

## **TIMOR LESTE: THE SECOND AUSTRALIAN INTERVENTION**

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“We did not expect that the elected leader of a party with an overwhelming mandate could be forced to stand down in this way in a democracy” - Fretilin press release, 26 June 2006

Two stories are in circulation over the second Australian intervention in Timor Leste (East Timor). The first has it that the small, newly-independent country, beset with leadership and ethnic divisions, and led by an arrogant and even despotic Prime Minister, out of touch with the people, called once again on Australian assistance to avoid collapse into a ‘failed state’. The second maintains that the losing leadership faction, in a struggle for control of the senior ranks of the army, initiated a coup, then drew on the support an Australian oligarchy that had distanced itself from Timor Leste’s ruling party and the then Prime Minister, Mari Alkatiri.

How these competing stories are understood has important implications for the future Australian relationship with Timor Leste, and for the possibilities of independent development in the new nation. In the reading of these stories there are important lessons for Australians over their capacity to act as internationalists, developing friendly and supportive neighbouring relations, or as neo-colonialists, attempting to dominate the development of a client state.

Naturally, the historical context of the relationship, the post-independence policy direction and the main elements of the 2006 crisis need to be understood, before attempting to look at the future challenges. So this article will begin by examining the postcolonial tensions in the

relationship between Australia and Timor Leste, and some of the country's post independence achievements, before analysing the main elements of the 2006 crisis and the arguments over the intervention. Finally the development of a broader 'Australian elite consensus' (before and after the crisis) over the future of Timor Leste will be discussed, pointing to some of the challenges for both countries.

### **The Post-colonial Tensions**

In the face of Australian demands, three areas of tension developed between the Australian elite and the newly independent state. First, the Australian demand for privileged access to resources, in particular oil and gas, confronted an East Timorese determination to reclaim and assert sovereignty over these resources. Second, the systematic Australian (and World Bank) obstruction of the building of public economic institutions (in the name of privatisation and open markets) has been resented and sidestepped by the Fretilin-led government. Third, the Australian desire for 'strategic denial' of other significant powers in the region has been frustrated by Timor Leste's diversification of its foreign relationships, particularly the restoration of ties with the former colonial power Portugal and the building of a new relationship with China.

The oil and gas negotiations are the best known source of tension between the Alkatiri and the Howard governments. Even before Timor Leste's independence day, on 20 May 2002, Canberra had moved to head off a possible legal challenge to its oil and gas claims. The Howard Government proclaimed itself "generous" (SBS *Insight* 2002) for offering to convert the 50-50 royalty share deal it had done with Indonesia<sup>1</sup> - in relation to a designated Joint Petroleum Development Area (JPDA) - to an 80-20 share in favour of Timor Leste. Nevertheless, East Timorese negotiators managed to shift this to a 90-10 deal, which was set to be signed off at independence day. Yet several weeks before independence, the Howard government unilaterally withdrew from

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1 This deal, carried out in denial of East Timorese sovereignty, had been generous to the Australians. In the 1980s, the Suharto regime was prepared to give up a share of oil revenue in exchange for Australian recognition (almost unique in the world) of Indonesia's annexation of East Timor.

International Court of Justice (ICJ) jurisdiction over maritime boundary disputes, under the United Nations Convention on the Law of the Sea (UNCLOS). UN-appointed negotiator Peter Galbraith, who worked for Timor Leste in the transition period, said he was “shocked” by the Australian withdrawal, because “Australia has been one of those countries that has stood up for international law” (SBS *Insight* 2002).

The significance of Australian withdrawal was not in the 90-10 deal, but in the question of maritime boundaries, and the second round of negotiations over the Greater Sunrise gas field, only 20% of which lay inside the JPDA. Timor Leste claimed that, under UNCLOS, it owned all of Greater Sunrise. The Australian government said that there was no more talking to be done, and that it would not open maritime boundary talks as this would raise similar boundary problems with Indonesia. Total revenues from the Greater Sunrise field were estimated, over the life of the project, to be \$38 billion, of which Australia was claiming \$30 billion (McKee 2002). This amount dwarfed all the aid money Australia had put into Timor Leste (Anderson 2003: 123), and even a modest change in share could mean billions of dollars for basic infrastructure in the poor and underdeveloped country.

From this seemingly intractable starting position began a long series of difficult talks. In the course of these, Prime Minister Alkatiri was reported to have been lectured by Australian Foreign Affairs Minister Alexander Downer, “You can demand that forever for all I care ... Let me give you a tutorial in politics – not a chance” (*Economist* 2003). Alkatiri persisted, at some cost to the balance he had tried to develop between appeasing the big powers and maintaining a degree of economic independence. The East Timorese intransigence over Greater Sunrise was rebuffed by the Australian Government and also by ‘realist’ academics such as Alan Dupont (a former diplomat), who muttered vague threats over the consequences of such ‘aggressive’ bargaining:

“There’s a line beyond which no government can go and I think the East Timorese are in danger of actually now crossing over that line, if they pursue too aggressively the claim to renegotiate the maritime border and get a greater share of the resource cake. ... the East Timorese have to be careful they don’t alienate the

Australian government, and even Australian popular opinion” (SBS Insight 2002).

Aware of such threats, Timor Leste’s Foreign Minister Jose Ramos Horta had been more cautious than Alkatiri over oil and gas. In 2001, when asked whether he wanted to renegotiate maritime boundaries with Australia, Ramos Horta replied, “I hesitate to say yes or no .. It’s not an issue that East Timor can negotiate ... unilaterally” (*Far Eastern Economic Review* 2001). In 2002, while admitting he had not discussed the matter fully with his Prime Minister or his Cabinet, Ramos Horta suggested a possible “gas-for-security” deal with Australia (Dodd 2002). This came to nothing. In 2003 Ramos Horta was said to have “reassured investors that Timor is happy with the treaty on sharing the Timor Sea’s oil wealth with Australia, despite claims by a cabinet colleague [Jose Teixeira] last month that it was unfair” (*Australian Financial Review* 2003). Ramos Horta said Australia’s attitude in the oil dispute was “very natural” (Banham 2003).

