

A VIABLE SOLUTION TO THE CYPRUS PROBLEM IN THE CONTEXT OF EUROPEAN UNION ACCESSION¹

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Abstract

Through its pre-accession policy for Cyprus, the European Union is seeking to contribute towards a solution to the Cyprus Problem by emphasising the security and economic benefits that would be enjoyed by all Cypriots from EU membership and by attempting to wring concessions from both the Greek and Turkish Cypriot sides. After identifying this strategy, this paper discusses several factors that may directly affect the viability of a final solution to the Cyprus conflict namely, the perceived fairness of a solution, the presence of effective security guarantees, the effects of a wider and more competitive market, the likelihood of majority tyranny of the minority and finally, the effects of an alternative source of identity. The first and second of these factors have important implications for the EU's pre-accession strategy while the remaining three suggest that eventual membership of the EU is likely to increase the viability of a reunified Cyprus.

Introduction

On March 30th of 1998, the European Union (EU) launched accession negotiations with several candidate countries including Cyprus. This was the culmination of a series of moves and decisions by both the government of the Republic of Cyprus and the Union that began with Cyprus's official application to become a member on the 4th of July of 1990. It should be seen against a background that includes intercommunal talks under UN auspices and a growing frustration by Greek Cypriots with the lack of progress achieved. The government of the Republic maintains that the prospect of EU membership may act as a catalyst on the search for a solution to the conflict and argues that in the event that no solution is agreed to, the Republic of Cyprus should be admitted to the Union. The application of the *acquis communautaire* over the whole territory of the island would then be pending the subsequent re-unification of the island.

These moves are opposed by the Turkish Cypriot leadership because, they argue, they would bring about the realisation of *enosis*, albeit indirectly.² They say that Cyprus should enter only after a settlement and after Turkey has become a full member. They also set as a condition for their participation in Cyprus-EU accession negotiations, the international recognition of the sovereignty of the "TRNC". In response to these developments, both the Turkish Cypriot and Turkish leaderships threatened to undertake the "partial integration" of the occupied north with Turkey in the security, defence and foreign policy fields. When accession negotiations were eventually launched with the government of the Republic of Cyprus, Turkey reacted by lifting customs barriers and signing a free trade agreement with the "TRNC". Moreover, the Turkish Cypriots have rejected the invitation by the government of the Republic to participate in the accession negotiations as a part of the Cypriot delegation.

Several scholars have examined different aspects of Cyprus-EU relations. Their historical evolution has been documented by various authors, including, Theophanous (1995), Gaudissart (1996) and Joseph (1999). The economic consequences of Cyprus's accession to the European Union have been considered by, among others, Kranidiotis et al (1994) and Odysseos (1997). Nicolaides (1990; 1993; 1996) has discussed the potential implications for Cypriot institutions of EU membership and has briefly commented on the possible contribution of the EU to a resolution of the Cyprus Problem. Stavrinidis (1999) has undertaken a critique of the EU's policy towards the Cyprus Problem. The possible links between EU accession and ethnic or national identities, political and civic cultures on the island have been discussed by Peristianis (1998) and Mavratsas (1998). In this paper, I will focus my discussion on the effects of the prospect of EU membership and eventual membership itself on the viability of a solution to the Cyprus Problem. In particular, I will identify the EU's pre-accession strategy vis-à-vis Cyprus and evaluate it in the light of the need to attain a viable solution to the Cyprus Problem. Moreover, I will discuss how eventual membership of the EU may increase the viability of a solution.

The EU's Pre-accession Strategy

In this pre-accession stage, the EU seems to be attempting to contribute towards the solution of the Cyprus Problem by adopting a carrot and stick approach with respect to both the Greek and Turkish Cypriot sides (see also, Neisser, 1996: 14; Papatotiriou, 1998: 16). In relation to this, several observations can be made based on the developments in EU-Cyprus relations since Cyprus's application for accession (see, the appendix at the end of this paper).

Insofar as the carrot is concerned, the EU basically argues that accession to the Union will increase the security and economic well-being of all Cypriots regardless of their ethnic origins and has pointed to those economic benefits which could flow to

the Turkish Cypriot administered sector in the form of a participation in European Structural Funds as well as the Common Agricultural Policy.

At the same time the EU has applied the stick to the Turkish Cypriot side in several ways. Firstly, the EU has reinforced the international standing of the government of the Republic of Cyprus by recognising it as the sole legal government on the island. Moreover it supports a solution to the Cyprus Problem in accordance with relevant UN resolutions and has found the Turkish Cypriot leadership responsible for the failure of intercommunal talks under UN auspices. Further, it has signalled that any settlement must assure the fundamental freedoms enshrined in its own Constitution, including the freedom of movement of factors of production, goods and services, the freedom of establishment and universally recognised political, social and economic rights. Finally, the Union has opened up accession negotiations with the government of the Republic of Cyprus as the sole recognised interlocutor.

Arguably, these decisions are intended to apply pressure on the Turkish Cypriot side so as to move it towards a more accommodating stance within the context of intercommunal talks. The EU seems to be signalling to the Turkish Cypriots that it has, presently, no intention to afford the "TRNC" international recognition, it does not support efforts towards a confederal solution to the problem and that indefinite restrictions on the freedom of movement, the freedom of settlement and the right of property are, in principle, incompatible with the Union's Constitution.

