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INTRODUCTION:
EAST TIMORESE POLITICS IN TRANSITION

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This edited collection examines key issues in the contemporary politics of Timor-Leste. In particular, it focuses on democratic consolidation and the ongoing development of political institutions during an especially critical period for the young nation: the transition from more than a decade of international state-building assistance. It assesses challenges that have burdened the young state since formal independence in 2002 and considers its future prospects. Issues of particular focus include constitutional debates, political party formation, the operation of the government, decentralization, foreign policy, development, gender discrimination, combating corruption, security sector reform, the politics of justice, relations with traditional authorities, and the challenges of nation-building. In examining these themes, the contributors highlight the fledgling state’s successes and failures as well as matters that remain unresolved as international state-building forces prepare to depart. While each theme addressed in the collection focuses on Timor-Leste’s specific experience, these issues also pertain to many post-colonial and developing countries, particularly those of the southwest Pacific and sub-Saharan Africa. As the object of five consecutive UN missions with varying mandates, Timor-Leste is a critical case study of international state-building projects. In these respects, the Timor-Leste experience offers a model for comparative consideration across a much wider field.

COLONIALISM, INDEPENDENCE, AND INTERNATIONAL STATE-BUILDING

Timor-Leste was a late arrival on the post-colonial scene, gaining its independence at the tail end of the post-World War II decolonization process. First colonized by Portuguese Dominican priests, along with Portuguese traders and their descendants from nearby islands in the sixteenth century, Portuguese Timor remained a colonial backwater until its invasion and occupation by Japan in 1942. Following Japan’s defeat, Portuguese Timor slipped back into colonial obscurity, notable mostly for the presence of occasional political prisoners who were banished
to the then-Portuguese Timor by Portugal's Salazar regime. Following the "Carnation Revolution" in Portugal in 1974, and the related and rushed process of decolonization, Timor-Leste began to develop its first local political parties. In 1975, neighboring Indonesia began to foment discord between Timor-Leste's nascent political parties, leading in August 1975 to a brief but bloody war between the two largest parties, the Revolutionary Front for an Independent Timor-Leste (Frente Revolucionária de Timor-Leste Independente, FRETILIN) and the Timorese Democratic Union (União Democrática Timorense, UDT). Indonesia soon after engaged in cross-border raids. In December 1975, just days after Timor-Leste declared independence, its giant neighbor launched a full-scale invasion of Portuguese Timor, followed by progressive occupation and forced integration of the province in 1976. The restoration of Timor-Leste's independence was to be put off for another quarter of a century.

Resistance to Indonesia's invasion and twenty-four-year occupation led to the deaths of as many as 180,000 people, the establishment of a disciplined underground resistance, and an extensive international support network. Timor-Leste was never recognized under international law as part of Indonesia and remained a major diplomatic, military, and financial problem for the occupying state. When Indonesia came under increasing external pressure following the financial crisis of 1997–98, its then recently appointed president, B. J. Habibie, announced that Timor-Leste could vote on whether it wished to remain a part of Indonesia. On August 30, 1999, the East Timorese people voted overwhelmingly for independence in a referendum conducted by the United Nations Mission in East Timor (UNAMET). Violence and destruction, which had accompanied the lead up to the referendum, broke in a storm after the announcement of the ballot results, leaving more than three-quarters of the population of Timor-Leste displaced and more than 70 percent of its buildings and infrastructure destroyed. Australian-led INTERFET (International Force for East Timor) military forces, under the auspices of the United Nations, intervened, Indonesian forces departed, and the process of rebuilding the shattered territory and people as an independent state was begun under the United Nations Transitional Administration in East Timor (UNTAET).

As the site of one of the United Nations' first experiments in direct governance of a territory, and of ongoing international state-building assistance, Timor-Leste remains a unique case study of a double transition to independence and democracy through a period of direct international governance. Under its Security Council mandate, UNTAET exercised full legislative and executive authority from 1999–2002, running both the security forces and an international peacekeeping mission in Timor-Leste while seeking to build new governmental institutions for the emerging state and overseeing the formation of a constitutional assembly in 2001. The scope of the UNTAET mission was unprecedented in the region. While the United Nations had briefly administered West New Guinea from September 1962 until May 1, 1963, this "seat-warming" interregnum did not develop and execute policy decisions as it did in Timor-Leste between 1999 and 2002. The United Nations' role in Cambodia in

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1 See CAVR (Comissão de Acolhimento, Verdade e Reconciliação), Chega!: The Report of the Commission for Reception, Truth and Reconciliation in Timor-Leste (Dili: CAVR, 2005). CAVR's estimate of the minimum total number of conflict-related deaths is 102,800. This figure includes both killings and deaths due to privation. The often-cited figure of 180,000 is CAVR's upper estimate of total conflict-related mortality.
1991–92, while substantial, is best described as co-administration, 2 as the UN operated alongside a sovereign government, wielding decision-making powers in certain areas and primarily focused on peacekeeping. 3 The year 1999 was to prove an important year in the practice of UN-led international state-building, as the Security Council endorsed three separate missions mandating the direct international administration of a territory. 4 Of these missions, the United Nations Interim Administration Mission in Kosovo (UNMIK), in conjunction with the European Union, most closely paralleled the United Nation’s state-building experience in Timor-Leste. But perhaps even more so than in Kosovo, the United Nations’ role in Timor-Leste was notable because it had to construct the institutions of a new state from what was, in effect, a tabula rasa.

Timor-Leste therefore stands as a critical exemplar of contemporary international state-building. Distinct from other forms of development assistance in the level of intervention in national sovereignty, 5 state-building is concerned with “constructing or reconstructing institutions of governance capable of providing citizens with physical and economic security.” 6 As Mark T. Berger notes, the policy rationale for contemporary international state-building missions reflects the perceived connection between international security and development, with a clear emphasis on the pathologies “failed states” present for regional or world orders. State-building missions are seen as an effort to maintain a stable world, or regional order, in the face of a range of assessed risks, from humanitarian concerns to systemic concerns over the spread of international crime syndicates or terrorist networks. Reflecting the diversity of these concerns, state-building can encompass “formal military occupation, counterinsurgency, peacekeeping, national reconstruction, foreign aid, and the use of stabilization forces under the auspices of the USA, Britain, France, NATO [North Atlantic Treaty Organization], the UN, or another international or regional organization.” 7

Timor-Leste has also experienced two major periods of state-building assistance since independence. The United Nations Mission of Support in East Timor (UNMISET), in operation from May 2002 to May 2005, was mandated by the Security Council to provide peacekeeping forces and state-building assistance in the devolution of security functions to East Timorese authorities. This operation wound down in May 2005, with policing handed to East Timorese authorities and a smaller political mission, the United Nations Office in Timor-Leste (UNOTIL), in place until August 2006. By early 2006, Timor-Leste was widely seen as a UN success story. 8

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3 Ibid. The 1993 United Nations Operation in Somalia (UNOSOM) and the UN High Representative in Bosnia-Herzegovina in 1995 are likewise best characterized as co-administrations.

4 United Nations Transitional Administration in Eastern Slavonia (UNTAES), established in 1999, was limited to two years before sovereign functions were handed over to Croatia.


8 Ibid., p. 20.
Despite what appeared to be a sound beginning after independence in 2002, the political-military crisis of April–May 2006 shook erstwhile confidence in the success of the UN’s first comprehensive state-building mission, highlighting unresolved social divisions left from the occupation era, which were compounded by competition for scarce resources and the weight of unmet popular expectations.