Yet many East Timorese felt they were being robbed. For example, from 2000 onwards, Australia extracted several hundred million dollars in revenues from the Laminaria-Corallina field which, like Greater Sunrise, lay just outside the JPDA. However this field was expected to deliver such revenue for only a few years. The table below shows an estimate of Australian revenues, none of which were shared with Timor Leste. The field is much closer to Timor Leste than Australia and, according to UNCLOS maritime boundary principles, a maritime boundary should be at the mid-point between the two countries. Timor Leste should have taken all the revenue, but it took none.

**Table 1: Estimated Tax Paid to Australia on Laminaria-Coralina**

Year	1999	2000	2001	2002	2003	2004	2005
US\$ Millions	16	346	277	214	172	133	136

Source: calculations by La’o Hamutuk 2006

Despite Ramos Horta’s soothing diplomacy, Alkatiri had not relented on Greater Sunrise, and in 2004 matters came to a head, with President

Xanana Gusmão joining Alkatiri (despite their political rivalry) in a series of public pleas over the oil and gas dispute. In April, Alkatiri said the oil and gas issue was “a matter of life and death” for his country (ABC Radio 2004). In the Portuguese newspaper *Publico*, Xanana accused the Australian government of the theft of Timor Leste’s assets:

"It's a disgrace ... [Australia is] using all the dirty tactics it can ... They steal from us and then they hold conferences about transparency, anti-corruption ... We're creating a wave of noisy protest so that the world can see what's going on." (ETAN 2004).

This was a shift in diplomatic tactics. Ramos Horta and the opposition parties joined in. In Australia, a public campaign<sup>2</sup> helped push opposition leader Mark Latham into declaring the renegotiation of the oil deal Labor policy, and thus an election issue for 2004 (Burton 2004). Pressure was being turned up on the Howard government. But in June Alkatiri declared the discussions with Australia “hopeless” (Alkatiri 2004), and proceeded to call for new tenders on oil and gas exploration rights, and for building refinery capacity. Apart from the royalty share, refining of gas had become a sensitive issue. Australia had pushed hard to send all the Greater Sunrise gas to a Darwin-based liquid natural gas (LNG) refinery which, apart from company profits, would create 1,500 jobs in the construction phase and 100 jobs when in operation (SBS *Insight* 2002). This pulled the Labor government of the Northern Territory into the Howard government’s strategy. Competition from Timor Leste was unwelcome.

Ramos Horta’s son, Loro, later observed that Alkatiri’s dealings with PetroChina would attract the “ire” of both the US and Australia (Horta 2006). In fact, by September 2005, PetroChina and a Norwegian partner (GGS - Geo Global Services) had been awarded the first of the new contracts and, by late 2005, PetroChina had begun talks to build refinery capacity in Timor Leste (*Petroleum Economist* 2006). Alkatiri sought

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2 This campaign included: community based campaign groups including the Timor Sea Justice Campaign and the Australian East Timor Association; a video distributed to all Australian parliamentarians, entitled ‘Don’t rob them of their future’ by the late HT Lee, and narrated by the late Andrew McNaughton; and a television advertising campaign funded by businessman Ian Melrose.

assurances from Australia that it would not block the construction of a gas pipeline to Timor for gas from Greater Sunrise. While Alkatiri said he had no “immediate” plans to set up a national (public) oil company (Dow Jones 2005), in August-September of 2005 his government began to auction a number of exploration rights ‘blocks’, both inside and outside the shared JPDA. Initial interest was expressed by Australia’s Woodside Petroleum, but also by Malaysia’s Petronas, Norway’s Statoil, Kuwait’s KUFPEC and China’s PetroChina (Wilkinson 2005).

By the beginning of 2006, the pressure appeared to have worked. In January Foreign Minister Alexander Downer announced that Australia had agreed to “share equally” the royalties from the Greater Sunrise field. As part of this deal, Timor Leste would agree to suspend for 50 years their claims for fixed maritime boundaries. Downer estimated that the shift in royalty shares (from 18:82 to 50:50) would mean an additional \$4 billion in revenue for Timor Leste (Petromin 2006a). Earlier estimates suggested that a 50:50 split could amount to an extra \$11 billion (McKee 2002). The ‘realists’ had been proved wrong, on revenue outcomes; but perhaps they were to be proved right over the consequences of ‘alienating the Australian government’?

Alkatiri’s government continued its diversification of oil contracts, right up to the May crisis. Exploration contracts were awarded to Italy’s ENI and India’s Reliance Group in May (Petromin 2006b). The Government also opened an office of its new company Ta Fui Oil in Macau, to further its relationship with PetroChina (UNMISSET 2006a). President Xanana had been involved in developing the country’s Chinese connection, announcing PetroChina’s first inland operations, while on a visit to Japan (AFP 2004). He was on the verge of an official visit to China in late May (Macauhub 2006), when the crisis broke.

An important second level of aggravation in the Timor Leste-Australia relationship had been the Australian (and World Bank) obstruction of the building of public economic institutions in the new country. In the transition period (1999-2002) the East Timorese leadership requested the use of aid moneys to rehabilitate rice fields, build grain silos and public abattoirs. These requests were flatly denied. The World Bank had been made trustee of the aid, before independence. Australian aid (AusAID) projects were similarly focussed on ‘corporate welfare’ (Aid/Watch

2005) and privatisation, and thus hostile to the building of public economic institutions.

For example, the initial World Bank Agriculture Rehabilitation Project rejected East Timorese proposals for public sector involvement in “the provision of research, extension and input supply services” because, it was claimed, “such public sector involvement has not proved successful elsewhere; and the anticipated government ... would not be able to afford such a burden”. For these reasons the World Bank team demanded that the publicly funded Pilot Agricultural Service Centres must be privatised (World Bank 2000: 14). Australia backed this argument, despite the fact that its own scientific and industrial research group, the C.S.I.R.O., had provided public services to Australian agriculture over many decades. The World Bank noted that its rejection of the silo and abattoir request was “possibly controversial” and that “some members of UNTAET and East Timorese counterparts may not appreciate the lack of public sector ... structures and activities, and may not support the Project” (World Bank 2000: 21). Indeed, this was a fundamentally anti-democratic move, deliberately excluding East Timorese voices.

