

## **Timor Leste: Minimum Wages, Job Guarantees, Social Welfare Payments or Basic Income.**

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In Timor Leste, the majority of the population lives on less than a dollar\* a day. Subsistence agriculture is the main industry outside the major towns. By world standards it is a poor country but it has, in recent years, obtained access to oil royalties which have the potential to increase the incomes of all its citizens.

There are a number of social policies available to the Government of Timor Leste which would improve the lot of its citizens. This paper will explore just some of them concentrating upon; minimum wages, job guarantees, social welfare payments and Basic Income. If the Government aims to alleviate poverty, promote autonomy and social stability then a Basic Income is the best option.

### **A Brief History of East Timor**

Portuguese involvement with Timor began in the second decade of the 16<sup>th</sup> century. “The first two centuries of Portuguese influence were largely taken up with missionary activities, although the priests eagerly participated in the sandalwood trade (Dunn 1983, p. 16).” It was a time when the Dutch and Portuguese struggled with and against various Indigenous leaders for control of what was then called the Dutch East Indies. The Portuguese did not establish a colonial government on Timor until the early 18<sup>th</sup> century. The Dutch eventually forced the Portuguese out of the western part of Timor, and in 1913, the Island was divided between the two colonial powers (Dunn 1983, pp. 15-18). Throughout the colonial period, there were numerous large-scale uprisings by Timorese chieftains and Portuguese control could best be described as tenuous. Colonial control was dependant upon successfully dividing and conquering Timorese resistance.

During World War II, the Australian army landed in Timor Leste, despite the declared neutrality of Portugal and the Portuguese colonial authority in Timor. This in turn led to the Japanese invasion of the country and the subsequent death of over 40,000 of its citizens (Scott 2006, Dunn 1983, pp. 22-28).

Following the coup by the Armed Forces Movement in Portugal in April 1974, the move towards independence gained traction. I visited Timor Leste in that year and found the political tension in the major cities was palpable. There was an obvious tension between a conservative coalition, the Timorese Democratic Union (UDT) supported by Chinese and Portuguese bourgeoisie and conservative Timorese leaders and Fretilin (the Revolutionary Front for an Independent East Timor), a socialist party. There was also a small party in favour of integration with Indonesia.

In early August 1975, UDT staged a coup against the Portuguese administration in Timor. Fretilin responded by calling on the loyalty of the Timorese troops who had been under Portuguese control. A couple of weeks of civil war erupted between UDT and Fretilin supporters; but the fighting was largely over by the end of August with Fretilin prevailing (Dunn 1983, Ch.8).

\* Unless stated otherwise a dollar refers to \$US.

It is probable that more than 3,000 people died. The Portuguese administration withdrew to an island a short distance off the capital of Dili. Fretilin tried to persuade the Portuguese administration to return and to work with the Indonesian and Australian Governments – but they did not return. Indonesia mounted covert military operations against Fretilin from early October 1975 and Australia did next to nothing to prevent them (Dunn 1983, Ch. 9, Scott 2006). In the face of a feared Indonesian invasion and in the hope of generating international support, Fretilin declared the country independent on the 28<sup>th</sup> November 1975. Indonesia launched a massive land, sea and air attack on Dili on the 7<sup>th</sup> December 1975.

At the time of the invasion the country had a population of between 800,000 and 850,000. That invasion and the subsequent 24 years of occupation led to the deaths of between 200,000 and 300,000 Timorese. In 1991, one violent incident (subsequently known as the Dili Massacre or the Santa Cruz Massacre) occurred in which 400 Timorese were killed, the Western press managed to get TV footage out of Timor Leste showing Indonesian soldiers firing on unarmed students at the funeral of a murdered colleague, Sebastian Gomes, in the grounds of the Santa Cruz cemetery (Peace is Possible in East Timor Ecumenical Association 1992). In 1992, I joined an international peace mission intending to journey to Dili on the Portuguese vessel *Lusitania Expresso*. We were turned back by Indonesian war-ships and planes at the 12 mile limit (McMillan 1992, Tomlinson 1992, p. 11).

