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**LETTER
FROM THE
EDITORS**

Dear Readers,

The assumption of leadership of the journal by a new editorial team marks a new era of significant overhaul aimed at keeping *The Cyprus Review* at the forefront of scholarship on Cypriot political, social and economic issues, encouraging research and reflection on social and political sciences pertinent to Cyprus, as it has been for over a quarter of a century. As our mission statement emphasizes, the journal aims to serve as the forum where original research is presented and to shape discussion of the most important and topical issues through a rigorous scholarship selection and editing process that meets the highest international standards, and to widely disseminate its content and engage in an international dialogue on Cyprological issues.

In order to achieve its goals, the editorial team has undertaken initiatives that steer the journal towards a new direction in a changing international academic environment. In the digital era, achieving the widest possible dissemination is essential for safeguarding international reputation as the premier social sciences review pertinent to Cyprus. To that end, the journal has adopted a new digital platform that will allow us to engage with you more effectively, enhance the journal's online presence, and increase the visibility, readership, and citability of its content. In addition, the new management system of the platform will streamline and expedite the publishing process and all its associated stages from submission to editorial management to double-blind peer review and finally to publication.

From a substantive perspective, we have implemented the expansion of the journal's major scientific objectives by refocusing its coverage towards multi-disciplinarity through the inclusion of different disciplinary (social, political, economic, legal, historical) and methodological approaches (archival research, formal theory, philosophy, quantitative, qualitative, mixed-methods). This thematic expansion is also reflected in the composition of the new Editorial Board which has been enriched through a targeted multiplicity of disciplinary approaches.

Another major transformation is that the journal moves to an annual review basis rather than its traditional biannual format. As a result, each issue will provide wider coverage. This is also accompanied by a reconfiguration of the journal's publication structure which is facilitated by an annual publication cycle. The journal will actively pursue the publication of Special Sections in two different ways: by the dissemination of Calls for Papers that pertain to a certain topical issue of salience to Cyprus, and by the invitation of guest-edited Special Sections. This will be implemented as of the 2018 issue, the current issue being transitional between the old and new concepts.

We would like to thank those who served previously on the editorial team and board of the journal for adhering to the high standards of academic rigour and scholarship that we aim to uphold in our tenure. Their contribution to *The Cyprus Review* is truly appreciated.

We look forward to engaging with our authors, reviewers, and readers as stakeholders in our aim to sustain and advance the success and reputation of *The Cyprus Review*.

The Editorial Team

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ARTICLES

Games of (de)Legitimization and Images of Collective Subjects at the Management of a Financial Crisis: The Cyprus Memorandum in the German Political Discourse

NEOFYTOS ASPRIADIS, ARISTEIDIS PAPAIOANNOU AND ATHANASSIOS N. SAMARAS

Abstract

The Cypriot financial crisis of February 2013 opened a new chapter in the island's history and changed the perception of the Cyprus Problem. In this sense, the financial crisis was perceived as a continuation of the Greek crisis, which was at its peak, and drew all the negative frames, aspects and stereotypes from it. Germany played a key role in image formation of the island through the attribution of blame in German political discourse. For almost two months, German political parties debated the issue, forming an image of the country through their criticism, rhetoric and blame game. From being a victim of Turkish imperialism, Cyprus became an abuser of the eurozone. The construction of a new image for Cyprus in German political discourse was achieved through the use of contradicting dipoles, image restoration strategies and blame game. The induction of these means of strategic communication in the political discourse marked the parties' campaign mode in the intra-national and the international political levels.

Keywords: Cyprus financial crisis, Germany, strategic communication, image restoration, nation image, crisis management, blame game

1. Introduction

It was a weekend on 13 March 2013 when the newly established government of Cyprus announced the closure of banks and the interruption of capital flow. During the Eurogroup meeting on 15 and 16 March 2013, an agreement was reached by the Member States of the eurozone to grant financial assistance to the Republic of Cyprus (Iordanidou and Samaras, 2014).

The financial crisis of Cyprus, however, had begun in 2011 when the country was cut off from the international markets. The Memorandum of Understanding (MoU) was agreed between the Cyprus government and the Troika (European Commission, International Monetary Fund and European Central Bank) in November 2012,

whereas the final agreement was reached 271 days after the country applied for assistance (Zenios, 2013).

On 16 March, the government of Cyprus closed down the banks and stopped the flow of capital. A few days later the Cyprus Parliament voted 'No' on the implementation of the agreement. The negotiations continued until a new deal was reached. That deal decided on the reconstruction of the problematic Laiki Bank. Crucially, the new programme spared deposits below €100,000, unlike the previous proposal, which sparked outrage with a 6.75% tax on all bank deposits. Cyprus's second-largest bank, Laiki Bank, would be closed and its €4.2bn in deposits over €100,000 would be placed in a 'bad bank', meaning they could be wiped out entirely. Those with smaller deposits at Laiki would see their accounts transferred to the Bank of Cyprus (Osborne and Moulds, 2013).

Almost one month later (18 April 2013), the German Parliament was called to vote on the new MoU (Memorandum of Understanding). During this period, German political parties debated the issue. Since November 2012, German media had framed Cyprus's economy as a tax heaven for Russian oligarchs (Dettmer and Reiermann, 2012a; 2012b).¹ This framing was used by some German parties to oppose offering any German assistance to Cyprus.

Prior to the Cyprus bailout, Cyprus's image in international news media had been shaped by the vitality of its banking sector and its tourist industry, as well as by the 'Cyprus Issue' as an issue of invasion and occupation (Iordanidou and Samaras, 2014). Cyprus's reputation changed almost overnight, turning from a problematic state and a victim of Turkish occupation to a victimizer and a 'bad' member state.

A central issue for every 'memorandum country' is the way the country is perceived within the political system of the lender countries. The image of the worthy or unworthy victim is critical for the mobilization of support and the legitimating of financial support (Iordanidou and Samaras, 2014).

However, the intensity of the measures that were taken (closure of banks without prior notice, etc.) was considered to be brutal for the people of the island. In this context, the German political parties tried to frame the events and their own position on the issue according to their ideological and political beliefs, with the aim of influencing the debate. Through their political discourse and the blame game that was initiated for the German government's political decisions, images were formed for Cyprus and Germany. The rejection of the new bail-out plan was considered as an

1 Markus Dettmer and Christian Reiermann, 'EU Aid for Cyprus a Political Minefield for Merkel' and 'Aid to Cyprus Could Benefit Russian Oligarchs', 5 Nov. 2012, and *Spiegel Online*. Available at: <http://www.spiegel.de/international/europe/german-intelligence-report-warns-cyprus-not-combating-money-laundering-a-865451.html> and <http://www.spiegel.de/international/europe/german-spy-agency-says-cyprus-bailout-would-help-russian-oligarchs-a-865291.html>.

implied *kategoria* by Germany. In this context, the political parties tried to answer.

This study examines the strategies the political parties used during the blame game and how their narratives constructed the image of Cyprus. The first section of the theoretical framework focuses on the construction of images through the blame game process, defines the terms and explains the relation between strategic framing and blame game.

The second section examines the image restoration process in strategic communication. In times of political crisis, image restoration is needed not only for someone who is being attacked but also when the public discourse is perceived to include an undercover accountability/*kategoria*. This paper will focus on how the political parties used the image restoration strategies in order to improve their image towards the actual and implied *kategoria* and how state images are being formed through the blame game in public discourse.

2. Methodology

Towards this direction, the analysis focused on the press releases issued by the German political parties that participated in the Parliament (Bundestag) during the period of 18.02.2013 – 18.04.2013. Although the timeframe of the analysis seems relatively short, the objective of the research is to record the strategies used by the parties during the peak of the crisis. By aligning the research on the press releases with the same period as the parliamentary discourse, we extract better conclusions on the strategic communication and the image attributes used by the political parties inside and outside the parliamentary debate. The paper is part of a more extensive research project which examines also the parliamentary discourse of the same political parties during the same period (Aspriadis, Magira and Samaras, 2013).

The unit of analysis is ‘Cyprus economic crisis’ and ‘Cyprus Memorandum’. The methodology chosen is qualitative content analysis for two main reasons. First, qualitative content analysis is more appropriate for close reading a relatively small amount of textual matter (Krippendorff, 2004; Van Evera, 1997). Secondly, qualitative content analysis allows one the liberty of viewing the case from the inside out and being able to see it from the perspective of those involved (Gillham, 2000). Rhetorical analysis (Krippendorff, 2004) would also help, with the only restriction that the analysis does not focus on building an argument but is broader on rhetorical strategies through the examination under specific rhetorical tools.

The rhetorical tools used for the analysis are image restoration strategies according to Benoit’s typology (Benoit, 1995), the attribution of blame theory, and as a side – analysis framing theory. Since the analysis focused on the heated discussions in the

German political system, the campaign mode is considered central to this process.

It is considered that the political actors operate under the 'campaign mode', which expresses their strategic thinking and is motivated by their will to prevail in the elections. For the analysis of political discourse, the 'black box' theory is used as a means of instrumentalizing the campaign mode in terms of use and production of strategic thinking (Takas and Samaras, 2016). According to Burton and Shea (2002, p. 4), the rationale of the campaign mode is realized on the basis of two important conditions: First, the desire to win the elections and second, the use of strategic thinking. Regarding winning the elections, it is considered that the mental energy invested in running for elected office pinpoints the commitment of the candidates and their staff to a specific objective: victory (Burton and Shea, 2002, pp. 4-5).

Although the political parties in Germany were not campaigning at that point, it is noteworthy that the debate was perceived as a pre-election test. This conclusion can be drawn from the rhetorical strategies they use and the blame game that was initiated.

Taking into consideration all the above, the following research questions arise:

RQ1: What is the image of Cyprus in German partisan discourse during the period of voting on the Cyprus memorandum?

RQ2: How is the image of Germany being formed through the political blame game?

RQ3: How do the strategic choices of the political parties comply with their ideology during the blame game?

RQ4: Do German political parties consider their stance towards Cyprus as an attack against their image and do they use image restoration strategies in order to restore their image?

RQ5: How do the political parties differ in their use of image restoration strategies? How is accountability being perceived according to the political spectrum of the parties?

3. Image Construction through Blame Games

Blaming is a social explanation of usually negative events, which subsequently bring the creation of a game for the search of responsibility: the blame game (Jennings, 2005, p. 2; Knobloch-Westerwick and Taylor, 2008, p. 724). It can be described also as an 'epistemic search' for causation and responsibility. Attribution theory asserts that causal reasoning is a prerequisite of blame allocation. Blaming is an active intentional and expressive connection between events, causation and responsibility (Jennings, 2005, p. 2). The systematic and intentional attribution of blame or responsibility constructs the blame game which in turn produces accountability (kategoria). The blame game

is a process in which agents associated with negative events typically aim to deflect or downplay their own responsibility (Knobloch-Westerwick and Taylor, 2008, p. 723).

According to the Oxford Dictionary, the term 'blame' is defined as (to) 'consider or say that somebody is responsible for something done (badly or wrongly) or not done'; be responsible for something bad; This definition points out two elements in the notion of blame. First, it has to do with 'something bad' or 'wrong'. And second, it links the 'bad thing' to the responsibility of 'somebody'. Blame is the act of attributing a 'bad' or 'wrong' thing to a particular person or entity (Sulitzeanu-Kenan and Hood, 2005, p. 1).

Attribution of blame is a procedure that is embedded in political practice usually during a crisis or when negative events occur. In crisis situations, the blame game is the procedure where the search for responsibility takes place. As soon as a political crisis arises, questions on responsibility are asked. Usually the media initiates the blame game, trying to find the responsibility among the actors. Such blame attributions play a significant role and have great influence in public opinion (Sniderman et al., 1991).

However, not all crises initiate a blame game from the beginning. Usually, a crisis event that is provoked by external factors, such as foreign policy crises or interstate conflicts, actions of war or even natural disasters, are more likely to produce rallying effects than blame games (Aspriadis et al., 2014).

On the other hand, crises that are prolonged or directly affect the political system produce internal causal attribution and initiate blame games for the evasion or attribution of responsibility. Such crises, as research has shown, are economic crises (Takas and Samaras, 2015). During economic crises responsibility is usually attributed to internal factors, such as the political system or specific politicians. This kind of attribution leads to polarization of public opinion. Although this is due to the fact that economic crises usually last long and initiate oppositional framing that builds conflicting narratives, it is a matter of perception and of attribution of blame on how a crisis will be perceived by the public.

Strategic Framing and Blame Games

When things go wrong, policymakers use framing strategies in order to (re)allocate blame (Braendstroem et al., 2005, p. 3). Actors can depict the crisis as a stand-alone, ad-hoc disturbance in an otherwise well-functioning system, or as an embedded incident, epitomizing a much larger systemic failure. The dominant diagnosis of events depends very much on the temporal perspective adopted by participants framing the anatomy of the crisis (Braendstroem et al., 2005, p. 4).

Framing

According to Entman (2004), framing is the selection and highlighting of some facets of events or issues and making connections between them so as to promote a particular interpretation, evaluation and/or solution. Cappella and Jamieson (1997, p. 39) defined news frames as ‘those rhetorical and stylistic choices, reliably identified in news, that alter the interpretations of the topic treated and are a consistent part of the news environment.’

Price et al. (1995) argue that any news event can be categorized according to one of the following frames: (a) conflict frame, which organizes the story in terms of the conflict between opposing interest groups; (b) human interest frame, which organizes the story by focusing on the victims; or (c) consequence frame, where the story is organized in terms of its consequence for some group. By using framing strategically during the blame game, the political subjects may shape perceptions or reallocate the blame by changing the view of things in their favour.

Blame Games and Image Construction

Through the blame game, images can be constructed by the political parties who attribute blame and responsibility by making use of stereotypes, framing of events and/or building certain images based on behaviour. Images of foreign countries are domesticated within party political discourse since they are rhetorically employed in domestic political games (Iordanidou and Samaras, 2014).

Although the blame game is a process in which agents associated with negative events aim to deflect or downplay their own responsibility (Knobloch-Westerwick and Taylor, 2008, p. 724), the attribution of responsibility has the power to build images through the depiction of events a) as a violation of fundamental public values, b) as operational coincidences or as a result of systemic problems and c) as a result that was caused by an actor or group of people (Brändström, et al., 2005, p. 3).

Throughout the blame game, images play a crucial role in the construction of ethos and credibility. In order for someone to be able to blame somebody else for the outcome of an event or for the handling of a crisis, s/he needs to build her/his own positive image and credibility (ethos) in order to avoid the backfiring effect. Images of the other are also presented in order to destroy her/his credibility and overcome her/his own evading strategies.

The same procedure is followed by countries; internal players such as political parties, political candidates or organizations may construct or deconstruct the image of another country by using attribution of blame, negative attitudes or stereotypes in front of an audience during the blame game. This procedure can be strategically mobilized (through strategic communication efforts) or as a consequence of a heated

campaign (Aspriadis, 2013). In this case, the victim of such an attack (either state, party or person) will need to restore its image in front of an international audience.

4. Surviving an Attack: Image Restoration in Strategic Communication

Blame games produce attacks against individuals and collective subjects (countries, political parties, organizations, etc.). It is important to know how to defend a person, organization or country that is being attacked. An image attack is usually a very negative outcome in politics. Peoples' and countries' reputation may be destroyed by an attack, which has negative consequences on their everyday transactions. Image restoration strategies are very effective in reputation management.

Benoit (1995) first formed a complete typology of image restoration strategies. Image restoration in the framework of strategic communication gains a strategic orientation, becoming part of a planned answer to accusations. The blame game, as presented in the previous section, constructs accountability and causes reputational damage to the political actors. The attacker aims at attributing responsibility to factors other than himself, and the defender must answer and restore his good image.

Often, an attack can occur against the good image of a company or a political entity (politician, government, state), which leads to an image crisis or a more general crisis, which requires effective communication management. In such cases, image restoration should be employed (Benoit, 1995; Hearit, 2006).

Even a simple attack can become an image crisis for the one who receives it. A crisis may include accusations of responsibility on an issue or the crisis itself; or an accusation may initiate a crisis. According to Ryan (1982), an accusation can be established against a person's character or against his political positions. In both cases, the restoration of the image is necessary to maintain the reputation of the persons or organizations under attack.