A strategy document on agricultural policy (compiled for the IDA by World Bank and Australian officials) similarly suggested that ‘the principle [of agricultural development] should be public financing and private delivery of most of those services’. Although it was said that projects should be “participatory in design, selection and implementation”, the document demanded that:

the government should not own revenue generating enterprises, such as meat slaughterhouses, warehouse facilities, grain storage facilities, tractor pools or rural service centres. Government participation in these and similar activities would be costly and would inhibit private entrepreneurship (IDA 2000: 3-4).

‘Participation’ and exclusion were woven smoothly together. A few years later, Agriculture Minister Estanislau da Silva observed that, while agriculture had been neglected during the Indonesian period and facilities had been destroyed, the foreign controllers of the transitional regime (1999-2002) “did little” to help agriculture in the country (da Silva 2005).

Faced with this, Alkatiri's government built public grain silos with FAO assistance, and promoted domestic rice production with Japanese assistance (MAAF 2005: 18, 40-41). One international program consistent with this policy did secure some Australian support. The Australian Centre for International Agricultural Research (ACIAR) was a partner in the Seeds for Life program, aimed at rehabilitating East Timor's domestic crops. This program tested a range of crops (such as cassava, potatoes, maize and rice) for the suitability in East Timor's conditions (Palmer 2002; ACIAR 2006). However, the AusAID and World Bank preference for 'corporate welfare' and privatisation schemes, often at odd with East Timorese priorities, helps explain why the Alkatiri government sought to diversify its trade, aid and investment partners.

Timor Leste also developed a substantial health collaboration with Cuba, a move which effectively marginalised Australian aid and influence in yet another critical area of development. The US Ambassador, Grover Rees, opposed the Cuban connection. He also gave some support to church-led protests against the Alkatiri Government in 2005 (Grupú Estudu Maubere 2006; Horta 2006). These protests were at plans to make religious education voluntary in schools. Certainly the Catholic Church has become an important opponent of Alkatiri and the Fretilin Government, and the US clearly has enormous influence on the Howard Government. However, Loro Horta probably overstated the matter when he suggested that Alkatiri's collaboration with Cuba represented the construction of "a foreign policy overtly confrontational to the West" (Horta 2006). The Cuban connection did undermine some Australian influence. On matters of alignment with "The West" Loro's father, Jose Ramos Horta, was the only minister to support the US-led invasion of Iraq (Ramos-Horta 2005), and he repeatedly and publicly supported this war. His diplomatic instincts seem to have made him keen to ingratiate himself with the big powers. Alkatiri and Xanana spoke out against the war (Rood 2003).

By 2006, therefore, the Alkatiri government had forced the Howard Government into a humiliating back down over revenues from Greater Sunrise, had pursued an independent agricultural policy (prioritising domestic crops) and had marginalised Australian health assistance. Not

only this, there were new players in the oil and gas business. China, in particular, had been made a partner in new exploration, and in the building of gas refining capacity. These moves competed with Australian corporate interests. As part of the diversification in strategic partners, China had been joined by Norway, Italy, India and Cuba. This did not sit well with the pretensions of an Australian Government which had proclaimed itself a ‘deputy sheriff’ of the US in this region, with supposed special hegemonic responsibility (Brenchley 1999: 22-24).

### **Some Post-independence Achievements**

Despite references to Timor Leste as a potential ‘failed state’ (*Sydney Morning Herald* 2006), the country can boast some modest achievements since independence. First amongst these was the construction of public institutions, a constitution, parliament and the coordination of basic services. All this has been in an environment of post-traumatic stress. Wrestling back control of at least some of its natural resources from a bullying neighbour has been difficult, but has shown some resilience and maturity of leadership. The prudent use of limited resources - both in containing demands for debt and suggested ‘rapid development’, as well as the management of oil revenues - has been notable. One central element of cautious fiscal policy was the establishment of a Timor Leste Petroleum Fund Act, to invest royalties and ensure long term dividends from these funds (Timor Sea Office 2006). Significantly, a focus on public institutions and human resource development has so far avoided a collapse into the privatisation, corruption and waste that characterises many developing countries under neoliberal tutelage.

A group of young East Timorese say that:

“The government of the independent state of RDTL [República Democrática de Timor-Leste – the official name] through the leadership of Prime Minister Mari Alkatiri has strived to turn Timor-Leste into a country truly independent by making its decisions based on the people's interest” (Grupo Estudo Maubere 2006).

They observe that, despite the constraints, the Alkatiri administration opposed privatisation pressures (eg. over power), avoided debt, provided access to health and education and developed some infrastructure for domestic agriculture (Grupu Estudu Maubere 2006). Alkatiri maintained the popular 'debt free' start for the country, though there have been plans to borrow from the Kuwait Fund, to support a national energy grid (*Asia Source* 2006).

According to the UNDP, income and income poverty figures for TL are unimpressive. The country experienced a serious economic recession when the 'UN and aid caravan' left Dili in 2002-2003. Growth rates of 13 to 16% in 2000-01 collapsed to minus 6% over 2002-03 (UNDP 2006: 82). The UN and the aid industry had, of course, taken most of the aid money in their passing. However, and importantly for a poor, developing country, there was some significant capability development. Adult literacy rose from 40.4% in 1999 to 50.1% in 2004, with higher secondary enrolments rising from 37% to 46.5%. Such improvements are typically not reflected in income poverty figures. Gross school enrolments increased from 59% in 1999 to 66% in 2004. Infant mortality was static (mainly due to a lack of skilled birth assistants) but under-5 mortality continued to decline (UNDP 2006: 10, 80, 81).

There have been serious pressures on infrastructure in Dili, and substantial youth unemployment. The large unemployed and young urban population added to the strains that built up around the Gusmao-Alkatiri rivalry, which I will discuss in the next section. However, a central focus on unemployment in Timor Leste would miss some important developmental realities. Rural development and a genuine national network of services remain fundamental, as they affect the great majority of people and can work to slow the tide of migration to the capital. Of course, the UN and aid industry presence created a 'bubble economy' which was unsustainable, fuelled inflation and aggravated urbanisation. This urbanisation continued post-2002. Because rural development remains central, some attention should be paid to the Alkatiri administration's achievements in support of domestic agriculture and national health.