Timor-Leste entered its second major period of international state-building assistance following independence with its key security institutions in disarray. Having downscaled the UNMISET mission in 2005, with the strong support of Australia, the United Nations returned after the crisis in 2006 with a new peacekeeping mission: the United Nations Integrated Mission in Timor-Leste (UNMIT). Authorized by the Security Council to reestablish a UN police force until the PNTL (Policia Nacional de Timor-Leste, the National Police of Timor-Leste) could be retrained and reformed, UNMIT has also played a major role in institutional capacity building in the formal justice sector and in electoral administration. Alongside UNMIT in 2006 was a new Australian-led military force, the International Stabilisation Force (ISF). This represented a newer strand of thinking in regional state-building, as Australia and New Zealand chose not to “blue helmet” their military forces as they had in the previous UNTAET and UNMISET eras. Operating outside the structure of the UN mission under a bilateral agreement with the government of Timor-Leste, the ISF subsequently concluded a mutual cooperation agreement with UNMIT, though without an overarching coordinating body between the two missions. This decision was formally justified as providing “greater operational and logistical flexibility; proven command and control arrangements; and alleviation of UN budgetary pressure,” and allowing the UN to focus its contribution on state-building rather than security. However, the decision was also determined, in part, by Australian government dissatisfaction with UN command structures in the earlier missions. According to an Australian Senate report, the ISF mission and the Regional Assistance Mission to the Solomon Islands (RAMSI) instance a growing commitment to direct roles in regional peacekeeping where Australian “security interests” were seen to be at stake.

Timor-Leste’s importance in comparative studies extends to its significance in illustrating the distinct challenges of nation-building: the processes of forming a cohesive “national” political community based on a unifying sense of national identity. The history of post-colonial state-building has often been one of attempts to build functional state institutions while overlooking the critical issues of national cohesion essential to political stability. In Timor-Leste, as in many other post-colonial societies, many of the forms of national unity developed during the Indonesian occupation fractured in the wake of independence. Especially in contexts of weak economic development, latent ethnic, regional, or social divisions may be

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11 Ibid., p. 44. Former prime minister John Howard justified the ISF commitment as “the problems of weak and fragile states, especially ones on our doorstep, can very quickly become our problems.”
compounded by—and sometimes recruited in—competition for scarce resources, producing forms of national politics characterized by intergroup contests for control of the state, to benefit regional or clan-based patronage networks. Timor-Leste also serves as an exemplar of the particular nation-building challenges in subsistence societies, where the integration of rural communities into “modern” economic and political systems regulated by the state may be minimal. Such environments are normally characterized by the ongoing presence of “local administrative mechanisms capable of operating independently from the state in accordance with the principles of ‘traditional authority,’” and some degree of popular perception that the modern-state model has been “imposed” on the citizenry. Reflecting these issues, Timor-Leste has also become a site in which debates over new “hybrid” institutions are played out publicly. Despite the avowedly forward-looking attitudes of its current leaders, Timor-Leste remains strongly tied to its past, both through the persistence of custom and the memory of conflict. In the evolving process of liberal democratization, there have been calls for and against greater incorporation of traditional authority and dispute resolution, especially at the local government level.

Internationally, as a small and relatively dependent state, Timor-Leste has also been the focus of discussion over the growing role of China’s “soft power” and global resource diplomacy, and over how Timor-Leste balances its two major neighbors, Australia and Indonesia, as well as its involvement with the global Lusophone community. Most notably, perhaps, Timor-Leste is a site in which the difficult issues of post-conflict justice and reconciliation remain a source of social discord, set against a recent history of systematic and widespread human-rights abuses. These are each critical issues that continue to inform and inflame the politics of Timor-Leste, as in many other post-conflict societies around the world.

East Timorese Politics since 2007

While Timor-Leste has, to date, avoided the mantle of a “failed state,” unresolved divisions within East Timorese society, together with bitter intra-elite political maneuvering contributed to the complete breakdown of security forces in 2006, with open conflict between army factions and between the army and police. This institutional breakdown was followed by widespread youth gang violence and arson in Dili, primarily (though not exclusively) directed against people from the eastern districts living in Dili, and the resignation of Prime Minister Mari Alkatiri, who had led the FRETILIN government since independence in 2002. Though ultimately short-lived, the politicization of regional identity saw Loromolu (western) and Lorosa’e (eastern) gangs in open conflict in the streets of Dili and led to the crisis being widely referred to in media coverage as the “east-west” crisis. However,

14 While the terms “Loromolu” and “Lorosa’e” (literally, “sunset” and “sunrise” in Tetum) gained currency in the 2006 crisis, there is a deeper popular tradition dating to colonial times of collectively referring to East Timorese from the western districts as *Kaladi*, and easterners as *Firaku*. See Dionisio Babo-Soares, “Branching from the Trunk: East Timorese Perceptions of Nationalism in Transition” (doctoral dissertation, Australian National University, 2003).
those studying the conflict's origins in unresolved legacies of the Indonesian occupation, in the politicization of the security sector, and in unmet popular expectations for both economic progress and justice came to accept the term "political-military" crisis as the most appropriate. In conjunction with international state-builders, the East Timorese state since 2006 has attempted to address the social, economic, and institutional deficits that have consigned many post-colonial states to a cycle of internal repression and resistance.

A key initial mandate of the UNMIT mission was to oversee the 2007 presidential and parliamentary elections, which took place in the still-tense wake of the crisis, with more than 160,000 internally displaced persons (IDPs) in and around Dili, an international presence of 1,600 UN police, and an ISF military presence of 1,000 troops. The first round of the presidential election was held on April 9, 2007. FRETILIN's Francisco "Lu Olo" Guterres (27.89 percent) and Jose Ramos-Horta (21.81 percent) emerged as the leading candidates, with a second-round runoff election held on May 9. The weight of the eliminated-candidates' support fell behind Jose Ramos-Horta (69.18 percent), who was inaugurated as the second president of Timor-Leste on May 20, 2007. Fourteen political parties, including two formal coalitions, then contested the June 30 parliamentary elections. The entry of several new parties was significant, especially that of National Congress of the Timorese Reconstruction (CNRT), led by former President Xanana Gusmão. Echoing the historically significant acronym of the National Council of Timorese Resistance, formed by Gusmão in 1998 to unite all East Timorese pro-independence factions (the council had previously been titled the National Council of Maubere Resistance, formed in 1988), the original CNRT led the independence campaign in the 1999 referendum, then dissolved to allow for a multiparty system. The new party acronym CNRT thus resurrected a well-known symbol from the latter period of the independence struggle. With his long-term political ally Ramos-Horta winning the presidency, Gusmão sought to challenge FRETILIN's domination of post-independence politics and secure the more powerful post of prime minister. The dissident Mudança (Change) group within FRETILIN supported the CNRT campaign.