The stick is also applied to the Greek Cypriot side. Thus, the EU has also pointed out that the accession of the island to the EU implies a lasting settlement to the Cyprus Problem and several Member States have expressed their resistance towards the admission of a divided island into the Union. More recently, the Union has decided that Cyprus will be involved in the next enlargement and has implied that in the absence of political settlement, Cyprus will be admitted, albeit at a relatively later but yet unspecified date. Greece has threatened to veto the accession of Eastern European candidates into the Union if Cyprus is not included.

As a result, the EU is applying pressure on the Greek Cypriot side so as to similarly make it more accommodating in the search for a solution to the conflict. This is especially so in the earlier pre-accession period when it explicitly made entry into the EU conditional on a resolution of the problem. This pressure has fallen over time, especially given the generally adopted belief that the Turkish Cypriot side is mostly responsible for the failure of intercommunal talks under UN auspices and, in addition, due to the threat of a Greek veto in the case of non-accession. Still, the fact that on the one hand, the EU has not set a definite date for the island's accession and on the other, there are Member States that continue to be inimical to the accession of a divided Cyprus, means that the Greek Cypriot side is still under pressure to be more accommodating.

The Pre-accession Strategy: Mutual Benefits and Mutual Concessions

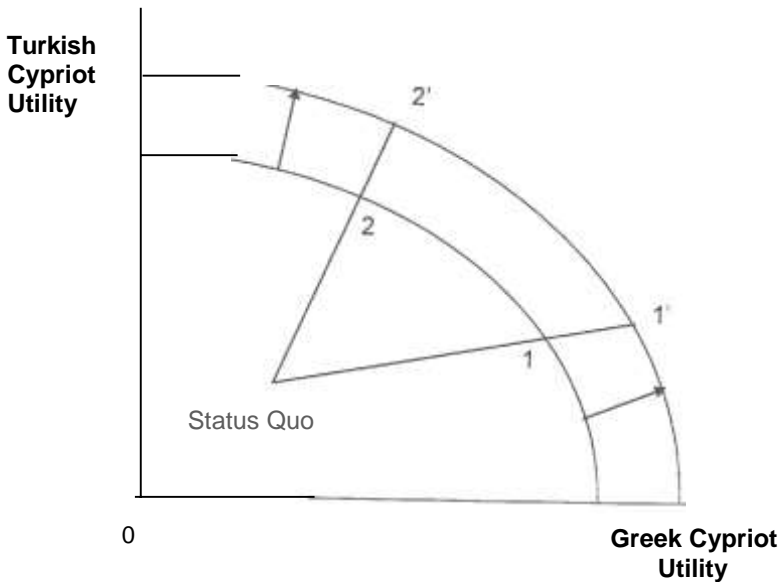
Given this discussion consider now the effect of the EU's strategy on the status quo on the island. One way to represent the current situation facing the two communities is in terms of a divided prisoner's dilemma as discussed by Heckathorn and Maser (1987). In a divided prisoner's dilemma, a common interest in order (cooperation) co-exists with conflicting interests about which order will prevail and, in particular, the parties are faced with the choice of limited anarchy and two conflicting perceptions of order.³ Agreement requires concessions by each party, otherwise, either party may refuse to cooperate "because [it] judges the constitution to be unfair, to require excessive concessions." (p.154). However, it is possible that a community may also refuse to trade and hold out for the adoption of rules that discriminate in its favour. The extent to which such rules are adopted is a function of the holdout power of the two communities.⁴

The divided prisoner's dilemma is represented in utility space in figure 1 below. Each community is faced with the choice of limited anarchy (represented by the status quo situation) or cooperation under two conflicting sets of terms 1 and 2. In particular, the Greek Cypriot side prefers a strong federal arrangement with fewer checks and balances, the unrestricted enjoyment of the freedom of movement and settlement and the right of property in the long run, 20%-25% of the land under Turkish Cypriot administration and the complete demilitarisation of the island with a security guarantee provided by the international community (terms 1). Alternatively, the Turkish Cypriot side prefers a confederal arrangement replete with checks and balances, a permanently limited enjoyment of the freedom of movement and settlement and the right of property, 29%+ to 37% of the island under Turkish Cypriot administration and, finally, a continued Turkish troop presence on the island and a legal right of unilateral intervention by Turkish armed forces (terms 2) (see, United Nations, 1992a,b).

The approach to the Cyprus Problem taken by the EU may have several effects on this divided prisoner's dilemma. Firstly, to the extent that accession can, as the EU argues, increase the security and well being of all Cypriots it will lead to an outward shift of the contract curve and so, *a-priori*, shift the ideal points of the Greek and Turkish Cypriots respectively to 1' and 2'. Secondly, the extent to which the EU is pushing for a solution which is consistent with both the relevant UN resolutions and its own *acquis communautaire* and insofar as it is committed or, given the Greek veto is credible, is obliged to accept the accession of the island regardless of the status of the Cyprus Problem, then it is applying pressure on the Turkish Cypriot side to move along the contract curve, away from 2' and towards 1'. Similarly, insofar as the EU or a subset of its Member States cast doubt on the accession of Cyprus in the absence of a settlement and, in this vein, no date is fixed for the completion of the

accession negotiations, then the pressure for a more accommodating stance is placed on the Greek Cypriot community for it to move away from 1' to 2'.

