

## The Maldives

### Waving or drowning?

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**1,200 islands; 600,000 tourists; 300,000 natives; two countries**

Lonely Planet



IN THE Seagull Café a young man is talking quietly to two others who are taking notes. He is describing how he was tortured in prison and by whom. Sipping his espresso at the next table, Ahmed Abbas, a leading opposition figure and cartoonist, is eavesdropping. He is puzzled: not by the torture victim's routine tale, but by the identities of the three men. How can it be he does not know them?

This is a vignette not from the dying days of some despotic East European country, but from a day this September in Male, capital of the Maldives, a tropical paradise. The country is a clutch of atolls, with some 1,200 coral islands, about 200 of which are inhabited, strung like so many pearls in a necklace across hundreds of miles of the Indian Ocean.

The Maldives is best known as an upmarket tourist destination, with miraculous marine life and luxurious beachside bungalows offering the ultimate in romantic holiday hideaways. It is also known as the country likely to be the first to drown when global warming raises sea levels. The devastating tsunami of December 2004 seemed in the Maldives, more than anywhere else, a herald of the apocalypse. But the country is also gaining attention for a third reason: political and social ferment among its 300,000 people.

Thanks to its geography, the Maldives operates a unique form of tourist apartheid that has allowed visitors to ignore the signs of growing discontent. Eighty-eight

otherwise uninhabited islands have been turned into resorts, attracting more than 600,000 visitors each year. Mahamoud Shougee, the tourism minister, says that the average tourist spends more than \$300 a day. Once they have cleared immigration and customs, visitors need not bother themselves with the Maldives at all. They will reach the resort by speedboat or seaplane and need never leave it except for diving or sunset dolphin-viewing. They may not even need the local currency, the rufiyaa. (A shame: the banknotes, designed by Mr Abbas, are rather pretty.)

Some tourists do sample the rather sparsely stocked souvenir shops of Male, which has a claim to be the most densely populated town in the world, with more than 100,000 people packed into two square kilometres, many of them sleeping in shifts. But the only Maldivians the tourist cannot avoid will be working at the resort, where they will probably make up about half the staff, working alongside temporary migrants from India, Sri Lanka and so on. There, extraterritorial rules apply: alcohol flows, prayer times pass unnoticed and the occasional bikini top is sacrificed on the altar of a better suntan. Even the environment has been rebuilt to meet international needs: artificial beaches make up for any sandy shortcomings, and chemical warfare is waged on mosquitoes and sandflies.

But, as Mr Shougee points out, many of the Maldives' visitors are less interested in experiencing a new country than in exploring each other. Many are on honeymoon. Mohamed Ibrahim Didi, of the Full Moon resort, near Male, says that 12% of its customers are newly-weds and a further 38% are "repeaters". (One man has come back 38 times. It is not clear how many weddings that involved.) Most holidaymakers are European. The Maldives' fastest-growing market, however, is China. The Chinese mostly travel in groups, but these are not low-budget travellers. A jaded lady guiding fortnightly groups from Shenzhen, the boomtown next to Hong Kong, is proud to boast about the wealth of her charges.

## **Raising the bar**

The boom has ridden out the tsunami, which seemed at the time to threaten the entire industry. Nearly a quarter of the resorts had to suspend operations. Occupancy rates for 2005 fell to 64% from 2004's 84%, but by this year had recovered. For hoteliers, the Maldives must indeed seem like paradise. One, recently transferred from Fiji, is still rubbing his hands in glee at the margins available on selling drinks. Mr Didi, however, insists that things are not as good as they look. High prices are largely a result of transport costs: "We make nothing in the Maldives except fish."

That is why tourism makes up a big chunk of the Maldives economy—about one-third of GDP. This share will almost certainly rise. A further 53 resorts are at different stages of planning and approval. Malcontents still grumble that the potential is being squandered. Mohammed Latheef, an opposition leader, says the Maldives should be comparing its wealth with, say, Singapore's rather than India's.



There are also accusations that the tourism industry has favoured the wealthy and cronies of the regime. Friends of the Maldives, a British pressure group, has campaigned for a boycott of resorts linked to the government. Mr Shougee acknowledges that the old system of awarding leases for resorts was open to accusations of favouritism.

In its place, the government has introduced, for most resorts, a straightforward competition over the bed rent—the annual fee paid to the government for each available bed, a sizeable part of which has to be paid up-front as a deposit. In the first few months of 2006 this helped raise more than \$50m for the government, plugging a dangerous hole in its finances. However, the scheme has also drawn criticism for favouring the very rich. So a smaller second category of resorts are open to “rent-controlled” bids, with lower bed rents, where leases are awarded by lottery where there are many bidders (and there always are). Another attempt to spread the benefits of all the foreign dosh is through the Maldives Tourism Development Corporation (MTDC), an investor in resorts, which is 55% owned by 20,000 individual Maldivians, each restricted to a tiny shareholding allotted at a low price.

