead-ends has meant that I have traversed quite a lot of territory. And it is this experience that now provides the most insight to my work. While trying to gain access, I came up against smoke and mirrors. My fears were realised as that niggling thought I had tried to not entertain became too loud to ignore: that 'development' has been a Trojan horse, allowing the international aid architecture, private sector actors and others to enter the country and set up means to suit their own ends. The parallels between colonial undertakings and development became visible, and then glaringly blatant. But, even without a reliance on foreign aid Timor-Leste has been reproducing the same development path as prescribed by the big donors. Perhaps it does not matter where the money comes from. A funded rose by any other name would smell as sweet.

In some ways, development is a myth – a stroke of luck for those living in impoverished conditions who see improvements in their day-to-day lives, with no discernible causal factor. Yet, the machine behind the myth is adept at convincing the international community that they can create what is needed for the betterment of 'the poor'.[2] If you have A, B is sure to

[2] I use the term 'the poor' here as an intentional comment on the over simplistic and almost reprimanding nature of international development discourse. I prefer to discuss 'people living in impoverished conditions'

happen. Development has become the ultimate zero-sum game; there are the haves and the have-nots. Oftentimes we see development as one step forward, two steps back. And to be (perhaps too) straightforward, development is not even being done well in the developed world. The inclusion of the developed world's responsibilities in the United Nations Development Programme's (UNDPs) newly minted Sustainable Development Goals (SDGs) is a testament to the fact.[3] The idea that falling under the classification of 'developed' means that a society has reached the precipice of perfection is now officially unhelpful. Using handpicked indicators to demonstrate an ideal developed society without addressing catastrophic indicators which exist as a result of becoming a high consumption society (as Rostow would have us understand being 'developed')[4], while useful in some narrow contexts, for the most part borders on negligent. We are now in an era in which measuring only aggregate consumption levels as an indication of development seems ludicrous. If such a view is not supplemented with data that takes into account the amount of arable land, the distribution of wealth, political and religious freedom, life expectancy and any other number of variables, development practitioners, scholars, politicians, beneficiaries and advocates would not take the proprietor of such views seriously. However, the ways in which these new ideas have effected change in the kinds of programs that are run, and the priorities that are set by the international aid architecture has left much to be desired. The saying that 'actions speak louder than words' comes to mind when noticing the schism between development's buzzwords and the 'on-the-ground' reality in many parts of the world, Timor-Leste included.

The concept of 'developed' has been put forth as an achievable standard to work to, yet it seems to be an impossible standard. It is something that will always have to be chased, but never caught. Impossible things are useless for anything other than imagination. In the industry of international development we have moved from the Millennium Development Goals (MDGs) to the Sustainable Development Goals (SDGs), but what are the outcomes of

rather than 'the poor' as there is no element of innateness or absolution to the conditions an individual lives in. Further, by acknowledging that a person lives in poverty rather than is 'poor' it is easier to accept poverty as a symptom of environmental factors rather than something akin to a personality trait.

[3] I refer here specifically to goal 12 which notes the importance of global patterns of production and consumption. All goals however have relevance for the inclusion and scrutiny of 'developed' countries to consider their own impact on the state of the world.

[4] Rostow's 1959 model to demonstrate 'the sweep of modern economic history' suggests that there are 5 key stages to economic development. These are 'the traditional society, the pre-conditions for take-off, the take-off, the drive to maturity, and the age of high mass consumption' (Rostow, 1959: 1).

these? In essence, we are trying to create stable states with wealthy citizens who can participate in international trade and domestic consumption without destroying our planet. But the uncomfortable truth, as posed by High, is that 'states operate not only through a monopoly of force, but also through utopian promises, the appeal of which persists and sometimes even becomes stronger the more they fail to be realized' (2015: 108). This promise? Development.

Chapter 1

Introduction

Introduction

When the Indonesians left Timor-Leste in 1999, they were leaving one of the poorest territories on earth. Their destructive retreat from the country demolished what little development had been implemented during their 24 year-long military occupation, virtually razing it to the ground. Not too long after, the country came under a United Nations (UN) led administration with donors declaring that they would rebuild the territory. Donor activity in the country has been very mobile, with hundreds of funded non-government organisations (NGOs) operating, high levels of bi-lateral aid from the Australian Government, and multilateral aid from the World Bank and the International Monetary Fund (IMF) being invested in the territory. From capacity building to infrastructure investments and the usual array of official development assistance (ODA) projects, Timor-Leste has in a sense 'had it all'. Yet, after 20 years of aid and assistance, development indicators are showing signs of uneven outcomes. While some areas have shown signs of improvement, others have stagnated and some are regressing. At best, Timor-Leste can be considered to have experienced mixed development outcomes.

As Timor-Leste continues to shift from being a so-called 'fledgling' nation or state (see Strohmeyer 2000; Kingsbury, 2007; Richter, 2009) to an established, autonomous and stable state, there will undoubtedly be many hurdles to encounter. History has shown that transitioning from a colonial past to an independent future is all too often fraught with dangers – none more destructive than descent into civil conflict; none more insidious than the promotion of poverty through ineffective development interventions and malfeasance. The purpose of this thesis is to explain what has happened in Timor-Leste's independence struggle by focusing on the ongoing processes of extraction that have kept the benefits of development unreachable by the majority of East Timorese living in the country. [5] The crucial

[5] Beyond the benefits of no longer living under an occupying force and the subsequent violence present within.

points for critical analysis in the following text will be the colonial past of Timor-Leste, the experience of the country under the United Nations administration, and the various forms of influence that oil wealth has had in the country. The thesis will argue that Timor-Leste's current situation reflects the image of a country that has yet to become fully productive, with a previous dependence on foreign aid provisions having now firmly shifted to a dependence on natural resource wealth through the growth and promotion of an oil complex.

To adequately address the complexities of the country's experience, this thesis draws upon scholarship on dependency theory, post-coloniality, and international political economy to explain Timor-Leste's uneven pattern of development. While these literatures are useful in understanding elements of what has happened in Timor-Leste, they fall short when looking comprehensively at the country's experience and troubled history. To expand the picture, the thesis further draws upon and applies academic debates on 'extractivism' and 'neo-extractivism' as they have emerged in Latin American development studies literature.[6] As a result this thesis provides a timely approach to development in Timor-Leste and provides a useful contribution to the increasingly critical approaches to development in an era in which the globe is witnessing and experiencing first-hand the limitations of a capitalist world order.

Timor-Leste has a population of around 1.25 million people, with just over 200 000 of these people living in the country's capital city, Dili (World Bank, 2019). The majority of East Timorese identify as being Roman Catholic, and half of the population rely on subsistence agriculture for their livelihoods, surviving below the poverty line (Boavida and Courvisanos, 2018: 6). From 2001 to 2007 Timor-Leste experienced increased poverty levels (from 39.7% to 49.9% of the population), despite the United Nations devised Millennium Development Goals (MDGs) which specifically aimed to 'eradicate poverty and hunger' (Government of Timor-Leste, 2014: 9). By 2012, the country was only on track to meet MDG numbers four, six and seven,[7] and by 2014, seven of the eight MDGs were considered 'unlikely to be achieved',

[6] 'Extractivism' literature deals with the modes of extraction in nascent capitalist systems, and is primarily concerned with mining, fisheries and other agriculture and agribusiness matters. 'Neo-Extractivism' takes these original concerns into account but also considers forms of extraction that have grown from the late or mature stages of capitalism such as environmental degradation, data-mining, and bitcoin and information harvesting (Mezzadra and Neilson, 2017: 185-201).

[7] Reduce child mortality, combat HIV/AIDS, malaria and other diseases, and ensure environmental sustainability.

'not on track', or directly assessed as 'will not be achieved' (Government of Timor-Leste, 2014: 9-11).[8]

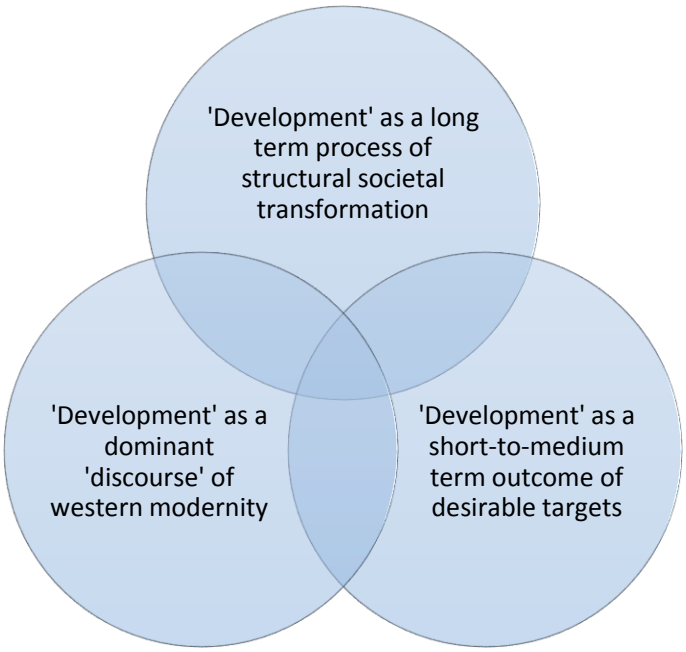
From being a Portuguese colonial outpost, to an annexed territory with a merciless military leadership to finally gaining independence with the support of the international community, it is clear that the rapid and far-reaching changes in Timor-Leste have been immense. These changes have been measured against what the international community considers as being 'developed'.

The Promise of 'Development'

Development is an appealing pledge, a hope, a desire, yet intangible (Illich, 1997; Esteva & Prakash, 1998; Rist, 2007; Escobar, 1995). Development is a set of appropriated words with ill-defined meanings. It is a set of rules that favours its own perpetuation. But still, 'the people' want development. This, despite there being a confused consensus as to what 'development' actually means. Popular approaches and understandings of development have held diverse priorities over different time periods, reflecting shifts in the development paradigm. On the subject of the complexities present, Kothari and Minogue have said that 'development is ridden with paradoxes' and have suggested that few disciplines are 'more bedevilled by contested theories' (2001:1). Sumner and Tribe (2008a) suggest that there are three broad ways by which development can be conceptualised; a long term process, a short to medium term outcome, or as a dominant discourse (see Figure 1).

[8] The remaining MDG, to 'Develop a Global Partnership for Development', cannot be measured within any singular country.

Figure 1: The meaning of 'development'



Source: Sumner and Tribe, 2008a: 11.

The overarching theme of these conceptually different approaches is that 'development' has a general trend of being concerned with change. Although the actual changes or outcomes due to development intervention may not always be positive, it is fair to state that the intentions from development interventions, at least in a traditional sense, are grounded in fostering positive outcomes that may be social, cultural, political, economic or environmental (Sylvester, 1999: 707). In this way development can be understood as a process marked by a series of tangible outcomes or changes. These outcomes may extend to certain interest groups, political actors or the wider community. Herein is the first of a number of complexities present in development studies and practice.

While some development interventions may have wide reaching benefits, others involve trade-offs which sometimes have negative consequences. The Brundtland Commission of 1987, which concluded with the overarching finding that 'humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs' (WCED, 1987: 3.27) provides a key example of such trade-offs. While this report served as a great source of

inspiration for the notion of 'sustainable development', the report also stated that 'technology and social organization can be both managed and improved to make way for a new era of economic growth' (WCED, 1987: 3.27). This suggestion was not well received by those who considered environmental interests to be a 'top priority' in development interventions due to concerns regarding the inevitable environmental cost of unbridled economic growth (Rist, 2007: 487). This demonstrates that the ways in which development is conceptualised and which concerns are prioritised remains central to understanding the approaches taken by particular actors, their agendas and their methods of intervention (Schuurman, 2000: 9-10).

Understanding development as a long term process of societal change is a conceptualisation supported by the idea that impoverished citizens in developing countries 'can only gain from a long term increase in trade, especially in manufacturing' (Maxwell, 2005: 6). This approach focuses on structural societal change and can result in an emphasis on historical trends, institutional structures, and the relationships between owners of capital and labour (Sumner and Tribe, 2008a: 11). Further, in this view meta-narratives play an important role in how development is understood. This view has been critiqued for being non-prescriptive in nature and unaligned with specific goals, and more broadly for being an outdated understanding. As such, the dominance of this approach has lost esteem since the ending of the Cold War (Hickey and Mohan, 2005: 241).

Understanding development as a short-to-medium term outcome of desirable targets differs from the approach above as it has a stronger focus on policy, assessment of changes and most importantly – outcomes. This approach is highly influential, with the most authoritative donor agencies[9] tending to favour this conceptualisation (Sumner and Tribe, 2008: 13). The main critiques of this approach come from thinkers who see it as paternalistic (Booth, 2003: 46-47), narrow in its prescriptions and outlook (Harriss, 2006: 206), and/or overly technocratic, undemocratic, ignorant of political conditions and ultimately unresponsive to the particular environment of individual countries and situations (Ferguson, 1994: 178). It is thought that this understanding of development runs the risk of dismissing the aims and objectives of those who are supposed to be the 'subjects' of development – the people living in impoverished

[9] Including the World Bank, the United Nations Development Programme, the Organisation for Economic Cooperation and Development as well as others.

conditions who have become marginalised and disadvantaged. Furthermore, this approach raises questions of ownership, as the prioritisation and design of development initiatives are often made outside of the country or community set to benefit from interventions (Gore, 2000: 797-798).

The idea that discourse changes, yet implementations and outcomes remain the same relates to the third way of understanding development – 'development' as the rhetoric of western modernity. This approach is primarily favoured by thinkers commonly referred to as being 'post-development'. Crucial in this faction of development thinking is the idea that changes spurred by development interventions have been slow to the point of being irrelevant. More pressing however is the idea that 'massive underdevelopment and impoverishment, untold exploitation and oppression' have been a result of development discourse due to the fact that it has become exclusionary of 'what development was supposed to be about: people' (Escobar, 1995: 4-44).

In the post-development interpretation, development is conceptualised as an extension of the hegemonic power afforded to industrialised, western countries and their arms of influence (including the aid architecture itself) and in this understanding the industry of development has become 'outdated' (Sachs, 1992: 1). In this view it would be possible to suggest development is not so much about poverty reduction, increases in access to social services or economic growth, but more so about power and control over developing countries and the resources they possess. Put more succinctly, 'the discourse of development actually constitutes the problems that it purports to analyse and solve' (Sumner and Tribe, 2008: 763). No matter what conception, the fact remains that 'development' 'has the power of the Western purse out in the `Third World'' (Sylvester, 1999: 703), and as such needs to be carefully understood as an undertaking that is about much more than simply helping 'the poor'.

'Extraction' as a Conceptual Framework for Development Studies

The discipline of development studies has a long and winding landscape of concepts, theories and definitions. From 19th century *'modernisation'* to the 21st century post-development existential crisis, both the framing of poverty as well as the analytical tools available to scholars and practitioners to think about the subject have increased immensely. As this thesis

looks at the colonial history, the UN administration and the post-independent republic state of Timor-Leste, the experience of extraction in the country traverses a longer timeline than the history of development studies itself. However, where development studies thinking has shifted and evolved, it seems that in Timor-Leste the more things change, the more they stay the same.

The lack of 'change' in Timor-Leste comes down to a simple idea that has many complex and moving parts. This idea is that Timor-Leste has developed to the point where third party actors have been able to benefit. While the appropriation of sandalwood growing in Portuguese Timor contributed to the overall strength of the Portuguese empire, so too did Indonesia benefit from its ability to successfully annex the territory through imposing a violent military occupation for 24 years, quelling any chance of a left-wing, communist state springing up in a (more or less) capitalist geo-political neighbourhood. The conclusion of Indonesia's annexation was assisted by the UN and the international community whose benefit from the undertaking was multifaceted due to the influx of agents into the territory and the UN's ability to impose social and economic policies that reflected dominant donor discourse. At this time, large amounts of ODA was spent on highly salaried consultants who encouraged economic liberalisation, and who were decidedly in control of the country.

Throughout the course of their administration, the UN encouraged the participation of only a select few East Timorese in designing the future of their country. After independence began in earnest in 2002, the UN sanctioned political elite of Timor-Leste benefitted from their ability to make successful power grabs over the control of the country's natural resource wealth. While these vastly different scenarios serve as an introduction to the complexities of the notion of 'extraction', the main point to be made here is the *outcome* of these processes; the everyday citizens of Timor-Leste remain disconnected from their own 'development'. It must be noted here that the term 'extraction' is used throughout this thesis in two distinct ways. In the first instance, it is used to discuss the exploitation of natural resource wealth, which in Timor-Leste takes the form of oil and gas. However, 'extraction' is also used to describe a metaphorical concept which considers the ways in which cultural, political, social and economic hegemony are imposed at the expense of suitable local or traditional systems. While these two modes of 'extraction' are quite different, both contribute to and reinforce

the disconnection between Timor-Leste's 'development' and the lived experience of its citizens.

With the conclusion of traditional colonial subjugation at the point of Portugal's decolonisation in 1974, new forms of extraction surfaced in the country. The first new form commanded by Indonesia refused independence in the territory and denied agency to Timor-Leste's citizens in their desire to self-determine. The second new form of extraction supported by the United Nations left impoverished citizens living in rural areas unable to access advances in health and education due to the highly centralised nature of their administration (Brown, 2012: 156). More recently, the independent Government of Timor-Leste and private sector actors are extracting in similar but different ways, denying the participation in political and economic processes of the already disconnected rural poor. That is, it does not matter if it is Portugal, Indonesia, Australia, Intergovernmental Organisations or Timor-Leste at the helm of the country; while the extractive behaviours look different, they produce similar results. No iteration of extraction is focused on channelling the wealth to the grassroots of the country where it is most needed.

Here it must be made clear that the extraction of Timor-Leste is not simply about the exploitation of natural resources. While natural resource wealth has been a catalyst for some of the forms of extraction presented in the following thesis, a notion of the concept that solely focuses on the literal meaning risks oversimplifying a complex phenomenon. Instead, an expanded understanding of extraction is needed in order to fully grasp a variety of struggles that may at first appear to be unfolding in unconnected landscapes (Mezzadra and Neilson, 2017: 187). Further, as different forms of extraction have had a constant presence from the nascent to the late stages of capitalism, the multi-faceted nature of the world's predominant economic system must be taken into consideration.[10] As the forms of extracted capital shift, so too do the modes in which it is distributed, accessed and appropriated. This phenomena has seen the nature of profits increasingly taking the shape of 'rent' due to their 'reliance on resources that are not intrinsic to capital's turnover' (Mezzadra and Neilson, 2017: 188).

[10] It should be noted here that what is considered valuable capital has changed dramatically over the development of the global capitalist system. In the current day, information and electronic data have value comparable to precious metal wealth in the 16th century.

Theoretical Propositions of 'Extraction'

The theoretical propositions presented in this thesis run parallel with 'extractivism' and 'neo-extractivism', arguments which have emerged out of critical literature on development and development studies in response to the short-fallings of resource curse literature to explain development trends within a capitalist system, particularly in Latin America (see Burchardt & Dietz, 2014; North & Grinspun, 2016; Brand et al, 2016). While the concept of 'extraction' proposed in this thesis was initially developed separately from the blossoming body of 'extractivist' literature, there is some concordance in the approaches, particularly the call for the need to include integrated approaches to understanding the complexities of development in oil and natural resource rich territories. Further, both approaches use dependency theory as a useful entry point in understanding extractive and exploitative trends in the international development project.

As a relatively new perspective in the discipline of development studies, the concept of extraction remains 'vague' (Brand et al, 2016: 126). There are however some overlapping key features which can be taken into account to bring clarity to the germinal theory of neo-extractivism, or 'extraction' as it is referred to in the following body of text. Rentier theory, politics, development theory, dependency theory, neo-liberalism, political ecology, capitalism, and resource curse theory all feature within this literature, and from these varying starting points, academics come to explain 'extractivism' in differing ways. Mezzadra and Neilson (2017) look at the relationship of the 'imaginaries and critical arguments surrounding extraction' in relation to 'old-forms' of traditional natural resource extraction and 'new-forms' that include data-mining, agricultural production and bitcoin accumulation. Their arguments in favour of promoting an expanded understanding of 'extraction' highlight some important features of extractive activities. In concert with their expansion, this thesis builds upon critical development theory and emphasises the importance of including the notion of extraction in the case of Timor-Leste's development path.

North and Grinspun suggest that developmentalism and extractivism may prove to be mutually exclusive due to 'fortified capitalist class interests and new global conditions' (2016: 1483). Of particular concern in their view, is the central and powerful role now being played

by multinational corporations and the requirement of developing countries to 'make deals' with global capital which is held by agents 'intent on blocking any substantive structural changes' (2016: 1496). The lack of structural change is discussed by Burchardt and Dietz who suggest that extractivism 'exhibits features of a consolidated development project' which has caused an 'elevator effect' – where all social groups are 'moving up', but class divisions remain entrenched with the economic elite retaining their advantage, and those living in poverty remaining disconnected from development beyond those policies aimed at directly targeting 'the poor' (2014: 468-472). While they acknowledge that empirical evidence suggests aggregate improvements, structural inequalities remain the same.

Mezzadra and Neilson note that the 'complex interplay between technological advances, knowledge production, and financial manipulation allows capital to prepare the ground for further extraction' (2017: 190). They discuss a 'colonial imprint' that has been left behind by the 'extractive zeal of European imperialism' which has kept post-colonial countries such as Timor-Leste vulnerable to the 'landscapes and spreadsheets of contemporary capital' (2015: 191-192). Their analysis opens up notions of extraction to include questions around citizen consent in the face of government-embedded power to make decisions in the 'best interest' of their societies, drawing upon the case of the Porgera mine in Papua New Guinea to exemplify how 'property regimes are tested and manipulated in ways that allow the violence of extraction to proceed amidst contemporary cultural and economic sensitivities' (2015: 192).

Suggesting that resource 'extraction' is an economic model, and that 'extractivism' is a development model, Wolff points out that both fields of literature make reference to struggles, conflicts, and the processes of contestation (2017: 244). By looking at the contestations present in 'extraction' and 'extractivism' of capital, Wolff points to the role that 'competing perceptions and/or conceptions of (in)appropriate behaviour' play in the conceptualisation of the mechanisms at work (2017: 244). He argues that:

> *actors may either disagree about whether a given practice or stipulation complies with an agreed upon standard of appropriate behaviour (norm) or they may hold a different conception of what the applicable norm, and thus appropriate behaviour in a given situation, should look like*. (2017: 244)

This assertion opens up the notion of 'extraction' to be discussed in a manner that takes into account the nuance of particulars actor's agendas in extractive activities, but also allows the space for understanding the influential role of 'norms' set by competing hegemons. Throughout this thesis, such tensions are explored, particularly in chapters' three to seven where trends in Timor-Leste's development path are squarely framed by the notion of extraction.

Extraction as Capital Allocation and Appropriation

At the core of my 'built for extraction' argument is the understanding that extraction can be understood as control over capital allocation and capital appropriation. To bring clarity to this hypothesis, one can look at the early dependency theorists. In 1977 Hopkins and Wallerstein observed that:

> *unequal exchange, operating through a set of mechanisms (which can apparently operate through a wide variety of arrangements or forms)…continually reproduce the basic core-periphery division of labour itself - despite massive changes over the centuries in the actual organization of production processes and continual shifts in the areas and processes constituting the core, semi-periphery, and periphery.* (Hopkins and Wallerstein, 1977: 117)

With the ability to hold and withhold power, both the historical and contemporary rulers of Timor-Leste have relied on unequal exchange processes to maintain their dominance over the territory. While I firmly place my arguments in the context of the experience in Timor-Leste, these insights can also be useful for discussions on the greater global development project.

As noted in 1993 by Lumsdaine, 'any program involving half a trillion dollars, a score of donor countries, many international agencies, and 120 recipient countries over half a century will involve mixed influences' (1993: 4). In the two and a half decades since Lumsdine discussed the sheer volume of available capital and number of stakeholders in the development industry, foreign aid flows have continued to expand. Recent data suggests that from 1995 to

2017 close to two and a half trillion dollars[11] (Australian Aid Tracker, 2017) has been allocated to ODA financial flows, with this calculation not taking into account contributions from emerging, non-traditional donors such as China, India, and Saudi Arabia. Further, capital flows from the private sector and international remittances are also not factored into this calculation. However, even without the consideration of these additional actors in the global development project whose contributions are hard to quantify, as the expansion of the financial pool available for development purposes expands, so too does the number of agendas, influences and actors involved. And, not all of those actors are involved in international development to simply improve the conditions of the global poor as could be assumed upon an elementary glance at the development industry.

Additionally, concerns regarding 'tied aid'[12] have been central to analyses on the effectiveness of foreign aid (for examples see Crawford, 2000; Svensson, 2000; Molenaers et al., 2015). When actors from outside a national territory enter a country to provide development assistance, they come with an established history and wield enough power and legitimacy to be able to propel some vast changes. These changes often require the shifting of capital from one industry or undertaking to another. Capital becomes available to those actors and projects which are favoured by the donor set, with 'donors [being] increasingly selective with respect to recipient policy' (de Mesquita and Smith, 2009: 310). While the selective nature of foreign aid is paramount to its success, the down side of this system is that only the projects that align with the goals and objectives of donors are the ones that qualify for funding. That is, the dissemination of capital is at the hand of external actors; for Timor-Leste this means that the funds designated for development have been distributed by non-East Timorese persons. Capital is allocated and disbursed by the powerful few who are able to gain from its allocation and once in-country, it is able to be appropriated by both internal and external actors. While the development industry has been sympathetic to humanitarian innovations, to understand extraction as capital appropriation and allocation, one must accept that international development has more to do with markets, industries, and conformity within

[11] The actual amount being: two trillion, three hundred and one billion, six hundred and seventy million USD (adjusted for inflation at 2016 prices), calculated by the author with data available from Australian Aid Tracker website (2017).

[12] Foreign aid flows being tied to particular political and economic policy conditions that must be implemented by the recipient country in order to qualify for foreign aid assistance.

normative systems than the benevolence that is often touted as a fundamental catalyst for interventions (Sogge, 2002: 7-9; Easterly, 2003: 228; Dollar and Levin, 2004: 4).

Historical Considerations and Extraction in Timor-Leste

When discussing the abundance of development actors present in the country, a significant portion of my interlocutors from 2013-2015 spoke of a 'third wave' of colonisation that happened in Timor-Leste upon the conclusion of Indonesia's military occupation. Such an assertion demonstrates the ongoing effect that international actors have had on the development path of the country. Further it reveals the importance of taking historical settings into account in the way that both metaphorical and concrete extraction has happened in the country to date. This 'third wave' comprises those employed by international non-governmental organisations (INGOs), intergovernmental organisations (IOs) and international financial institutions (IFIs) who entered Timor-Leste to stabilise security, and to begin rebuilding the country following the declaration of Eastern Timor's separation from Indonesia.

By the time the third wave of colonisation began, the 'extraction' of Timor-Leste was already well underway as previous colonial powers had already been shaping systems in the country to meet their own ends. As such, this new era of colonisation built upon earlier processes of extraction that took place in the country. An example of this can be seen when looking at the struggles over which language should be adopted as the official lexicon of the territory upon its independence. While Portuguese was the preferred language of the East Timorese who had been educated in the language and who held membership in the political elite in the country, using this language excluded the younger, Indonesian educated generation due to the ban on the use of the Portuguese language in the territory by Jakarta in 1981 (Carey, 2003: 64).

Further, as the dominant language of the international aid and development industry, the English language entered the scene upon the commencement of the United Nations Transitional Administration in East Timor (UNTAET) and became a language synonymous among many East Timorese with the ability to gain well-paid employment (Taylor-Leech, 2012: 18). This tension highlights colonial influences that still persist in the territory,

presenting themselves in different ways, creating opportunities for some and excluding others.

While the particulars of the United Nations transitional administration period are discussed in more detail in chapter three, it should be noted at this point that the international community had not taken measures to intervene on the 'Timor issue' despite over two decades of information documenting Indonesian military human rights violations in the territory during their occupation.[13] Jose Ramos-Horta, an elite East Timorese resistance proponent, asserted that 'Australia didn't want to sacrifice the arms industry and trade interests with Indonesia, so they ignored the Indonesian invasion of Timor-Leste' (in Munro, 1999).[14] Other western governments also knew of Indonesia's plans, with both the American and British Ambassadors sending secret cables acknowledging their intelligence on the matter, but choosing to 'keep their heads down' on the issue (Ford in Munro, 1999).[15] In such a context, extraction can be used to explain both the international community's decision to ignore the Indonesian occupation, and the interventions that were put in place after the 24 year long struggle, paving the way for a third period of extraction in the territory. Ignoring the occupation allowed lucrative arms trading to continue, keeping the western economies and the Indonesian military strong, while ignoring the citizens of occupied Eastern Timor and their struggle for survival.

As Indonesia's strength began showing signs of weakening during the fall of now former Indonesian President Suharto, international alliances shifted with the support for Eastern Timor's independence movement increasing. This shift intensified with a popular consultation taking place in the country and the eventual establishment of the United Nations Transitional Administration in East Timor (UNTAET). Creating the conditions for another period of extraction, the third wave of colonisation in Timor-Leste coincided with the third wave of

[13] The 'Timor Issue' being the internationally illegal, ongoing and brutal Indonesian-led military occupation.

[14] It should be noted here that Australia was not the only country to benefit from arms sales. North American arms shipments to Indonesia doubled during the peak of Indonesia's military occupation of the territory.

[15] British Ambassador, Sir John Archibald Ford stated that 'It is in Britain's interests that Indonesia absorb their territory as soon and unobtrusively as possible and when it comes to the crunch, we should keep our heads down' while the American Ambassador stated that 'I hope the Indonesians will be effective, quick, and not use our equipment'(in Munro, 1999). Richard Woolcot, the Australian Ambassador to Indonesia reported that: 'Although we know it's not true, the formal position of the Indonesian Government is that there is not Indonesian military intervention in East Timor', 'we should act in a way designed to minimise the public impact in Australia and show private understanding to the Indonesians of their problem' (in Munro, 1999).

extraction. Once again, third party actors were in control of the country with most citizens unable to leverage enough power to drive the country towards a future of their own design.

Social Injustice and Ineffective Governance as a Consequence of Extraction

Processes of extraction have resulted in the desires of most East Timorese being subjugated to those of outside influences. Against the backdrop of the historical condition of colonisation, extraction combined with capital appropriation has created social injustice in the country. Rather than being considered a form of extraction, it is better to understand social injustice as a result of the nature of capital appropriation that has occurred in Timor-Leste; a kind of flow-on injustice that has negative ramifications for citizens resulting from rising social inequality. My use of the notion of social injustice in this thesis refers to the exclusion of most East Timorese from any of the benefits of development in their homeland. While it is important to not understate the benefits of living in a relatively peaceful country no longer under a military-led occupation, when governing forces behave in an extractive manner, the negative consequences for citizens outweigh benefits once the security dividend is taken out of the equation (Gunn, 2010: 235).[16]

Burchardt and Dietz believe that the processes of neo-extractivism supported and utilised by progressive state governments aim to exploit resources as a means to secure a national development plan and territorial sovereignty, to foster a reduction in poverty, support political stability, diversify the economy and to increase social participation (2014: 470). However, such aims may not always be met, and in the case of Timor-Leste, the forms of extraction that have been cultivated by successive governments have done little to break the on-going cycle of citizen-excluded development. As a result, governance issues endure with the state of Timor-Leste presenting with key symptoms of reduced or severely lacking welfare

[16] When I say the 'security dividend', I mean the absence of large-scale fighting in private and public involving organised, uniformed aggressors. I do not want to underestimate the benefits of peace nor the importance of the achievement of peace in Timor-Leste, however, I do wish to assert that it is merely the first step on the path towards any understanding of 'development'.

and representation systems[17] and reduced employment opportunities (Rasiah et.al, 2017: 128). This thesis frames these symptoms as socially unjust.

As the primary function of the state is to provide security, representation and welfare through the promotion of good-governance mechanisms, it is unjust when these expectations are not met. Milliken and Krause have argued this point, stating that a failure to perform basic governing functions in essence can be understood as a failure of the state (2002: 756). Timor-Leste has not been immune to a 'failed state' critique (Cotton, 2007: 456), but it should be mentioned here that state 'success' can be considered overly ambitious when taking into account the complexity of the country's history, and its relatively short period of independence. Further, the 'failed state' analysis has also been taken to mean one that simply does not fit hegemonic notions of what a state should be and do. Nevertheless, as an important measure of the success of a national development project, the concept of ineffective governance must be addressed and as such, so too must state failure be discussed.

State failure has 'as much to do with the dashed expectations about the achievement of modern statehood, or the functions that modern states should fulfil, as it does with the empirically-observed decomposition or collapse of the institutions of governance' (Milliken and Krause, 2002: 754). These 'dashed expectations' are a consequence of the extraction processes at play. When there is a channelling of resources to concentrated pockets of power, the consequences have both institutional and functional aspects that play out in different ways, resulting in a variety of outcomes, many of which are socially unjust.

Enduring traditional structures which had survived in Timor-Leste in the face of the Indonesian occupation were dismissed by UNTAET, despite rhetoric claiming the importance of not subordinating local knowledge to the demands of the global hegemonic system.[18] As stated by one observer:

> *The United Nations led the international community in nation-building in Timor-Leste, unravelling Timorese unity in the process, especially at the*

[17] Including health, education, pensions, unrepresentative and non-protective or selectively protective police and judicial systems.

[18] As stated by Gorjão, 'although they can diminish their foreign composition…by including as many local citizens as possible in senior political positions, international transitional administrations find it difficult to overcome their inherent undemocratic nature' (2002: 330).

> *grassroots level. Even the small number of elites found it hard to find space for political participation. Many international efforts to "empower" the community resulted in the erosion of existing local authority, which was driven by the presence of a multitude of international advisors.* (Neves, 2012)

The outcome of the subordination of these structures is socially unjust as the East Timorese people were yet again under the control of third party actors not sensitive to their established norms and traditional societal mechanisms. Once the United Nations became the administrators of the territory, East Timorese networks were jeopardised by the international legitimacy held by the UN. Further, while unravelling 'Timorese unity', the geographical reach of the UN was limited, leading Goldstone to argue that UNTAET's lack of capacity to reach out to those in the districts decreased legitimacy of the UNTAET state (2004: 86). Whichever way we understand the extraction from the country however, the outcome in each portrayal leans towards the extraction of funds, resources, and capital to concentrated pockets of power.

Thesis Road Map

This thesis is divided into eight chapters, with chapters' three to eight supporting the argument that Timor-Leste has been built for extraction. To begin however, chapter two provides the critical positioning of the thesis, and presents the context of both the researcher and the field site. Chapter two argues for 'researcher responsibility' and puts forward the case for the discipline of development studies to increase scholarship that takes the position of the researcher into consideration. In an effort to contribute to the decolonisation of development and development studies, chapter two also traces the positionality of those whose voices have been heard, and those who have not. It describes the relationship between insiders and outsiders in development discourse and frames the relationship between these two perhaps opposing sets of actors as complimentary when respectful and symbiotic relationships are formed between the two.

Chapter three traces 300 years of colonial history in Timor-Leste from the Portuguese traders to the ODA 'aiders'. Outlining formative experiences under Portuguese, Indonesian and United Nations control, the chapter illuminates how the history of extraction in Timor-Leste has fostered an environment which has enabled the perpetuation of future extraction.

Chapter three also introduces dependency theory as an important way in which to conceptualise the modes of extraction in the country. While the chapter proposes a few alterations to earlier versions of the theory, it maintains sympathy with many of the original propositions. Further, it suggests that dependency theory provides a pertinent way of understanding the experience of Timor-Leste. The chapter also acknowledges the importance of Timor-Leste gaining independence, and asserts that the only path to true sovereignty for the country needed to begin with an acceptance of subjugation at the hands of the United Nations and other intergovernmental organisations. The central argument of the chapter is that at independence in 2002, Timor-Leste was in fact dependent on aid, and no singular actor or institution had a legitimate claim to ownership over of the territory. Supporting this claim is my assertion that 'legitimacy' could only be afforded to the East Timorese state if it would conform to international norms and become dependent on foreign aid.

Chapter three does not seek to suggest that aid dependence is in itself a bad thing. Indeed, this time of Timor-Leste's dependence under the auspices of the United Nations saw the birth of the progressive, rights-based Constitution, and the establishment of peace in the territory. The chapter does however take a critical view of the nature of the assistance provided to the territory as it reached so far from the mere provision of loans and technocratic guidance, it led Traub to comment that 'Dili appeared to be a wholly owned subsidiary of the international development community' (2000: 84). The chapter suggests that the power the international aid architecture had over Timor-Leste facilitated its positioning as a peripheral or satellite state, setting it up for future extraction.

The transition from a dependence on aid to a dependence on oil is the central point of discussion in chapter four. It introduces academic literature on the implications of natural resource wealth and discusses its relevance for the case of Timor-Leste. With the global positioning of Timor-Leste as a 'satellite' country well underway, chapter four traces a discernible shift that took place as a product of both its newly acquired legitimacy and the growing power of the East Timorese political elite, keen to assert dominance over their territory. The discovery of the Greater Sunrise gas field coupled with the continued exploitation of Bayu-Undan saw the accumulation of oil and gas revenue filling state coffers with dollars untied to donors' demands. For the first time, Timor-Leste was able to generate

its own wealth through the sale of natural resources and as such, could shift away from a dependence on foreign aid.

The ongoing sale of natural resources in Timor-Leste has led to the emergence of an 'oil complex' in the country, a by-product of the petro-capitalist economic system that has been fostered. Chapter four suggests that economically, the country seemed to be succeeding during this time period, but this was happening against the backdrop of political unrest, high levels of unemployment, low-levels of capacity and virtually no government accountability. The transition from aid dependence to oil dependence, I argue, allowed the East Timorese political elite to assert their dominance and finally lay claim to legitimate sovereignty over the territory. However, the cleavages left behind from the legacy of colonisation and occupation saw the country simultaneously fall prey to political instability and as such, the country's reputation 'traversed the full spectrum' from UN success story to failed state within the period of 2002-2008 (Scambary, 2009: 266). While the oil and gas revenues facilitated increasing levels of autonomy for the country, strengthening East Timorese leadership and sovereignty, this increase in the fundamental rights of the state to be 'in charge of their own development'[19] allowed the nature of the extractive processes present within the country to continue to grow. With little government accountability to citizens, Timor-Leste was not positioning its policies to turn the wealth under the ground into wealth above the ground.

In chapter five, the thesis shows how the birth of Timor-Leste has disrupted many long-held theoretical propositions about state, sovereignty and legitimacy. The chapter argues that the UNTAET period promoted a cleavage between the '*Maubere* nation'[20] and the 'UN state' in Timor-Leste, resulting in the need for the political elite in the country to navigate these two spaces. The chapter shows the importance of the resistance and Catholicism in the formation of Timor-Leste's national identity, and the influence of the international community on the state structures of the country. As such, chapter five focuses on the 'building' component of the greater built for extraction argument of this thesis. The chapter establishes that with the

[19] As promoted by the OECD through the Paris Declaration (2005) and reinforced by the Accra Agenda for action (2008), country ownership over development priorities and the increased use of in-country systems to implement development initiatives was established as the 'gold standard' of aid effectiveness.

[20] The collective term 'Maubere' is a left populist term employed to represent the common people of Timor, a reversal of a word that was once a term of contempt for backward, poor and illiterate mountain people under Portuguese rule. As Joliffe notes, it was FRETILIN that turned the connotation of Maubere, a common East Timorese name, on its head, making it a populist catch cry and term of national pride (1978: 411)

newly bestowed power to break free from the shackles of outsider control, the political elite have strengthened their identity as resistance fighters, and have influenced the expressions of nationalism now present in the country, enmeshing patriotism with the continued capture of power by an elite few.

The sixth chapter delves further into the notions of East Timorese sovereignty as it assesses the high levels of state investment in the Tasi Mane Mega Project, a large infrastructural investment posited as the cornerstone of Timor-Leste's future development. The main argument of chapter six is that the Tasi Mane project must be understood as a defiant act of self-determination if it is to be understood as being beneficial for the development of the country. While successive East Timorese governments have justified these large investments on the South Coast by suggesting that piping the natural resources on-shore for processing will be the lynchpin to social development in the country, the true value of the project lies in its demonstration of self-determination, it's outward claim to territory, and the subsequent assertion of dominance and control over East Timorese borders, especially in relation to Australia's attempts for more extraction of the territory. The extent to which this investment will provide the returns to citizens however, is greatly unknown. For this reason, the chapter also argues that, at the cost of investments in pro-poor initiatives to deal with the most pressing issue of poverty in the country, the political elite have sought instead to focus on further entrenching dominance over their rightful territory.

Considering the complexities of the previous chapters, chapter seven addresses the developmental impasse that the country presently finds itself in. The oil complex remains established, and the dependence on natural resource wealth is upheld. State spending continues to balloon beyond the sustainable spending ceiling and conservative estimates project that Timor-Leste will have an empty petroleum fund by 2025 (Scheiner, 2015: 73). Employment rates in the country are still miserable and there is little to no functioning productive sector. The solution to this stalemate, according to most development actors in the country, is that there needs to be a solid push for economic diversification. That is, the state of Timor-Leste needs to find other ways to generate revenue beyond those garnered through the oil complex. This assertion has been made by a range of actors with it being difficult to find someone who would disagree with this assertion.

Chapter seven asserts that without economic diversification, Timor-Leste risks falling back into a dependence on foreign aid, thus potentially losing its hard-fought for sovereignty. However grim this situation may seem, chapter seven also flags a silver lining. By once again looking at dependency theory, the chapter proposes that Timor-Leste could benefit from adjusting their domestic economy, and de-linking from the extractive international economy only to the extent that it can focus on domestic production. While not as radical as when dependency theory first offered de-linking as a solution to the extractive practices of the international economy, the proposition of chapter seven is that Timor-Leste is an ideal site for implementing the concept of 'green growth', an approach which is gaining traction in development circles.

The thesis concludes in chapter eight, providing a revision of the main arguments presented, and hypothesising potential future directions of Timor-Leste's development path. The concluding chapter also makes comment on the broader implications of the thesis for both Timor-Leste studies, and development studies.

Conclusion

As this thesis shows, spending on infrastructure designed to extract natural resources has taken priority over spending in healthcare and education in Timor-Leste. This has resulted in an increase in aggregate economic growth, but not in pro-poor social development outcomes. The policies and priorities of both donors and the Government of Timor-Leste have created this economic growth but the policies have not taken into account the false claim of neo-liberal, 'trickle-down' thinking and have not created complementary social policies to encourage a distribution of wealth to the poorest in the country. This out-dated method was first implemented by international donors and secondly influenced by private interests. In a keen bid to see development in the country, the actors in Timor-Leste have not learned from the development paths of their neighbours and taken a serious step towards meeting the goals of their strategic development plan. This development plan has only been implemented in earnest half way, and until other development initiatives are prioritised and implemented, Timor-Leste will continue to experience mixed development outcomes, and will continue to suffer from extraction.

After taking into account the initial intervention of the UN, the interest and investment by multilateral donors (coupled with their neo-liberal, private sector-centric policies) and the subsequent FDI from international extraction companies such as Woodside Petroleum and Conoco Phillips, the main argument of this thesis is that Timor-Leste has been built for extraction. This claim is not to make moral judgements on the effectiveness of this being beneficial for development but rather to show how all actors have shaped the country in order to exploit the wealth in the ground. It seems reasonable that rents from these resources should be used to further develop the country and promote an increase in the human development indicators (HDI) and that is a good enough reason to promote the extraction of natural resources. However, as the thesis will show, this has not been the case for Timor-Leste. The mixed outcomes that will be discussed suggest that despite increased revenues, Timor-Leste has not made the great development gains it could have. This is in part due to there being an over-focus on the extraction of natural resources through improvements in infrastructure, and less so on other possible benefits which could be seen from the extraction such as health and education improvements. Without policy interventions that focus on health and education improvements to compliment the economic benefits of resource extraction, Timor-Leste will continue to experience mixed outcomes.

Chapter 2

Critical Positioning and Context

Francisco

One of the first formal interviews I conducted in Timor-Leste was with a gentle man named Francisco who had only been employed in his position as an embassy worker for as long as I had been in the country. We arranged to meet at Hotel Timor, a popular meeting spot, and we travelled together in his 4WD to his office in Farol. While being wary of allowing me to use a voice recorder, he did seem to enjoy looking at my mad scribblings as I took notes while we chatted. Further, he was not afraid to discuss topics that I assumed would be forbidden, although his body language conveyed some inner conflict when we discussed the role of the political elite in the country and the influence of the Catholic Church.

'Here I suffer' he claimed as we walked through the back gates into the well-manicured compound. The contracted cleaner lingered in the background maintaining the immaculate cleanliness of the embassy as we spoke. Francisco hinted to me that he did not find his work in the embassy fulfilling: 'I had it explained to me that administration work is just as important as work in the community. I am employed by a big institution and it needs good administration'. Despite the acceptance of his role at the embassy, it was easy to tell that Francisco's real talent was in his friendly, inquisitive and open-minded approach to others. We engaged in light chatter about Timor-Leste and then Francisco did the one thing I did not want him to do. He asked me my opinion on what the Government of Timor-Leste should do in order to develop the country:

Francisco (F): 'So what do you think the government needs to do?'

Tess (T): 'Here?'

F: 'Yes, here. For progress.'