Throughout the entire period of occupation, the Timorese resistance waged an insurgency campaign against the Indonesian administration. By the late 1990s the Indonesian military was using militias to attack the resistance and, in 1999 I wrote:

### **Tourism in Timor**

Visit Militia City,  
admire their home-made guns,  
count the dead  
from your hotel bed;  
daughters, mothers, sons.

Tour the burnt out suburbs,  
fondle a hand grenade,  
bury a battered body -  
democracy, militia-made.

You can bathe in blood and gore.  
Shoot the fleeing by the score.  
See freedom delayed  
and justice betrayed.  
There is a whole lot more.

We'll show you Kopassus compassion.  
You can dig an unmarked grave.  
Teach you how to kill the wounded.  
It's cheap you'll save

and save.

A United Nations plebiscite was held in 1999 in which 80% of the Timorese voted for Independence from Indonesia (Taudevin and Lee 2000, p. vii). In the lead up to and aftermath of the plebiscite, Indonesian-influenced militias and military killed 1,400 people and wounded thousands and destroyed much of the physical infrastructure of this tiny nation (Taudevin and Lee 2000, Robinson 2003, Tanter, Ball and van Klinken 2005). When I visited in 2005 I was amazed that the telephone wires between Los Palos and Tutuala, a distance of 50 kilometres, were missing though the poles were still standing. I was told that the Indonesians had taken the wire when they left (Tomlinson 2005).

In 2002, Timor Leste became an independent nation and Fretilin won government. In 2006, following the sacking of 600 police and army officers, internecine violence broke out in Dili leading to widespread burning of houses and intermittent killings (Brewer 2007). Thirty-seven people were killed in the initial period and up to 200,000 people became displaced from their homes. By mid September 2007, following a relatively peaceful election in which Fretilin lost its majority and was replaced by a coalition of parties, there were still between 100,000 and 150,000 internally displaced people living in refugee camps and the countryside. The fighting, which broke out between Fretilin supporters and those who favoured the coalition of parties headed by Xanana Gusmao, led to a further 300 houses being destroyed (Leopold 2007).

*Last Flight out of Dili* provides an interesting account of what David Scott terms Australia's "Four Betrayals":

- despatching troops into East Timor during WWII, which ended East Timor's neutrality and provoked the Japanese invasion of that country, leading to the deaths of 40-60,000 Timorese;
- Gough Whitlam's "acquiescence" to the integration of East Timor into Indonesia;
- not ensuring security in East Timor prior to the Independence vote in 1999; and
- not protecting East Timorese people from the Indonesian Army and the militias' onslaught after the vote.

To these "betrayals", I would add: the connivance of successive Australian governments with Indonesia during its 24 year occupation of Timor and the recent Howard Liberal-Coalition Government negotiations over the distribution of Timor Sea oil revenues (see also Aarons and Domm 1992). On January 12, 2005, Timor Leste and Australia signed a treaty to share equally the revenues of the Greater Sunrise oil and gas field in the Timor Sea. This brought prolonged negotiations to an end but left in abeyance for up to 50 years a final determination on the seabed boundary between these two neighbours. To the uninformed, this might sound like a fair agreement between David and Goliath, but the real winner is Australia which will benefit from processing the oil and gas in Darwin.

In addition, there are many who believe that most of the hydro-carbon resources in the Timor Sea rightly belong to Timor Leste. The Australian Government recently withdrew from the jurisdiction of the World Court, in relation to the Law of the Sea,

to avoid the possibility of an international juridical determination on a boundary between the two countries.

Timor Leste is a country with about one million people. It “is one of the world's poorest nations, ranking below Congo and Sudan in its indicators of human development. It is the poorest country in Asia. Life expectancy is 56 years, the adult literacy rate is only 58 per cent and one child in ten can expect to die before they reach five years of age. The average East Timorese woman gives birth to nearly 8 children and 42 per cent of the population is under 15 years of age. Population growth is a massive 5.36 per cent per year. Annual GDP per capita is only USD\$367 (AusAID 2007).” Ten per cent of the population is under five years of age (Brewer 2007, p. 63).

Given widespread poverty and unstable political conditions, coupled with the absence of a thriving technical, administrative and commercial infrastructure, the Government of Timor Leste does not have the luxury of doing nothing to improve the lot of its citizens. This paper will now consider some social policies which might be pursued. They are: minimum wages, job guarantees, social welfare payments and Basic Income.