Benoit's (1995) typology offers a concrete way of rhetorically and strategically managing a severe image crisis, an attack against the character of a person or the reputation of a country. The five main strategies are:

- A. Denial
- B. Evasion of responsibility
- C. Reducing offensiveness
- D. Corrective action
- E. Mortification

A. Denial

A first, perhaps instinctive reaction to an attack is simply to deny the event. Denial is mainly for offenses for which there is insufficient information that the person or entity is responsible (Hearit, 2006, p. 15). The strategy of denial consists of simply denying any relation with the events (Ware and Linkugel, 1973, p. 276). The fact is that distancing from kategoria can help restore the image of the defender. Example of using this strategy is Nixon's speech (Checkers Speech) in which he denied that he benefited from bribes (Benoit, 1995, p. 12). The strategy has two sub-categories:

1. Simple denial
2. Shifting the blame, victimization or scapegoating

Based on these subcategories the defender has the option either to refuse the wrong-doing or simply refuse to admit guilt (e.g. acknowledges the act but denies responsibility). This choice mobilizes the blame game. The use of the second subcategory shows the obvious question: 'If it's not you then who is to blame?' (Benoit, 1995, p. 75). This question leads us to the second subcategory. If the defender shifts the blame he transfers responsibility victimizing someone else who may be unable to react becoming a scapegoat (scapegoating).

B. Evasion of Responsibility

This strategy admits the wrong-doing and attempts to reduce the importance of the act. This can be done with four sub-strategies:

1. Provocations
2. Defeasibility
3. Accident
4. Good intentions

Provocation refers to acts that were caused by other actors, and the perpetrator is forced by circumstances to react. Here, the perpetrator may shift the main responsibility to the 'provocateur' (Benoit, 1995, p. 76) thereby reducing its own culpability. The second sub-strategy is defeasibility (Scott and Lyman, 1968; Benoit, 1995). With this strategy, the defender alleges lack of adequate information or control of important factors affecting the situation so the responsibility is not fully its own.

The next strategy is when the defender shifts the blame to random circumstances such as accidents or coincidence (Scott and Lyman, 1968; Tedeschi and Reiss, 1981; Semin and Manstead, 1983; Benoit, 1995). This is because guilt is most obvious only when someone is responsible for an act and has full control of the situation (Benoit, 1995, p. 76). Otherwise such an accusation is not valid. Finally, the fourth strategy aims at highlighting the good intention of the defender and ignores the negative result.

C. Reduce Offensiveness

In order to reduce the offensiveness of an act, the defender does not intend to deny the wrong-doing but tries to minimize the effect it had on the audience. In order to achieve that, six sub-strategies are used:

1. Bolstering
2. Minimization
3. Differentiation
4. Transcendence
5. Counter-attack / attacking the accuser
6. Compensation

The first sub-strategy refers to the defender's intention to bolster his/her image and his/her credibility towards the public by highlighting previous positive images and attitudes (Len-Rios, 2010, p. 271). This strategy may prove more effective if the positive experiences outlined show a relevance to the present situation (Benoit, 1995, p. 77).

With minimization, the defender seeks to convince the victims of the act that the results were not as painful as originally thought (Benoit, 1995, p. 77). Consequently, it is an attempt to control the negative effects of the act, by reducing the importance of events.

The third strategy in this category is differentiation. With this strategy the defender has the ability to separate certain aspects of the issue from others that have more negative effects (*ibid*). With this separation less negative aspects arise against the very negative ones (e.g., the act was the result of an accident or a good intention) thereby reducing the relative value of the negative act as a whole.

Consequently, this process can change the victims' negative feelings towards the act and the wrong-doer (*ibid*). At the differentiation stage, the perpetrator has the ability to yield responsibility to another actor (e.g., a company to an employee) in order to reduce the extent of the problem (Hearit, 2006, p. 16).

The strategy of transcendence can reframe the perception of an act presenting it in a different more positive context. Specifically, the strategy is part of the reframing process and aims to give a new interpretation to the negative act with a view to give more broad and positive regulatory framework.

Another strategy is the counter-attack/ attacking the accuser, in which the attack aims at the accuser's credibility. In ancient Greece, rhetors sought to damage the positive image of their rival. In particular, this can be achieved if the accuser (and not a third party) is a victim of the wrongful act so when the accuser apologizes, he/she can create the impression that the victim deserved what happened (Benoit, 1995, p. 78).

In other words, the attack on the credibility of the accuser increases the credibility

of the defender while questioning that of the first. On the other hand, it is likely that this tactic diverts public opinion from the main issue and the initial accusations, reducing the damage caused to the image of the defender (Benoit, 1995, p. 8). The defender can use the counter-attack strategy either on its own or in combination with denial, placing substantial fault on the opponent or accuser (Hearit, 2006, p. 16).

Compensation is the last strategy in the 'reducing offensiveness' category. In this case, the perpetrator has to resolve the dispute by offering compensation to the victim for the damage suffered. This compensation may be either financial or something else. In essence, the defender seeks to bribe the victim; however, if the latter accepts the offer, the wrong-doing can be balanced and the offender's reputation is restored (Benoit, 1995, p. 78).

Finally, at this point it should be noted that the strategies of evading responsibility and reducing offensiveness, together with their subcategories, do not deny the act itself but focus on factors that could potentially improve the defender's image and reduce the negative effects of the act (Benoit, 1995, p. 78).

D. Corrective Action

Corrective action seeks to restore the offender's image through remedy. Specifically, the perpetrator tries to solve the problem by making all necessary changes to return to the previous situation and assuring that there will be no similar acts in the future. Although according to Goffman (1971), this strategy may be a part of the real apology, the difference lies in the fact that someone can proceed to take corrective action without necessarily accepting his/her guilt. Finally, there is a noticeable difference between this strategy and compensation. While compensation is attempted to balance the situation between victim and offender, this remedy focuses on the heart of the problem and seeks to repair such damage per se (Benoit, 1995, p. 79).

E. Mortification

Last but not least, mortification belongs in the sphere of real or ethical apology. It is in a sense the last stage of contrition for the wrongdoings. Consequently, it refers to the wrongdoer fully acknowledging responsibility and asking the victims for forgiveness. Once given the apology, victims have to judge the honesty of the act and if they conclude it is true and sincere they will decide to forgive the perpetrator.

The real or moral apology helps to restore relations and can turn an enemy into a friend or even to reduce the hostility a victim feels towards the offender (Hearit, 2006, p. 49). It is very difficult for victims to accept an apology that lacks remedy, humility and shame as they want to know that the offender suffers because of his actions (Lazare, 2004).

5. Case Study: Image Restoration in the German Political Discourse

The political debate in Germany regarding the Cyprus issue initiated an informal election campaign putting the political parties into campaign mode. German elections were scheduled to take place in September 2013 and the Cyprus financial crisis became a good testing ground. The debate turned into a blame game between the political parties, criticizing the governmental decisions and Cyprus political practices that lead to the economic crisis. In this context, image restoration strategies were used by all parties in order to answer for the attacks and accusations.

The formation of German attitudes towards the Cyprus crisis was influenced by the Greek financial crisis and the already implemented schemata for that, as well as by the German media which, from November 2012, presented Cyprus as a tax heaven for Russian money laundering. The German political parties used these schemata to frame the Cypriot problem and explain their stance towards Cyprus.

The political parties formed their rhetoric in terms of their interests and their political gains. The blame game in Germany formed an image of the Cyprus Republic and its political and economic situation. The strategies used influenced German public perceptions about the Cypriot financial crisis. As a consequence, the financial crisis in Cyprus was seen as a continuation of the Greek crisis, which was at its peak, drawing all the negative frames, aspects and stereotypes from it (Iordanidou and Samaras, 2014). According to German opinions, unlike the other European countries that needed assistance, Cyprus needed to be treated in a very strict way.

The Cypriot financial crisis opened a new chapter in the history of the island and changed at least for a moment the perception of the Cyprus Problem. In the blame game, stereotypes along with the projection of the images of the Greek financial crisis put together a new image of the country. From a victim of Turkish imperialism, Cyprus became an abuser of the eurozone.

Blame Games and Accusation in the German Political Debate

Chancellor Angela Merkel's ruling party, the CDU/CSU, which was the primary decision-maker of German policy towards Cyprus, needed to respond to the direct or implied attacks and accusations from the other parties. The CDU/CSU party wanted to win the contest by framing the crisis first and shifting the blame in the desired direction before the opposition would give another explanation and perspective of the events.

According to Mueller (1970; 2003), public opinion has no or little interest in foreign policy issues. In Germany, the Cyprus crisis would be considered a foreign policy crisis unless the political parties made the issue locally relevant for political reasons and used it to gain support for the upcoming elections. German financial

assistance to Cyprus and the terms of such assistance were debated by the political parties, which tried to build their own image throughout this process.

German partisan discourse attributed the responsibility for the crisis to seven main factors: Cyprus as a state, the Cypriot parliament, the Cypriot banking/ financial system, the Russian mafia, the Greek crisis, the EU in general and Chancellor Angela Merkel. The German parties aimed at building their ethos by enhancing their patriotic and European image. This is why they attributed blame usually to factors outside or external to their sphere of responsibility.

However, this attempt formed an image not only of Cyprus as a country but also of the German political parties themselves, whose image and position had been shaped by their stance towards the crisis. In other words, the critics against Cyprus and the blame game inside the political system of Germany formed the partisan agenda and positions of the parties.

The governing party (CDU/CSU), in particular, blamed the state of Cyprus for bad management that led to the financial and banking crises. For that reason Merkel's party asked Cyprus to agree on the measures to be taken. In addition, CDU (Christian Democratic Union) blamed the Cypriot Parliament for not voting in favour of the Memorandum and the Cypriot banking system of being a tax haven for money laundering and black money. In order to rectify the situation, the CDU proposed that Cyprus fully comply with European standards.

Accordingly, the Free Democratic Party (FDP), as part of the governmental coalition, complied with the initial interpretation of the crisis, in that it also accused the financial system of Cyprus for being a tax haven and the Cypriot parliament for voting against the Memorandum. The FDP also maintained that the Cyprus government must comply with European standards and that the Cyprus parliament should vote for a new deal. However, the FDP attributed responsibility to the Russian mafia for money laundering in Cyprus. Finally, the Greek crisis was blamed for influencing the Cypriot financial markets and causing the crisis.

Comparing how the various factions of the German governing coalition attributed responsibility, it can be observed that the focus was mainly on Cyprus, its financial system and the politico-economic management. As a result, the financial crisis was seen as an embedded problem of the Cypriot financial system. Furthermore, the stance of Angela Merkel's CDU/CSU was more country oriented, restricting the responsibility for the crisis to Cyprus. On the other hand, although the FDP agreed with the main framing of the crisis, it differentiated itself in the accusation of money laundering, blaming the Russian mafia and proposing punishment. In effect, the FDP introduced new actors that seemed to be responsible for the financial crisis. This shows that the FDP tried to be more objective about the crisis.

In contrast, the main opposition party, the Social Democratic Party (SPD), mainly blamed the Russian mafia for money laundering, particularly before the Cypriot parliament rejected the Memorandum of Understanding (18 February to 18 March 2013). Besides that, the SPD blamed Cyprus for its system and the EU for economic liberalism, which could be fixed through social policy. At the same time, there were some accusations against Chancellor Merkel, as she was blamed for not reacting quickly to the crisis and for ineffective management, but these charges were very superficial. Finally, they asked the German government to make more effective decisions in order to solve the crisis.

This attribution of blame changed, however, a little later (19 March – 18 April 2013) when it turned to focus mainly on Chancellor Merkel. In particular, the government was accused of bad management and political mistakes. According to the Socialist Party, the European economic model adopted by the European Union is the reason for the difficult economic position of countries like Cyprus. Consequently, the economic liberalism is being identified with the bad banking and financial sector of Cyprus, and shares the responsibility for the situation.

The other parliament parties did not participate too actively in the debate on Cyprus. Die Linke, the leftist party of the parliament, focused mainly on the crisis management procedure rather than on the causes of the crisis. In particular, it is the first party to blame the Troika (EC, IMF and ECB) directly for following hegemonic policy. In addition, it blamed the German government for using European institutions to blackmail Cyprus. Finally, the EU was blamed for letting the German government exercise hegemonic power within the Union. For that reason the party asked for more political independence for the EU and the member-states.

Finally, the Bündnis 90/ Die Grünen did not participate very actively in the blame game. They mainly accused the German government for mishandling the crisis. The parties proposed to change course to the 'right direction'. However, the criticisms against the government were made in a positive context and covered only a small extent of their public discourse.

Image Restoration Strategies in the Political Public Discourse of German Parties

Image restoration strategies (IR strategies) were implemented by the political parties in order to maintain their positive image during the blame game process. The ongoing crisis in Cyprus not only affected the German political parties' reputations domestically but also internationally, in the eyes of their European counterparts and in other EU countries' public opinion. This implies that the German political parties needed to form an image in accordance to their belief system, their domestic image and their

image within the EU. The blame game affected this image not only as a result of the accusations of the other parties but also as a result of their own accusations.

Keeping that in mind, the intention of the government was to frame the crisis in a way that Germany and the coalition government would not be affected internationally by Cyprus or German opposition. To this end, the governing party shifted blame to the domestic financial policy of Cyprus: 'Cyprus was not ready until now to do what is needed for their own household' (CDU/CSU press release, *Zypern – Hilfe zur Selbsthilfe*, 26 March 2013).

The strategy of bolstering was used by Germany's finance minister, Wolfgang Schäuble, who said: 'Help is a just solution' (*ibid.*). By using the phrase 'a just solution' in describing the bailout programme, he promoted a positive notion that the party looks after justice. The idea of using the justice frame made the party's rhetoric more credible and reassured the public of its noble intentions. In addition, the Secretary General of the party, Herman Gröhe, pointed out '...the success of Ireland that has returned successfully with the help of the European Union to the financial markets' (CDU press release, *Zypern – Hilfe Solidaritaet fuer Europa*, 18 March 2013).

Transcendence was another strategy that was used. With transcendence, the government achieved to reframe the terms that defined the economic crisis. In particular, with this strategy, it showed that the basic event was not the economic burden of the citizens, as the media presented it, but the salvation of the state itself: 'A collapse of the state is more dramatic than the burden of the small depositors' (*ibid.*)

Finally, the CDU used the strategy of good intentions in order to project a more positive attitude, showing the good face of the government and pointing towards a different and more positive direction: 'The deal is a European solidarity solution. It will protect the small depositors and reconstruct the economy. This effort has as its basic objective to guarantee all the pensions' (CDU press release, *Zypern – Hilfe Solidaritaet fuer Europa*, 18 March 2013).

Through this press release, the Secretary General of the CDU/CSU party indirectly answered possible accounts concerning the new programme that Cyprus and the Troika had agreed upon. He highlighted the good intentions behind the government's planning and decision-making on the Cyprus crisis.

Likewise, the coalition partner, the FDP, used bolstering in order to show Germany's good face and present it as a government that was willing to help. This strengthened the profile of Germany, its political ethos and credibility. This practice, coming from another party, enhanced the accuracy of the message by showing that the government elites were unified.

Germany in cooperation with the partners of the eurozone is available to help. We are trying in every way to save the savers since Cyprus is a special case. Germany

has shown exemplary responsibility towards Cyprus. (FDP, *Zypren: Reformbereitschaft zeigen*, 25 February 2013)

Through the use of bolstering, the FDP tried to create more credibility for the government and to highlight the ethical aspect of German help and decision-making process. In addition, like the governing party, the Free Democratic Party blamed Cyprus for their situation.

It is not the Europeans to blame for the solidarity of Cyprus regarding the reforms, for it is a matter of its own. The responsibility for the failure of the dialogue between the investors of Cyprus and the ECB does not emanate from the EU but from both participants of the dialogue. (FDP, *Vereinbarung nicht aufweichen*, 20 March 2013)

Once again, the party tried to highlight the good intentions behind the decisions. It gave a positive image to the practice that was being followed to enhance the positive image of the government. Germany was being identified with the ideals of the European Union, and the FDP stated, '[Germany] offers a responsible position towards Cyprus as a state. This (the measures) is something unpleasant and it is not an easy moment but it is the only solution' (FDP, *Vereinbarung nicht aufweichen*, 20 March 2013).