T: 'Hmmm. I think that it is similar to what we have been talking about. I understand the economy needs to keep moving along but I think for long term progress, there needs to be

investment in the people too. If education and health are invested in now, then in the future you will have strong people and smart people.'

F: 'Physically strong and intellectually…strong.'

T: 'Yes, exactly. But that's what I think…as a researcher my job is not just to say what I think but also what the people of Timor-Leste think.'

While happy enough with my answer to his question, Francisco had another up his sleeve:

F: 'Do you believe Timor-Leste has a lot of money?'

Unsure of how to respond, I did my best to turn the question back on him:

T: 'That's a really interesting question. I know that there's been an increase in money here over the past few years. What about you Francisco? Do you believe that Timor-Leste has a lot of money?'

His answer was quite direct:

F: 'I know Timor-Leste has a lot of money but it doesn't matter. It's not going to last so it needs to be used for the people while it is still here. Some people know it and take it. The other question is corruption, it's going to be a big disaster to this nation.'

Later in our conversation, a more nuanced description of the varying levels of wealth was discussed as Francisco explained to me that in Timor-Leste, people have greatly different experiences of development: 'Some are rich and have more than enough money, some are medium, and some are poor, but some are in misery. It is still very hard to change the mentality of nationalism. Because, many top leaders have good rhetoric, but in implementation, they have nothing'.

It was these words that sat with me for the rest of my day in Dili. Upon the conclusion of our interview I took a long walk back home heading east along Ave de Portugal. Looking over the ocean's horizon as I ruminated over Francisco's words, I fully realised the significance of doing fieldwork, and the personal challenges it would require me to face. I was no longer a student in the safety of the halls of the University of Adelaide, able to call upon my supervisors to help me navigate my complex relationship with development studies. Instead, I was in a country on my own as an independent researcher and scholar. As I was given respect without feeling

I had yet earned it, I felt the obligation of using my privilege for the greater good upon my shoulders. Drawing upon a cache of strong-mindedness, I knew I needed to make a promise to myself to not repeat the mistakes that Francisco had observed of the political leaders in his country. I needed to be willing to take responsibility for my research, and avoid contributing to the already present rift between rhetoric and implementation of development interventions in the country.

Introduction

This chapter critically positions this thesis in terms of methodology and discipline. It provides context to the field site, time periods of data collection, formal ethical considerations, the research methods used as well as the institutions and individuals who have contributed their knowledge to inform the findings herein. This chapter also serves as an introduction to my personal ethical and political stance which has influenced the nature of the arguments presented throughout the thesis as a whole. The aim of this chapter is to illuminate some of the tensions present in the discipline of development studies, and in the research informing this thesis. A thematic consideration of this chapter is the idea that 'development' must have moral and ethical considerations at its core. As succinctly articulated by Sumner and Tribe:

> *…the debate concerning the issue of ethics goes to the heart of Development Studies. It is about the ethics of being a development researcher – that is, the ethical and moral issues associated with interventions into the lives of others.* (2008: 762)

This chapter will conclude with optimism akin to Parfitt when he suggests that development studies need not be completely dismissed due to the conceptualisation of development that sees it as an imposition of 'Western' ideologies on the 'South' (2002: 7). Instead, on the proviso that 'the judgement of what is beneficial is made by those at the grass roots rather than by a bureaucrat from the aid agency',[21] development is a valid endeavour – and one that

[21] And I would add, by the 'outsider' academic who may make judgements with little regard for qualitative evidences or 'insider' preferences.

can facilitate the empowerment of the 'social majority' (Parfitt, 2002: 7-8).[22]Finally, the chapter will argue for the importance of reflexive research practice in the field of development studies.

The discipline of Development Studies

I first started examining 'development' during my undergraduate degree at the University of Adelaide, which started in 2007. This was a time when development actors were hopeful of meeting the Millennium Development Goals, with Jeffrey Sachs leading the calls for the transference of wealth from rich to poor countries to the amount of 0.7 percent of Gross National Product (GNP) (2005: 290). The Accra Agenda for Action was conceived out of an 'unprecedented' alliance of Organisation for Economic Cooperation and Development (OECD) donors, developing countries, emerging economies as well as thousands of civil society organisations, global funds, and multilateral institutions (including the United Nations), all agreeing to place more emphasis on 'ownership', 'inclusive partnerships' with the ambition of 'delivering results' (OECD, 2008: 1). It was also a time that Dambisa Moyo's book 'Dead Aid' was released bringing a critical voice to the mainstream development debate, telling the reader that the international aid regime that had been established over a sixty year period had 'demonstrably failed to generate economic growth and alleviate poverty' (2009: 148), with its conclusion: 'aid has not worked' (2009: 154).

As a scholar endeared to Moyo's critiques, touched by Sach's optimism, and with a firm belief in the importance of the principle of ownership through in-country driven development systems, it could have been a simpler exercise for me to write an assessment of the United Nations Transitional Administration in East Timor (UNTAET) and its lack of understanding of the importance of 'ownership' in Timor-Leste. However, looking back on Francisco's comment that, 'in implementation, they have nothing', the concept of ownership becomes murky. What

[22] Parfitt argues that a 'social minority' (usually, but not always residing in the global north) have different interests to those of the 'social majority' who favour progressive development agendas. He believes that development can take an emancipatory direction if enough pressure is exerted by the majority for this to come about, and that 'a moral impetus is active here directing those forces sympathetic to the social majorities to actively campaign for a progressive development discourse' (Parfitt, 2002: 8).

worth does 'ownership' have if citizens do not have faith in the ability of their leaders? Herein is one of the many tensions present in this thesis, and in development studies more broadly.

At the heart of development studies is an evolving discourse. It guides the way that individuals not only talk about development, but is also understood to influence the way that development is thought about, bringing both opportunities and limitations (Porter, 1995: 61-62). The shift in development discourse that has taken place since I first came to be involved in the discipline to the present, shows a maturing of ideas and an intellectual commitment to 'decolonise' development. This shift requires scholars, practitioners and experts to be not only aware of their positioning, but address their potential to influence, corrupt, limit or guide both the questions we ask, and the answers we receive.

'Hello Missus': Another *malae* arrives in Timor-Leste[23]

I arrived in Dili for the first time in January of 2013. My arrival almost perfectly coincided with the final withdrawal of peace-keepers in the country as the United Nations Integrated Mission in Timor-Leste (UNMIT) concluded on the 31st of December, 2012. Unsure of what to expect and feeling completely alone, it is hard to decipher when I officially first started collecting the data that would inform this thesis. This is especially the case as I proceeded with my research from my positioning as a critical scholar, and as someone who simultaneously enjoys the complexities and is frustrated by the discipline of development studies. Given the momentous occasion of the peacekeeper withdrawal, I was thrilled with the timing of my arrival and my plan to stay in Timor-Leste until the middle of November of the same year. Stepping into the country as others were stepping out had a poetical resonance with me. The UN-sanctioned security forces which featured personnel from Australia, Bangladesh, Brazil, China, Fiji, Malaysia, New Zealand, Pakistan, the Philippines, Portugal, Sierra Leone and Singapore had gone. As I flew into the small half-island for the first time I thought to myself: 'the East Timorese are now in charge'.

[23] 'Hello Missus' and 'Hello Mister' are the common greetings offered by small East Timorese children to foreigners in public. *Malae* means 'foreigner' in Tetun, the lingua franca of Timor-Leste.

I managed to find my first accommodation quite quickly through ‘Dili Expat Forum’, a clunky website which no longer exists thanks to the likes of Trip Advisor and Airbnb now gaining traction in the country. The house was a large 5 bedroom bungalow situated at the very end of a dead end street in Bidau Lecidere. The house was nicknamed ‘Puddle Duck’ due to the illusion of its ability to float on water when the rains were particularly heavy and flooded the large yard area surrounding the house.

Photograph 1: Puddle Duck after heavy rains.

Photograph 2: 'Puddle Duck Welcome' inscribed on the entrance the house.

Photograph 3: A view of the 'Puddle Duck'.

Located quite centrally, I was living within walking distance to all the amenities I could need, although I would eventually come to make this assessment of anywhere in Dili as the town is so small that it possible to get from one end to the other by foot along the coast in an hour or so. My lease at Puddle Duck was for 5 months, and once up, I moved into a private upstairs space in a family house across the street. After furnishing it with all that was required for it to be self-contained unit, I was able to live there alone for the rest of my time in-country. Living alone was a luxury not commonly afforded to expatriates outside of those residing in gated hotel-type accommodations. While my house didn't have a front door to lock, I was wholly protected by the community in which I lived.

Photograph 4, 5 and 6: Making a house a home.



Description: The process of getting furniture into my new home. I had to leave when the fridge was being hitched due to my fear that I would see someone get injured, much to the amusement of my land lady (pictured in left).

Adjacent to the street on which I lived was another street that housed a medical clinic and office for the Cooperativa Café Timor[24] which was watched over by Julio, a cheerful security guard who would be sitting and smoking out the front of its large locked gates from dawn until dusk. Always eager for a chat, Julio's patience with my beginner-level Tetun was saintly. At least 3 times a week we would talk, with each conversation getting more in-depth than the last. By the time I left Timor-Leste in November, I had learned all about the lives and families of many security guards all over Dili as they were often keen to talk and find out what I was doing, just as I was keen to learn from them and practice my language skills.

Informal chats with these security guards as well as taxi drivers, street vendors, kiosk owners, service staff and patrons at 'Caliber 12'[25] were the most interesting and insightful conversations I had while researching in Timor-Leste. In fact, I spent more time building relationships with these individuals than networking with people who I thought (at least in my early days of fieldwork) would be beneficial for my research. The generosity afforded to me by these individuals was paramount to my contentment living in Dili. These were the people who helped me learn appropriate and respectful behaviours, common discussion

[24] A large agricultural cooperative, primarily representing the coffee farmers of the country.
[25] A small but well stocked welcoming shop which provided plastic seating on the footpath for patrons to sit and have a drink or snack. At night the owners would place large speakers on the footpath and play loud music into the early hours of the morning with patrons taking turns dancing, socialising and drinking.

topics, and the level of influence that 'development speak' had on the way that that we would discuss my research.

Photograph 7: The foot path leading to Caliber 12.

As planned, I stayed in Timor-Leste for the best part of a year with two short trips to Indonesia, once for an extended academic supervision in Jakarta, and once for a short but sweet holiday in Bali with a dear friend. Such trips are not uncommon among *malae* as the 'fish bowl' effect of moving in Dili's expatriate circles takes its toll on many outsiders after a while. I learned that in the pre-departure training provided to Red Cross volunteers in the country it is recommended that all volunteers take a holiday out of the country every 3 months as a reminder of what the 'real world' is like (personal interview, 2013). The need to have a break from expatriate life in Dili did not really hit me until August, but my time in Dili was not typical of the usual expatriate experience from what I observed while there. While many expatriates living in Dili were working with local East Timorese organisations and socialising in expatriate communities, my experience was almost the equal opposite. I spent more time socialising with East Timorese, and when it came to my work and my research, it was hard to avoid being in a position where I was presented with a foreigner or expatriate who would be positioned

as the best person to answer my questions about development in the country. Of course, I had a good number of close expatriate friends too, but the most important relationships I formed in the country were with my landlord and neighbours; a small community of friends and family living on the same street who would come to adopt me as a valuable contributor to their clique.

Returning to Australia after ten and a half months of field work was concluded, I started writing up my thesis and did not return to Timor-Leste for another year and a half. I planned my return to Dili to synchronise with the 2015 Timor-Leste Studies Association (TLSA) conference to be held in July of that year. I stayed in the city for three weeks and focused on attending the conference, collecting more data and catching up with dear friends. It was explained to me by a number of East Timorese that my relationships with them would not be solidified until I left the country, and came back again after a period of time away. I was told that many foreigners do not come back, despite making the promise to do so. I had sympathy for the mistrust many East Timorese alluded to. Broken promises are damaging. It was nice to be greeted back into the community I had once been a feature of with welcome smiles. While my command of Tetun had deteriorated since my first period of time in the country, it returned quickly enough for me to chat about the small things like my family, my studies and how I had become 'fat' since being back in Australia. I spared them the details of the three bouts of sickness I endured while living there in 2013–Australia had not made me fat, Timor-Leste had made me thin.

My second trip to the country also presented me with the opportunity to take a few long walks through the capital city to soak up the changes that had taken place during my time away. Like an inter-seasonal game of 'spot the difference', new additions to the picture were blazingly clear such as the Ministry of Finance building that was erected while I was gone, dominating the skyline of the city. Too there were some less obvious differences, such as the loss of the traffic lights in Bidau Lecidere that were raised during my first stint in-country, but did not remain in place upon my return.

My Positioning

There are many facets to my 'positioning' in Timor-Leste that help provide some important background information and context to the thesis I have ultimately written. First and foremost, I entered Timor-Leste as a white Australian woman. There are certain privileges that have been afforded to me due to the happenstance of where, when and to whom I was born. While my social childhood in Australia was flavoured with taunts from my classmates at school calling me 'skip' and 'dogger'[26], my favourite familial childhood memories consist of sitting under my Nagymama's[27] dining table with my brother, while friends and family, seated at the table above, played cards, smoked cigarettes and sipped on homemade cherry pálinka.[28] These seemingly oppositional identities have a common thread. Whether categorised as the grand-daughter of an Irish immigrant, or the daughter of a Hungarian one, the fact remains that I unquestionably present (and identify) as 'white'. While the ramification of my whiteness plays out in Australia in particular ways[29], so too was the case of my whiteness in Timor-Leste.

Fundamentally aware of the colonial history in the country, I struggled to truly understand how to navigate my positioning while first in Timor-Leste. I experienced admiration from many East Timorese people when I explained I was a PhD level researcher looking at their country. The financial scholarship I had been awarded enabled me to have a comfortable lifestyle beyond the reach of the majority of East Timorese nationals. It was not difficult for me to pay rent for comfortable and secure accommodation, to eat well and whenever I wanted, to take extended trips to the districts, make phone calls to Australia, to afford entertainment and have enough left over to take weekend trips to Ataúro Island and Baucau for leisure. While this opportunity was awarded to me based on my academic performance at university, the sheer fact that I was able to attend an internationally esteemed educational institution, uninterrupted for 5 years should not be attributed to any merit on my part. The Australian state had solid institutions, in-built mechanisms and social welfare programs in

[26] Insults leveraged against me due to my Anglo-Celtic surname in a school that was highly populated by the grandchildren of Greek, Maltese and Italian post-WW2 migrants.
[27] Hungarian for 'Grandmother'
[28] A Hungarian fruit brandy
[29] Not least in that I am privileged as an heir of a system that has benefitted, and continues to benefit from the colonisation of Australia through systematic exploitation and erasure of First Nation peoples.

place that facilitated if not completely enabled me to take the path that I have. While there has certainly been hard work on my behalf to tell this story, it is also a story of coincidence. I would never attribute someone's lack of education in a post-conflict society to their personal virtue or deservedness. I similarly apply the same rationality to myself.

Decolonising Development

Since independence, the state of Timor-Leste has experienced immense pressure to develop capable institutions, promote peace, and ensure democratic elections among other duties set by the international consensus of what a 'legitimate' state looks like.[30] This framing of what characteristics 'correct' statehood should display is an inherently normative concept shaped by a history of western hegemony (Draude, 2007: 5-6). Explicit mention of this early on in this thesis serves two main purposes. First, in a move to address the issue of what development studies *actually means*, it remains important, as suggested by Langdon, that space exists in literature for the unpacking of the positionality of those with voices who are heard, who is framed as a recipient or beneficiary of development, and who is the expert (2013: 385-386). Langdon has said that 'development studies does not, in fact, do very well at listening to the voices, or to really incorporate the views of those "Southern" voices most affected by development' (2013: 385). This is a position I both sympathise and struggle with. Second, I want to position myself as a scholar whose understanding and interest in the importance of the state runs deep. On a superficial level, commenting on the 'western' qualities of 'state' is an oversimplified statement, yet it is an important starting point for some of the fundamental arguments within this thesis, especially those concerned with the transitional administration in Timor-Leste. A preliminary point to be taken here is that it is *my* world view that the state touches almost everything. I see the state as the tangible representation of the Social Contract. In an increasingly globalised world, the Social Contract that was asserted by Rousseau in 1762, which stipulates that 'the individual member alienates himself [sic] totally to the whole community together with all his [sic] rights' so that 'the individual people should be motivated from their double roles as individuals and members of the body, to combine all the advantages which mutual aid offers them' (1964: 1), can now be applied and understood

[30] See chapter five for further discussion on the idea of 'legitimate' statehood.

in reference the greater global society, not just the nation space which spurred Rousseau's thesis.

At the forefront of my argument that the social contract thesis can now be understood as having global applicability, are the United Nations projects that took place in Kosovo and Timor-Leste (further discussed in chapter three). These undertakings were formulated and executed in-line with international principles of 'best practice' in a state-building sense, but were more about self-service than 'mutual aid' as the traditional iteration of the social contract would have us understand. This 'self-service', at its core is exclusive of the 'voices' Langford discusses, and does not account for the need for decolonisation in the space of development.

'Decolonisation' it has been argued, 'is a collective effort, and not a matter of one group "helping" another' (Langdon, 2013: 387). Wanting to use my agency in support of the collective effort of decolonisation, but feeling limited by my book-based knowledge of the country was one of the greatest struggles I faced in the process of getting to know Timor-Leste, the people(s) and the culture(s). This struggle primarily took the form of frequently checking my own privilege, and withdrawing from situations in which I was afforded different treatment than an East Timorese person could expect. This phenomena has been discussed by Sultana who has observed that critical/feminist scholars sometimes exhibit 'over-concern' with their positionality, resulting in paralysis and/or a general resistance to engage in fieldwork practice (2007: 375). I was lucky to have a sympathetic East Timorese friend who was highly intuitive and noticed my behaviour, and who encouraged me to better grasp what Bozalek calls the responsibility of the 'committed outsider' (2011: 470). Where Bozalek suggests that there is a necessity of 'some form of mediating person, text or artefact for engagement with criticality in order to interrogate one's own position in the research process' (2011:470), my friend more simply stated that 'we just need to talk about things from our own place and learn together' (personal interview, 2013). The act of decolonising my research required me to engage with and interrogate inequalities, not simply avoid them by refusal of engagement. It is true that:

> *In research processes…inequalities are often not perceived to be problematic and may be endorsed by those who are either advantaged or disadvantaged*

> *by them. It is therefore important for people to interrogate notions of justice and injustice in the light of these inequalities.* (Bozalek, 2011: 470)

While it must be true that 'insiders' will always be the authority on cultural norms, there is a usefulness to the points of view that 'outsiders' can bring (Bozalek, 2011: 470). External perspectives have the possibility of bringing critical positions to issues that may not have been challenged without such engagement.

For instance, Grenfell notes that those involved in humanitarian-military interventions 'do not tend to have to think in such reflexive terms about their own assumptions of how the world is' (2017: 24). A 'committed outsider' however would have such reflexivity as a necessary step in order to curb potential ontological limitations in their intervention efforts (Grenfell, 2017: 24). Further, Sen suggests that 'one of the features of traditional inequalities is the adaption of desires and preferences to existing inequalities viewed in terms of perceived legitimacy' (1995: 262). In this view, the ability of the insider to perceive inequalities present in their own experiences can be limited due to their embedment in the very system that may oppress them. As such, the view of the outsider could be a useful tool in assessing inequalities as they relate to the wider established norms, such as those described for instance, in the Universal Declaration of Human Rights. Similarly, by framing inequality from a theoretical standpoint, a researcher may enable discussants to 'criticise abuses that otherwise might lurk nameless in the background' (Nussbaum, 1999: 229). Such approaches must continue to be reflexive in a post-colonial setting, especially if the culture or community that is being discussed has been colonised by the 'describer' (Nussbaum, 1999: 229).

However useful outsider perspectives may be, they should not be taken as the authority, especially in the context of post-development thinking which suggests there is a need to decolonise development studies and practice (McGregor, 2007: 158). There are instances in which outsiders have been rejected by communities and cultures as a matter of 'explicit and fierce insistence' by those on the inside (Jaggar, 1998: 9). Critiques from insiders of outsiders often state that outsiders are inadequately informed about the inner workings of their community, and can even express fear that any kind of open discussion may have 'deleterious

consequences' (Jaggar, 1998: 9).[31] In such situations, the fate of the insider rests in the hands of the outsider, bringing the importance of power relations to the foreground of research practice. Therefore, reflexivity on the part of the outsider (framed here as the researcher) is crucial to ensure ethical research practice, and to contribute to efforts required for the decolonisation of development.

Sultana believes that 'ethical research is produced through negotiated spaces and practices of reflexivity that is critical about issues of positionality and power relations at multiple scales' (2007: 375). Ethical considerations informed my research and the final presentation of this thesis in a number of ways. First, I always introduced myself as a researcher to everyone I spoke with beyond the short transactional discussions I would have with retail and hospitality staff who I had not befriended. By being explicit about my role as a researcher at all stages of getting to know 'insiders', I was able to be transparent when explaining to people what I was doing in Timor-Leste, and avoid confusion if and when my friends became my interlocutors. By adhering to ethical conduct supported by ongoing conversations built upon mutual trust, I sought out consent regularly from research participants, both explicitly and implicitly, and placed the interlocutors at the centre of research, ensuring their participation was meaningful in as many ways as possible.[32]

Further, the use of photography as a mode of data collection was limited to documenting my observations at national events, parades, posters, billboards, buildings, public spaces and infrastructure projects with consent gained from the individual (or guardian of the individual) for those images in which the human subject is clearly identifiable. Identities of research participants have further been protected throughout this thesis. Unless representing an

[31] Examples of such instances can be seen in the rejection of middle-class feminist analysis by sex worker groups, the rejection of heterosexual discussions on particular lesbian practices by lesbian groups and the rejection of Western critiques of clitoridectomy practice from some North African women's groups (Jaggar, 1998: 9).

[32] The University of Adelaide Human Research Ethics Committee (HREC) approved the research in the category of 'Low Risk Human Research' (Approval number HP-2012-82). Research participant consent forms and independent complaints sheets were available in both Tetum and English for all research participants including my housemates and neighbours. Participants were also able to offer oral consent with their verbal agreements recorded either digitally (audio recording) or through purposeful and transparent note taking in view of the participant. Participants were able to choose the language of interviews with many informal discussions switching between both Tetun and English under the direction of the participant. Further I would conclude conversations and interviews by reminding the participant(s) that I would be taking notes on what we had discussed, transcribing, and storing these for later analysis. A number of participants also requested follow up interviews to ensure my comprehension of the data they presented, which I granted without exception.

organisation or government body which allowed them to be identified, pseudonyms are used for all research participants. While a core motivation for undertaking this research project was to bring local voices to the fore, it also remains crucial that I protect the privacy of interlocutors. By maintaining these confidentialities, I was able to adhere to the expectations of the HREC but also maintain the high level of ethical conduct that is required to ensure 'researcher responsibility'. Through considered conduct at the design, collection, analysis and presentation stages of this project, confidentiality has been protected.

Aware of the variety of 'development sins'[33] that occurred in Timor-Leste during the UNTAET period by donors, contractors, UN agencies and international NGOs as they 'rushed to claim their spot in the development landscape' (McGregor, 2007: 160), I went into the field with a particular set of ideas regarding the way in which the country had already been supported. Further, I was aware that I could easily be placed in the same category of others who had come before me, and who looked and spoke a lot like me. Questions of how I, a well-fed white Australian, university-educated researcher, could be separate from the cohort of international actors already present in the country began to surface for me. By the time my first data collection period was complete, and after countless informal discussions with East Timorese and expatriates from all walks of life, it became clear to me that the most important point of difference I could foster between myself and the 'nameless sinners' was that I had the freedom to speak openly and honestly with as many people as I could, unbound by institutional biases or agendas. In fact, it was incumbent upon me to do so, not least due to my obligations to fulfil the requirements of my agreement with the HREC.

Suggested as 'best-practice' by Sultana, through the use of flexible and reflexive methodologies that allowed participation of interlocutors from various backgrounds and with differing levels of literacy, political power and other influential factors, I was able to reflect on how my positionality inserted me into 'grids of power' and how that 'influences methods, interpretations and knowledge production' (2007: 376). Further, I could discuss these concerns with my interlocutors. The most salient lesson I learned during the course of my fieldwork was that there is little point in applying pressure to change the unchangeable. My

[33] These 'sins' include little to no consultation or recognition of pre-existing East Timorese networks, the implementation of centralised and top-down decision making mechanisms and 'a reluctance to indigenise key development responsibilities and roles' (McGregor, 2007: 161).

initial want to be considered 'different' to other *malae* in the country was indicative of two things – my underestimation of the East Timorese to be able to detect difference, and my underestimation of other foreigners in the country. While there was a number of international development experts in Timor-Leste that I remained suspicious of due to a misalignment between their purported intentions, methods, measurements and outcomes, so too were there wonderful people working on meaningful projects, guided and influenced by the interests of East Timorese citizens.

Webs of Significance

While in country, I had varying success in gaining access to East Timorese voices on the topic of my research. While I was very successful in having deep and complex conversations with the kinds of people mentioned earlier in the chapter, these individuals were often employed in service industries or were students from the National University of Timor-Leste (UNTL). As such, they were not the people who I understood as being well positioned to help me answer my official research questions as stipulated in my research proposal. Yet, these conversations did lead me to write this thesis, as I saw what might be best described as a cleavage between the development wishes of 'everyday' people and the decisions which were happening at the state level. The most prominent example of such a cleavage was the common suggestion that schools and hospitals needed more funding. There was barely a person I spoke with who did not suggest that these social welfare provisions were not being adequately met for the demands on these sectors. These conversations led me to question where state funding *was* going.

Reinforcing this sentiment were the families on the street where I lived. The relationships I formed there were the most formative in my process of acclimatising to living in Dili, and exploring greater Timor-Leste. I was closest to the Dos Santos family; my 'East Timorese family'. They comprised of the father, Martin, who I rarely spoke with, but who did give me insight into 'the mentality of nationalism' that Francisco spoke of, as he was only really interested in talking with me when we were discussing the Indonesian occupation. He also maintained that even though Timor-Leste was not yet perfect, it was still 'better than Bali' and that my research should make sure of that. Then there was Julia, a woman who would

come to insist that she be my 'East Timorese Mother'. Julia was my closest East Timorese friend and the person I spoke with the most during my time in-country. We spent many evenings together swapping stories about family, tradition, love and relationships, education, and the importance of positivity and a good sense of humour. She taught me informal language to impress my other East Timorese friends as well as significant hand gestures that would be useful when I needed to fend off unwanted attention. She is a smart, funny, and hard working woman and I could not have asked for a better person to have on my side. She was also keenly cheeky and relished playing tricks on me. She especially loved to pretend to be a pyromaniac when it came to rubbish disposal day.[34]

I had three fictive sisters (Claudia, Isabel and Octavia) who would visit me with their cousins to make use of my nail polish collection and to practice their English, and two brothers, one who was quite uninterested in me (Ivo), and the other who had a cleft palette and severe intellectual disabilities (Antoni). Antoni went through a stage of venturing into my bedroom as I slept but this was easily forgivable as I was just as curious about him.[35] I had many uncles and aunties on the street who were looking out for me, even when I did not realise it. There was even a woman, who I was told was 100 years old, living on the street. She must have seen and experienced so much, but I dared not to bother her too much. Instead, I gave her offerings of betel nut every so often to show her my respect. Acceptance into this family gave me access to the everyday realities of an East Timorese family and household. Their adoption of me into their community meant I was privy to a lot of information I may have not had access to if I had not been accepted. They shared their knowledge about religious holidays, ceremonies, public holidays, curfews and political issues with me. I was also trusted with gossip, attended family birthdays and weddings, and was even invited to the local *bola guling* house, where *malae* are rarely, if ever invited.[36]

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[34] Household waste is often burned as a means of disposal. Mana Julia would often do a dance and flick the lighter with her eyes wide for a number of minutes before setting the pile of rubbish on fire.

[35] At a late stage of my fieldwork I invited an interlocutor over for a drink who was a long term resident of Dili (10+ years). She commented on how progressive it was for a family to have a son with such disabilities living in the city. More often than not, she suggested, people living with disabilities would instead be sent to live in the districts and not cared for in the way that the Dos Santos family cared for Antoni. This conversation confirmed for me that gaining accommodation on the street was truly serendipitous for me.

[36] *Bola Guling* is a gambling game similar to roulette in which the roll of a ball determines the winning numbers. It should be noted here that these houses are illegal in Timor-Leste and their locations often change to avoid detection. According to my interlocutors, the issue of gambling is a contentious one, with people being divided about their influence. While some East Timorese enjoy the social side of gambling and the

Photograph 8 and 9: The matriarchs of the street and a crème-bath treatment with my family.

To complement my understanding of the 'everyday' in Timor-Leste, I kept up to date with national news by collecting newspapers, going to public events, and by meeting with other academics who were researching in the country or faculty staff at UNTL. The Centre for Peace and Conflict Studies located at UNTL was run by a particularly friendly group of students who were happy to talk with me at length about their interests and hopes for the future of the country. Further, my attendance at the 2013 Timor-Leste Development Partners Conference exposed me to the greater academic conversations that were happening in relation to the development ambitions of the country. Attended by over 350 participants including 'Members of Government, National Parliament, the Diplomatic Corps, Civil Society, the Private Sector, Academia and Development Partners', this conference concluded with Xanana Gusmão stating that 'from now on, there is a strong and shared commitment to implementing the Strategic Development Plan' (Government of Timor-Leste, 2013). This conclusion appeared to be unresponsive to the content of the conference, but rather one which was decided even before the first speaker took to the podium. This conference was also the place that I befriended two independent journalists who welcomed me to their 'after-party' of sorts, an opportunity to drink coffee, discuss the conference and presentations, and most insightfully, unpick the agendas at play.

opportunity to win extra money for their families, there too are critics who see the houses as exploitative, damaging, and encouraging of gambling addictions. Further to note here is that my mention of an invitation to these houses is not an admission of my attendance.

Photograph 10: Me at the TLDP conference, early and eager.

Photograph 11: A banner announcing the TLDP conference on the streets of Dili.

Photograph 12: The table before Conference panellists arrive.

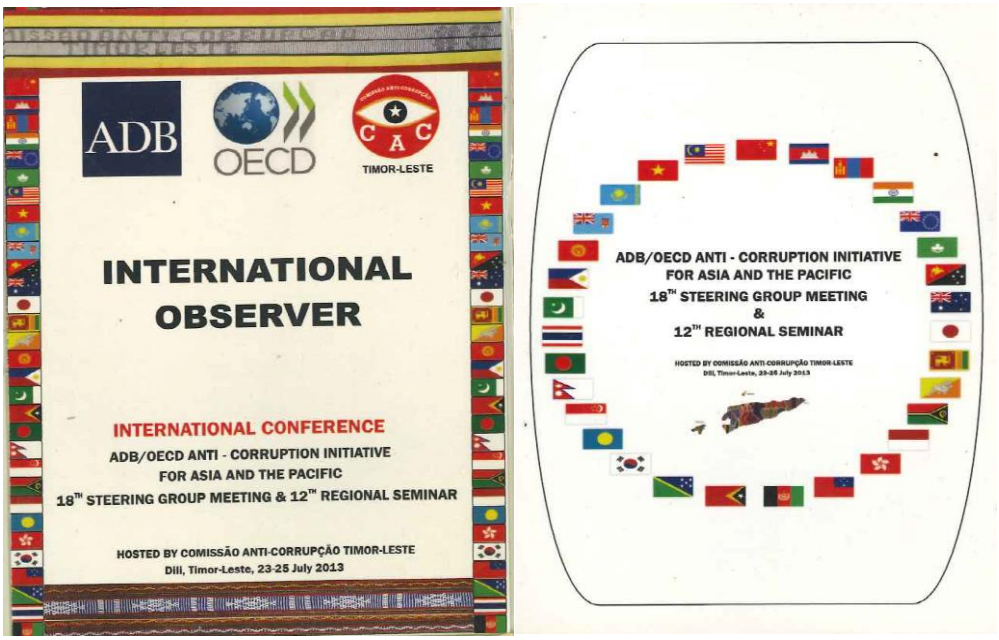
In addition to conference attendance, I spoke face to face with a slew of representatives from civil society organisations including La'o Hamutuk, Luta Hamutuk, Estrella +, Alola Foundation, the Red Cross/Red Crescent, Alfela, Empreza Diak, Timor Aid, the Women's Working Centre Timor-Leste, FONGTIL and APHEDA-TL. I attended the Timor-Leste Studies Association (TLSA) conference and social events, and had short but sweet conversations with many association members. I found this cohort of researchers to be some of the brightest, friendliest and most collegial people I have met. This group of academics is a well-balanced blend of East Timorese, Portuguese, Australian and Indonesian (among many others) and from fields as far apart as Anthropology, Medical Science, Geography and Economics. Somewhat of a 'motley crew' these academics put on a great conference and I have always felt welcomed on the few occasions I traversed into their territory.

In order to gain access to the mechanisms in place surrounding the Government of Timor-Leste's push to decentralise their state power, I ventured to spend nine days in Los Palos, a municipality which was undergoing community consultations in regard to the distribution of political power in the area. While there I was based at Veru Pupuk, a small NGO headed by my dear friend and guide for the area. Unfortunately, he fell quite sick after only a few days there, and while this meant that I only managed to attend one of the scheduled decentralisation meetings, I did manage to gain first hand insight into the responsiveness of the healthcare system in the country. I was woken by his family at around three o'clock in the morning so they could tell me that an ambulance was coming for him as his symptoms

escalated during the night. I was instructed to travel with him to the hospital in Baucau, so that I could oversee his treatment from there, and then easily travel back to Dili. I gathered my things and got dressed quickly so as to not hold up his treatment. It did not dawn on me that I was acting prematurely until it was explained to me that the ambulance would still be at least another nine hours away. I am sure I heard my friend's cousin whisper 'crazy *malae*' to herself.

I also attended a conference jointly held by the Asian Development Bank and the Organisation for Economic Cooperation and Development for the Anti-Corruption Initiative for Asia and the Pacific. I gathered much less data from this conference for two reasons. First, this conference was held in Timor-Leste but was not focused solely on the country. Second, there were very specific panels I was and was not allowed to attend; my status as 'International Observer' only afforded me entry into the ceremonious and peripheral discussions. This did not stop my trying to attend the more detailed sessions, but I was asked politely to leave these presentations once I was noticed. This happened two days in a row.

Photograph 13: 'International Observer' lanyard.



I also attended the *Timor-Leste Family Violence Conference*, the *Finding Pathways in Education* conference, and finally the *Harnessing Natural Resource Wealth for Inclusive Growth and Economic Development* conference. It was at this last conference that I solidified my interest in the implications of natural resource wealth in the Timor-Leste. This conference discussed the presence of oil and its implication for development progress in the country. It raised many question for me including the means and the ends of its extraction, and the ways this was being facilitated, negotiated and funded. These questions then became my primary line of inquiry.

In 2015, I took a second visit to the country, concentrating more closely on the aforementioned interest in natural resource wealth. I again spoke with La'o Hamutuk, and added the Extractive Industries Transparency Initiative-Timor-Leste (EITI-TL) as well as representatives from the World Bank, the Asian Development Bank and the Ministry of Health to my list of formal interviews. I also dedicated a great deal of time trying to secure meetings with a representative from the National Petroleum Authority, the Ministry of Petroleum and Mineral Resources and the Ministry of Finance. After numerous failed attempts it became clear I would need to rely on secondary data to inform some parts of this thesis which would have benefitted from having conducted face to face interviews.

Reflecting back on the entirety of my fieldwork and data collection processes, it is clear that I moved between many 'worlds' during my time in Timor-Leste. From deep connections with my East Timorese 'family', friendly relations with service staff and university students, to formal relationships with International Financial Institution (IFI) representatives and big donors, the nature of my data set is essentially intersubjective. What is also clear is that as a researcher, there was a strong influence of my own 'learning to learn' process at play. It has been suggested that 'intersubjective learning is important in such processes, which are often iterative and difficult to pre-define in institutional ethics forms and research proposals' (Sultana, 2007: 382). By allowing this thesis to be informed by qualitative and quantitative data, this thesis has been able to capture a large part of the story, resulting in me becoming, what Onwuegbuzie and Leech call a 'pragmatic researcher' (2005: 376). They state that a pragmatic approach 'enables researchers to be flexible in their investigative techniques, as they attempt to address a range of research questions that arise' (2005: 383). By utilising publicly available data sets provided by government agencies and IFIs, and balancing this

information with formal and informal interviews and observation techniques, the arguments presented in this thesis have a grounding in many of the disciplines connected to the multidisciplinary field of 'development studies'.

Conclusion

Just as Sylvester found that many `Third World' people 'aspire to modernisation' wishing to be 'consumers of computers, cars and telephones' in rural cultivator communities in Zimbabwe (1999: 710), my time spent in Timor-Leste taught me that many of my interlocutors wanted iPhones, better English language skills and to consume dishes synonymous with western diet trends.[37]My point here is that despite talk of 'insiders' and 'outsiders', there are often more similarities between people than there are differences, and it is the responsibility of the researcher to be flexible and reflexive enough to see these. The discipline of development studies is not immune to the fact that 'our beliefs about the nature of the external world influence how we as researchers can or cannot gain knowledge about it' (Prowse, 2010: 212). However, much of the research conducted in the name of development studies has not been explicit in its methodological or philosophical foundations (Prowse, 2010: 211). Increasing the promotion of reflexive research techniques in the field will continue to encourage more responsive research outcomes, and promote solidarity with the efforts to decolonise development. These are actions that will only improve the effectiveness of development interventions and development thinking.

Prowse believes that 'there is no doubt that fieldwork is a time of personal growth' and is a process that requires 'sensitivity, reflexivity, application and on ongoing dialogue between the researcher and social actors' (2010: 227). As a profound and protracted educational experience, my time in Timor-Leste required that I develop my abilities to operate appropriately within differing social spheres, remaining sensitive to the different contexts I was in. The result of allowing the space for this to take place was that I managed to build sincere and informative relationships with a wide range of people from vastly different

[37] A fond memory from my fieldwork was the request to cook an 'Aussie barbeque' for a group of 11 young East Timorese who were in Dili for the first time while they undertook agricultural training through *Fini Ba Moris* (Seeds of Life).

backgrounds. These connections have not only influenced my thinking on the development trajectory of Timor-Leste, but the greater discipline of development studies. As argued by Parfitt, 'in deciding which causes we support as legitimate and which ones we reject as harmful, or misguided, we are obliged to explain ourselves' (Parfitt, 2002: 10). By undertaking reflexive fieldwork, the researcher has the chance to best understand their own positioning, and have their findings be considerate of the power relations that are inherent in development studies, fieldwork, and international and intercultural research practice. The formation of meaningful connections between 'insiders' and 'outsiders' not only has moral and ethical soundness, but could inform the next critical shift in development studies thinking, breathing new life into a field implicated of standing 'like a ruin in the intellectual landscape' (Sachs, 1992:1).

Ikun[38]

When Francisco first asked me 'what do you think the government needs to do for progress?', the importance of his question was lost on me. With hindsight and a great deal of research behind me I now understand why he would ask this. Francisco was seeking to understand where I was coming from before he would share his knowledge with me. Once I did my best to be transparent in my approach, he was in a position in which he was able to share with me his thoughts on progress. Francisco knew that the amount of money in the country seems to have had little impact on development outcomes in the country, and that the role of outsiders has in fact proved to be more crucial.

[38] *Ikun* means 'tail' in Tetun. It is also used as a term of endearment for the youngest child in a family.

Chapter 3

Traders to Aiders: The Path to Independence

Sophia

While looking for a housemate to share a large house in Bidau Lecidere, Dili, I interviewed a number of people searching for a place to call home, albeit temporarily. I hosted these interviews without the expectation that they would be useful for my research, however the attitudes I came across were startling and insightful of some of the assumptions circulating in relation to life in Timor-Leste for expatriates. One particular interview stayed strongly in my mind. Sophia was working for a specialised agency within the UN, and was earning just shy of USD$1000 a day as a consultant. She was looking for a room to rent for the nine weeks she was contracted to work in Dili. It baffled me why Sophia would be looking to rent a room for the lowly sum of $250 per month when her salary would afford her an apartment in the most luxurious of compounds the city could offer. She explained: 'the money here is good, but it's not great. It would have been really good *when it all started*'. Sophia spoke in a way that suggested she thought it a shame that she did not come to Dili earlier and secure a contract during the transitional administration period, when the price for technocrats willing to work in the territory was at its peak. Still, Sophia went on to explain that she would soon be going to Iran where the money is 'really good'. And while in Timor-Leste, she would save as much of her earnings as possible to put the final touches on the beachside bed and breakfast she is building in her favourite East African country. Sophia hopes this business will generate enough money for her to retire once she turns forty-five, after twenty or so years of working in the International Development Industry. She further explained herself to me stating that she is tired of working in 'disgusting' countries, where 'people do not even bother to learn English'.

Introduction

The time period Sophia was referring to—'when it all started', was from 1999 to somewhere between 2006 and 2008. This was the time where Timor-Leste was most dependent on aid as

donors set out to rebuild the country. The large number of development collaborators mobile in the territory resulted in no singular actor or institution having a legitimate claim to ownership over the territory. Rather, it created a situation in which administrative powers and the donor community were shaping Timor-Leste in the image of a liberal democracy, in-line with international norms. During this time, the majority of East Timorese were all but powerless to influence the trajectory and nature of their statehood. Further, there were no channels for grievances or opportunities to stand up to the mandates of the international aid architecture as many had in the face of their previous Indonesian occupiers. Independence was imminent, but a dependence on foreign aid and compliance with the international community's prescriptions were a necessary first step to achieve this goal that had been out of reach for the East Timorese for so long.

This chapter traces the long colonial history of Timor-Leste from 'Portuguese times' (1702 to 1974), through 'Indonesian times' (1975 to 1999), to the period of transitional administration (1999 to 2002) to early independence (2002 to 2006). By understanding the colonial roots that run deep in the country, it is possible to see that the current day extraction being experienced is not a new phenomenon. Through the use of these distinct time periods, this chapter outlines how and why Timor-Leste became dependent on foreign aid in the years immediately following the conclusion of the nationwide struggle for independence. The chapter outlines the nature of aid dependence in general, and then explores the specific circumstances of Timor-Leste's aid dependence. Also explained will be the 'symptoms' of aid dependence, such as the funding priorities and trajectories of the new state, the nature of the East Timorese constitution and how 'independence' has been interpreted by a number of East Timorese academics and activists as forming a 'third wave' of colonialisation[39] in the country, which once again brought East Timorese sovereignty into question. Using dependency theory as explained in the introductory chapter, this chapter draws upon existing theoretical literature to shed to light on how the booming development industry has caused fractures in the country.

The central argument of this chapter is that at the time of internationally recognised independence in 2002, Timor-Leste was dependent on aid, and no group of actors or

[39] The first wave of colonisation was during 'the Portuguese times', and the second, 'the Indonesian times'.

institution had a legitimate claim to ownership of the territory. It will assert that to be considered legitimately independent, the nation needed to conform to international norms and consequently become dependent on foreign aid.

Portuguese Times: Roots in Empire (1702 – 1974)

The island of Timor is currently divided into the Indonesian West and the independent East, with this division having its historical roots based in the colonial battle between the Dutch and the Portuguese. Portuguese traders had interest in the accumulation of sandalwood supplies which were plentiful on the island, with their economic involvement further extending to social and colonial control through the establishment of Catholic Missions in the early sixteenth century (Molnar, 2009: 27). That said, some academics argue that 'it is not appropriate to talk about Portuguese colonialism beginning in the sixteenth century' because at that time, there were only a handful of Catholic priests setting up missions and churches in the North and South of the country (Molnar, 2009: 27).

Over the course of Portugal's initial contact and subsequent rule over the territory, investment in the country was negligible. This lack of endowment to the betterment of the country led Lord Alfred Russel Wallace, a traveller and visitor to the island between 1857 and 1861 to remark that:

> *the Portuguese government in Timor is a most miserable one. Nobody seems to care the least about the improvement of the country, and…after three hundred years of occupation there has not been a mile of road made beyond the town, and there is not a solitary European resident anywhere in the interior. All the government officials oppress and rob the natives as much as they can, and yet there is no care taken to render the town defensible should the Timorese attempt to attack it…during an insurrection of the natives (while I was in Delli* [sic]*) the officer who expected to be set against the insurgents was instantly taken ill!...it is much to be feared that Timor will for many years to come remain in its present state of chronic insurrection and mis-government.* (Wallace in Jolliffe, 1978:33)

One of the more formative legacies of Portuguese colonialism in Timor-Leste was the importation of Catholicism into the territory. During the 'Portuguese times' religious affiliation was not as widespread as it is in contemporary Timor-Leste, however the impact this institution has had cannot be underestimated, especially as the Church served as an arm of the greater Portuguese State. That is, Catholic missionaries in Timor-Leste were acting not only as representatives of the Church but were also 'charged with implementing government policies' (Lundry, 2000: 8).