It is, says Mr Shougee, a “taxation model” of tourism, in a country with no income or corporation taxes. However, Hassan Saeed, the attorney-general, argues that even the “rent-controlled” resorts are too expensive for all but plutocrats to bid for, and that many of the apparently poor MTDC shareholders are in fact nominees for the wealthy.

## **Your paradise, my hovel**

Tourism has made the country by far the richest in South Asia, with a GDP per head in excess of \$3,000. But a tour of a few inhabited islands far from Male shows how unevenly tourist wealth is spread. On Meedhu in Dhaalu Atoll, big families live in cramped houses on tiny plots of land with no space to grow anything except coconuts and betelnuts. The only business is fishing, but there is no cold storage or cannery. The fishermen who haul in the tuna smoke it to keep and sell.

Economic inequality, a lack of opportunities for the young and sheer boredom have led to what many Maldivians call a "social crisis". The most obvious symptom is an epidemic of heroin addiction. Mohammed Rashid, who runs an after-care centre called Journey in Male, says that every family in the Maldives is affected. He was an addict for 19 years, progressing like many others from cannabis oil to heroin when it became widely available in the early 1990s. He knows his subject. His previous job, when he was still using heroin, was in the police's drug-control bureau.



The other big social trend seems contradictory: the spread of a more conservative strain of Islam, in a country where professing the religion is, in effect, a condition of citizenship. These days about three-quarters of the women in Male are wearing headscarves. This is a recent phenomenon: the Maldives has no tradition of women covering themselves and, in general, prides itself on its liberalism.

Some think Muslims in the Maldives are responding to global pressures, feeling their faith under attack. Others see a deliberate attempt by the president, Maumoon Abdul Gayoom, to bolster his own power, which after 28 years of iron rule has lately been looking shaky. Among the many constitutional roles played by Mr Gayoom, who studied Islam in Cairo and taught it in Nigeria, is that of head of all Islamic institutions. So bound up is Islam with Maldivian identity that even Mr Gayoom's fiercest critics shy away from advocating complete religious freedom.

Over the past three years the Maldives has been rocked by anti-Gayoom protests, another new phenomenon in a hitherto tightly controlled society. Until 1965 the Maldives was, loosely, a British protectorate. On full independence an old sultanate was restored, with Ibrahim Naseer as prime minister. In 1968 the Maldives became a republic, and Mr Naseer its president. He proved a dictatorial one. So when Mr Gayoom took over ten years later and promised to turn the Maldives from "autocracy to democracy", some of those now leading the opposition cheered. But they argue he too became an autocrat whose regime, despite some democratic trappings, has clung on to power through coercion, fear and torture.

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The new constitution did not emerge until 1997. It enshrined Mr Gayoom as head of state, government, judiciary and the security forces, as well as, in the words of the opposition's Mr Latheef, "God's agent". Such power inspires some awe. One politician recalls being told off by an old lady for daring to criticise the president: his signature is on the banknotes, she argued, so all wealth flows from him.

In 2004, some of this was supposed to change. *The Economist* received an e-mail from Hill & Knowlton, a British public-relations firm, which announced, in effect, that on June 9th the Maldives was to become a democracy. Mr Gayoom's supporters had always portrayed him as a revered, popular leader, endorsed six times by a huge popular mandate. But even he seemed to have accepted that not all was well, and promised a raft of radical-looking democratic reforms. The process is supposed to culminate in a new constitution and competitive multi-party elections in 2008. Some reformist members of his government—the "new Maldives caucus"—take advice on policy and its presentation from Hill & Knowlton. The government has even held talks with the opposition.

Things began to unravel on September 19th 2003. A young man called Evan Naseem was tortured to death in the Maafushi prison—not a rare event, by most accounts, but it led to unrest in the jail. The police opened fire, killing three people. News of the shooting led to violent riots, with several police stations set on fire. They were quelled with a state of emergency, a curfew and mass arrests.

Among those detained was Mr Latheef's daughter, Jennifer, a young journalist. Mr Latheef fled the country for Sri Lanka, where he launched an opposition party, the Maldivian Democratic Party (MDP). At the time, political parties were still banned in the Maldives. Mr Gayoom's resounding electoral successes relied on a system where the parliament, or *Majlis*, chooses a president who is then put to a popular vote for endorsement.

In July 2005 a law allowing political parties to register was passed. Four have done so, including the MDP and Dhivehi Rayithunge Party (Maldivian People's Party), led by Mr Gayoom. *Majlis* elections had already been held in January 2005, despite the tsunami. Candidates backed by the inchoate MDP won 19 out of 42 contested seats, including all four in Male.