Furthermore, the party was criticising Cyprus for voting against the Memorandum. Cyprus' rejection of the MOU was considered an implied *kategoria* against the Europeans' practices and decisions and eventually against the German government. This was also obvious in some public discourse in Cyprus which presented a negative image of Germany. For that reason the coalition party tried to answer to this indirect accusation.

It is unbelievable for German standards that at the same time when the head of state negotiates a solution in Brussels, the Cypriot parliament rejects it without any vote in favour. Solidarity produces responsibility and not irresponsibility to the member-states. Europe can only proceed if the rules are being followed.' (*ibid.*)

However, as soon as the parliament in Cyprus voted in favour of the new deal, the FDP slightly changed its attitude towards the island. Without abandoning its basic position of blaming Cyprus for its economic crisis, the FDP faulted the financial system of Cyprus together with the 'bad' creditors and banks for the mismanagement that led to failure. It supported Germany's handling of the crisis ('Germany showed an exemplar responsibility towards Cyprus.' (FDP, *Vertretbare Loesung Gefunden*, 25 March 2013).

Oppositional Discourse

The main opposition, the Socialist Party (SPD), tried to present Germany and the German taxpayers as victims of Cyprus' financial system, showing greater concern for the German public. However, at the same time it did not blame Cyprus for the

situation it was facing. IR strategies in this case were used evade the accusations that might have formed against the party vis-à-vis the Cyprus crisis.

The SPD followed a slight consensual policy towards the government because it considered the Cyprus issue a foreign policy problem. Therefore it did not want to polarize the interior. That is the reason the SPD did not differentiate totally from the political position of the government. 'It is a good tradition in Germany, in foreign policy matters, the government and the opposition do not dig deep ditches' (SPD press release, *Wir brauchen wieder ein soziales Gleichgewicht*, 18 February 2013).

In this context, SPD presented an image of the government as a victim in order to show how it supported the public. It also portrayed the threat posed to the German taxpayers from the economic system ('...systemic dangerous (the Cyprus Economic System) because of money laundering and tax haven...')(SPD press release, *Wir brauchen wieder ein soziales Gleichgewicht*, 18 February 2013).

In addition, the SPD issued a press release on the 16 March 2013, in which they attacked the accuser, who in that case was Merkel and the coalition government, for taking decisions that harmed the rights and the interests of the German public ('They (CDU/DSU) are against the interests and the rights of the German people.'). The Socialist Party also focused on the ideological perspective of the debate: '...the liberal politics in the economy have to be diminished and a more social approach should be followed.' (SPD Press Release, *SPD prueft Zustimmung*, 18 March 2013). This highlights the different aspects and solutions the parties had for the problem of Europe and Cyprus.

Another strategy used was shifting blame away from Cyprus to the Russian mafia. This way, the party could accomplish support from the interior and at the same time differentiate itself from government rhetoric by offering a third way. In addition, it bolstered its international image, since it appeared to bring things to a normal and pragmatic level, which would be recognized by European counterparts. ('We will not let German taxpayers be exposed to Russian money laundering.' (SPD press release, 16 March 2013)).

The SPD party used a good intentions strategy by showing a positive attitude towards Cyprus and its people. This way, SPD bolstered its social profile and presented a different face to the German people ('[A] socially acceptable solution should be implemented for the Cypriot people and that will protect the small depositors.' (SPD press release, *Union muss bei Muetterente Naegel mit Koepfen Machen*, 23 March 2013)).

Die Linke, the left-wing opposition party mainly used the strategies of transcendence and attacked the government. The party proposed new solutions with new perspectives to the Cypriot problem which focused on the solution and not on the domestic blame game. At the same time, it blamed other actors, like the Troika ('Dictatorship of Troika') and the German government ('government of blackmailing')

in order to enhance its left-wing image.

Finally, the rest of the opposition, Bundins 90 / Die Gruenen, did not participate much in the blame game and did not feel the need to restore its image. Its position was between neutral and slightly positive towards the government. The party supported the agreement and the Memorandum, reframing (transcend) the problem: 'Cyprus not only remains in the axis of the European Union but also its small depositors were protected'.

6. Conclusion – Discussion

The Cyprus parliament's rejection of the first bail-out plan was considered an implied and indirect disapproval of the German political system and the political decisions on the plan. In Germany this was seen as an indirect accusation, and the political parties considered the need to answer to the direct or indirect accusations.

The fact that the accusations were made by another government lead the German parties to perceive the discussion of the Cyprus issue in term of interstate conflict. This event, together with the German elections that were scheduled for September 2013, put the parties into a strange position. Therefore, blame was attributed to several factors and the blame game of the parties played on both the interstate and the domestic levels.

At the international level, the public was used in order to enable the patriotic emotions to the German public. This shows that the crisis in Cyprus was being perceived as a foreign policy crisis. In that case the parties adopted a more consensual rhetoric (as was the case of SPD) for the domestic audience and a more aggressive rhetoric for the exterior enhancing the interstate conflict frame. When the parties used the domestic level they either tried to show a more pro-European image or to enhance the debate internally and get more electoral support.

In particular, the governmental party CDU/CSU focused its attacks on the Cypriot parliament, state and banking system. The intention was to attack the ethos of these institutions and the country for deconstructing the credibility and the power of the nation especially after the negative outcome of the voting procedure in the Cyprus parliament.

In order to achieve that, the government identifies itself with the country (Germany) and produces several conflicting dipoles against its targets. The dipoles function as measures of identity employed to mobilize the public to choose sides.

The German government by implementing this strategy wanted to change the image of victim for Cyprus. By raising the national frame and blaming Cyprus for their management, it achieved to stabilize their position inside the country. The campaign mode was in this case acting at an interstate level to raise nationalism and faith within the governmental party.

In the governmental public discourse, Cyprus is the main party to blame for the crisis. The image projected is that of the worthy victim that deserves all that happened. The Greek financial crisis, the stereotypes and the negative frames it produced helped to justify this to the public perception. The German government produced the international political conflicting dipoles of 'Cyprus solution vs. German tax payer' and 'Cyprus bad management vs. German economic organization'.

This strategy was supported and followed by the coalition party FDP. However, a slight differentiation that was employed helped to bridge the gap between empathy and reality in the governmental rhetoric. The FDP attack focused additionally on the Russian Mafia and the Greek crisis. The dipoles they used tried to enhance the nationalist frame and rally the public around the government.

On the contrary, the German opposition differentiated itself a little more from the government but did not change the main line. The attack focused again on the ethos (character – credibility) of the government, but the target was diverted to the Russian mafia, the European Union, Merkel and the government. This strategic differentiation presented a better understanding of Cyprus and built an international image for the party and the island. The target audience was the European public and the internal audience in order to take record for the position of the German opposition.

The conflicting dipoles used included mainly the opposition – government dipole, SPD – EU and Germany – Russian mafia. The party's campaign mode included also the domestic level (opposition – government dipole), which is usually used during election campaigns.

The opposition forces attributed the blame to the Russian mafia, the Chancellor of Germany, Angela Merkel, for not gotten involved in the European Crisis sooner and Cyprus for its inefficient system. After Cyprus failed to vote for the memorandum, the main opposition (SPD) blamed Chancellor Merkel and the government for ineffective management and political failure.

The main opposition plays at the intrastate level and attributes blame to the government in order to produce an interparty political conflict for winning support by polarization and the creation of election climate. The SPD tries to balance between the upcoming elections and its own framing of the Cyprus crisis as a foreign policy crisis.

The other opposition parties, like Die Linke, focused their attacks against the government, the Troika and the European Union. The Troika was blamed for their hegemonic policy, the EU for being under German manipulation and the government for bad crisis management capabilities. The objective was to deconstruct the image of the latter through bolstering the party's ethos. The conflicting dipoles used were mainly political but moving between domestic and international level, enhancing the nationalist frame (Left wing-Right wing, Left-Government, Left-EU and Troika).

The minor opposition tried to reframe the attribution of blame and to initiate

the interparty political conflict frame with the aim of achieving political support. The oppositional narrative constructs Cyprus's image as the unworthy victim, since the responsibility returns to the German government.

Finally, Die Buendnis 90/Die Gruenen focused their attacks only against the government with a more positive and neutral attitude. They did not make excessive use of conflicting dipoles and frames during their rhetoric due to the fact that they chose a neutral reaction.

The Greek financial crisis helped the German public better understand negative aspects and frames of corruption and bad management. The interstate conflict frame was better perceived by the domestic audiences and turned into a rallying effect against Cyprus. The oppositional narrative was not so strong making reframing less effective. The interparty conflict frame did not work well at that time because of the consensual attitude of the oppositional parties. Under this context, the image of Cyprus changed from a victim of the Turkish occupation to a corrupted European member that was worthy suffering. The image constructed for domestic use in the German political scene affected Cyprus and Europe in general in terms of perception and negotiations.

In conclusion, the image of Cyprus was constructed through the political blame game of the political parties in Germany. The most common strategy used was the strategy of blame shifting that shifts the responsibility for the situation to Cyprus. Inside Germany, however, the government aimed at constructing a narrative of Cyprus being unworthy of help by making strong connections of the governmental, political and financial institutions with the economic failure of the country.

At the same time, it was observed that when the use of the strategy of counterattack increased, the strategy of minimization decreased. This is explaining the change between the positive and negative image formation, respectively. When the signing of the memorandum was pending, the strategy of counterattack dominated the political discourse, projecting a negative image for Cyprus. In contrast, when Cyprus complied with the terms and signed the deal, the strategy of minimization rose projecting a more positive image.

Germany, on the other hand, was presented as a victim, because it had to give money for something that it was not responsible for. The political party discourse produced positive images for itself and Germany through bolstering presenting itself as moral, just and credible. The parties highlighted the pro-European orientation for Germany. Due to the fact that all the parties make use of the interstate conflict frame an internal rallying effect took place, leading to external projections of power. Although there are different opinions, there was no severe polarization in the political discourse. In contrast, there is an observable consistency and unity.

Consequently, this leads to the conclusion that the political elites of Germany perceived the Cypriot crisis as an international crisis and the political system functioned

in terms of internal consensus, which means that it functioned as hegemony and in conflicting terms towards Cyprus.

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The Cypriot Banking Sector During the Financial Crisis and Its Reforms: An Examination in Light of the Case of the UK

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Abstract

The article focuses on the role of banks in the financial crisis and compares the UK and Cyprus, since the banking sector of the latter was founded on the former's model when it was a British colony. However, Cyprus' financial sector has been influenced by its accession to the EMU, while the UK remains outside the eurozone. The article begins with the theoretical background, namely the 'too-big-to-fail' theory, the deficient banking corporate governance and the ineffective supervision of banks, and how they affected the UK and eurozone crises. Afterwards, the measures imposed by the UK government on its banking sector and the corresponding EU financial measures are discussed. A brief evaluation of the causes of the crisis in Cyprus follows. The article concludes that Cyprus can follow the UK's example and focus its efforts on bank supervision to improve the financial industry and to avoid a future financial crisis.

Keywords: banking supervision; regulation; too-big-to-fail; Twin Peak; European Banking Union; bail-in; deposit guarantee

Introduction

Financial crises, and especially bank crises, are not novel phenomena, since banking systems are vulnerable across the world, irrespective of the type of financial system.¹ This vulnerability results from the very nature of a bank's operation, which depends on liquidity due to deposits and investments, and which is threatened by the possibility of depositors collectively withdrawing their savings. The collapse of one bank can be likened to unbalancing a domino piece which ends up collapsing the whole system. Moreover, the recent global character of the financial environment increases the risk that a financial crisis is more likely to be forwarded from one state to another

1 See Levine, R. (2002), 'Bank-based or market-based financial systems: Which is better?' NBER Working Paper Series, Working paper 9138 <http://www.nber.org/papers/w9138>, accessed 10 December 2016.

with unpredictable consequences. The decisive role of banks in the incidence and transmission of financial crises renders it essential to initially prevent or settle a banking crisis to resolve a financial crisis.²

The objective of this study is to assess whether UK banking reforms could also apply to Cyprus in order to handle its current disastrous financial reality. The choice to examine Cyprus is because its legal system and banking industry were developed based on English foundations when Cyprus constituted part of the British Empire.³ As a result, the two countries share some pillars relating to the operation and legal regulation of banks and the financial system in general.⁴ It should not be ignored that Cyprus is a member of the eurozone, and therefore its financial sector is part of the EU banking union, with all the obligations and limitations that this membership encompasses. Thus, any recommendations made should take into account the limitations that the eurozone imposes, in the sense that Cyprus does not enjoy the same degree of freedom as the UK. It emerges that if Cyprus shifts its focus to bank supervision, following the example of the UK government, in conjunction with other recommended measures, the current situation of the island could improve. The conclusions present proposals aiming towards the solution of the existing financial turbulences in Cyprus and the prevention of similar situations in the future.

Following the defined purposes, this paper is organized accordingly: The first part is composed of a critical analysis of three of the most cited theories of how banks can initiate a financial crisis. These three main arguments are also examined as to whether they apply to the UK's 2007 financial crash and the euro area's crisis. The reform measures adopted in the UK and in the EU respectively will be presented in the second part. The case of Cyprus follows in the third part, which incorporates a timeline of the crisis on the island and an examination of its causes, taking into account the role of banks. The goal of the analysis conducted in the current paper is to discover whether and how the measures enforced in the UK could also be implemented in Cyprus. Additionally, the paper aims to explore what other measures could be adopted to deal with the crisis.

The main point of this paper is to underline that a future financial crisis can only be avoided by improving risk management, enhancing corporate governance of banks, implementing effective resolution and support facilities, and establishing macro-prudential oversight systems.

2 Andries, A. M. (2009), 'What Role Have Banks in Financial Crises?', *Review of Economic and Business Studies*, Vol. 2009, No. 3, pp. 149-159.

3 1878-1960.

4 After Cyprus' accession to the EU in 2004, the government was obliged to accede to the EMU and to adopt the euro as its national currency. Cyprus joined the eurozone in 2008, thus, its banking system is also affected by European Central Bank policy.

Theories on the Role of Banks in a Financial Crisis

Excessive loans, the growth of financial innovations and risky speculations, the relaxation of regulations and the ceaseless efforts of investors to gain large profits constituted signals for the global financial crisis of 2007.⁵ Among the various theories that have been developed, three were analyzed and supported: the ‘too big to fail’ theory, the deficient corporate governance of banks and the lack of effective supervision of banks.

Too Big to Fail (TBTF)

The phenomenon where the bankruptcy of one bank causes the bankruptcy of another if they constitute counterparties to each other is known as the ‘risk of contagion’. Particularly, at the EU level, the concept of the single market increases the contagion of bank failures due to the abolition of internal borders within the Union for the free movement of goods and services.⁶ Further, in an effort to promote the model of ‘one market, one money’ in the context of the EMU,⁷ the eurozone countries became interdependent, and the risk of contagion became permanent. According to Snell, ‘[I]f there are question marks over the health of the banks of one country, markets quickly become worried about the financial institutions of other countries as well; if the ability of one Member State to stay within the euro is questioned, the markets quickly start to worry about the other countries.’⁸

If this risk of contagion is considered so high that the government is ready to take any measures to prevent it from failing, then the bank is regarded ‘too big to fail’ (TBTF).⁹ In 1984, C.T. Conover stated that US federal regulators would prevent the largest ‘money center banks’ from failing,¹⁰ thus a new regulatory principle was conceived, and according to Stewart McKinney, ‘We have a new kind of bank. It is called “too big to fail” and it is a wonderful bank’.¹¹ The contribution of the TBTF

5 Andries, A. M. (2009), ‘What Role Have Banks in Financial Crises?’, *Review of Economic and Business Studies*, Vol. 2009, No. 3, pp. 149-159

6 In the Commission White Paper (‘Completing the internal market’, COM(85) 310 final) the internal market is defined as ‘an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured’.

7 Directorate-General for Economic and Financial Affairs, ‘One market, one money. An evaluation of the potential benefits and costs of forming an economic and monetary union’, *European Economy* 44, October 1990).

8 Snell, J. (2014), ‘The Internal Market and the Philosophies of Market Integration’ in Barnard C. and Peers S. (eds), *European Union Law*, Oxford: Oxford University Press, pp. 300-324, at 314.