In line with the presidential poll, FRETILIN's vote fell significantly to 29 percent, representing just over half its 2001 performance. In second place, CNRT secured 24 percent of the national vote, polling especially strongly in Dili. The rise of CNRT clearly affected the more established opposition parties, preventing major gains on their 2001 performance. Seven parties or coalitions exceeded the 3 percent threshold to be eligible for seats in the new, smaller parliament (reduced to 65 from 88 seats in 2001). While the former governing party, FRETILIN, emerged as the single largest party with 21 seats, no single party secured a governing majority of 33 seats in its own right. Gusmão's CNRT won 18 seats and quickly commenced alliance negotiations with the Democratic Party (PD, Partido Democrático; 8 seats) and the social democratic coalition (ASDT-PSD; 11 seats).16


16 The Timorese Association of Social Democrats (ASDT, Associacao Social-Democrata de Timor) and the Social Democrat Party of Timor-Leste (PSD, Partido Social Democrata).
One notable trend from the presidential elections was the emergence of three geographic voting blocs. The eastern districts of Baucau, Lautem, and Viqueque returned majorities for FRETILIN’s presidential candidate, Lu Olo, while the districts around the capital (Dili, Manatuto, and Liquica) were Ramos-Horta’s stronghold, and the western districts recorded their strongest votes for other opposition party leaders, such as Fernando “Lasama” de Araujo of PD, or Xavier do Amaral of ASDT. With minor exceptions, the pattern was repeated in the parliamentary election in regionalized voting for FRETILIN, CNRT, and ASDT-PSD or PD. These outcomes demonstrated that while political divisions in Timor-Leste were more complex than the claimed “east-west divide” of 2006, there was a substantial risk that FRETILIN would be seen to primarily represent the three eastern districts, while the parties in negotiation for an alliance would effectively be seen to represent the rest of the country.

With no clear mandate for any one party, and with highly regionalized party affiliations suggesting wider problems of national unity, President Jose Ramos-Horta had initially raised the prospect of a government of “grand inclusion” comprising all major parties. Despite initial support from PD leader Fernando “Lasama” de Araujo, FRETILIN and CNRT ruled out working together, the former stating its members would prefer to act as a strong opposition if they could not form a government. On July 6, notwithstanding some well-publicized criticisms of CNRT by PSD leader Mario Carrascalão, a post-election coalition between CNRT, ASDT-PSD, and PD was formally confirmed, with the announcement of the AMP (Parliamentary Majority Alliance) controlling 37 seats.

FRETILIN argued that, as the largest party, it should be presented the first opportunity to form a government by testing its program on the floor of the parliament. As the new parliament was sworn in, the election of PD leader Lasama as president (speaker) of parliament over the FRETILIN candidate, by 42 votes to 21, strongly suggested that a FRETILIN minority government presenting its program to the legislature would face insuperable difficulties. This result, and the clear AMP coalition majority it demonstrated, determined Ramos-Horta’s subsequent decision. On August 6, President Ramos-Horta invited Xanana Gusmão to form a government. Gusmão was sworn-in as prime minister on August 8, with Mudança leader Jose Luís Guterres as deputy. PSD’s veteran leader and former governor during the Indonesian interregnum, Mario Carrascalão, was later sworn in as a second deputy prime minister. FRETILIN claimed the president’s decision was unconstitutional but dropped the threat of a legal challenge in favor of working toward a “political solution.” FRETILIN members returned to parliament in late August and soon commenced work as a parliamentary opposition.

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19 The smaller party, UNERTIM, later joined the AMP coalition, giving the alliance thirty-nine seats.
The AMP in Government

The AMP government came to office in August 2007 promising to boost broad-based development in the areas of food sufficiency, health care, education, and infrastructure. On taking office, the AMP parties had anti-FRETILIN sentiment in common, shared the Catholic Church's endorsement, and had broadly concurred on the need to encourage greater levels of foreign investment. As an executive, the AMP government also comprised a wide range of actors with starkly different histories and agendas, combining national heroes of the resistance era with a host of younger upcoming leaders and, more controversially, some erstwhile supporters of "autonomy" within Indonesia occupying ministerial positions. The AMP coalition nonetheless itself proved durable, despite major eruptions of disunity.

The development policies pursued by the AMP were broadly similar to those that had been pursued by the previous FRETILIN government, both being focused on the allocation of state resources to alleviate illiteracy, malnutrition, and simple illnesses. Aside from the far larger budgets available to the AMP administration—itself an enduring legacy of difficult oil revenue negotiations with Australia conducted by the former FRETILIN government—the principle policy differences were the AMP government's slightly more pro-business, pro-foreign-investment orientation, its desire to spend more of Timor-Leste's growing petroleum revenues for development needs, and its inclination to countenance the idea of borrowing. In 2007, the overriding political demands facing the incoming government remained those of improving the basic government services, infrastructure, and employment opportunities destroyed by departing Indonesian troops and their militia proxies in 1999. Both the interim UN administration and the first post-independence government were perceived as having underperformed on these fronts, though both were operating within severe infrastructure and human-resource constraints, and the latter, at least, remained highly constrained by limited annual budgets.

The AMP government’s performance in implementing its program was mixed, and continually hampered by low levels of government capacity, which slowed the rollout of major infrastructure programs, including programs to increase the supply of potable water, provide badly needed road maintenance, and begin electrification of the country. Thanks to high global demand for oil, which boosted prices and hence government revenue, and the fact that government spending was driving almost all other economic activity, Timor-Leste rode out the Global Financial Crisis of 2009-12 unaffected. Timor-Leste’s economic situation had begun to improve, with an economic growth rate of around 10 percent a year for the three years to the end of 2011, though from a low GDP base and almost entirely driven by government spending. However, the government was consistently unable fully to disburse its available funds. This lack of "absorptive capacity," particularly beyond Dili, meant that government spending, as the main driver of economic growth, continued to run at lower than optimal levels. Even in the capital, economic growth was unable to spark employment growth, and drove considerable inflation in the prices of both essential and consumer goods. Electrification proceeded with two heavy oil generators to be replaced by gas-powered generators around 2015, though the contract process proved highly controversial, with extended delays in contract

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establishment and major contract renegotiations. Notably, beyond Dili, there were often very few signs of any government spending, with most of the country remaining in a state of poverty and often decrepitude.

Several headline development indicators were promising, including a decline in the overall poverty rate from 50 percent to 41 percent of the population from 2007 to 2011. The widespread provision of subsidized rice, cash transfers, and the spread of health clinics supported by Cuban doctors and their medical training programs led to improvement in key health indicators. Infant mortality rates fell by half between 2004 and 2011, maternal mortality rates more than halved, and average life expectancy increased from 58 years to more than 62 years. The country’s fertility rates, for several years the highest in the world at just below eight live births per woman, moderated to just under six. Some of these gains reflected improved access to health care, greater food security and better crops due to the end of a debilitating drought, and the powerful Catholic Church quietly acknowledging that the country could not sustain the growth rate it had been experiencing. Literacy, however, remained problematic, at about 50 percent. In part, this low literacy rate reflected a disconnect between official and actual teaching practices and the clash of languages at different levels of education—Tetum or another local language at early primary school, Portuguese at higher levels of primary school and high school, and the continuing, though no longer exclusive, importance of Indonesian at university. One bright spot was that the literacy rate in the youth demographic was at 77 percent, considerably better than that of the overall population.

Particularly in rural areas, however, many East Timorese saw only modest improvement in their lives. The UN special rapporteur on extreme poverty estimated that a majority of the 75 percent of East Timorese living in rural areas were “entrenched in inter-generational cycles of poverty,” and that some 58 percent of East Timorese children suffered from chronic malnutrition, with almost half of all children under five underweight for their age (a problem that had historically afflicted Timorese children). The same report claimed that income inequality had “risen significantly,” with particularly stark gaps between Dili—where 71 percent of the highest income quintile resided—and rural areas. Despite large and growing annual budgets, just over 10 percent of the funds was dedicated to social spending in the key areas of education, health, and agriculture (areas heavily supported by international aid programs), with the majority of the budget focused on infrastructure funding.