There had been dependence on rice imports, and a limited capacity to pay for them. Before oil and gas, the major export had been coffee, but

revenue from coffee was minimal - about six million dollars per year (ADB 2005). A lot of maize is grown, but rice is now the preferred staple of the East Timorese population. However, local rice production in 2001-02 was only 37% of the 78,000 tonnes demanded. Most imports had come from Vietnam (57%) followed by Indonesia (35%) and Thailand (8%) (World Bank 2002: 43-44). Yet the Alkatiri administration maintained a focus on rice production. The UNDP tells us that domestic rice production was 37,000 tonnes in 1998 but 65,000 tonnes in 2004. This increase was mainly due to increased land under cultivation, rather than productivity improvement. This has meant less dependence on imported rice, an important concern for a country with a history of famines. However, the 2006 crisis again disrupted domestic supply. Table 2 below shows the modest but important consolidation of staple food production, after 1998.

**Table 2: Staple food production, Timor Leste, 1998-2004**

	1996	1998	2001	2004
<b>Rice (tonnes)</b>	52,607	36,848	53,845	65,433
<b>Wetland rice area (ha)</b>	17,418	12,054	na	19,800
<b>Dryland rice area (ha)</b>	2,266	1,772	na	4,321
<b>Maize (tonnes)</b>	106,616	58,931	69,000	70,175
<b>Cassava (tonnes)</b>	53,781	32,092	55,845	41,525
<b>Roots &amp; tubers (tonnes)</b>	44,000	38,000	40,000	43,000

*Source:* UNDP 2006: 84

Agricultural policy emphasised consolidating and improving domestic food production. Practical measures include support for small farmers (improved seed supplies, home gardening, livestock development measures), some expansion of irrigated rice areas and diversified cash crop development, as well as home gardening and permaculture of fruit and vegetables (MAAF 2005: 18-22). Infrastructure and other support would be through modest extension services, unsecured microcredit, feeder roads and possible marketing support (MAAF 2005: 24-28). Food reserves, in case of “harvest failures or disruptions in supply” would underwrite this food grain policy (MAAF 2005: 18-20, 32), rather than the ‘buffer fund’ which was irresponsibly suggested by the World Bank (World Bank 2000: 21; IDA 2000: 3-4; World Bank 2002: 47-51).

The most significant development in health has been the collaboration with Cuba, which began in 2004. Cuba has the best health system in Latin America and the largest bilateral medical aid program in the world. This collaboration at first involved 20 Cuban doctors, plus 50 East Timorese students sent to Cuba to study medicine, on scholarships fully funded by the Cuban government. After a visit to Havana in December 2005, Alkatiri managed to increase the commitment to almost 300 doctors and 600 scholarship places (*Granma* 2005: 1). This was an extraordinary program given that, as at 2006, there were less than 50 doctors in Timor Leste. Cuban doctors are an affordable and well organised resource. They earn a monthly salary of only around US\$200, plus housing and some other allowances. As local observers note, this is “only a fraction [of] the salaries of doctors from other countries who are contracted to work in Timor-Leste” (Grupu Estudu Maubere 2006).

The Cuban program is now centrally important for health services, capacity building and organisation of the national health system. By June 2006 the Health Ministry under Dr Rui Maria de Araujo, emphasising primary health care and free access, had 65 Community Health Centres (each with one or two doctors and 6 to 10 nurses or midwives) and 175 health posts (each with one or two nurses and/or midwives) (PMCTLG 2006). Although doctor training is carried out in Cuba, the Cubans are contributing to building up local training capacity. One year nursing diplomas (in exchange for a three year contract to work in a remote health post) are offered through the National Institute of Health. In the middle of the crisis, in June, the Dili District Health Service was able to set up 19 centres, running 24-hour services for the many internally displaced persons. The government noted that the “220 Cuban doctors and 30 Cuban health technicians” were at the centre of its capacity to mobilise such resources (PMCTLG 2006). The country’s ambition of a fully coordinated national health system was developing strongly.

## **The Second Intervention**

Australia’s 1999 and 2006 military interventions were in one respect similar: they were both requested by the East Timorese leadership. However, the second intervention (reluctantly supported by Alkatiri) saw

partisan engagement in a leadership struggle, with Australian commentators, troops and government providing at least passive support for the coup plotters. Prominent Australian media commentators and heads of aid organisations blamed Alkatiri for the crisis, and demanded his removal from power. In the first two months of its presence in Timor Leste, the Australian military did nothing to disarm the coup plotters, and little to stop the young looters and arsonists. The Howard administration claimed it was simply acting at the request of the Timor Leste government. However, most of the unrest and all of the armed coup attempt had been aimed at deposing the Prime Minister. After Alkatiri had been forced to resign, Howard told reporters: "We have done our job and have been very effective" (Murdoch 2006). Such partisan engagement, however, would not have been possible without a genuine internal leadership conflict. Some detail of this conflict, and some detail of the crisis and second intervention, seem necessary background before resuming the broader narrative.

The central political dilemma was the estrangement of President Xanana Gusmão from the ruling party, Fretilin. Xanana left Fretilin in the 1980s, at first seeking to dissociate the guerrilla army Falantil from Fretilin, then helping form a national coalition (the CNRM, later CNRT) in the late 1990s. After the split from Indonesia, the UN encouraged the dissolution of this coalition and the formation of electoral parties, prior to the 2001 elections, for what became a joint constituent assembly and national parliament. Fretilin won a clear majority of 55 out of 88 seats. Without a clear political base, Xanana sought to withdraw from politics, but was persuaded to stand for the Presidential elections in 2002, against Xavier do Amaral of the ASDT. With his personal popularity and the backing of Fretilin he won easily. But the constituent assembly had made the Presidency a largely titular position. The Parliament and its executive were created to exercise substantial power. This structure set the post-independence framework for the rivalry between President Xanana and the Fretilin General Secretary and Prime Minister, Mari Alkatiri. Xanana had popularity but no political base or real executive power. His voice in East Timorese politics had been diminished. Apparently he was counting on ongoing personal loyalty from the army; yet the army leadership was increasingly Fretilin (or government) loyalist. This was not an open problem, so long as there was not a serious fracture between the

President and the Fretilin-dominated Government. Xanana had supported the Government's struggle over oil, its efforts to rebuild domestic agriculture and the building of national institutions. However, his main preoccupation was reconciliation as a means of sustaining national security. He made the point, more than once, that international military intervention and assistance was unsustainable, and had to be replaced by good relations with Timor Leste's big and powerful neighbours (Gusmão 2002). To this end he had opposed the demands for war crimes trials, and had literally embraced the Indonesian generals who had directed the death squads in his country. If this had helped mend bridges with Indonesia, it had also obstructed the struggle for justice, post-1999. Further, it identified Xanana with militia elements, who had been supported by the Indonesian military (TNI). The reconciliation focus had also encouraged a culture of impunity, which would have consequences for the 2006 crisis. Xanana was clearly seen by some as the big man who could pardon all sins.