9 Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States (2011), *The Financial Crisis Inquiry Report*, Official Government Edition, p. 431.

10 Kaufman, G. G. (2004), ‘Too big to fail in U.S. banking: Quo vadis?’ in Benton, E. Gup (ed.) *Too Big to Fail: Policy Practices in Government Bailouts*, London: Praeger Publishers, pp. 153–167.

11 Financial Crisis Inquiry Commission (2010), *Preliminary Staff Report: Too-Big-to-Fail Financial*

concept to the financial crisis was determinant, since a bank being labelled 'TBTF' could readily take risks which it would otherwise have avoided, and a government would be an implied pillar or guarantor to its creditors.¹² This means that governments encourage banks to take risks that could pay large dividends and remuneration in periods of success, but could make losses which taxpayers would cover.¹³ Evidently, the financial crash beginning in 2007 led governments to take extraordinary measures to avoid the collapse of TBTF banks. Meanwhile, numerous smaller banks were allowed to go bankrupt because of their negligible importance to the economy.

This vertical scale of support for the banking sector is clearly evident in the UK, where GBP 1,000 billion were spent as loans and equity investment, which is equal to two-thirds of the annual output of the country's whole economy.¹⁴

According to Mervyn King, governments can deal with TBTF by either admitting that some banks are TBTF and diminishing the threat of their failure or by refusing to acknowledge that a bank is so important that the entire society would bear the costs of its failure.¹⁵ In essence, the first option is to reduce the possibility of a large bank collapsing by enforcing it to maintain capital requirements with regard to their risk-taking policies. Notably, Basel III requires banks to create a buffer against adverse consequences,¹⁶ which 'would offer banks a greater ability to survive the strains of a crisis',¹⁷ provide more protection for taxpayers and hopefully prevent the bank from failing, which could trigger government intervention.¹⁸ Although capital requirements lessen a bank's need for taxpayer support, it can still be made available, and the amount of capital and liquidity might change from day to day partly due to the variation of market expectations. In other words, even if contingent capital is reduced, when a TBTF bank is threatened by bankruptcy, the government would still provide some insurance to prevent it from failing.

The second option shifts the focus to separating banking activities. The payment for goods and services by households and companies and the intermediate flow of savings

Institutions, p. 7. Available at http://fcic-static.law.stanford.edu/cdn_media/fcic-reports/2010-0831-Governmental-Rescues.pdf, accessed 10 December 2016.

12 Mervyn King, Governor of the Bank of England, speech to Scottish business organisations, Edinburgh, 20 October 2009. Available at <http://www.bankofengland.co.uk/archive/Documents/historicpubs/speeches/2009/speech406.pdf>, accessed 10 December 2016.

13 *Ibid.*

14 *Ibid.*

15 *Ibid.*

16 The Basel Accord III 2011 implemented counter-cyclical capital buffers and systemic group buffers.

17 Barth, J. R., Prabha, A. and Swagel, P. (2012) 'Just how big is the too-big-to-fail problem?', (2012) *Journal of Banking Regulation*, Vol. 13, No. 4, pp. 265-299, at 280.

18 Yan, M., Hall, M. J. B. and Turner, P. (2012) 'A cost-benefit analysis of Basel III: Some evidence from the UK', *International Review of Financial Analysis*, Vol. 25, pp.73-82.

to fund investment are essential activities for a country's economy, therefore it is in the public's interest to maintain them. In contrast, activities like proprietary trading entail greater risk. Thus, as was supported by John Kay, the provision of payment services could be separated from the creation of risky assets in order to protect deposits.¹⁹ Alternatively, proprietary trading could be separated from retail banking in accordance with Paul Volcker's view.²⁰ Both views aim at limiting government guarantees to utility banking. Using the same rationale, the EU Commission proposed the structural reform of banks, which would prevent the biggest banks from engaging in proprietary trading²¹ by forcing these big banks to separate their risky trading activities from their deposit-taking business in order to protect depositors and preserve financial stability. However, separation of activities does not totally eliminate banks' incentives, and governments will still support financial institutions which do not operate in the utility banking sector due to the harmful consequences for the entire economy should they fail.²²

Corporate Governance

Except for the issue of executive remuneration, corporate governance of banks was mostly ignored during the crisis²³ until the OECD Steering Group on Corporate Governance authorized a study on some of the key areas of corporate governance of the banking industry.²⁴ In 2009, the G20²⁵ and the De Larosière Report conceded that corporate governance failures were one of the causes of the financial crisis.²⁶ In

19 Kay, J. (2009) 'Too big to fail is too dumb an idea to keep', *Financial Times*, 28 October 2009. Available at <http://www.johnkay.com/2009/10/28/too-big-to-fail-is-too-dumb-an-idea-to-keep>, accessed 10 December 2016.

20 G30 report, former Chairman of the Federal Reserve.

21 European Commission (2014b) 'Proposal for a Regulation of the European Parliament and of the Council on structural measures improving the resilience of EU credit institutions', COM/2014/043 final - 2014/0020 (COD).

22 Speech by Mervyn King, Governor of the Bank of England, to Scottish business organisations, Edinburgh, 20 October 2009. Available at <http://www.bankofengland.co.uk/archive/Documents/historicpubs/speeches/2009/speech406.pdf>, accessed 10 December 2016.

23 Mülbart, P. O. (2009) 'Corporate Governance of Banks', *European Business Organization Law Review*, Vol. 10, No.3, pp. 411–436.

24 OECD (2009) 'Corporate Governance and the Financial Crisis: Key Findings and Main Messages', pp. 1–58. Available at <http://www.oecd.org/corporate/ca/corporategovernanceprinciples/43056196.pdf>, accessed 10 December 2016.

25 Group of Twenty Working Group (2009) Enhancing Sound Regulation and Strengthening Transparency. <http://www.gfintegrity.org/storage/gfip/documents/g20%20working%20group%201%20report.pdf>, accessed 10 December 2016.

26 High-Level group on Financial Supervision in the EU. (2009, February 25) *The Report of the High-Level Group on Financial Supervision in the EU*. The group was chaired by Mr Jacques de Larosière:

the UK, Sir David Walker was mandated to independently evaluate that aspect in the its banking sector.²⁷ According to the Walker Review, ‘the fact that different banks operating in the same geography, in the same financial and market environment and under the same regulatory arrangements generated such massively different outcomes can only be fully explained in terms of differences in the way they were run.’²⁸

The lack of corporate governance during the last couple of decades has been illustrated by the collapse or near collapse of some large financial institutions worldwide,²⁹ in which the main flaws were: bank boards that could not manage risk properly and could not control executive management; shareholders; stakeholders who remained passive while their boards decided to expand the operations; and a corporate culture which gave high remuneration for short-term profits. The same defects were recognized by the EU Commission and the De Larosière Report, which said, ‘[B]oards and senior management of financial firms failed to understand the characteristics of the new, highly complex financial products they were dealing with... The “herd instinct” prevailed too often driving many firms into a race to inflate profit without paying proper attention to risk. In many cases, board oversight or control of management was insufficient and non-executive directors “absent” or unable to challenge executive directors... Inadequate remuneration structures for both directors and traders led to excessive risk-taking and short-termism.’³⁰

Considerable remuneration schemes, risk management, the fitness of the Combined Code on Corporate Governance, the composition and conduct of banks’ boards and the relationship with shareholders were the key areas of the Walker Review.

Regulation – Supervision

Arguably, many nations’ regulatory and supervisory agencies have not managed ‘to keep abreast of the rapidly evolving development of the financial industry and its myriad products and practices’.³¹ Slack regulations in the banking industry have significantly contributed to the development of high-risk lending and investment practices, which have led to financial turbulences.

The de Larosière Report.

27 Walker, Sir D. (2009) ‘A review of Corporate Governance in UK Banks and Other Financial Industry Entities’, HM Treasury (The Walker Review).

28 *Ibid.*

29 Tomasic, Ro. and Akinbami, F. (2011) ‘Towards a new corporate governance after the global financial crisis’, *International Company and Commercial Law Review*, Vol. 22, No. 8, pp. 237-249.

30 European Commission (2010) ‘Corporate Governance in Financial Institutions: Lessons to be drawn from the current financial crisis, best practices’ SEC 669, 3.

31 Teakdong, K., Bonwoo, K. and Minsoo, P. (2013) ‘Role of financial regulation and innovation in the financial crisis’, (2013) *Journal of Financial Stability*, Vol. 9, No. 4, pp. 662-672.

The financial crisis of 2007, described as the most calamitous in recent years, belongs to ‘a series of boom-bust-regulate-deregulate-boom-bust’ cycles.³² Lenders’ and borrowers’ ambitions to assume risk grow with the manifest force of the circular upturn, constituting the ‘boom’ process, which is ‘driven by leverage, speculation and rapid credit growth’, and which often climaxes in an expensive ‘bust’.³³ Apart from the catalytic role of regulations, their implementation by supervisory authorities was also weakened. For instance, the UK Financial Services Authority (FSA) has been heavily criticised for its risk-based approach to regulation after UK banks failed and were subsequently nationalised.³⁴ The supervisory authorities of Iceland and Ireland were similarly disreputable when their banking sectors had to be dismantled.³⁵ Thousands of Irish protested against the public sector’s spending cuts in order to save Anglo Irish Bank, which was the victim of deficient corporate governance.³⁶

The regulatory structure of the UK was tripartite, consisting of the FSA, which was the foundation of this system and the supervisory body for banks, the HM Treasury and the Central Bank. The FSA’s responsibilities were the regulation and prudential supervision of financial institutions. The HM Treasury was authorized to oversee the whole regulatory structure and to approve any support operation in case of financial crisis. Finally, the Central Bank was mandated to preserve steady monetary and financial systems.

Despite the initial financial stability achieved by the newborn tripartite system, the collapse of Northern Rock Bank in September 2007 indicated there was weak supervision by the FSA. More importantly, it was unclear which regulatory body was responsible to immediately handle the crisis.³⁷ The subsequent bankruptcies of RBS and Lloyds Bank confirmed the shortcomings of that system.

The Turner Review, being considered the most thorough analysis of these financial turbulences, classified several factors which contributed to the crisis,³⁸ among which

32 O’Brien, J. (2010) ‘The Future of Financial Regulation: Enhancing Integrity through Design’, *Sydney Law Review*, Vol. 31, No. 1, pp. 63-85.

33 White, W.R. (2014) ‘The Prudential Regulation of Financial Institutions: Why Regulatory Responses to the Crisis Might Not Prove Sufficient’, *OECD Economics Department Working Papers*, No.1108, OECD Publishing.

34 O’Brien J. (2010), ‘The Future of Financial Regulation: Enhancing Integrity through Design’, *Sydney Law Review*, Vol. 31, No. 1, pp. 63-85.

35 International Monetary Fund (2009), ‘Crisis Creates Testing Times for Europe’s Policymakers’, *IMF Survey Magazine*. Available at <http://www.imf.org/external/pubs/ft/survey/so/2009/CAR061009A.htm>, accessed 10 December 2016.

36 Wall M. and Collins S. (2009), ‘Change to Cuts Strategy Ruled Out as Protests Seek “Fairer” Way’, *Irish Times* (Dublin), 7 November 2009.

37 Cox, L., Dorudi, B., et al. (2012) ‘United Kingdom regulatory reform: emergence of the twin peaks’, *Compliance Officer Bulletin*, Vol. 95, pp. 1-33.

38 FSA (2009) *The Turner Review, a regulatory response to the global banking crisis*. London: FSA.

were macro-economic imbalances, financial innovation without social worth and serious flaws in decisive bank capital and liquidity regulations. The Review also included factors such as the expansive involvement of commercial banks in trading activities, which lowered confidence in the banking system, and insufficient capital buffers, which had not allowed banks to continue their lending activities since the downturn.³⁹

Following the identification of the crisis' causes, the Turner Review made numerous recommendations for improving the regulatory system and preventing future crises. In essence, it strongly recommended the FSA be reconstructed to primarily supervise business strategies and the system-wide risks of banks, and then to supervise their internal processes and structures, as 'the approach has to build on a system-wide perspective: failure to look at the big picture was far more important to the origins of the crisis than any specific failures in supervising individual firms.'⁴⁰

The UK Reform Measures

The aforementioned theories have obliged the UK government to acknowledge the urgency to reform the existing banking industry regime and to decide how to handle these arguments.

Taking into consideration the Turner Review, the UK government decided to abolish the FSA,⁴¹ and in his 2011 Mansion House speech, Chancellor George Osborne declared that the original tripartite system belonged to the past.⁴² Three years later, on 1 April 2013, the FSA was replaced by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA), which were mandated to observe banks' health and to supervise financial institutions' conduct. Moreover, the Financial Policy Committee was established within the Bank of England to diagnose and deal with financial risks to the system's stability.

In essence, the FCA has inherited most of the Financial Services Authority's tasks to regulate market conduct, including monitoring all firms' conduct in relation to retail customers, wholesale financial markets and their comprehensive market conduct.⁴³

39 *Ibid.*

40 *Ibid.*

41 *Ibid.*

42 Chancellor of the Exchequer George Osborne, speech on 15 June 2011. Available at <<https://www.gov.uk/government/speeches/speech-by-the-chancellor-of-the-exchequer-rt-hon-george-osborne-mp-at-the-lord-mayors-dinner-for-bankers-and-merchants-of-the-city-of-london-mansi>>, accessed 10 December 2016.

43 Perry, J., Moulton, R. et al. (2011) 'The new UK regulatory landscape', *Compliance Officer Bulletin*, Vol. 84, pp. 1-33.

FCA's objective is to strengthen 'confidence in the UK financial system by facilitating efficiency and choice in services, securing an appropriate degree of consumer protection, and protecting and enhancing the integrity of the UK financial system'.⁴⁴ The PRA, a separate legal entity and subsidiary of the Bank of England, assumes responsibility over the micro-prudential regulation and daily supervision of those financial institutions that are subject to significant prudential regulation, namely banks, insurers and major investment firms.⁴⁵ The fundamental objective of this authority is to promote 'the stable and prudent operation of the financial system through the effective regulation of financial firms, in a way that minimizes the disruption caused by any firms that do fail'.⁴⁶ Finally, the FPC exercises macro-prudential regulation to strike a balance between financial stability and sustainable economic development.⁴⁷ The FPC's objectives are to improve financial stability by improving the flexibility of the financial system, identifying its vulnerabilities, and improving macroeconomic stability.⁴⁸

The new structure of the regulatory system has given rise to certain concerns, particularly with regard to the danger of creating 'regulatory underlap' and duplication.⁴⁹ Remarkably, Hector Saints commented that 'any structure which is anything other than a monolithic organisation, across the whole spectrum of regulation, is going to have fault lines. And where you have a fault line, you have a coordination risk'.⁵⁰ In response to these arguments, the government emphasised that the FCA and the PRA enjoy the same status and flexibility to engage with each other,⁵¹ but if they disagree, the PRA would prevail and prevent the FCA from exercising a function if there is a high risk a firm could fail.

44 HM Treasury (2011) 'A new approach to financial regulation: building a stronger system', p. 5. Available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/81411/consult_newfinancial_regulation170211.pdf, accessed 10 December 2016.

45 Perry, J., Moulton R. et al. (2011), 'The new UK regulatory landscape'.

46 *Ibid.*

47 *Ibid.*

48 *Ibid.*

49 *Ibid.*

50 Thomson Reuters Newsmaker Event, December 2010. Available at <http://live.reuters.com/Event/TRNewsmaker?Page=0>, accessed 10 December 2016.

51 HM Treasury (2011) 'A new approach to financial regulation: building a stronger system'. Available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/81411/consult_newfinancial_regulation170211.pdf, accessed 10 December 2016.

The EU Approach

While the UK attributed the failure of its financial sector primarily to improper and inadequate supervision of banks and the market in its entirety, the EU preferred a different tack by prioritising ‘the increased control of the market by extending the scope of regulation; curbing specific “undesirable” behaviours; protecting consumers and taxpayers; and enhancing eurozone solidarity’.⁵² The focus shifted to protecting consumers and taxpayers rather than re-empowering market forces; thus, instead of the EU reviewing supervisory measures, it reinforced the regulatory system initially.