Responsible for providing guidance on religious matters and matters of the state, Catholic missionaries held a great deal of power and influence. However, as noted by Robinson:

> *it would be inaccurate and unfair to see the Church in the colonial period exclusively as an unquestioning arm of the metropolitan power, though some clergy were certainly in this category…many missionaries were regarded as community leaders and had a higher prestige than the civil authorities. (2010: 30).*

The Catholic Church socialised the East Timorese people to Portuguese norms and shaped 'deep cultural ties between the countries' (Peterson, 2016: 2).[40] In a communication between the Vatican and Portuguese authorities in 1802, it was claimed that the Catholic Church had 'an eminently civilising influence' (in Jolliffe, 1978:7). Portugal's colonisation of the land did not go uncontested however and from the 1860s until 1914, the colonial powers were frequently met with resistance and local revolts (de Sousa, 2001: 184). After the Manufahi Wars in which the colonial powers mobilised a number of East Timorese to fight against local revolutionary forces, the colonisation of Eastern Timor was 'complete' (de Sousa, 2001: 184). Its geographic distance from the rest of the empire meant it served as a place of exile for rebels and political opponents from Portugal's African colonies rather than as 'a territory of economic colonisation' (de Sousa, 2001: 184).[41]

In 1974, Portugal underwent the *Carnation Revolution* which saw the withdrawal of Portuguese administrations across the Lusophone world. This marked the beginning of a decolonisation process, returning sovereignty to indigenous populations in countries across

[40] Such cultural ties can be seen in the use of language, religion as well as familial linkages.
[41] For a comprehensive account of the history of Portuguese Colonisation in Timor-Leste see Boxer, 1960.

Africa and Asia, including Timor-Leste. On November 28th 1975, East Timor was proclaimed to be independent by Frente Revolucionária de Timor-Leste Independente (FRETILIN)[42] leadership in an act of political theatre designed to 'attract international support' (Taudevin, 1999: 39). Just nine days later however, Timor-Leste was invaded, annexed and claimed as the 27th province of Indonesia.

Indonesian Times: Delayed Decolonisation (1975 – 1999)

The Indonesian insurgence of Timor-Leste was swift and bloody. Military troops penetrated the western borders invading the town of Balibo, and air-troops invaded the northern coastal capital city of Dili (Taudevin, 1999: 40). A witness to the invasion of Dili described East Timorese efforts to kill air troopers before they landed saying:

> *I heard on the radio they were coming so I ran to the beach and they were everywhere, all over the sky. Rat-a-tat-tat-tat-tat, I killed five. Five dead before they reached the ground. Then I had to run.* (personal interview, 2013)

In a matter of days, Indonesian troops had secured the country's largest cities of Dili and Baucau, but gaining control of the rugged and mountainous interior would take much longer (Taudevin, 1999: 42). Rumours continue to this day regarding East Timorese who may still be in the jungle, unaware that independence has been won. These rumours are a testament to just how rugged the natural environment of the interior of the country really is.

Over the next 24 years estimates suggest that between 102,800 and 183,000 people died through both direct and indirect causes of the occupation (CAVR: 2006). Many more people died in the year immediately after the Indonesian occupation from illness and starvation when large numbers of East Timorese civilians fled to the interior to escape the retreating Indonesian forces (CAVR: 2005). During the occupation, human rights violations were rife as

[42] A revolutionary political organisation driven by leftist resistance ideologies and against occupation (Niner, 2009: 65). FRETILIN was known for being highly nationalistic, especially when nationalism is understood as 'opposition to Portuguese rule…as national unity…as defining East Timor as different from Indonesian Timor… as economic advancement of the Timorese peasants…, as freeing the economy from colonial control and, preventing neo-colonial economic domination and nationalism the expression of the right to self-determination' (Hill, 2002:70).

was the systematic torture and disappearing of the East Timorese who resisted Indonesia's authority. It has been written that:

> *Of the killings and disappearances reported during the Commission's statement-taking process, 57.6% of the perpetrator involvement in fatal violations was attributed to the Indonesian military and police, and 32.3% to East Timorese auxiliaries of the Indonesian military (such as the militias, civil defence forces and local officials who worked under the Indonesian administration).* (CAVR, 2006: 44)

Acts of violence were not limited to the Indonesian authorities but were also prevalent *between* resistance groups that formed in retaliation to Indonesian aggression resulting in murders and betrayals throughout the duration of the occupation (Goldfinch and Derouen, 2014: 102). It should be noted here that the United Nations 'never accepted the Indonesian incorporation of the territory as legitimate' (Cotton, 2001: 127-142) but rather regarded the country to be a 'non-self-governing territory under Portuguese Administration' for the duration of the Indonesian occupation (Hughes, 2009: x). International apathy to the atrocities remained a feature of the early years of the occupation, not least due to the then Indonesian President Suharto's regime holding importance and influence over the foreign policy of countries such as Japan (Gorjão, 2000:711-754), Australia (Taudevin, 1999:29) and the United States (Sidell, 1981:44-61).

In an attempt to bring closure to these atrocities, a comprehensive account of what happened in Timor-Leste during the occupation has been outlined in the country's 2500 page long report written by the Commission of Reception, Truth and Reconciliation (CAVR) titled CHEGA! – meaning 'no more, stop, enough!' in Portuguese. Although the exact accuracy of this report cannot be confirmed, it is commonly considered that overall 200,000 East Timorese died as a consequence of the occupation making the East Timorese experience 'a strong contender for one of the worst acts of genocide in the twentieth century' (Moxham, 2005: 525).

During the occupation Indonesia did invest into the region through physical infrastructure and human capital provisions. Investments in bridges, schools, government buildings, roads, hospitals, clinics and telecommunications infrastructure formed a strong development effort in the region (Molnar, 2009: 49). The outcomes of developments in these areas however,

were not all positive for the citizens living under Indonesian rule (Moxham, 2008: 9). A key example of the dilemma faced by the East Timorese was the expansion of road networks. On one hand the increased networks allowed markets to link with the interior of the island, but on the other hand, these same roads allowed easier military access to villages (Moxham, 2008: 9).

From 1966 to 1998, the World Bank was responsible for lending $30 Billion to Indonesian President Suharto (Hanlon, 2007: 41-54). This lending continued despite the regime being considered to be 'one of the most corrupt…on earth' (King, 2000: 603-604). The experts at this lending institution were financially backing a government which was mobilising funds for whatever activities suited their agenda, including the oppression of the people of Timor-Leste.[43] Pederson and Arneberg note however, that the amount of money that was spent in the territory can only be estimated due to investment activity in the area being just one region of the greater Indonesian national project (1999: 134). As such, accurate disaggregation of what little data there is becomes near impossible (Pedersen and Arneberg, 1999: 135) and what data has been collected (regarding assistance from international financial institutions) has been widely contested (Pedersen and Arneberg, 1999: v).

While Traub argues that Indonesia kept the East Timorese in 'a state of virtual peonage' (2000: 76) citing higher poverty and maternal mortality rates than in greater Indonesia at the time, Molnar has argued that this same time period saw Eastern Timor, 'by all accounts better developed than even parts of West Timor or the other islands in eastern Indonesia' (2009: 49). This level of development, she argues, was due to Indonesian desperation to win over the hearts of the East Timorese and quell any resistance they may have towards the occupation (Molnar, 2009: 49).

Timor-Leste's road to independence reads like a political thriller as East Timorese political activists orchestrated resistance efforts from the rugged interior by mobilising clandestine networks across the half-isle for communication and survival. Meanwhile, on the global stage

[43] CHEGA! The final report of the Timor-Leste Commission for Reception, Truth and Reconciliation (CAVR, 2005) outlines Indonesia's systematic oppression of the East Timorese people including the destruction of livestock, food crops and food stores to promote famine, the refusal of international emergency and humanitarian aid, arbitrary detention, torture and ill-treatment, and systematic and unlawful killings of individuals and groups.

many world leaders, governments and citizens continued to ignore the atrocities, preferring to either side with the Indonesian administration or maintain apathy to the predicament unfolding in the country (Pureza, 2004: 191-217). As stated by Chomsky (in Pureza):

> *The people of East Timor are among the victims of the current phase of Western ideology and practice…Citizens of the Western democracies may prefer to avert their eyes, permitting their governments to make the essential contribution to the slaughter that continues as Indonesia attempts to reduce what is left of Timor and its people to submission.* (Pureza, 2004: 191-217)

Due to this systematic apathy, there are many accounts and perspectives at play when exploring exactly what happened during the Indonesian occupation of Timor-Leste. A myriad of questions remain unanswered and contested accounts of history abound. The important role of FRETILIN's charismatic leader, Xanana Kay Rala Gusmão however, goes generally uncontested. Gusmão's rise to power came in 1980 when he became leader of the National Armed Forces for the Liberation of East Timor (FALINTIL), the military component of FRETILIN. Reflecting on what led him to accept this role, he stated:

> *After pondering the demands of the situation [1978-79] campaigns, I assumed without hesitation the command of the resistance, without the slightest feeling of vainglory, but bathed in my own tears…I knew and was conscious, without the slightest drop of pride that I was the most appropriate, because I felt ready to assume responsibility for the process. I knew and was conscious that my inexperience in commanding such an extensive and complex whole could crush me. I knew and was conscious that even if I excused myself, I would be the vilest coward because I would betray my own ideal of the struggle. I knew and was conscious that I must fulfil my duty to my country and to the people.* (in Niner, 2009: 65)

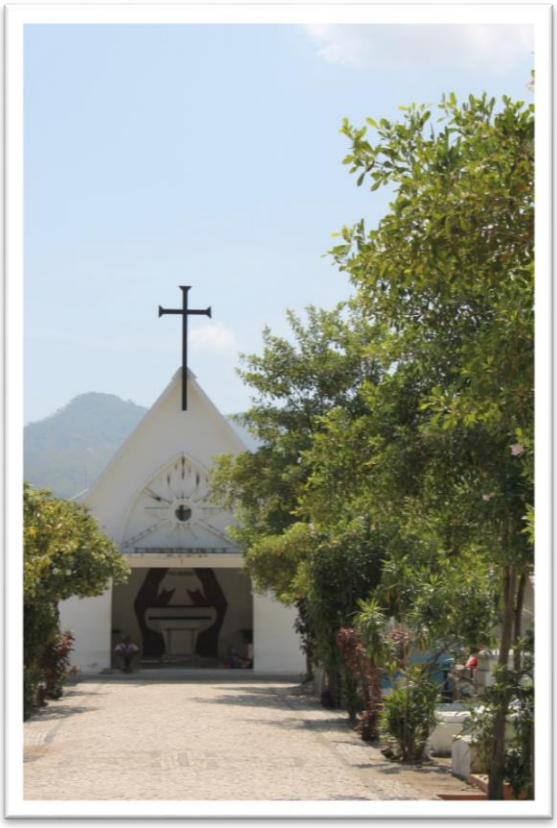
Gusmão would be a key player in leading Timor-Leste to independence with much of his struggle taking place while in prison. Throughout the 1990s, Indonesia's government led by Suharto, experienced increasing pressure due to complaints regarding human rights abuses suffered in Timor-Leste (Hanlon, 2007: 41-54). At every opportunity Gusmão advocated for

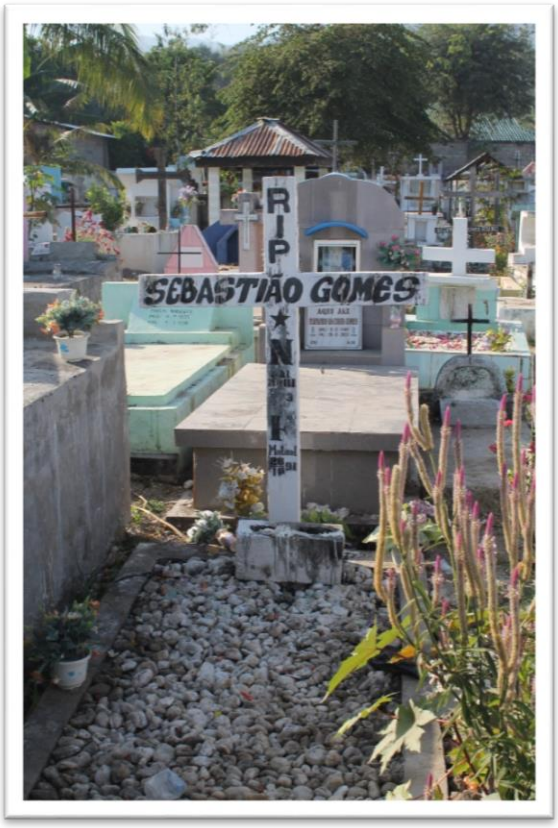
the plight of the East Timorese to bring international attention to their struggle and to bring, as he saw it, the only honourable solution to the conflict – East Timorese independence.

In addition to the ongoing efforts of Gusmão, the Santa Cruz Massacre of November 12th, 1991 ignited international awareness of the plight of the East Timorese. A funeral procession for student Sebastião Gomes, killed the month previous by Indonesian troops, turned extremely violent when the funeral procession turned into an independence protest, and was subsequently brought to a stop by the Indonesian military (Blau and Fondebrider, 2011: 1251). The procession attendees-turned-protestors (many of them students) who took to the streets calling for independence were consequently shot at, arrested and brutalised by the Indonesian military. This tragic incident was filmed by Max Stahl who stowed footage of the massacre in the loose soil of a fresh grave. Later retrieving it, Stahl produced the documentary '*In Cold Blood: The Massacre of East Timor*', which gained international attention - especially in Australia (Pureza, 2004: 191-217). The footage was also released to the international media providing evidence how over 100 protestors were killed in violence that was incited by the occupying force thus 'internationalising' the case of Timor-Leste (Pureza, 2004: 191-217). Not long after Stahl released this footage, Gusmão was captured by Indonesian troops, put to trial, and eventually jailed in Jakarta's Cipinang prison for subversion (Niner, 2009: 149-160). From here Gusmão would continue to support resistance efforts through the help of Australian activist Kirsty Sword, and many other dedicated supporters.

The Santa Cruz Massacre was not the only time that the resistance fight in Timor-Leste made international headlines. In 1996 for instance, Bishop Carlos Filipe Ximenes Belo and Jose Ramos-Horta jointly won the Nobel peace prize for their efforts in seeking a peaceful and just conclusion to the conflict in the country. This award caused 'great embarrassment to the Indonesian government' (Fukuda, 2000:23) and increased international awareness of the East Timorese resistance movement.

Photograph 14 and 15: Santa Cruz Cemetery vestibule and Sebastião Gomes' grave.





Against the backdrop of the occupation, the Catholic Church continued its involvement in the country, aligning itself with the indigenous population rather than the occupiers. This period signifies the Catholic Church's shift towards becoming a progressive influence in the country, sympathetic to anti-Indonesian and pro-revolutionary ideas. The Catholic Church fought against Indonesian *intergrasi*[44] and opposed Indonesia's desire to bring the Catholic Church under state control. It did this by opposing three fundamental and explicit Indonesian control strategies - specifically the language laws that sought to eliminate the use of the Portuguese language, the population control laws that sought to control fertility through the use of birth control pills, hormonal injections, implants in women, and sterilisation programs, and finally, religious conversion of the East Timorese population to Islam (Lyon, 2011: 8-9). Indonesia's desire to ban the use of the Portuguese language in church services and to replace it with

[44] Meaning 'integration', the Indonesian term describing East Timor's integration as the twenty-seventh province of Indonesia

Indonesian was circumvented by the Catholic Church, instead negotiating with Indonesian authorities for services to be conducted in *Tetun*, the local indigenous language.

The use of Tetun strengthened ties between the Catholic Church and East Timorese who were in opposition to the process of *intergrasi*. The Catholic Church's stance saw the percentage of self-identifying Catholics in the country rapidly increase, with 90 percent of the population claiming Catholicism in 1990, compared to only 13 percent in 1953 (Lundry, 2000:14-15). While this increase may be partially attributed to Indonesia's requirement for its citizens to belong to one of five recognised religions (Christianity, Buddhism, Hinduism, Catholicism or Islam) without the inclusion of Animism, the Catholic Church was viewed as a place of resistance against Indonesian authority, and as such, membership of the Catholic Church was synonymous with defiance without being outwardly antagonistic to Indonesian authorities (Pateman, 1998: 126-127). Hence, from Portuguese times to Indonesian times, the Catholic Church shifted from representing a Portuguese state that was disdainful of the East Timorese, to being an institution which assisted in the resistance movement, supported clandestine political communications and facilitated political mobilisation (Lyon, 2011:7).

It is hard to quantify the exact impact local and international resistance activists had on the independence campaign. Although the continued pressure from these actors most certainly kept the desire for the country's independence burning, the political situation in Indonesia may have had just as much to do with the eventual liberation of Timor-Leste. For instance, during the 1997/98 Asian financial crisis, Indonesian faith in the Suharto government collapsed (specifically during May) as IMF economic prescriptions unintentionally highlighted the depth of governmental mismanagement and corruption (Omori, 2014: 992-993). With few political allies and an almost complete lack of public support, Suharto resigned from his presidential position and his so-called 'new-order' administration came to an end (Vatikiotis and Schwartz, 1998: 21-23). In Surharto's place, Dr Bucharuddin Jusuf Habibie took the role of the President of Indonesia, despite tensions between himself and the commander of the Indonesian National Armed Forces (TNI), General Wiranto (Schulze, 2001: 79).

Aware of the international spotlight that had been increasing in relation to Indonesian brutality in Eastern Timor, Indonesia's new president Habibie was under enormous pressure from the United States and Australia to fundamentally change Indonesia's policy toward East Timorese independence (He, 2007: 56-57). The eventual choice to hold the referendum in the

occupied territory was not solely due to this mounting pressure, but was also due to the economic crisis Indonesia was facing. In an attempt to 'keep the international community sweet and thereby ensure the continued flow of aid from the IMF and World Bank', Habibie allowed for a referendum on the status of the country to be conducted on August 30, 1999 (Schulze, 2001: 79; He, 2007: 56-57).

Habibie's decision came after the UN had supported talks between Indonesia and Portugal, with UNSC resolution 1236, allowing for a popular consultation to take place in the country later that year. This resolution also welcomed the establishment of a UN presence in the country 'as soon as practicable' (UNSC, 1999a: section 3). A second resolution (number 1246) noted the volatile and tense situation within Timor-Leste approving the establishment of the United Nations Mission in East Timor (UNAMET) which was to assist only with the running of the consultation (UNSC, 1999b: section 1) and was set to conclude on August 31st, 1999. At the time of Timor-Leste's popular consultation, the UN were already acting as state administrators in Kosovo, with the commencement of the United Nations Interim Administration Mission in Kosovo (UNMIK) being authorised for deployment with the passing of Resolution 1244, on June 10th, 1999 (General Assembly Resolution, 1999: 5). This meant the UN had already taken a 'direct governance role' in one territory, setting the precedent for it to happen again in Eastern Timor (Lemay-Hébert, 2011: 191).

The divided attitudes towards the Indonesian occupation among Timor-Leste's civilians can be best measured by the outcome of the elections held in the 1999 referendum which sought to establish whether the East Timorese people would vote for independence or wide ranging autonomy within Indonesia. The ballot day witnessed a 99% turn out with 78.5% of people voting for independence. The remaining 21.5% of voters opted for autonomy while still remaining tied to Indonesia (Maley, 2000: 63).

Transition Times: Towards Independence (1999-2002)

What followed the vote for independence and the subsequent Indonesian withdrawal can only be characterised as barbarous. In retaliation to the vote in favour of independence, Indonesia implemented a violent scorched earth policy described by Ingram as a 'systematic and vicious campaign of orchestrated violence' (2012: 4). Pro-Indonesian militia rampaged

throughout the country, killing hundreds and forcing large numbers of East Timorese to evacuate into the Indonesian west displacing up to 70% of the population. They further damaged the country by destroying most of the existing infrastructure including the entire electrical grid and water supply system, with many government buildings and private houses also becoming destroyed in the wake (Ingram, 2012: 4). The international community responded to the devastation by establishing the International Force for East Timor INTERFET[45] through resolution 1264 which stated that the UN:

> *Authorizes the establishment of a multinational force under a unified command structure, pursuant to the request of the Government of Indonesia conveyed to the Secretary-General on 12 September 1999, with the following tasks: to restore peace and security in East Timor, to protect and support UNAMET in carrying out its tasks and, within force capabilities, to facilitate humanitarian assistance operations, and authorizes the States participating in the multinational force to take all necessary measures to fulfil this mandate.* (UNSC, 1999c: section 3)

This resolution authorised the establishment of INTERFET – a multi-national non-UN military force headed by Australia's Peter Cosgrove to support UNAMET and to restore peace to the territory.

Another resolution (1272) extended the role of the UN in Timor-Leste, and the United Nations Transitional Administration in East Timor (UNTAET) was formed. UNTAET was 'endowed with overall responsibility for the administration of East Timor…empowered to exercise all legislative and executive authority, including the administration of justice' (UNSC, 1999d: section 1). This resolution placed further responsibilities on UNTAET including humanitarian assistance, to assist civil and social services, and capacity building for self-governance. In essence, UNTAET was to provide security, representation and welfare in the country and as such, were the first administrators of a legitimately independent state of Timor-Leste. This made Timor-Leste 'the site of one of the United Nations' first experiments in direct governance of a territory' (Leach and Kingsbury, 2013: 2), second only to Kosovo. This

[45] INTERFET's primary role was to establish enough order in the territory to demonstrate to both Indonesia, the global community and to the East Timorese that their claim to independence was a legitimate one, and one which would be supported.

intervention marked the beginning of the relationship between Timor-Leste and the international aid architecture, one that would prioritise independence and sovereignty for the newest country of the twentieth century.

After the United Nations took over the entire administration of the country, officially marking the territory as transitioning towards independence, the country became accessible to the international aid architecture. The assistance from these actors stretched far beyond the mere provision of loans and technocratic guidance to recover from the destruction. As asserted by Grenfell, 'interventions are neither neutral nor benign, but embedded in power relations between the intervener and the intervened' (2017: 21-22). This assertion rings true in Timor-Leste as the intervention by the UN came with a particular set of assumptions about the territory and the local power structures within. In conjunction with the myriad of international development actors, Timor-Leste was considered by the administrators a one of a kind country – a kind of 'blank slate', ready to be shaped by the best experts the world's aid architecture could offer (Harris and Goldsmith, 2009: 134). Kibble and Scott reported that World Bank staffers were excited at the prospect of this 'once in a lifetime opportunity to build an economy from scratch' (1999: 17). At this time (1999-2002), donor funding was at a high. Although exact figures are difficult to ascertain due to the numerous channels through which aid flows, a conservative estimate of the aid money spent on donor projects and budget support during this period is $747 million USD (La'o Hamutuk, 2009). For the longer period of 1999-2009, more accurate figures suggest $5.2 billion was expended (La'o Hamutuk, 2009), which demonstrates that the majority of funding was spent in the early years. UNTAET was an expensive undertaking as the administration costs included both peace keeping troops and administrative personnel.

Less than three years after the popular consultation, UNTAET was already being lauded as a triumph, albeit by those in charge of the administration. Jean-Christian Cady, the deputy special representative of the Secretary-General of the United Nations in East Timor from February 2000 to July 2001 stated that:

> *In the rather chaotic history of UN peacekeeping operations, where results have not always matched the efforts of the international community, East Timor stands as an undeniable success. In two and a half years, from November 1999 to May 2002, this totally devastated country was entirely reconstructed-*

> *rather **I** should say: constructed and brought to independence.... In the space of twenty-eight months, this country**...**saw its external and internal security assured, and the establishment of central and district administrations, a police force, a judicial system, legal and regulatory codes, a central bank, a fiscal system, an educational system, agricultural development, the renegotiation of oil agreements with Australia, and a constitution.* (Cady in Goldstone, 2004: 83)

The confidence in the success of UNTAET was echoed throughout international development circles. The mission cited 'an impressive catalogue of achievements' including success in the restoration of security, the return of over 200 000 East Timorese from West Timor and the creation of political structures and a functioning government (Ingram, 2012: 4). These accolades came 'after a succession of lacklustre or failed missions' on behalf of the UN, with the case of Timor-Leste being hailed as an unparalleled accomplishment in state-building, proving the UN were capable of creating a new state 'literally from the ashes' (Ingram, 2012: 4).

Viva Timor-Leste: A State of Aid Dependence (2002 – 2006)

The early years of independence in Timor-Leste were funded by foreign aid and ODA. This era was marked by a dependence on IFIs and the international development aid architecture. At the same time, an influx of NGO workers came to operate within the country. Often described as a 'third-wave of colonisation', this influx of people was not always received warmly, as many locals believed that priorities were being set *for* the East Timorese, not *by* the East Timorese. Further, the impact these experts were having on the 'misery' many East Timorese were facing was becoming questionable.

Studies have found that while sometimes functional, aid does not necessarily benefit people living in impoverished conditions through increases in HDI ranking (for examples see: Boone, 1996; Pederson, 1996; Ishfaq, 2004 and Gomanee et al., 2005). Boone's research has found that one of the only compelling outcomes of foreign aid is that it increases the size of recipient countries' government bodies, a phenomena that certainly rings true in Timor-Leste (1996: 289). In fact, Boone believes that 'foreign aid programs were launched long before there was

compelling theory, or compelling evidence that proved they could work' (1996: 289), suggesting that at its conception, the development industry was informed or inspired by an agenda separate to its ability to knowingly and effectively improve rates of poverty.

When aid flows represent a significant portion of government spending, the negative run-on effects can be disastrous. As suggested by Bräutigam and Knack, 'large amounts of aid over long periods of time can weaken institutions and establish incentives for aid agencies and aid recipients alike that undermine the ability of each to change' (2004: 258). The buying-in of sector experts recruited from the global pool of technocrats for the running of domestic institutions and service provisions is not an unusual occurrence in the developing context. When a state is not able to provide assistance to its citizens or perform the duties commonly required of states, the international institutions which are able to do so, often do. In the case of UNTAET for instance, the international community could be seen as filling the void in the absence of effective state instruments. When the state has no other option but the avenue of a reliance on foreign aid through which to provide for its citizens, this puts the state in a position of *aid dependence*, a feature of Timor-Leste's early years of independence.

There are a number of definitions of *aid dependence*, with the general consensus being that it can be understood as 'a problematic condition caused by, but not synonymous with, large transfers of aid' (Bräutigam and Knack, 2004: 257). Other scholars have suggested aid dependence is 'a state of mind, where aid recipients lose their capacity to think for themselves and thereby relinquish control' (Sobhan, 1996: 122) and the 'process by which the continued provision of aid appears to be making no significant contribution to the achievement of self-sustaining development' (Riddell, 1996: 205).

Preliminary investigations in an environment in which there is either a high intensity of aid or a complete dependence on it can reveal a number of hypothetical political and economic issues. In general, relatively large flows of foreign aid have been shown to hinder incentives for increased tax revenues from domestic economic activity (Bräutigam and Knack, 2004: 262). A prime example here is the importation of goods and equipment for staff working on aid projects. These imports generally do not accrue import duties, and further, NGO staffers often do not have to pay local income tax on their salaries (Bräutigam and Knack, 2004: 262). Tanzania has experienced this situation when at one point, the taxed government

expenditures were $100 million, whereas the untaxed foreign aid budgets were double that at $200 million (Berg, 1993: 14).

Measuring the effectiveness of assistance to Timor-Leste in the early post-independent years continues to be a challenge, especially due to the large-scale nature of the undertaking. As posited by Neves,

> *International assistance to Timor-Leste is a complex problem, difficult to understand, because of the involvement of many actors and donors. Each donor and actor has its own fiscal system, political interests, ideology and program'*. (Neves, 2006: 4)

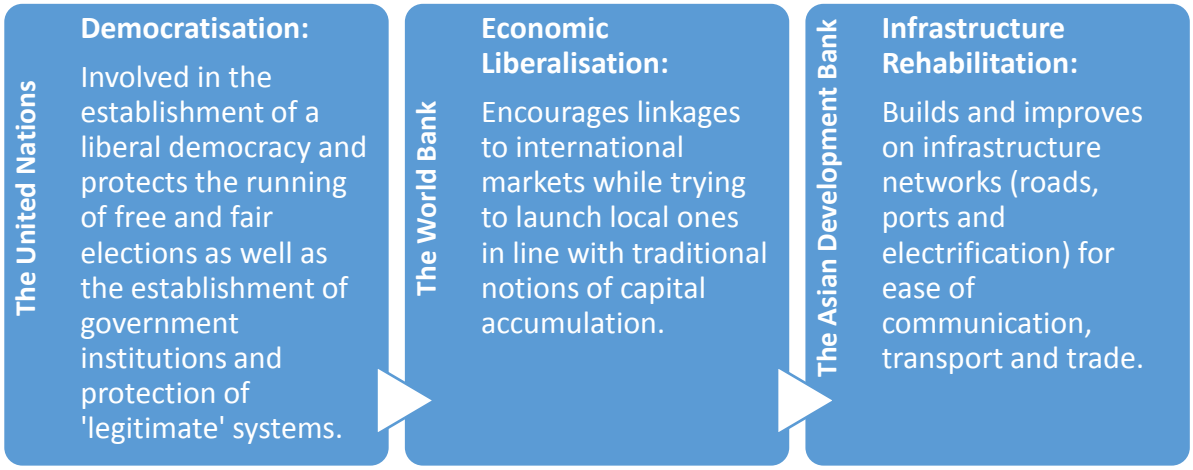
During the UNTAET and UNMISET time period, all World Bank funding to Timor-Leste was by way of grants, schemes, projects and operation of institutions, not through repayable loans (Neves, 2006). So, while these funds would not indebt the country, they came with a strict set of guidelines on how and where they would be spent. The financing of the Joint Assessment Mission (JAM) was done through the Trust Fund for East Timor (TFET), a pool of capital worth USD$178 million dollars, comprising of funds from eleven donors and responsible for funding 22 projects (Neves, 2006: 5). As the primary chaperone of this fund, the World Bank was responsible for ensuring there was no conflicting or duplication of programs funded by the trust. Where the World Bank set up economic policy to encourage growth, promoting linkages to international markets while kick-starting local ones, the Asian Development Bank (ADB) sought to fund the provision of complementary infrastructure assisting the agenda of the World Bank. This was being done in a peaceful and 'democratic' environment which was actively pursued by the United Nations, through the promotion and overseeing of fair and democratic elections, and the continued support of the country's security institutions.

Each of these ODA donors played a role complementary to the other, while working on the greater goal of implementing and integrating Timor-Leste into the international economy (see figure 2). This was done in a manner that is compliant of general Weberian-style notions of statehood and legitimacy.[46] In other words, the UN established direct authority in Timor-Leste

[46] Max Weber defined the state as a 'human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory' (Gerth and Mills, 1946). Notions of statehood and legitimacy will be further discussed in chapter five.

and asserted a pro-democracy, state building agenda in line with the orthodox ideology of OECD donors (Bull, 2008: 28).

Figure 2: ODA actors and their contribution to Timor-Leste's Development Project.



Donors set up this system for a number or reasons. Established as the international consensus for the orthodox delivery of aid, the Paris Declaration (2005) and the Accra Agenda for Action (2008) suggest that aid should be delivered in a way that takes the lead from recipient country development strategies, strengthens capacity of local actors and institutions, and in ways that use in-country public financial management systems (OECD, 2005/2008). In the case of Timor-Leste, having not had 'legitimate' self-rule since the 16th century, the international development architecture had what they saw as *carte blanche*, and proceeded to implement development assistance in line with conventional, orthodox wisdom. Timor-Leste would be the ultimate test of these policies, and the success of the country could be used to justify development interventions in other states, in-line with the ODA agenda. With each major ODA donor tackling different dimensions of 'underdevelopment', the greater project of these actors was worked on as a whole. That is, neo-liberal, capitalist development is positioned at centre stage as the key pathway to effectively develop a country, with the necessary democratic rule and sound infrastructure provided to ensure that the transition to being 'developed' can occur.

This trend has been discussed by Rutkowski as he asserts that 'these (intergovernmental) organizations encourage world change and promote particular ideologies through a set of

complex actions and policy recommendations that exploit growing world interconnectedness' (2007: 229). Through the analysis of education policies promoted by the World Bank, the OECD and even UNESCO, Rutkowski concludes that the neo-liberal agenda is perpetuated by these IOs through the use of 'soft convergence' (2007: 244). This 'convergence' is done by influencing policy at all levels - global to local - rather than by taking power directly away from nation states (Rutkowski, 2007: 244).

The rationale in support of preferential application of neoliberal-style policies and frameworks is the common idea that neoliberalism helps countries overcome economic volatility (Huber and Solt, 2004: 152). This same rationale would have us believe that for a stable economic environment to be maintained, political stability and in-country infrastructure must also be present. As long as these priorities are pursued, development agencies and IOs would fund a new country, and support claims to sovereignty. The UN mission underway in Kosovo was a similar undertaking as IO agendas prioritised liberal peacebuilding, and understood democratisation and economic liberalisation[47] as fundamental in achieving it (Richmond and Franks, 2008: 186-187). Little emphasis was placed on the fact that in environments with a high intensity of aid, there is less pressure on governments and bureaucratic powers to be accountable to their citizens.

At the point of independence, Timor-Leste's dependence on the international community was two-fold; it was dependent on funding for the transition to independence through peacebuilding, and dependent on the affording of legitimacy to the decades-old independence movement. These two critical points were further dependent on each other as the legitimacy would only be given if the country developed in-line with specific modes of development, prescribed by official development actors. For the first time in centuries, the international community was on the side of the East Timorese, and the support they could offer the East Timorese ensured that the protracted independence movement was understood as legitimate and correct. So it is possible to see here that the aid given to the new state of Timor-Leste can be understood as not only financial and technocratic assistance,

[47] Economic liberalisation can be understood as the reduction or removal of government interventions in the economy with the hope of encouraging economic development. Economically liberal policies may include the downsizing or removal of public services, as well as the removal of regulations, price control and subsidies in labour, trade and markets. The general rationale for this school of thought is that competition creates efficiency whereas a regulated system will always remain inefficient (Newberry, 1997: 357-359)

but also as assistance to converge with global norms in order to secure international legitimacy to their sovereign claim to self-rule. The country was encouraged to develop as a homogenous nation state with the same core ideals, principles and mechanisms of the prevailing neoliberal construct. That is, the state of Timor-Leste was not only supported in funding, but in an ideological and imperial sense too.

In 1996, six years before Timor-Leste's independence, Mule stated that 'governments have found cosy accommodation with dependency, despite adopting the rhetoric of self-reliance' (Mule, 1996: vii). Unfortunately, there has been a degree of complicity between donors and client countries to maintain the status quo (Mule, 1996: vii). This assessment, published by the World Bank, has not resulted in any great changes to the status quo of aid delivery. Dependence on these actors and their systems was inevitable as the newly minted East Timorese state had to grapple with the relationship between aid dependence and international legitimacy for the first time in its long colonial history. In the case of aid dependence in Timor-Leste, the experts who made up the subsidiary of the international development community implemented systems that would encourage economic liberalisation, with the promise of legitimate independence as long as the recipient government remained compliant.

Extraction and Being in 'Dependence'

Recipient governments are not the only actors who have a vested interest in a continuance of intense aid flows. Donor institutions, their contractors and their employees have a vested interest in retaining their own position within the aid system. Documented in a field note diary entry from the 22nd of February, 2013, less than two months after the official conclusion of all UN special missions in the country, I wrote about my experience of meeting my first UN official who was 'was completely untrusting, arrogant and had the makings of a standard high school bully' (observation, 2013). Out for a quiet drink and access to free Wi-Fi, myself and a small group of friends visited a bar close to my residence in Bidau Lecidere, when a self-proclaimed 'UN numbers man' introduced himself to our table:

> *In the half an hour that followed…we were, in his own words, 'handed the torch' and 'given pearls of wisdom' from someone who has been in Timor-Leste*

> *for 13 years. The culmination of his rant? 'The Timorese are taking our jobs'. It was that simple for him. In his mind the UN workers in Timor-Leste were facing a future of uncertain employment to a class of people [the East Timorese] who he described as 'untrustworthy', 'unsustainable' and 'ungrateful'.* (observation, February 22, 2013)

It was clear that he had no fondness for the country he had been living in for such a long time as he had nothing good to say on the matter. While politely expressing my distaste for the sentiments he was conveying, he went on to suggest that I had a 'free ride' in Timor-Leste due to my status as a student researcher. I explained to him that my 'free ride' was no different from what many Australian citizen students have available to them, but that I had chosen to go to Timor-Leste. Despite my wanting to, I did not mention to him that if my opportunities had given me a free ride, his affiliation with the UN meant he had a golden chariot. Clearly unhappy with my explanation, he looked at me and mumbled 'looks like you have a…' as he intrusively pinched at the front of my shirt and brushed my shoulder. I assume he would have finished his sentence with '…chip on your shoulder' had he stronger convictions in his callousness. While expressed poorly, what this man was conveying was quite a simple idea. Without large flows of foreign aid moving around the globe, many technocrats and development experts would stand to lose their employment. Further, when targeted funding was no longer required for a particular sector or country, job opportunities for these experts would dissipate. With the handover of authority to locals, the international pool of development workers would need to find employment elsewhere. This situation might cause friction, as the aid architecture cannot always be in a position to perpetuate itself.

The presence of UNTAET in Timor-Leste brought an enormous influx of ODA elites including technical advisors, gender specialists and capacity builders, while their presence facilitated an inflow of international non-government organisations and the (re)formation of local non-government organisations (LNGOs). The mandates of UNSC Resolution 1272 advanced that the state structures were to be fostered with constant care taken to include domestic actors and to 'formalise' their roles (UNSCd, 1999: 1-4). This process called '*Timorisation*', would be done by ensuring consultation with, and inclusion of local people in a participatory manner, and operating with the view to make UNTAET unnecessary by the 31st January, 2001 (UNSCd, 1999: section 17). The resolution also stressed the importance of the need to 'draw on the

expertise and capacity of Member States, United Nations agencies and other international organizations, including the international financial institutions (IFIs)' (UNSCd, 1999: section 5). However, the reality was that UNTAET did not impart any real control to the East Timorese.

Exacerbating tensions in Timor-Leste was the assumption that the country existed in a power-vacuum, one in which local people had no skills to assist in the democratisation and development of the country. A second assumption was that technocratic skills were the solution to the issues faced in Timor-Leste, and the problem was in who was implementing them, rather than the environment in which they were being implemented. Whether through ignorance or through a simple insensitivity to the surrounds, the requirement for policies to have an awareness of local conditions, as touted by the UN as being a necessary ingredient for a good governance agenda, did not inform its own undertaking in Timor-Leste. The technical skills of imported workers, as the rationale goes, are often preferred by IFIs which trust that technocratic solutions can both 'fix' challenges and can be taught to local people so that they may increase their own capacity to apply similar solutions. That is, the same technocratic skills possessed by international experts are to be taught and replicated by the local growing technocratic classes. Rather than fitting neatly together however, Schatz and Rogers suggest that there are 'fundamental theoretical and practical tensions between participatory, technocratic and neoliberal planning frameworks' (2016: 37). These tensions are revealed in the different way that each approach 'dictates a different source of power' in the planning stages and thus adheres to the tenets of the preferred approach, reducing the effectiveness of any individual approach (Schatz and Rogers, 2016: 37).

It is no secret that the World Bank operates within a decidedly neo-liberal agenda (Toye et.al, 2013: 9-13). At the core of neoliberal development is the encouragement of recipient countries to participate in the international trade system through trade liberalisation. Since the World Bank's formation just after World War II, it has prescribed economic remedies that look to promote domestic demand for goods and services through the provision of grants and loans. Broadly speaking, the World Bank's agenda manifests itself in the promotion of export-oriented growth coupled with import substitution to insure against local market production deficits. By specialising in whatever goods and services a country has a comparative advantage in, it is thought that global markets will operate more efficiently, and that no single country will have to suffer a lack of access to any necessary provision. Here, international

trade on the open market is the 'cure all'. Bhagwati believes that 'trade can be a powerful engine for economic prosperity' and as such 'the case for using the World Bank's funds to lubricate trade liberalisation by the developing countries is exceptionally strong' (2005). However, while international trade systems have assisted many countries to reap benefits from the trade between nations, the benefits of this system for developing countries has been overestimated with profits more likely to be accumulated in developed countries (Jomo and Arnim, 2008: 11-12).

Of further concern to Timor-Leste were the World Bank's interventions into the domestic economy. In the period of Timor-Leste's dependency on aid, the World Bank provided small loans to civilians who wished to start their own businesses. These loans were provided on the basis that the borrowers would write up a business plan to be approved by the World Bank and pay back their loan with their profits on a regular basis. As one of the only viable opportunities supported by the World Bank in the early years of independence, Timor-Leste became a 'land of kiosks' as the majority of this funding went to the establishment of road side stalls (Moxham, 2005: 522). The problems here were two-fold. First, with the sudden influx of small kiosks, the market was quickly flooded with an oversupply of bottled water, Indonesian sweets, cigarettes, phone credit and other products that would typically be available at such businesses. No single business was able to capture a greater customer base than another and these businesses were extremely lucky to turn a small profit, if any at all (Moxham, 2005: 522). This phenomena then created a flow-on effect leading to the second problem; the creation of a credit culture in the country. With no financial gains with which to pay back loans, kiosk owners begun defaulting (Moxham, 2005: 523). Questions of lender liability should be asked here as it was reasonably foreseeable to predict that the bank essentially funded the creation of an indebted generation – and potentially worse, they indebted those citizens who may have been the most entrepreneurial – a key resource for developing a country. Intentions aside, the reality of the failure of this undertaking flags the extractive qualities of an ill-designed intervention which would have little benefit to those who were supposed to be the beneficiaries.

With little ability to enforce loan repayments by recipients, the World Bank put themselves in a rather bad predicament. Not only had their plan to kick start Timor-Leste's domestic markets failed miserably, but they could not recoup the cost of their initial investments. Thus

the Bank had undermined itself at what should have qualified as a prudent investment. As recipients continued to default on loan repayments with no recourse from the World Bank, in some instances it lent out more funds to try buy themselves out of having defaulting clients, and in other cases cut their losses and reneged completely on the initial conditions of the loans (Moxham, 2005: 522-523). The creation of such an environment did little for the intended beneficiaries of this initiative or the communities which were hoped to benefit from these small enterprises. At best, the Bank's activities can be understood as extractive; a more condemning analysis may go as far as calling it unethical. Further, Timor-Leste had little option but to comply with the wishes of the lending institutions as these third party actors were essentially in control of the country, and in control of the ways in which it would be allowed to develop.

As the UN evolved into an institution shifting away from its role as 'a traditional intergovernmental organization into a more supra-governmental one involved in occasional direct tasks of governance' (Mégret and Hoffmann, 2003: 315), the power afforded to it and the international development aid architecture increased beyond the power of the East Timorese citizenry or even the East Timorese elite. This transition provides a puzzling dilemma as the UN and are not legally party to any of the instruments or conventions it has designed. Mégret and Hoffmann argue that, taking the Kosovo and Timor-Leste case studies into account, the sovereign power of the UN is crucial 'in triggering a reconceptualization of the United Nations' (2003: 316), a reconceptualization in which it can be considered a perpetuator of an extractive regime.

The categorisation of Timor-Leste as a 'non-self-governing territory under Portuguese Administration' by the United Nations for the duration of the Indonesian occupation had at least two formative and paradoxical consequences for the post-Indonesian East Timorese state. The first was the obligation to accept the UN (and subsequent UN imposed policies) as the guardian of the state as the only means to acquiring eventual self-determination in a manner that would be internationally recognised, and therefore legitimate. This was done without imparting any control to the East Timorese, a move which José Ramos-Horta suggested was 'unwise' as 'there were East Timorese leaders with obvious standing, legitimacy, and name recognition' (in Steele, 2002: 79). The East Timorese who did have access to what little power was on offer were essentially told 'If you don't do this, there'll be

dire consequences with no money to follow' by the UN (Steele, 2002: 79). Such narratives set the scene for the second formative consequence for the country – a desire to be truly independent, without being considered as inferior to the international actors on whose acceptance their independence relied. After a protracted period of deference to the commands of foreign rulers, the post-UN administration Government of Timor-Leste understandably expressed an explicit desire to never be 'subordinated to international financial mandates' (SDP, 2011: 12). Foreign rulers had been influencing the development trajectory of the country since the sixteenth century, and the UN and other intergovernmental organisations are not separate to this critique.

Dependency Theory: (Re)Visited, (Re)Conceptualised

As suggested in the introductory chapter, dependency theory offers a pertinent theoretical basis for understanding the current condition of East Timorese politics and economics – central considerations of this thesis. In essence, dependency theory is predicated on the idea that the developed capitalist (core) economies of the world maintain their economic and political dominance through the continued underdevelopment of weaker (peripheral) states (Peet and Hartwick, 2009: 172). In this view, core countries (such as the U.S and many European states) did not develop independently and as a result of innovation within their respective domestic economies as may be assumed. Instead, development occurred through the exploitation of peripheral countries by way of the stripping of surpluses. As explained by Dos Santos, 'the concept of dependence permits us to see the internal situation of these countries as part of world economy' (1970: 231). This form of analysis has particular relevance to colonial states, whose historical fortunes have been dependent on the agendas of compradors, a reality that left Portuguese Timor's economy so stagnant that in 1970 'it had not yet reached the stage of underdevelopment' (Franck and Hoffman, 1975: 343). While it is impossible to ascertain what the history of Timor-Leste might have been had the Portuguese not imposed their administration on the territory, we can surmise that their presence was one of economic national self-interest, a trend observed by dependency theorists across Latin America and Africa in the lead up to the Carnation Revolution, the signifying moment of large scale Portuguese decolonisation. Dos Santos confirms that:

> *[Dependency is]…an historical condition which shapes a certain structure of the world economy such that it favours some countries to the detriment of others and limits the development possibilities of the subordinate economies…a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected.* (Dos Santos, 1970: 226)

The strength of Portugal's empire[48] from the 16th century onwards was due to the natural resource wealth of its outliers – opium, sandalwood, coffee and slaves (Clarence-Smith, 1985: 27-37). Eastern Timor, rich in Sandalwood and later in coffee, held resources central to the continued strength of the Portuguese empire. While Portuguese economic strength generally increased over the course of its administration in Eastern Timor, investments in the colony were all but non-existent. The approach of the Portuguese empire was one in which colonies were expected to finance their own development or leave any investments up to the interests of the private sector (Franck and Hoffman, 1975: 165).