### **Minimum Wages Legislation**

In this section of the paper, I will draw heavily upon a report prepared for the World Bank by Das in June 2004 entitled “The Labour Market Impact of Minimum Wage Policy: The Case of Timor-Leste in Comparative Perspective.”

The United Nations administration, in the lead up to independence, attempted to set a minimum wage of \$4 a day for workers in the formal economy- that rate is twice as generous as the minimum wage in West Timor (Das 2004, p. 4 & p. 24). He argues that minimum wages raise the “incomes of the poorest workers and thus protect them from vulnerability” yet the increased costs of such wages may lead employers to dismiss or not employ those workers who have the least skills and who are most in need of income (p. 4). He points particularly to young people as likely to encounter such obstacles to employment in a minimum wage situation but suggests that young workers might be more attractive to employers if a lower minimum wage was paid to them.

He suggests that the presence of a minimum wage might indirectly raise the wage rates paid in the informal sector of the economy because such minimum rates might come to be seen as a reasonable rate of pay. But he cautions that in 2001, even in the formal sector a quarter of all workers were paid less than the minimum wage and that minimum wages were not paid in the subsistence agriculture sector (Das 2004, p. 5). He also recognised that trade unions are still at a developing stage and there is little capacity at the government or union level to enforce compliance with the minimum wage. He concludes that the positive effects of minimum wages are likely to accrue to the “most elite sections of the workforce (p. 5)”.

Das (2004, p. 22) notes that the unemployment rate is 20% in the two largest cities, with men having double the participation rate of women. He points to people in the age range of 15-24 years as having more than double the unemployment levels of 25-

34 year olds. This is of particular concern when, as we saw earlier, 42% of the population is under 15 years of age.

From the picture painted by Das (2004), it would seem that in the absence of a well-oiled industrial arbitration system and/or strong union enforcement, a minimum wage policy is a distant dream, even in the cities, of Timor Leste. The judicial system is, at late 2007, showing little capacity to deal effectively with the backlog of law and order offences and criminal activities sweeping the country. There is no capacity for the subsistence agriculture sector to afford a \$4 a day minimum wage in the countryside.

This said, there may still be a case a minimum wage rate for the cities and a lower one for rural areas. It would at least set a wage standard which workers and unions could use in their bargaining with employers.

The argument that if employers are forced to pay minimum wages then the least skilled and the young will be displaced from employment, might have some resonance in economic fundamentalist circles, but it is a self-serving argument. Employers are only going to pay wages for work they want done and will only employ workers whom they believe are capable of doing that work. Least-skilled workers will always be sent to the back of the queue. There is no necessary correlation between age and competence and younger workers may be fitter or more willing to learn new skills than older workers. Yes, some people may be displaced, but if employers want certain jobs done, they will have to pay someone to do them. If a minimum wage was enforced then the employed will be better paid for any work they are able to obtain.

Still, it is clear that for the foreseeable future, a minimum wage will not (on its own) lift all Timorese (living in cities) above the poverty-line and will do little, if anything, for the majority of citizens living in rural areas.

### **Job Guarantees**

The provision of meaningful employment, particularly for young people in urban centres, is one of the most pressing problems confronting the Government of Timor Leste.

The Fretilin Government attempted to set up employment schemes in various places around the country. People built schools and repaired roads. Some NGO aid groups funded work projects to re-establish farms and develop arts and craft centres. But a national job guarantee scheme has never been established. Initially, the provision of employment schemes was delayed by a lack of funds, but since the oil revenues have started to flow, a major problem has been that the Timorese Government has not had appropriate administrative and financial arrangements in place to keep pace with the number of jobs which need to be created if a real dent is to be made in the unemployment figures.

Another problem is that nearly all of the job schemes are short-term, having a duration of only a few months. This is partly because the government does not have the capacity to roll out a fully national job creation scheme and partly because they

wish to avoid being seen to favour some parts of the country over other districts. Throughout Timor Leste there is a widespread need for jobs and/or income.