Among the Union’s responses to the crisis, including instances of quick intervention to stabilise some euro countries that were heavily affected,⁵³ and measures of budgetary surveillance and economic coordination,⁵⁴ various reforms were made to create a more powerful and steadier financial framework, and a so-called European banking union.⁵⁵ The idea of creating a European banking union was first introduced by the President of the EU Council in June 2012,⁵⁶ consisting of three pillars, namely a ‘single supervisory mechanism’, a harmonized recovery and resolution framework and a common deposit guarantee scheme for all the eurozone states.

A. Single Supervision Mechanism (SSM)

Article 127(1) TFEU establishes that the primary objective of the European System of Central Banks is the maintenance of price stability, and, for this purpose, the range of powers of the ECB includes setting interest rates and supplying liquidity to the banking system. In addition to these tasks, in 2013, the ECB became responsible for the prudential supervision of banks and other financial institutions⁵⁷ and it now

52 Europe Economics (2014) ‘EU Financial Regulation: A report for Business for Britain’, p. 24. Available at <http://forbritain.org/EUFinancialReg.pdf>, accessed 10 December 2016.

53 Loan facilities, such as the European Financial Stability Mechanism and the European Financial Stability Fund, were created to deal with the urgent sovereignty debt crises of Ireland and Greece in 2010.

54 The so-called Six Pack package of measures was adopted in November 2011 to improve budgetary surveillance and economic policies. That surveillance was further strengthened in May 2013 by the Two-Pack. Moreover the Treaty on Stability, Coordination and Governance was entered into force on 1 January 2013 dealing with budgetary discipline, economic convergence and cooperation and euro governance.

55 See Hinarejos, A. (2014), ‘Economic and Monetary Union’ in Integration’, in Barnard, C. and Peers, S. (eds), *European Union Law*, Oxford: Oxford University Press, pp 567-590.

56 President of the European Council (2012 June 26) ‘Towards a Genuine Economic and Monetary Union’. Available at: http://ec.europa.eu/economy_finance/focuson/crisis/documents/131201_en.pdf, accessed 10 December 2016.

57 Regulation 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions [2013] OJ 2 287/63, hereinafter SSM Regulation.

supervises approximately 150 eurozone credit institutions, which is equivalent to 80% of the banking assets in the euro area. The remaining banks, being regarded as ‘less significant’, are still supervised by their national competent authorities (NCAs).⁵⁸ The criteria for distinguishing ‘significant’ from ‘less significant’ banks are their size, importance for the economy of the Member State or the entire Union, the volume of their cross-border activities (if any) and the ranking amongst the three most important banks in the relevant Member State.⁵⁹ Such distinctions clearly reflect the Union’s application of the TBTF theory.

Under the SSM, the ECB and the NCAs now share prudential supervision of banks, co-sharing in some areas and allocating exclusive competences in others. In particular, NCAs remain responsible for supervising bodies which are not covered by the EU’s legal definition of credit institutions,⁶⁰ supervising payment services, consumer protection, protecting against money laundering and terrorist financing, as well as the ‘low-level’ aspects of prudential supervision such as dealing with matters of credit institutions’ establishment and provision of services, supervising credit institutions from non-EU countries with branches or cross-border services within the Union, and assisting the ECB in its supervisory role.

The ECB’s new role could be characterized as either increasing or weakening integration, since banking union introduces a level of integration for the banking sector within the eurozone.⁶¹

B. Single Resolution Mechanism (SRM)

In 2013 the European Commission drafted a regulation on uniform procedures for bank resolution within the Eurozone⁶² to put nearly solvent banks into resolution ‘with minimal costs to taxpayers and to the broader economy’.⁶³ This ‘bail-in’ method shares the burden of covering the losses and resolving a failing bank among shareholders, creditors and unsecured depositors. The SRM applies only to the banks that are also covered by the SSM, thus authorities on the same level perform supervision and management. In particular, the resolution of these ‘significant’ banks is transferred

58 SSM Regulation, Article 6.

59 SSM Regulation, Article 6(4).

60 Though they might be supervised as credit institutions under national law.

61 Andenas, M. and Chiu, I. H-Y (2013), ‘Financial stability and legal integration in financial regulation’, *European Law Review*, Vol. 38, No. 3, pp. 335-359.

62 European Commission (2013) ‘Proposal for a Regulation establishing uniform rules and uniform procedures for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Bank Resolution Fund and amending Regulation 1093/2010’ COM(2013) 520.

63 Alexander, K. (2015) ‘European Banking Union: a legal and institutional analysis of the Single Supervisory Mechanism and the Single Resolution Mechanism’, *European Law Review*, Vol. 40, No. 2, p. 156.

from the national to the European level, and the ‘less significant’ credit institutions are still managed by their national resolution authorities (NRAs). Consequently, the consistency of the approach towards significant banks is ensured and the integrity of the single market is reinforced.

Under the SRM, which has been in full force from 1 January 2016, a Single Resolution Board (SRB) was established to achieve ‘a coherent and uniform approach’ to bank resolution, and a Single Resolution Fund was created with contributions from the banks that are under the scope of the SRM. The use of the bail-in tool depends on the discretion of the SRB, since the Bank Recovery and Resolution Directive⁶⁴ provides for the adoption of early intervention resolution methods. This function of the SRB provides the Union authorities with a methodical means to manage failures of banks and other financial institutions, which constitutes one of the SRM’s objectives.

C. Deposit Guarantee Scheme

Regarding the third pillar of the EBU, the Deposit Guarantee Scheme Directive of 2014⁶⁵ provides for the protection of €100,000 of each retail depositor, with banks increasing contributions to a deposit guarantee fund in each State⁶⁶ in the event of a bank’s resolution.⁶⁷

Generally, implementing the SSM and the SRM, in the context of harmonized banking rules, intends to complete the EMU and ensure financial stability. Furthermore, the bail-in tool puts ‘an end to the era of massive bailouts paid by taxpayers’⁶⁸ and enhances confidence in the banking industry and in the eurozone as a whole. Those purposes are achieved when the European banking union transmits the sovereignty from the national authorities of Member States to Union institutions in the sensitive area of banking supervision and resolution.

The Case of Cyprus

In March 2013, Cyprus dominated the news worldwide when the Eurogroup and the President of the Republic of Cyprus reached an agreement that would impose a bail-in of all insured and uninsured depositors in all banks of the country.⁶⁹ Such agreement

64 Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms [2014] OJ 2 173/190.

65 Directive 2014/49/EU on deposit guarantee schemes [2014] OJ 2 173/149I

66 *Ibid.* Article 10

67 *Ibid.* Article 6.

68 European Commission (2014) ‘Banking Union: Restoring financial stability in the Eurozone’, p. 2.

69 Eurogroup Statement on Cyprus (2013 March 16). Available at http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/136487.pdf, accessed 10 December 2016.

was described as ‘a one-off, extraordinary measure that will not be repeated under any circumstances.’⁷⁰ However, the phenomenal financial crisis did not come out of the blue, rather it was the result of several failures. ‘The combination of loose fiscal policies, ineffective supervision and the lack of formal arrangements to deal with a crisis opened the way to catastrophe’.⁷¹ The Central Bank of Cyprus (CBC) appointed an Independent Commission on the Future of the Cyprus Banking Sector to identify weaknesses of the national banking system and to recommend ways to enhance the system’s growth, stability and competitiveness.⁷²

At the national policy level, the risk involved in operating a banking industry of such a size had not been properly estimated. In fact, banks were not well run and their activities lacked prudence, but the public erroneously believed that banks, through their international business, were contributing to the state’s wealth. The highlight of this attitude was the lack of any interest towards formulating mechanisms to deal with a future financial crisis. The proof of that devaluation of risk was that Cyprus’ two biggest domestic banks, the Bank of Cyprus and Cyprus Popular Bank (Laiki Bank), were highly exposed to Greek debt. Specifically, they held among the greatest proportions of Greek bonds in Europe and operated bank branches and subsidiaries in Greece. This disproportionate amount of Greek bonds held by the two aforementioned banks⁷³ could be partly attributed to the ECB, which allowed eurozone commercial banks to hold unlimited amounts of perilous government bonds.⁷⁴ The ECB’s policy, in conjunction with the imprudent culture of the Cyprus’ banking sector, resulted in Cypriot banks expanding to Greece between 2009 and 2010, which was arguably the worst time, since Greece was already in a deep recession, and financial assistance from international lenders was inevitable. Evidently, the amount of Greek bonds and companies held by Cyprus banks in 2010 exceeded 2.5 times the Cyprus’ GDP.⁷⁵

The fact that banks were not prevented from pursuing those expanding and precarious activities indicates regulatory weaknesses.⁷⁶ Generally, the Central Bank

70 Ministry of Finance (2013 March 18) Agreement for Financial Assistance to the Republic of Cyprus. Available at [http://www.mof.gov.cy/mof/mof.nsf/All/B670607715A44D6C2257B3200368FE9/\\$file/agreemenfinancialassistance.pdf](http://www.mof.gov.cy/mof/mof.nsf/All/B670607715A44D6C2257B3200368FE9/$file/agreemenfinancialassistance.pdf), accessed 10 December 2016.

71 Independent Commission on the Future of the Cyprus Banking Sector (October 2013) *Final Report and Recommendations*, p. 31.

72 See http://www.centralbank.gov.cy/nqcontent.cfm?a_id=12561&lang=en, accessed 10 April 2017.

73 Namely Greek government bonds worth around €6 billion.

74 Ioannou, Ch. and Emilianides, A. (2013) Πώς και γιατί η Κύπρος βυθίστηκε στην κρίση: Τα πραγματικά αίτια και οι ευθύνες, *Foreign Affairs, The Hellenic Edition*. Available at <http://www.foreignaffairs.gr/articles/69205/xristina-ioannoy-kai-axilleas-aimilianidis/pos-kai-giati-i-kypros-bythistike-stin-krisi?page=show>, accessed 10 December 2016.

75 *Ibid.*

76 Independent Commission on the Future of the Cyprus Banking Sector (2013 October) *Final Report*

of Cyprus (CBC) has to conduct ‘micro-prudential supervision of banks, macro-prudential supervision, payment, clearing and settlement systems oversight and by acting as lender of last resort or through the resolution of distressed banks’.⁷⁷ However, the custodian of national financial stability proved unable to monitor banking risks. Nevertheless, at this stage, it should be underlined that the CBC cannot assume all responsibility, because the European Banking Authority (EBA) undertook the annual stress test in 2011 and determined that Cypriot banks had sufficient capital to withstand a financial crisis⁷⁸ while being aware of the near total collapse of the Greek economy and that Cypriot banks had purchased so many Greek bonds. The CBC’s actions and omissions further challenged the independence of banking supervision and the lack of CBC’s accountability to the government for its supervisory functions. Generally, the TFEU and the Protocol on the Statute of the European System of Central Banks and of the European Central Bank⁷⁹ preserve CBC’s independence.⁸⁰ Just as EU law gives the CBC independence over monetary policy, national law protects its supervisory role.⁸¹ After the country’s accession to the EMU, the CBC’s duty of establishing and implementing monetary policy was delegated to the ECB, and now the CBC’s governor participates in the General Council and the Governing Council of the ECB as a permanent and ex officio member with the governors of all the other national central banks in the EU.⁸²

Among the causes of the crisis in Cyprus was also the defective corporate governance of banks. Arguably, the boards of the country’s big banks failed to implement appropriate mechanisms and procedures for monitoring risk and controlling executive directors. ‘A culture of deference rather than challenge prevailed in the face of domineering chief executives who increasingly ignored their boards and bypassed what controls did exist’.⁸³ That kind of attitude was more perceptible in Laiki Bank and

and Recommendations, pp. 1-118.

77 Central Bank of Cyprus, <https://www.centralbank.cy/en//financial-stability/macropprudential-strategy> (accessed 10 December 2016).

78 See European Banking Authority, 2011 EU-wide stress test results. Available at <http://www.eba.europa.eu/risk-analysis-and-data/eu-wide-stress-testing/2011/results> and http://www.centralbank.gov.cy/nqcontent.cfm?a_id=11847&clang=en, accessed 10 December 2016.

79 Protocol (No 4) on the Statute of the European System of Central Banks and the European Central Bank as annexed to the consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union [2010] OJ 83/01, Chapter 3, Art.7.

80 Consolidated version of the Treaty on the Functioning of the European Union, Art.130 [2012] OJ C326/01.

81 Central Bank of Cyprus Laws of 2002-2007, part 2 section 7.

82 Core principles for Effective Banking Supervision, Basel Committee on Banking Supervision, September 1997.

83 Independent Commission on the Future of the Cyprus Banking Sector (October 2013) Final Report and Recommendations, p. 25.

the Bank of Cyprus, whose mere objective was to increase income so as to fund their expansive activities and ‘meet their bonus targets’.⁸⁴ Apart from ensuring their bonuses, the directors’ conflicting interests further injured the integrity and impartiality of the boards.

Remarkably, cooperative societies’ position with regards their harmonization with EU law requirements remained unclear for many years. Initially, cooperatives did not constitute credit institutions so they were not bound by the relevant Banking Directive,⁸⁵ which the banks had to implement after the country acceded to the EU in 2004. After long negotiations, it was decided that cooperatives should fully comply with EU law, and thus, the Cooperative Societies Law, which regulates the establishment and operation of cooperative banks, was appropriately amended to implement the *acquis communautaire* in relation to credit institutions.⁸⁶

The weaknesses of the national banking system should be considered together with EU legislation on this matter, which was incomplete at that time. In essence, while the first signals of the financial crisis appeared in the country, EU legislation regarding corporate governance and bank supervision was still being formulated. Notably, the SSM and the SRM were established in 2013 and 2015 respectively, thus, it could not be argued that Cyprus made tragic omissions, but rather that the EU framework was not comprehensive at that time, although it was necessary due to the failure of the corresponding national frameworks.

The Troika first proposed that ‘all bank deposits to bear the brunt of the haircut’,⁸⁷ obliging all depositors in Cyprus to save their economy by handing over their own assets. Such a measure is unprecedented in the history of modern banking. Paradoxically, while other countries were given a debt haircut, Cyprus was given a deposit haircut, with it being presented as necessary due to the small number of bondholders in Cypriot banks who were unable to assume all the losses on their own.⁸⁸ The Eurogroup president commented, ‘Cyprus is a specific case with exceptional challenges’.⁸⁹ The relevant Eurogroup statement explained that the measures included ‘the introduction of an up front one-off stability levy applicable to resident and non-resident depositors... the

84 *Ibid.*

85 Directive 2000/12/EC relating to the taking up and pursuit of the business of credit institutions [2000] OJ 2 126/1.

86 Cooperative Societies Law (No. 22 of 1985 and 68 of 1987 as amended), <https://tinyurl.com/y8h5v7vc>, accessed 10 December 2016.

87 Georgiou, G. C. (2013), ‘Cyprus’s Financial Crisis and the Threat to the Euro’, *Mediterranean Quarterly*, Vol. 24, No. 3, pp. 56-73.

88 *Ibid.*

89 Statement by the Eurogroup President on Cyprus (25 March 2013). Available at <http://www.consilium.europa.eu/press/press-releases/2013/03/pdf/Statement-by-the-Eurogroup-President-on-Cyprus/>, accessed 10 December 2016.

increase of the withholding tax on capital income, a restructuring and recapitalisation of banks, an increase of the statutory corporate income tax rate and a bail-in of junior bondholders'.⁹⁰ A record 12-day banking holiday and rigorous capital controls followed.⁹¹

After the Cypriot Parliament rejected the first proposal, 'the race was on to reach a solution to what was turning out to be a bigger problem than any of the negotiating parties had bargained for'.⁹² The Eurogroup's take-it-or-leave-it approach compelled the government to accept the terms of a revised bailout on 25 March 2013. What changed was that a haircut would be imposed only on Laiki Bank and Bank of Cyprus depositors, and deposits of less than 100,000 euros would be guaranteed.⁹³ Laiki Bank was put under resolution, so it was forced to close and to be replaced by a 'good bank' and a 'bad bank'. As with Northern Rock Bank, the bad bank absorbed all toxic assets, that is, deposits of more than 100,000 euros, and non-performing loans. The good bank consisted of all the guaranteed deposits and became a part of the Bank of Cyprus. In addition, Laiki's ELA was restructured and downsized, and its Greek branches ceased operation.