Figure 1. The EU's Pre-accession Strategy



In sum then, the EU's pre-accession strategy seems to be to pressure each side to the conflict into making concessions and thus move away from its ideal point and towards some intermediate point between 1' and 2'. It has been argued that in the interests of regional stability the EU (and the U.S) would like to see a peaceful solution to the Cyprus issue and that the contents of the package deal (that is, the point reached on the contract curve) are of secondary importance (Theophanous, 1997: 50).⁵ If this is indeed the underlying position of the EU in the matter then it is a short-sighted one since it ignores the fact that regional stability can only be attained to the extent that the solution to the Cyprus Problem is a viable one. This points to the importance of identifying how the prospect of EU accession as well as eventual membership of the EU can affect the attainment of a viable solution to the conflict.

To shed some light on this issue, I will now identify those factors which can affect the viability of any solution to the Problem and which are related to EU membership. In particular I will argue that viability can be enhanced: (a) to the extent that the chosen solution is perceived to be fair; (b) in the presence of sufficient security guaran-

tees (c) through the benign effects of a wide and competitive market; (d) insofar as the likelihood of majority tyranny of the minority is reduced and; (e) through the emergence of supra-ethnic sources of identity. The first and second of these factors have important implications for the EU's pre-accession strategy while the remaining three suggest that eventual membership of the EU is likely to increase the viability of a reunified Cyprus.

The Perceived Fairness of a Solution

The viability of any agreement may be seen to be directly related to its perceived fairness. Thus, the higher the perceived fairness of an agreement, the less likely people are to defect from it and the lower the costs of maintaining or enforcing it (North, 1981: 45). Moreover, one's perceptions of an agreement's fairness can be expected to affect one's ideological conviction and vice-versa (ibid., 50). An agreement which is perceived to be unfair is likely to lead to the ideological polarisation of the contracting parties something which would further undermine the perceived fairness of the agreement and so on, setting in train a vicious circle which is inimical to the agreement's viability. In this context, the Greek Cypriot Community is likely to perceive any "package deal" arrangement which is based on the status quo distribution of entitlements created by the 1974 Turkish invasion as unjust, thereby compromising the viability of the arrangement.⁶

Now, the possibility of a non-voluntary change in the status quo distribution may lead the holders of "unjust entitlements" to voluntarily agree to constitutional changes that involve fewer concessions from the other side, thereby increasing the perceived fairness of the agreement and consequently increasing its viability (Brennan and Buchanan, 1985: 142). Thus, one would expect the possibility of a non-voluntary change in the current distribution of entitlements, to lead the Turkish Cypriots as holders of "unjust entitlements", to voluntarily agree to constitutional changes that involve fewer concessions from the Greek Cypriots and thus ultimately increase the viability of the final settlement.

Efforts to force a non-voluntary change through the United Nations have not borne fruit, despite numerous UN resolutions to this effect. The relevant question that emerges is whether the EU can provide a more effective democratic channel through which to force such a change. My previous discussion suggests that although the EU has generally pressured the Turkish Cypriot side to be more accommodating in its positions, this pressure has also been undermined by the fact that the Union has not fixed a date for the completion of the accession negotiations with the government of the Republic, and the fact that some of its Member States have cast doubt on the Union's commitment to admit Cyprus into its fold independently of the resolution of the conflict. While this policy approach may be designed to keep the pressure on the

Greek Cypriot side as well, it reduces the ability of the Union to draw concessions from the Turkish Cypriots as the holders of "unjust entitlements" and consequently may reduce the viability of any agreement reached.

While it may be so that the UN has proved an ineffective democratic framework through which to force a non-voluntary change in the status quo, the viability of any agreement will still be enhanced to the extent that it is consistent with the relevant UN resolutions as well as with the Union's own Constitution and in particular the fundamental freedoms enshrined therein. This includes the abandonment by both the Turkish and Turkish Cypriot leadership of successive secessionary measures, a halt to the continuous settlement of Turkish settlers on the island and finally, the adoption of measures for the return of all refugees to their homes in safety. An agreement of this nature would be more likely to be perceived as fair by the Greek Cypriot community and help reduce the intensity of nationalist ideology among its members over time.⁷ The combined effect of these factors would increase the viability of any agreement.

If this is accepted, then to the extent that the EU remains true to its determination to support a solution within the framework of the relevant UN resolutions and consistent with its own constitutional framework, it would contribute positively to the viability of any agreement finally reached. Having said this, and despite its determination that none of its Member States be allowed to derogate from principles which are perceived fundamental for the Community edifice, the Union has, on at least two occasions, authorised such permanent derogations which are relevant to my discussion here. In particular, it has allowed the ethnically Swedish Aland islands (which belong to Finland) to limit the freedom of establishment and the right of property of non-Aland citizens there (protocol 2 of accession treaty) and in addition allowed Denmark to prevent non-Danes from buying secondary residences there (see protocol 22 of the Treaty on EU).

It has been argued that similar permanent derogations may be applied to Cyprus in the event of its accession to the Union (see, for example, The *Economist* 21st February 1998, 'Can the circle be squared?'). The previous analysis points out that insofar as such derogations are perceived as unjust they are likely to have a negative effect on the viability of a resolution to the conflict. Arguably, given the fact that in the case of Cyprus such derogations would uniquely institutionalise or give official sanction to a relatively recent violent expulsion of individuals from their homes, they are likely to generate relatively stronger feelings of unfairness.