If it were possible to introduce a *national* job guarantee (with the Government as employer of last resort) then this could play a major part in reducing poverty providing the rate of pay is high enough. There are many useful things which need to be done. A job guarantee scheme could help rebuild the semi-demolished houses or build new ones, upgrade roads, improve villagers' access to clean drinking water, expand the number of schools, increase agricultural production, improve sanitation and rubbish collection and assist with other community services.

A job guarantee might also go some way towards settling some of the continuing tensions between sections of society in Timor Leste. International forces operating under United Nations control are managing to maintain a relatively peaceful situation but the Government of Timor Leste must create the social cement necessary for a functioning society.

### **Social Welfare Payments**

Prior to 2006, no social security payments were made by the Government of Timor Leste - that is, there were no unemployment, sickness age, invalidity or widows payments. Social welfare is mainly left to family, the Church and NGO welfare groups. The 2006-7 Budget foreshadowed specific benefits to veterans who fought in the resistance (Ministry of Planning and Finance Democratic Republic of Timor-Leste [MPFDRT-L] 2006 pp. 9, 23-24, 303). Basic housing was offered to veterans [one million dollars allocated] and pension payments [two million dollars allocated] were to commence in August 2006 (MPFDRT-L 2006 pp. 39-40, 303).

Following the 2007 elections, a Coalition government led by Xanana Gusmao indicated it intended to extend the government-funded social welfare system. This was opposed by Fretilin, whose parliamentary leader Aniceto Guterres declared:

We also do not know whether this government will continue to provide school feeding, which has been undertaken by the previous government. Sections 57 and 59 of the Constitution, already guarantees to each and every citizen their right to free health services and universal basic education in accordance with the ability of the State to deliver these services.

But on the other hand, the Government wants to payout pensions, subsidize and provide social assistance to the poor, the aged and the vulnerable. This means that this government has every possibility to continue to provide free health services to all of our people, as it can also with free education to all of our children.

What does this then mean? Does it perhaps mean that there is a political intention to privatize health and education services (Guterres 2007 p. 2)?

Setting up a social welfare system in Timor Leste with its underdeveloped administrative capacity is fraught with difficulty. Apart from all the usual problems with welfare assistance encountered in countries like Australia and New Zealand (Ziguras, Dufty, and Considine 2003, Boston, Danziel and St. John 1998, Goodin

2001, Kinnear 2000, Tomlinson 2003, 2007) Timorese public servants have not been encouraged to exercise discretion when carrying out their bureaucratic duties. None of the manuals which, in developed countries, inform social welfare officials about the appropriate interpretations of the vexed issues surrounding determination of “need”, have been written. The more targeted the benefits which might be introduced in Timor Leste, the greater the difficulty in determining eligibility (Boston and St. John 1998).

Past and present Timorese governments have established community infrastructure projects to improve roads, health services, water supply, schools, electricity infrastructure, housing, agricultural practices and aquaculture projects in rural Timor. Such communal community work projects are easier to administer than are individual welfare assistance programs particularly in areas outside major towns.

### **Basic Income**

Basic Income systems can take many forms. I would argue that the most appropriate form of Basic Income in Timor Leste would be an above-the-poverty-line payment made to every permanent resident irrespective of their income or assets. The payment would be made to each individual irrespective of whether they live alone, with a partner, with children or in any other form of relationship. There would be no requirement to demonstrate a willingness to work or carry out any other civic duty. In short a Basic Income is a universal payment made as a right of citizenship (or permanent residence).

In September 2007, Casassas, Raventos and Wark proposed the introduction of a Basic Income in Timor Leste as a way of abolishing (or at least substantially reducing) poverty, increasing solidarity and hence social stability and reinvigorating local entrepreneurial efforts. This paper updated an earlier report on East Timor which they co-authored in 2004. Casassas, Raventos and Wark (2007 p. 4-5) described a Basic Income as:

a modest income that, in order to be effective, must be above the poverty line and sufficient for the survival of each and every citizen in the geographic-administrative area under consideration. It is unconditionally paid by the Administration to everyone, regardless of origin, age, gender, race, civil status, religion and socioeconomic situation.