Admittedly, the rescue package prevented the entire country from defaulting. However, its effects went 'well beyond the shores of this small island nation'.⁹⁴ The idea of a state guarantee for bank deposits first appeared in 1929 when the US stock market crashed and banks failed.⁹⁵ A similar mechanism applies in the EU.⁹⁶ Although the existence of such mechanisms illustrates that maintaining banking confidence lies at the heart of banking authorities worldwide, Cyprus' bailout agreement seems to have destroyed this pillar of modern banking, since the savings of a considerable number of depositors were uninsured by the state and were consequently lost.⁹⁷ In fact, the bail-in

90 Eurogroup Statement on Cyprus (16 March 2013). Available at <http://www.consilium.europa.eu/en/press/press-releases/2016/03/07/eurogroup-statement-cyprus/#>. accessed 10 December 2016.

91 Treanor, J., Smith, H. and Moulds, J. (2013), 'Cyprus banks reopen – but stock exchange will remain closed', *The Guardian*, <http://www.theguardian.com/business/2013/mar/28/cyprus-reopen-banks-stock-market-closed> (accessed 10 December 2016). In July 2015, Greek banks broke a world record with a 3-week banking holiday and strict capital controls until Greece reached a new bailout deal with Troika.

92 Georgiou, G. C. (2013), 'Cyprus's Financial Crisis and the Threat to the Euro', *Mediterranean Quarterly*, Vol. 24, No. 3, p. 63.

93 Eurogroup Statement on Cyprus (25 March 2013). Available at http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/136487.pdf accessed 10 December 2016.

94 Georgiou, G. C. (2013) 'Cyprus's Financial Crisis and the Threat to the Euro', *Mediterranean Quarterly*, Vol. 24, No. 3, p. 66.

95 FDIC.gov, Timeline, available at <http://www.fdic.gov/about/history/timeline/1920s.html>, accessed 10 December 2016.

96 In the EU, bank deposits are guaranteed up to 100,000 euros per account.

97 Georgiou G. C. (2013) 'Cyprus's Financial Crisis and the Threat to the Euro', pp. 56-73.

tool used in Cyprus expedited the finalisation of the Deposit Guarantee Scheme, with the relevant directive being implemented one year later,⁹⁸ and subsequently, the bail-in tool was introduced as a concept in EU legislation.⁹⁹ Banking confidence was further damaged because transferring the burden of rescuing a bank to the depositors creates uncertainty as to whether deposits have become money available to taxpayers' money whenever there are emergency conditions. As long as governments can legally annul the guarantee of deposits, then 'nobody's money is safe from the tax collector'.¹⁰⁰ In other words, the seizure of private property ad lib would be legally allowed.

The reaction of financial observers in the US was also intense, as for the first time in history 'someone has found the courage to execute a credible solution to large bank failure that is not backstopped by taxpayers'.¹⁰¹ While the US government preferred to rescue their banks during the crisis of 2007 by applying the TBTF theory, the Eurogroup supported that Cyprus' largest banks were not worth rescuing¹⁰² since they could not bring down the whole eurozone system. In particular, the Eurogroup did not agree that Cyprus' banks fell under the EU's TBTF category, even if the two banks with the greater risk of failing were the largest of the island. However, the fact that these two banks were forced to apply such measures, irrespective of their size and importance for the local economy, demonstrates that the TBTF principle can be abandoned. It could be concluded that if a small and economically weak country has the courage to subject its two largest banks to such strong measures, the same process could be used in any other large and economically well developed country.

Recommendations for Cyprus

The temporary nature of the rescue package, which aimed at preventing the whole country from collapsing, renders the radical reform of Cyprus' banking sector necessary. However, the Memorandum of Understanding did not operate as a proposal for permanent reform of Cyprus' banking industry, but focused only on the management of the particular crisis, and therefore a complete reconsideration of the banking system within the EU context is urgent so to prevent similar crises in the future. Undeniably,

98 Directive 2014/49/EU on deposit guarantee schemes [2014] OJ 2 173/149 was implemented on 16 April 2014.

99 Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms [2014] OJ 2 173/190 was implemented on 15 May 2014.

100 Georgiou, G. C. (2013) 'Cyprus's Financial Crisis and the Threat to the Euro', p. 67.

101 Bennetts, L. (2013) 'The Cyprus 'Bail-In' Exposes as 'Too Big To Fail' As All Too Timid', *Forbes*. Available at <http://www.forbes.com/sites/realspin/2013/04/18/the-cyprus-bail-in-exposes-too-big-to-fail-as-all-too-timid/>, accessed 10 December 2016.

102 Georgiou, G. C. (2013) 'Cyprus's Financial Crisis and the Threat to the Euro', pp. 56-73.

Cyprus should implement EU recommendations regarding corporate governance of banks and cooperate effectively with EU authorities on bank supervision within the framework of the European banking union to strengthen its banking sector to achieve financial stability and to avoid a recurrence of the current financial crash.

Cyprus, acting within the EBU framework, can follow the example of the UK, which commenced its reform by restructuring bank supervision, and can consider proposals for improving its financial supervisory structure. Cyprus legislation authorizes the CBC to be the competent authority to supervise and license banks¹⁰³ in accordance with the guidelines issued by the EBA, and the Directions and Regulations adopted by the EU. Until recently, banks were supervised by the CBC,¹⁰⁴ and cooperative credit institutions were supervised by the Cooperative Societies' Supervision and Development Authority.¹⁰⁵ Insurance companies are under the responsibility of the Superintendent of Insurance,¹⁰⁶ investment firms are monitored by the Cyprus Securities and Exchange Commission,¹⁰⁷ and firms which deal with pension funds fall under the supervision of the Registrar of Occupation Retirement Benefit Funds.¹⁰⁸ The implementation of the SSM Regulation introduced some changes to the national system of supervision, and now, the Bank of Cyprus, the Cooperative Central Bank, the Hellenic Bank and the Russian Commercial Bank (RCB) are supervised by the ECB. The IMF characterised the former structure as fragmented and that the supervision of domestic financial institutions could not be effective and unified.¹⁰⁹

It is interesting to examine whether the 'twin peaks' model that was adopted in the UK would be viable in Cyprus. Following the UK's example, banking regulation could be divided into monitoring banks' conduct, which is done by the FCA, and prudential supervision, which is the responsibility of the PRA. The former would deal with banks' relationship with their retail customers and their general market conduct, and the latter would administer the soundness of the financial system. However, the establishment

103 Central Bank of Cyprus Law 2002-2007, Banking Law 1997-2009

104 Central Bank of Cyprus, <https://www.centralbank.cy/en/home>, accessed 10 December 2016.

105 Ministry of Energy, Commerce, Industry and Tourism, 'Cooperative Societies' Supervision and Development Authority'. Available at http://www.mcit.gov.cy/mcit/mcit.nsf/dmlinspection_en/dmlinspection_en?OpenDocument, accessed 10 December 2016.

106 Ministry of Finance, 'Insurance Companies Control Service'. Available at <http://mof.gov.cy/en/directorates-units/insurance-companies-control-service>, accessed 10 December 2016.

107 Cyprus Securities and Exchange Commission, https://www.cysec.gov.cy/el-GR/home/?aspxerrorpath=/default_en.aspx/, accessed 10 December 2016.

108 Ministry of Labour and Social Insurance (n.d.) 'Occupational Retirement Benefit Funds'. Available at http://www.mlsi.gov.cy/mlsi/sid/sidv2.nsf/page43_en/page43_en?OpenDocument, accessed 10 December 2016.

109 Orphanides, A. and Syrichas, G. (2012) *The Cyprus Economy: Historical Review, Prospects, Challenges*, Central Bank of Cyprus. Available at http://www.centralbank.gov.cy/media/pdf/CBC_book_EN.pdf, accessed 10 December 2016.

of two peaks of regulation 'would be excessive in a country of Cyprus' size and would also create an additional regulatory interface for the firms themselves'.¹¹⁰ A country's size is defined in terms of its banking industry and its general economy. It is necessary to ensure that the country's supervisory authorities deal with banks' conduct and their micro-prudential regulation and daily supervision. However, the size of Cyprus' economy enables the same authority to perform both functions.

Focusing on restructuring its supervisory mechanism could constitute the best approach for Cyprus to follow. Although various models are used worldwide, the most suitable and streamlined for Cyprus is the integrated structure. Under the Single Supervisory Mechanism, both the ECB and the CBC could assume the responsibilities of the four existing components of the supervisory system, thus becoming more efficient and strict. This authority must have complete legal and financial independence to supervise banks' conduct and compliance with prudential rules, such as the FCA and the PRA have in the UK. The 'one-stop-shop' model of financial supervision is already supported by numerous countries¹¹¹ as a means to avoid any overlap between various authorities and to provide the regulators with a thorough view of a country's financial sector. Moreover, it is argued that countries like the US, which have specialist supervisors, lack efficiency and effectiveness. Furthermore, a sole supervisory authority could operate more independently and thus provide 'a bulwark against political interference'.¹¹²

After improving bank supervision, Cyprus must also implement other recommendations. Most importantly, the country should reevaluate its philosophy regarding the role of banks and financial services. Cyprus' dependency on its banking system for financial services is extraordinarily high, and it is essential that the government implement a financial services strategy to guarantee the banking industry's continuous development. By fully appreciate their dependency on banks, the government will be able to monitor their operations more carefully. On the other hand, the government must quickly reinforce the banking system's autonomy. 'Cultural change of this kind would transform the banking industry in all the necessary ways, by delivering better governance, sounder banks, and greater trust internationally'.¹¹³

Furthermore, the corporate governance of banks should be improved to prevent boards from mismanaging banks and rewarding excessive bonuses to those who take excessive risks. Raising the standards of bank management should include ensuring that banks' boards of directors are independent, selecting directors on a merit basis,

110 Independent Commission on the Future of the Cyprus Banking Sector (October 2013) Final Report and Recommendations, p.70.

111 *Ibid.*

112 *Ibid.*

113 *Ibid.*

increasing the number of non-executive directors to counterbalance the executive directors, and regularly assessing the boards' performance.¹¹⁴

Finally, the Cypriot government could focus on effectively implementing the principles established in the Basel III framework which augment regulation and risk management of the banking industry. In that way it can enhance the banks' ability 'to absorb shocks arising from financial and economic stress whatever the source, improve risk management and governance and strengthen banks' transparency and disclosures'.¹¹⁵ In practice, banks must raise their capital levels and curtail their debt levels, and macro-prudential regulation must ensure that the banking sector can tolerate higher risks, and micro-prudential regulation must become more rigorous in times of stress.

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¹¹⁴ *Ibid.*

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The Imposition of Income Tax in Cyprus in 1941: A Historical Note

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Abstract

This paper outlines the context of the introduction of income tax to the Colony of Cyprus in 1941, just after the commencement of World War II, and it reviews some of the technical provisions contained in the income tax legislation. In addition, this paper argues that the 1941 legislation had a number of important political, social and economic consequences which, until now, have been largely unresearched. However, additional investigation needs to be undertaken in this area before a comprehensive narrative can be finalised.

Keywords: Cyprus, income tax history, accountancy profession

Introduction

Cyprus, Syria and Palestine have made such a conspicuous figure in the page of history, that an account of them must prove highly interesting to those who are fond of researches into the situation of remote nations. (Mariti, 1791, p. v)

This paper originated from casual conversations between the author and some professional tax practitioners in Cyprus. The author noted that none of these tax professionals were aware of the background associated with the imposition of income tax in Cyprus in the early years of World War II. This paper attempts to make a contribution to our knowledge of the economic history of Cyprus. Specifically, it focuses on the imposition of income tax in Cyprus from 1 January 1941. It presents the technical aspects of this income tax legislation and outlines some of the (unintended) consequences resulting from the introduction of this new legislation.

In contrast with the above quotation by Mariti (1791) over 200 years ago, it is fair to suggest that very little has been published in the area of the taxation history of Cyprus. Indeed, Thacker's (1954) *Memorandum* on income tax in Cyprus is the only specific publication identified as directly relevant to this paper. The *Memorandum*

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was prepared on behalf of the Cyprus Federation of Trade and Industry and critically compared aspects of the income tax system in Cyprus during the early 1950s with the United Kingdom and other colonies. One should note the well-known and important publications that relate to aspects of the business history of Cyprus. These include, for example, Jenness' (1962) study of the economics of Cyprus to 1914, *The Story of Cyprus Mines Corporation* (Lavender, 1962), *Banking in a British Colony: Cyprus 1878 – 1959* (Phylaktis, 1988) and Meyer's (1962) *The Economy of Cyprus*. One should also note the impressive PhD theses presented by both Apostolides (2010) and Strong (1999), which make an important contribution to our knowledge of economic history in Cyprus during the twentieth century. More recently, Rappas (2014) provides us with a broad-ranging commentary on the colonial position of Cyprus, the local community and relations between them in the 1930s. However, it was the experience of British rule that significantly influenced the development of accounting practice on the island. Thus, Varnava and Clarke (2014) outline the development of accounting practice in Cyprus from the middle of the nineteenth century, when the island was under Ottoman rule, through British 'administration' from 1878 until the end of World War I. Clarke and Varnava (2013) further analysed the four decades from immediately after World War I until Cyprus achieved independence in 1960, which was the era in which notable developments in accounting practice took place on the island.

This paper is structured as follows. In the next section we discuss the background to and context of the imposition of income tax in Cyprus in 1941. The paper then outlines some of the technical provisions of the Income Tax Law introduced at that time. The third section discusses some (unintended) consequences of the initial income tax legislation. The paper ends with a short summary and conclusion.

The Context of the Imposition of Income Tax in Cyprus in 1941

The Ottoman occupation of Cyprus and its subsequent administration by Great Britain provide an initial background and context to this paper. The Ottoman occupation of the island began in 1571 and lasted for about 300 years. Orr (1918) and Hill (1952) inform us that during that time a form of tax on income (*vergi*) was levied on businesses and individuals. However, the proper assessment of business profits, given the absence of business records, resulted in the practice of a subjective assessment of a fixed amount of tax payment according to the nature of a person's business. When this subjective tax was abolished by the British in 1906, its disappearance was hailed with delight by the inhabitants. However, in compensation, tobacco duties were increased (Orr, 1918).

The subsequent British administration of Cyprus, which would last about eight decades, can be formally traced to the Anglo-Turkish Convention of 1878, whereby

the Conservative Government of Benjamin Disraeli promised to defend the Ottoman Empire against future Russian aggression. In order to fulfil this military commitment, the administration of Cyprus was ceded to Britain, who occupied the island even though the island's international status remained unchanged (Varnava, 2005). Fairfield (1882) reported on the finances and administration of Cyprus just after the period of British administration began. He warned that no increase in revenue was possible, and that if the overall tax contribution was raised, most of the inhabitants would be driven into the hands of the money lenders beyond the hope of extrication. In addition, it would not be 'credible' for the British to govern as cheaply as their predecessors 'who governed cheaply because they governed badly'. Subsequently, Britain annexed the island on 5 November 1914, in response to the Ottoman Empire entering World War I on Germany's side. Under the Treaty of Lausanne (1923), which was the final treaty concluding World War I and which was signed by representatives of Turkey (successor to the Ottoman Empire), Britain and other countries, Turkey relinquished all rights to Cyprus and recognised British sovereignty over the island. In 1925, Cyprus became a Crown colony: a decision which meant that the British Government had no intention of relinquishing control of the island to Turkey, at least in the short term (Varnava, 2005).

As a Crown colony, a number of reports on Cyprus were commissioned by the colonial authorities. Surridge's (1930) *Survey of Rural Life in Cyprus* provides important statistical information on the living conditions of the rural population, based on interviews conducted in 569 of the island's 641 villages. However, Rappas (2014) argues that the Surridge report is much more than a mere compilation of statistics and figures and should be seen as the first comprehensive ethnographic survey of the island. The *Survey* presented a grim picture of the living conditions of the island's peasantry and it found that up to 25 per cent of the rural population were living below the poverty line with the majority of the island's (agricultural) population being crippled by debt. This report was quickly followed by Oakden's report (1934), which investigated the economic difficulties of the people of Cyprus, and particularly the agricultural classes. Oakden (1934) confirmed Surridge's earlier finding of a social divide caused by money lending, and he also painted a grim picture of the peasantry's living conditions at that time and concluded that farmers could not afford capital investment to improve their productivity (It should be noted that this survey was undertaken during the years of the Great Depression, when agricultural prices were low and Cyprus experienced severe drought.). Both of these reports should be read in the context that Cyprus differed radically from other colonies, in that the allegiances of its population were directed towards two other nation-states, Greece and Turkey, who were not part of the British Empire.