A petroleum fund worth some US$11 billion by the middle of 2012 made Timor-Leste the envy of other smaller emerging states in the region. However, the reliance of annual budgets on petroleum revenues (more than 93 percent of government revenue in the 2012 budget) demonstrated the longer-term potential for Timor-Leste to suffer the “resource curse” pathologies of other oil-dependent, developing states. In particular, Timor-Leste’s high-cost and low-skills-based economy precluded development of alternative export sectors. In August 2010, the AMP government outlined a National Strategic Development Plan for 2011–30 that, once again, highlighted the goals of economic diversification for the future. Other controversies have attended the petroleum fund, including the decision of the AMP to withdraw

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annual amounts above the Estimated Sustainable Income threshold, broadly calculated at around 3 percent, to prompt more rapid development, and the decision to relax some of the investment rules governing the fund that mandate lower risk investments.

If the broad economic and development indicators highlighted the deep challenges facing the post-independence state, the AMP government's performance on entrenched social conflicts demonstrated its capacity to solve problems. The oil-price spike of 2008 gave the government windfall gains, which it was able to use in the form of cash grants to buy off disenfranchised groups, including disaffected former soldiers, internally displaced persons, and veterans, as well as providing small pensions for the relatively small number of people over sixty-five. The provision of heavily subsidized rice also helped avert the perennial problems of seasonal starvation, making life easier for many Timorese. The tension that had pervaded Dili into 2008 disappeared with the closure of the IDP camps and the payment to family heads of US$5,000 to rebuild their homes. Less successful, perhaps, was the government's attempt to deal with entrenched and complex land disputes, which had led to occupations of contested land and forced evictions. Following the violence that began in 2006, continued beyond the elections, and finally ebbed in 2008, Timor-Leste has since experienced relative stability and calm, and the streets of the main towns, particularly Dili, have an air of normalcy, with people promenading and cooking along the foreshore in the evenings and markets filled with produce. While the various programs aimed at displaced and disaffected groups brought about a sense of peace and security, criticisms that the government had "bought" peace, in ways which may prove unsustainable, will be tested after international forces withdraw.

Despite the AMP government's relatively good performance in some areas, it has also attracted considerable criticism, in particular for alleged corruption, with persistent, though in many cases unproven, charges of large government contracts being awarded to AMP party officials and relatives of key ministers without full transparency with regard to tender processes. In response, the government established an anti-corruption commission and launched a visible anti-corruption campaign, including signing up to the global Extractive Industries Transparency Initiative. Despite these moves, the increasing range of budget funds not subject to detailed parliamentary oversight presented a further source of concern over transparency, with key East Timorese civil society groups arguing that the limited information provided on special development funds in the 2011 state budget law created a "dangerous precedent" that stood to "erode parliamentary authority" over time. In September 2010, in a dramatic development, Deputy Prime Minister

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Carrascalão resigned after a clash with Prime Minister Gusmão, citing issues of transparency and accountability and claiming that personal attacks had been made against him as a result of his anti-corruption work.

Of all the dramatic developments that have wracked East Timorese politics, the greatest unfolded early on the morning of February 11, 2008, when President Ramos-Horta was shot and gravely wounded by a member of Alfredo Reinado’s rebel group during an armed invasion by the group of the president’s residence. Demanding to see the president, Reinado and one of his men were shot and killed by F-FDTL (Falintil-Forças de Defesa de Timor Leste) presidential guards. Returning from his morning walk shortly thereafter, Ramos-Horta was shot and critically wounded by one of Reinado’s group. This incident was immediately followed by an ambush on Prime Minister Gusmão’s residence at Balibar in the hills above Dili. The surviving members of the group involved in these incidents, including the petitioners’ leader Lieutenant Gastão Salsinha, who later claimed the episode was part of a “negotiation strategy” that had gone wrong, were sentenced in March 2010 to lengthy jail terms, then pardoned by presidential decree in August 2010.25

The release of the Salsinha group, which followed the release of Martenus Bere, a former pro-Indonesian militia leader indicted by the UN’s Timor-Leste-based Serious Crimes Unit over the Suai massacre in 1999, and the pardon of Joni Marques, one of the few militia members to be convicted and jailed after the violence, reinforced increasing concern over what has been widely described as a “culture of impunity” in Timor-Leste. The Bere case, in particular, raised concerns over the operation of the separation of powers, as Bere, after being arrested, was released by executive order without judicial oversight of the process. This, in turn, had implications for the popular understanding of and faith in the legal process.

Despite representing a key area of UNMIT’s mandate, security-sector reform remained an area of critical concern. After extensive rebuilding and retraining, the PNTL progressively reassumed responsibility for policing from their UN counterparts, albeit with mixed reception by the public. Many of the complaints that had dogged the PNTL up until 2006, including corruption and brutality, resurfaced as the PNTL took control of policing operations.26 Though the full handover was completed in early 2011, the security-sector reform agenda, so long a focus of international state-building assistance, was widely considered to have failed in several of its core goals, at least partly as a result of limited cooperation from the East Timorese government.27 While recommending the reduction of UN policing forces and noting major improvements in the security situation since 2008, the International Crisis Group acknowledged that latent security threats remained, most the product of failures to prosecute those involved in the violence of 2006 and 2008, including the failure to pursue United Nations Commission of Inquiry–recommended prosecutions for the events of 2006.

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25 In early 2011, Salsinha launched a claim on behalf of the members of his group who missed out on petitioner compensation payments as a result of their participation in these events.


One of the areas of PNTL responsibility—the border—had become again a site of dispute between Timor-Leste and Indonesia, particularly in the enclave of Oecusse where there had been Indonesian military incursions into some border villages (in one case when Prime Minister Gusmão was about to visit the area). Other incidents included Indonesian naval patrols in Timor-Leste waters, allegedly to forestall "piracy." These incidents, in turn, put a halt to the finalization of the border between Timor-Leste and Indonesia. In addition, regional tension flared over Australian proposals to create a regional asylum-seeker processing center in Timor-Leste. The proposal was rebuffed quickly by the East Timorese parliament, though the executive government was less direct in its opposition, referring the matter to the regional "Bali process" forum, where the proposal was subsequently rejected. Tensions between the AMP government and major hydrocarbon development partner Woodside Petroleum over the location of a natural gas processing plant also continued to cause friction in the bilateral relationship, as the East Timorese leadership rejected Woodside’s preference for a floating offshore plant, and the government doggedly pursued its ambition to have the plant built on the south coast of Timor. Prime Minister Gusmão declared he would rather see Timor-Leste go without the benefits of this project than to accept the offshore plant proposal. Though the location of the plant was a commercial decision by Woodside, Timor-Leste’s stance could result in the lapse of its contract by February 2013, meaning Timor-Leste would need to find a new development partner more agreeable to its plans. There were some preliminary signs, however, that the parties to this $20-billion discussion would find a mutually constructive way forward, with Woodside offering the possibility of establishing a smaller onshore processing center at Beaco, on the south coast.