The desirability of avoiding permanent derogations on the right of return of displaced persons does not, of course, exclude the possibility of temporary derogations to this right. Temporary derogations from the application of the rules or, in other

words, extensions in the time period allowed for transition to new rules may be desirable in themselves so as to allow for the gradual adjustment of individuals' expectations. In the particular context discussed here, temporary derogations may moreover, help maintain the Turkish Cypriot's sense of security, something they attach a great weight upon (see next section).

Before closing here, it should also be said that the EU's policy in this pre-accession period also seems to ignore the possibility that the reunification of the island is becoming more and more difficult through time. As time goes by the Turkish Cypriot leadership's "turkification" policy (Turkish settlers, name changes and the like), alters the demographic and cultural variables in the North thereby making it increasingly difficult to reunify the island under any sort of institutional arrangement (see Ioannides (1991) for a description of this policy).⁸

Security Guarantees

The attainment of a viable agreement to the conflict is strongly dependent on the institution of effective security guarantees for both communities in a future reunified Cyprus. The Turkish Cypriots put a premium on the security considerations relative to the economic benefits that would flow from reunification. According to Tsaggaras (1995, 323) the possibility that the breakdown of a reunified Republic may lead to huge losses relative to those incurred under the actual status quo situation must be in the minds of Turkish Cypriots.⁹ Loizos (1995, 116) and Güven-Lisaliner and Warner (1998, 96) point to a deep feeling of insecurity in the Turkish Cypriot community stemming from the violent inter-ethnic conflict of the 1960s. The Greek Cypriot community is also concerned with security and, in particular, desires some firm guarantee that the island will not suffer a repeat of the 1974 Turkish invasion (Papasotiriou, 1998: 17). Apart from the security interests of each community, this last author has pointed to Turkey's strategic interest of neutralising the threat of a predominantly Greek island so close to its shores.

Given this range of security interests, Papasotiriou (*ibid.*) has advocated entrusting the future security of a reunified and demilitarised Cyprus to a NATO force. Of course, given the decision by the European Council in December 1999 to set up a rapid reaction force of up to 60 000 troops by 2003, another provider of security guarantees in Cyprus may be the EU itself. Regardless of the institution that eventually provides these guarantees after a settlement is reached, there are two points worth making here.

First, given the primacy placed on security concerns by the different parties, the satisfaction of these concerns could go some way towards eliminating a large obstacle standing in the way of the reunification of the island (Papasotiriou, *ibid.*).¹⁰ If this

is accepted, then the important thing is to make an explicit commitment to provide these in the event of a settlement so as to facilitate its attainment. In the case of the EU, this would mean adopting a firm commitment to do so as an integral part of its pre-accession strategy.

Second, the guarantees have to be credible if they are to satisfy each party's security concerns. They therefore should incorporate processes that minimise the capability of any one member to manipulate them for partisan interests (something which, incidentally, tends to undermine the UN's attractiveness as a guarantor of security). One way of doing this is by endowing the international security force with a clear mandate to respond decisively (credibly) to violent non-cooperative behaviour by either ethnic group, subject to the decision of a simple majority of those who are members to the arrangement.

A Wide and Competitive Market

Consider now the effect on viability that may emerge from Cyprus's accession to the EU and as a result the integration of the Cypriot economy into the Union's Single Market. A wider and more competitive market is likely to have a positive effect on the viability of inter-ethnic cooperation.¹¹

In particular, a wide and competitive market would help confront individuals with the full cost of expressing their ethnic preferences and this would tend to reduce the expression of such tastes in the shorter-run. This is basically because an individual with a taste for ethnicity would have to pay to avoid contact with members of other ethnic groups in the market (Becker, 1957). By limiting the individual's range of choice this would potentially price him/her out of the market (Friedman, 1962). This result depends on the degree of competition in the market which in turn depends on the degree of dispersion of ethnic tastes and the degree of substitutability of individuals in their various private economic roles, as employers (in terms of entrepreneurialness and access to capital), employees (in terms of productivity) and consumers (in terms of purchasing power). Not surprisingly, a monopolist can indulge in discrimination in the longer-run since, firstly, it has uniform tastes by definition, and secondly, it enjoys above-competitive profits and as such can sacrifice a part of these to indulge in discriminatory preferences (Cain, 1986: 717).