Another report, directly related to the main theme of this paper, dealt with the absence of income tax in Cyprus (Report of the Commission, 1930). The Commission was established to:

enquire into the present system of taxation, its nature and incidence, with special reference to the condition and interests of agriculture, commerce and industry; to report whether the burden of taxation is equitably distributed and, if not, to make recommendations for its adjustment. (p.5)

In arriving at their conclusions and recommendations, the Commission held 32 meetings, visited all six towns on the island as well as 24 villages in various districts, and examined 153 witnesses. Many of the witnesses 'represented important bodies of manufacturers, traders, professional men, manual workers, agriculturalists, importers and exporters [and the evidence received was] voluminous and fairly exhaustive' (p. 5). The report stated:

No one who is at all familiar with the existing system of taxation in this Colony will have any doubt as to the difficulty of the task that has confronted us. This difficulty has been accentuated by the reticence of some of the witnesses who, being suspicious of the object of our enquiry, sometimes gave us wrong or misleading information on matters in which they were personally interested, and we have therefore had some difficulty in sifting the accurate from the inaccurate (p. 5).

The Commission estimated that the annual income of the island amounted to about £3.5 million from which about £600,000 in (general) taxation was collected, equivalent to an effective tax rate of 17 per cent. The Commission acknowledged that the current tax levels in Cyprus were at a 'high level' and at a 'point of hardship', and that the underlying expenditure, especially the cost of administration, should be more closely scrutinised in order to allow for 'the development of the Colony in general'. The Commission investigated various methods or bases on which to assess taxes in general. After deliberations, the Commission was *not* in favour of an income tax system in Cyprus and argued that such a system:

cannot be carried beyond a certain point without jeopardy to saving and enterprise. Harm may be done to trade, and, if so, there will be reactions on employment and on the standard of living of the poor (p. 6).

The report also concluded, in a largely unsympathetic manner, that:

there are still many individuals who are lazy or indifferent and allow their lands to suffer deterioration whilst they sit in cafes passing their time in chatting or playing cards. The cafes of Cyprus, especially in villages, are far too numerous and give temptation to anyone passing by to sit down, start chatting, and soon forget all about his original intention of going out to his fields to work. (p. 7)

The report did not discuss who might have been responsible for this situation in Cyprus, which was a relevant issue given the earlier SurrIDGE (1930) and Oakden (1934) reports. In justifying its rejection of income tax (pp. 8-9), the Commission noted the absence of accounting records in most businesses on the island. To overcome the difficulty of preparing 'accounts' for traders and business, the Commission considered the suggestion that salaried persons (i.e. employees) would be subject to an income tax based on their annual wages, but that traders and other businesses would pay a fixed trade tax according to an estimate made by a Board of Assessors. This proposal, while administratively feasible, was rejected on the grounds that it was inequitable between different groups of taxpayers. The Commission (pp. 8-9) noted that while:

there is no fairer tax than an income tax we have reluctantly come to the conclusion that it is difficult in the present somewhat backward state of the island in regard to keeping of commercial accounts to impose such a tax [as] there are very few traders who keep proper accounts. This would make it difficult to arrive at their incomes, and it would not be fair to tax those whose incomes could be easily ascertained and allow others to evade taxation. Moreover, uneasiness is felt that examination of books and documents of merchants by a Board of Assessors would result in leakage of information and in certain cases affect the credit of the person whose books have been examined [and the witnesses that provided evidence] agreed that the people would not trust any Board of Assessors appointed from among themselves either as to secretiveness or as to their capability of fair assessment.

To support this argument, two (unnamed) British experts indicated that they knew of 'no country in the world less suitable for the imposition of income tax than Cyprus' (p. 9). After their deliberations the Commission recommended that income tax would not be imposed on Cyprus as it was considered impractical at that time. Later, Sir Ronald Storrs, the Governor of Cyprus wrote (3 February 1932) that 'The [Executive] Council advised that it was impossible without expert experience to gauge the proceeds of an Income Tax or to judge the possibility of profitably applying income tax legislation on Cyprus... the collection of such a tax would be impractical on Cyprus'. However, the seeds for the introduction of an income tax system in Cyprus, and other colonies, had already been sown.

When Joseph Chamberlain took over the Colonial Office in 1895, he stressed the need for colonial development and effective administration of the British colonies, dependencies and protectorates (Levine, 2013). Around that time, the British Empire covered approximately one-quarter of the world's land surface and embraced around the same proportion of humanity (Ferguson, 2012). This considerable geographical spread of empire, with its diversity, suggested the transportation of various types of existing British commercial legislation to the colonies: in modern terms we could describe this process as the 'harmonisation' of legislative systems between countries.

One important piece of legislation concerned income tax, which was reintroduced in Britain in 1842¹ as a peacetime tax in order to finance commercial reforms (Sabine, 1966).

In 1922, an inter-departmental committee was established in London to consider and report on questions relating to the income tax laws in the colonies and protectorates and, if possible, to prepare a Model Ordinance relating to income tax, i.e. rules and procedures for the general use of colonial governments (Inter-Departmental Committee, 1922). A Model Ordinance was drafted after a very careful study and comparison of all the existing colonial income tax Acts and Ordinances, and the committee was:

of the opinion that uniformity of legislation should be aimed at as far as possible. We think that the easiest and most expeditious means for securing that degree of uniformity which is generally admitted to be desirable will be for the officers responsible for the preparation of Colonial Income Tax legislation to take a single model as the basis on which to work. (p. 5)

The inter-departmental committee recommended that colonial governments, where income tax was already in force, be advised to repeal the existing laws and introduce fresh legislation on the lines of the proposed Model Ordinance, which would be used as a guide by all colonies that may in the future find it necessary to introduce an income tax. One advantage of such a uniform income tax system was that professional income tax assessors of the Revenue could move easily within the British Empire and yet retain their familiarity with income tax legislation in each country or colony. The proposed Model Ordinance represented a simpler income tax system than the legislation then in effect in Britain, and it was this simpler system of income tax that was imposed on Cyprus in 1941.² This followed the earlier imposition of an income tax system, with minor variations, in Iraq in 1927, Transjordan in 1933, Egypt in 1938, Hong Kong in 1940, and Palestine in 1941 (Likhovski, 2010). Income tax would also be subsequently imposed on the nearby Mediterranean island of Malta in 1949 (Attard, 2005).

The imposition of income tax on Cyprus is directly attributable to World War II and the resulting economic crisis on the island. For example, there was a possibility of invasion since the island of Crete had already been occupied by the Germans in May 1941 (Thacker, 1954). However, by that time, a memorandum, signed by Attorney

1 The British had introduced income tax in 1799, only to abolish it in 1816 after the Battle of Waterloo. It was reintroduced in 1842 (Income Tax Act).

2 In 1939, the Secretary of State for the Colonies informed the House of Commons (Hansard, 1939) that no income tax applied in a number of territories, including the Bahamas, Bermuda, the Cayman Islands, Cyprus, Gibraltar, Hong Kong, Malaya, Malta, Palestine, Sarawak, Somaliland, Uganda and the Virgin Islands.

General L. Lloyd-Blood (14 December 1939) indicated that an income tax bill was prepared based on the Tanganyika Ordinance of 1932. Thereafter, Italy's entry into the war in the summer of 1940 hindered Cypriot trade and closed most of the normal markets for the colony's produce, with a significant adverse effect on its shipping industry and domestic consumption. However, not all members of Cypriot society struggled financially at that time. Meyer (1962) points out that, in economic terms, the war meant the construction of air bases and air-raid shelters and the transfer of money to local residents, especially via the pockets of soldiers quartered on the island. Therefore, for some Cypriots, the war meant higher incomes, especially for those serving the British military establishment on the island. In addition, it was noted that the many years of immunity from income tax enjoyed by Cyprus had attracted a 'small and leisured class to reside in this island' and such incomes were tax-free (*Cyprus Post*, 7 January 1941).

The advent of income tax was announced in the address of the Governor to the Advisory Council, with the *Cyprus Post* (8 January 1941) noting that unemployment was high 'due to the loss of export markets, the inevitable closing down of the mines [and] the failure to sell much of the agricultural produce of the island'. Introducing income tax was considered to be the most equitable way to eliminate the Government's financial crisis at that time. Budget estimates for Cyprus in 1941 showed total planned expenditure of about £1.1 million compared with estimated revenues of about £850,000, leaving an annual deficit of some £250,000 (*Cyprus Post*, 8 January 1941). The London *Daily Express* newspaper (29 March 1941) reported that the average yearly income for a husband and wife in Cyprus was £50 and that the new tax would probably apply to no more than 5,000 people.

Some Features of the Income Tax Legislation in 1941

The legislation that imposed income tax in Cyprus (Income Tax Law, 1941) contained just 59 Sections and was remarkably simple relative to present-day legislation. The essential thrust of the legislation was that income tax was payable in respect of the gains or profits from any trade, business, profession, vocation or employment, but it also applied to income received from dividends, interest, pensions, rents and royalties. The legislation provided that: 'tax shall be charged, levied and collected for each year of assessment upon the chargeable income of any person for the year immediately preceding the year of assessment' (S. 6). Thus, the first year of assessment (1941) was based on income arising during 1940, and this is frequently described as the 'previous year basis of assessment'. This 'previous year basis of assessment' made it easier to assess income tax in a given year, because the income tax assessment was based on the known

income of the previous year.

Five aspects of the Income Tax Law (1941) will now be outlined, namely (i) expenses allowed in computing taxable income for businesses, (ii) income tax rates, (iii) tax avoidance provisions, (iv) matters relating to compliance and (v) personal deductions and allowances.

(i) Expenses allowed in computing taxable income for businesses

Based on the Model Ordinance and prior British legislation, the Income Tax Law, 1941 (S. 10) allowed the deduction of ‘all outgoing and expenses *wholly and exclusively* [emphasis added] incurred during the year’ in ascertaining taxable income. This ‘wholly and exclusively’ test for expense deductions – which still exists in legislation – is one of the most commonly known phrases in the world of income tax practice and was included in the 1842 (UK) legislation (Income Tax Act, 1842). The practical implication of this provision was that if a business incurred an expense, but could not prove that such an expense was ‘wholly and exclusively’ incurred for the purpose of the business, that expense would not be allowed as an income tax deduction. (This ‘wholly and exclusively’ test remains a frequent source of dispute between the income tax authorities and businesses, and often requires the assistance of professional tax agents engaged by the taxpayer). On the other hand, expenses that would routinely be allowed as legitimate deductions for income tax included, for example, repairs to premises, and plant and machinery used in generating the income during the financial year. Allowable expenses also included bad debts incurred in any trade, business, profession or vocation proved to the satisfaction of the Commissioner to have become bad during the year. However, a provision for bad debts was not allowed as the expense was not yet incurred.

The legislation also provided (S. 53) that expense deductions would not be allowed unless proper accounts, which were to the satisfaction of the Commissioner, were produced. In the first Income Tax Report (Commission on Income Tax, 1941 and 1942) it was explained that the introduction of this special Section (i.e. S. 53) was designed to meet the difficulties arising from the deplorable state of bookkeeping and accountancy in Cyprus, and that in the first year it had been of appreciable value and was expected to prove increasingly useful in future years. In addition, the legislation (S. 43 i) required that where a taxpayer appealed their assessment, the Commissioner ‘may require the person giving the notice of objection...to produce any accounts, books or other documents in his custody or under his control...relating to such income.’

The legislation (S. 12) also specified that deductions were NOT to be allowed in computing taxable income in respect of, for example:

- A. Domestic or private expenses including the cost of travelling between

- residence and place of business
- B. Any 'drawings' by the owner, including the cost price of any goods taken out of the business by the owner
- C. The cost of any improvement

The above provisions provided a significant incentive to businesses to improve their bookkeeping and accounting procedures. Furthermore, it may have been advantageous to avail of the services of professional accounting and taxation practitioners. This theme will be discussed in the next section of this paper.

(ii) Income tax rates

The Income Tax Law, 1941 applied to the income/profits of both individuals and corporate bodies (Legislation relating to corporate bodies had been introduced in Cyprus (Companies (Limited Liability) Law, 1922). However, there was an important distinction made in the Income Tax Law: income tax was levied on individuals at progressive rates whereas income tax was imposed on limited liability companies at a single flat rate. Thus, the 1941 income tax legislation provided that individuals with chargeable income of less than £150 per annum were exempt from income tax, while those with chargeable incomes between £150 and £175 were liable to a £1 income tax levy, individuals with chargeable incomes between £175 and £200 paid a levy of £1.10s.0d., and so forth. The top rate of income tax, on chargeable incomes in excess of £5,000, was levied at 60 per cent. (The legislation provided a 'ready reckoner' for income tax payable.) This graduated system of personal income tax had already been in existence in Great Britain for many years and had been recommended by the Model Ordinance (Inter-Departmental Committee, 1922). In contrast, companies were liable to a flat rate of tax of 'three shillings and three piastres in every pound of chargeable income' – equivalent to an effective tax rate of about 15 per cent. This flat rate system of income tax on companies had been recommended by the 1922 Report (Inter-Departmental Committee), who found 'no sufficient reason for graduating the rate of tax payable by companies according to the amount of profits they make' (p. 11). This difference in income tax rates between individuals and limited liability companies underlined the necessity of good tax advice in deciding to carry on business as a limited liability entity or as a sole trader (or partnership), so as to minimise income tax burdens.

(iii) Tax avoidance provisions

Tax avoidance can be generally defined as the legal utilisation of tax law to a taxpayer's own advantage, in order to reduce the tax that would otherwise be payable. The legality of tax avoidance had been clearly articulated in the United Kingdom in the *IRC v. Duke of Westminster* case (1936). During that case it was revealed that the

Duke had stopped paying non-deductible wages to his (private) employees but had, instead, paid them by way of an annual covenant which was deductible for income tax purposes. Lord Tomlin's dictum in the *Duke of Westminster* case is now one of the most famous quotations in taxation history:

Every man is entitled if he can do to order his affairs so as that the tax attaching under the appropriate Acts is less than it otherwise would be. If he succeeds in ordering them so as to secure this result, then, however unappreciative the Commissioners of Inland Revenue or his fellow taxpayers may be of his ingenuity, he cannot be compelled to pay an increased tax. The Cyprus Income Tax Law of 1941 contained both specific and general anti-avoidance provisions. The specific anti-avoidance provision (S. 44 i) was targeted at limited liability companies, which were controlled by not more than five persons, i.e. small family companies. This provision allowed the Commissioner to treat the undistributed profits of such companies as a dividend, where a dividend 'could be distributed to shareholders without detriment to the company's existing business or without detriment to the future expansion or development of the Company's business' (It is interesting to stress that this, literal, application required an understanding of the current position and proposed future developments of the company.). Thus, it is not surprising that the Memorandum made many recommendations regarding this subjective anti-avoidance provision, which applied to most companies in Cyprus, simply because they were mainly family-controlled entities.

The practical implication of this (subjective) Section meant that individual shareholders of a (family) company could be assessed to income tax *as if* they were in receipt of dividends from their company, even though no dividend was actually received by a shareholder. (It should be recalled that companies at that time were assessed to income tax at an approximate flat rate of 15 per cent, whereas high-income individuals could be liable to an income tax rate of 60 per cent.) Therefore, without such a specific anti-avoidance Section, shareholders of small, family companies had the incentive to retain profits within the company rather than pay out profits to its shareholders, which would have been taxed at progressively higher income tax rates. Thus, a corporate structure became an immediate tax shelter for profitable family companies. (Nevertheless, family shareholders would still have had access to the company's profits by the simple expedient of utilising loan accounts with the company, which were not liable to income tax). However, the practical impact of this anti-avoidance provision was that shareholders would not be able to avoid paying income tax on 'undistributed' profits of small, family companies. Thacker (1954) points out that this provision was applied to every British colony, including the Virgin Islands, which had a total population of 7,300 persons.