Alkatiri, on the other hand, had been the country's chief development strategist. While there had been some private disparagement of his Muslim background (in a largely Catholic country) and his long period in exile, none of this had stood in the way of his gaining respect as a key leader of the country's independence movement. The economic nationalism, fiscal conservatism and tough mindedness he demonstrated as Prime Minister enhanced this respect, within Fretilin. He had been criticised for arrogance and lack of consultation and, while he had engendered particular aggravation with Australia over the oil dispute, he had always acted within his entitlements. His fiscal management had even drawn praise from the US-controlled World Bank (AFP 2006a). There were no substantial public attacks on Alkatiri, from outside the country, prior to the crisis.

It was the desertion of several hundred soldiers from the army (FNTL) in February that eventually led to the 2006 crisis. These soldiers were then dismissed for desertion by the head of the army, Brigadier-General Taur Matan Ruak, with the backing of Prime Minister Alkatiri. Though this mass desertion has been portrayed as representing an 'east-west' ethnic tension, Jose Ramos Horta, as interim Defence Minister, told the *Jakarta Post* that while the police had been "very factionalised", the army was

“very disciplined” and that the 600 that had deserted and had been sacked, “were mostly from the east”, while 200 of those remaining in the force “are from western regions like Liquica” (in Nurbaiti 2006a). Nevertheless, it seems that promotions had fallen to many easterners who had been more closely identified with the resistance, and had been refused to others because of questions either over their loyalty to Fretilin or because of their links to some western communities with pro-Indonesian militia links. Many of these communities were the people Xanana had been trying to include. So an important factor in the army conflict was the perception that Xanana could represent the ambitions of the disaffected soldiers, against the wishes of the government and the army hierarchy. For his part, Xanana clearly held an intense bitterness at the country’s main independence party, a bitterness which came out in a 22 June speech, after the crisis broke.

“[their] old ideology is no longer suitable .. a small group of people, who lived abroad, want to replicate the attitudes we witnessed from 1975 to 1978 ... In 2006, Fretilin wants to stage a coup to kill democracy ... I had to take Falantil [the guerrilla army] out of the party ... I left Fretilin to liberate our land and all our people ... I did not kill Fretilin and I continue to respect Fretilin .. if I were to return to Fretilin, Lu-Olo would never be Chairperson” (Gusmão 2006).

This emotional tirade emphasised Xanana’s personal role, belittled others (including guerrilla leader and Fretilin loyalist Lu-Olo) and exposed his own mixed feelings about Fretilin, the country’s main independence movement.

Xanana became a magnet for dissatisfaction, and a foment around the President had been going on for some time as, according to Martinkus (2006), there had been two attempts at a coup, prior to May 2006. The axis against the Fretilin-led government included figures in the hierarchy of the Catholic Church and middle ranking army officers, who pledged exclusive loyalty to the President. After the Church-backed 2005 demonstrations against Alkatiri, army chief Taur Matan Ruak had been approached to lead a coup, but had refused. Then early in 2006 he and Lt-Col Falur Rate Laek were approached by “two prominent East Timorese leaders and two foreign nationals” to lead a coup. Both had

refused and had reported the incident. Alkatiri knew of these coup attempts, but he refused to implicate Xanana (Martinkus 2006). However the May crisis was seen by the Fretilin Government as a development of these earlier coup attempts.

Accounts of the April-May conflict have proved controversial, and this account is mainly drawn from the United Nations Secretary General's August 8 report to the Security Council. On 24 April the 594 soldiers ('the petitioners') who had been dismissed from the army began four days of "generally peaceful" demonstrations in Dili. On 27 April PM Alkatiri agreed to the demand for a commission of inquiry into their complaints. However, on 28 April some in the ongoing demonstration attacked government buildings, seriously injuring one police officer and damaging property. The government called in the army and in the ensuing confrontation five people were killed and more than 40 injured. A first wave of internally displaced persons sought refuge in churches, UN offices and public buildings.

On 3 May Major Alfredo Reinado left his post with two others, and on 8 May a group of 500 surrounded government offices in Gleno and attacked two police officers of eastern origin, killing one who had been persuaded to disarm by an officer of western origin. This was said to have "exacerbated" east-west tensions in the police (Secretary General 2006). On 11 May the Australian government positioned two war ships, the Kanimbla and the Manoora, close to Timor Leste, though there had not yet been any request for assistance (ABC 2006a).

In this tense climate Fretilin held its National Congress, over 17-19 May, overwhelmingly re-electing Mari Alkatiri and Lu-Olo as Secretary General and President, by a show of hands.<sup>3</sup> On 23 May Reinado came down from Aileu to lead an attack on the army in Dili, causing an exchange "that resulted in deaths on both sides". The next day, the army headquarters at Tacitolu was attacked by a group "reportedly consisting of petitioners, PNTL [police] officers and civilians". This operation

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3 The 'show of hands' form of voting for party officials attracted criticism, Xanana calling it illegal (Gusmão 2006). However, Timor Leste's Court of Appeal would later unanimously declare the vote legal, saying "the Fretilin Congress was at liberty to adopt a system of secret ballot or non-secret vote to elect the office bearers to its party leadership structure" (in TLDSN 2006a)

included an attack on the house of Brigadier-General Taur Matan Ruak, and lasted several hours. Several were killed. After this, a number of eastern origin police abandoned their posts and took refuge at the army training centre at Metinaro. On 25 May, members of the army, along with some police and civilians, counter-attacked the police national and Dili headquarters. UN training staff negotiated “an agreement” for these police to leave, unarmed; however some soldiers opened fire on them, killing eight police officers and injuring more than 25, including two UN advisers. The following day, “incoming international forces” secured the airport and other facilities, and began an occupation of Dili (Secretary General 2006).