A wider and more competitive market may also soften ethnic group boundaries in the longer run by not making ethnocentrism in one's economic interest. In this vein, it has been argued that capitalist institutions may eliminate nationalism in Eastern Europe since, "Driven by their self-interest, people would, sooner or later, learn to judge others on merit and performance rather than on ethnic origin" (Pejovich, 1993: 73), the implication being that if they don't they will pay the price in terms of reduced

competitiveness. Similarly, and now in the context of the U.S South, "If every man has a price, the price mechanism and the notion of 'good business' pose the greatest of threats to a social system such as that of the Deep South. The most effective defence is to arrange the society so that, as far as possible, people whose price might be low are never put in the position in which they can discover just what their price is." (Banton, 1983: 134). More generally, it has been argued that the individual's pursuit of economic self-interest through commerce and industry would generate as a desirable by-product or external economy, the taming of one's passions by his interests - known as the *doux-commerce* thesis (Hirschman, 1977; 1982).¹²

The availability of more opportunities in the market may also reduce the likelihood that political entrepreneurs seek out electoral gains by fanning the ethnocentrism of their constituents, something which may undermine inter-ethnic cooperation. Thus, it has been argued that where opportunities in the market sector are relatively scarce – something which is especially the case in less developed countries, – the costs to politicians who lose elections are high and they may then have a greater incentive to resort to a preclusive (discriminatory) ideology so as to enjoy exclusive control of government (Johnson, 1967: 6). Similarly the greater the opportunities available in the market, the less responsive individuals would be to promises by political entrepreneurs of benefits from the redistribution of assets or transfers from other ethnic groups to one's own (Hardin, 1995: 168) – promises which may give rise to inter-ethnic conflict which, at best, is confined to the democratic institutions of the state or, at worst, takes a violent extra-democratic form.¹³

A wider and competitive market would also tend to discourage investments in ethnic capital by parents in their children, assuming that they take their children's welfare into account. Poor parents may undertake ethnic investments in their children, in return for direct support (economic or other) since they are less able to "buy" this support through bequests (Wintrobe, 1995: 55-64). The idea is that selfish parents make ethnic investments in their children in exchange for their obedience in later life in the form of direct support and attention, as well as indirect support by making decisions based on their wishes. In order to recover the investment, children will have to associate themselves with other members of the ethnic group that in turn can be expected to exert pressure on members to repay their debt to their parents.

However, an accumulation of ethnic capital may make it difficult for children to forge economic relationships with outsiders. If the market sector is competitive and important, then those parents who invest heavily in their children's ethnic capital may limit their range of choice and ultimately price them out of the market. One would therefore expect rational and altruistic parents to tone down such investments when the market is both important and competitive.

Finally, it has been argued that industrial society which is characterised by an increasing division of labour and consequently a higher need for labour mobility than was present in agricultural societies, faces individual workers with uncertainty (Gellner, 1983). This uncertainty creates a need for a homogenising culture as a way of reducing the risk to workers (by increasing their mobility between jobs) and this in turn provides a rationale for the nation state. This points to the importance of placing multi-ethnic states within a wider market economy since the greater division of labour which is inherent to the wider market would tend to raise the need for individual mobility between jobs and as a result, tend to generate a need for a supra-ethnic culture (or conversely, mitigate the development of ethnocentrism) in the longer run.

The Likelihood of Majority Tyranny of the Minority

A minority which is permanently marginalised in the normal course of democratic politics is likely to reject the very concept of inter-ethnic cooperation within the context of a multi-ethnic state. The viability of cooperation would thus be enhanced to the extent that the EU provides a formal institutional framework that reduces the likelihood of the tyranny of the Turkish Cypriot minority by the Greek Cypriot majority.¹⁴

One way that it may do so is through article 13 of the Treaty establishing the European Community that allows the Council, acting unanimously to take appropriate action to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. More importantly, Article 7 of the Treaty of the EU states that if a Member State seriously and persistently breaches the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, the European Council acting by qualified majority may decide to suspend certain of the rights deriving from the application of the Treaty on EU to the Member State in question, including the voting rights of the representative of the government in the Council. Notwithstanding the fact that such a breach must be unanimously recognised by all Member States before action can be taken by qualified majority, article 7 surely increases the cost to any Member State, of violating these rights and as such decreases the likelihood of majority tyranny emerging.

The likelihood of the permanent tyranny of the Turkish Cypriot minority by the Greek Cypriot majority can also be mitigated to the extent that the policy discretion of the future central government in a reunified republic is constrained. In this vein, Nicolaides (1993, 104) has argued that since the European Union's internal market bans discrimination and establishes free and open markets for goods and services, this makes the economic discrimination of minorities more difficult. Similarly, Nicolaides (*ibid.*, 105) argues that the successive steps to deepen the Union (by expanding the policy competencies of the Union in areas such as monetary policy, external affairs and security, education, culture, etc.), gradually reduce the policy dis-

creation of the central government of a future reunified Cyprus thereby mitigating the possibility that Turkish Cypriots are "turned into second-class citizens by the central government as they fear".

Finally, the possible emergence of the permanent tyranny of the Turkish Cypriot minority by the Greek Cypriot majority can be mitigating by decentralising collective decision-making so as to grant the minority the authority to decide on issues over which its preferences differ markedly from those of the majority. The EU envisages the creation of an ever closer union among the peoples of Europe in which decisions are taken as openly as possible and as closely as possible to the citizen (Article 1 of the Treaty on EU) and in accordance with the principle of subsidiarity (Preamble and Article 2 of the Treaty of the EU). This suggests that the Union provides an institutional framework that can accommodate decentralised collective decision-making at different levels and as such, can potentially reduce the likelihood of the permanent tyranny of the minority by the majority.