Many writers Casassas, Raventos and Wark (2007), Van Parijs (1992, 1997), Standing (2002), Raventos (2007), all the basic Income advocates who contributed to *Rutgers Journal of Law & Urban Policy* (2005, Volume 2, Number 1) and many other Basic Income proponents since Thomas Paine’s *Agrarian Justice*, published in 1797, have argued for an above-the-poverty-line Basic Income (Cunliffe and Erreygers 2004). In addition, Casassas, Raventos and Wark (2007, pp. 9-13), like so many others before them, consider that even a partial Basic Income along the lines of the Alaskan model, set well below the poverty line, could have considerable advantages. They believe that, as in Alaska, a partial Basic Income would increase the egalitarian nature of Timorese society.

Timor Leste shares at least one similarity with Alaska where the Basic Income was initially financed by royalties on oil production and is now paid for mainly from interest on investments made from oil royalties (Goldsmith 2004). In 2005, the

Alkatiri Fretilin government set up a petroleum fund to safeguard a considerable proportion of the oil royalties for the use of future generations. The total petroleum royalties from just one field, Bayu Undan is estimated to be \$9.4 billion (MPFDRT-L 2006 p. 299). In late September 2007, Alfredo Pires, Energy Minister in the Gusmao Coalition Government estimated that, over a twenty year period, the value of the petroleum fund could exceed \$100 billion (Grigg 2007, p. 33). The money currently held in the fund is more than five times the annual budget for Timor Leste.

Casassas, Raventos and Wark (2007 p. 10) calculated that:

For a total population of 1.2 million, the overall annual sum of a universal BI of US\$30 per person per month would be US\$432 million. Another BI scheme could be a BI of US\$30 for people over 15 years of age (US\$216 million) and US\$15 for children under 15 (US\$108 million), some fifty percent of the population, a total of US\$324 million. A poverty-line BI paying just over 60 US cents per day for the entire population (US\$20 per month), would cost US\$288 million.

A Basic Income transfer cost of \$432 million in a country where the Government's total budget spending in 2005-6 was only \$316 million (MPFDRT-L 2006 p. 23) is a significant amount. Even a Basic Income of 60 cents per day is not far short of the total budget spending in 2005-6. But the estimated oil revenue from the Timor Sea is more than enough to pay for the \$432 million annual cost of the more generous proposal whilst leaving a considerable revenue stream for the petroleum fund. Once a Basic Income scheme was installed then, as Casassas, Raventos and Wark (2007 p. 14) suggest, tax regimes could be altered to recoup some of the money and other budget priorities could be altered.

Thus, poverty could be abolished, the economy would expand considerably, people would be more likely to feel they have a stake in the nation and the civil unrest which has plagued Timor Leste might start to dissipate.

### **Discussion of the Alternative Policies**

Given the massive violence, destruction, upheaval and disruption which have been inflicted on this small nation since the early 1940s, it is quite remarkable that Timor Leste nowadays is relatively peaceful. It is, however, a nation whose fragile democracy faces many challenges both from without and within. If it is to survive as a political entity, it will need to address its people's poverty, the shortage of employment, literacy difficulties, health and housing needs as well as finding a way to surmount the many political and regional dissensions which currently cause tensions between various sections of Timorese society.

This paper has described four different ways to ameliorate some of these social issues confronting the people of Timor Leste. Attempting to compare and contrast the benefits and disadvantages of minimum wages, job guarantees, social welfare assistance and Basic Income creates certain difficulties. It is not a case of comparing apples with apples. Each of the "solutions" addresses only some aspects of the totality of issues faced.

A good example of this is provided by the 2006-7 Budget which foreshadowed specific benefits to be paid to veterans who fought in the resistance (Ministry of Planning and Finance Democratic Republic of Timor-Leste [MPFDRT-L] 2006 pp. 9, 23-24, 303). Such assistance will help those who are recognised as veterans of the resistance with housing and pensions and certainly many of them are in dire poverty. Yet it will do nothing for the majority of the population whose lives were also disrupted by the 1975 Indonesian invasion, the 1999 militia violence or the current unrest. This is not an argument against assisting veterans of the resistance: it is simply an acknowledgement that these veterans are only a small proportion of the population whose lives have been disrupted since the civil war in 1975.