Furthermore, during the final decades of Portuguese colonial rule over Eastern Timor, then Portuguese Prime Minister Salazar was so 'suspicious of the social effects of education', he refused investment in the sector leaving the education of colonised citizens primarily to missionaries (Franck and Hoffman, 1975: 165-185). Here we can see the historical relevance of dependency theory when understanding Timor-Leste. Acting as a core country, Portugal was reliant on the exploitation of Timor-Leste's natural resources, relegating the territory to act as a peripheral state in subordination to Portugal's own development, economic strength and cultural domination. In this inter-country relationship, Eastern Timor was experiencing extraction without any state-funded investment in social services or the required tax policy to attract enough foreign direct investment (FDI) to promote a private sector strong enough for adequate goods and services provision. Timor-Leste was dependent on the Portuguese administration to enter the burgeoning global capitalist system, and Portugal was dependent on Timor-Leste (and other colony countries) to maintain its historically dominant position through its continued extraction of natural resource surpluses.

[48] An empire described as 'far-flung' as it covered Mozambique and Angola in Africa, India, China and Japan in Asia, and Brazil in South America (Russell-Wood, 1998: XV)

Dependency theory has contemporary relevance in relation to post-independent Timor-Leste too. Although this theoretical perspective fell out of vogue as development theorists disqualified dependency theory's solution of 'delinking' peripheral countries[49] making way for more broad and inclusive understandings of human development followed by the neo-liberal turn of the 1980s (Nederveen, 2010:10), I believe there is still value in this earlier theoretical framework. Like a well-fitting but dated second-hand jacket, I believe that with a few repairs and modifications, there is still relevance to the contemporary use of this 'vintage' theory. Who says history does not repeat itself? With the right framing, it absolutely can.

Before discussions turned to the 'triumph of capitalism' as the cold war came to a close and the hopes of the world's impoverished hung on the promise of wealth trickling down to the household level, dependency theory offered, for the first time, a critical perspective on mainstream development thinking allowing for the consideration of the impact that development had on underdevelopment. As asserted by Andre Gunder Frank, 'most studies of development and under development fail to take account of the economic and other relations between the metropolis and its economic colonies throughout the history of the world-wide expansion and development of mercantilist and capitalist systems' (1966: 17). As such, it would be fair to claim that development theory up until that time was not robust enough to explain the impact that the structure of the capitalist system as a whole, which would serve as the catalyst for development in some parts of the system, and underdevelopment in others (Frank, 1966:17). This radical idea allowed for external factors to be considered in the underdevelopment of countries and regions, dismantling the previously prominent idea that underdeveloped countries would be in a position to develop along the same paths that European states had.

To bring this theoretical concept into the twenty-first century, it remains of vital importance that I be clear here about what modifications I believe need to be made to Frank's initial iteration of the importance of the developed for the underdeveloped. As supported by Wallerstein, I believe:

[49] It has been posited by critics of dependency theory that the solution to the dependence structure in which core countries extract from peripheral ones, through the delinking from global economic systems to form independent markets is simply another form of Eurocentric modernisation. When revisiting his earlier work on the matter, Andre Gunder Frank suggested that dependency theory's 'delinking' was no different from modernisation theory's assertion: "[do] it my way" (Frank, 1998: 336-337).

> *Conceptual clarification is the most constant need, and as life goes on and new experiences occur, we learn, if we are wise, to reject and reformulate the partial truths of our predecessors, and to unmask the ideological obscurantism of the self-interested upholders of encrusted privilege.* (1974: 2)

This sentiment of rejection and reformulation is reflected in Timor-Leste's constitution and is embedded symbolism of the national flag, with the black triangle in the foreground representing 'the obscurantism that needs to be overcome' (Constituent Assembly of East Timor, 2002: Article 15).

Photograph 16: Timor-Leste's national flag.

The obscurantism needing to be overcome when looking at development issues, I suggest, is primarily concerned with the role of intergovernmental organisations (IOs). These institutions and organisations continue to be involved in the propagation of dependent global systems, as their decisions have had real effects on recipient countries, especially in regards to which qualify for ODA, how much, and when. IOs are arguably the most important controllers of capital[50]; IOs are the new 'core'.

[50] Jeffery Winters suggest that capital controllers are 'those who control capital and other investment resources' who wield deep, structural power 'through their [ability to make] decisions about where, how much and when to invest the resources they control' (1996 :ix).

As explained by Ferraro, dependency theory was first conceptualised in the late 1950s out of the influence of Raul Presbish when he and his colleagues at the United Nations Economic Commission for Latin America hypothesised that 'economic activity in the richer countries often led to serious economic problems in the poorer countries' (2008: 1). While it can be assumed that there are other influential forces at play alongside these 'richer' and 'poorer' countries (such as multi-national corporations and international commodity markets), I argue that the influence of foreign assistance channelled through IOs too have played a role in perpetuating the role of dominant states. Further, in addition to this perpetuation, IOs simultaneously adorn dominant states with *legitimacy* through internationally recognised mechanisms of international relations reinforcing this system. In this way, dependency theory and the current international environment of global systems it would have us understand, remains a relevant lens through which to make sense of the current state of Timor-Leste. That is, despite evolution in the discourses around international development and the changes in the way the global community now measures development, Frank's observations from the 1950s can still be understood as playing out today.

As posited by Andre Gunder Frank:

> *underdevelopment is not due to the survival of archaic institutions and the existence of capital shortage in regions that have remained isolated from the stream of world history. On the contrary, underdevelopment was and still is generated by the very same historical process which also generated economic development: the development of capitalism itself.* (Frank, 1966: 18)

Capitalism, neoliberalism, and the orthodox prescriptions of IOs all come together to create an international system of dependence. From this perspective, and considering the international community's 'blind-eye' response to the Indonesian invasion in the territory, it becomes clear that the spread of capitalism has directly affected Timor-Leste's historical experiences before independence.

While dependency theory places 'dominant' and 'dominated' countries at the centre of analysis, I would like to expand on this understanding by placing official development actors as another kind of 'dominant' force, despite not being a sovereign entity operating within a designated geographical location, or, put more simply – despite not being a country. In this

understanding, I agree with Peet and Hartwick who explain that in Frank's conceptualisation of dependency theory, 'surplus was continually extracted from the peripheral countries, in ever new forms, from the first days of the global capitalist system to the present day' (2009: 169). Foreign rulers had been influencing the trajectory of Timor-Leste since the sixteenth century, and the UN and other IOs associated with the international aid architecture should not be separate from this critique.

Conclusion

As documented by Steele:

> *when Kofi Annan watched the blue U.N. flag come down over Dili, East Timor's capital, at midnight [in May 2002], the tropical air hung heavy with colonial antecedents. The secretary general was not just a VIP at someone else's independence party. He was an imperial sovereign handing over the reins of power.* (Steele, 2002: 76)

This handing over of power to mark the international community's acknowledgement that Timor-Leste was now deserving of self-rule was just as much about the international community asserting its authority as it was about Timor-Leste proving its capacity as, in 1999, the recognition of independence was not guaranteed for the country (Hughes, 2009: x). So, in order to be legitimate in the eyes of the international community, the UN was allowed complete control over the territory and sought to establish all aspects of the fledgling country, including the economy, the political elite and all state apparatuses. As a country with a long history of resistance against occupation coupled with the neglect of the international community to recognise its struggle, the importance of gaining (and maintaining) autonomy remains central to Timor-Leste's independence and continued development path. Legitimacy could only be afforded to the East Timorese state if it would concede to international norms and not resist the United Nations and the international aid architecture as it had the Indonesian state. To be considered legitimately independent, the nation needed to conform to international norms and consequently become dependent on foreign aid.

In 2013, the international community still had a strong presence in Dili. The foreshore of Dili housed the World Bank and the International Finance Corporation, the International Labour Organisation had offices in Comoro and a swathe of INGOs such as the International Red Cross and Red Crescent, Caritas and WaterAid were scattered throughout the capital city and some regional areas. But, have the actors who have been responsible for extraction of Timor-Leste stopped? The next chapter will seek to answer this question and explore Timor-Leste's most earnest shift towards independence. Due to an increase in revenue available to the state through natural resource wealth, the Government of Timor-Leste was able to reject the mandates of the international aid architecture. However, as will be shown, this shift has not resulted in the cessation of forms extraction in the country.

Ikun

In many senses Sophia's work in Timor-Leste had nothing to do with the specifics of the country, and would have no real lasting effect on the people. Her ability to almost entirely steer clear of the local population would have been impressive, had I not found it so concerning. But, at least she was not being overly aggressive towards them. Instead, she was there for a short time to make as much money as she could. For her, development was not about the betterment of the East Timorese people or about cultural exchange based on mutual respect. It was about money. However, the reports she produced from her office while living in-country fed the signal back to the international community that Timor-Leste was legitimately independent, but still under close scrutiny.

Chapter 4

Aid to oil: Financing Timor-Leste

Avelino

Avelino and I would often drink coffee and wax lyrical about philosophy, politics, development and Timor-Leste's history and future. On a drizzly morning in the cool climate of Los Palos, a subdistrict of Lautém in the East of Timor-Leste, we were doing just this. Each with a cup of Indonesian 3-in-1 instant coffee and a fresh bread roll for breakfast, the day had barely started and we were already deep into one of our typical conversations. With a free pass to record our conversations whenever I wanted, on this morning I decided to do just that and see where the conversation took us. We didn't need to go to a meeting until after lunch, so I suspected we would be talking for a while. Before long, we were on to the topic of religion:

> *'I don't want religion in schools. In Indonesian times we had a minister of religion but in Timor-Leste we say no! We don't need religion. If we wanted to have someone who is the minister of religion the reality is very hard because we have a lot of religions here…'*

With an understandably strong distaste for most government decisions under Indonesian rule, Avelino would not change his mind on what I thought was the importance of the Catholic Church in Timor-Leste. I replied:

> *'I understand not wanting to have a minister for religion, but surely with all these people going to church every week and observing all the religious holidays, it is going too far to say Timor-Leste doesn't need religion! It is so Catholic here Avelino!'*

Our discussions would often take the form of arguments, although it never resulted in any love being lost; we treated our discussions like sport. He continued, 'but we're not *just* Catholic, we're also not *just* Protestant or Muslim'. I retorted, 'Really? I've only met a few Protestants, but everyone is always asking me if I'm Catholic and asking me to go to Church with them!'

The conversation continued to snake around on itself, changing direction swiftly, yet smoothly; Avelino continued: 'Did you know the Church asked the government for 2% of the oil money? The FRETILIN government said it couldn't happen – if we give 2% of the income to the Catholic Church we'll need to give money to every religion here. If we don't do that, and only give to the Catholics it will be discrimination. Also, 2% is a lot of money!' I had never heard this story before, I knew that the Catholic Church collected money for 'the poor' through the offertory in Australian church services, but I hadn't experienced that in the services I had attended in Timor-Leste. Further, I had never heard of the Catholic Church asking the government for money, I had always thought Vatican City had enough riches to disseminate to their followers.

Avelino then went on to discuss the impact of oil wealth in the country: 'When we started our nation in 2002 we didn't have any money, so we had to find money. Now we have money but we are only halfway through the struggle'. He continued, 'We need modern ideas – we want to be like Australia, it's expensive but it has good systems. Here it's expensive but we have bad systems. We want people going to school, having health, good doctors, and a clean country, not struggling for a life'. I asked him about the impact of having money, compared to the days when everything was financed by foreign aid. His response was:

> *'Our policy is no good and the power is in a few people's hands. Our hopes should be reflected by the government policy. They say that if we want the country to be really good and have participation, people should be educated and be healthy. Our leaders have big dreams but they don't do anything about it. Our methodology is bullshit, they let foreign companies come to Timor, but no Timorese work there. They have public schools, but the teachers don't get paid. They have a hospital, but there are no doctors. The leaders make great plans, but they don't follow through.'*

As often happened, Avelino became impassioned at the injustices he saw happening in this country he loved and had fought for. Born into a country that was already under Indonesian occupation, Avelino's passion for fairness was strong. 'We have a moral responsibility, but our government doesn't take responsibility', he added 'Our struggle is not just for the country but for human kind'. Warmed by the coffee and his sentiments, these were the times I most loved talking with Avelino. He was both entertaining and inspirational when he channelled his 'inner

Che Guevara', and spoke as if he were at a political demonstration, rallying support. But then there was another swift shift. His eyes narrowed slightly and he looked at me with anguish and said: 'we used to kill people, but now we just let them die, it's the same outcome just a different process'.

Introduction

When the UN officially 'handed over the reigns' to the East Timorese in 2002, the state of Timor-Leste continued to face serious challenges to the legitimacy of its statehood due to institutional failure, questions of sovereignty and continued aid dependence. Despite these challenges the state continued its expansion, and international interest in the country continued to grow – especially in relation to its natural resource wealth. As discussed in the previous chapter, donor funding was central to the formation of an independent East Timorese state in the years immediately following the Indonesian withdrawal. However as time went on, Timor-Leste's state budget financing shifted. No longer dependent on the international aid architecture, the Government of Timor-Leste found a new and generous revenue stream in the form of natural resource wealth. With few conditions placed on the receipt of this revenue, this new and barely regulated industry was a blessing for the coffers of the country which, until 2004, had been relatively empty. However, as the coffers filled, political turmoil increased.

Between April and May of 2006, several previously latent tensions surfaced in Timor-Leste, most notably those present within the security institutions of the state. These tensions culminated in violence on the streets of Dili involving a large number of social and political groups including street gangs, veterans' groups, political front groups, youth groups and martial arts groups (Scambary, 2009: 267). While remuneration was high on the agenda for many dissenters, others had grievances that were not just about money and jobs, 'but about people wanting symbolic recognition for their contribution to independence' (Scambary, 2009: 268). While independence was strengthening with the state having less of a reliance on foreign aid provisions, political stability in the country was weakening. The consequences of these simultaneous successes and failures have led to the emergence of an 'oil complex'

(originally conceptualised by Watts in 2004), causing implications for the governable spaces in the country.

This chapter traces the simultaneous economic successes and political failures of post-UNTAET Timor-Leste. As will be shown, while oil and gas wealth was being literally extracted, so too were the citizens being figuratively extracted from. While economically the country seemed to be succeeding in the years immediately following official independence, this was happening against the backdrop of political unrest and virtually no government accountability. As described by Scambary, Timor-Leste's reputation 'traversed the full spectrum' from UN success story to failed state within the period of 2002-2008 (2009: 266). This outcome was heavily influenced by cleavages that arose out of the presence of aid money, oil money and the legacy of UN intervention. Such legacies include high levels of unemployment, low levels of local capacity, political tension and bleak economic growth (McGregor, 2007: 161).

With the global positioning of Timor-Leste as a 'satellite' country well underway, this chapter explores a discernible shift that took place as a product of both its newly acquired independence and the growing power of the East Timorese political elite, keen to assert dominance over their territory. The chapter begins by reviewing Timor-Leste's transition from aid dependence to oil dependence and discusses the impact this transition has had on the economic configuration of the country. Following this, the chapter will assess literature concerned with the 'resource curse', an often cited phenomena for the social and economic troubles of resource rich, developing countries. The chapter will suggest that the political instability the country endured during 2006-2008 can be best understood through the growth and anatomy of an 'oil complex' rather than those explanations offered by resource curse literature. The main argument of this chapter is that the ongoing sale of natural resources in Timor-Leste has led to the emergence of an 'oil complex' in the country; a by-product of the petro-capitalist economic system that has been fostered to connect Timor-Leste to the global economy, and to strengthen the political elite's sovereign control over the territory.

Aid to Oil

> *'The Government of Timor-Leste doesn't need financing from development partners anymore as it's got its own resources. But where it has really struggled is using that money to achieve development impact'* (personal interview, July 2015) [51]

A little more than 10 years after the reins of power were handed over to Timor-Leste from the United Nations, the country was no longer dependent on the economic support of the international community. From 2003 to 2004, Timor-Leste's state budget was US$74 million dollars, yet by 2013 this amount skyrocketed to US$1.8 billion, most of which came from the exportation of oil and gas reserves (Peake, 2013:164). This transition meant that ODA donors no longer found themselves in a position in which they were driving the development initiatives of the country. Instead, the Government of Timor-Leste had access to its own resources and became able to steer its own development course. While a representative from the Asian Development Bank noted that 'now the ADB has to go along with the Government of Timor-Leste which has been a key challenge to operating in the country' (personal interview, 2013), the shift away from aid dependence marked a time of economic optimism in Timor-Leste. Oil revenues to the state enabled the highest level of freedom ever experienced in the country, further strengthening the autonomy, sovereignty and leadership of the country by Timor-Leste's political elite.

As noted in chapter three, important to the nation's consolidation of state was the desire for a kind of development plan that was 'not…budget-driven or subordinated to the international financial mandates' (SDP, 2011: 12). The opportunity to shift away from these mandates came in the form of natural resource rents. At the time of independence, it was unknown how much oil and gas was available to the Government of Timor-Leste as all geological reports on the country were destroyed in the 1999 Indonesian withdrawal, and explorations of the Timor Sea had not yet been comprehensive (Lundahl & Sjöholm, 2008: 71). Exacerbating this uncertainty, formalised maritime boundaries had proven to be elusive for the country, especially those areas which fall within the resource rich Timor Sea.[52] Despite this uncertainty,

[51] Interview with Asian Development Bank Urban Development Specialist, Allison Woodroofe.
[52] The implications of Timor-Leste's shifting and uncertain maritime boundaries will be further discussed in chapter six.

the presence of natural resource wealth did allow the state of Timor-Leste to quite rapidly develop two distinct features uncommon in the economies of a developing country. First, the transition allowed for the country to have no public debt[53], and second the state enjoyed a budget surplus.

Panizza has suggested that debt in state budgets can often be caused by external factors (2008: 8). Further he asserts that somewhat paradoxically, instances of public debt 'can be driven by either too little foreign aid or too much foreign aid' (2008: 8). When a country produces a deficit not met by donor funding, domestic debt is often issued, especially due to IMF policy prescriptions which prefer to limit external borrowing contingent on commercial interest rates. While Panizza and Presbitero conclusively argue that '"we don't know"' if debt has a causal effect on medium-run economic growth (2014: 36), a neoclassical rationale would suggest that it most certainly does (Panizza and Presbitero, 2014: 21). Timor-Leste's ability to avoid the economic restrictions which would be implemented by neoliberal actors (as well as any negative consequences that may arise from medium to high levels of public debt), has enabled higher levels of economic sovereignty than has been afforded to many other developing nations, still dependent on foreign aid flows and as such, are subject to donor conditionality.

In environments in which 'everything is a priority' such as in Timor-Leste in 2002, it would be understandable if not completely reasonable for a state budget to run at a deficit (World Bank Country manager, personal interview, 2015). The fear of having budget deficits is due to the fact that 'financial vulnerability stems from the interaction between ongoing account and budget deficits, the ways these ongoing deficits are financed, and the way these countries have been financed in the past' (Roubini & Setser, 2004: 22). However, due to the large influx of financial flows coming from natural resources, the state of Timor-Leste did not have to put policies in place to protect the economy from financial vulnerability. Petroleum revenues effectively formed a buffer between the state and both the mandates of the international donor community and austerity measures. This situation is enviable even for OECD countries, as research suggests that countries with high-debt are more likely to experience polarised

[53] Public debt is defined as *'the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to non-residents by residents of an economy'* (IMF, 2014: 6)

political systems and electorates as well as a greater presence of extremist groups (Alesina & Perotti, 1995: 14). For a new economy such as Timor-Leste's, the presence of these financial flows provided a 'golden opportunity to pursue development-oriented policies' without a dependence on foreign aid (Lundahl & Sjöholm, 2008: 68). Timor-Leste was able to fully take the reins, and develop in a way that was driven by domestic design.

However, it would be remiss here to ignore the fact that a reliance on natural resource revenue comes with its own set of issues shaping the characteristics of development. Known as the 'resource curse', such phenomena have been observed in countries that are both natural resource rich and developing as the presence of natural resource rents influences attitudes towards state revenues, including efforts to control or capture them.

Resource Curse

Literature which focuses on the relationship between natural resources and development commonly discusses the 'resource curse'. This curse refers to several phenomena that can be observed in countries with high levels of natural resources. These phenomena are: high levels of corruption and poverty, low pressure for democracy, and conditions favourable to the promotion of conflict and poor economic performance (Rosser, 2006a: 557). It has been proposed that the 'curse' has political dimensions (Robinson & Torvik, 2006), with a World Bank publication suggesting the damage from natural resource wealth is multidimensional as it:

> *can damage institutions (including governance and the legal system) indirectly—by removing incentives to reform, improve infrastructure, or even establish a well-functioning tax bureaucracy—as well as directly—by provoking a fight to control resource rents.* (Harford & Klein, 2005: 1)

Brought to the fore by Sachs and Warner (1995), the resource curse hypothesis suggests that countries which export high value primary goods (whether agricultural, mineral and/or fossil fuels) tend to display sluggish economic growth rates when compared to those which rely on other means of economic trade and growth (Sachs and Warner, 1995: 1-4). Without economic diversification, the reliance on high priced, natural commodities leaves the resource rich

country vulnerable to economic deterioration or collapse. This suggests that although the state of Timor-Leste has experienced some economic and political benefits from the shift away from a dependence on foreign aid, the 'curse' may still be coming.

The perspectives on development outcomes offered by the resource curse literature vary immensely regarding the causal mechanisms of the phenomena. Rosser suggests that there are seven broad and competing factors which resource curse literature considers as 'causal' (Rosser, 2006b: 13). Of these seven perspectives, three remain relevant to the case of Timor-Leste. These are: radical perspectives 'that emphasise the role of foreign actors and structures of power at the global level', state-centred perspectives 'that emphasise the nature of the state' and social capital perspectives 'that emphasise the degree of social cohesion in countries' (Rosser, 2006b: 13). In conjunction with the argument from chapter three that explains the relevance of dependency theory to understanding the way in which Timor-Leste has been built for extraction, and my assertion that with the inclusion of supranational powers the theory holds contemporary relevance, it is necessary that an analysis of Timor-Leste's resource wealth takes an approach that addresses the role of foreign actors and structures of power at the global level, the first of Rosser's observed categories (2006b: 13). His second category, indicative of the need for an approach sympathetic to the role of the state and state actors is also required due to the Government of Timor-Leste's explicit desire to be free from the mandates of the international community. Finally, the social cohesion approach also needs to be considered when taking into account the events of the 2006-2008 political crisis explored later in this chapter. That is, these three differing perspectives can all be observed in Timor-Leste. This suggests that the country may be experiencing a different and more complex phenomenon to a resource curse, according to the mechanisms of the curse, as supported by the academic literature available on the subject.

It is true that in Timor-Leste 'oil swamps the economy', and that both the economy and politics in the country are consistent with the resource curse hypothesis in many aspects (Scheiner, 2015: 2). In a bid to prevent misuse of natural resource funds, a Petroleum Fund comparable to that of Norway has been established, providing a holding account for revenues in excess of state budget requirements, promoting long-term fiscal sustainability and encouraging transparency in the sector (Fasano-Filho, 2000: 4). The establishment of such a fund has been considered international 'best practice', along with becoming a member of the

international Extractive Industries Transparency Initiative (EITI), a mechanism designed to assist countries which rely on natural resource wealth for significant proportions of their state revenues.

The Petroleum Fund and the EITI

The earliest model Timor-Leste's state functions considered the importance and management of natural resource wealth. As one of the first official documents enshrined with a plan on how the country would develop, the Constitution of Timor-Leste acknowledged the presence of natural resource wealth in the territory, and paved the way for the establishment of a petroleum fund. Demonstrating the intention to develop on the shoulders of resource exploitation, article 139 (1 and 2) of the 2002 Constitution states that:

1. The resources of the soil, the subsoil, the territorial waters, the continental shelf and the exclusive economic zone, which are essential to the economy, shall be owned by the State and must be used in a just and equitable manner in accordance with national interests.
2. The conditions for the exploitation of the natural resources referred to in number one above must lend themselves to the establishment of obligatory financial reserves, in accordance with the law.

The subsequent law borne out of the above article is the 2005 Petroleum Fund Law, which states that:

> *The Petroleum Fund shall contribute to wise management of the petroleum resources for the benefit of both current and future generations. The Petroleum Fund shall be a tool that contributes to sound fiscal policy, where appropriate consideration and weight is given to the long-term interests of Timor-Leste's citizens.* (Law No. 9/2005, Preamble)

In a nod to the notion of territorial sovereignty and independence[54], article 139.1 makes explicit mention of resources needing to belong to the state, demonstrating an early

[54] Further discussed in chapter five.

commitment to the sale of natural resource wealth as well as protection from third parties who may seek to benefit from them. Article 139.2, noting that financial reserves must be managed through an obligatory fund reinforces the commitment to protect natural resource wealth. Further, this article places importance on law as the mechanism best placed to safeguard profits, keeping them under the control of the state. Finally, as explicitly mentioned in the pre-amble of the Petroleum Fund Law and eluded to in the constitution, the profits of this wealth should be used to benefit a broad range of East Timorese beneficiaries, including future generations.

Serving as an institutional mechanism to define and set parameters on spending, the petroleum fund law established the Estimated Sustainable Income (ESI) spending index, a yearly calculation used to ensure responsible management of funds. This law sets the standard for annual withdrawals which is calculated at '3% of the balance in the Fund added to the net present value of expected future revenues from oil and gas fields with approved development plans' (Scheiner, 2013: 200). The state's ability to effectively manage revenue has been lauded as a success, as 'responsibility has been split between the executive, Central Bank and the legislature' reducing the likelihood of funds being used outside the public interest' (McKechnie, 2013:5). The establishment of a petroleum fund is also a pre-requisite for gaining compliant status under the EITI, a voluntary initiative that serves as an international institutional mechanism to increase transparency in the natural resource sectors of member countries (Aaronson, 2011: 51).

Keeping in-line with the desire to be autonomous from international experts, the formation of a Petroleum Fund for Timor-Leste has allowed the country to increase self-determination, separate from donor policies and agendas and finance its own state budgets. However, in times of high economic gain due to the sale of natural resources, there is also the temptation to mobilise these funds through increased state budgets and spending. The Government of Timor-Leste has been critiqued on their expenditures in the early years of aid dependence, especially by civil society organisations in the country. As stated by Upe, a civil society representative:

> *'We told the government to be more careful in their expenditures when we had a lot of money in 2008, 2009 and 2010. If they listened then, maybe our situation would not be what it is today.'* (personal interview, 2015)

The situation 'today' that Upe is referring to is the trend of government expenditures above the ESI that was happening in 2013, 2014 and 2015 (personal interview, 2015). Such spending runs the risk of exhausting state funds, which in the case of Timor-Leste, could result in the state slipping back into a dependence on international aid, reversing the economic progress of 2006-2010. Upe adds:

> *'the petroleum fund should be managed to benefit the current and the future generation and the preamble of the Petroleum fund also says this. But the spending suggests that this money is only for the current generation'* (personal conversation, 2015)

Beyond the use of a petroleum fund to protect accumulated wealth developing in countries that are resource rich, extractive industry companies along with some civil society organisations and policymakers from developing countries designed the EITI (Aaronson, 2011: 50). In 2007, Timor-Leste was admitted as a candidate country in the EITI, which as of April 2019 had 45 other implementing countries (EITI website, 2019).

The EITI operates by requiring extractive companies to 'publish what they pay', and in-turn requires the government of the resource rich country to disclose revenue they receive from the extractive companies (EITI, 2018). These figures are then given to an independent administrator who is able to compare the two figures and assess whether a country is considered 'compliant' or 'non-compliant'. Further to this process, the host government must set up a multi-stakeholder group (MSG) which includes a broad range of domestic actors from government, civil society and extractive companies to oversee this process, ensuring that adequate information is made available to citizens, and to ensure that transparency is adhered to at all stages. Put simply by Aaronson, the EITI is designed to 'create a feedback loop between the government and the governed, acting as a counterweight to corruption' (2011: 52). Timor-Leste joined the EITI in 2007 and became compliant in 2010, successfully meeting the requirements of transparency, efficiency and exemplary conduct (EITI-TL, 2018). This has led to some commentators to suggest that Timor-Leste is a 'poster-child' for the international community's state-building efforts, and a good example of how post-conflict states could meet strict, internationally recognised criteria (Barma, 2012: 343).

In an interview with Floderico, a representative of the EITI Timor-Leste (EITI-TL), we discussed how the country has been lauded for its efforts to protect the benefits stemming from natural resources by opening up a petroleum fund and achieving compliant status. In an amusing and slightly awkward incident, Floderico did not want the interview recorded but he was happy for me to take notes during our discussion and use the data I gathered to inform my research. The irony of not being able to record an interview with someone linked to a transparency initiative was not lost on me, but I of course obliged as it was clear the Floderico himself was just one of many people involved in the bureaucracy of this large institution. It was noted by Floderico that transparency had been an issue in Timor-Leste as government reports have not been publicly available and the EITI was one way in which a change to greater transparency could be achieved. Further, he noted that although freedom of information requests are constitutionally permitted in the country, requests are rarely, if ever, made by the public.

The EITI-TL was initially funded by the World Bank which provided US$320 000 for the initiative to run for three years from 2007-2010. It should be noted that since 2010, the Government of Timor-Leste has wholly funded the initiative. As the most independent body in the whole EITI process, we discussed the make-up of Timor-Leste's Multi Stakeholder Group (MSG) as this information did not seem to be published and was certainly not readily available to me. He explained that the MSG comprised of one chairperson, six government representatives, three industry representatives and one community representative, all of whom are East Timorese. The MSG chairperson is also the director of the EITI. Of the six government representatives at the time of our discussion, two were from the Ministry of Finance, and then the Central Bank, the National Petroleum Authority (ANP), Timor Gap and the Ministry of Mineral and Natural Resources all had one representative each. The three industry representatives were from Conoco Phillips, Woodside Petroleum and ENI, with the final representative being from a civil society organisation. Despite having an MSG meeting the day before our interview, Floderico was unsure of who the current CSO representative was. He stated that they have had people from Alola and the Mata Dalan Institute in the past, and that while La'o Hamutuk had provided a CSO representative at these meetings in 2011, they were no longer involved. When I later spoke with La'o Hamutuk about their involvement in the EITI MSG, it became clear that the relationship between the two groups had soured

and I was told to refer to publications on the matter as it was not something that could be discussed.

I asked Floderico about his thoughts on the impact of the EITI and if he thought it had been a success in bringing transparency to the natural resource sector in Timor-Leste. Floderico suggested that the EITI needed to receive further funding in order to strengthen its position, and for it to be considered a complete success. He stated that there were laws which are being drafted to make the role of the EITI legally binding as the initiative was an agreement without any real consequences for non-compliance. Despite this short falling, he did mention that there have been good advancements in the process too. Specifically, the requirements of the EITI expanded, with contextual information needing to be provided to citizens in order to maintain compliance. EITI-TL has done this by preparing a website to disseminate information to the public, a timely and costly undertaking. I did wonder to myself what difference the website would make – internet access and literacy rates (both computer literacy and the ability to read) in the country do undermine an environment conducive for citizens to be able to make use of the information. Compliance however makes no promise to measure awareness. I questioned him further about the role of citizens, even in the capacity as beneficiaries of this process. He explained to me that 'compliance means that citizens will see development soon'.

In the days leading up to my meeting with at the EITI-TL, a long-term development worker and East Timorese national told me that 'you can buy compliance in this country' (personal interview, 2015). While this was said in relation to her experience working closely with the Government of Timor-Leste in the health sector, I wondered if it resonated with Floderico's experience. I relayed the anecdote to Floderico and he disagreed with the sentiment resolutely. He believed that because no consultants are used in the EITI compliance process, and because only East Timorese have been involved, there has been 'no buying of compliance' (personal interview, 2015). Rather it was suggested to me that Timor-Leste had earned its EITI-compliant status on its ability to comply with best practice in the sector. This further suggested to me that Floderico's comprehension of 'buying compliance' equates it squarely with the influence of international technocrats, not with the actions of any East Timorese themselves.

While the Petroleum Fund and the EITI may afford Timor-Leste some protection against the resource curse (if indeed there is one developing), there is still the potential that these efforts will not be enough. I suggest that the petroleum fund and EITI compliance allows for there to be a sense of 'regulation' within an otherwise contentious and problematic industry. It has been suggested that in Timor-Leste, 'the ruthlessness and amorality of huge international oil companies, global and local environmental damage, invasions and civil wars, and the capital-intensive, high-skill nature of the petroleum industry' have the potential to cause devastation to the country (Schiener, 2015: 10). As an industry worth billions to the state and private sector actors, the petroleum industry is not going anywhere. One of the big challenges of the sector is how to turn the wealth below the ground into wealth above it to the benefit of Timor-Leste's citizens, not just a limited number of third party actors.

The Anatomy and Rise of the Oil Complex in Timor-Leste

The notion of an 'oil complex' as reasoned by Watts (2004; 2005; 2006) describes the situation in Timor-Leste more suitably than a 'resource curse' hypothesis. A primary reason for this assertion is that the nature of oil has specific characteristics, different to the concept of resources more generally engaged within resource curse literature. The way that oil moves through the global economy is distinct, and unlike other commodities such as diamonds or gold (Watts, 2004: 11-12). Precious metals and stones are more susceptible to theft due to the ease of access to repositories. Artisanal oil mining is not an option when the riches are in offshore oil fields, and the likelihood of resource capture by any group of actors other than political elites through the formation of policy is implausible. As such, the oil complex thesis which deals with instances in which there is a legal monopoly over the resources in question, provides a suitable lens through which to analyse Timor-Leste's experience. Further, the influence of international oil companies must be included in any analysis of the impact of oil wealth in Timor-Leste. Watts' oil complex includes these actors, whereas traditional approaches to the resource curse have not done this and prefer to focus on the predatory nature of state elites only (Brunnschweiler and Bulte, 2008: 253).

In 2006, the Government of Timor-Leste awarded contracts for the rights to exploit natural resource wealth reserves to PetroChina, Italy's ENI and India's Reliance Group among others

(Anderson, 2006: 66-67). At the same time, foreign direct investment (FDI) started to increase in the country with the Australia and New Zealand Banking Group Limited (ANZ) and Banco Nacional Ultramarino S.A. (BNU) providing deposit banking services in Dili. East Timorese citizens were excluded from the investments of international banking companies though, and were only able to access lines of credit through micro credit schemes funded by the World Bank, which were implemented by BNU as lending services were not available from these institutions (Kusago, 2005: 507). So, while East Timorese citizens had few opportunities to access capital outside of the strictures of the donor set, the Government of Timor-Leste was securing revenue streams that were non-reliant on both the donors and enfranchised East Timorese citizens. This set the scene for the emergence of an 'oil-complex', a symptom of the kind of petro-capitalism in which the extraction, consumption and distribution of natural resource wealth drives development.

Just as Watts observed the relationship between oil and development in Nigeria (2004: 61), it is undeniable that oil matters profoundly to Timor-Leste and the characteristics and dynamics of its development. From influencing the policies of geopolitical neighbours[55] to the reduced dependence on foreign aid, Timor-Leste has been able to expect that oil wealth will be the silver bullet for the development of the country, and one that must be protected. Gunn noted that in 2008:

> *Flush with additional cash, (the Government of Timor-Leste) increased pension payouts to the elderly and veterans, offered subsidized rice, sponsored a cash-for-work scheme, and doled out generous cash handouts to internally displaced person (IDP) families that fled their homes following the 2006 crisis. While the AMP[56] spending spree may have helped to secure social cohesion, critics aver that the drawdown has breached the sustainability principle underpinning management of the nation's finite resources.* (2009: 237-238)

Here it can be seen that the presence of the petroleum fund law has not been sufficient to prevent excessive spending as it was designed. The lure of quick capital accumulation through

[55] Such as Australia's decision to withdraw from the United Nations Convention on the Laws of the Sea (UNCLOS) in 2002 (discussed further in chapter six).
[56] The Parliamentary Majority Alliance Government (AMP), under the leadership of Xanana Gusmão.

drawing down on the fund beyond the ESI proved too enticing, setting up the dynamics for a flourishing petro-capitalist environment.

Watts suggests that petro-capitalism:

> *operates through a particular sort of 'oil complex' (a unity of firm, state [and its security forces], and community), that is territorially constituted through oil concessions. This complex is generative of substantial unearned income and strong centralising effects of the state (it is, in other words, a particular fiscal sociology).* (2004:54)

According to Watts, an oil complex has four main components including: 1) a legal monopoly over the exploitation of minerals, 2) a national oil company which operates through joint ventures in which private companies are afforded territorial access (blocs), 3) ensured flow of resources and protection of investments through security provided by state apparatuses, and, 4) an institutional mechanism by which federal oil revenues are distributed to the states and producing communities themselves (2004: 54).

Using these categorising points, empirical trends suggest Timor-Leste is well on the way to developing its own oil complex. While the legal monopoly over resources in the Timor Sea has been rather a large point of contention (as will be discussed in chapter six), there has been persistent campaigning by Timor-Leste's political elite and civilians for these resources to be defined as being under East Timorese ownership due to their territorial location. In regard to the second component required for an oil complex - a national oil company - the national oil company 'Timor GAP' conducts oil and gas business on behalf of Timor-Leste's government. Timor GAP has signed a production sharing contract with ENI and INPEX so that resource extraction can be undertaken in joint venture partnerships (Timor Gap website, 2016), and as such appeases Watts' second component of an oil complex.

A little more difficult to ascertain is how Timor-Leste can be understood as ensuring a flow of resources and protecting investments, the third component of Watts' oil complex. What can be seen is that there is a great investment going into the Tasi Mane project as well as lobbying from the Government of Timor-Leste to assert its ownership over the reserves in the Timor Sea (Schiener, 2013; Scambary, 2015). Further, when Watts initially described the need for protection of the resources (2004), he was discussing oil in the Niger Delta, an area where

resources are situated inland and can therefore be diverted or captured more easily than those that are located in an offshore environment. Timor-Leste is not so much under threat by rebel groups seeking to profit from the state's natural resources, but rather has been under threat by neighbouring countries and their territorial claims (to be further discussed in chapter six).

Finally, the Petroleum Fund in Timor-Leste serves as an institutional mechanism to distribute natural resource wealth revenues. As discussed earlier in the chapter, this fund has been designed to regulate the flow of money into state coffers and to limit financial risks. Coupled with Timor-Leste's EITI compliant status, these mechanisms help complete the picture of how it is possible to see a burgeoning oil complex in Timor-Leste. But what are the consequences of this oil complex, and what is really at stake?

Implications of an Oil Complex: New Governable Spaces

According to Watts, the presence of an oil complex encourages the formation of new governable spaces that can generate 'forms of rules, conduct and imagining at cross purposes with one another, antithetical to the very idea of a developed modern nation-state that oil represented' (2004: 61). An oil complex provides a setting in which new governable spaces can emerge, ones that may uncover or encourage the kinds of extraction as outlined in the introductory chapter. That is, in the case of Timor-Leste, the causal phenomena that have led to the development of an oil complex are both due to, and symptomatic of, the extractive and exploitative nature of imposed development practice by supranational entities as well as the practices of domestic socio-political actors. While the shift from aid dependency to oil dependency has opened up these spaces due to the revenue afforded to the state free from donor demands, the groundwork for these spaces was taking place during the long colonial history of Timor-Leste.

While Watts' observations do not align perfectly with what can be seen in Timor-Leste, they do provide a useful blueprint. That is, Watts' model allows us to understand more clearly empirical trends in the country. New governable spaces, according to Watts, are made up of three parts or 'spaces':

1) The space of chieftainship (the politics of youth and gerontocratic rule in an oil producing community)
2) The space of indigeneity (the politics of ethnic mobilisation as a basis for civic nationalism)
3) The space of the nation-state (the politics of nation-building and citizenship) (Watts, 2004: 61)

As explained by Watts, 'these spaces and forms of power emerge from the oil complex as part of an overarching logic of petro-capitalist development, that is to say a particular sort of extractive development generative of differing sorts of scale' (Watts, 2004: 62). The lure of 'easy money' from oil revenues coupled with nationalistic claims to these riches has sparked both international and domestic competition for access to the revenue from Timor-Leste's natural resource wealth, which plays out in these different 'spaces'.

In the *space of chieftainship*, Timor-Leste has a leadership model that is unapologetically reserved for elders. Strong connections with the resistance movement affords individuals status in the current political arena where resistance military generals now occupy spaces reserved for the political elite. Since the restoration of independence in 2002, the roles of prime minister and president have been held by six men – two of whom have held both positions (Xanana Gusmão and José Ramos-Horta), and all whom hail from the upper echelons of the pre-independence resistance movement (Government of Timor-Leste, 2018). Here we can see that there is an oligarchy in Timor-Leste reserved for national heroes and that these same actors help form a 'bureaucratic polity' in the country.[57] Against this backdrop are bubbling youth movements. Facing a future of uncertainty, and many with low levels of healthcare and education, martial arts group affiliation is common, particularly among young men (Ferguson, 2011: 56). The banning of such group activity by the government has sparked anger amidst some youth who in their own way are fighting for their own spaces of power and control.

[57] As described by Jackson and Pye, a bureaucratic polity is 'a system in which a small group of senior bureaucrats, elite technocrats, and military officers are able to make important policy decisions and serve their own interests in the process' (1978: xx). This analysis, it should be noted, is most poignant when looking at Timor-Leste in the lead up to the political crisis that started in the early to mid-months of 2006.

Further, there is an overlap between the *spaces of chieftainship* and the *spaces of indigeneity*. Of particular relevance is the distinction between Easterners and Westerners, a classification that played a significant role in the 2006-2008 political crisis in the country when westerner soldiers felt discriminated against as they saw their eastern counterparts receive more entitlements and lighter sanctions when violating military rule (Gusmão-Soares, 2011: 55). Watts notes that 'one of the striking aspects of the governable spaces of indigeneity…is that they become vehicles for political claims, typically articulated as the need for a local government or in some cases a state' (2004: 72). The emergence of a binary division in the country based on a singular concept of a geographic division seems absurd as Timor-Leste is a highly diverse nation. In addition to the 16 languages spoken across the half-island, the 500-square kilometre territory is divided into 13 districts, 67 sub-districts and 442 sucos[58]. However, such attitudes were activated in the country, stemming from divisions set up by the presence of the UN, and heightened by the presence of oil wealth.

The most obvious 'outsider' district in Timor-Leste is the enclave of Oecussi (located in west Timor) which has been delimited as a 'special economic and social market zone' (ZEESM)[59] with control of this project being given to resistance hero and political leader Mari Alkatiri for 'an indefinite term' and who 'is not directly answerable to the people he governs' (Rose, 2016: 1). This zone, located at the crossroads of the spaces of chieftainship and indigeneity is a key example of the way in which the 'chiefs' of the political elite of the country award power to their inner-circle, and power over Timor-Leste's citizens. The power and respect afforded to the political elite is tangible and constant in Dili.

The third and final of the new governable spaces, *spaces of nationalism*, allows a particularly interesting way to consider Timor-Leste. In the case of Nigeria, Watts observed that the nation-state is an entity that existed before the oil complex began taking hold (2004: 74). In Timor-Leste, the oil was present before independence and before the official and internationally recognised country of Timor-Leste was created. Despite this difference, nationalism is integral to the way that development has advanced in the country. Watts suggests that:

[58] *Suco* meaning village in Tetun.
[59] The zone is most often referred to by its Portuguese name 'Zonas Especiais de Economia Social de Mercadu de Timor-Leste', shortened to ZEESM.

> *Nation-building, whatever its imaginary properties, whatever its style of imaging, rests in its modern form on a sort of calculation, integration, and state and bureaucratic rationality which the logic of rent seeking, petro-corruption, ethnic spoils politics, and state multiplication works to undermine systematically.* (2004:74)

The promise of oil revenue was present from before independence, with earliest nation building efforts being influenced by the possibility of a burgeoning oil complex within a country which had strong nationalistic tendencies (to be explored in-depth in chapter five). The question of how Timor-Leste has become so nationalist so quickly is discussed by Anderson who explains it through Surharto's[60] consistent referral to the indigenous population as 'East Timorese' and not Indonesian (1993: 26). This, coupled with the common thread of Catholicism in opposition to greater Indonesia's Muslim population encouraged an identity in the country decidedly different from an Indonesian one (Anderson, 1993: 26).

There is a 'double movement' that happens when petro-capitalism takes hold, characterised by a tension between the 'contradictory union of capitalism and modernity' (Watts, 2004: 61). This can be understood through the visibility and efficacy of the state. On one hand, petro-dollars enable the state to become more visible (through nation building, state building and globalisation – discussed further in chapter five), yet on the other hand they simultaneously vilify the state producing 'undisciplined, corrupt and flabby oil-led development' by state institutions (Watts, 2004: 62). In this way, Watts suggests that petro-capitalism undermines the very tenets of the modern nation-state. The oil complex and its facilitation of new governable spaces have led to some undesirable development outcomes, the most problematic of which is the state's unresponsiveness to citizens, manifesting itself in entrenched poverty. In its infancy, the oil complex in Timor-Leste threatened to destabilise the country completely as political distrust escalated into civil conflict.