In early 2011, the UNDP came under sustained attack from the Timorese government for its draft report, which was critical of the government’s performance on urban youth unemployment, rising rural poverty, and expenditures of oil and gas revenues.28 Highlighting the ongoing challenges of energy supply, food security, and education and health-service provision, the report raised the ire of the Timorese government by also questioning its opposition to war crimes and its efforts to prosecute those guilty of past violence. The government considered these issues beyond the UNDP’s brief. A short-lived furor highlighted the impatience of domestic political elites for the end of the long decade of state-building, after several missions. The UNMIT mission and its associated international policing forces were scheduled to be withdrawn by the end of December 2012. The stated position of the ISF was that it would also withdraw at that time if the situation proved stable, leaving Australia’s separate Defence Cooperation Program (DCP) with the Timor-Leste Defence Force in place.

The 2012 Elections

In 2012, President Jose Ramos-Horta was voted out of office, to be replaced by the then-recently retired head of the armed forces, Taur Matan Ruak. Without the support of a major party, Horta received 18 percent in the election’s first round in

March, finishing behind Ruak and Fretilin's Lu Olo. Running as an independent, but with the open support of CNRT, Ruak defeated Lu Olo in the second-round runoff in April, by an overwhelming margin of 61 percent to 39 percent. The one feature that Ramos-Horta and Ruak had in common was, at the time of their political ascendancy, they were both strongly supported by Xanana Gusmao.

The parliamentary elections held on July 7 saw just four of the twenty-one parties competing win seats. Prime Minister Xanana Gusmao's CNRT performed strongly and finished in first position, with 36.66 percent of the national vote, followed by FRETILIN, with just under 30 percent. With the collapse of the former ASDT-PSD vote, the Democratic Party (PD) emerged clearly as the new third party, with 10.3 percent of the vote, and Frenti-Mudança, a small breakaway party from FRETILIN, received 3.11 percent. These parliamentary election results gave CNRT thirty seats; Fretilin, twenty-five; PD, eight; and Frenti-Mudança, two seats in the new parliament.

As in 2007, no single party gained an absolute majority of thirty-three seats in its own right. However, a large number of small parties failed to clear the 3 percent threshold in 2012. This meant that 20 percent of the national vote—the total received by eliminated parties—was excluded for the purpose of seat distribution. As such, CNRT's 37 percent vote share brought them closer to 45 percent of the seats, putting them in a strong position to lead a new alliance. A week after results were known, the CNRT party conference announced its intention to form a governing alliance with PD and Frenti-Mudança, suggesting continuity with the 2007 result, albeit with a smaller number of parties in alliance. This alliance, later to be known as the Bloku Governu Koligasaun (BGK, Government Coalition Bloc) would control forty seats in the sixty-five seat parliament. The CNRT's decision, which was televised live, saw a brief outbreak of violence by disgruntled FRETILIN party members in Dili, with some sixty-five cars reportedly burned or otherwise destroyed, and, more seriously, eight people wounded, including at least four police officers. Other incidents, including arson, were reported in Lautem and Viqueque. In the most serious incident, a young FRETILIN member was killed by police in Hera, just outside Dili. Though the latter episode raised ongoing questions over police violence, the post-election environment calmed considerably within days. More broadly, international observers declared that the elections substantially met the international criteria for being free and fair, which was a notable achievement for Timor-Leste's two electoral bodies, running national elections without major external support for the first time. Notwithstanding these positives, which marked Timor-Leste as a frontrunner in a region noted for poor electoral administration, there were a number of minor, mostly technical problems with the election process, including inconsistency of ink for marking fingers in the first presidential round, concerns over the print quality of some parliamentary ballot papers, and rare occasions of party agent interference in the administration of the vote. Some observer reports also called for greater scrutiny of corporate donations to CNRT's electoral campaign, and for clearer guidelines and sanctions relating to political party and campaign financing.

CNRT finished first in all but four districts: the three eastern districts where FRETILIN once again dominated the poll, and the neighboring western district of Manufahi, where FRETILIN narrowly led the count. In general, CNRT's success

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29 FRETILIN leaders attributed the violence to what they claimed were provocative comments broadcast from the CNRT conference that day.
came overwhelmingly at the expense of small, western-based parties such as ASDT, PSD, and PUN, which received no seats. Overall, while the association between region and party affiliation remained noticeable in 2012, it had moderated since 2007, with FRETILIN’s vote staging a minor recovery (3.7 percent) in the western districts, and CNRT and PD increasing their vote shares in the eastern districts, such that the FRETILIN vote declined 5.6 percent in its heartland. This trend, already evident in the presidential elections, represented a welcome—if modest—sign that regionalized vote affiliations were trending away from their 2007 peak.

TIMOR-LESTE’S POLITICAL SYSTEM

Timor-Leste is a unitary democratic republic with multitiered governance. The constitution is closely based on the Portuguese model, with a directly elected president as head of state, a parliament having all legislative authority, and a prime minister as head of the executive government and cabinet. Parliamentary representatives are elected under a party-list proportional representation system to serve five-year terms.

More broadly, it is important to appreciate the procedural separation of executive and legislature in the East Timorese political system. A minister does not need to be a member of parliament (MP), although most are, and any MP subsequently appointed to the executive government is replaced in the legislature per party lists. Thus, while the prime minister requires the confidence of the parliament, and the executive frequently attends sittings in the legislature (and parliamentary committee meetings in order to be questioned), the executive does not have a legislative vote, as in a Westminster parliamentary system. This feature is made possible by Timor-Leste’s party-list proportional representation electoral system. When a member is appointed to the executive government, a member of the same political party from the original list replaces that member in the legislature. This shift may also happen “in reverse,” as evidenced by Mario Carrascalão’s return to the legislature as a PSD member of parliament after his resignation as deputy prime minister in September 2010.

Under changes to the electoral law passed in December 2006, the thirteen district-representative positions were abolished and the size of the National Parliament decreased overall from eighty-eight members to sixty-five. Each party was required to submit a list of sixty-five candidates and twenty-five suplentes (reserves). Under the changes to the electoral system, parties or coalitions must reach a 3 percent threshold to be eligible for seats. This new hurdle requirement would rule out half the parties running in 2007, and all but four parties in 2012. Parliamentary seats are then distributed proportionally among qualifying parties—based on a single national constituency—to ensure “broad representation in the parliamentary composition.”

The constitution also mandates that the government enact legislation to achieve greater decentralization, to establish a full judicial system and other matters of conventional state function. As of mid-2012, Timor-Leste did not yet have a supreme

31 Ibid., Article 10.
32 Ibid., Article 12.1.
33 Ibid., Preamble.
court, so constitutional questions were in theory being addressed by the appeals court. The judiciary is generally regarded as a weak state institution, plagued by inadequate training, staffing problems, and judicial shortages, all complicated by a language policy which—unlike parliamentary deliberation—requires processes to be conducted in Portuguese, making the court system heavily reliant on cumbersome translation processes and, frequently, resulting in the effective disenfranchisement of citizens involved with the courts. The National Parliament is expected to pass legislation to progressively replace laws that were inherited from Indonesia and then adopted as interim law by UNTAET. The backlog of legislation before the National Parliament is, in part, a result of parliament or its committees regularly failing to achieve a quorum, and is also due to the lack of adequate research and staffing support for MPs. Issues of translation of legislation from the official Portuguese into languages better understood by many parliamentarians (usually Tetum) have also slowed the legislative process.