It is interesting to note that according to an attached protocol (protocol 30 annexed to the Treaty establishing the European Community), the application of the principle of subsidiarity should not violate the Union's *acquis communautaire*. For our purposes here, this includes the right of establishment (Article 43 of the Treaty Establishing the EC) and the right to vote and to stand as a candidate in municipal elections in the Member State in which one resides (Article 19 of the Treaty Establishing the EC). The attached protocol would thus tend to be inconsistent with the ethnically and territorially-based federation envisaged in the High Level Agreements as well as the 1992 UN Set of ideas since inherent in such a federation are permanent derogations on the freedoms of establishment or limits on the exercise of the democratic rights of Greek Cypriots reestablishing in the North. These derogations are necessary in the territorially-based federation envisaged to avoid, in the normal course of democratic politics, the emergence of the permanent majority tyranny of Turkish Cypriots in the Turkish Cypriot administered federated state.¹⁵

Admittedly, Article 19 allows for derogations from the right to vote and to stand as a candidate in municipal elections in the Member State in which one resides where warranted by problems specific to a Member State. However, Article 3 of Protocol 1 of the European Convention for the Protection of Human Rights and Fundamental Freedoms similarly enshrines a right to vote and to stand for office and, in related case law, it has been clarified that any derogations must 'not curtail the rights in question to such an extent as to impair their very essence and deprive them of their effectiveness' (see Merrills, 1993: 125-128). The fact that the rights contained in this convention are to be respected by the EU (see article 6 of the Treaty on European Union), suggests that any derogations envisaged in Article 19 above may be similarly subject to this caveat. Moreover, the fact that the European Convention has

been ratified by Cyprus, Greece and Turkey, points to the illegality of *any* derogations to these democratic rights by a reunified federal and bizonal Republic of Cyprus.

Finally, the possibility has been pointed out to me that deviations from the *acquis communautaire* could be avoided as long as they do not impose restrictions on or discriminate against other EU nationals. Insofar as the right to vote or stand for office are concerned, this would require the waiving of the democratic rights of Cypriots as enshrined in the European Convention for Human Rights, something which I have argued is not suggested by the related case law. As for the right of establishment, while it may be possible to grant this right to other EU nationals while at the same time depriving Greek Cypriots its enjoyment, this would surely increase the perceived unfairness of the settlement and as a result undermine its viability.

The EU as a Source of Symbolic Utility

Individuals may act to define what they are in a way they find desirable, that is, in return for "symbolic utility" (Nozick, 1989). In the particular case of ethnicity, they may find their identification with their ethnic group desirable basically because of a need to transform the contingency of their finite life into the continuity which comes from the relative immortality of the group (Pagano, 1995: 191).¹⁶ In this sense, nationalism has a strong affinity with religion. Indeed, the crisis of both religion and Marxism may have potentially favoured the re-emergence of nationalism.

One way to limit the excesses of nationalism is by supplying alternative means of obtaining symbolic utility, such as for example the ecological movement as a source of satisfaction from saving the world (Pagano, 1995: 193). For my purposes here it is probably worth suggesting that to the extent that a pluralist and ethnically diverse EU can be perceived as an alternative source of symbolic utility, it may reduce the intensity of ethnocentrism over time and so make a positive contribution to the viability of a reunified Republic of Cyprus. A similar point has been made by Peristianis (1998, 141) who argues that Cyprus's accession to the European Union may foment the gradual incorporation into its people's identity of the liberal/democratic values upon which the Union is based (including the resolution of internal conflict by peaceful means, tolerance and respect for civil rights).

Conclusions

The EU seems *to* be adopting a carrot and stick approach in its attempt to contribute towards the resolution of the Cyprus Problem in the pre-accession period. Insofar as the carrot is concerned it has emphasised the benefits of Union membership in terms of a greater feeling of security and welfare for all Cypriots and especially the less well economically placed Turkish Cypriot community. In addition, it has

applied the stick on the Turkish Cypriot side by recognising the government of the Republic of Cyprus as the only legitimate interlocutor in the accession negotiations (thereby denying the "TRNC" international recognition) and by pushing for a solution which is consistent with both the relevant UN resolutions and its own Constitution.

The stick has also been used on the Greek Cypriot side given the Union has not fixed a date for the completion of accession negotiations and, more importantly perhaps, a subset of its Member States have expressed their reluctance to admit a divided island into the Union. This prospect must, surely, take some of the pressure off the Turkish Cypriot side, but only insofar as the threat of a Greek veto of the accession of Eastern European candidates (if Cypriot accession is frozen), is not perceived to be credible. To the extent that the pressure is indeed taken off the Turkish Cypriot side, it arguably reduces the ability of the Union's pre-accession strategy to draw concessions from them as the holders of "unjust entitlements". Turkish Cypriot concessions would make it easier for the Greek Cypriot side to voluntarily accept any "package deal" solution to the conflict thereby increasing any solution's perceived fairness and ultimately its viability. Moreover, another consequence of the EU's pre-accession strategy may be the perpetuation of the stalemate which, in view of the turkification policy in the North, would make it increasingly difficult to reunify the island under any sort of arrangement.

The perceived fairness and hence viability of any solution may be reinforced insofar as the solution is consistent with the relevant UN resolutions as well as the Union's own *acquis communautaire*. Aside from requiring the abandonment of successive secessionary measures by both the Turkish and Turkish Cypriot leadership and a halt to the colonisation of northern Cyprus by Turkish settlers, this points to the desirability of adopting measures which permit the return of refugees to their homes. In relation to the latter, the authorisation by the EU of permanent derogations to the freedom of establishment and the right of property - by institutionalising or giving official sanction to the *post-bel/um* status quo, - would compromise the perceived fairness of the agreement and thus be inimical to its viability.