The Political Landscape and Instability in 2006 - 2008

In 2006, the Certain Maritime Arrangements in the Timor Sea (CMATS) agreement[61] was signed, allowing the state of Timor-Leste secure access to oil reserves, marking the first critical

[60] The Indonesian president throughout the duration of their occupation of Timor-Leste
[61] The details and further implications of this agreement will be discussed in chapter 6.

passage towards the establishment of an oil complex in the country. This encouraged a shift in the political landscape, where consultation with the people was not a driving force influencing state consolidation despite Timor-Leste having democratic status. With limited power afforded to most citizens to influence national policy, there remained a disconnection between elite and non-elite East Timorese. Showing the hallmarks of a bureaucratic polity, where power is conceptualised as a zero-sum game with the 'total amount of power available to all elite can be increased only at the expense of other power-holders' (Jackson and Pye, 1978:10), the lack of attention paid to local conditions resulted in institutional failure.

Similar to what could be seen in Indonesia in the lead up to the occupation of Eastern Timor, elites were 'largely impervious to currents in their own societies' and were 'more responsive to external pressures emanating from the international arena' than those generated from within the polity itself (Jackson, 1978:4). In this view, power does not result from the interests and articulations from any actor in the 'periphery' of society but rather is obtained through 'interpersonal competition in the elite circle' (Jackson, 1978: 4-5). As discussed in the introductory chapter, the exclusion of citizens from the benefits of development is a key feature of the concept of extraction. With only a limited number of people in the political elite able to influence the decisions of the state, the consequence of these processes of extraction resulted in a peak period of social injustice, specifically concerning ineffective governance measures that resulted in a political crisis.

Coinciding with the aforementioned CMATS agreement and the subsequent beginnings of the oil complex, 2006 witnessed competition between elite circles descending into civil conflict, with Timor-Leste suddenly becoming described by some as a 'failing state' (Cotton, 2007:456). This came as tensions in the country escalated during April and May due to the discharge of 594 Timor-Leste Defence Force (F-FDTL)[62] personnel after an on-going internal conflict between those from the East and the West of the country peaked. This tension sparked protests from a group of activists known collectively as the 'Petitioners movement', led by former military commander Alfredo Reinado (Gusmão-Soares, 2011: 53-56). Between March and May of that same year, twenty-four deaths and two injuries were recorded in relation to these clashes (TLAVA, 2009: 5). On August 25th 2006, the UN formed the United Nations

[62] *Forcas Defensa Timor Lorosae* in Tetun.

Integrated Mission in Timor-Leste (UNMIT) to support the Government of Timor-Leste to consolidate security in the face of the brewing conflict, and to enhance the culture of democratic governance (Gunn, 2010: 236-237). This mission would last until 2012, interrupting the autonomy of Timor-Leste's state, and deferring legitimate independence for a full decade from its initial restoration in May of 2002.

In the lead up to the ensuing conflict, then Prime Minister Mari Alkatiri set up a commission to look at grievances that were brought to his attention through the handing over of a petition to the government by members of the F-FDTL. This petition highlighted their afflictions, alleging discrimination with those from the East of the country being favoured for promotion over those from the West. As explained by Gusmão-Soares, during the political crisis, there were 'discontents among the soldiers, officers, and commanders, especially in regard to their promotions, salary, management and lack of facilities' (2011: 53). The destabilisation of peace in the capital city grew as dissenting members of the military elite continued exhibiting their discontentment, and were met with violent and destructive repercussions by the state. Police and military forces did what they could to control the turbulence; however, these two institutional arms had been experiencing slowly amplifying tensions since the UNTAET era and the government had effectively lost control over the peace in Dili (Goldsmith, 2009: 121). As was the opinion of many in the F-FDTL, investments in the police force (PNTL – Polícia Nacional de Timor-Leste) had taken priority over those in the military forces, and as such there was an 'institutional jealousy' between the two groups (Gusmão-Soares, 2011: 69). Here we can see that the interplay and rivalry between elite groups in Timor-Leste has been highly influential on the stability of the country. A mode of extraction similar to what Mezzadra and Neilson describe as 'the social dimensions of exploitation' (2017: 200), the holding and withholding of power between these key groups in Timor-Leste highlights the process of extraction at play. When understood as a destructive socio-political force, the extractive processes fostered within the security institutions coupled with the decisions of the state (and state actors) fostered an environment that was destined to produce violence and conflict. At the same time, these forces also prevented an accumulation of capital by the wider population of the country through the collection of dividends that would be available had

extractive processes not been at play. [63] Burchardt and Dietz suggest that 'often, the damage done by extractivism precedes conflict' (2014: 479), a supposition that rings true in the case of the political crisis in Timor-Leste.

Alkatiri's commission was not successful in assessing the legitimacy of the Petitioners grievances nor quelling the growing tension (Gusmão-Soares, 2011:109-111). Faith was lost in the credibility of the commission and the Petitioners movement gained momentum through the dissent of army elites such as Major Alfredo Reinado, the former head of the military police, who deserted fully armed (Richmond and Franks, 2008:193, Gusmão-Soares, 2011: 111). It would take four Constitutional governments, the resignation of Alkatiri, and the efforts of Jose Ramos-Horta, Estanislao da Silva, Francisco Guterres, and finally Xanana Gusmão to reinstate peace and begin the provision of stability and security to the country's citizens in 2008, with the final withdrawal of international support for defence in 2012.

In a situation of political crisis such as the one in Timor-Leste, the legitimacy, capacity and role of the state comes into question. Defensive of the East Timorese experience, Special Envoy of the Secretary General, Ian Martin stated that 'this is not about Timor-Leste being a failed state. Rather it is about a four-year-old state struggling to stand on its two feet and learn to practice democratic governance' (in UNDPI, 2006). The political crisis was not simply the fault of the new government, or the result of institutional failure, but rather an event which peaked due to a combination of factors best understood through the notion of 'extraction'. While a large component of the crisis was due to an internal schism left-over from the days of the resistance, this divide was reinforced by UN military recruitment decisions, the constitution of the country which requires the valorisation of resistance with simultaneous underrepresentation of former members of the clandestine resistance movement, the endemic unemployment rates which stunted individual or family based economic growth, and fractures in East Timorese leadership (Gusmão-Soares, 2011: 133-136). It is the complex intertwining of these factors that come together to create an environment in which the health of social, political and/or economic systems become impaired to the point of partial or total collapse.

[63] Dividends may take the form of social, financial, political or environmental capital among other forms deemed valuable by the everyday citizen of Timor-Leste who have being 'extracted from'.

Gago and Mezzadra have argued that the conceptualisation and 'formula' of extractivism and extraction 'should be able to account for the action of multiple financial apparatuses…which extract value from a social vitality and cooperation' (2017: 583). In this understanding, extraction becomes about more than simple exploitation. Where exploitation deals with an unfair benefit, the processes of extraction take into account the multifaceted ways in which individuals, systems, and institutions are inserted into complex networks that result in the loss of a foreseeable benefit to those same individuals, systems and institutions, had the processes not been at play. Further, common understandings of exploitation suggest that there is a clear distinction between who unfairly benefits and who is the 'exploited'. Where 'exploitation' takes place, for example, between two individuals where one's loss is the other's gain in a zero-sum scenario, the notion of extraction takes into account historical events, power dynamics, costs, benefits and areas where these may overlap. As suggested by Gago and Mezzadra this expanded notion of extraction 'connects to a long history of struggles and theoretical elaborations that have expanded the notion of exploitation itself to include topics such as the hegemony of rent, the persistence of primitive accumulation, and accumulation by dispossession, all against the background of contemporary developments of capitalism, social struggles, and "progressive" governments' (2017: 574).

Under great pressure both domestically and internationally, Mari Alkatiri voluntarily resigned from his position as prime minister in June 2006, and was replaced by Jose Ramos-Horta (Kingsbury, 2007: 371). Francisco Guterres maintained his presidency. Following Alkatiri's resignation, the escalating tensions calmed, and normalcy slowly returned to Dili. Many civilians from the East of the country were still living in internally displaced persons camps in the capital, with others remained in the districts (Gusmão-Soares, 2011: 64). Where Alkatiri had previously been unsuccessful, Ramos-Horta assisted the new government to enter discussions with the Petitioners, in order to maintain order for the elections that were to be held in 2007 (Gusmão-Soares, 2011: 64). Order was further assisted by the presence of the Australian-led International Stabilisation Force (ISF) and Portugal's National Republican Guard (GNR). By early 2007 Gusmão created a new political party, the National Congress for the Construction for Timor-Leste (CNRT) to contest in the 2007 elections which won only 18 of the 55 parliamentary seats, rendering negotiations with the Democratic Party as well as three smaller parties necessary. Conclusions from these negotiations saw the Aliança da Maioria

Parlamentar (AMP - Parliamentary Majority Alliance) government form defeating Francisco Gutteres who was unsuccessful in his bid to maintain his presidential posting. He did not however, lose his political influence. The new government appointed Ramos-Horta as the President, and Xanana Gusmão as the Prime Minister.[64] That is to say, these two members of the political elite also maintained their power, although they underwent an official title and role change. Reinforcing the way in which the holding and withholding of power happens in the country to encourage processes of extraction, the make-up of Timor-Leste's political elite changed, but also stayed the same.

Amidst the backdrop of faltering faith coming from within the Petitioners movement to achieve their goals, the political crisis took a sudden turn in February of 2008. Simultaneous assassination attempts on Ramos-Horta and Gusmão by Alfredo Reinaldo and his followers was unforeseen and concluded abruptly. Reinaldo was shot dead by Portuguese soldiers of the GNR with the assassination attempts leaving Ramos-Horta critically injured, and Gusmão narrowly escaping injury (Gusmão-Soares, 2011: 129-132). The exact details of this event are shrouded in secrecy, but this was the moment that brought an end to the internal conflict within the country, with a successful joint operation between the PNTL and the F-FDTL, led by Taur Matan Ruak (Gusmão-Soares, 2011: 130). Gusmão-Soares argues that this experience should be considered as part of the road to establishing a new state, 'transforming the Timorese society from a post conflict era into an environment where peace and justice can prevail' (Gusmão-Soares, 2011: 131). But, it also marked a critical point at which the state of Timor-Leste had access to rents to assist in keeping the peace.

The State During and After the Conflict

When the political crisis was peaking, Kingsbury noted that 'it was starting to look as though successful statehood, even at modest levels, was much further away than anyone had imagined it might be, and that the extent of the task in restoring its previous, if inadequately supported, sense of security would take years rather than months' (Kingsbury, 2007: 370). The failure of security institutions to deal with ideological differences was evident. On the

[64] For a more comprehensive account of these elections, see: Leach, 2009.

clashes that sprung from the diversity of ideas between armed state and non-state actors, Kingsbury noted that 'channels to accept the expression of grievances were required to be open and receptive in order to make such a process work. These channels were compromised by violence' (2007: 372).

Emerging from the end of the political crisis, Timor-Leste was a state that can be understood as a political hybridity (Brown & Gusmão, 2009: 62; Richmond, 2011: 118-125). This is when there is a 'co-existence of introduced Western (generally liberal institutional) models of governance and local governance practices' (Brown and Gusmão, 2009: 62). In a political hybrid scenario, imported institutional models enjoy *international legitimacy* and local governance practices have *social legitimacy*. In Timor-Leste, traditional practices include 'subsistence food production, providing fundamental mechanisms for social order, social welfare, economic life, environmental management and, collective identity' (Brown and Gusmão, 2009: 65). The tension between the internationally recognised 'formal' state structures and the equally important 'traditional' system is constant in the country. While traditional practices remain popular, drawing upon centuries old practices (Brown and Gusmão, 2009: 68), the formal state has undergone significant changes as the country became more integrated into the world economy within such dynamic circumstances.[65]

At the time of the conflict, aside from the natural resources sector, the private sector compromised of ventures designed only to 'feed the United Nations', as there had been little to no demand from the East Timorese population for even basic-level service industry investments (personal Interview, 2013). More recently, even with an increased demand from consumer-driven sectors of the economy such as agriculture and manufacturing, by 2014 this sector still only generated outputs of $2 per citizen per day (Scheiner, 2014: 2). This amount is just above the international poverty line which, in Dili is a measure that does not translate particularly well. One interlocutor explained to me that 'the poverty line doesn't do any justice to the costs of living in Dili – the international poverty line doesn't relate, particularly here – at all' (personal interview, 2015). Even on a princely sum of $940 AUD per fortnight during my first stint of fieldwork in the country, I rarely had money left over while maintaining a moderate lifestyle by Australian standards.

[65] For a comprehensive analysis on Timor-Leste's political hybridity, see Grenfell (2015: 175-182).

The influence of private sector interests are unavoidably linked with state interests in that there is a partisanship between these two actors (Winters, 1996: 13). This is due to the fact that 'prolonged failure to meet the investment and production needs of a population tends to complicate stable rule – sometimes severely' (Winters, 1996: 2). This idea can be understood within the context of the political crisis in Timor-Leste, when youth gangs, in part frustrated by the lack of economic opportunities in the country, joined in the protests of the dissenting military classes (Scambary, 2009: 267). Employment opportunities had not increased to a large enough degree and the predominantly young East Timorese population remained disengaged from formal economic activity. The Government of Timor-Leste, aware of the dangers of having a severely under-employed and economically poor citizenry, needed to stimulate economic growth in the hope it would translate into increased workforce participation. Although the natural resource industry brought about rapid GDP growth in the country and the shift away from aid dependence was near-at-hand, the highly technical nature of this sector did, and has done, little for the employment levels in the country (personal interview, 2015).

The promise of gaining high rents from natural resources has meant that the Government of Timor-Leste has not had to work in the public's best interest or maintain accountability to those international actors who implement 'best practice' when it comes to development interventions. That is, the shift from a reliance on foreign aid to a reliance on natural resource revenues has done little to dismantle any accountability deficit present in Timor-Leste. The state has not had to promote economic expansion and diversification in order to provide enough revenue to sustain its own expenditures. While Dili was in crisis due to the political turmoil discussed above, behind the scenes in 2006, a petroleum fund was opened (Lundahl & Sjöholm, 2008:80). Revenue in the Petroleum Fund has been sufficient to cover the cost of public service employees' competitive wages, to increase the number of veterans accessing monthly pensions, and to placate vocal groups. As stated by Schiener:

> *the cash-flush government has almost no taxpayer-voters demanding financial accountability. The elite and some constituencies believe that they are entitled to a disproportionate share of public resources, a pattern set by rewarding heroes of the liberation struggle and 'buying peace' to neutralize potentially troublesome groups or political opponents. Instead of the give-and-take which*

> *constrains state spending in 'normal' countries, the whims of politicians and promises of salesmen are using up Timor-Leste's finite oil wealth. (2015: 9)*

With little else to export, the protection of the petroleum industry would mean that the Government of Timor-Leste could develop their economy with a substantial revenue stream providing income to fund state spending. That is, the profits from the natural resource industry could be used to purchase whatever goods would be required to fill domestic market shortages, and to spread development across the half isle in the form of national building projects such as electrification, improved communication networks and social services. As aid dependence dissipated, the country's independence became strengthened yet again, with true self-determination finally possible.

Conclusion

While literature on the resource curse hypothesis gives compelling evidence for empirical trends present in the economies of some resource rich developing countries, the case of Timor-Leste more appropriately aligns with the creation of an oil complex in the country. The oil complex hypothesis fits more neatly with the experience of Timor-Leste as it takes into account the country's status as following 'international best practice', and also allows for the inclusion of private sector actors rather than primarily focusing on predatory state and non-state actors. Further, the oil complex hypothesis explains the new governable spaces that have opened up in the country regarding gerontocratic rule, the tensions between easterners and westerners, and the enduring power of the country's political elite.

The nation-state in Timor-Leste is a new governable space as the shift towards a reliance on oil revenue allowed state autonomy for the first time, after a protracted colonial history followed by an influx of international development workers. When one takes into account the feeling of many East Timorese that the development architecture formed a 'third wave' of colonisation in the territory, the need for sovereignty and autonomy becomes even more amplified, with the space of nation-state requiring deeper analysis. Despite the political crisis that took place in the country from 2006 to 2008 as state coffers were filling up, the state navigated tensions between formal and traditional structures, and despite civil conflict, Timor-Leste became formally engaged in the global economy. This period of simultaneous

social conflict and economic growth is a testament to the blossoming strength and determination of the East Timorese state. The question that remains however, is how self-determination can translate into development outcomes for the citizens of Timor-Leste. With the economic growth in the country improving the HDI from 0.375 in 2002 to 0.502 in 2010 (Rasmussen et. al., 2011: 31), it must be noted that when adjusting for inequalities present in the country in 2010, Timor-Leste loses 33% of its score, dropping its final score to 0.334, lower than it's ranking at independence. So, while the state has acquired capital, the citizens have remained isolated from gains, and in some instances, progress is tracking backwards.

Oil wealth remains an attractive development partner in Timor-Leste. However, it can leave a country susceptible to the exploitative burdens of globalisation through oil market volatility and interests of private sector actors involved in the extraction of oil and gas. Further, the shift from aid money to oil money has still resulted in the state being dependent on revenue streams that have little to do with the economic health of the country. Still, the state has produced laws and joined the EITI to wholly throw its development hopes on the shoulders of its natural resource wealth. This shift has brought with it great opportunity and optimism but also an emerging oil complex. The 'oil complex' in Timor-Leste perpetuates itself, as oil money with its lack of conditionality presents itself as a favourable way for a country to develop, ensuring sovereignty and autonomy, and freedom for the political elite who find themselves at the helm of the country.

Ikun

When Avelino expressed to me that in his country 'it's the same outcome just a different process' in relation to the ongoing premature deaths of East Timorese citizens, I wondered how many areas this sentiment might be applicable to. As we continued our friendship throughout the course of my fieldwork and up until present day, I realise in Timor-Leste, this sentiment is everywhere, and felt very strongly by my friend. The shift from a dependence on aid to a dependence on oil did not matter. The outcome is the same. The people are still not benefitting from development gains in the country.

Chapter 5

Maubere Nation, UN State: Identity and Sovereignty in Timor-Leste

Julia

One morning not long after I had moved into her upstairs apartment in a hidden back street of Bidau Lecidere, my land lady Julia decided to question me. I could tell she was sizing me up for something, but I could not quite work out what. Her eye sharpened as she asked "*Mana Teresa, Ita boo't ema katolik ka*?"(Terese, are you Catholic?). A familiar combination of fear and guilt washed over me, I had been dedicating my Sunday mornings to sleep-ins for a long time. I replied with the truth "*lae, hau lao's ema katolika*" (No, I'm not Catholic). Puzzled, she pointed out to me, "*Ó nia naran ne'e katolika*!" (You have a Catholic name!). I replied dishonourably, "*sim, maibé ha'u kleur ona la ba igreja*" (Yes, but I haven't been to Church in a long time). Mana Julia gave an understanding smile, seemingly relieved by the shame in my voice. "*Ahhh, ita bo'ot ema katholika, maibe' lao's ema katholika diak!*" (Ahhh, you are Catholic, just a bad Catholic!). My decade's long absence from the church did not matter. We had a shared knowledge and therefore, a bond based on an understanding of values, lived or not. That night, Julia came upstairs and we did the holy rosary together offering our prayers to Mary, mother of Jesus, as we sipped on whiskey. Amazed at the melodic similarities between our respective languages, our alliance deepened as we worked our way around the beads.

Introduction

As Timor-Leste transitioned from being dependent on aid to dependent on oil, another evolution was afoot. The role of Timor-Leste's political elite was transitioning, as their duties expanded from being leaders of the nation, to also being leaders of a state. While the transference of state rule from Portugal to Indonesia, to the United Nations and finally to the East Timorese created new forms of state and state structures, modes of extraction similar to

those of preceding colonial powers were also created. That is, only a small group of actors were able to benefit from the development of the country leaving the majority of citizens excluded from these gains. Observed by Alagappa in other South East Asian states, 'while developing countries desire to don the mantles of a modern state, traditional attitudes toward power continue to inform governance in many of them' (1995: 20).

This chapter shows how forms of governance in the territory have been appropriated by external parties during the process of 'building' Timor-Leste, and how these modes of governance have subsequently been exploited by the East Timorese political elite, thus allowing for the kinds of extraction we can see playing out in the country today. As such, the chapter focuses on the 'building' component of the overarching 'built for extraction' argument of this thesis.

The chapter addresses how a fostered national identity has shaped the independent East Timorese nation in such a way that power is asserted through notions of solidarity, liberation and revolution. As such, 'revolutionary nationalism' has been strengthened through shared unity against colonial powers and religious beliefs. The veneration of resistance fighters; those who fought for independence against the Indonesian occupation and who now capitalise on their past, have enmeshed patriotism with their own continued capture of state power. While notions of the 'nation' are concerned with domestically acknowledged legitimacy, the 'state' is concerned with internationally acknowledged legitimacy. As such, this chapter shows how the political elite in Timor-Leste have had to simultaneously navigate both spaces, relying on strong national identity to maintain power domestically, and territorial sovereignty to maintain power internationally.

The chapter begins by discussing the importance of national identity in Timor-Leste and frames the Catholic Church and the resistance movement as highly influential in the formation of 'maubere' national identity. Following this, the chapter shows how Timor-Leste's current political elite, those who hold state power, were originally positioned as representatives of the nation through their contributions to anti-Indonesian resistance efforts. As the UN took over the administration of the state, they allowed these ex-guerrillas limited political power in a trade-off for independence and self-determination. This trade-off has had implications for the legitimacy of UN statehood, and raised questions regarding traditional notions of statehood. The chapter concludes by suggesting that Timor-Leste has a strong nation and a

strong state, but that there is some severance between the two, allowing the modes of extraction to continue.

Maubere Nation and National Identity

Leach's definition of 'nation' notes the importance of shared traits that individual members have as representative of their larger 'national identity' (2016). He suggests that a national community is 'bound by a widely shared understanding of history, a vision of the future, or by forms of other 'national' consciousness' (Leach, 2016: 4). Similarly, Guibernau asserts that

> *national identity is a modern phenomenon of a fluid and dynamic nature, one by means of which a community sharing a particular set of characteristics is led to the subjective belief that its members are ancestrally related*. (2004: 134)

In this context, it becomes clear that a national identity is indicative of a group of people with similar characteristics or traits that may include geographic location, political representatives (or oppressors), languages, religious beliefs and more. While these components come together to inform an individual's selfhood, the collective experience informs a greater national identity.

Benhabib has written that 'every search for identity includes differentiating oneself from what one is not' (1996: 3) suggesting that there is a kind of human compulsion to categorise oneself based on relationships of belonging and not belonging. In Timor-Leste, belonging and not belonging are fundamental to the formation of the national identity that is present in the country today. However, as 'the concept of identity…never signifies anything static', national identity needs to be understood as having 'element(s) situated in the flow of time' that are 'ever changing' (De Cillia et al., 1999: 161). The influence of the Portuguese empire, the Indonesian occupation, and the resistance movement that grew out of a desire to self-determine, have all contributed to the distinctive characteristics of East Timorese nationalism in particular ways (Leach, 2016: 229-230).

Further, features of a national identity may be mobilised by institutions 'seeking competitive advantage for their territories' (Bond et al, 2003: 373). In the case of Timor-Leste this can be seen in the reappropriation of the term *Maubere* by resistance fighters, the use of Tetun by

the Catholic Church in its services, and the promise of self-determination offered by the UN. The mobilisation of these fragments of the greater national identity evolving in the country has solidified the nation's alignment with the resistance militia, the Catholic Church and to a lesser extent, the international community.[66]

Religion and Resistance

Larking has written that throughout nineteenth century Ireland, the Catholic Church 'managed to build itself into the very vitals of the nation by becoming almost at one with its identity' (1975: 1244). Fostered by a 'devotional revolution' the Church became an 'instrument for social change' in the country (Larking, 1975: 1244). A similar experience can been seen in Timor-Leste where 'the Church became a pan-territorial religious-cultural institution, increasingly perceived as an alternative national community' when the institution levelled charges of 'cultural genocide' against the Indonesian occupiers in the 1980s (Leach, 2016: 221). As such, the Catholic Church has acted as a proponent of liberation, assistance and support in Timor-Leste, serving as an agent of change in the country, in solidarity with the nation. The devotion of many East Timorese to this institution is situated between belief, identity, community and duty.

Photograph 17: The Juventude Crucifix (Youth Cross) touring through Dili.

[66] 'Lesser' because alignment with the international community was a requirement for the country to achieve self-determination.

Photograph 18: Following the cross through Aeria Branca.

Photograph 19: A wider view of the crowds gathered.

Emerging as an expression of common suffering, Catholicism plays an important role in the national identity of Timor-Leste (Anderson, 1993: 27; Leach, 2016: 83-84). According to Leach, 'the high level of consensus around Catholicism as an indicator of national identity suggest(s) that this element of Portuguese colonial heritage (is) well integrated into the East Timorese sense of self' (2016: 157). Acting as an anti-Indonesian, revolutionary and a progressive force during the Indonesian occupation, the Catholic Church aligned itself strongly with the indigenous populations of the territory. In doing so, the Catholic Church created a perfect channel through which to coordinate the resistance struggle and gain credibility among a nation – a feat out of reach of the Indonesian authorities. Essentially, the Catholic Church 'became a counter response to Indonesian assimilation attempts' (Lyon, 2006: 137).

As discussed in the chapter three, during the Indonesian occupation the Catholic Church outwardly opposed key Indonesian control strategies, establishing itself as being in opposition to Indonesian *intergrasi*.[67] The figurehead of the Catholic Church's support for resistance to *intergrasi* was Carlos Filipe Ximenes Belo, known as Bishop Belo: arguably the most important advocate for the East Timorese nation seeking independence and the end to Indonesian rule. He used his influence to act as a key informant and communicator to actors outside of Timor-Leste to bring international attention to the struggle happening in the country. This influence was afforded to him through his role as a representative of the Catholic Church, the only institution with a public voice capable of legitimate interaction with an audience in the 'outside world'.

Brazil, another former Portuguese colony, also experienced rife military oppression in the second half of the twentieth century. The Catholic Church served a similar purpose as it did in Timor-Leste, becoming a 'voice for the voiceless' (Cleary, 1997: 257). As a defender of human rights in Brazil throughout the 1960s and 1970s, the Catholic Church's advocacy for Brazilian society increased as persecutions intensified. Military oppression and abuses were framed as issues that needed to be contested by theologians due to the disastrous impacts they were having on Brazilian society, and as such, the Catholic Church (Cleary, 1997: 257). Poland, Lithuania, the Philippines and Spain also experienced the Catholic Church as an agent for social change, with the national identities of these countries also being strongly influenced by Church differentiation from the state, 'fostering anti-regime solidarity with citizens at large' (Philpott, 2004: 43). In these contexts, to be religious was to resist oppression.

The Catholic Church's solidarity with the East Timorese intensified into the 1990s as Indonesian military rule was maintained. In his continued dedication to the resistance efforts in Timor-Leste, Bishop Belo's letters to the Vatican and the UN have been understood to have influenced the decision made by Indonesia to allow the popular consultation for independence (Steele, 2007: 268-269). The relationship between FRETILIN and the Catholic Church is also notable here as, despite having vastly different ideologies, both groups joined forces to fight for an independent Timor-Leste, enmeshing religion with politics and national

[67]Three control strategies of *intergrasi* opposed by the Catholic Church were 1) the language laws that sought to eliminate the use of the Portuguese language, 2) the population control laws that sought to control fertility through the use of birth control pills, hormonal injections, implants in women, and sterilisation programs and 3) the religious conversion of the East Timorese population to Islam (Lyon, 2011: 8-9).

identity. The Catholic Church represented the East Timorese nation in the absence of a representative state. Once independence was imminent, the Catholic Church became a target for Indonesian aggression with members of the Catholic hierarchy not being spared from the terror of Indonesia's scorched earth policy. Many clergy members lost their lives alongside their civilian counterparts further concreting the solidarity of the Catholic Church with the people. This shared suffering has interwoven Catholicism with the East Timorese national identity.

Since independence, the Church has not lost its political dimension and remains highly active and influential in the continued development of the country, both at the policy and the grassroots level, further strengthening the relationship between the church, the nation and the state. A clear example of this is the joint declaration signed in May 2005 between the Government of Timor-Leste and the Catholic Church. This declaration recognises 'the important contribution that religious values have in the construction of national identity, in the construction of the nation, and in socioeconomic, cultural and political development' (Government of Timor-Leste and the Catholic Church, 2005). Further, this declaration states that 'these (Catholic) values should be incorporated into the educational mission entrusted to schools' suggesting that the education of Timor-Leste's youth must have religious elements incorporated into it in order to maintain and strengthen the construction of the territory's national identity (Government of Timor-Leste and the Catholic Church, 2005). Signed by Prime Minister Alkatiri, the bishops of both Dili and Baucau[68] and in the presence of then President Gusmão, the declaration allowed the Catholic Church political influence, reinforcing its position as an institution with influence and power within the elected leadership, and establishing its authority within the state it had supported the nation to fight for.

It has been argued that the separation of church and state 'is recognised as a given of democracy' (Nancy, 2007: 3). However, in those societies where the Church has acted as an advocate of the nation in the face of state oppression or a state vacuum, the strong connection between the nation and the Church cannot simply evaporate. Nancy suggests:

[68] D. Alberto Ricardo da Silva and D. Basílio do Nascimento, respectively.

> *the very notion of 'State', with its value of establishment and stability, testifies to the necessity of discovering a principle of grounding…and of solidarity where an absolute foundation is definitively lacking*. (2007:9)

In Timor-Leste, the Church played an integral role in providing the grounding and encouraging solidarity when the state (as a representative of the nation) was lacking. This connection has continued through into the country's post-independence years as the Catholic Church is understood as being in solidarity with the East Timorese people in past and present struggles, especially by those who lived through the Indonesian occupation (multiple personal interviews). The Catholic Church is held in such high regard by the generation of East Timorese that lived through the Indonesian occupation that some members of the younger generation, despite not feeling a strong connection to any particular religion, would never tell their parents that they do not 'believe' in God, and will only leave the Catholic Church once their parents die (multiple personal interviews). The importance of the Catholic Church stretches beyond simple faith however, as it provides structure to the lives of many, a meeting point, and another shared identity reinforcing Timor-Leste's greater national identity, and influencing the way in which the state of Timor-Leste continues to be built.

While the Catholic Church maintained its influence with the East Timorese nation through its participation in the resistance movement, some of those who participated in the resistance movement have been afforded an almost saintly status; ostensibly untouchable. There are things that cannot be overtly said about Timor-Leste's current political elite – especially Xanana Gusmão, a man who has been described as the 'mastermind' of any and all political decisions in Timor-Leste (personal conversation, 2014). Immensely popular, this leader has carved a role for himself in the country in which he is seemingly irreplaceable being simultaneously feared and adored, quietly criticized but publicly obeyed. With fame that extends into his notoriety as a prolific revolutionary poet, in 1975 he wrote:

> *Maubere People,*
> *clench your fists,*
> *The hour is your's, Maubere!*
> *And your defiance will bring down*
> *the walls of your own enslavement!…*

Maubere People,

confront and face yourself in the long march of liberation.

Liberate yourself!

Be strong!…Be Maubere. (Gusmão, 1975)

One can only imagine how his strong patriotic sentiments, written in defiance of Portuguese colonialism, must have amplified during the years of the Indonesian occupation. In their capacity as journalists[69], Bexley and Nygaard-Christensen have commented on Gusmão, stating that:

> *his authority continues to evoke such awe that even in private conversations, people are hesitant to name him directly when they are being critical. The reverence with which Xanana Gusmão is held fuels some kind of self-censorship of the imagination.* (2014)

My own experiences in conducting interviews both in Timor-Leste and in Australia reflect this general sentiment. Gusmão's power has been maintained through the repetition and reinforcement of his status, through the constant cavalcade that precedes him and the air of mystery that lingers around his past and present.

Central to the peace that has allowed the nation and the state of Timor-Leste to reinforce each other is the form of nationalism fostered in the country. It reveres national war heroes, particularly Gusmão, almost to the point of sainthood, reminding civilians of the sacrifices he and his comrades made for the liberation of the people and the betterment of East Timorese society as a whole. Even the national anthem of Timor-Leste, first used to symbolise a national identity in 1975, is used as a symbol of the type of nationalism being fostered in current times. Titled '*Pátria, Pátria, Pátria, Timor-Leste a nossa nação*' (Fatherland, Fatherland, Fatherland, Timor-Leste our Nation), the intensely patriotic and anti-colonial anthem references liberation, imperialism, victory and revolution:

"Fatherland, fatherland, Timor-Leste, our Nation

Glory to the people and to the heroes of our liberation

[69] Both are also academics who have published on Timor-Leste both together and separately.

Fatherland, fatherland, Timor-Leste, our Nation
Glory to the people and to the heroes of our liberation
We vanquish colonialism, we cry:
Down with imperialism!
Free land, free people,
No, no, no to exploitation.
Let us go forward, united, firm and determined
In the struggle against imperialism,
The enemy of people, until final victory,
Onward to revolution."

According to Cerulo, 'national symbols - in particular, national anthems and flags - provide perhaps the strongest, clearest statement of national identity' (1993: 244). The symbolism present in Timor-Leste's national anthem, most often performed in the Portuguese language in which it was first written by Francisco Borja da Costa (Government of Timor-Leste, 2018a), is rich with references to the strength of the nation against international forces, even before the Indonesian invasion and subsequent UN administration. The 'heroes of liberation' referred to in the anthem reference those who were against Portuguese colonialism, the most revered of whom are Xanana Gusmão, Mari Alkatiri and Jose Ramos-Horta. These same men remained heroes after their efforts during the Indonesian occupation and their participation in forming the political system in post-independent Timor-Leste where 'politics and power remain highly personalised', as political power has to date been shared primarily among this small group of elites (Goldfinch and Derouen, 2014: 102).

Guerrillas as Governors

The current political elite in Timor-Leste have a shared history dating back a number of decades. Many of these actors are Portuguese-educated, hailing from political circles that had organised before the 1975 Indonesian invasion, united in their opposition against Portuguese rule. These actors have now managed to gain and hold state power in two key ways: 1) in their ability to leverage nationalism, identity and sovereignty struggles for their own personal benefit and, 2) through their attractiveness to the international community as organised and

experienced political leaders. Their background as 'easily recognisable and organised political party leaders' meant that their appointment into positions of power by the UN did not compromise the normative model of what governing structures should look like. Due to this, they were afforded legitimacy by the international community (Bexley and Nygaard-Christensen, 2014).

Often referred to as 'liberation heroes' these men have increased their power in the post-UNTAET period by taking up different governing roles, and by appointing and endorsing each other to positions of power despite the ideological cleavages which exist between them within the semi-presidential system[70] (Shoesmith, 2003: 231). Further to their continued capture of state power, a distaste for the 'tainted' younger generation exists among these actors with no real sign of the '1975 Generation' giving up power to the 'Supermi Generation'[71] (Nygaard-Christensen and Bexley, 2013). Here it should be noted that the exclusion of 'youth'[72] from political power is a powerful tool in maintaining the current political hierarchies in the country with Distler going so far as to suggest that the cleavage between the youth and older citizens is representative of 'the danger of hierarchies, authority and power' in Timor-Leste, with such issues becoming 'far more depoliticised' than ever before (Distler, 2017: 9). Further, this inter-generational tension remains a pillar of the oil complex (gerontocratic rule) as discussed in chapter four and as such, is sure to remain an ongoing catalyst into the foreseeable future.

UN State and Sovereignty: Building the Road to Extraction

In the early formation of Timor-Leste's state, alongside the resistance figureheads and their growing although limited official power, state institutions were forming, in the most part

[70] Semi-presidentialism is 'the situation where the constitution identifies both a directly elected president and a prime minister responsible to the legislature' (Elgie, 2007: 53).
[71] Supermi is a brand of Indonesian instant noodles. This term is used as an insult suggesting that the generation of youth raised during the occupation are limp and bland.
[72] The definition of which is highly problematic in this context due to the boundaries of the age of youth in Timor-Leste being indeterminate. Distler writes: 'the government and international organisations define youth as citizens roughly between 16 and 30 years. The national youth policy of 2016 defines the age of youth as between the years 15 and 24. Society wide, citizens who are not 'elders' can also be considered young – individuals who would be defined as adults in Europe' meaning the category of 'youth' could cover those as young as 15 up to 40 or 45 year olds (2017:10).

sculptured by UNTAET who essentially had veto power over the suggestions of local actors. Despite domestic support from the local East Timorese, international recognition was in favour of the UN administrators. Understanding the complexity of the interactions between the UN and the local political elite is fundamental to understanding how we can conceptualise the state of Timor-Leste being built for extraction.

Banivanua Mar's (2016) understanding of the underlying principles influencing UN delegate decisions brings to light the different ideas tied to just what *sovereignty* is for both old and new states as well as large intergovernmental organisations such as the UN. She argues that the inherent imperialism present in the United Nations' structures (particularly the United Nations Security Council (UNSC)), coupled with the requirement of states to become members of this institution in order to gain internationally recognised legitimacy, has resulted in newly independent states being conscripted into their own neo-colonial version of subjection (2016: 90). For the UNSC, power is tied to a particular territory – a sovereign territory with consolidated borders, present to delineate and protect. Further, holding reign over this territory would be a group of actors, presumably democratically elected who are able to make decisions in line with norms set by the international community's prevailing standards. Old states are most likely operate from this same point of understanding as the UN, especially those early members who now benefit from the asymmetrical power structures within this behemoth, primarily through their permanent member status on the UNSC.[73]

It is not easy to suggest what principles are influencing new states, as the sheer numbers of new member states since the UN's commencement has slowly but surely ballooned from representing around 70 countries in 1945, to over 200 member states in 2016 (Banivanua Mar, 2016: 125). This institutional growth makes it fair to suggest that the United Nations was not designed for a post-colonial world order. Despite this large increase of new members, the modes of international legitimacy assigned to the UN remains. This has resulted in new member states conforming to the norms of the old, unable to assert their unique modes of

[73] The UNSC has five permanent members; China, France, Russia, the United Kingdom and the United States of America. In addition to these five permanent member states who hold veto power, there are ten rotating members elected by the UN General Assembly (where each UN member state holds one seat and one vote), who hold their seats on the council for a period of two years, and who are elected on the basis of geographical representation.

statehood, unless of course they happen to coincide with the international consensus of what is considered 'best practice'. In Timor-Leste, the obligation to reflect UN assertions of statehood has resulted in problematic modes of governance becoming entrenched in the state.

A key example of such modes of governance can be seen in the early establishment of Timor-Leste's security institutions during the UNTAET period. This was a time in which the UN administration was responsible for state-building, and creating government machinery and political structures (Ingram, 2012: 4). In order to establish the security arms of the state, UNTAET set up a defence force comprised of two battalions. Placements in the first battalion were reserved exclusively for ex-members of FALINTIL - the military arm of FRETILIN, with the final number of this group at around 1900 members; the second battalion comprised of 650 recruits, enlisted from remaining non-FALINTIL applicants (Ingram, 2012: 11). The asymmetry of these two battalions created the first of a number of cleavages that 'intensified pre-existing rifts' between ex-independence fighters (Ingram, 2012: 11). Tensions would crescendo to a point which resulted in the civil conflict of 2006 (Ingram, 2012: 11), bringing about a destabilisation of the peace and setting the country back in its progress. Dili was locked down, capital flight ensued, and the development of the nation once again was put on hold. By inadvertently favouring particular local interests without reflecting on the institutional consequences of their decisions, UNTAET established modes of governance that nurtured divisions not just between East Timorese elites, but between the elites and wider society (Ingram, 2012: 5-6). In this way, the UN were responsible for building a state that would be inherited by a nation whose requirements had not been explicitly considered. This became clear as the legitimisation of UNTAET became heavily contested by local elites not included in the state-building process, with sentiments from these actors growing increasingly hostile as they came to realise they were peripheral to their own democratic transition (Lemay-Hebert, 2011: 18). For this reason I suggest that during the transition to, and the early years of independence, Timor-Leste had a UN state, but a Maubere nation.[74]

[74] Even though the term *Maubere* (for definition, see footnote 19) was reclaimed by FRETILIN to serve as badge of honour, the use of this term has become common parlance, and is not only representative of FRETILIN supporters.

In an effort to respond to the growing hostilities, and perhaps as a tribute to their own proclaimed 'rules of the game', the UN established the National Consultative Council (NCC) to involve local leaders into the decision-making processes of the UN. While this arm of the state gave local actors consultative powers, it did little to appease those East Timorese who felt as though the country was undergoing yet another occupation (Lemay-Hebert, 2011: 18). José Ramos-Horta declined an invitation from the UN to be on the NCC, and Xanana Gusmão commented that:

> *we were being used. We realized we weren't there to help the UN make decisions or to prepare ourselves to run the administration. We were there to put our rubber stamp on Sergio's*[75] *regulations, to allow the UN to claim to be consulting.* (Power, 2008: 307)

As UNTAET continued to struggle with local legitimacy, the *Conselho Nacional da Resistência Timorense* (the National Council of Timor Resistance - CNRT), a political group revered in the country for their role in the resistance and headed by Xanana Gusmão, formed what Lemay-Herbert termed as a 'de facto shadow administration' (2011: 13). While the political legitimacy of the CNRT was recognised by UNTAET, UNTAET's leadership did not allow for anything other than superficial involvement.

This critique came as the UN were seen to be fast-tracking state-building efforts in a bid to promote a strong UNTAET presence in the districts so that it was seen to be 'the administrative authority' (Lemay-Herbert, 2011: 13). Over time, the UN's disregard for the CNRT as an effective domestic agent for development 'led to a contest of authority between the CRNT and the UN' (Richmond and Franks, 2008: 191-192). While the CNRT had local authority and the support of the nation, the UN remained the gatekeepers of the country's international legitimacy and as such was able to appropriate and disseminate capital as they pleased. Although UNTAET's presence in the territory had authority over the people of Timor-Leste internationally, domestically the situation was much more complex. The exclusion of any political party other than the CNRT from the NCC further complicated the political dynamics at play in the country, as the CNRT maintained some power within the UN

[75] Sergio Vieira de Mello was the Special Representative of the Secretary General (SRSG) for the UNTAET mission in Timor-Leste.

administration, but not so much that it could be leveraged against the UN, placing the East Timorese structures in the periphery, and in a dependence relationship with the UN.

By the time of official independence in 2002, Timor-Leste had little experience in self-governance, high unemployment rates, a dependence on foreign aid and civilians whose needs were not being represented by the administrative body. As explained by Nixon,

> *for societies with few prospects of entering into an economic development phase capable of inducting broad sections of the population into stratified and exclusive spheres of economic activity, there is every reason, and alternatives must appear inconceivable in any case, for inhabitants of these societies to maintain practices that meet on-going needs and accord with prevailing social realities.* (Nixon, 2012: 13)

With the UN perpetuating extractive state structures that were more in-line with international norms than domestic understandings, the East Timorese, with minimal surplus to leverage, relied on traditional welfare and justice mechanisms as, 'adhering to proven practice is a sensible strategy and a means of avoiding extinction' (Nixon, 2012:14). This is a common feature of the subsistence state typology (Nixon, 2006: 81). As 'new subsistence states could require 'generations' of governance assistance', there are a number of ways Nixon suggests that the usual machinations of the state can be implemented by non-state actors (2013:16). In a subsistence state, where governing institutions fall short of ensuring industry in the country, it may be industry itself that provides the mechanisms for adherence to these benchmarks.

When deciding to take over the administration of a country, the role the UN plays in setting the development path is vital. As the ultimate caretakers of a citizenry, there is an inherent duty to ensure that these citizens can influence the way in which the new country will be established. As United Nations peace keeping interventions and administrations are for the most part rare, it needs to be noted here that these interventions happen in the most extreme cases of human rights violations, suppression of identities, and the destruction of political systems and social structures including family units and kinship networks (Andersson, 2002: 90; Gilligan and Sergenti, 2002: 364-366). People who have experienced such abuses may already have low expectations of what security, representation and welfare they may be

afforded by the establishment of a UN bureaucracy. These low expectations however are no reason for the international community not to hold the UN to a high standard. As the only international body with the financial capital, human resources and the legal right to take over a country's entire administration, it remains fair to expect operations to be conducted within the parameters of 'best practice', one that is responsive to existing structures of the nation who they seek to represent. Without the implementation of such standards, supported regimes with non-representative arms of the state ignore local conditions, stagnate local ownership and set up a system of dependence. In the case of Timor-Leste, the UN were responsible for setting up modes of governance which were able to be hijacked by the domestic political elite who were then able to continue the trajectory of sustaining non-responsive institutions, allowing for the extraction from wider society. These political elite have undergone their own transitions from being leaders of the East Timorese resistance forces, considered guerrillas by the Indonesian state, to the legitimate governing elite of a newly independent nation.