Decree laws passed by the executive (sitting as the Council of Ministers) are issued in a wide range of standard regulatory areas and in some key policy areas, including the penal code and the establishment of the National Petroleum Authority. This has the effect of limiting public debate over key legislation and limiting parliamentary scrutiny of the executive government. More broadly, government capacity is limited, falling away quickly beyond the ministerial and bureaucratic-director levels, and constrained by the central government’s limited reach outside the major towns. Decision making is slow, and efficiency often depends on personal relationships. A decision by the prime minister or another senior minister will ensure quick action, often across departments. Implementing state policy through conventional bureaucratic processes is frustratingly slow and often unsuccessful.

Elected district councils are intended to replace national-government-appointed district administrators by 2014, although some parts of the enabling legislation had not been passed at the time of writing. Certain local councils and authorities have already been established and are functioning. There are the locally elected, nominally non-party hamlet and village chiefs (chefe de aldeia, chefe de suco) and elected suco councils. Suco elections have been held twice since independence, and party political competition at that level has been formally proscribed since 2009. Decentralized funding is intended to be allocated by the central government on a pro rata basis. This plan to implement limited decentralization and establish district assemblies recognizes Timor-Leste’s diverse ethnic makeup and largely rural demography. High turnout rates in the 2009 suco elections again reflected the strong popular commitment to participating in the electoral process.

National elections have been held every five years since 2001. It is too early in the life of independent Timor-Leste to determine whether elections will be held more frequently in the future, although representatives are legally required to serve a maximum of five years per term. Voting is voluntary. Considering that voter rolls are not being adequately updated to take into account deaths, double registrations (a result of re-registrations that do not imply double voting), and the presence of nonresident East Timorese on the voter roll, the participation rate of just under 82

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percent in the 2007 elections, as officially reported, was likely closer to 90 percent. Despite a slight downturn in 2012 to 75 percent (with a similar level of under-reporting likely), enthusiasm for voting remains very high across the country.

THE CHAPTERS

Among the problems facing post-colonial states is that of establishing a durable balance between the national government and the various centrifugal forces that might threaten state sovereignty. The relative strengths of national and local loyalties represent a key polarity of this balance, which may impede long-term aspirations for national integration. Long-time observer of Timorese cultural life David Hicks examines this issue through his study of rural Timorese communities, whose members frequently identify more strongly as residents of those local communities than as citizens of the state. Hicks's central argument is that the failure to transform villagers into citizens indicates the existence of two political cultures of such disparate character that they militate against the ambitions of Timor-Leste's government to foster an integrated national identity. His chapter argues that a synthesis is necessary if the mass of the Timorese population is to be transformed from villagers into citizens. Hicks concludes by arguing that although each political culture possesses distinctive traits that might at first sight appear irreconcilable, it is yet possible to synthesize an integrated national political culture that draws on the strengths of both sources of political identity.

Because Timor-Leste has a directly elected president and a prime minister accountable to the parliament, the political system is commonly described as a semi-presidential system. However, Maurice Duverger's classic definition of a semi-presidential system also requires that that president possess "quite considerable powers." The relative weakness of presidential powers in Timor-Leste's system of government—compared with the governments of some other Lusophone states—has led other commentators to describe this system as a parliamentary republic, lacking the substantive division of executive power that typifies semi-presidential political systems. This debate over the character of Timor-Leste's government is examined in close detail in this collection, with contributions from Rui Feijo and Damien Kingsbury, respectively, outlining the claims in favor of interpreting the Timor-Leste political system as semi-presidential or as parliamentary republican.

Rui Feijo argues for classifying the system as semi-presidential, seeing Timor-Leste as an example of the "premier-presidential" sub-type. He argues that the East Timorese president retains significant powers that mark the office as more than symbolic, including certain constitutional powers yet to be facilitated by legislation. Feijo makes the case that semi-presidentialism has also allowed the creation of a "common house" for competing poles of power and remains preferable, in the East Timorese context, to the alternatives of a presidential or parliamentary political system.

By contrast, Damien Kingsbury proposes that Timor-Leste's constitution defines its political system as a parliamentary republic, taking into account the limited powers of the Presidency, the exclusive responsibility of executive government to the legislature, and, above all, the undivided capacity of the Prime Minister to appoint

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the executive government. Since Timor-Leste’s Head of State lacks executive authority in all but a small and circumscribed area of affairs of state, Kingsbury argues that overstating presidential powers can potentially undermine the stability of the state.

One of the major challenges facing Timor-Leste is that of corruption, which Aderito Soares tackles in his chapter. Although there have been few major prosecutions for grand-scale corruption to date, Soares notes that the public has been highly critical of a perceived rise in corruption in the period following independence. Soares contends that these public perceptions are justified, and that forms of corruption exist at various levels of government and in the public sphere. There is, therefore, general agreement that it is timely to address the issue of corruption with a comprehensive anticorruption strategy, including the establishment of Timor’s Anti-Corruption Commission (CAC), of which he is head. Soares’s chapter goes on to examine some constraints and opportunities in tackling corruption in Timor-Leste. The chapter highlights the rationale behind the fight against corruption, and also identifies the different entities that play a role in the area. Soares’s key argument is a warning against forms of “institutional ritualism” in the fight against corruption, which he sees as the inclination of governments to “form new agencies rather than address the actual problems.”

Andrew Marriott’s chapter develops a parallel analysis to that of David Hicks, but from a legal rather than an anthropological perspective. Marriott argues that as a still-young state, Timor-Leste has not yet been able to put its turbulent history fully behind it. While the state and its citizens require new institutions and social dynamics, historical crimes remain as much a concern as contemporary injustices. Though the democratic architecture of the East Timorese state guarantees some commendable protections, he says, the ability of formal institutions to respond directly to the range of everyday legal needs remains limited. Some of these shortcomings are simply a reflection of Timor-Leste’s emergence from a period of violence and turmoil. Other shortcomings, according to Marriott, represent developmental oversights or missteps, which he suggests require attention and correction. As comparisons between various post-colonial countries demonstrate, actors in the legal sphere can play an important role in the nation-building endeavor.

In Timor-Leste, as elsewhere, a competitive multiparty system remains a fundamental cornerstone of democratic consolidation. In his contribution, Dennis Shoesmith examines political parties in Timor-Leste, analyzing the strengths and weaknesses of the party system and the degree of institutionalization of contemporary political parties. Commencing with an examination of the historical development of the party system in Timor-Leste, Shoesmith assesses the contemporary health of the party system, reviewing its basis in constitutional and electoral law, and some key constraints on the role of parties in the context of Timor’s political system. Shoesmith argues that Timor-Leste has performed creditably compared with many post-conflict states, exhibiting a degree of political stability in interparty competition. Nonetheless, his chapter identifies warning signs that some persistent maladies characteristic of weak party systems are emerging, including patron-client politics, low levels of accountability to the public, and the use of political parties as vehicles to extract state resources for the benefit of political elites.

In his chapter, Pedro Seabra argues that Timor-Leste has become increasingly vocal and assertive on a range of foreign policy topics since overcoming some of the
internal strife that scarred the nation-building process from 2006 to 2008. For Seabra, this assertiveness indicates the new nation’s political will to enhance or diversify its role in the region. The potential ripple effects across the region—given the level of international focus on Timor-Leste, the country’s strategic geographic location, and its significant natural wealth—are as yet unpredictable. Accordingly, Seabra starts by examining the current context of Timor-Leste’s foreign policy, identifying the main external partners and foreign policy goals it has established since joining the international community, with a detailed focus on relationships with four key actors: Australia, China, Indonesia, and Portugal. Seabra then examines some instructive episodes in Timor’s foreign-policy development that have raised concerns among its traditional partners, who are now confronted with an increasingly assertive and independent actor.