Of course, this does not mean that temporary derogations may not be desirable, especially given the importance placed by Turkish Cypriots on security concerns. Security concerns, be they Turkish Cypriot, Turkish or Greek Cypriot, could be satisfied by the provision of credible security guarantees by some third party such as NATO or the EU itself. Arguably, the relevant institution should undertake an explicit commitment to provide security in the event of a settlement so as to facilitate its attainment. If the EU were to play such a role this would mean adopting a firm commitment to do so as an integral part of its pre-accession strategy.

The viability of any solution to the Cyprus Problem is likely to be enhanced by the

integration of the economy of a reunified Cyprus within the Union's own single market since this wider and relatively more competitive institutional context is likely to increase the cost of ethnic identification and reduce the attractiveness of ethnic politics as a source of income. The viability of any solution would also be enhanced since the EU's Constitution: provides additional safeguards which increase the cost facing any group which discriminates against the other; would reduce the policy discretion of the central government of a reunified Cyprus; and can accommodate decentralised collective decision-making. Having said this, I have pointed to the incompatibility of the ethnically-based federal system envisaged in the 1992 UN Set of ideas with the attached protocol on subsidiarity which requires that the application of the principle should not violate the Community's *acquis*. This incompatibility stems from the limits placed on the freedom of establishment or the democratic rights of people in this system - limits that are necessary if the likelihood of the permanent tyranny of the Turkish Cypriot minority by a Greek Cypriot majority is to be avoided.

Finally, I have argued that if a pluralist and ethnically diverse EU can be perceived by the citizens of Cyprus as an alternative source of symbolic utility, then membership of the Union may contribute towards the softening of ethnocentrism through time and as such contribute positively to the viability of a reunified Cyprus.

Notes

1. This paper is based on Chapter 5 of Kyriacou (1999). I would like to thank two anonymous referees for their helpful comments.

2. Enosis, or union with Greece, was synonymous with self-determination during the Greek Cypriots' armed struggle against the United Kingdom in the later half of the 1950s.

3. This dilemma contrasts with the standard prisoner's dilemma which models a situation of two parties faced with the dichotomous decision of either complete anarchy or order under one set of terms. For a fuller discussion of both these dilemmas in the context of the two ethnic communities on Cyprus as well as a more general discussion of the possible nature of a 'just and viable' solution to the Cyprus Problem see Chapter 4 of Kyriacou (1999).

4. A similar point has been made by Schmidt-Trenz (1989) who argues that the point that is eventually reached on the contract curve, depends on the location of the status quo, the more favourable this being to one of the parties, the more likely that the point reached on the contract curve is similarly favourable. Thus, the parties involved have an interest to change the status quo in their favour, prior to beginning negotiations for a final settlement. Moreover, Anayiotos (1991) has employed a similar framework to examine the bargaining between Greek and Turkish Cypriots prior to the application for EC membership. He also finds that the final outcome depends on the costs of non-cooperation, the credibility of threats posed by each community and their negotiating strength.

5. On a more critical note, Stavrinidis (1999) has argued that the EU has adopted a 'pragmatic approach' towards Cyprus based above all on the need to avoid antagonising Turkey even at the cost of no progress on the Cyprus issue and of undermining both its declared principles on the promotion of democracy and human rights and, the emergence of an efficient Common Foreign and Security Policy.

6. North (1981, 50) lists four factors which he argues may alter one's perceptions of justice or fairness (and by extension one's ideology); an alteration in property rights which denies individuals access to resources which they had come to accept as customary or just; a decline in the terms of exchange in a factor or product market away from what had come to be regarded as a just exchange ratio; a decline in the relative income position of a particular group in the labour force and; a reduction in information costs that results in individuals perceiving that different and more favourable terms of exchange may prevail elsewhere.

7. Similarly, it has been argued that the re-emergence of hellenocentrism among the members of the Greek Cypriot Community on the island, may be due among other things to the reduced expectations that the problem will be justly resolved in accordance with international law through traditional international forums such as the UN and the corresponding increased

perception of Greece as the main ally in the search of an acceptable solution (Peristianis, 1995: 143).

8. In terms of figure 1 and following note 4 above, the effect of this turkification policy could be to move the status quo point in favour of the Turkish Cypriots and to the detriment of Greek Cypriots something which would ultimately mean a final solution which is closer to the Turkish Cypriot ideal point.

9. This idea can be shown in terms of figure 1 following Holcombe's (1980) insight that through time cooperation will both enhance individual well being (represented by an outward shift of the curve) and, by increasing interdependence, make each individual more vulnerable if this co-operation breaks up (represented by a move of the status quo closer to the origin).

10. Similarly, and after examining forty-one cases of civil war in the twentieth century, Walter (1997) concludes that third party enforcement of a peace treaty is a necessary condition for achieving a civil war settlement.

11. For a full discussion of this as well as a comparison of ethnic behaviour in the market versus the polity, see chapter 2 of Kyriacou (1999).