Ruling the Land: Territorial Sovereignty and National Self-Determination

As academic interest in Timor-Leste continues to grow, it has become increasingly clear that central to understanding the contemporary East Timorese state and nationhood are the concepts of territoriality and sovereignty. This is due not only to its Portuguese colonial history, or the trailing Indonesian occupation, a time when Timor-Leste was considered by the United Nations to be a 'non-self-governing territory' (Martin and Mayer-Rieckh, 2005:125). Far more complex, but just as relevant to Timor-Leste's struggle for territorial sovereignty is the battle for maritime boundaries in post-independent Timor-Leste (to be discussed in further detail in chapter six). That is, the country's struggle for sovereignty is not only centuries long but is also ongoing.

Griffiths (2003) argues that territorial sovereignty and national self-determination should be understood as competing principles due to the fact that there are 'many more nations than there are states' (2003:30). Further, he notes that 'there are no juridical processes available to redistribute humanity according to the principle of national self-determination without a severe disruption to the territorial integrity and rights of existing states' (2003: 30). That is,

the concept of a *nation* and a *state* are two very different (and in some instances opposing) ideas. While the 'state' usually refers to a delineated area, it can also refer to state apparatuses including protection and justice mechanisms. While there may be some congruence between the two, it cannot be assumed that a nation has a state,[76] or that a state has a singular nation.[77] It should be noted here however that without a territory, a nation cannot become a state, in fact, 'territorial sovereignty is *essential* before one can talk of a state' (Shaw, 1982:73). That is, a legitimate claim to a three-dimensional delimited space including land, ocean (if the territory is coastal), air space and subsoil is a necessary first step on the way to self-determination and statehood. Here it can be seen that the notion of territorial sovereignty signifies 'ownership and possession over the territory which entitles a state to exercise its authority and jurisdiction' (Abdulrahim, 2017).

When comparing the United Nations Conference on International Organisation in 1945, and the All Colonial People's Conference of the same year, Banivanua Mar (2016) noted that:

> *They shared basic concepts, such as the need for a global and universal authority on human freedoms, and spoke a common language of self-determination, self-government, independence, freedom and equality. But they operated with distinct expectations and motivations, and each offered distorted reflections of the other. Although both were motivated to prevent a repeat of Nazi Germany, delegates to the United Nations were tethered to interests of the states they represented and to a world of territories. Delegates to the All Colonial People's Conference, however, did not consider that the atrocities being prevented were limited to the actions of a rogue state. The world's first concentration camps…were in the British Empire. Their enemy was not a geographic place, nor limited to a territory or state. It was a mindset – imperialism – that could permeate even radically humane language.* (2016: 116-117)

[76] For an example to the contra see the Kurdish people.
[77] Spain with Catalan, Indonesia with West Papua, or Serbia with Kosovo for instance.

In such an environment, what chance would new states have in carving out an independent development path towards territorial sovereignty? Further, how influential is the UN 'world view' on the formation of such new states?

As asserted by Kingsbury, 'the claim of self-determination assumes that a bonded political community (i.e., a "nation") has no prior capacity to determine its own affairs but should, as an act of political legitimacy, be able to do so' (2009: 18). Self-determination enables the state to act on behalf of the political wishes of its citizens to assert their desires within a sovereign territory. Mayall argues that 'while self-determination can reasonably be held to imply self-government, the establishment of democracy cannot itself create a political identity which does not already exist' (1999: 476). The historical identity of the East Timorese nation (separate to either Portuguese or Indonesian identities) had been fostered over a long period of time and was strong before the state of Timor-Leste came into being. Here we can see that the intersection of nation and national identity, statehood and territorial sovereignty in Timor-Leste is a complex phenomenon, especially when considering the influence of the UN.

Article 1 of the UN Charter states that the purpose of the UN is 'based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace' (Section 2: 1945). While this demonstrates that self-determination and peace are enshrined in the Charter, the power of these words have only supported an independent East Timorese state relatively recently, after Indonesia agreed to hold the 1999 referendum for autonomy in the territory. The hesitancy of the UN to ensure self-determination and peace in the territory after Portugal's Carnation Revolution leads to questions regarding the institution's adherence to its original charter. At the time of Portugal's decolonisation process, when many African countries began the transition to being post-colonial states, Timor-Leste again lost its independence to Indonesia despite compelling evidence that there was a nation present that deserved to be protected by UN.[78] With its strong colonial history and collective living memory of the ill-effects of territorial occupation, the need to remain conscious of the power afforded to outside influences is plain to understand. With an explicit modus operandi of taking 'effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression

[78] For example, the pre-Indonesian independence movement in Timor-Leste had a Constitution devised by FRETILIN, and one which was sworn in after the Carnation Revolution.

or other breaches of the peace' (UN, 1945: Preamble), the UN cannot justify the 1999 administrative takeover of the territory while also maintaining an anti-colonial stance when it did not act to preserve East Timorese independence in 1975.

Anderson believes that 'nation-ness is the most universally legitimate value in the political life of our time' (2006: 3) and as such, the role of both domestic and international actors is central to the acquisition of legitimate power through the creation of legitimate states. This acquisition of legitimacy should in turn lead to sovereignty over a particular territory. However, the concept of *legitimacy* requires some unpacking in order to fully understand the power afforded to the term.

Legitimacy and Legitimate Power

There is an almost overwhelming interweaving of power relations visible in Timor-Leste. On a personal level, the simple act of my gaining a research visa would have been made immeasurably harder had my neighbour's brother not worked at the Ministry of Finance or, had the public servant at the Foreigners Office not had a cousin studying at the University of Adelaide and therefore had trust in my position and my affiliated institution. Individual and institutional social capital acts as real currency to navigate the ever-changing bureaucratic processes in the country. The constant presence of gate-keepers requiring vastly different admissions made the country simultaneously fascinating and frustrating. Here, the power one has is deeply contextual.

Legitimacy in state formation as conceptualised by Weber, has been used in the context of '*legitimate force'*. Weber suggests that the state is the only agent with '*the monopoly of the legitimate use of physical force* within a given territory' (Gerth and Mills, 1946: 1). Here we can assume that the agents of this 'physical force' would be the police and military – the legitimate security institutions of the state. That is, the state allows these institutions and individuals therein to use force without facing the consequence of state forces being used against them in retaliation (Gerth and Mills, 1946: 1). As this force is sanctioned by the state, its use becomes considered *legitimate*. In this conceptualisation of legitimacy, domestic actors within the state are the only ones considered. In Timor-Leste however, since the first stages of Portuguese colonisation, to the brutal Indonesian occupations and even the

administration of the United Nations, it has been the supranational or third party powers that have been just as influential in the country. These powers are missing from Weber's discussion, yet they are a necessary ingredient for unpacking the development path of Timor-Leste, and in understanding how the modes of extraction have been built.

Alagappa has built on Weber's work expanding on the understanding of *legitimacy,* or rather what he asserts as *'political legitimacy'*, as being:

> *The belief in the rightfulness of a state, in its authority to issue commands, so that the commands are obeyed not simply out of fear or self-interest, but because they are believed to have moral authority, because subjects believe they ought to obey.* (Alagappa, 1995: 19)

So, not only can *legitimacy* control citizens into peace through the ability of the *legitimised* to punish (as Weber would have us understand), but, legitimacy is conscientious; relatively and absolutely just.

Notions of moral authority have historically been influential in the justifications for development interventions. Despite contentions over what interventions have been driven by moral duty (as opposed to self-interest), the wide-ranging influence of the *idea* of moral rightness has been taken up by both 'developers' and 'developed', and remains a central rationalisation for development interventions and policy choices. Blunt supports this idea as he argues that new nation states like Timor-Leste, 'are poised uneasily between an externally imposed or introduced public morality – largely that of the western nation state - and the public morality of traditional social institutions, norms and values' (2009: 95). While tensions persist, development paths remain a matter of a moral choice.

Exactly what is considered morally right is highly dependent on an individual's values and whether these values are considered 'normal' among a shared group of actors. Alagappa addresses this as he notes that belief systems or ideologies 'determine the type of political system and hence the structure of domination' (Alagappa, 1995: 15). He notes that in addition to shared norms and values, conformity within established rules, the proper use of power and the consent of the governed together make up the 'anatomy of legitimacy' (Alagappa, 1995: 15-24). However, much like Weber, again it is the supranational powers missing from the discussion.

To further understand the importance of *legitimacy* in the development of nation states, imagine what a state looks like without it. Without legitimacy there can only be power. If citizens' faith and trust in the ruling authority is based solely on power (rather than power *supported* by legitimacy), there will inevitably be contestations over who is in control (Alagappa, 1995: 2). That is, legitimacy is the key component to having sustained and supported power structures within a state. Here I would like to point to my agreeance with Weber when he suggests that 'the modern state is a compulsory association which organises domination' (Gerth and Mills, 1946: 4).

Westphalian notions of state and sovereignty, while at times problematic, have given birth to, more or less, a great deal of uniformity among nations (Kennedy, 1988: 22).[79] With respect to the historical importance of the idea, the concept of Westphalian sovereignty, 'referring to the exclusion of external actors from domestic authority configurations' (Luck, 2009:12), has not been historically applicable to Timor-Leste. This observation is most obvious during the Indonesian occupation of the territory, as by the standards set in international law, the occupation was definitively illegal (see Kingsbury, 2009: 18). Further, Westphalian-style sovereignty is also not represented, not least because of the influence coming from the donor set and the United Nations. It could be argued here that with the rise of the capitalist global order, Westphalian notions of sovereignty and statehood have been diluted to the point of no longer being an appropriate framework through which to conceptualise global world order.

Private interests may not have jurisdiction over states, however the threat of capital flight or the promise of investment can exert influence in states beyond what citizens may be able to leverage themselves. Strang suggests that 'a theoretical focus on sovereignty is misleading when it directs its attention toward a derivative realm of understanding and interpretations, and away from the relations of power and interest that generate behaviours' (Strang, 1996:22). Over the course of consecutive periods of colonial control, the entanglement of power relations in the development of a viable East Timorese state has involved actors

[79] Kennedy notes that 'the traditional intellectual story of international law's evolution from 1648 to 1918 is familiar. Begun as a series of disassociated doctrines about navigation, war and relations with aboriginals within a "natural law" philosophy, international law slowly matured as a comprehensive doctrinal fabric rendered coherent by a set of "general principles" and authoritative by its "positivist" link to sovereign consent. The shift from fragmentation to coherence is accompanied, then, by a shift from "natural law" to a combination of "principles" and "positivism"' (Kennedy, 1988:2).

beyond the scope of traditional roles and interpretations, instead contesting what once may have been understood as cut-and-dry understandings of legitimate sovereignty. Timor-Leste's state has been intentionally built in a particular way; one that would allow third party interests to be served.

But, how can we tell just who is legitimate and who is not? Alagappa has suggested that 'legitimacy frames the discourse among strategic groups – and between these groups and the public – in their endeavour to control the use of state power' (Alagappa, 1995: 3). This discourse feeds in to the way that legitimacy is claimed – both created and recreated. In order to gain legitimacy, one must first conform to using words, ideas and ideals that have evolved within western institutions since the beginnings of statehood as an international norm. By refining Alagappa's 'anatomy of legitimacy' theory, I believe there are three key markers of legitimacy that we can use to ascertain whether legitimacy is in fact present in a nation state. The first is that state actors (understood as those who determine the rules and allocate domestic resources) must see and understand themselves to be legitimate. Secondly, citizens within the given territory must also understand state actors to be legitimate and recognise the authority of the state. Finally, the international community must see state actors as legitimate. Without international recognition, the state can still be considered rouge, even when one or two of the other markers are present. So, while legitimacy is fragile, I believe there are clear markers to both domestic and international communities as to who holds the legitimate right to control state power. This understanding opens up the discussion to involve supranational powers.

By taking into account what I have proposed as the three markers of legitimacy, and encouraging conceptualisations to include supranational powers, I believe my definition of legitimacy more accurately describes empirical trends in Timor-Leste. This is due to two main factors. The first is that the UN cannot be considered a state. Despite its function as an administrating power or '*de facto*' state, the UN cannot view itself as the legitimate authority if it is to adhere to its own assertions regarding the importance of self-determination (as outlined in Article 1 of the Charter of the United Nations). Secondly, international interests and influence need to be considered in a state's acquisition of legitimacy, especially in newly independent countries. International norms as influenced by donors become integrally important as the legitimisation of a state, through the residing society's expectations of their

representative's understandings of legitimacy, is shaped by the assertions of donors with the power to withdraw their support if not convinced of the state's legitimacy. Thus, international official development assistance (ODA) actors can, at any given moment, throw the legitimacy of a state into disrepute, providing a strong incentive for nation states to 'play by the rules of the game', and conform to internationally observed norms.[80]

Timor-Leste as a Disruption to Traditional Statehood

It has been argued that state-building is vital to the evolution of a viable East Timorese nation-state (Borgerhoff 2006: 101). Timor-Leste's transition to modern, independent statehood involved the international community in a more intrinsic way than the coming of any other modern state.[81] Timor-Leste's classification as a 'non-self-governing territory' disrupts traditional theoretical reflections on statehood. Once Indonesia retreated, Timor-Leste became a country under United Nations Administration, a category that raises questions regarding notions of sovereignty and statehood as the country was built by the UN. No longer just administering protectorates, the UN became the state administrators, and built the state as they saw appropriate. As noted by Chopra:

> *If doctrinal evolution reached an apex with transitional administration and the international assumption of executive and legislative powers, global governorship achieved a kind of apotheosis in East Timor. Here not only would administrative functions be assumed more totally than ever before, the body corporate of the intervention would inherit the status of sovereignty – something that had not happened at the international level since the fall of the Holy Roman Empire and the 1648 Treaty of Westphalia. In effect, it would be state-building through UN statehood.* (2002: 981)

Hence, Timor-Leste is a truly unique case through which to discuss notions of territorial sovereignty, nationalism, legitimacy and statehood.

[80] I am not asserting that this is either a bad or good phenomena – I simply want to point out that this is in opposition to current discourse surrounding the notion of sovereignty and ownership etc. Promulgation of truly unique forms of statehood cannot happen under the current system.
[81] Except perhaps for Kosovo where the UN also took on administrative duties.

As a social phenomenon, states as we experience them today had their first occurrences in those societies which had managed to accumulate surplus of a commodity (primarily agricultural surplus), and whose economic activities required full-time administrative agents due to the growing complexity of these enterprises (Nixon, 2012:6-7). Although there is compelling evidence that this mode of societal organisation was not universal among agriculturally sophisticated societies, but rather the exception to the rule, this model has become normalised as the primary legitimate, logical and internationally recognised societal structure (Mann, 1986: 124). Realist and liberal perspectives on statehood conceptualise the state as 'an independent actor in exchange, competition, and conflict with other states' (Strang, 1996: 22). In this view, states are powerful, self-interested and organised.

Building on Weber's theory of state[82], Milliken and Krause argue that there are three fundamental functions of statehood. These are security, representation, and welfare (Milliken and Krause, 2002: 756). If we understand that these functions are to act as a blue print to inform the rights and freedoms of citizens, the obligation of the state is to provide them not only as their duty to the state's society, but also to legitimise the state itself. If the state is unable to operate in a way that promotes security, representation and welfare, both its strength and legitimacy could be questioned. By expanding on Weber's observations and definition, the scope of a state's responsibilities increases beyond security and punishment measures, enabling a wider range of obligations needing to be met to ensure the establishment of an internationally recognised legitimate state. And, international recognition is as close to a mandatory criterion for realising modern statehood as is possible in the contemporary global order. In a post-conflict setting, once the state is legitimised through the establishment of peace it will then be in a position to further reinforce its independence both domestically and internationally, and further engage in the promotion of a harmonious society (Geraghty, 2014: 122).

Tilly asserts that states take on four key activities as they 'do' statehood:

1) *War making*: eliminating or neutralising their own rivals outside of the territories in which they have clear and continuous priority as wielders of force

[82] Primarily concerned with the state being the sole institution able to have a legitimate monopoly on the use of violence (Weber, 2013: xxvi).

2) *State making*: eliminating or neutralising their rivals inside those territories
3) *Protection*: eliminating or neutralising the enemies of their clients
4) *Extraction*: acquiring the means of carrying out the first three activities – war making, state making and protection (1985: 181)

The usefulness of Tilly's overarching thesis that 'war makes states' (1985: 170) is acute but limited. His thesis allows us to understand that the state is not a natural or inherently benevolent system, but is rather concerned just as much with conflict and domination as it is with peace. This understanding helps open up the discussion to concerns of war, protection and extraction as key considerations in state formation. What it does not account for however, is where non-state actors influence the formation of states and territories, a point which is especially salient for the state making activities of the UN and other intergovernmental organisations in Timor-Leste. While states can negotiate their own systems, influenced by their nation to a point, they must do so within the confines of legitimately acknowledged modes, approved by third party actors and powerful institutions. In this system, intergovernmental organisations act as the ultimate protectorates, and the spoils of extraction can be channelled to actors beyond those that reside within the state.

The Sum of its Parts

When discussing the UNTAET period of 1999 to 2002, Goldstone argued that 'the mission was a success for the UN but not for the East Timorese, who have inherited a failed state' (2004: 95). While this assessment of state-building efforts in Timor-Leste is fair, it could also be said that the East Timorese are a strong nation. National symbolism in Timor-Leste remains important as it assists in the maintenance of the identities afforded to those actors whom leverage their political power for their roles as the most prominent national leaders. Although these resistance elites have great skills in maintaining cohesion of a group against a common enemy, their ability to move the country toward developmental goals has been questioned by some (multiple personal interviews). That is, even though Timor-Leste is experiencing a time of political stability, this is not symptomatic of a system that is 'healthy' as political legitimacy is concentrated around those that served in the resistance during occupation (International Crisis Group, 2014: 8).

Navigating both the 'maubere nation' and the 'UN state', the political elite in Timor-Leste must not just operate within two very different landscapes, but build a bridge between them. In the face of their own frustrations with the UN administration in the country, these national heroes have managed to lead the country to a state of internationally recognised independence. While the concentration of power in their hands is undeniably problematic, the birth of Timor-Leste itself has disrupted many long-held theoretical propositions about state, sovereignty and legitimacy. The nation-state is still forming.

Conclusion

It is undeniable that nationalism has shaped Timor-Leste's state. Shared suffering, unity against a colonial power, shared religion and the worship of resistance fighters all come together to form pieces of Timor-Leste's national identity. While the UN have been in a position to build the state, the imprint of this power has consequences for those responsible for governing the state since the conclusion of aid dependence in the country. New forms of struggle have been presented, and the fight for territorial sovereignty endures.

With photographs of camouflage-wearing politicians being hung in many private homes and public buildings, the history of the country is always present, honouring resistance efforts and the suffering endured during the Indonesian occupation. At the same time however, these constant reminders seem to act as subtle forms of influence, reminding citizens of their national heroes, overlooking any short-comings and encouraging reverence. As East Timorese self-determination and independence strengthened, the task of building a state, fostering a nation, and continuing the quest for territorial sovereignty became more pronounced. The strength of the resistance movement has translated into the strength of East Timorese nationalism.

Mayall writes that 'irredentist claims are seldom abandoned altogether, but the ambitions of governments which harbour them…face formidable constraints' (1999: 482). Here he was referring primarily to a nation's inability to use force to assert its foreign policy preferences to generate sympathy and support from the general assembly of the UN. However as we have seen, Indonesia, while not gaining the explicit support of the UN in their annexation of Timor-Leste were able to all but swallow the country without consequence. Move forward 40 years,

and the now independent Timor-Leste harbours irredentist claims of its own, keeping the struggle for sovereignty, territory and self-determination alive. This new struggle is over ownership of the oceanic territory of the Timor Sea.

While Timor-Leste's oceanic territorial claims fall comfortably within accepted international norms on oceanic territory ownership, it is the nature of the 'struggle' which creates further tensions with the true driving force behind the continued patriotism of Timor-Leste's political elite. As will be discussed in the next chapter, the Tasi Mane project – a massive infrastructure undertaking, is about more than simply allowing Timor-Leste's population to reap the benefits derived from the oil complex taking hold in the country. The project is an extension of the individuals in charge of making political and economic decisions in the country, and an assertion of state sovereignty by Timor-Leste's political elite.

Ikun

Common experiences and understandings of the world help us forge identities and relationships. On a small scale, like that between Julia and myself, it was our comparable understanding of Catholic tutelage that helped form a tighter bond than if we had different religious backgrounds.

I felt a sham when I first accepted Julia's assessment of my being a 'bad Catholic', but the fact that I had it in my past was enough for me to leverage favour with her and her family. The same can be said for the liberation heroes who are now in charge of governing Timor-Leste. While my favours took the form of katupas[83], invitations and insights, the favours afforded to the political elite in the country are the extracted spoils of the growing oil complex.

[83] Rice parcels wrapped in palm leaves and prepared in coconut milk.

Chapter 6

A Quiet Giant: Tasi Mane

Juvenal

Of the following I am certain; there are a few questions that all people will ask themselves at some stage in life. Questions such as 'What does this mean?' 'Who am I?' and 'Why me?' These questions cannot be answered. But, in some contexts we can most certainly hazard a guess or even come to understand the precise nature of the initially puzzling proposition. Before leaving Adelaide for my first stint of fieldwork in Timor-Leste, I believed that the adventure would bring up such questions, and I was looking forward to the space and time living in Dili would afford me to indulge in such contemplations.

One hot and sunny July afternoon in Dili, Juvenal Dias from La'o Hamutuk and I were discussing the development of Timor-Leste and instead of working through my own contemplations as I had previously envisioned, I was instead witness to a person working through their own existential crisis at light-speed and with the grace of a ballerina. He stated:

> *'I sometimes think to myself – why doesn't the government understand the reality? Why is it only me who sees that we need to invest in people, why only me?'*

As Juvenal asked himself this question out loud, a look of bewilderment advanced across his face. Not a stranger to such philosophical ponderings myself, I was ready to offer him my comradeship and share my experience of seeing the world the same way he does. But, the engines of his brain had previously traversed this territory, and before I could declare my camaraderie, he shared with me his conclusion to the question:

> *'But then I realise that they also see it as I do, but my objective is to eliminate poverty and their objective is to maintain the poverty to maintain the power.'*

He explained his answer further as the expression of bereaved bewilderment across his face had somehow transferred to mine. 'Poverty is very important here for the vote. Poverty will

support you to become a leader'. 'How so?' I enquired, pensively awaiting his response in the hope it would give me the insight I needed to write a brilliant thesis on the topic:

> *'Politicians go to the poor people and give them some small things such as rice, oil and noodles just hours before the elections take place so people will vote for them. Poverty is very bad – we need to eliminate it, but for some politicians poverty is potential.'*

The whole idea that poverty was 'potential' struck me hard. How could it be that taking advantage of citizens so impoverished that they cannot think beyond their immediate needs is acceptable? But then again, just as Juvenal realised, I too understand that not all is what it might seem. Some actions are taken for reasons other than what may be espoused, and explanations are not always simple.

Introduction

Infrastructure investments play an important role in the development of a country, with the benefits being various and multifaceted. Often discussed in the context of 'public goods', improved infrastructure provisions can be vital to the development of a region as they provide the foundation for many socio-economic activities, both directly and indirectly influencing a wide range of factors (Nijkamp, 1986: 2). While the provision of high quality infrastructure does not guarantee positive development outcomes, it does 'create the necessary conditions for an achievement of regional development objectives' (Nijkamp, 1986: 2). For example, high quality roads are crucial for improving access to markets, and without motor vehicle access, social mobility becomes restrained with the service delivery of schools, clinics and governments often becoming difficult (Plessis-Fraissard, 2007: 1). Similarly, built infrastructure to improve the flow and quality of water supply assists in meeting health goals, as well as livelihood, ecosystem and production requirements of a community (Muller et.al, 2015: 585).

Infrastructure projects can also provide employment opportunities to both low and highly skilled workers in the construction stages of such projects as well as increase the probability of further employment opportunities through the increased confidence and activity of FDI

investors (Delmon, 2017: 48). In the context of Timor-Leste, where the majority of the unemployed population has few qualifications and little experience, infrastructural works can result in financial windfalls in an environment where appropriate employment opportunities for ordinary citizens are limited.

Photograph 20: A worker maintaining a main road in Dili, Timor-Leste.

A less often discussed benefit of large scale infrastructure projects is how they can add to the betterment of a country by reinforcing state-building efforts. This can happen due to infrastructure projects being able to increase political legitimacy, acting as a representation of the strength of the nation. This chapter asserts that one of the most significant infrastructure projects in Timor-Leste, the *Tasi Mane*[84] mega project, can be primarily understood in terms of its figurative appeal as a state-building exercise. Further, when framed as an act of self-determination, Tasi Mane is much more than an infrastructural undertaking. The true value of the project lies in its implicit claim to territory and the assertion of Timor-Leste's control over contentious maritime borders. While the Government of Timor-Leste has converged the success of Tasi Mane with the advancement of the country, the following

[84] Tasi Mane means 'South Coast' in Tetun.

chapter shows this assertion has been made despite the mostly unknown economic outcomes that will arise from the state's investments.

As we have seen in the previous chapters, Timor-Leste's state budgets have transitioned from a dependence on aid to a dependence on oil without any significant stage of moderately paced economic growth. Behind this transition is a story of highly desired self-determination that is active in the country, and the unabridged *need* to assert claims of sovereignty over the territory in the face of a long and an enduring colonial history. We have seen how the case of Timor-Leste has disrupted traditional academic notions of statehood due to the influence of intergovernmental organisations in the creation of the legitimate state. What must now be explored is how it is not simply the land based territorial claims that have been of concern for the country, but also the oceanic terrain. That is, this chapter shows that while the struggle for land based sovereignty is over, the next step to true self-determination lies in the fight for Timor-Leste's maritime borders. The shift from aid dependence to oil dependence discussed in chapter four, is reflected in the shift from land-based to sea-based struggles over territorial sovereignty.

The content to follow begins by outlining the rationale behind implementing large scale infrastructure projects for development and introduces Timor-Leste's flagship infrastructure project, Tasi Mane. It demonstrates how the Government of Timor-Leste has pitched their territorial claims and subsequent access to oil money from the Timor Sea reserves as integral to the continued development of the country. With the value of natural resources estimated to be worth around 40 billion dollars, they are right to suggest that this potential windfall could have lasting economic benefits for the country. However, as will be demonstrated, a considerable proportion of the revenues that have already been channelled into the Petroleum Fund have been allocated to infrastructural investments, none more expensive or expansive than Tasi Mane.

While many citizens remain disconnected from the impact of this project, there have been outcries from some who believe that Tasi Mane is representative of the greater political economy of valorisation, and representative of the state's continued capture of power.[85]

[85] Discussion on the political economy of valorisation in Timor-Leste can be found in Leach (2002: 44) and Wallis (2013: 135-136). While not directly framed as 'the political economy of valorisation', my interlocutors leveraged critiques against Tasi Mane in line with similar understandings presented by these academics.

These critiques align with my extraction argument. This chapter addresses these concerns while providing an explanatory framework which considers the geopolitical concerns of the state. By understanding the impact of the ongoing contestations over ownership of the Timor Sea and the different ways in which other countries have tried to lay claim to the natural resources therein, the Government of Timor-Leste can be understood as protecting the sovereignty of their country. While it remains true that a small group of actors are profiting off the back of Timor-Leste's citizens, the state has little agency to change the situation because of the projected value of the project.

In this chapter I present the argument that, alongside its value as an economically lucrative project, another value of Tasi Mane is in its function as an assertion of sovereignty. This value is only of worth to a select few citizens, and is not aligned with poverty alleviation or social development for the greater population. However, the determination of Timor-Leste's government in keeping to the plan of the project sends a clear message to the international community, rather than the communities living in the country. As a fundamental iteration of domestically driven development, Tasi Mane is the manifestation of the sovereignty of the political elite and their determination to remain in control of their territory, not subjected to outside control. Finally the chapter concludes that despite its central role, Tasi Mane remains worthless to those everyday citizens supposed to benefit from it, allowing the extraction from Timor-Leste to continue.

Build to Grow: Infrastructure for Development

There are numerous reasons to be disillusioned with 'development'. This includes disillusionment with the particular notion of infrastructure investment as a means to achieving it. Estache states that:

> *the most dramatic lesson the international infrastructure community may have learned (from 1992 to 2007) is humility. This humility reflects the limits to its knowledge on a wide variety of issues relevant to policy making in infrastructure.* (Estache, 2007: 48)

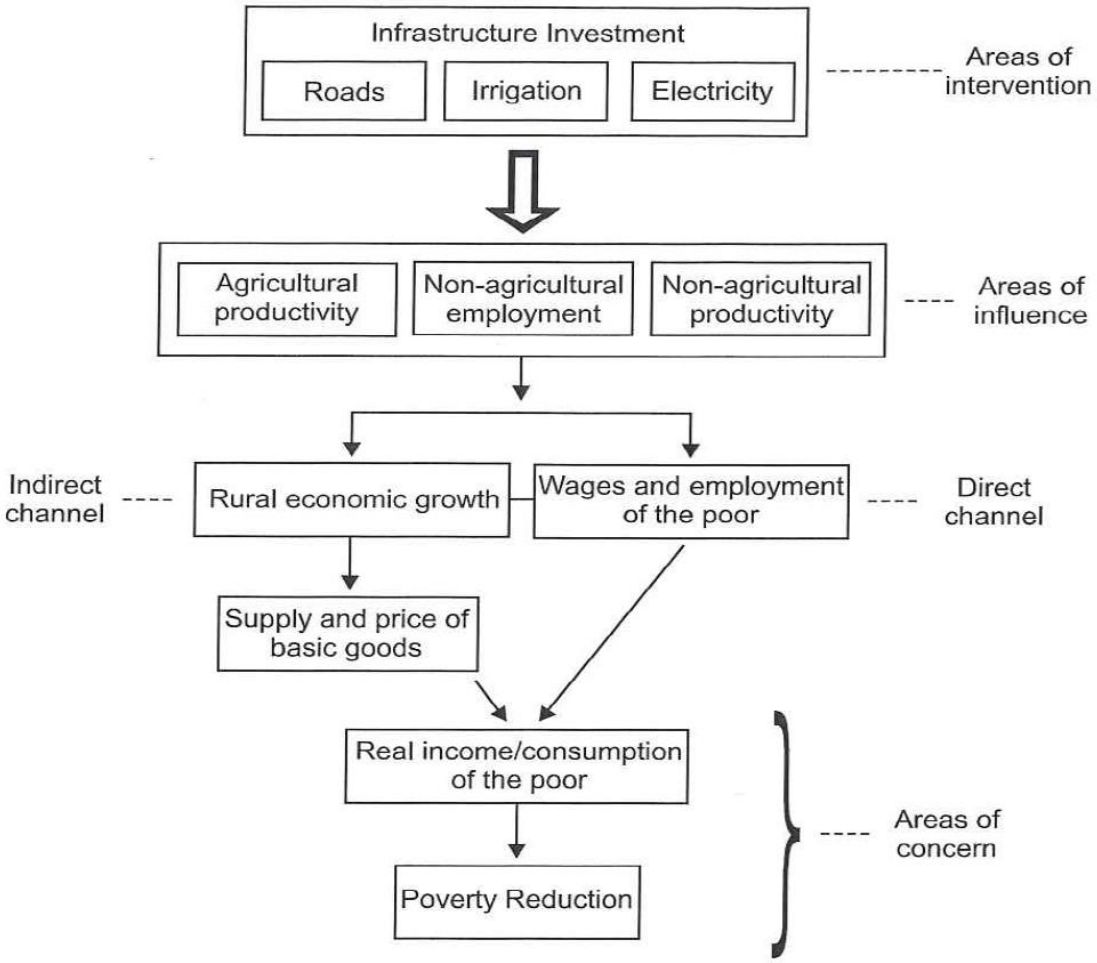
The nexus between infrastructure and poverty reduction is still relatively unknown, especially because there is little data collected on the ways in which 'the poor' are able to use improvements to infrastructure to their benefit (Estache, 2007: 48). Further, as an industry that involves a large number of contractors and sub-contractors, and which has such great visual impact on the actual landscape of a village, town or city, the allure of the infrastructure sector is clear. First, a sector involving large amounts of money in which contract award and procurement processes can often provide 'opportunities for unchecked transactions' produces chances for rent seeking and corruption activities (Estache, 2007: 51). Second, the mere visual impact of infrastructure projects in neglected landscapes provide a physical representation of development which in-turn 'buys votes in democratic societies' (Estache, 2007: 51), meaning that the presence of infrastructure projects may have just as much to do with politics as they do with any intentional provisions.

When development actors discuss infrastructure, they generally refer to the provision of roads, bridges, water and sanitation supply, electricity networks, and air and seaports. Spending on public infrastructure has long been considered to be beneficial to economic growth and development, particularly since Aschauer published the results of his 1989 study assessing data from 1949-1985, considering the relationship between productivity and government spending variables in the United States (Calderón & Servén, 2004: 3). In this study, Aschauer found that the 'infrastructure of streets, highways, airports, mass transit, sewers, water systems, etc. has most explanatory power for productivity' during the assessed time period (Aschauer, 1989: 177). The rationale behind high investments in infrastructure is the idea that they have 'a strong growth-promoting effect' through their 'impact on production costs, the productivity of private inputs, and the rate of return on capital' (Agénor, 2010: 933). In Timor-Leste, questions of efficiency, quality and purpose go hand-in-hand with discussions on infrastructure expenditure and productivity. While capital expenditure remains important to the increased expansion and quality of infrastructure provisions, the way in which funding is spent, which contractors are employed to undertake the work, and which projects are prioritised remain just as important as the intended utility of the projects.

Timor-Leste has seen its fair share of investments, with planned public spending in infrastructure being touted as vastly important for both national economic growth and poverty reduction in the country (Palmer & de Carvalho, 2008: 1327). This is not an unusual

sentiment, but rather reflects the consensus of a multitude of development actors including the World Bank and the Asian Development Bank. Ali and Pernia provide a simple analytical framework to explain the assumed links between infrastructure investment and poverty reduction, highlighting the ways in which three key areas of intervention have run-on effects on the incomes and consumption levels of people living in impoverished conditions (see figure 3). It has been further argued that infrastructure investments are thought to be at their most beneficial 'when stocks of infrastructure assets are relatively low', a criteria Timor-Leste certainly met at the point of independence (Agénor, 2010: 933).

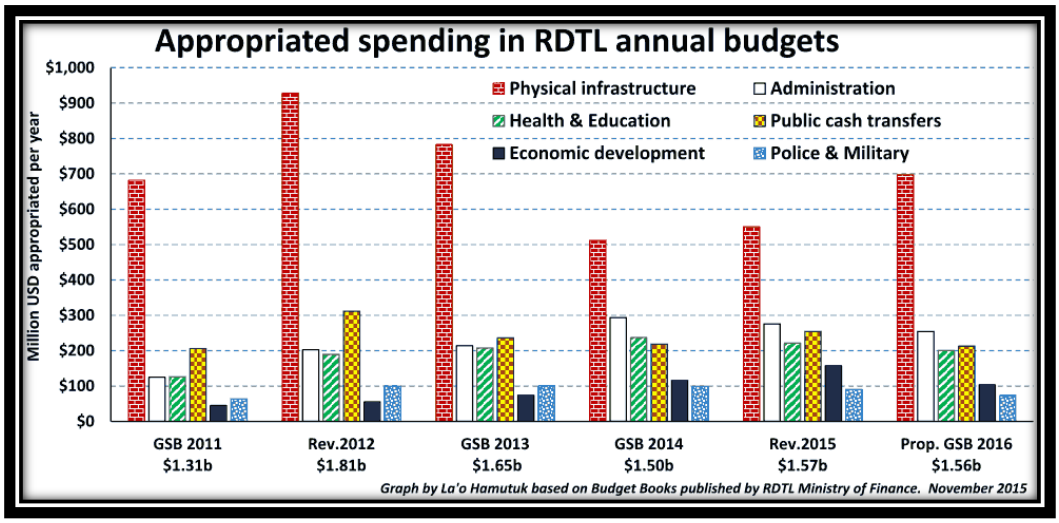
Figure 3: The link between infrastructure and poverty reduction



Source: Ali and Pernia, 2003: 4.

In the initial separation from Indonesia, a relatively low share of public spending went into infrastructure in Timor-Leste, despite the fact that infrastructural provisions in the country were almost completely destroyed during Indonesia's scorched earth policy (Porter and Rab, 2011: 3). As Timor-Leste's independence strengthened however, so has the commitment to government spending on infrastructure. This commitment resulted in the infrastructure sector absorbing almost half of all state expenditures in 2011 while the electricity system was being built, and with budget allocations always allowing for generous spending on physical infrastructure projects up to and including 2016 (Schiener, 2015: 8 - see figure 4). While spending on these large infrastructure projects has slightly dropped due to time-lags and delays, there is little doubt that it will rapidly increase again if the forecasted projects are built.[86] The centrepiece of this 'big push'[87] for infrastructural expansion is the Tasi Mane South Coast Petroleum Infrastructure Project.

Figure 4: Spending in RDTL Budgets



Source: La'o Hamutuk, 2015.

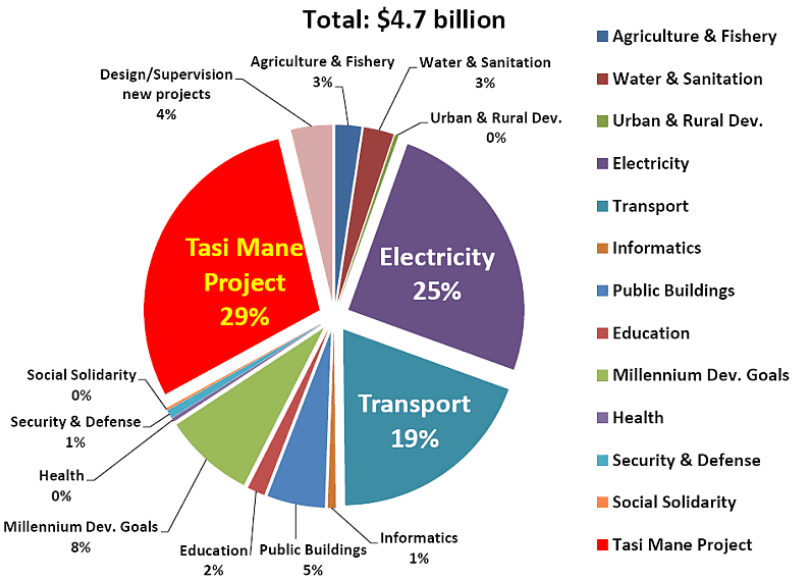
[86] Including the Dili airport, Tibar Port, and the Oecusse Special Economic Zone.

[87] The idea of a 'big push' is that in order to achieve growth, large investments are needed. This approach was popular in the 1950s and was the original rationale for foreign aid programs. Easterly has argued that in an attempt to achieve the Millenium Development Goals, this rationale has once again become popular 'after half a century of exile' (Easterly, 2006: 289-290).

Tasi Mane: The Invisible Centrepiece of Development

Proclaimed as the keystone infrastructural development project of Timor-Leste, the Tasi Mane South Coast Petroleum project comprises of three 'clusters' of development. The first of these clusters is the supply base located in the city of Suai, which will consist of a port, a storage yard, a fuel tank farm, an industrial park and a helipad as well as warehouses and offices for support staff (Timor Gap, 2018). The pre-existing Suai airport will be extended and the 'Nova Suai' (translated as *New Suai*) development will be built to house industry workers. The second cluster is the Betano petrochemical refinery which will provide diesel, gasoline, jet fuel and liquid petroleum gas (LPG) alongside a 'petroleum industry administration city' (Timor Gap, 2018). This site too will be transformed with the construction of a new town including schools, a recreation hub and the necessary water and sanitation measures and waste disposal facilities (Government of Timor-Leste, 2012: 5). Finally the third cluster, the Beaço Liquid Natural Gas (LNG) plant has been proposed in order to process the gas pumped from Greater Sunrise gas field. Tasi Mane takes up the largest percentage of state budget allocation for infrastructure investment with 29% of total funding from 2011-2017 being allocated for the project (La'o Hamutuk, 2016 – see figure 5). The second most expensive infrastructural undertaking for the same time period was electrification, which was allocated 25% of total designated spending.

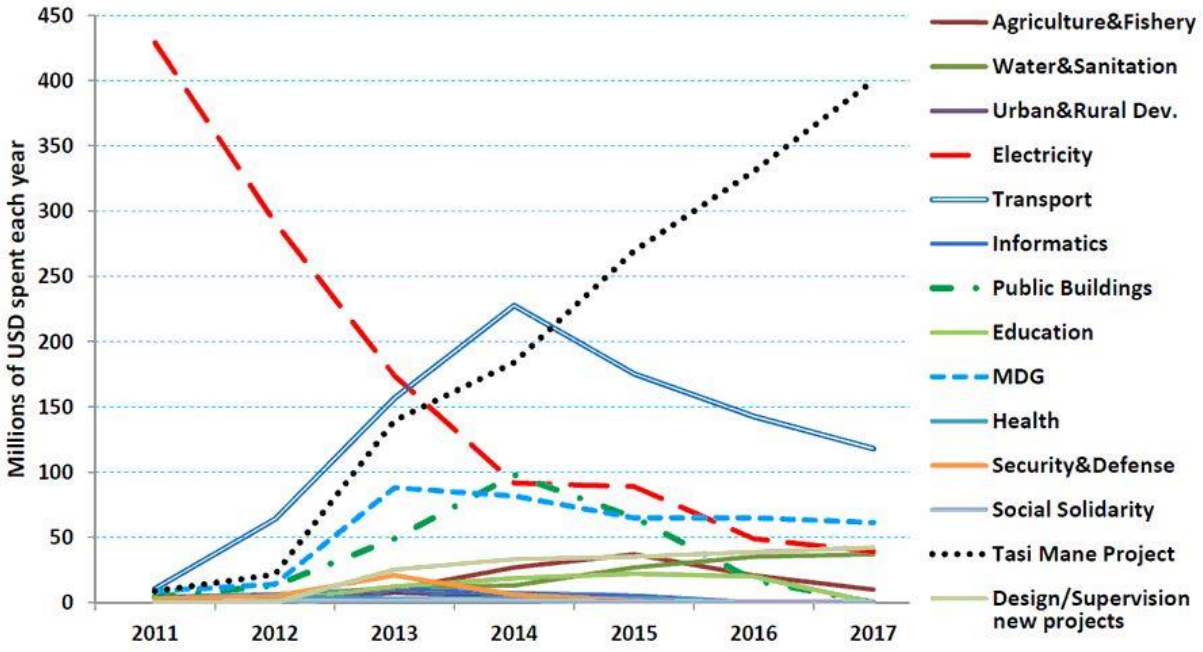
Figure 5: Infrastructure allocations 2011-2017



Source: La'o Hamutuk, 2016.

Take a closer look however, and it becomes possible to see that the trend of spending in this same time period (2011-2017) shows a worrying direction. Spending on electrification projects in 2011 was at almost $450 million but declined to a little over $250 in 2012 and has continued on a downward trajectory. Tasi Mane however is moving in the opposite direction (see figure 6).

Figure 6: Annual Infrastructure spending by spending sector 2011-2017



Source: La'o Hamutuk, 2016.

In line with the 'big push' thesis, behind the development rationale of Tasi Mane is the concept that it will provide an opportunity to develop a strong domestic industry in the country, spurring economic activity beyond natural resource revenues. In Timor-Leste's guiding development policy document, the Strategic Development Plan (SDP), it is stated that the petroleum sector is a 'key pillar of our future development', and that 'we will make the most of our oil and gas wealth by establishing a National Petroleum Company, developing the Tasi Mani project on the south coast' (Government of Timor-Leste, 2011: 38). It further suggests that by 'giving our people the skills and experience they need' citizens of Timor-Leste will be in a position to manage and lead the development of Timor-Leste's petroleum industry

(Government of Timor-Leste, 2011: 38). Here, we can see that the project has been afforded a high status, and that the country as a whole has been positioned to prosper from the positive development benefits that have been purported to come. Indeed, current profits from established natural resource infrastructure projects including the Bayu-Undan and Kitan gas and oil fields have been so great that they provide the main source of income to the territory, paying for almost all state expenditure (Scheiner, 2015: 81).

The development ambitions of Timor-Leste have been outlined in the SDP 2011-2030, a document which continues to be used for both the Government of Timor-Leste and donors to monitor and measure their development efforts (Government of Timor-Leste, 2011). While this document clearly displays the ambitions of the government to use petroleum wealth, accessed through the finalisation of the Tasi Mane Mega Project to 'promote economic growth and strength', it also suggest that 'this sector is critical…to our future as a successful, stable nation' (2011: 138). This document sets out a rather broad scope of development ambitions in the country, with a closer analysis suggesting that the budgetary focus of the government is funding only a small portion of the most pressing development ambitions. Further, the SDP claims that the petroleum industry will 'enable the full participation of our people' through provisions of scholarships 'to internationally recognised higher education institutions, civil service profession development opportunities both within and outside Timor-Leste, and the secondment of staff to international oil and gas companies' (SDP, 2011: 137).

Addressing the desire for a wide range of East Timorese citizens to be able to take advantage of the projected 'soon-to-boom' industry would require a model of inclusive development to be used to supplement benefits before industry is able to provide them. The first step on the path to such a model would require investments in education, which the SDP has an explicit commitment to doing (2011: 14-32). Notable here is the establishment of a Geology and Petroleum bachelor program at the National University (UNTL) and a polytechnic training centre for oil and gas operations (SDP, 2011: 137). Having an educated citizenry would allow Timor-Leste's nationals to be competitive in seeking employment in the petroleum sector. However, as such qualifications take years to gain coupled with the international and highly competitive nature of this sectors workforce, the likelihood of East Timorese gaining

employment in the sector is narrow unless there is a preferential employment policy in place (Tordo et.al, 2013: 27).