Deborah Cummins’s and Michael Leach’s chapter returns to the theme of the evolving relationship between traditional and modern forms of political authority, examining the case of local government in Timor-Leste, and the ways elected chefes interact with traditional authorities at the suco level. Cummins and Leach identify three distinct models of hybrid authority in local government: two “co-incumbency” models and an “authorization” model, emphasizing a separation of powers between traditional and modern authority. As Cummins and Leach note, the “clash of paradigms” between traditional and modern democratic ideas of legitimacy in Timor-Leste is widely considered to be an important issue for the stability of the young state. The balance of this relationship is likewise considered integral to engaging local communities in the project of nation-building, peace-building, and democratization. There are also critical and ongoing issues for government to consider in the continuing decentralization process, and in regulating aspects of customary law, particularly at the local level.

Bu Wilson’s chapter evaluates the security-sector reform agenda in Timor-Leste during the period between 2006 and 2012, including the specific process of reforming the national police. The political and security crisis of 2006, with its origins rooted in conflicts within and between the uniformed forces, highlighted the necessity of reforming Timor-Leste’s police and military, and their respective oversight ministries. Yet, as Wilson notes, the reform project, which was premised on cooperation between international and national actors, has stumbled, faltered, and perhaps even failed in key respects. Wilson examines how an ill-defined project, contests over sovereignty, shortcomings in capacity, and incompatible international and national agendas have worked to produce poor long-term prospects for the security sector in Timor-Leste.

In his chapter on informal security groups, James Scambary builds upon this theme, examining the origin and impacts of martial arts and ex-veterans’ groups in the post-independence political landscape. Charting the historical progression of these groups as they evolved from resistance movements to protest vehicles, and their interactions with formal political actors, Scambary highlights the ongoing strength of these groups beyond the intense conflicts of 2006–07. Scambary argues that the combination of a poorly functioning justice system with an inefficient policing force continues to encourage a default situation in which communities look to informal security groups for protection, as evidenced by further outbreaks of urban violence in Dili between 2009 and 2012.

Since independence, economic development has remained a major challenge for national policy makers and, at times, a keystone of popular dissatisfaction. Tim
Anderson's chapter identifies key contemporary approaches to development strategy and assesses their application in the case of Timor-Leste since independence. He contrasts the influence of market-economy approaches with those of developmental-state models and an alternative "human development" approach, which focuses on developing core capabilities in areas such as education, health, gender equality, and participation. Anderson reviews the history of development strategy in Timor Leste's National Development Plan and analyzes the approaches of the two major post-independence governments in relation to key issues of economic stimulus, infrastructure development, tax policy, and petroleum revenues. In particular, Anderson analyzes recent debates over the management and expenditure of the Petroleum Fund, arguing that while diversification from low-return US bonds may be prudent, Timor-Leste currently lacks the financial expertise required to manage the funds in more volatile, higher-risk financial and equity markets. Overall, Anderson makes the case that the critical importance of the informal sector, and particularly staple-food production, has not been matched by comparable state investment.

Sara Niner examines the critical theme of the contemporary politics of gender in Timor-Leste. Arguing from the starting point that traditional concepts of gender remain extremely influential in the country, Niner examines the ways these conceptions have been reinforced or modified by the legacies of Portuguese and Indonesian colonialism. She also examines the influence of militarized conceptions of masculine identity that emerged in the resistance era, which were echoed by recent popular figures such as the rebel military leader Alfredo Reinado. Noting the especially poor development outcomes for women in Timor-Leste, along with disturbing levels of domestic violence and the little acknowledged, but central, role of women in the resistance, Niner makes the case that gender relations remain a key priority in Timor-Leste's development, calling for a "national dialogue on masculinities and the legacy of the war."

In his second contribution, Damien Kingsbury examines the evolving politics of political and financial decentralization in Timor-Leste. Using the wider regional history of centralization in post-colonial developing states as context, Kingsbury assesses the potential strengths and weaknesses of this agenda for both development and democratic consolidation in Timor-Leste. Principally concerned with creating greater responsiveness between the state and its citizens by devolving a degree of political and economic authority to the district level, decentralization will also allow for greater recognition of the diversity of Timor-Leste's society. As Kingsbury notes, the process of decentralization in Timor-Leste began in 2003, but with progress on a final model delayed at least until 2014, this agenda remains a work in progress.

**BEYOND UNMIT: CHALLENGES TO POLITICAL STABILITY**

As a recently decolonized state, Timor-Leste has faced the fundamental challenge that frequently besets developing-post-independence states: seeking to balance popular aspirations against limited state capacity. Having stumbled in 2006, Timor-Leste now appears to be charting a steadier course. In the short period since its independence referendum of 1999, Timor-Leste now stands as a state that embodies many of the important contemporary challenges of post-colonial democratization, development, and international state-building. More than any other country, Timor-Leste has been the product of international support. There is little
doubt, for example, that Timor-Leste's political institutions reflect, with degrees of embeddedness, the liberal character of the international community in general, and the United Nations in particular.

The withdrawal of UN peacekeeping forces from Timor-Leste in 2005 soon proved to have been precipitous, necessitating an unplanned and hasty return of international peacekeepers in 2006. Both domestic and international state-builders will have this experience in mind as external forces withdraw in late 2012, along with the knowledge that the Security Council is unlikely to approve another support mission at the scale of UNMISET or UNMIT. The period of transitioning toward full responsibility therefore places the focus squarely on Timor-Leste's ability to run its own affairs without succumbing to the type of internal conflict witnessed in 2006-7. Considering the turmoil of the crisis, the period since 2008 has been characterized by a remarkable degree of stability and real, if modest, improvements in Timor-Leste's human development indicators. This has facilitated the staged transition to local policing, completed in early 2011, and the accompanying drawdown of international forces, to the point in 2012 at which the UNPOL contingent had declined from 1,600 to 1,300 and ISF numbers represented less than half their 2006 peak force of 1,100 soldiers.

Several major tests will confront the East Timorese state beyond the UN withdrawal. The most important of these will be the challenge of stimulating economic growth, a task constrained by the passing of the state-developmental era and the rise of neoliberal free-market approaches to state-building. As Barbara notes, the era of neoliberal state-building has been characterized by an aversion to promoting specific industry policies. Constrained in this manner, neoliberal efforts have generally proven ineffectual in stimulating economic development in post-conflict states, thus undermining prospects for state consolidation. In his review of state-building missions of the 1990s and 2000s, Fukuyama identifies three distinct phases, suggesting that while the United Nations has a respectable track record in the initial stabilization of post-conflict societies, and in the development of local institutions for governance, it has a far weaker track record in strengthening those institutions to the point that enables sustained economic growth and social development to occur.

Central to this challenge will be the task of effectively managing Timor-Leste's oil and gas reserves. There has been considerable debate about the wisdom of accessing increased shares of Petroleum Fund capital to more rapidly develop local projects. On one hand, the injection of cash-accelerated projects has increased their number and reach, which has had positive social benefits. A number of observers, however, have expressed concern that this influx of revenue may lead to a "resource curse," whereby funds are squandered, corruption increases, and the funds are ultimately depleted without the development of alternative industries. In conjunction with a weak party system, the proliferation of oil and gas revenues also has the potential to foster the growth of patron-client politics, and the type of intergroup contests over control of state resources likely to exacerbate the risks.