12. See Bowles (1998) for a review of models and evidence concerned with the impact of markets on preferences.

13. This said, the integration of Cyprus's economy into the European Union's Single Market is also likely to generate losers in those sectors that were previously protected and cosseted by the state. One relevant question that emerges here is whether this will lead to efforts from these affected groups to politicise ethnic relations so as to maintain their privileges? Arguably, they would be more likely to do so if the Cypriot economy were to be divided across ethnic lines, that is, if each ethnic group were dedicated to different economic activities. Otherwise, both Greek and Turkish Cypriot agricultural producers (for example) would have a common interest in protectionist measures and this would tend to encourage inter-ethnic cooperation rather than lead to ethnic conflict. A cursory look at the Greek and Turkish Cypriot economies indicates that the two communities are engaged in similar economic activities (see, for example, Economist Intelligence Unit, 1998). Even if economic activity did not cut across ethnic lines, the fact that the EU's single market would effectively be imposed and enforced by the European Union rather than be the result of the decisions of either of the island's ethnic communities, means that it would be difficult for any affected economic group to politicise ethnicity to protect its interests by blaming the other ethnic group for its troubles.

14. The ethnically and territorially-based federal and bicameral system which lies at the heart of the 1992 UN Set of ideas is also largely dedicated to this end. I evaluate this system in Kyriacou (2000).

15. In this vein, Hadjipavlou-Trigeorgis and Trigeorgis (1993, 356) have recommended that Greek Cypriots living in the North should have all citizenship rights (including the freedom of movement, settlement and ownership) except for the right to vote in that zone following the regime of permanent residency status in the US. In Kyriacou (2000) I advocate the adoption of a functionally-based federation. Such a system has several advantages *over* the territorial-based system proposed, including the potential of guarding minority rights without sacrificing the freedom of establishment and the right to *vote*.

16. The concept of symbolic utility is consistent with Anderson's (1983) view of the nation as an "imagined community".

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**Appendix. The European Union's Strategy Towards
a Solution to the Cyprus Problem**

Legend: Carrot (+), Stick (-)

| The Position taken by the European Union | Greek Cypriots | Turkish Cypriots |
|--|-----------------------|-------------------------|
| In June 1993, the European Commission (1993) makes it clear that it is only dealing with the internationally recognised government of the Republic and finds Cyprus eligible for EU membership ... | | - |
| ... states that EU accession would increase the security and well being of all Cypriots and points in particular to the economic benefits for the Turkish Cypriot administered sector in the form of a participation in European Structural Funds as well as the Common Agricultural Policy. | + | + |
| ... states that its integration with the Community implies a lasting settlement to the Cyprus Problem ... | - | |
| ... states that while the fundamental interests of each community must be preserved by the settlement the institutional provisions of any settlement must assure the fundamental freedoms enshrined in its constituting Treaty, in particular the freedom of movement of goods, persons, services, and capital, the right of establishment and the universally recognised political, social and economic rights. | | - |
| ... and gives its support to the UN Secretary General in his search for a solution to the problem. | | - |
| The Commission's opinion is endorsed by the General Affairs Council in October 1993. | | - |
| In June 1994, the European Observer Serge Abou shares the May 1993 opinion of the UN Secretary General Boutros Boutros-Ghali that put the blame for the lack of progress towards a solution on the Turkish Cypriot side (see Agence Europe, N°. 6251, 15th June, 1994). | | - |

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| | | |
|--|--|--|
| <p>The European Council meeting at Corfu in June 1994, decides that Cyprus would be involved in the next enlargement of the European Union and this is confirmed at its Essen summit in December 1994.</p> | | |
| <p>The international status of the government of the Republic of Cyprus is reinforced by the European Court of Justice in July 1994 through its decision that exports from the "TRNC" had to be accompanied by phytosanitary certificates from the government of the Republic of Cyprus.</p> | | |
| <p>In March 1995, the General Affairs Council, decides that accession negotiations would commence six months after the end of the CIG and this is confirmed by the European Council at its summits in June and December 1995 at Cannes and Madrid respectively and in June and December 1996 in Florence and Dublin.</p> | | |
| <p>In July 1997, the Commission (1997) in its <i>Agenda 2000</i>, points out that the EU is determined to play a positive role in bringing about a just and lasting settlement in accordance with the relevant United Nations resolutions ...</p> | | |
| <p>... states that agreement on a political settlement would permit a faster conclusion to the negotiations (the implication being that even in the absence of a political settlement the negotiations will be concluded, albeit at a relatively later date).</p> | | |
| <p>The Luxembourg European Council in December 1997 decides to open accession negotiations with Cyprus in the spring of 1998, and does so on the 30th of March.</p> | | |
| <p>The Helsinki European Council in December 1999 underlines that a political settlement will facilitate the accession of Cyprus to the European Union but states that if no settlement has been reached by the completion of accession negotiations, the Council's decision on accession will be made without the above being a precondition and taking account all relevant factors.</p> | | |

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| | | |
|--|---|---|
| <p>... but the European Union has at no stage undertaken a commitment to end accession negotiations within a given period and some Member States have indicated their hesitation to vote for the accession of a divided island into the Union (see, for example, Agence Europe N°. 7339, 9th and 10th of November, 1998) ...</p> | - | |
| <p>... except that Greece, a Member State of the Union, has threatened to veto the forthcoming enlargement towards the countries of Central and Eastern Europe, if Cyprus is not admitted.</p> | | - |