Further, in order to benefit from less qualified positions such as those stemming from the construction stages of the project, construction companies need to be already established, an opportunity not yet capitalised on by many would-be East Timorese entrepreneurs (personal interview, 2015). Given this context, we can see the potential impacts of Tasi Mane on poverty reduction in the country fade. Even for those East Timorese who have established viable construction companies, the problematic nature of proving eligibility to win infrastructure contracts has caused some difficulties. This process requires contractors to have proven experience having executed at least two projects to the value of $240 million each within a decade, and to have an annual turnover over $225 million per year (La'o Hamutuk, 2016). This requirement excludes small-scale companies from becoming successful bidders, creating a hurdle to the impact that the direct benefits from the project could be afforded to local business. 'Direct benefits' refers to the benefits that are secured directly through business interactions within the oil complex. From 2010 to 2013, the Government of Timor-Leste awarded 11 contracts to undertake feasibility studies, surveys and impact assessments for the Tasi Mane project (Government of Timor-Leste, 2017). The total value of these contracts was almost $25 million dollars, with $16 million dollars' worth of these contracts being awarded to foreign companies from Singapore, Indonesia, Australia and the United Kingdom (Government of Timor-Leste, 2017). East Timorese companies only secured $9 million dollars' worth of contracts. These may only be construction contracts, but many East Timorese have felt excluded from the chance to gain security or labouring contracts, support service employment, or any other private sector spin-off activity resulting in cash payments or wages (multiple personal interviews, 2015). This exclusion is often due to the large contractors who prefer to use labourers from their own countries of origin (multiple personal interviews, 2015). That is, for the majority of citizens, the benefits of Tasi Mane remain invisible.

The interplay between job creation and public spending remains important to the development of Timor-Leste, not just as a domestic driver of development, but also as a crucial consideration for the political stability of the country. However, state spending without consideration of where the spending is concentrated does not effectively take into

account the need for balanced investments to ensure broad-based outcomes. As asserted by Agénor:

> *The benefits from investment at one point in the network will generally depend on capacities at other points. Put differently, inherent to the structure of a network is that many components are required for the provision of a service; these components are thus complementary to each other*. (Agénor, 2010: 933)

Even with balanced investments, transparency is required to reduce barriers to effective infrastructure investments (Inderst, 2016: 27). Information regarding the cost of the Suai supply base for instance is difficult to ascertain. Suai is the smallest of the three clusters that make up Tasi Mane and according to state budgets, the cost of the supply base escalated drastically in just two and a half years (2010-2013), from $52 million to $712 million. This amounted to an almost fourteen-fold increase (La'o Hamutuk, 2013a). As discussed by one interlocutor:

> *60 million dollars has already been spent on this project but construction has not started yet – the money has gone towards studies but not construction. The supply base is the smallest of the three clusters and 700 million dollars' worth of work has already been contracted out but there is nothing to show for it.* (personal interview, 2015)

With the cost of the smallest 'cluster' skyrocketing, the need to curb spending to prevent a depletion of the Petroleum fund became necessary, and an important political promise for budget announcements in the country in 2015 (personal interview). However, according to one informant:

> *It is going to be impossible for the government to cut money in 2016 as the 700 million dollar contract will need to be paid, so perhaps 300 million next year (2016) and another 300 in 2017 with the final 100 million being paid in 2018 which is when the project is supposed to be finished. This means it will be impossible for the government to cut spending.* (personal interview, 2015)

The concern here is that the increasing costs of the Suai supply base not only severely jeopardises the potential benefits of Tasi Mane, but also diverts state spending away from

other areas that would foreseeably provide better returns for the development of the country. The forecasted benefits from Tasi Mane are estimated to be very limited, and conservative estimates consistently project that the Petroleum Fund may run dry as early as 2025, before any real return can come from the investments (Wallis, 2015: 235). Further, due to a lack of private sector interest in the project, the state must continue to cover the costs of the development which, from an investment perspective, the returns may not justify the amount of public money being expended (Global Voices, 2011). Such concerns have been consistently increasing, with civil society representatives all stating similar sentiments. The general consensus is that 'the majority of money that is coming from the petroleum fund and being spent on Tasi Mane is to benefit people who are not in Timor-Leste and who are not East Timorese' (personal interview, 2015).

Pitching Hopes and the Potential of Poverty: The Costs and Benefits of Tasi Mane

The Tasi Mane project has been envisioned by government leaders as a key driving force of economic growth and development since it first received a mention in the development ambitions of the country. The petroleum sector in Timor-Leste has been promoted as 'a key pillar of…future development' with the country's lack of infrastructure, human resources and support industries being named as a pressing road block to capitalising on this sector (SDP, 2011: 138). The SDP claims that investments in Timor-Leste's petroleum industry will lead to a number of positive externalities, specifically a growth in exports, growth in service industries as well as an expansion of the private sector (Government of Timor-Leste, 2011: 138). This assertion ties the success of the petroleum industry to more broad-based economic growth, pitched by the government to foster favourable conditions for the future of Timor-Leste's citizens.[88]

Timor Gap[89], the state owned national petroleum company, claims that 'without the Tasi Mane projects, there would be very scarce oil and gas economic activity taking place in Timor-Leste's territory and the country would benefit only from revenue sharing and taxes' (Timor

[88] Through a similar process as outlined in the simple analytical framework figure on page 201 (figure 3).
[89] Not to be confused with '*the Timor Gap'*, the space in the maritime boundary left over from negotiations in 1972 which resulted in the implementation of the *Australia-Indonesia Maritime Delimitation Treaty*.

Gap, 2018a). It has also suggested that once Tasi Mane is fully implemented the country will 'not only benefit the petroleum industries but also provide opportunities for other sectors such as agriculture, forestry, fisheries and tourism to be developed in a much bigger scale as they will easily reach international markets' (Timor Gap, 2018a). Exactly how this project will facilitate these industries to be taken up by international markets with 'ease' however is not made clear. These lofty ambitions are presented as so fundamentally tied to the success of Tasi Mane that it is proposed that without it, the future development of these sectors wouldn't be at all possible. As asserted by Timor Gap:

> *The Tasi Mane projects will generate both direct and indirect jobs, which in turn assist the government to tackle unemployment issues as well as to provide incentivized justifications for key policy makers to make other medium-sized investment decisions necessary to support sustainable industries – e.g., agriculture and tourism – which otherwise would have not been feasible.* (Timor Gap, 2018a)

Promoted as an essential undertaking for the country to meet the hallmark of being a successful and developed state, Tasi Mane has been afforded a silver bullet status. In fact, from 2011 when the government claimed that Tasi Mane would 'provide a direct economic dividend from petroleum industry activities' (SDP, 2011:140), to 2017 when many landowners received cash payments for giving up their land for the project (Crespi & Guillaud, 2018: 437), it has remained central to the development ambition of the country. In 2018, the government continued to pitch the benefits of Tasi Mane to its citizens, stating that the project will generate 10 000 direct and 50 000 indirect jobs. In order to create these jobs however, they must continue to withdraw from the petroleum fund above sustainable spending levels to ensure that the project continues (Bovensiepen & Meitzner Yoder, 2018: 384).

The Government of Timor-Leste continues to reassure citizens that Tasi Mane will be successful. As expressed in one interview:

> *the stuff you see in newspapers and television every day is repeating the government line and so if you want to think of the people who have the power to shape the narrative that is successful, you can assume that a large number of people see it roughly in similar terms so it's always promoted. The Tasi Mane*

> *project is always promoted as essential for the people of Timor-Leste's future. There is a perception that these things will be of benefit…it's a bit like "just wait and see – you will see when we spend this money things will go very well, just wait".* (personal interview, 2015)

In the face of growing criticisms coming from civil society organisations, the government has persisted with the project. Expressed here as 'the government line', suspicions have arisen as to the reasons behind the investment, with growing concerns that the project is linked more strongly with the capture of power by the political elite than with poverty reduction and 'trickle down' economic benefits to communities. These suspicions have also led some CSO representatives to question the fiscal discipline of the government and the state's ability to manage the country's oil wealth. One interlocutor expressed to me that:

> *In Timor-Leste we live in a paradox, the money from the oil companies to the state is quite transparent but once the money moves into the state budget and is implemented by the state institutions, the same money becomes non-transparent.* (personal interview, 2015)

This lack of transparency fuels concerns regarding the way in which the government can be seen to use state funds to meet their own political ends with some suggesting that '*everything we see and everything that happens is a political instrument for politicians'* (personal interview, 2015).

Further cynicism on the ways in which state funding is being leveraged extends to larger governance concerns regarding the state and its effectiveness, which has led some to believe that the poverty levels in the country are instrumental to the political success of individuals. For example, a Dili based CSO stated to me that:

> *It is very easy for the government to let people live in poverty because when people are in poverty they are so driven by thinking about immediate needs of themselves and their families they can't take the time to decide which policies will benefit their own life, they can only look at who gave them money yesterday.* (personal interview, 2015)

This sentiment was reflected in a statement from another interlocutor, who described an increase in state spending in the lead up to the 2012 elections:

> *In 2012, one month leading up to the last election, the government spent 200 million dollars for a single purpose – just to pay the veteran pension and the elderly pension. These people got a payment a month before the election of the president and the president who was supported by the government at the time won the election. The government will do it again and spend the same amount of money again, and will again become the winner.* (personal interview, 2013)

With state spending coming under increased scrutiny, the government's commitment to Tasi Mane must have greater significance than the proposed economic benefits. When framing the project as an assertion of sovereignty however, Tasi Mane becomes less about the government's exertion of power over citizens, and more about the final frontier of East Timorese self-determination. With the oil and gas resources intended to be processed in the facilities of Tasi Mane coming from under the Timor Sea, the history of this territory must be considered. This is especially due to the documented rivalry over ownership of the sea and the resources that remain therein.

Mind the Gap: Fighting for the Right to Benefit from Extraction

Ownership of the Timor Sea has long been contentious. From 1972 to 2006, these waters have been subject to three treaties, one convention, one memorandum of understanding, and one maritime arrangement. All of these accords have provoked contestations between Australia and Timor-Leste which have both claimed that the territory is rightfully their own. The first of the treaties to establish ownership of the Timor Sea was signed in 1972 when Australia and Indonesia signed the *Australia-Indonesia Maritime Delimitation Treaty*. This treaty extinguished any chance that Indonesia may have had to claim a median line boundary arrangement with Australia. Portugal did not participate in the discussions regarding this agreement, despite their claim to sovereign power over the territory of as negotiations happened while it was still under Portuguese colonial rule (Suter, 1993: 301-302). The *Australia-Indonesia Maritime Delimitation Treaty* left a gap in the delimited boundary between Indonesia, Australia and Timor-Leste that came to be known as the 'Timor Gap'. At

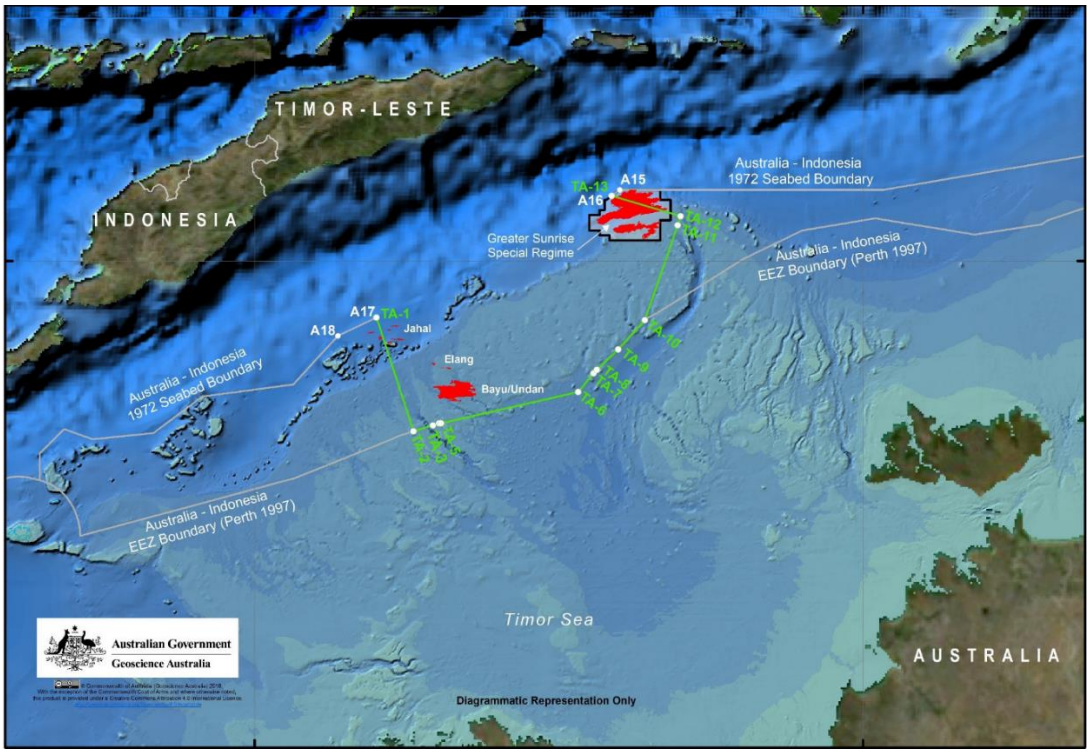
this time Portuguese ownership was temporary however as the Carnation Revolution led to the decolonisation of all Portuguese territories, including Timor-Leste, nullifying any sovereign claims they may have in 1974. By 1978, once the Indonesian occupation had been in place for three years, the Australian Government formally recognised Eastern Timor as being part of Indonesia[90] and began negotiations with Jakarta to settle the maritime boundary between the two countries to establish revenue allocations from the natural resources in the 'gap'.

Meanwhile, on the world stage the United Nations sought to address growing tensions over oceanic territory claims and international issues due to the rapid changes in the way humans were engaging with the oceans. As the pinnacle of a 15-year process, including the nine yearlong *Third United Nations Conference on the Law of the Sea*, the creation of the 1982 *United Nations Convention on the Law of the Sea* (UNCLOS) was concluded, creating a kind of 'constitution for the seas' (UN, 1998). This convention was ratified by Indonesia in 1986, while Australia and Indonesia continued negotiating their maritime boundaries. These negotiations lasted into the late 1980s as Indonesia had become discontent with the 1972 *Australia-Indonesia Maritime Delimitation Treaty* arrangement that was still in place despite the advances in UN sanctioned international law (Cotton, 2003:28).

Although Indonesia had begun to push the 'median line' agenda with Australia, negotiations settled on a second treaty for Australia and Indonesia, separate from the international convention as Australia was yet to ratify UNCLOS meaning the convention was not binding on their negotiations. In order to share the profits of the Greater Sunrise oil deposits located in the Timor Gap, the 1989 'zone of cooperation' was created through the *Australia-Indonesia Timor Gap Treaty* which covered the 'gap' in the seabed area left over from the 1972 *Australia-Indonesia Maritime Delimitation Treaty* (Forbes, 1998: 71). The *Timor Gap Treaty* allocated Indonesia and Australia a 50:50 split of resources. At this time, the area was named the Joint Petroleum Development Area (JPDA) (see figure 7).

[90] Australia was the first Western government to accept Indonesian ownership of the whole island of Timor (Kingsbury, 2009: 51). It is commonly suggested that Australia's decision to do so was influenced by self-interest, and to claim ownership over oil and gas reserves in the Timor Sea which, while difficult to prove, has been framed as an 'elephant in the room' by McGrath, a leading academic who fought for access to Australian Government documents over a number of years (2018: 5).

Figure 7: A map of the Joint Petroleum Development Area.



Source: DFAT, 2019.

Following the conclusion of Australian and Indonesian negotiations, production contracts were awarded to Phillips Petroleum (later to become ConocoPhillips), Woodside Australian Energy (later to become Woodside Petroleum), Royal Dutch Shell and others (La'o Hamutuk, 2012). These companies started to explore and exploit the natural resources that fell within the Timor Gap and remained active in the country from 1991 until the Indonesian occupation withdrew from the territory in 1999. During the post-negotiation period, and with the exploration of the Timor Sea well underway, Australia ratified UNCLOS in 1994 despite the fact that the Timor Gap Treaty would override any provisions afforded by the convention. As stated in Article 15 of the UNCLOS:

> *'Where the coasts of two States are opposite or adjacent to each other, neither of the two States is entitled, failing agreement between them to the contrary, to extend its territorial sea beyond the median line every point of which is equidistant from the nearest points on the baselines from which the breadth of the territorial seas of each of the two States is measured'.* (1994:30)

Here we can see that Australia's ratification was superficial, having no implications for its most contested maritime area.

Even after Timor-Leste's 1999 vote for independence and the subsequent Indonesian withdrawal from the territory, Australia and UNTAET signed a Memorandum of Understanding (MOU) to maintain the provisions outlined in the Timor Gap Treaty, simply replacing the word 'Indonesia' with 'Timor-Leste' (Cotton, 2003: 28). As a representative of the international community, the fact that the United Nations through UNTAET didn't advocate for its own principles of best practice on this issue is extremely problematic.[91] Further, it raises questions regarding how far the sovereign power of an independent Timor-Leste would reach. While the natural shores of the country coupled with the border drawn centuries earlier through Dutch and Portuguese negotiations, there is a clear indication of Timor-Leste's land territory. Ownership over oceanic territory however is not as simple. The lack of both clarity and consistency over whose ownership claims over the Timor Sea are rightful has made control over these waters a point of debate. Further complicating the matter, Australia secretly withdrew from the UNCLOS convention just two months before Timor-Leste's planned restoration of independence in 2002 (Chaudhry, 2006: 28).

While difficult to prove, it is beyond doubt that the Australian Government representatives understood that one of the consequences of Timor-Leste's imminent independence was that the Timor Gap treaty would become void, giving Timor-Leste the right to re-negotiate its maritime boundary with Australia, and as such advocate for its sovereign rights over the Timor Sea. By withdrawing from UNCLOS, Australia prevented the median line principle coming into effect and instead forced Timor-Leste into negotiations over the Timor Sea. These negotiations started in 2002 and lasted for four years. Consequently, in 2006, the Certain Maritime Arrangements in the Timor Sea (CMATS) was implemented. This arrangement once again carved up ownership of the Timor Sea, allocating a greater share of revenue to Timor-Leste than the previous arrangement, but not as much as a median line agreement would allow (Sýkora, 2013: 72).[92] Providing some certainty for Timor-Leste, this agreement was the

[91] Yet, in-line with the notions of extraction.

[92] CMATS allowed for a 50:50 share, whereas a median line agreement would result in the Greater Sunrise Oil field falling 100% within Timor-Leste's exclusive economic zone.

one that was in effect when the Government of Timor-Leste first 'imagined' the Tasi Mane project. Article 12 of the CMATS agreement states that:

> '*This Treaty shall remain in force until the date 50 years after its entry into force, or until the date five years after the exploitation of the Unit Area ceases, whichever occurs earlier'.* (CMATS, 2007)

Here it becomes clear that Australia held keen interest in maintaining ownership over the territory in order to secure access to the oil and gas reserves under the sea bed.

At the time of the CMATS agreement, the Australian Minister of Foreign Affairs stated that he had no desire to 'unscramble the omelette' of the previously agreed boundaries, indicative of the position Australia felt itself to be in (Schofield, 2007: 201). Maintaining access to Timor-Leste's maritime areas was a driving force for Australia to maintain its lucrative position. The lengths that Australia was willing to go to in order to maintain its position became even more pronounced in 2012 as information regarding a spying scandal was uncovered. Under the guise of an Australian Agency for International Development (AusAID) funded project, spying equipment was installed by Australian representatives in Timor-Leste's Palácio do Governo (Government Palace) in order to give Australian boundary negotiators an unfair advantage over their East Timorese counterparts (White, 2017: 63-64).

Spies and Allies behind a Quiet Giant

The revelation of the AusAID spying operation sent shockwaves through both the governments of Australia and Timor-Leste, and gave rise to a freshly invigorated civil movement determined to get Timor-Leste a 'fair deal' through the implementation of a median line boundary agreement between the two countries. Having placed an international spotlight on Australia's 'occupation' of the Timor Sea, revelations of this scandal had two key consequences for the Government of Timor-Leste. First, it resulted in the Government of Timor-Leste gaining popular support from a vocal citizenry in the face of yet another occupying force hailing from the international arena. The fact that once again the country was found to have been subjugated due to the desires of a geopolitical neighbour gave rise to fresh outrage within Timor-Leste. The spying scandal also gleaned international sympathy for

the Government of Timor-Leste's position with the rise of the 'Hands off Timor Oil' campaign gaining thousands of supporters from all over the world through social media platforms, and sparked a number of demonstrations in Timor-Leste as well as in Australia, Indonesia, the Philippines and Malaysia (SBS News Online, 2016).

Photograph 21 and 22: Protests at the Australian Embassy in Dili and online activist.

Description - Left: Protests outside the Australian Embassy in Dili (Global Voices, 2016). Right: One of thousands of pictures posted to Facebook and Instagram as participants shared their own images in the 'Hands off Timor's Oil' online campaign.

These actions reinforced nationalist sentiments within the country, with international support sympathetic with Timor-Leste's median line position. Second, the scandal detracted attention from the already existent natural resource revenue spending that was happening in the country, with the concept of natural resource wealth being framed as integral to the *future* of Timor-Leste by those sympathetic with the median line arrangement (SBS Online, 2016). While it is indeed true that a median line outcome would secure a greater share of the profits from the Timor Sea oil and gas wealth, the Government of Timor-Leste was already in the process of spending similar revenue. While securing access would see an increase in the deposits going into the state's Petroleum Fund, there was little discussion regarding the way such revenues were already being spent, besides from vocal CSO representatives that were wary of the ongoing investments in the Tasi Mane project. Government rhetoric continued to be explicitly concerned about the 'future' and the state's (continued) access to natural

resource wealth rather than how this wealth could actually translate into equity among its citizens. Implicitly however, concerns over territorial sovereignty were certainly playing an influential role in Timor-Leste's response to the spying scandal – arbitration at The Hague to establish permanent maritime borders with Australia and persistence with the Tasi Mane project. As highlighted by Bovensiepen and Nygaard-Christensen, 'Timorese leadership is acutely sensitive to the need to establish and strengthen domestic institutions' (2018: 4). This sensitivity has resulted in the Government of Timor-Leste persisting with the Tasi Mane Project as a political strategy for state-building, while focusing on it to domestically drive development (Bovensiepen and Nygaard-Christensen, 2018: 4).

Tasi Mane Understood as 'Visible Sovereignty'

The natural resource wealth in Timor-Leste allows us to have multiple narratives about the development trajectory of the country. One narrative shows how the country has transitioned to being a lower middle income country – an indicator often used to point to development success. Another narrative however shows that this transition happened in synchronicity with the 2006-2008 political crisis that resulted in death, displacement and human rights abuses. These incidents did not impinge on the extraction of natural resources despite it being extremely rare that economic growth would continue during a time of political crisis (Cerra and Saxena, 2008:443-444).

Bovensiepen and Nygaard-Christensen have rightly suggested that the Tasi Mane project 'has given rise to two radically different appraisals: one that sets the project as the catalyst for a grand, national-level development process, and another that highlights the project's strong potential for failure' (2018: 1-2). With such oppositional narratives at play it is understandable that both have received support and criticism. Yet, when framing the importance of the Tasi Mane project as an undertaking strongly linked with an act of 'visible sovereignty' to deter outsider extraction, it becomes evident that there are clear and compelling incentives for the state to move forward with the project despite its potential for 'failure'. Tasi Mane is an assertion of sovereignty; a marking of territory. To abandon the project, the Government of Timor-Leste may be surrendering in a hard fought battle for self-determination. Set against the backdrop of the struggle for legitimate sovereignty in the post-colonisation, occupation

and intervention eras, Tasi Mane has become a symbolic as well as physical representation of East Timorese ascendancy. More than just a petroleum processing facility, Tasi Mane also has the benefit of working 'to cultivate the projection of an *idea* of the state onto the political post-conflict landscape of Timor-Leste' (Bovensiepen and Nygaard-Christensen, 2018: 5).

To have full control over their rightful territory under international law, the Government of Timor-Leste has pushed the Tasi Mane project, linking the implementation of the project – irrelevant of the potential negative consequences – to the manifestation of independence. When understood in this way, the Tasi Mane project serves as a visible marker of sovereignty. As suggested by Bovensiepen and Nygaard-Christensen:

> *The planning of grand development schemes like the Tasi Mane project are particularly effective at this, since they are premised on the idea of an already-existing unified political body capable of managing and converting the nation's resources into national development, thus concealing the very processes through which the state is socially produced.* (2018: 5)

They go on to further explain that as a 'manifestation of the state' (2018: 5), the Tasi Mane project is dependent on not just the *top down* promotion from the government[93] but is also dependent on the way in which local citizens respond to the government aspirations, exerting *bottom up* influence (2018: 5). This citizen-based influence can be seen in the comments made by Jorge Alves, a traditional leader local to the site of the proposed Suai supply base. He has stated that 'the whole community agrees and accepts the project … because we have heard that it will bring great benefits to our children and grandchildren' (Cryan, 2015: 7). Further, some citizens have started preparations for the promised rise of industry by taking out loans to assist with the establishment of accommodation, restaurants and other such businesses. Such actions have been taken in the hopes of being able to capitalise on the spoils of the industry once they come, and under the assumption that the forthcoming large influx of money will allow for the quick repayment of debts (Crespi & Guillaud, 2018: 12-13). Despite mounting critiques coming from some CSO organisations, there too has been optimism coming from communities who believe 'the government line'.

[93] Described as the 'aesthetic crafting of the future' by Bovensiepen and Nygaard-Christensen (2018: 10)

While the Government of Timor-Leste's need to assert sovereignty on the international stage is pressing, the impact on local populations has resulted in the multifaceted notion of extraction. Land divisions have impacted some local community members through social fragmentation that has come about due to a lack of any real participatory consultation (Crespi & Guillaud, 2018: 436). This has led many local community members to feel that they were 'simply 'informed' about future developments' rather than being involved in the planning in any sincere sense (Crespi & Guillaud, 2018: 436). Sentiments such as those expressed by one interlocutor who stated that *'people still live in the darkness here, this is good for the politicians to stay in control, but it is not good for the people or the future'* demonstrates that a lack of transparency regarding Tasi Mane is unfavourable to Timor-Leste's citizens. McDonald has suggested that the political elite, and particularly Xanana Gusmão, have been the main drivers of the Tasi Mane project, and stand to gain the most. He asserts:

> *Gusmão, who remains a power behind the scenes in new Prime Minister Rui Maria de Araújo's government as minister for planning and strategic investment, is acting as though Greater Sunrise will inevitably come under his government's direction.* (McDonald, 2015)

McDonald is suggesting that planning and implementation of this project is being driven by Gusmão. Indeed, Tasi Mane has been considered a vanity project of Xanana Gusmão by numerous East Timorese (multiple personal interviews). As the Minister for Planning and Strategic Investment, Gusmão has retained control of the responsibility for the US$1.4 billion Tasi Mane Development Project, meaning he has been able to maintain his power, despite his title change within his official governmental role (Cryan, 2015a: 1). This analysis has led Scambary to suggest that 'clearly, political, rather than economic objectives, have informed its (Tasi Mane's) design' (Scambary, 2015: 303). But what should also be considered is the importance of this project as an assertion of self-determination to deter Australia (and any other international actor) from seeking to position themselves as the beneficiary of Timor-Leste's extraction. As stated by one civil society organisation interlocutor, '*it is very easy to say that we need to stop the Tasi Mane project but what is the alternative? This is a key challenge for the new generation*' (personal interview, 2015). So, more than just a discussion regarding the economic benefits of Tasi Mane, the political objectives of territorial solidarity and nationalism are also at play.

Conclusion

In 2004, Grenfell wrote that 'the terms of the division of the Timor Sea have been largely set by and for the benefit of international actors' (2004: 46). While fifteen years later there are still pressing questions regarding exactly who will benefit from the natural resource wealth present, it is now the domestic actors that need to also be considered. There is little doubt that that the Government of Timor-Leste is determined to persist with Tasi Mane despite the criticisms regarding its economic suitability. This project continues to drain Timor-Leste's petroleum fund, preventing the channelling of resources to other areas that may benefit from higher budget allocations. The promotion of Tasi Mane continues to be pitched to citizens as an essential step on the way to development, and crucial to the economic future of all of the country's citizens. While investments in infrastructure projects are often cited as being beneficial in developing contexts through the promotion of productivity seen to increase economic growth, the Tasi Mane project has not received such economic forecasts. However, an analysis of this project must look beyond the potential budgetary foibles of the Government of Timor-Leste and seek to understand *why* Tasi Mane remains the centrepiece of Timor-Leste's development.

When considering the historical tensions that Timor-Leste has experienced, coupled with the political manoeuvring that Australia set in motion while trying to extract the natural resource wealth of the Timor Sea, the persistence with the project becomes understandable. Correlations can be drawn between the perseverance with Tasi Mane as a battle for sovereignty and the battle for sovereignty undertaken during the resistance struggle. There are also parallels between the 'third wave' of colonisation that happened in the post-independence era when the autonomy of the state was being underwritten by outsiders. With the Government of Timor-Leste's strong desire for autonomy, a prominent value of Tasi Mane is in its role as a marker of visible sovereignty. That is, Tasi Mane is a demonstration to many East Timorese and to the international community that sovereignty will continue to be protected and defended by Timor-Leste's state, despite criticisms. Further, while critiques of Tasi Mane persist, there has been great support given to the Government of Timor-Leste for their advocacy for a median line agreement in the Timor Sea. This territorial claim has allowed some of the focus to be on the 'struggle' of ownership rather than where and how natural

resource wealth revenues are being spent. While some citizens are wary of the project, seeing it as a tool for political control, others believe that it will bring development to the country.

What must be considered in any assessment of the Tasi Mane project is what the alternative might look like. On one hand, an alternative might be Timor-Leste's state spending being redirected to other development priorities. On the other hand, a withdrawal from the project may be seen as a relinquishment of the country's territorial claims to the Timor-Sea, an area of great interest to geographical neighbour Australia. While Tasi Mane may not be the best economic investment, it is representative of the conviction in Timor-Leste's claim to complete territorial sovereignty.

Ikun

When Juvenal expressed his concerns to me regarding how political power could be secured through politicians maintaining the entrenchment of poverty in Timor-Leste, I was taken aback by the sentiment. I continued to ponder on this thought after leaving our meeting, and for the rest of the week I discussed the idea with anyone who was willing to mull over it with me. One of the many thoughts that passed through my mind was that Juvenal was completely right, the government *does* see the situation the same way he does, and yet their objectives are different.

For Juvenal, the elimination of poverty should be the priority for development. And indeed the government has a different objective – the maintenance of power. But what may not have been considered by Juvenal is that the power the government is most interested in maintaining is not power over its citizens, but the power to assert itself on a global stage, and power over international threats to sovereignty. The reality is, those East Timorese politicians with the most political power have spent the majority of their lives fighting for independence and sovereignty – a fight which has its last frontier is the maritime boundaries of the Timor Sea. For Juvenal, however, his fight remains on land. The potential impact of large investments in the Tasi Mane project remains problematic and can easily be framed as negative for the economic development of the country. Just as damaging however, would be if these revenues were taken away from the Government of Timor-Leste by Australia.

Chapter 7

Diversify or Demise: Economic Diversity and the Continued 'Extraction' of Timor-Leste

Beatriz

On a balmy summer evening in September 2013, two notable events were held in Dili. At Timor Plaza - the then jewel in the crown of the rapidly modernising city, the world premiere of the film '*A Guerra da Beatriz*' played in not one but both of the theatres at the Platinum Cinema complex. Socialites and members of the donor and political elite attended, applauding the opportunity to witness the debut screening of Timor-Leste's first ever feature film.

At the same time not far away, the Palácio Nobre hosted the welcome dinner for the '*Harnessing Natural Resource Wealth for Inclusive Growth and Economic Development*' conference, held by the IMF and the Government of Timor-Leste in collaboration with the ADB, the World Bank Group and Japan International Cooperation Agency. Less of a nod to Timor-Leste's past than the film, this group of development actors looked to the future of the country, specifically through the lens of economic development strategies. The stories they share are more likely to contain graphs than moving images, and projections at this event have an entirely different meaning to their counterparts at the cinema.

'*A Guerra da Beatriz*' tells the story of a couple torn apart by war, a tragedy reflecting the experiences of many East Timorese during the Indonesian occupation. Similarly, the stories told by the conference delegation reflect the experiences of the different countries in which they have worked. Where love is pathway to healing from the struggle in the film, economic diversity was the antidote for poverty and the key to development at the dinner.

Introduction

With almost 80% of GDP originating from the sector, the petroleum industry and subsequent growing oil complex remains the biggest economic driver in Timor-Leste. With the majority of spending and investment in the country originating from this singular revenue source, the country remains highly vulnerable to the volatility of oil markets. Further, there are limited employment opportunities beyond those from within the oil complex. Only a limited amount of people have been able to gain employment in the public sector, despite criticisms that it is bloated and inefficient, and sectors such as agriculture or manufacturing are yet to become viable sources of employment and economic development (Boavida and Courvisanos, 2018: 6). These limited economic opportunities have contributed to the substantial constraints on welfare and living standards in the country. Further, the country is almost completely dependent on imports to meet its most basic needs including clean drinking water, rice, vegetables and meats. The prospect of growing the tourism sector is constrained by its international reputation, and due to a historical lack of engagement with the sector as very few East Timorese themselves have been afforded the luxury of travel (Currie, 2018: 448).

Far from being considered vibrant, the perilous nature of Timor-Leste's economic situation has not gone unnoticed. In fact, calls for economic diversification have come from the majority of stakeholders working towards the development of the country. That is, the suggestion that economic diversity will bring about a crucial and necessary change goes uncontested. From actors within economically and socially conservative institutions, to those analysing the country from progressive and critical perspectives, there is a chorus of agreement; an increase in non-oil GDP is of absolute vital importance for the future success of the country. Despite these calls, the rate at which the economy is diversifying is dreary, with the cleavage between rhetoric and practice of development interventions in the country not meeting expectations. Leading to an economic 'stalemate' situation, it remains possible that the citizens of Timor-Leste may continue to be witness to development decisions which remain out of their hands, despite being the ones who will ultimately be affected by these political machinations.

The following chapter discusses a number of key development actors who have explicitly stated that economic diversity is central to the development of Timor-Leste. It will highlight

how these actors have conceptualised the task at hand, drawing on their understanding of development and economic rationales. Included will be representatives of the international aid architecture, including the World Bank, the UN, the IMF, and the ADB, as well as representatives from Timor-Leste's civil society organisations, and the Government of Timor-Leste. By looking at this diverse range of actors, it will become clear that there is a consensus on the need for economic diversity. However, what will also be revealed is that this consensus has not led to innovation in the development techniques employed in the country. Instead, this consensus has led to a development stalemate situation, where most actors, despite their rhetoric and agreeance on the importance of the issue, continue to implement development policies consistent with their underlying extractive agendas.

In this chapter I shall look to dependency theory to understand and explain the machinations of development interventions in the country. I will discuss the concept of 'de-linking' from the global economy, the original solution to underdevelopment as proposed in dependency theory. I propose that while de-linking completely is not a realistic solution, the idea can be used as a platform to develop potential solutions to the lack of economic diversity that Timor-Leste is experiencing. The solutions considered focus on public-private partnerships, increased foreign direct investment, engaging with emerging donors and the promotion and growth of a green economy. Finally I suggest that one of the biggest implications for Timor-Leste's lack of economic diversity is the risk of regressing into aid-dependence. This would then lead to a reduction in the level of sovereignty afforded to the East Timorese political elite, especially if traditional donors once again underwrite Timor-Leste's political and economic development path.

The purpose of this chapter is to show how economic diversification has been discussed as a development strategy in Timor-Leste, and has thus become a matter of consensus, even among theoretically divergent actors. The chapter reinforces the argument that the country of Timor-Leste has been built for extraction by explaining the deficiencies of intergovernmental organisations to leverage the presence of this consensus into meaningful action that might see some development benefits transferred to everyday citizens. Rather, what has happened is that the main development actors have continued to adopt a business-as-usual, neoliberal approach to the development path of the country, which has resulted in

little diversification and continued extraction. The chapter begins with a small discussion outlining the importance of economic diversity, and the dangers of economic inequality.

Golden Eggs in a Paper Basket: Economic Diversity and Free Markets

The need for economic diversification for development can be understood in very simple terms. The saying 'don't put all your eggs in one basket' springs to mind, as nations are warned against an overreliance on a singular or very narrow revenue stream. If one basket is dropped, most if not all eggs will be lost. A diverse economy has many baskets of eggs, and quite few chickens are involved too. If we drop a basket or lose a chicken, there are others to cushion against the loss.

Economic indicators have been used to measure the advancement of societies since the first industrial revolutions of Europe. Colonial economics evolved as a way to understand and influence the development of natural resources in the colonies while at the same time helping with political stability (Oslington and Mahmood, 1993: 631). Then, with the conclusion of World War II, there was a shift away from colonial economics and towards development economics. This shift was propelled by the rise of institutions such as the UN, the World Bank and the IMF. Alongside rebuilding Europe, these institutions were concerned with stemming the spread of communism in newly decolonised territories (Oslington and Mahmood, 1993: 632). At this time, notions of 'economic diversity' came to mean the structural transformation of an economy through processes designed to move the economy beyond primary industries (such as those based on natural resources), and into secondary and tertiary sectors (such as manufacturing and services) (Siegel et.al, 1995: 262).

Another critical shift in economic thought took place in the mid-1970s with the rise of new institutional economics (NIE), an approach which takes into account the role of institutions suggesting that indeed 'institutions do matter' when considering economic activity (Williamson, 2000: 595-596). This approach is concerned not only with economic trade and outputs, but with social and legal environments affecting the ways in which economic exchanges happen. That is, NIE became concerned with 'the rules of the game, and the play of the game' (Williamson, 2000: 611). Here it must be noted that politics and economics are natural bedfellows, and in the case of Timor-Leste, an economic approach that does not take

into account the role of institutions would risk missing the importance of their influence in the development path of the country.

As a strong proponent for economic diversification, the World Bank believes that diversification is a worthwhile goal regardless of economic conditions, 'but especially now, as developing countries with sector-dependent economies face mounting pressures' (Fruman, 2017). The guiding rationale suggests that the more distinct products a country can export, the more diversified its economy is considered, rendering it less susceptible to shocks and collapse. In the case of Chile for instance, more than 2800 products are exported to over 120 different countries allowing the country to be protected through the multiple trade channels to which it has access (Fruman, 2017). While refined copper products and copper ore make up around 40% of Chile's exports, the other 60% comes from a number of industries including textiles, fruit and vegetable products, paper products, animal products and others (OEC: 2017). The situation in Timor-Leste however shows a very different picture. Timor-Leste has very few export products, with only two commodities making up 92% of all exports.[94] But how do we get to the point of having of having eggs, chickens, multiple baskets and multiple customers? That is, how do we effectively diversify an economy to address economic inequality and improve the development of the country?

In essence, economic inequality is 'the fundamental disparity that permits one individual material choices, while denying another individual those very same choices' and then 'from this basic starting point begins a tree with many branches' (Ray, 1998: 170). This notion has had expanding popularity among economists as they are increasingly concerned with the effects of income inequality on growth and are showing 'marginal shifts in opinion away from free market viewpoints in macroeconomics and international economics (Fuller and Geide-Stevenson, 2014: 131-132). This shift can be juxtaposed against earlier trends[95] which displayed strong consensus in microeconomic and international propositions, but less of a consensus in macroeconomic considerations (Fuller and Geide-Stevenson, 2014: 131). The shift away from a consensus of faith in the free-market approach to economic policy may be due to global climate concerns or increased inequality in the distribution of income and

[94] Crude Petroleum 63%, and coffee 29%.

[95] Research conducted by Fuller and Geide-Stevenson considered data sets regarding the instances of 'consensus' or 'less consensus' among American Economic Association members from 1990, 2000 and 2011 (2014: 131).

wealth (Fuller and Geide-Stevenson, 2014: 145). The shift may also be a reflection on the general 'unintended consequences of global capitalism' (Fuller and Geide-Stevenson, 2014: 145), such as drops in labour standards, environmental degradation, the privatisation and subsequent decrease in access to health and education provisions, and a reduction in the quality of press and media institutions (Heynen and Robbins, 2005: 6-7). The relationship between economic diversity, inequality and neoliberalism is as complex as any eco system, but one where the relationship interplay requires some analysis. This is especially pertinent as 'we cannot speak of development without a serious consideration of the problem of inequality' (Ray, 2008: 619). As the dominant economic rationale that has driven development interventions over the last number of decades, the neoliberal agenda has contributed to the inequality-reduction successes but also the failures of development projects in many contexts, including in Timor-Leste.

As noted by Corin and Pandya, 'the lowering of investment and trade barriers has generally fostered increased GDP growth in the low and middle-income countries, but also rapidly growing income inequality as globalisation has penetrated the world's remote primary forests, mineral deposits, and previous untamed rivers' (2009: 63-64). In a user-pays system it has been rationalised that consumers will work, earn and save capital so they are able to have access to goods and services required throughout their lifetimes. In such a system, it is thought that the prices of these goods and services will hit an equilibrium through the market mechanism of the 'invisible hand', as suppliers will not survive without providing competitive pricing. This supposition has been 'fruitfully adapted' by neoliberal economists 'to address the worst economic problems of our time' (Corrales, 2012: 133). The successes of neoliberal economic models which encourage economic liberalisation in a free market system however have not proved to be the silver bullet for reducing inequality or improving institutional development (Corrales, 2012:142). Instead, the free market system has created a reality which has perpetuated 'haves' and the 'have-nots', and if left unchecked has the potential to drive large income gaps between citizens and on a global level (Corrales, 2012:142). Further, it can also deny certain countries of fair recompense for their domestic resources. While there has been some success in innovation and poverty reduction under the globalised capitalist systems, the promise that neoliberalism will positively affect all people living within this

system is a reality yet to be realised, with empirical trends suggesting that income gaps will continue to widen (Aghion and Williamson, 1998: 7).

Increasingly, income inequality is being understood in development studies as detrimental to the stability of a society. However, as Peterson has argued, the popularity and influence of neoliberalism is more powerful that one might initially understand as its influence is as deep as it is wide (Peterson, 2004: 148). She argues that although being a secular ideology, neoliberalism has much in common with religion in its influence, spread and power (Peterson, 2004: 148-149). Followers of both religion and neoliberalism become bound in a system that insists on 'a particular (its own) worldview of "what counts" and sustaining its authoritative power by engendering similar beliefs among the less powerful' (Peterson, 2004: 149). This is done by impeding alternative belief systems or rejecting the possibility of being able to physically move outside the domain of the dominating. Put bluntly, 'accepting neoliberalism as common sense - "the only alternative" – reflects the first strategy; eliminating spaces beyond the reach of global capital reflects the second' (Peterson, 2004: 149).

Dardot and Leval pose the question of how is it that 'despite the utterly catastrophic consequences in which neo-liberal policies have resulted, they are increasingly operative, to the extent of pushing states and societies into ever graver political crises and social regression?' (2014: 7). This question is reflective of the general belief or consensus in the transformative effects of implemented neoliberal ideology. Institutions which are able to leverage their faith in neoliberalism into economic policy to drive the utopian vision of a perfectly working and representative economy have argued and implemented for this road to development. And, one of the prime markers of a working economy is how specialised it is, and how it has been able to capitalise on its own comparative advantage. What this utopian vision has not accounted for however is the shift away from specialisation, to diversification. While it remains advantageous for a country to profit from crops, goods or services that easily flourish within their particular context, what is becoming increasingly important is the resilience of the economy and its ability to withstand shocks. This has become a key concern of the development experts looking to insulate Timor-Leste from the volatility of the oil market, the deleterious balance of trade situation and the all but stagnant employment prospects beyond the oil industry or the state.

A Chorus of Consensus: Different Voices, One Tune

The development project in Timor-Leste has, and continues to be, supported by a large industry. This industry is staffed by a variety of actors, with many different perspectives, who all play diverse roles within the development 'eco-system'. Despite the various actors involved and agendas at play, there is a general consensus circulating to which everyone seemingly agrees – Timor-Leste must diversify its economy. In the first instance, this sentiment is echoed among the donor set. Suggesting that 'the main concern of the World Bank is economic diversification', actors in this institution believe that 'economic diversification should be the major concern of the Government of Timor-Leste' (personal interview, 2015). The Asian Development Bank also believes that 'economic diversification must be an essential part of the growth strategy for resource dependent Timor-Leste if it is to develop a prosperous private sector and sustain broad-based growth' (personal interview, 2013). The IMF stated that 'Timor-Leste faces a pressing need for economic diversification to create employment opportunities' (IMF, 2017: 2). Here, it can be seen that these three institutions agree on the importance of this measure, although the ADB, the WB and the IMF have slightly different approaches in finding solutions to the issue.