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37 Barbara, "Rethinking Neo-Liberal State Building," p. 316.

associated with regionalized political affiliations. In particular, local NGOs warned that if government spending was not made more sustainable, Timor-Leste’s current oil wealth could be depleted within ten years, just as a massive demographic explosion of young adults is due to enter the labor market.39

Another challenge likely to confront Timor-Leste will be the transition to a new generation of political leaders. Much of the bitter conflict within Timor-Leste’s small political elite was intimately linked with longstanding personal alliances and feuds among the senior leadership of the country. While the series of “historical leaders” meetings40 held by members of this group have been a welcome development for political stability, a transition to a younger generation is inevitable and perhaps overdue. Aside from PD, the major political parties are still led by the older generation, though there is now more open discussion among members of the “generation of ’75” about the inevitability of a hand-over of power, probably in the wake of the 2012 elections, with FRETILIN’s 2011 congress formalizing a decision to transition to a younger generation of political leaders in 2017. Along with high youth unemployment, the “disconnect” between the political elite and younger East Timorese remained a background factor in latent political tensions and gang violence. A youth parliament launched in January 2010 and the greater (though still inadequate) recognition of the contribution youth resistance leaders made during the Indonesian occupation are welcome signs of a renewed political engagement with younger East Timorese. The fact that the former chief of the armed forces, Taur Matan Ruak, was elected president in 2012 signaled a transition beyond the oldest members of the generation of ’75, though a transition to those raised in the Indonesian era would wait until at least 2017.

A significant challenge, as noted above, lies in ongoing concerns over justice and the rule of law in Timor-Leste and, in particular, in reconciling popular desires for post-conflict justice with the government’s political support for a reconciliation agenda. There are grave concerns that a culture of impunity for past crimes in Timor-Leste continues to undermine social harmony. Indicative of these concerns, in late 2009, the parliament finally discussed the Commission for Reception, Truth, and Reconciliation (Comissão de Acolhimento, Verdade e Reconciliação de Timor Leste, CAVR) report on deaths and human-rights abuses between 1974 and 1999, a full four years after formally receiving the final report in November 2005. Throughout 2010 and 2011, the parliament repeatedly delayed consideration of two proposed laws on victim reparations and the establishment of a National Institute of Memory, designed to “promote, facilitate, and monitor the implementation of the Recommendations” made by the CAVR and the bilateral Indonesia–Timor-Leste Truth and Friendship Commission. No progress had been made on related legislation as of mid-2012. In light of wider concerns over Timor-Leste’s poorly functioning judicial system, in many, and perhaps most cases, local people in the districts had reverted to traditional justice systems, which allowed for greater accessibility, speed, and local acceptance in resolving local disputes. However, there were also concerns over the use of traditional justice, which remains vulnerable to abuses of power, often


reinforces traditional hierarchies, may be subject to inconsistent application, and threatens to reduce state legitimacy. How Timor-Leste reconciles the benefits and strengths of tradition with the requirements of a modern liberal citizenship-based polity will remain a key focus in the areas of local government and dispute resolution.

The multifaceted issues involved in democratic consolidation will also remain a key focus beyond the international state-building era. Timor-Leste fulfills many of the conventional criteria for fulfilling democracy's procedural requirements, such as free and fair regular elections, free association (including forming political parties and the right to protest), a relatively free media, and a moderately active civil society. Key state institutions, including the judiciary, police and defense forces, and other government departments, have all been set in place. The relatively peaceful conduct of the three polls in 2007 and 2012 and the degree of institutional capacity demonstrated by the National Electoral Commission (CNE), along with the goodwill of the international community, augured well for the future of East Timorese democracy.

However, the extent to which Timor-Leste conformed to substantive interpretations of democracy was debatable. While representatives were freely elected, the process for selecting candidates was relatively closed, and political leaders frequently appealed to voters on the basis of primordial loyalties rather than policy preferences. State institutions existed, but the notion of the separation of powers, for example, was compromised by occasional executive interference in judicial processes, a practical (as opposed to constitutional) confusion of roles between the president and the prime minister, the army's adoption of civil policing functions, an inadequate and poorly performing judiciary, a police force still known for its corruption and brutality, and low levels of institutional performance in the public service.

This state of affairs was perhaps not surprising, given the very low level of state development and capacity at the outset, and the observation that democratic institutions tend to function best, particularly in multiethnic societies, where accountability and rule of law are already established.\(^{41}\) As such, while most of the procedural criteria for democratic process could be identified, as indeed they had been by the international community, each of these criteria required an often serious qualification, which, in the period leading up to the peacekeepers' withdrawal, much of the international community seemed willing to gloss over.

The party system, and its ongoing development and maturation, will also pose challenges. With the clear exception of FRETILIN, and the possible exception of CNRT, political parties in Timor-Leste are overly reliant on key personalities; many lack wide-ranging policy platforms, sufficient depth in their districts' organizations, coherent internal rules, and organizational discipline. In 2006, the return of "resistance era" tactics of political opposition, including the systematic use of unemployed youth and martial arts gangs as a political resource for warring factions of the elite, signaled a clear warning sign for the future of East Timorese democracy. With the assistance of the international community, and the wise restraint shown by senior East Timorese leaders, the 2007 national elections in Timor-Leste marked a turning point, with the emergence of a genuinely competitive multiparty system in

Timor-Leste and, importantly, a viable and substantial parliamentary opposition party. Across the term of the 2007-12 parliament, the AMP government could be credited with resolving many of the entrenched grievances that had beset Timorese politics after the 2006 crisis. Conversely, FRETILIN received too little credit for its key role in fostering a culture of democratic parliamentary opposition in that period—even if its continuing rhetoric about “de facto” governments had been less than helpful in this regard. Rather than the heavily monitored 2012 election period itself, the months following the polls, and the subsequent withdrawal of state-building forces, would prove the most rigorous test of this newfound political stability, and Timor-Leste’s capacity to function as a fully independent and sovereign state. The brief but disturbing outburst of violence that followed the announcement of a new governing coalition in July 2012 highlighted these concerns.

In the years leading up to the 2012 elections, East Timorese political leaders expressed increasingly pointed observations that Timor-Leste was a sovereign state that no longer needed or desired a high level of external involvement in its affairs. Public attacks on the UNDP, for example, reflected growing impatience within government circles for the departure of international state-building forces. But while the decade-long international presence generated some discontent in 2011 and 2012, Timor-Leste’s experience as an emerging state was, in fact, far from unique in the context of the region, with the Solomon Islands approaching the ten-year anniversary of the regional state-building mission, RAMSI (Regional Assistance Mission to the Solomon Islands). In different contexts, the emerging states of New Caledonia and Bougainville were both in negotiated long-term transitions to potential independence, involving the progressive transfer of government powers, and referenda on full independence expected between 2014 and 2020. The southwest Pacific region was, in many respects, a hothouse of new experiments in international state-building, staged decolonization, regional autonomy, and transitions to full independence. Frequently judged in comparison with well-established Southeast Asian states and found wanting, Timor-Leste’s performance, relative to more suitable comparisons with emerging Melanesian states, was favorable. Buttressed by its oil and gas revenues, and with a formidable history of determined struggle for independence, Timor-Leste has grounds for cautious optimism about its future.