The attempted coup had sparked wider violence, some of which was opportunistic and some politically motivated. A mother and five children, closely related to Interior Minister Rogerio Lobato, were killed in one house fire. It seems that they were targeted for their family connections (ABC 2006b). Many other houses were burned, in a manner similar to the 1999 militia destruction. Thousands more sought refuge. Families both ‘east’ and ‘west’ were affected, but more ‘easterners’ seemed to be targeted. East Timorese people were shocked by the unprecedented rise of what was presented as a regional, ethnic divide.

On receiving a joint invitation from Xanana, Ramos Horta and Alkatiri, the Howard Government had sent in Australian troops. Immediately, prominent Australian voices began to blame Alkatiri for the crisis, and shortly after to demand his removal. His responsibility, it was generally said, stemmed from the unwise dismissal of a large group of soldiers. Criticisms widened to observe that he was a Muslim and was supposed to have given preferential contracts and jobs to his relatives (Cave 2006). It was said that he was arrogant and out of touch. Yet there was no significant Australian condemnation of the renegade soldiers who had taken up arms against their own government. Xanana escaped criticism for not denouncing the renegade soldiers and gangs who were acting in his name. However, some observed the foreign connections of Reinado’s wife, who worked for the U.S. Embassy, with the Peace Corps (Loro Horta 2006).

Paul Kelly - prominent Australian journalist and member of the Jakarta lobby, which had opposed independence for Timor Leste – asserted on

28 May that it was “questionable” that Alkatiri had any future political role in his own country (Kelly 2006a). The following day Tim Costello – CEO of World Vision, one of Australia’s largest aid organisations – suggested ‘regime change’, and named a new Prime Minister:

“I suspect a government of national unity, where Xanana may think about sacking the Prime Minister Alkatiri, inviting the opposition into a government of national unity, probably under somebody like Ramos Horta” (Costello 2006)

On 31 May Kelly spelt out the Australian elite view, with great clarity:

“Australia's intervention in East Timor ... is both military and political ... Australia is operating as a regional power or a potential hegemon that shapes security and political outcomes ... Australia's obvious preference is for the removal of Alkatiri as Prime Minister and a political victory for Gusmão and Ramos Horta ... The Howard Government was told before the Fretilin congress 10 days ago that Dili's ambassador to the US, Jose Luis Guterres, had the numbers to depose Alkatiri. But such predictions were dashed ... [if Alkatiri were to survive, politically] the political poison within East Timor's politics would only intensify, with Alkatiri sure to take an even greater set against Australia.” (Kelly 2006b)

Encouraged by these strong comments, Xanana’s Australian wife, Kirsty Sword-Gusmão, joined in: “We certainly support calls for his resignation” (in Ong and Dodd 2006). A few days later, Greg Sheridan entrenched the attack on Alkatiri: “If Alkatiri remains Prime Minister of East Timor, this is a shocking indictment of Australian impotence” (Sheridan 2006). Expressing frustration that Alkatiri appeared to be surviving the crisis, Kelly added:

“The chief difficulty has been on display all week. Australia underwrites police and military security in East Timor yet it cannot dictate the domestic political outcomes on which any enduring stabilisation of the country depends. We have responsibility without power” (Kelly 2006c).

In face of this onslaught, Prime Minister Howard made few overt remarks against the Alkatiri government. An Australian consensus had been laid out. All that was required was for the East Timorese to comply.

Yet there was no real reason for Alkatiri to step down, and he retained strong support from Fretilin. The Australian 'elite consensus' on Alkatiri needed something extra. Leader of the largest opposition party Fernando 'Lasama' Araujo claimed that he had been targeted by Alkatiri, particularly after his house was burned down, during the crisis (Siapno 2006). However, he had been previously investigated for defamation, and Ramos Horta's office had accused him of "instigating unrest" (Santos 2006). At one stage during the crisis Fernando moved to occupy the parliament, attempting to lock other MPs out. His Democratic Party (PD) gained seven seats in the 2001 elections and by 2006 was reported to have eight seats (Lusa 2006a). But on 10 June an ABC television team had interviewed a group of armed men on the farm of another opposition leader, Mario Carascalao. They claimed that Alkatiri had hired them as a 'hit squad', to assassinate political opponents (Jackson 2006b). This story was later run in the Australian documentary television program, *Four Corners*. Xanana delivered a video copy of the program with a letter demanding Alkatiri's resignation. In the ensuing storm of publicity, and weakened by the crisis and the presence of foreign troops, independent Timor Leste's first Prime Minister resigned, on the 26<sup>th</sup> of June.

A little analysis shows serious problems with the 'hit squad' story. It conflated two claims. The first claim seems well established: that some government departments distributed weapons to irregular forces after the coup attempt began, and as the police force disintegrated. This could be understood as a measure to maintain security, and for self-defence.<sup>4</sup> The second claim from the men interviewed by the ABC team - that they received arms from Alkatiri for political assassinations - lacked credibility from the start. The interview was backed by opposition figures, and the main character Vicente "Railos" da Conceição, was a dismissed army officer who had been involved in Reinado's 23-24 May attacks on the army. The ABC team had been told of this involvement

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4 On this basis, though, on 21 June, "international prosecutors working in the Office of the Prosecutor General" arrested Interior Minister Rogerio Lobato for the illegal creation of militia (JSMP 2006b: 12; Barker 2006).

(Jackson 2006a). Although Railos had been a Fretilin delegate, from Liquica, his subsequent collaboration with Reinado, against government loyalists, make it unbelievable that he would be entrusted by government leaders to assassinate opposition figures. In any case, his evidence would be tainted by his links to the coup plotters. Even *The Australian*, which had led the campaign to remove Alkatiri, questioned the role of Railos (Dodd and Fitzpatrick 2006). The ‘hit squad’ story had been a political ‘coup de grace’ for Alkatiri, but it had no future as a criminal prosecution. The UN Commission’s report on the crisis, released in October 2006, said it “does not accept” that Alkatiri “gave instructions” to the Railos group to “eliminate” his political opponents, but it suggested “further investigations” to determine his possible knowledge of arms distribution to civilians (UN 2006 p.40).

