

# East Timor left to flounder in poverty and unemployment

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The appalling conditions facing East Timorese were summed up in the statistics published by the UN Development Program (UNDP) earlier this year in a report entitled “The Path out of Poverty”. The title of the document tends to suggest there might be some cause for optimism—in the future at least. Its contents, however, demonstrate that, for all the euphoria about the East Timorese independence in 2002, social conditions if anything are getting worse.

According to the report, East Timor ranks below all its neighbours in the Association of South East Asian Nations (ASEAN), including Vietnam, Indonesia and Cambodia, on a range of social and economic statistics. Several indices, including life expectancy and access to electricity in rural areas, have in fact worsened, as compared to the previous UNDP report in 2002.

On the most basic measure, annual per capita GDP in East Timor was just \$US370 in 2004—or \$US1 a day. In rural areas, the figure was even lower—just \$150. By comparison, per capita GDP was \$3,700 in Indonesia, \$3,000 in Vietnam and \$2,100 in Cambodia. Of the bottom 30 entities in the world, only four—East Timor, Afghanistan, Gaza, and the West Bank—are not in Africa.

Moreover, annual per capita GDP has actually fallen from a “high” of \$460 in 2001, when a large number of UN and other international personnel created an artificial “UN economy”, particularly in Dili. The current figure of \$370 is lower than during the Indonesian administration of the province in 1999.

Based on income figures, 40 percent of people live below the official poverty line of 55 US cents a day. In rural areas, the proportion is closer to 50 percent. The “National Vision to 2020” proposes reducing poverty

to 30 percent by 2015, but without any significant international assistance even this very modest target is unlikely to be reached.

East Timor scored 0.43 on the Human Development Index (HDI), a measure that combines a number of social and economic factors. The figure places East Timor well below all ASEAN countries and below the 2003 average for the world’s least developed countries of 0.52.

A large proportion of the population survives on subsistence agriculture, contributing to high levels of food insecurity. From November to February, between the maize and rice harvests, many East Timorese have insufficient food. The lack of storage facilities and poor road infrastructure compound the problems of providing food throughout the island.

Figures from the UN World Food Program reveal the impact. Of children under the age of 5, 48 percent are stunted and 12 percent are wasted. This compares with Mali in West Africa, one of the poorest countries in the world, where 54 percent are stunted, and 7 percent are wasted.

Agriculture remains very primitive. The only significant cash crop in East Timor is coffee, which contributes just \$US7 million a year in exports. Just 3 percent of farmers use fertilisers, pesticides, manure, or improved seeds. The main reason is the lack of rural finance.

The UNDP report concluded that government efforts in agriculture have been “miniscule compared with the needs ... nor has the private sector made much of a contribution.” Typical of the problems is a budget shortfall of 80 percent for a micro-finance program (INFUSE) to increase access by poor and low-income people to sustainable financial services.

Lack of access to clean water, sewerage and proper

health care have contributed to high child mortality rates—136 children out of 1,000 die before reaching the age of five. Of those, 90 die in their first year. Maternal mortality rates are also high—800 per 100,000 births. Life expectancy is just 55.5 years.

These figures point to the lack of health services. Nearly 60 percent of children under 2 have not been immunised. A UNICEF study reported that half the children interviewed in its survey had had some form of illness in the preceding two weeks. Half the people lack access to safe drinking water, and 60 percent have inadequate sanitation.

The level of unemployment and underemployment in East Timor is very high. The official jobless rate in 2004 was 9 percent and 23 percent for youth, but the rates were higher in Dili. According to unofficial estimates, joblessness is closer to 50 percent. There is little economic development to absorb the additional 14,000 people entering the workforce each year.

More than \$US3.5 billion in aid has been provided to East Timor via UN and international aid agencies since 2002. The bulk of the money, however, has been used to pay the wages of aid officials, consultancy fees and contracts with companies connected to the donor countries. Far from ending poverty, the aid is primarily aimed at providing the infrastructure and services required for businesses and foreign investment.

The government remains dependent on foreign donors for about half of its revenue. Its economic problems have been compounded by the Australian government, which has bullied East Timor out of a significant proportion of the income from Timor Sea oil and gas reserves. By international law, the bulk of the undersea fields lie within East Timor's territorial waters. Securing control over these fields was the real motive behind Canberra dispatch of troops in 1999 and 2006, not concern for the country's impoverished population.



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