As a significant donor to Timor-Leste, the Asian Development Bank (ADB) has consistently provided the country with development support since its independence. From 1999-2005, the ADB concentrated its efforts on infrastructure rehabilitation, with the focus from 2006-2010 being on capacity building (personal interview, 2013). This work was carried out with the view that it would enable government agencies to maintain the previous rehabilitations, while undergoing further infrastructural improvements (ADB, 2011: 3). The ADB has provided Timor-Leste with $270.5 million USD worth of loans and grants as well as funded $39.05 million worth of technical assistance projects for the country (ADB, 2016: 3). In 2015, the ADB portfolio had two loan projects, five grant projects and eight technical projects totalling over $281 million USD (ADB, 2016: 1).

The ADB's Country Partnership Strategy of 2015 provided a framework for their development priorities in Timor-Leste during that time period. The ten-page document outlined the ADB's development strategy for 2011-2015, positioning their development activities within the

strategies of the Government of Timor-Leste (ADB, 2011: 4-5). In this document, the ADB acknowledges that:

> *key non-income indicators of development in Timor-Leste are closer to countries in the "low human development" category than those in the "medium human development" category, despite Timor-Leste graduating to the category of 'lower middle-income in 2007.* (ADB, 2011: 1)

Through prioritising funding streams that were thought to be complementary to economic growth, the ADB's various infrastructure projects have assisted in the provision of electricity and the improvement of road conditions, easing household burdens and improving communication and transport. By providing assistance in this area, the ADB believes that these investments result in private sector interest which is required to drive inclusive growth (personal interview, 2015).

Different from the ADB, the World Bank was active in Eastern Timor before the Indonesian occupation. In the 1970s the World Bank promoted the tourism sector, in the 80s environmentally sustainable development initiatives were in vogue, and in the late 90s the Kecamatan Development Project started, which eventually evolved into the Indonesian Government's flagship poverty reduction program (World Bank, 2018). This project involved more than 70 000 villages and urban wards, created over 31 000 roads, 8 000 bridges, 9 000 clean water supply units, 9 000 irrigation systems, 3 000 new or improved health posts, and rehabilitated or built 5 000 schools (World Bank, 2018). After independence, the World Bank took guardianship of the economy of Timor-Leste and attempted to gear it towards becoming a Western-style economic environment by encouraging neo-liberal policy (Richmond and Franks, 2008: 197). As explained by Davis, the World Bank's agenda in the newly independent Timor-Leste was one with 'the ontological dominance of economic growth, the epistemological dominance of economic reasoning, the organisational incentives favouring loan making, and principle-agent tensions between contributing governments and the Bank's management' (Davis, 2010: 197). From seeking to establish local markets through micro-finance programs, to the encouragement of attracting FDI and privatising public services, the World Bank has maintained its modus operandi in Timor-Leste. As explained by World Bank Country Representative Bolormaa Amgaabazar:

> *'At the macro-economic level, the main concern of the World Bank is economic diversification. Timor-Leste enjoyed very high oil prices for many years and has done very well with the petroleum fund which is a major achievement of the country. The petroleum fund has amassed 16 billion dollars which, although is a great achievement, was also very lucky. Current trends suggest that oil prices will continue to drop and therefore revenues gained for the fund will slow. If oil runs out but you have a cushion from the petroleum fund, economic diversification should be the major concern of the government'.* (personal interview, 2015)

The level of influence the World Bank has in the country is a matter of debate: another representative told me that 'the World Bank has no influence over the way that the petroleum fund money is spent, it's purely a governmental decision how to spend this money' (personal interview, 2015). However a representative from civil society suggested that:

> *'the World Bank is not as powerful as Xanana, but they are still very powerful. They can still send people here to live and send officials to meet with our politicians. They will still come to our country and be treated better than the people from my village and they still get paid to be treated like kings'.* (personal interview, 2015)

Irrelevant of their reach, with a focus on economic growth the rationale of the World Bank is clear. An adherence to strong, neo-liberal economic policy will result in increased rates of economic growth, leading to a reduction in the rates of poverty in Timor-Leste. Here, the private sector is fundamental to fix the economic diversity crisis in the country.

The role of state spending informs the critiques leveraged by the International Monetary Fund who have warned that 'the medium-term outlook for Timor-Leste depends critically on economic diversification, as its oil fields in production will be depleted by around 2022' (IMF, *2017).* Further, they have stated that:

> *Significant frontloading of public investment poses considerable downside risks to fiscal sustainability, due to the envisaged large Petroleum Fund withdrawals required for financing this investment spending. Risks also lie in whether these*

> *large public investment projects*[96] *will generate sufficient social and economic returns to achieve more inclusive growth that would translate into greater fiscal revenues and thereby enhance fiscal sustainability.* (IMF, 2017)

It should be noted here that the Tasi Mane project in itself is not an issue for the IMF, rather it is how the project is being funded. As expressed by Anoop Singh, the IMF Director of Asia and Pacific Department in 2013, if the private sector was investing in the project rather that the Government of Timor-Leste, the only challenge would be how to ensure the inclusion of Timor-Leste's citizens, as it is such a high skill sector to work in (IMF, 2013). For him, the need for economic diversity is intrinsically tied up with a reliance on the petroleum sector and the need for 'backward and forward linkages' to be 'developed between the natural resource sector and the wider economy' (IMF, 2013). In 2015 however, when the IMF published their Country Partnership Strategy paper, it stated that their development strategies were 'justified on the assumption that the efforts of other development partners would be sufficient to meet development objectives' a justification that proved to be problematic as the 'evidence does not support this view' (Ahmed and Gamo, 2015: xxi). That is, the lack of coordination between donors has resulted in outcomes not reflective of the greater development objectives. As asserted by de Tray, 'the fact that donor agencies are in service to poor countries but accountable to, and financed by, rich countries creates a weird set of conflicting incentives that often produce programs that satisfy neither paymasters nor poor countries' (2011: 7). This situation results in confusion, and potentially disaster. Despite the consensus of needing to promote economic diversity, the different ways that donors operate is more telling of the fulfilment of their own agendas than an earnest attempt to tackle what has been framed as the biggest challenge in the country.

The calls for the diversification of the economy go beyond the mantras of the big donors. They can also be heard from civil society representatives and activists. Equally frustrated with donor policy and government spending, the concerns posited by this large group of actors go beyond an analysis that looks only at economic indicators. One representative stated that:

[96] It can be safely assumed here that the IMF are referring to the Tasi Mane project as it is the largest public investment project in the country.

> *in the absence of effective results, policies are merely empty rhetoric. Gang violence continues unabated. Young people are abandoning the rural districts because they see no future in agriculture. The education system fails to endow Timorese students with relevant skills. All of this testifies to the failure of successive governments to meaningfully improve young people's lives. The government of Timor-Leste should pursue youth policy with the same energy it has dedicated to the infrastructure projects in Oecussi and Suai. Young people are the future of Timor-Leste and their welfare should be a genuine priority.* (personal communication, 2017)

Here, the lack of economic diversity is tied up with the lives of the younger generations as well as the attention garnered by the infrastructure projects in Suai and Oecussi. At its core, the grievance expressed in the above statement is a comment on the lack of opportunities afforded to the youth due to historically poor investments. Similar to the concerns on state spending as the IMF, here my interlocutor believes that state spending needs to be focused on providing opportunities for youth in Timor-Leste.

Among many of the CSO representatives and members of the general public I have spoken with in Timor-Leste, there is a general consensus that the presence of the oil wealth in the country is the golden ticket for future prosperity in the country. As remarked by one particular NGO representative,

> *'People in Timor are dominated by the perspective that oil is a good thing, oil is money, and we have a lot of oil. So the people are waiting and working while the government is taking money from the petroleum fund and using it in a non-sustainable way, so we need change'.* (personal interview, 2015)

This sentiment can be found in all corners of civil society. Another interlocutor stated:

> *'If you want to diversify you need to start today. If you want to save money for the future of this country, you need to reduce the expenditure today, not tomorrow. If the government reduces the expenditure in the next year, they will need to cut money for goods and services. But in the money allocated for goods and services, 20% goes to consultants; another 20% is for fuel and the remaining is to meet the government's needs'.* (personal interview, 2015)

And another suggested that:

> *'If no-one develops the non-oil economy, everyone will fall into the policy of the Tasi-Mane project. This will be very bad for the economy and for the people of Timor-Leste. We must diversify'.* (personal interview, 2015)

The thought that the state of the economy could get worse was of particular concern to this representative as she added that:

> *'We should be living in peace, independence and prosperity. But we are not, and we might have already passed the best it will ever be. If the government doesn't make the changes we need now, there may be more misery to come'.* (personal interview, 2015)

With state spending being the primary concern of civil society and some donors, it could be easily assumed that the government of Timor-Leste might deflect economic responsibility, or deny the depth of the issue. But, the government also agrees that there is a pressing need to diversify the economy, and has taken some steps to promote change.

The political leadership of Timor-Leste acknowledges the need for economic diversification, and has recognised that the need to promote economic activity that is non-reliant on the oil sector is the major challenge it is currently facing (Nygaard-Christensen, 2015: 355). The Government of Timor-Leste has acknowledged the need for a change in the financial management of state accounts, and the proposition of diversification has been suggested as a way to reduce the pressures on the petroleum fund. An East Timorese journalist suggested that:

> *'The Ministry of Finance has given some presentations on the tough measures that will be taken to encourage diversification and to resolve the tax law, to get rid of import taxes and replace import duties with a simple Value Added Tax (VAT). The government has tried to attract foreign investment with a low foreign tax but it hasn't worked'.* (personal interview, 2015)

Here it can be seen that 'diversification' takes on a different meaning when applied by the Government of Timor-Leste. The introduction of a VAT and an increased tax scheme on products such as cigarettes and alcohol would certainly encourage the diversification of tax

revenue available to the government, however this policy does little for the domestic economy of the country. Further, while these actions are being promoted by the Government of Timor-Leste as a progressive policy to address the shortfall in the balance of payments the government is facing, there are also critics who have suggested that while these ideas seem like effective responses to the growing concern over the economic conditions in the country, the political support for such measures is questionable. As suggested to me by one interlocutor:

> *These ideas (introduction of VAT) seem very good but they are coming from one woman within the ministry and does not echo the sentiment of the whole ministry. I guess we will wait and see how much one person can do.* (personal interview, 2015)

It cannot be assumed that changing the tax system for the purpose of increasing revenues will be enough to stimulate the economy in a way that will influence greater change in the country. Concerned by this proposed solution, another interviewee reported that 'changing the tax system is not enough to help Timor-Leste, we need to increase revenues, but we need to help domestic economy too…this is all focused on foreign economies but what about ours?' (personal interview, 2015).

When diversification is framed as an increase in non-oil tax revenue, but is not tied to an increase in domestic production, the government is essentially proposing that citizens should pay more for imported products, despite a lack of increased employment and economic opportunities. In a situation such as Timor-Leste's, where the government already has access to a large revenue source in the form of natural resource rents, expanding the tax base by simply increasing the taxes on imported goods will do little to stimulate the domestic economy without the required investments in industry or education. And, as has been shown in chapter six, government spending remains concentrated in the infrastructure sector, with little to suggest that the situation will change in the near future.

Stalemate: Extractive Agendas and the Prevention of Diversity

Despite the consensus on what must happen in Timor-Leste's 'diversification', there now appears to be a development impasse in the country; donors continue to push for neoliberal solutions, the Government of Timor-Leste continues to push for Tasi Mane, and civil society does what it can to lobby change within these two powerful agents. Despite the many years of assistance provided to Timor-Leste in the transition to independence, donors are no longer in a position in which they can drive the development decisions of the Timor-Leste's state, instead they are 'development partners', providing assistance. However, even if donors *did* have the power, there is little evidence their policy decisions would result in anything but the continued extraction of the country's resources.

While there is certainly some current movement towards a change in the conduct of donors, and their responsiveness to local environments, this shift has long been signalled as necessary by scholars (Honig & Gulrajani, 2018: 68). In 2017 the World Bank published its World Development Report, stating that:

> *most [ODA] organizations are now willing to concede that attempting to operate in complex, challenging, and diverse national contexts does require at least some concerted efforts to understand the local political economy of reform—that is, who are the winners and the losers and who holds the balance of power in such processes.* (World Bank, 2017: 271)

However, five decades earlier Hirschman was already discussing the impact of local environments on the successes of development projects. He wrote, in regards to entrepreneurship in a transport economy that,

> *Entrepreneurship means political power, which in turn means the ability to change the rules of the transport game decisively in favour of the highways. This not-so-meek side effect, then, does very well at taking care of itself as it becomes reflected in privileges and subsidies enjoyed by highways* (Hirschman, 1967: 150)

Based on an immersive study looking at a variety of World Bank projects in the mid-sixties, his observations describe World Bank activities (that were particularly focused on highway

construction at the time) as project-based systems that perpetuate themselves. His research concluded that the 'so-called side effects' of World Bank development projects end up being '*essential to the realisation of the project's principle effect*' (1967: 149, emphasis in original). That is, unintended outcomes were responsible for the greatest changes spurred by the World Bank's initial investments. Further, he noted that local environments – social, political and economic, could determine the fate of a project (1967: 149-151). Fifty years on, the World Bank finally accepts that there should be '*at least some* concerted efforts to understand the local political economy of reform' (WB, 2017: 271, emphasis added), hardly an ambitious proposition. While Timor-Leste's development path is unique due to its individual history, the prescriptions offered by the largest players in the field has barely shifted since scholars first recognised the need to pay attention to local conditions. This reality has manifested itself in the development stalemate Timor-Leste is now in.

Further contributing to this stalemate is the presence of the oil complex, the major source of income to the Government of Timor-Leste. Watts suggests that 'the post-colonial state – the oil dependent government or petro state – has assumed a central significance within the broader architecture of an international political economy' (2005: 379). Focused on the protection of resources from international threats and the power of international trade, the Government of Timor-Leste has fostered the oil complex to the detriment of civil society. In turn, civil society enters the oil complex through their forming of advocacy groups focused on oil sector transparency, human rights and accountability of the state (Watts, 2005: 381). The presence of an oil complex leads to struggles over natural resource wealth – who holds ownership and who has the right to control it. While these struggles are important in an environment where the state is wholly dependent on revenue derived from the oil complex, they can also escalate into civil conflict, promote corruption, and foster systems of crony-capitalism (Watts, 2005: 381).

What chance is there that an economy will diversify in such an environment? While there is a general agreement that Timor-Leste's over-reliance on oil is problematic, it seems that the government is not willing to stimulate the domestic economy beyond increasing the VAT, civil society does not wield enough power to be able to influence the government, and the donor set position themselves as all but powerless, only providing consultative services to guide in the direction of neoliberal policy decisions that are only in their infancy of taking local context

into account. This stalemate poses a serious risk to Timor-Leste, none more pressing than the complete depletion of the petroleum fund.

Regression: Potential Implications of the Ongoing Extraction of Timor-Leste

Bhagwahti writes that 'in the aftermath of the Asian Financial Crisis, the mainstream view that dominates policy circles, indeed the prevalent myth, is that despite the striking evidence of the inherently crisis-prone nature of freer capital movements, a world full of capital mobility continues to be inevitable and immensely desirable' (1998: 2-3). That is to say, the evidence is irrelevant; the neoliberal agenda will not be dismantled easily and has sustained its authority and power in the face of evidence that would suggest it does not work for the benefit of all, or even most. Despite the insidious nature of neoliberalism, it will not give up without a fight. This reality means that there is a tension present between the rhetoric and the practice of development which continues to perpetuate an industry with good ideas, and austere outcomes. But what does this mean for Timor-Leste's development path?

While petroleum revenue has been positioned as 'a way to move the nation forward along a less aid-dependent track' (Nygaard-Christensen, 2015: 356), the rate at which the petroleum fund is being depleted could have far reaching consequences for Timor-Leste. As expressed in one interview:

> *'From 2002-2005 around 80% of the government expenditure came from donor support. This was even the case in 2006-2007 but in 2008 we became much more independent. In 2002 we were already an independent country, but we were dependent on money from international donors from 2002-2006, today we are dependent on the petroleum money and I don't know what will happen in the next 10 years. If we want to diversify the economy we need to start today, not tomorrow or we might need aid again.'* (personal interview, 2015)

The possibility that Timor-Leste may once again require international aid assistance is very real. Without change, the country may once again become host to an industry whose programs are 'fundamentally corrosive of democracy and self-determination' (Anderson, 2011: 138). With estimates projecting that the petroleum fund may be exhausted between

2023 and 2026, the threat to the continued sovereignty of the nation is becoming immediate (Schiener, 2013: 209). If Timor-Leste 'falls into the policy of Tasi-Mane' and does not diversify its economy there is a real risk that the country will regress into another period of aid dependence. This is a situation that would be disastrous for all citizens of the country as their hard fought for sovereignty would once again be jeopardised.

What might be more useful is an increase in the participation of the East Timorese in the setting of goals and driving influence in the way the county wants to develop.

> *'Civil society activists need to develop their own concept for development. People in civil society say that we need to diversify the economy but do not say how we can diversify the economy. To diversify you need to have a concept, a very contextual concept otherwise it is only a dream'.* (personal interview, 2015)

Relying on civilians to be able to assert their own ideas for the future of the country may seem utopian, however there is a strong point that should be made here. Development ideas born out of Timor-Leste have high chance of gaining traction in the country. In a country with a large youth population, nationalist tendencies and a strong history of mobilisation against imperialism, there is a fertile social soil from which new ideas may grow. Desrochers and Leppälä suggest that 'innovations are always the results of new combinations of pre-existing know-how, skills, ideas, processes, materials and artefacts' (2010: 846). Innovations to drive change in Timor-Leste's economy may indeed be reliant on the input from a wider number of East Timorese voices, who can speak to the strengths of their communities, outline their resources, and foster the changes they need.

While Florida argues the 'creativity requires diversity' (2003: 3), I believe that the inverse is also true: diversity requires creativity. Without a diversity of ideas, the economy of Timor-Leste will struggle to diversify. Actions are clearly required to break the stalemate, to prevent a regression into aid dependence and the negative externalities that come from such a situation. Hirschman believes that:

> *Creativity always comes as a surprise to us; therefore we can never count on it and we dare not believe it until it has happened. In other words, we would not consciously engage upon tasks whose success clearly requires that creativity be*

> *forthcoming. Hence, the only way in which we can bring our creative resources fully into play is by misjudging the nature of the task, by presenting it to ourselves as more routine, simple, undemanding of genuine creativity than it will turn out to be.* (Hirschman, 1967: 12)

Keeping this in mind, the following section will discuss some alternative solutions to the problem of economic diversity which may promote the creative solutions needed to foster change. The first two suggestions are not revolutionary; they fit neatly enough within the development paradigm, and have been borne out of ideas being discussed by development actors and practitioners. The third offering is more radical than the first two, and requires a critical shift in what 'progress' and as such 'development' actually looks like.

Creating Change: Finding Solutions

Finding solutions to a problem that is not yet framed as being at a crisis point feels like an impossible task. However, a lack of action on diversification now could result in Timor-Leste falling back into a dependence on international assistance and foreign aid. Two potential solutions that may enable Timor-Leste to maintain sovereignty and move out of the development deadlock are increasing private sector investments and FDI or forging stronger relationships with countries which are themselves 'emerging donors', who practice untied and unconditional aid. A final alternative to these two options could be a shift in Timor-Leste's economy towards the development of a 'green economy'[97], a multidimensional concept which would require significant structural and ideological change, but one whose time has come.

Attracting higher levels of private sector investment and FDI in the country has already been a priority of the Government of Timor-Leste. Through the establishment of highly competitive tax laws in 2008, Timor-Leste has the third lowest tax rate in the world (Scheiner, 2015: 78). What should be noted in this 'solution' however is that private companies are explicitly not

[97] A 'green economy' also called a 'circular economy' is based on the premise of maximising use of resources through reuse, recycling, repairing and remanufacturing as opposed to post-industrial economic 'linear' thinking premised on making, using and disposing (Stahel, 2016: 435). Raworth (2017) has popularised this idea further in her discussions on 'doughnut economics' which focuses on the social as well as environmental benefits of such an economic system.

in the business of development. While private actors are becoming increasingly involved in the development paths of lower-income countries as either investors or at the implementation level of outsourced donor activity, there is still a financial profit-motive at the centre of most FDI activity. Countries that open their borders and change taxation and labour laws to attract FDI should do so while being wary of the risks involved, especially in the increased levels of 'apolitical power' afforded to private actors.[98] Concerning here is the fact that this kind of power has increased with the rise of globalisation, and has benefitted from environments in which corporate social responsibility is voluntary. Further, paying lip service is standard practice among many multinational corporations, with some private companies venturing into the space of development practice, without necessarily having the expertise to be doing so, or to do so well (Banerjee, 2008: 52). Particularly notable in this behaviour are natural resource companies, almost all of which now have some element of CSO in their marketing campaigns and corporate strategy. These too are the companies who have the most relevance in the foreseeable future in Timor-Leste as they are the most likely to be attracted to invest in the country if there is not a critical shift away from a reliance on oil and gas sectors, albeit in the short-term.

As suggested by Frynas, 'global spending by oil gas and mining companies on community development programs in 2001 was over US$500 million' but he also suggests that 'there is mounting evidence of a gap between the stated intentions of business leaders and their actual behaviour and impact in the real world' (2015: 581). Conoco-Phillips, as the biggest contributor to the extraction of the resources in the Timor Sea, provides sharp inspirational films demonstrating its dedication to the people of Timor-Leste through provisions of scholarships and sponsorship of sporting events such as the Tour de Timor, thus demonstrating the benefits of increased FDI in the country (Conoco Phillips, 2014). Winters has argued that the influence of private sector interests are unavoidably linked in with state interests in that there is somewhat of a partnership between these two types of actors (1996: 2). He argues that this is the case due to his observations that 'prolonged failure to meet the

[98] I employ this term to mean that while some companies gain degrees of power over the allocation of resources or are able to control some of the processes of the extraction of capital and where some of the benefits go (by way of, for example, wages – choosing to employ nationals or not), they do not have to be responsive to the greater population of host countries by controlling the essential role of government as it is to be understood (social welfare, wealth (re)distribution, justice mechanisms and security).

investment and production needs of a population tends to complicate stable rule – sometimes severely' (Winters, 1996: 2). This applies perfectly to Timor-Leste when one considers the 2006-2008 Political Crisis, when ex-military service personnel were in a state of dissent, in part fuelled by the lack of any other economic opportunity in the country – an opportunity that would have been available if the economy had diversified beyond state funded opportunities. Further, Winters suggests that:

> *Although statements by investors suggest that most are aware of the crucial role they play as a group, their capital is not consciously deployed to meet any given population's investment and production objectives. Rather, the calculus that informs the actions of those controlling the capital tends to be personal and unfolds in an environment ordinarily marked by some degree of market competition.* (1996: 2)

The result of responsiveness to market considerations rather than being driven by a conscious decision to meet the needs of a country was discussed at the beginning of this chapter – the unintended consequences of global capitalism (Fuller and Geide-Stevenson, 2014: 145).

While it might seem elementary to suggest, it needs to be fully understood here that businesses act as exactly that – mechanisms designed to draw profit, hold property and minimise any potential risk to the maintenance and growth of the power held by the company (Winters, 1996: 2-3). Although there are companies which have had legitimate success with implemented development programs, these are still programs designed to strengthen the market position of the investing business structure through the improvement of appeal to consumers. As such, reliance on increased FDI as a way to increase economic diversity in Timor-Leste must be done cautiously. Utting has suggested that some private sector investments in the global south 'do more for the conscience of corporate managers, Northern consumers and some activists than for workers and communities in developing countries' (Utting, 2003: 13). The projects undertaken in such instances tend to be short-sighted in nature and 'driven by short-term expediency rather than the long-term development needs of a community; and the problem of this short-term funding is exacerbated by the fact that the major contract managers are not development specialists' (Frynas, 2005: 585). Here the solution of increasing PPPs and FDI seems less hopeful. It could be the case that if economic diversity is pursued through FDI and PPPs, there will simply be more extraction.

Another option for Timor-Leste to diversify its economy beyond the strictures of the donor set and investments from the private sector could be to attract funding from 'emerging donors'. Such revenue streams are often met with scepticism from the traditional development donors, with Naim going so far as to describe it as 'development assistance that is nondemocratic in origin and non-transparent in practice' with its effects typically stifling 'real progress' while 'hurting average citizens' (Naim, 2009: 96). Others however praise these newcomers to the international aid architecture suggesting that:

> *emerging donors are not overtly attempting either to overturn the rules of multilateral development assistance or to replace them. Rather, the revolution taking place is a silent one. By quietly offering alternatives to aid-receiving countries, emerging donors are introducing competitive pressures into the existing system. They are weakening the bargaining position of western donors in respect of aid-receiving countries, exposing standards and processes that are out of date and ineffectual.* (Woods, 2008: 1206)

The suspicion of the processes of so called 'new donors' (e.g. India, China) is most likely a suspicion of differing or alternative systems which are gaining traction in recipient countries. With fewer conditionalities and less 'questions', it is the critiques of these revenues which make them so attractive to recipient countries.

Often discussed as 'South-South' cooperation, engagement with emerging donors brings new insights into 'the successful pursuit of economic growth, poverty reduction and transition' (Zimmermann and Smith, 2011: 731). With less neo-colonial sentiments than traditional donors, many of these emerging donors 'feel uncomfortable using the conventional hierarchical donor–recipient metaphor that reinforces the logic of unequal power relations' (Quadir, 2013: 323). Instead, notions of solidarity and mutual benefit are leveraged to foster 'horizontal relationships' through which countries can strengthen political relationships without imposing policy reform, enforcing structural economic change or good governance measures (Quadir, 2013: 325). However attractive this option is, it must again be made cautiously. Critics of 'South-South' cooperation often cite that generous aid flows do not come without a cost. Instead, there is often a singular interest driving these new kinds of aid – access to raw materials. This critique is especially levelled against China due to its interest in bauxite, uranium, aluminium and especially crude oil (Six, 2009: 1114). This option may

result in a continued focus on the oil complex in Timor-Leste, and continued modes of extraction.

While the feasibility of these two options remain quite realistic, there is a third solution to promote change. If undertaken in earnest, this concept has a reasonable likelihood of ending the modes of extraction in Timor-Leste, and those promoted in other regions by the development industry at large. This shift requires a reconceptualization of economic growth and diversity, through the promotion of a shift away from the insistent and insidious tenants of neoliberal economics, and a move towards what is being called 'green economics'.

As a relatively recent concept, 'green economics' has been prefaced on the idea that an economy can be designed so that it is able to 'replicate itself on a sustainable basis' (Pearce, 1992: 4). In an effort to confront the ecological crisis of the twenty-first century, green economics opens up the discipline to a wider range of thinkers than those traditionally found in economics textbooks. Multidisciplinary at its core, green economics reorients traditional economic modelling approaches 'so they are congruent with natural science processes' (Kennet and Heinemann, 2006: 70). That is, it is possible to create economies that work within the boundaries of scarcity. While neoliberalism has created economies that are based on the assumption that unlimited growth is possible, it is now becoming generally accepted that this idea is highly inaccurate. Raworth suggests that a rethinking of economics is about choosing or creating models that 'best serve our purpose – reflecting the context we face, the values we hold and the aims we have' (2017: 22-23). Acknowledging scarcity and the limitation of unbridled growth need not promote fear, although it would disrupt traditional notions of power that are tied up with capital accumulation.

The applicability of green economics goes beyond notions of environmental sustainability. As proposed by Raworth, green economics has implications for social, political and moral development in the twenty-first century. In such a conceptualisation, instead of solely pursuing GDP growth, the social foundations to life improvement must be considered including education, income and work, peace and justice, political voice, social equity, gender equality, housing provisions, energy, water and food (Raworth, 2017: 44). Akin to dependency theory's solution of 'de-linking' or autarky, Raworth suggests that for a critical shift in economic thinking to take place, a process of 'decoupling' needs to take place (2017: 258-259). In this view, 'de-coupling' is in regard to the cessation of negative social and

environmental externalities that have been perpetuated by continued economic growth (Anderson et.al, 2016: 31). International trade may still continue, but the feedback loop created by the economy is one of balance, not of growth.

In the case of Timor-Leste, its infancy of embedment in the international trade system places the country in an advantageous position for the promotion of a green economy. Firstly, this is because the de-linking (or de-coupling) may not need to take place beyond the activities of the oil complex. Instead, if Timor-Leste is able to design an economy to be both redistributive and regenerative in the spaces beyond the oil complex, the country may be in a position to be at the forefront of these ideas gaining traction in development thinking. Timor-Leste has already provided a deviation from traditional notions of statehood, legitimacy and ownership, unintentionally challenging what were once rigid ideas, set by the international community. As such, it is well positioned to develop a new kind of economy in a new world system, rather than simply fail to diversify its economy in an outdated mode of development.

The groundwork for a country that is responsive to becoming a pioneer in the development of a green economy is already available in Timor-Leste in part through the progressive nature of its constitution, the young demography and the relatively untouched environment of the country. In fact, under a green economy model, Timor-Leste may already be classified as advanced beyond that of its geographical neighbours and colonial predecessors. Further, using such a progressive economic model would require the multi-dimensional nature of poverty reduction to be at the centre of all development decisions.

Hobson and Lynch have asserted that:

> *Debates must include questions of the social, the citizen and consumption, which includes broadening the ontological toolkit CE [circular economy] debates, interventions and policies drawn upon to include notions of diverse economies and post-capitalism. Otherwise, the current focus has the potential to feed into, not circumvent, the rise of absolute levels of resource consumption: rises which have not and cannot be off-set by greater efficiencies and de-coupling*. (Hobson and Lynch, 2016: 22)

While the promotion of a green economy may be framed as a radical idea, it remains true that economies and markets are not separate from culture, politics and society (Jones, 2014:

612). As such, the inclusion of such concerns into discussions on development metrics can more closely be aligned with an evolution of understanding, rather than a radical deviation.

Conclusion

As discussed at the beginning of this chapter, there is a subtle yet present shift in the consensus among economists in their attitudes towards macroeconomic considerations (Fuller and Geide-Stevenson, 2014: 131). This consensus is reflected in the general attitude of a wide range of actors concerned with the development of Timor-Leste. There is tension between the rhetoric and the practice of development which continues to perpetuate an industry with good ideas, and austere outcomes. While the Government of Timor-Leste now holds legitimate sovereignty over its land and oceanic territory, the extractive processes through which this has happened has set up further challenges for the continued development of the country.

It is not immediately clear whether the extraction of Timor-Leste is a symptom of post-colonial globalisation, the failings of the development industry, strong nationalism, or the short comings of capitalism and the neo-liberalist economic world view. As this thesis shows, the extraction of Timor-Leste has been due to a complex combination of all these factors, coupled with the inherent pressures and temptations on the fledgling Government of Timor-Leste to appease third party interests, while maintaining their legitimacy in the face of international domination by supranational forces.

The lack of a different or true alternative development narrative coming from within the development industry is in itself a key issue. The tried and tested economic prescriptions of the international development architecture have seen some great results insofar as they have resulted in economic growth in some sectors of the country. Unfortunately for Timor-Leste, the sector that has experienced the most growth is the same sector which aids the extraction of national wealth. This wealth is extracted and placed in the hands of very few. Employment in the natural resource industry is limited and very little has been done to distribute wealth to those who live on extracted land. Furthermore, the international need for natural resources to be available to global markets is feeding into the same system that will continue to ignore the needs of those East Timorese who are already marginalised.

This reality brings us to two key questions. The first is whether the development trajectory of Timor-Leste will bring about the results that are being aimed for if we use the SDP and the constitution of the country as our understanding of what development in the country should look like. And the second question, is Timor-Leste's development path better for being determined by domestic drivers, or has it been irreversibly influenced by the extraction agendas of third parties? This second question is rather difficult to answer.

Perhaps there is implicit pressure from oil companies on which the Government of Timor-Leste are so dependent, for the continued influx of resource money to fund the state budgets. As these companies operate so squarely in the neo-liberal camp, and as the Government of Timor-Leste is so dependent on keeping these actors on side, they must situate themselves in the same camp so as to remain an attractive place for the investment of these companies. Here we can see just how entrenched the well intentioned neo-liberal policies of the Washington consensus have become.

To avoid a regression into aid dependence, Timor-Leste has little choice but to diversify its economy immediately, or completely change the rules of the game. While easy to say, the reality of just how to do this remains a difficult task. If sovereignty is the primary goal of the Government of Timor-Leste, then the solution to its economic diversity issue could be either attracting FDI, or engaging with emerging donors. The likelihood that these options will result in the continued extraction of the country whoever, remains high. A more suitable solution to the economic measurements of Timor-Leste is to change the concept of what 'developed' could actually look like in the country.

Ikun

Thinking back to that balmy September evening mentioned at the start of this chapter, an irony begins to present itself. While those from the IMF and the Government of Timor-Leste discussed the need for sparking new industries to promote economic growth in a diverse range of sectors, those at the film debut were, in a way, doing something about it. While the film industry in the country is still very small, the potential is present with the industry growing to produce several films in the last five years. This is not to suggest that the current success of the film industry is large enough to significantly increase non-oil GDP. However, it will be

the aggregate effect of similar sized industries with growth potential that will transform the economy of Timor-Leste.

Chapter 8

Conclusion

Jessie

In 2013, Santa Josephina Primary school had the funding to their feeding schools program cut by the Government of Timor-Leste. At the same time, an Australian community group from regional Victoria had raised some money that they wanted to spend in Timor-Leste, and Santa Josephina School was to be the lucky recipient. It was decided that a garden would be established to grow vegetables which could be cooked for the students, making up for the shortfall in funding to the lunch program. The vegetables chosen would also drastically increase the nutritional content of the student's daily food intake, providing vitamins and minerals that cannot be found in *super mie*.[99]

At the outset of this arrangement, there was a festering lack of trust from the head of the Australian community group towards the teachers at Santa Josephina. Upon receiving a quote for materials required to build a fence to keep hungry buffalo out of the garden, he expressed concern over the costings. From his climate controlled and weatherproof office in Victoria, he questioned the quoted prices that were only minimally less than he expected to pay in Australia. But, hammers really do cost USD 15 in Timor-Leste. And it is safe to assume that the quality of the quoted hammer is terrible.

The teachers at Santa Josephina's are not naive people. They could detect the mistrust but could not do anything to change the quote. Already aware of how expensive the project would be, they had arranged for a quote to come from Dili rather than quoting the even higher district prices. While this meant one or more of the teachers would have to take the long and winding journey to the city to get the equipment, it also meant that the project costs would be kept to a minimum. Value for money in Timor-Leste, a country highly dependent on imports, is almost impossible. Prices are high, and quality is rare.

[99] Instant noodles.

It took the Australian community group two weeks, and many conversations with both the teaching staff and some Timor-Leste based Australian volunteers, to be convinced that the quote was legitimate. The community group decided however that they would only reimburse receipts rather than give the money and wait for an acquittal. While this arrangement might work in Australia or other parts of the world, it did not translate to Timor-Leste. Whatever money was held by the teachers or parents of the school needed to stay where it was. Charity is a gift, not a reimbursement.

Jessie, a young Australian student, knew a teacher who worked at Santa Josephina's. Embarrassed by the way in which members from her home community were treating the Santa Josephina community, she stepped in and offered to cover the cost of the project and communicate directly with the Australian 'charity givers', so that the school community could simply get on with the business of growing the garden. While her integral role to the success of this project cannot be described in a few sentences, Jessie must be acknowledged in her absolute dedication and commitment to the Santa Josephina community. Her ability to insulate them from the suspicions of the far removed and privileged benefactors put an end to an unacceptable power dynamic that was hindering progress.

Three months later, the children at Santa Josephina's Primary school collected the first harvest from their permaculture vegetable garden. Eggplant, potato, carrot, and spinach were all collected and cooked for the students' lunches.

Introduction

The case of 'development' in Timor-Leste is unique in many ways. Firstly, the country was colonised by Portugal for hundreds of years leaving a legacy of severe underdevelopment. Secondly, the annexation of the country and the human rights abuses by Indonesian militia did little to overtly upset neighbouring Australia or the international community at large. Instead of swift intervention to put a stop to the unfolding atrocities, the international community pursued diplomatic mediations through UN General Assembly formulated resolutions urging Indonesia to 'retreat', 'withdraw' and 'desist' for almost twenty-five years (Lloyd, 2003: 76-87). Only after decades of resistance, did the international community intervene with anything other than words. Thirdly, after the acceptance by the international

community that the territory had the right to self-determine, Timor-Leste underwent another period of outsider rule, conforming to the state-building prescriptions of the UN and the international aid architecture. For the most part, 'development' in the country has consistently happened while under the auspices of an intervening power with little regard for the experiences of the everyday citizens of Timor-Leste. Despite having strong traditional systems of reciprocity and justice, the East Timorese have had very little influence in determining the greater structures that shape their country, especially those which allow or disallow for international engagement. The terms of international legitimacy, trade and investment instead have been decided firstly by the Portuguese administrators, secondly by Indonesia and finally through the UN administration.

There seems to have been little to no coordination in regard to the future of the country, with the political elite, closely linked with the resistance movement, acting as the current custodians of this responsibility. While heavily influenced by understandings of what independence means, these actors have had to continue their fight for sovereignty into the twenty-first century as the independence they gained for Timor-Leste did not signal the end of extractive processes in the country. While it remains important to be respectful of the independence struggle and the lives that were saved by these resistance fighters, this thesis has demonstrated that the new forms of dependency and sovereignty that have been integral to the development path of Timor-Leste have also allowed the extraction of the country to continue.

Reflections and Implications

Although development studies often discusses dichotomies such as the 'haves' and the 'have nots' and of the 'developed' and the 'underdeveloped', chapter two of this thesis suggests that increased reflexivity on behalf of those researching and writing in the discipline could improve understandings on the similarities of those that fall in either camp, while allowing room for individuals (the researched and researcher alike) to work together to create contextually sensitive and nuanced development mediations. Not only will 'researcher reflexivity' allow for greater levels of sovereignty through the promotion of participation and the creation of responsive research outcomes, it will contribute to wider efforts to decolonise

development and reduce latent apathy towards the local populations that are immediately impacted by development policies – the everyday citizens.

As was discussed in chapter three, this kind of apathy was present in Timor-Leste during the Portuguese colonial times and continued throughout both the Indonesian occupation and the UNTAET period. This was done by providing only those political classes who most closely represented the United Nations norms of political organisation with the legitimacy to rule. This has resulted in deep fractures in the country. The UNTAET period was one in which the extraction of Timor-Leste by the international aid architecture began. This time period was more about the United Nations demonstrating its power and ability to 'fix' broken countries[100], than about making inroads into Timor-Leste's many challenges. In order for Timor-Leste to transition to independence, it needed to concede to the authority of the United Nations, allow the international development and aid architecture to take over the country, and enter into a relationship of dependency on foreign aid.

Contributing to critical development studies scholarship, this thesis uses the notion of extraction to indicate the ways in which international donors and institutions have operated in Timor-Leste. Aid money in particular can be understood as being self-serving, especially since the trend in the early 2000s to remove conditionality placed on aid provisions resulted from the realisation that donor countries were benefitting far more from foreign aid allocation than recipient countries (Thorbeke, 2000: 70-71). This phenomenon has been thoroughly scrutinised (see Hühne et.al, 2014: 1285-1286; Moyo, 2009: 38-39; Younas, 2008: 662; Neumayer, 2003: 120-121), but has been framed as an unforeseen accident rather than a process of extraction. Despite this realisation and the policy changes aimed at negating the negative consequences of aid allocation, the most influential actions of the OECD-DAC did not, at the time of their interventions in Timor-Leste, adopt enough change in their delivery approach to stop them. Rather, they adopted a business as usual approach, albeit framed in slightly different discourse. This shift in discourse has not been enough to promote real change in the country; instead, it has resulted in the continued extraction of Timor-Leste.

[100] As can be demonstrated through its quick claim to decree Timor-Leste as a success story only 2 years after Indonesian withdrawal, despite clear indicators suggesting there was still much to do, and that the development gains were indeed very fragile.

While literature discussing the resource curse hypothesis gives some compelling evidence for development trends in some resource rich developing countries, chapter four of this thesis suggests that Timor-Leste's experience aligns more neatly with the notion of having an oil complex. The oil complex hypothesis allows for Timor-Leste's 'international best practice' status to be considered, and for the inclusion of private sector actors to be considered rather than the resource curse's focus on predatory state and non-state actors.

After looking at the beginnings of the oil complex, chapter four also suggests the natural resource wealth in Timor-Leste raises questions about dependence and sovereignty in the country. While on the one hand, the development of an oil complex allowed Timor-Leste to transition to a lower middle income country, on the other, this happened at the same time as the 2006-2008 political crisis bringing death, displacement and human rights abuses. This chapter shows how this economic transition has not been due to innovations or diversification but has been a badge earned only due to the resources that have been extracted from below the ocean in the country. And this wealth has not translated to prosperity above the ground.

Chapter five demonstrates how Timor-Leste's strong nation and strong state disrupts traditional notions of statehood, and as such, signals that the international development project is at a juncture that must take local considerations into account. The shared historical struggles against colonial powers through solidarity in resistance and religion have shaped Timor-Leste's strong national identity as a *Maubere Nation* which can be observed as contrasting with the UN-built state. Further, chapter five points to the post-independent struggle for sovereignty in Timor-Leste, one that is concerned with the country's oceanic territory.

This continued struggle for sovereignty is further unpacked in chapter six which unveils the Tasi Mane petroleum project in the Timor Sea. This project exemplifies a transformation in the spoils of extraction shifting towards domestic hands, but still remaining in the hands of a few. While Tasi Mane has received extensive criticisms regarding its economic suitability, it continues to be pitched to citizens as beneficial and large sums continue to be invested. Beyond the economic implications of this projects, chapter six argues that Tasi Mane can be best understood as a representation to the international community of the Government of Timor-Leste's determination to claim complete territorial sovereignty.

Finally, chapter seven highlights a development impasse in Timor-Leste showing how, despite the consensus in a need for economic diversity, the nature of development and extraction in the country has so far prevented movement towards this goal.

When I argue that Timor-Leste has been built for extraction, I refer to the way in which differing actors have argued for, and worked towards, independence, sovereignty and development in the country. The arguments presented are not to suggest that there has been rife foul play in the development of Timor-Leste, but rather that the colonial past, coupled with the nature of development policy, practice and convention has caused continued modes extraction in the country. The result of these processes is that local needs and concerns have not been taken into account, even as the default settings for state-building as formulated by the UN were and are applied. These default settings have instead resulted in socially unjust capital appropriation and dissemination.

What next?

While dependency theorists might have a country like Timor-Leste 'de-link' from the global system, could an increase in FDI or higher levels of engagement with 'new donors' be considered a move towards de-linking? While these options provide an alternative to the dependency relationship that may regress if a business as usual approach is maintained in Timor-Leste, there is a possible third solution; a radical shift towards framing and conceptualising development in terms of a 'green economy'. There is blossoming evidence to suggest that the country has started to go down this path. In May 2019, Timor-Leste committed to becoming the first country to become plastic neutral in 2020, with a memorandum of understanding signed between the Government of Timor-Leste and the private sector to invest in a $40 million recycling plant designed to re-purpose the 70 tonnes of plastic waste generated in the country each year into new products (Taylor, 2019). By encouraging growth in a 'circular' or 'green economy', Timor-Leste may take the lead in challenging what new conceptualisations of 'developed' might look like.

While capital accumulation has been the most effective tool in leveraging international power since the Westphalian model of statehood became dominant in international relations, trends in development thinking are becoming increasingly aware of both the consequences and

limitations of the perpetual quest for economic growth. As Timor-Leste has already been a 'game-changer'—unintentionally interrupting traditional notions of statehood, nationhood, independence, legitimacy and ownership—it is well positioned to continue this trend and to change conceptualisations of development.

With youth comes promise. Timor-Leste voted for independence a mere 20 years ago, and has almost concluded their victory for self-determination and sovereignty on the final frontier of the Timor Sea. The advances the country has made are impressive, but the time has come for the next step on their development path; a step of their own design that may render them truly sovereign and truly independent.

Conclusion

The implications of this thesis have relevance for development studies, development practice and the future direction of development in Timor-Leste. That is, the notion of extraction and the arguments presented in the work above have theoretical implications for how we conceptualise development, which will have consequences for the way that development interventions are designed, implemented and evaluated. Schuurman has argued that 'development assistance, currently with the emphasis on good-governance, democracy, and the involvement of civil society, depoliticises the development debate and prevents the rise of alternative forms of social order with emancipatory potential for the world's poor' (Schuman, 2009:847). This de-politicisation, while shifting the development discourse towards improved understandings of development, has not proven to be the catalyst for change it may have been hoped to be. By bringing critical analysis to the development path of Timor-Leste, not only can extraction be curtailed in the country, but it can be recognised and reduced wherever else in the world these trends may be happening – in the 'developed' and 'developing' world alike.

In the end, Timor-Leste's experience raises questions regarding sovereignty which requires redefinition if countries are going to allow for interventions by intergovernmental organisations. Within an increasingly globalised world, international systems of dependence will continue to intensify, making the conceptualisation and expectations of what sovereignty might look like in the twenty-first century even more pressing.

Epilogue

Oil and gas reserves rest beneath the surface of the Timor Sea. The people above discuss it. For all the noise, paperwork, studies and arguments among those whose influence will determine the fate of these resources, there are many more quiet people, waiting. Waiting for the riches of independence to reach their district, their families and their future. Waiting for the extraction to stop. Waiting for their turn to participate in a future of their own design. As Timor-Leste continues to fight, no words fit quite as well as the rallying cry of so many justice movements of the twentieth century: *A luta continua.*[101]

[101] The struggle continues.

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