Since June 2004 the Maldives has signed some international human-rights conventions. It has drafted new laws on the freedoms of assembly and expression, and set up a "special" *Majlis* to amend the constitution. A "police integrity commission" has been promised to oversee the force, whose brutality and impunity is at the heart of opposition grievances. This year Jennifer Latheef was freed and given a presidential pardon (which she rejected, not wanting to admit wrongdoing). The MDP's chairman, Mohamed Nasheed, who had been arrested and charged with treason, was likewise freed from house arrest in September.

Some of this was agreed on at talks with the opposition held in Sri Lanka, under the auspices of the British High Commission. The gist of the agreement, according to Mr Nasheed, is that "we will not foment revolution if Gayoom is willing to step down." Mr Nasheed, a charismatic 39-year-old, argues that keeping the MDP's side of the

bargain is not that easy after the success of people-power rebellions in countries from the Ukraine to Nepal. Impatient party members hanker for the streets.

As for the government's side of the bargain, the MDP argues, rightly, that there is far less to most of the reforms than meets the eye. In September an e-mail came to light from the much-feared chief of police, Adam Zahir, to an MDP member living in Britain. An expletive-laden death threat, virtually its only phrase free of obscenity was the secret policeman's chilling cliché: "I know where u live."

In Male, too, opposition supporters still felt persecuted. Abdullah Saeed, for example, a journalist, had been sentenced to 25 years in prison for drug-dealing. He used to work at the government's television station and had resisted blandishments to quit the main opposition newspaper and return to the fold. Summoned to a police station, he had, the prosecution suggested, taken the unusual precaution of stuffing his pockets with heroin.

Larger-scale repression persists. When the MDP planned a big rally in Male for November 10th, the government responded by detaining more than 100 of its activists, forcing the MDP to call the demonstration off at the last minute.

Hassan Saeed, the attorney-general, a leading "new Maldivian", insists the government is sincere: "Everyone knows reform is imminent and inevitable." He himself claims to have transformed the judicial system, cutting the percentage of convictions based on confessions from 97% to 9%, thereby giving police less of an institutional incentive to be thuggish.

For the MDP, the new Maldivians are well-meaning but ineffectual show-ponies. Even their supporters admit they have a tough battle pushing reform against the vested interests of hardliners in the security services, such as Mr Zahir, as well as in the home ministry and in Mr Gayoom's own family—notably his powerful half-brother, Abdulla Yameen. Hassan Saeed admits there are competing factions in the government. "I am not a great fan," he says of Mr Zahir. And his invitation to *The Economist* to visit the prison was not honoured by the home ministry.

What matters most is where Mr Gayoom stands. Tim Fallon of Hill & Knowlton is convinced it is on the reformists' side: "He's a legacy man," and the legacy is a democracy. Most MDP leaders, however, have served time in his prisons. As Mr Nasheed, the party chairman, puts it, "in politics, you're either in government or in jail." They do not believe in Mr Gayoom's good intentions.

The political conflict is exacerbated by regional tension, especially in the southern Adu atoll, from where the Latheefs hail. But in such a small country it still feels like a family squabble, a tiff among a tiny nation's even tinier elite. Everybody knows everybody else.

## **Home and abroad**

The Maldives' internal struggles have raised concerns farther afield for two reasons beside their potential impact on the honeymoon business. Its atolls straddle sea-lanes of great commercial and strategic value. And the Maldives could play an

important role in the competition for influence in the Indian Ocean among the region's powers. No one wants to see the country tear itself apart.

Second, the MDP has been good at putting its case internationally, though Mr Nasheed still feels unfairly snubbed by the West. The Maldives, he argues, is "a 100% Muslim country with democratic aspirations", so why are America and Britain not doing more to help topple its dictator?

Freed from arrest, Miss Latheef took her campaign for human rights abroad. Ahead of the MDP's planned rally in November, she spotted on a government-run website that Ahmed Abbas had been sentenced to six years in jail. When she telephoned him at home, it was the first he had heard of it. He was soon in prison. It is not just in Wonderland that the sentence sometimes precedes the verdict.

## Article Report

Please complete a 1 to 2 pages report on this article by answering the following questions. Please turn in your typed answers in class.

1. Describe the tourism industry in the Maldives. Include discussion about the type of tourists that visit the islands, the type of accommodations that they stay in, and the type of activities that they engage in. What other destinations would you compare the Maldives to and why?
2. What is a dual economy? Explain how the Maldives represent a dual economy.
3. What can the government do in order to create a more equal distribution of benefits from tourism and to better utilize the islands tourism industry as an engine for economic development.