Meanwhile, others were escaping prosecution. Well into the crisis, and in opposition to the expressed views of Army Commander Taur Matan Ruak, Xanana continued to insist that Alfredo Reinado was not a danger, and that he was acting “to ensure the safety of the population” (UNMISSET 2006b). Even in mid June, after the attacks on the army at Tacitolu, Xanana insisted Reinado was “not a rebel”, but rather he “went to the mountain ... to avoid a conflict” (Nurbaiti 2006b; AFP 2006b). The Australian armed forces, obligingly, did not move against Reinado when they landed. In fact, Reinado expressed his pleasure at the Australians arrival (Banham 2006). Nor did chief prosecutor Longhuinos Monteiro move against either Reinado or Railos. Xanana would now begin to say that “reconciliation required justice over recent wrongdoing” (da Fonseca 2006), but this was clearly aimed at Alkatiri, not Reinado.

However, on 26 July, after the expiration of an amnesty on weapons possession, a Portuguese police unit uncovered an arms cache held by Reinado, and international forces arrested him. The Attorney General’s office indicted Reinado for “conspiracy and attempted revolution” (LUSA 2006b), then for attempted murder. The Portuguese media noted this as an embarrassment for Xanana, given the support he had afforded the mutineer (*Diario de Noticias* 2006). In August, the Judicial System Monitoring Program criticised the Prosecutor General’s “apparent failure to date” to investigate Railos, and the delay in investigating Reinado. The JSMP said it believed the Prosecutor General’s office “played no role in

the [Reinado] arrest" (TLDSN 2006b). In other words, the political impartiality of judicial processes was in serious question, and linked to the favouritism of President Xanana.<sup>5</sup> The UN Commission's report on the crisis found "no evidence" that Xanana authorised Reinado and others to carry out armed attacks but it did find that Xanana "did not consult and cooperate" with the army command, thus "increasing tensions between the President and the army" (UN 2006: pp.30, 63).

In the wake of Alkatiri's forced resignation, and with the necessary approval of Fretilin, Xanana appointed Jose Ramos Horta as the interim Prime Minister, pending the 2007 elections. The President said those elections were "the appropriate means to resolve the conflicts peacefully, and to overcome the crisis" (da Fonseca 2006). This, to some extent, pacified the Australian voices, though it did not seem that Ramos Horta's elevation would lead to any immediate policy change. In the past he had said he would like more "privileges" for foreign investors (Ramos Horta 2003) and, more recently, that he would like to "fast track" investments with World Bank help (Fitzpatrick 2006); but he was also committed to the new oil and gas deals, and influenced by Alkatiri's fiscal conservatism and diversification strategy. Further, Fretilin had not been sidelined and Alkatiri was still its Secretary-General.

### **An Australian 'Elite Consensus'**

With some background on the domestic aspects of the crisis, we can return to discussion of an 'elite consensus' in Australia. What Edward Said (1993) termed a "powerful, ideological, cultural consensus" forms a necessary part of a neocolonial project, to back military and economic power. The pre-crisis consensus in Australia had been limited to those groups (media, finance, mining, government) with direct interests in managing the neighbouring country and its resources. It focussed on the classical colonial demands for privileged access to natural resources, an obstruction of public economic institutions and 'strategic denial' of

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5 On 31 August, Reinado escaped from Dili's Becora prison, and threatened militia-style (political) violence (Johnson 2006). Australian soldiers made little effort to pursue him.

potential rivals. A second stage of this consensus, elaborating the project, drew in a wider intellectual elite (including aid managers, academics and journalists), with paternal interest in the new responsibilities. This consensus grasped deeper into the roots of Timor Leste's political institutions and included demands for: the 'reform' or fracturing of Fretilin, marginalisation or abolition of the army (FNTL), and the inclusion of English as an official language of the country. Most of this had little basis within Timor Leste.

The 'reform of Fretilin' demand sought to link up with internal forces. First of these was Xanana's estrangement from Fretilin; second was a small group of disaffected members who had unsuccessfully sought to challenge the Fretilin leadership; and third were the opposition parties. For its part, the crisis must have demonstrated to Fretilin that it needed to rebuild in the new circumstances, to offer participatory opportunities, especially for the younger generation. This, however, was not the Australian elite's idea of 'reform'. According to Rupert Murdoch's journalists at *The Australian*, a 'democratic' Timor Leste was equated with one that was pro-Australia. There was not much room for Fretilin views:

"Gusmão and Ramos Horta are pro-Australian and cognisant of working with Canberra. By contrast, the Howard Government sees Alkatiri as a 1970s-style pro-Marxist anti-capitalist suspicious of democratic practice" (Kelly 2006b).

Alkatiri's policies had been anything but doctrinaire, but this did not stop Cold War style attacks. Mark Aarons, in *The Australian*, warned over the dangers of Alkatiri's "faction", suggesting East Timorese must: "remove the stultifying control of political, civic and economic life by Prime Minister Mari Alkatiri's dominant faction within Fretilin" (Aarons 2006). Professor James Cotton, of the Australian Defence Force Academy, another fierce critic of Alkatiri, predicted that the country's party system "appears set to fracture" (Cotton 2006). Lawyers John Dowd and Bernard Collaery (who had been advisers to Xanana) even suggested that the Fretilin government had never been elected: "The only person elected in East Timor is the President Xanana Gusmão. There has been no democratically elected government", said Dowd (*Sunday* 2006). This

was a reference to the August 2001 elections, which were initially for a Constituent Assembly but also functioned (as voters understood) for the country's first democratic government. Dowd was trying to elevate Xanana and undermine the legitimacy of Alkatiri and the elected parliament. The partisan nature of these attacks illustrates the danger of an ongoing Australian occupation.