A minimum wage for city workers and a lower one for rural workers would have the capacity to provide unions and workers with a solid basis to argue their rate of pay with employers. The capacity of government bureaucrats to enforce such rates of pay has proven to be less than optimal and the fledgling union movement is not powerful. Two rates of pay will reinforce the lower pay rates for the majority who live in rural areas compared with their city cousins. Still, a minimum wage might lift many workers in the formal economy to a level above the poverty line.

There has been no commitment in Timor Leste for any government to become an employer of last resort on an on-going basis. So far, governments have provided short-term (one to three months) work in many areas across the nation. Roads have been improved, schools built, health centres constructed, farm infrastructure improved and houses rebuilt. The funding for much of this has come from the government, Timorese NGOs and international bodies. There does not appear to be the capacity to nor interest in implementing a national job guarantee scheme for all who seek employment in the country. If it were possible to implement a job guarantee scheme for all unemployed people who desire work, then this might go some way towards solving the problem of the gangs of unemployed young men who have been responsible for much of the damage to housing which has occurred in recent years. There are many reconstruction tasks which could be undertaken which would improve the lives of the people of Timor Leste.

As of the end of September 2007, there is no generalised system of social security. Only those who are recognised as veterans who fought in the resistance receive government payments, although the Gusmao Coalition Government has, in the 2007-8 budget debates, signalled an intention to introduce payments to assist “the poor, the aged and the vulnerable” through individual and community grants. Until now, much of the help such people receive has been in the form of charity from their family, the church, Timorese NGOs and international agencies.

There are currently no government plans to introduce a Basic Income in Timor Leste but several advisors to the Coalition Government have argued that unless some form of “independence dividend” is developed social unrest could worsen (Grigg 2007, p. 33). This poses the question “If an ‘independence dividend’ is to be developed, which, if any of the four options discussed above, would be the most advantageous?”

Timor Leste has no categorical social security system currently in place. It has only a limited bureaucratic capacity to administer a categorical social security system and it would therefore appear a wasteful effort to attempt to implement one, because many

of its citizens, who are very poor, would not be assisted by categorical welfare schemes. Apart from the difficulties of administration, experience from Australia, New Zealand, the United States of America and Europe demonstrates that the poorest people are those who receive the least benefits from categorical systems (Tomlinson 2003 Ch. 3, Boston and St. John 1998, Goodin and Le Grand 1987, Goodin 1992, Goodin, Headey, Muffels and Dirven 1999). If the intention is to abolish poverty then categorical social security systems are an inefficient way to proceed.

A minimum wage, based on region or age, might assist workers and unions in their negotiations with employers. Such a step would help to lift some employees and their families out of poverty. But as Das (2004, p. 5) recognises the greatest beneficiaries of a minimum wage are the “most elite sections of the workforce”. He also recognises that some poorer workers will gain some flow-on benefits from minimum wages, but the only people who benefit are those who can obtain employment. A minimum wage cannot lift all residents above the poverty line. A minimum wage will not assist the sickest, the most disabled nor the least skilled.

Proponents of job guarantees argue that such guarantees ensure that some of the necessary jobs which communities want done, but for which they are reluctant to pay, will be done. They suggest that job guarantees keep people job-ready, supply income and provide people with something meaningful to do with their day. A major debate between job guarantee proponents and Basic Income advocates can be found in the *Rutgers Journal of Law & Urban Policy* (2005, Volume 2, Number 1) . There are many reconstruction and development projects to improve the quality of life of residents which the Government of Timor Leste could proceed with. For instance, even in Dili the footpaths’ drainage canal covers are so damaged that people in wheelchairs are forced to take to the streets to go shopping. Life would be less hazardous for those with mobility impairments if the damaged sewerage channels were covered.

Timor could continue to provide short-term job guarantees to upgrade social infrastructure as it has been doing or it could attempt to provide longer-term job guarantee employment in the cities as a way of job training and to provide some of the alienated young people with something socially useful to do. Job guarantees are particularly useful if the period of unemployment is short-term. This is not the case in Timor Leste. Job guarantees do nothing for people who are unable to do the work on offer and so a job guarantee scheme cannot increase the income of all residents to a level above the poverty line.

At the last Basic Income Earth Network Conference in Cape Town in 2006, I argued that a universal Basic Income would:

- (1) be economically sustainable,
- (2) be easy to administer,
- (3) be ethically sound,
- (4) be non-discriminatory, and
- (5) enhance citizenship (Tomlinson 2007, p. 33).

The level of payment of a Basic Income determines the extent to which it alleviates poverty: if set high enough, it has the capacity to abolish poverty in a country.

Frankman (2002, 2004), Van Paris (2002), Kunnemann (2005) and others have put forward Basic Income proposals to abolish absolute poverty throughout the world.

People willing to engage in and capable of doing whatever work was available under a job guarantee would be provided with a secure income. Those who are not willing to do that work or who are judged (by the job guarantee administrators) to be unsuitable would not be assured of a secure income. Mitchell and Watts (2003 p. 188) state “the State would be evading its social responsibilities by providing an unconditional Basic Income or other form of benefit.” Basic Income advocates argue that applying conditions to income support erodes freedom and that there is an ever-present danger that some people will be unjustly excluded in any conditional scheme (Standing 2002, Boston, Danziel and St. John 1998, Raventos 2007).

Bill Mitchell and others see nothing incompatible with a job guarantee supplemented by a “living income” for those unable to work (Mitchell and Watts 2003 pp.187-188, Watts and Mitchell 2004). It may seem a semantic debate as to whether the introduced scheme is a job guarantee scheme supplemented by a Basic Income or a universal Basic Income supplemented by a job guarantee (for all who want to work) but I think it is more important than that.

If the Basic Income is not primary, I believe, the job guarantee becomes the driving ideological force. This leaves the labourist / production ideological position in the box seat (Standing 2002). We have witnessed how the Howard Government has used the work ethic to justify the exclusion of some very poor Australians from the social security system. The ideological message can be distorted by the suggestion that work has to be compelled if the central focus is on work and the job guarantee.

With a Basic Income as the central focus, the emphasis is on income security provided as a right of citizenship and quite different ideological forces come into play. Thomas Paine’s *Agrarian Justice*, published in 1797, gave birth to the idea that the right to a Basic Income stems from our right to use the commons (reprinted in Cunliffe and Erreygers 2004, pp. 3-16). The ideological emphasis which a Basic Income brings is that of an inclusive citizenship: the duty that each of us owes to all and the equally pressing duty that all of us owe to each.

## **Conclusion**

A minimum wage policy might assist some workers escape poverty but the greatest benefits will flow to the “most elite sections of the workforce (Das 2004, p. 5)”. A minimum wage will not create employment and will do little to build social solidarity. It might enhance the autonomy of the most affluent workers.

Job guarantees might ensure community infrastructure was upgraded, would create some employment and could help train some sections of the workforce, but Timor Leste would have to upgrade its bureaucratic capacity before job guarantees can change from their current regional short-term nature to a permanent national structure. The current short-term structure ensures that the work undertaken is necessary and meaningful to the participants. A move to a permanent job guarantee system could see the scheme degenerate into futile “make work” projects or, even worse, something like Australia’s “work for the dole”. As such, they would decrease autonomy of all

who remain unemployed and only raise to a level above the poverty-line those who were desperate enough to be conscripted into the job guarantee.

Introducing government-funded categorical social welfare/social security would be the least effective way of assisting the poorest people escape poverty and would become riddled with stigma (Raventos 2007 Ch. 6). It is an outmoded way of financially helping those in need of assistance. The government bureaucracy in Timor Leste does not have the capacity to manage a categorical social service system efficiently. The payments to the veterans of the resistance should continue but no further welfare payment should be made to individual categories of recipients. Communal projects are easier to administer than are individual welfare assistance programs and this is particularly so in the areas outside the major towns of Timor Leste.

Given current and foreseeable oil revenues, a Basic Income would be economically sustainable, easy to administer, ethically sound, non-discriminatory, and promote social solidarity. Provided it was set above the poverty-line, it would abolish poverty. It would ensure that all permanent residents felt they were gaining some return from their oil resource. A Basic Income has the capacity to promote entrepreneurial developments because villagers could pool some of their income guarantee in order to develop new or improve old industries. If the main aims of the Government of Timor Leste are to alleviate poverty, promote autonomy and social stability, then a Basic Income is the best policy.

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