Marginalisation or abolition of the country's army (FNTL) was the second new demand, coming from sources close to Canberra and the Australian Defence Force (ADF). Yet there was no such demand within Timor Leste. The crisis and attempted coup had indeed centred around attempts to seize control of the army, but the independent armed force (Falantil, now FNTL) was a powerful part of East Timorese history and identity. Falantil-FNTL was a defining public institution of the new state, and no serious political party in Timor Leste would suggest its abolition. In large part because of this, an independent army was seen as an obstacle to Australian tutelage and influence. Cotton (2006) suggested that the "deep divisions" in the army "made it unlikely that a viable military can be reconstructed". Yet, even after the 600 dismissals, and the rebellion of the Reinado and Railos groups, Ramos Horta had noted the discipline of the bulk of the army, and the army command (Nurbaiti 2006a).

Whatever the management problems of the army, it was the police that collapsed, not the army. Yet in Australia academic Damien Kingsbury bluntly asserted the army was "an expensive and politically divisive institution within the state, and quite frankly it needs to be gotten rid of" (in Hazzan 2006). At a public seminar in Canberra to discuss the crisis, retired Lieutenant-Colonel Bob Lowry spoke of the struggles he had observed over the army, during his time as a security adviser in 2002-03. His 2003 recommendation to the Alkatiri Government that the Falantil veterans in the army be pensioned off was rejected. He claims that the army and defence ministry is dysfunctional and should be disbanded or changed into "police support and disaster alleviation" function (Lowry 2006).<sup>6</sup> Cotton bluntly asserted that "the wrong people" were in

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6 This is not unlike the approach taken by Australia in the Solomon Islands and Papua New Guinea, where Australian intervention has tended to sideline the local military and attempted to build up an Australian-trained police force.

government and that “if we cannot have a say in who is in charge in East Timor, we should withdraw our troops” (in Boyle 2006). The Australian elite consensus was feeding itself.

The third new Australian demand, that English be officially recognised, emerged from several years of Australian frustration with the adoption of both Tetum (the national dialect) and Portuguese as joint official languages.<sup>7</sup> This reflected a frustration of Australian governmental and aid industry people at the problems of communications in a small country with several languages not their own. Small countries are always cursed by language, in that their educated classes have to learn several languages. On the other hand, Australians are notoriously lazy at learning other languages. This discomfort was elevated into a public policy argument. Kingsbury asserted that “national unity” can only be achieved by the East Timorese “settling on one language and embarking on a major literacy campaign in that language” (Kingsbury 2006). This simple, reductionist view ignores the varying historical processes that shape the national institutions and languages of many countries. One cannot understand why, for example, India, Canada, South Africa and Papua New Guinea have adopted their multiple national languages without reference to their particular histories. Canberra academic George Quinn, in a scathing attack on Timor Leste’s institutions, called both for the abolition of the army and “the scaling down of the Portuguese language policy” (Quinn 2006).

There had indeed been an debate within Timor Leste over language, but it was not so much over English, as over the place of Indonesian and Tetum. It was indeed the case that few East Timorese in 2001 (when the constitution was created) spoke Portuguese, and this seemed to privilege the older generation. However, the younger generation had been educated in Indonesian, and most higher education had been in Indonesian colleges and universities which, after 1999, were no longer accessible. Tetum, a genuine national language, was only in its beginning stages as a written language. Yet a significant proportion of Tetum (perhaps as much as a third) comes from Portuguese, which is of course a world language. It is therefore somewhat easier for Tetum speakers to

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<sup>7</sup> Section 13.1 of the National Constitution says “Tetum and Portuguese shall be the official languages in the Democratic Republic of East Timor”.

learn than English. Portuguese also maintains the country's connections with the Lusophone world (Portugal, Brazil and others). So Portuguese was a rational choice but, more importantly, it was a choice made by East Timorese people, through their constituent assembly. This is a fundamental matter of self-determination.

At a practical level, there is hardly hostility to the teaching of English in Timor Leste, as many people wish to learn this important world language. But that is a different issue to insisting that Timor Leste's Constitution be changed, for Australian convenience. Those who feel this way might best look at the very low level of tertiary scholarships offered by Australia to East Timorese students: twenty per year in the transitional period, and only eight per year in 2006 (AusAID 2006). This compares unfavourably with the six hundred medical scholarships offered by Cuba, over three years. In addition, Cuba provides one year's language training, so students can master their language of instruction (Spanish). Australia offers no such scholarship extension for English training, rather it requires that all tertiary students "have an English language proficiency of at least 5.5 in IELTS" (AusAID 2006) before they can enter the country.

### **Concluding Comments**

Australia's second intervention in Timor Leste came after a period of aggravation in which the independent nation faced down Australian elite demands for privileged access to the country's natural resources, Australian and World Bank obstruction of public economic institutions (including support for domestic agriculture) and Australian irritation at diversification of the country's strategic partners. Most of the hostility was aimed at Prime Minister Mari Alkatiri, the chief development strategist.

Some modest but important achievements were made in the first few years after independence, notably the construction of national institutions, reclaiming natural resources from a greedy neighbour, prudent management of finances, the consolidation of domestic

agriculture and staple food production, and development of human capital through expansion in education and in the health system.

However, internal rivalry expressed through a struggle over the leadership of the army, and revolving around a President alienated from the dominant party, sparked a coup attempt in May 2006. When the military coup failed, a partisan Australian intervention, including a powerful and partisan media, forced the resignation of Alkatiri. Evidence does not support the notion of a benign or independent Australian assistance role.

The interim government appears more 'Australian friendly', but relations between the Howard Government and Fretilin have been seriously damaged. At the same time there are a new raft of Australian demands, an 'Australian consensus' that Timor Leste's main party be 'reformed', that its national army be sidelined or abolished and that the country adopt English as a national language. These new demands (seen as necessary for a more energetic and sustained Australian intervention) are elaborations of an Australian 'elite consensus', the cultural product of a primary elite (media, mining, finance, government) with direct interests in resource and strategic control, and a secondary elite (aid managers, academics, journalists) which has associated itself with the paternalistic project.

The Australian demands represent a dangerous escalation of neo-colonial pressures, compromising to East Timorese independence and corrosive of normal domestic politics. Such pressures will encourage disaffected groups to align themselves with the neo-colonial power, to avoid engagement in 'normal' politics. These groups may well be encouraged to play 'the Australian card', as pro-Indonesian militia groups did under a previous occupation.

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