The Income Tax Law also contained a general anti-avoidance provision (S.44 ii), which provided that 'where the Commissioner is of the *opinion* (emphasis added)

that any transaction which reduces or would reduce the amount of income tax payable by any person is artificial or fictitious he may disregard any such transaction, and the persons concerned shall be assessable accordingly'. This general anti-avoidance provision represented a most powerful pre-emptive approach to the practice of tax avoidance. In simple terms, it allowed the Income Tax Commissioners to deny a tax advantage to a taxpayer if the perceived purpose of a transaction was primarily to avoid paying income tax and was considered to be 'artificial'. It should be appreciated that this (subjective) anti-avoidance Section had the potential to cause extreme difficulties for taxpayers in interpreting the income tax code. However, Cyprus was not alone in introducing this anti-avoidance Section: similar general anti-avoidance provisions also existed in the income tax legislations of other British colonies and dominions such as Australia, Canada, Palestine and South Africa (Likhovski, 2010). This general anti-avoidance provision can be traced back to the Excess Profits Duty legislation (Finance (No. 2) Act, 1915), which stipulated (S. 44 iii) that 'a person shall not, for the purpose of avoiding the payment of excess profits duty, enter into any fictitious or artificial operation'.

(iv) Matters relating to compliance

In relation to compliance with income tax regulations, the onus was placed on individual taxpayers to contact the Commissioner in relation to liability. Section 29 provided that 'it shall be the duty of every person chargeable with tax to give notice to the Commissioner by the prescribed date in any year of assessment that he is so chargeable' and an explanatory note to the income tax legislation indicated that there was an obligation upon all persons whose income for the year ended 1940 exceeded £150, under a penalty for neglect, to give notice to the Commissioner of Income Tax by the prescribed date that he is chargeable with tax (*Cyprus Gazette*, 26 March 1941). A subsequent notice in the *Cyprus Gazette* (19 April 1941) highlighted that the prescribed date was 30 April 1941 and that such notices should be in the following form and should be written clearly in block letters:

To: The Commissioner of Income Tax, 6, Edward VII Road, Nicosia

I hereby give notice that I am chargeable with Income Tax in respect of my income for the year 1940 and forward the undermentioned particulars for your information. (Signed)

.....

Particulars.....

Full Name.....

Full Business Address (if any) and nature of business or profession.....

Full Residential Address.....

Occupation (if any) with name and address of employer.....

There were penalties for non-compliance and for making false income tax returns. The legislation provided (S 43 ii) that ‘any person who, without lawful excuse, fails or neglects to furnish such particulars or to attend and produce such accounts, books or other documents ... or knowingly gives any false evidence ... shall be guilty of an offence against this Law’. Moreover, any person who ‘knowingly makes any false statement or false representations [or any person] who aids, abets, assists, counsels, incites or induces another person’ to make false returns would be liable, on conviction, to a fine not exceeding £100 and treble the amount of tax (S. 54). In default of such payment, the guilty person would face imprisonment for ‘any term not exceeding six months’ (S. 56).

(v) Personal deductions and allowances

The 1941 Income Tax Law made no provision for deductions in respect of dependent children, i.e. children under 16 years of age. Neither could deductions be claimed in respect of payments for life assurance premiums and contributions to pensions, even though these were contained in the Model Ordinance. The Income Tax Report (1941 and 1942) explained this omission by indicating that various departures from the Model Income Tax Ordinance, 1922 were made ‘to meet, as far as possible, the specific difficulties in Cyprus particularly in the introductory years... and all allowances were omitted for the following reasons:

- A. in the interests of simplicity of administration in the first year;
- B. the comparatively high exemption limit;
- C. the desirability of having some *palliatives* [emphasis added] in reserve if the rate of tax is increased, which it no doubt will be.”

The operation of the new income tax in Cyprus was summarised in a letter by Governor Woolley (1941) as follows: ‘during the first year of operation this Law, which introduced income tax in Cyprus for the first time, has proved remarkably simple and efficient in operation. It has worked with smoothness and the minimum of friction, and has occasioned negligible criticism and complaint from the public’. The Income Tax Report (1941 and 1942) remarked that ‘the absence of personal allowances for children and life assurance...enabled the return (of income) forms to be of maximum simplicity’. The Income Tax Report (1941 and 1942) further indicated that the yield from income tax was £99,000 and £151,000 for the financial years 1941 and 1942 respectively, based on the previous year of assessment (It was noted that the actual income tax yield for 1941 compared well with the original estimate of £50,000).

Return forms were issued to 3,017 cases, of which 307 turned out to be exempt. There were 184 objections to the Commissioner, almost entirely on the grounds of excessive assessment, and of these, 64 obtained some reduction. The total cost of administration and collection amounted to £2,079 and £2,490 for 1941 and 1942 respectively, with staff salaries (and bonuses) representing about 90 per cent of these amounts and the balance consisting of rent and travel expenses. The staff consisted of one Supervisor of Income Tax, one Chief Clerk, five clerks, one temporary clerk and one messenger (Income Tax Report, 1941 and 1942).

Subsequently, some changes were made to the original legislation. For example, the Income Tax (Amendment No. 1) Law, 1942 introduced deductions (S. 5), amounting to £25 for dependent children, i.e. under 16 years of age, or who were receiving full-time instruction at any university, college, school or other educational establishment. The expression 'child' in the legislation included a stepchild but did not include an adopted or illegitimate child. There was no deduction if the child earned £25 per annum, but this amount excluded scholarship or bursary funds received. No deduction was allowed for more than three children, but this restriction was removed in 1952. In 1953, a deduction of up to £250 could be claimed on expenditure for children being educated outside the colony, which Thacker (1954) points out discriminated unfairly against the less wealthy parents who sent their children to secondary schools in Cyprus. In addition, deductions were introduced for life assurance premiums payable on the taxpayer or his wife, but they were limited to seven per cent of the capital sum insured and restricted, in total, to 1/6 of the taxpayer's total income. The calculation of these deductions added complexity to the income tax system.

We shall argue in the next section that the introduction of income tax in 1941 in Cyprus had a number of important consequences, not all of which were intended.

Some Consequences of the Income Tax Legislation

Several important consequences can be attributed to the imposition of income tax in Cyprus. First, as with Great Britain itself, income tax would become an important source of government revenue and, over the years, it was assessed on an increasing number of individual taxpayers in Cyprus. The Comptroller of Inland Revenue (1949) revealed that approximately 15,000 persons paid income tax in Cyprus, with 12 persons having chargeable incomes between £4,000–£6,000 and eight persons having chargeable incomes in excess of £6,000. Thacker (1954) presents the total of income tax collection from 1941 to 1953 (Table 1) and points out that in 1941 it generated about nine per cent of the colony's total revenue, which increased to about 35 per cent within a decade. The income tax collection system was made more efficient and

effective by the introduction of a Pay As You Earn (PAYE) system, with effect from 1 January 1953, under which income tax is deducted from wages and salaries and accounted for by the employer.

Table 1: Income Tax Collections in Cyprus (1941 – 1953)

1941	£99,000	1948	£967,000
1942	£150,000	1949	£883,000
1943	£304,000	1950	£1,193,000
1944	£542,000	1951	£2,006,000
1945	£536,000	1952	£2,839,000
1946	£489,000	1953	£3,362,000
1947	£600,000		

The importance of income tax receipts to the Government of Cyprus continues to the present time, with current statistics indicating that about one-third of total tax revenue collected in Cyprus is generated from the direct taxation of individuals and corporations (Eurostat, 2015). Thus, while the introduction of income tax in Cyprus was purely a wartime expedience, its financial contribution is now so significant that its abolition can never be seriously contemplated by any responsible government.

Second, administration of the income tax legislation required accounting and bookkeeping expertise among officials within the Inland Revenue Department in order to operate the assessment and collection of income tax in an orderly fashion. Throughout the 1940s, advertisements appeared in the local press offering attractive job opportunities for appropriately qualified individuals. For example, one advertisement for the Inland Revenue Department (*Cyprus Gazette*, 2 December 1943) invited applications for three posts of assessors and one accountant. The advertisement stipulated that candidates should possess an accounting qualification and must have good knowledge of the English language. The importance of the English language on the island, for administration, commercial and social reasons, had been identified some years earlier. For example, a special report on educational subjects noted that ‘there is a growing recognition among the educated Cypriots of the importance of a knowledge of the English language, both because it is one of the official languages of the country and for practical purposes of commerce. According to estimates made in 1901, only about 650 of the native population can be said to speak English’ (Board of Education, 1905, p. 424). Some years earlier, in 1880, the Reverend Spencer had founded an English school at Nicosia ‘for adult males interested in obtaining employment in the colonial government’ (Demetriadou, 2012). Subsequently, a government examination in English for officials and those desirous of entering the civil service had been established and was held annually. The exam included translation, dictation and conversation, to

which special importance was attached (Board of Education, 1905). In simple terms, knowledge of the English language, especially if it was augmented with appropriate accounting skills, was an important source of social mobility in Cypriot society.

Third, it is logical to suggest that some income taxpayers, both individuals and companies, also required the services of income tax professionals who had adequate knowledge of the technical provisions of the income tax legislation. This represents the 'demand' for income tax professionals. Some technical aspects of the Income Tax Law have been outlined in the previous section, which include, for example, the deduction of only 'wholly and exclusively' expenses, the important implications associated with the business structure as a sole trader or limited liability company, coping with anti-avoidance provisions, and general matters relating to compliance. Clearly, the services of a professional tax agent would be beneficial for the taxpayer, especially for preparing business accounts and income tax computations (see Appendix 2 for an income tax computation for a trader). The Income Tax Law was an innovative piece of technical legislation for the majority of income tax payers in Cyprus. At that time, very few individuals in Cyprus would have had any previous knowledge of income tax and, as a result, many would have found aspects of the legislation rather complex. Access to these professional services would allow the taxpayer to comply with this unprecedented legislation, and, where appropriate, to prove the taxpayer's circumstances to the 'satisfaction of the Commissioner'. Thus, accounting and tax professionals became a useful link in the negotiation process between the tax authorities and taxpayers. Indeed, a former income tax assessor, interviewed as part of this study, opined that taxpayers would be likely to consult their tax advisers when dealing with the Inland Revenue and that a good living could be earned by those who represented their clients' interests (Papakyriacou, 2011).

Thus it is not surprising that the first formal explanation of Cypriot income taxation appeared soon after the income tax legislation was introduced, and included worked examples in English and Greek (Antoniades,³ 1941, p. 42). Translated into English the title was *Income Tax in Cyprus: Complete Translation of the Law, Explanation and Meaning of the Law*. Antoniades revealed (in translation) that he had graduated from Montpellier and Liege Universities with a degree in economics and management and was a member of the Royal Economics Society of England (see Appendix 1). He intended that his publication would be used by tradesmen, accountants, lawyers and taxpayers. Antoniades' (1941) pamphlet (in Greek and English) contained several examples of income tax computations for individuals and for those in business.

3 This publication is available in the British Library and also in the Archbishop Makarios III Foundation Library in Nicosia. It was printed in 1941 but is bound with a supplement (Supplement No. 1), published in 1942, which gives the text of the 1942 amended Income Tax Law in Cyprus.

Subsequently, Mr Antoniadēs, who was not a qualified accountant, formed his own professional accountancy firm, which is the second oldest accountancy firm in Cyprus and is now part of Grant Thornton (Michaelides, 2010). The (translated) Preface states:

examples that we use were taken from the everyday life of Cyprus (and) in our effort to make this project even more complete we have drawn help from studying and consulting various English, Greek and other studies relevant to the subject ... Allow us to mention that, as far as we know, this is the first time that a law is being translated by a private individual and also that this is the first time that a law is being discussed, analysed and explained.

It should also be noted that when Cyprus introduced a Pay As You Earn (PAYE) system, with effect from 1 January 1953, it adopted the non-cumulative PAYE system. Unlike the 'cumulative' PAYE system, which applied in the United Kingdom, the non-cumulative system was less accurate, for technical reasons, in deducting tax from employees. Thus, taxpayers who paid their income tax under the PAYE system may have been entitled to an end-of-year refund of income tax previously deducted during the tax year. However, to recognise that a repayment of income tax at year end was due, the taxpayer would have required some knowledge of the PAYE system with its menu of tax deductions and allowances, or access to a professional adviser.

This 'demand' for income tax professionals and professional accountants should also be considered in conjunction with legislation relating to Estate Duty and Company Law enacted in Cyprus around that time. The Estate Duty Law (1942) imposed a tax on the estate of every person dying on or after 1 December 1942 who, at the time of death, was domiciled in Cyprus. In the case of deceased persons who were not domiciled in Cyprus, the estate duty tax was imposed on all property in Cyprus that passed on death. All property passing on death, including business interests, was required to be valued and returns to be made by the executor of the estate (It should be noted that the valuation of a business interest required appropriate accounting skills.). There were stiff penalties for making incorrect statements, or not making statements when they were required.

In addition, the Companies Law (1951), which replaced the 1922 legislation, brought some accounting changes to Cyprus. This new companies legislation was announced in the Governor's 1951 Budget address and indicated that the (pending) Companies Law would 'bring the law in Cyprus into line with the law regarding companies in the United Kingdom' (*Cyprus Mail*, 31 January 1951). This legislation required, *inter alia*, that, subject to certain exceptions, company auditors must be members of professional accountancy bodies established in the United Kingdom and Ireland. Thus, the introduction of income tax, estate duty and the new company legislation provided an important stimulus for the growth of professionally qualified

accountants in Cyprus. By the mid-1950s a small number of qualified accounting professionals, who had obtained their professional accountancy qualifications in England just after World War II, had professional accounting and tax offices in Cyprus. Efforts to form a local professional accountancy body in Cyprus, delayed through the emergency period (1955–1959), were finally successful when the local Institute of Certified Public Accountants of Cyprus was finally established in 1961. The Institute continues to thrive (Clarke, 2011).

The final important consequence of the imposition of income tax on Cyprus in 1941 relates to the new Constitution of the emerging independent Republic of Cyprus. Article 78 of that Constitution provided that ‘the adoption of any law relating to the municipalities and of any law imposing duties or taxes shall require a separate simple majority of the Representatives elected by the Greek and the Turkish communities respectively taking part in the vote’. In other words, separate majorities were required in the House of Representatives for the imposition or amendment of income tax legislation. In a critical manner, Weston Markides and Holland (2001) argue that this provision, while it was intended to prevent discrimination against the Turkish Cypriots, meant that the island could be ‘held to ransom’ by Turkish representatives vetoing tax laws. Thus, it is important to note that, post-independence, there were several disagreements between the Greek Cypriot and Turkish Cypriot communities. One of these disagreements soon arose in relation to income tax and it can be argued that opposing attitudes on both sides of the political divide widened between the island’s two communities.

According to Hollmeister (2006), under article 188 (2) of the Constitution, the British law on income tax was to stay in force until 31 December 1960. Thus, new Cypriot income tax legislation was required but needed the consensus of both communities in Parliament. This was not forthcoming. Swan (1984) notes that the 31 March 1961 House vote on a three-month extension of income tax found 25 Greek Cypriot representatives in favour but 11 Turkish Cypriot representatives opposed. As a result, the bill failed because it lacked an Article 78 (2) concurrent majority. Swan (1984) also notes that this fundamental disagreement must be viewed against the background that Turkish Cypriots during the 1960s contributed some nine per cent of the income tax paid into the Treasury, whereas Greek Cypriots and others paid the remaining 91 per cent. Rauf Denktash, President of the Turkish Communal Chamber, called on Turkish Cypriots to cease paying taxes to the Republic (*Middle East Record*, 1961). In contrast, Swan (1984) indicates that the President of the House of Representatives, Glafcos Clerides, argued on 18 December 1961: ‘Surely the income from this tax, which comes mainly from the well-to-do Cypriot classes, will be used to cover expenses of the five year plan, which plan will benefit not only the Greeks or the Turks but Cyprus as a whole’. In January 1962, President Makarios announced

that since the Turkish Cypriots were abusing the special rights given to them by the Constitution, he was obliged to disregard and seek revision of those provisions which obstructed the functioning of the State (Weston Markides and Holland, 2001). Thus, the income tax legislation imposed by the British on the island of Cyprus in 1941 was now part of the fiscal narrative, along with other important issues, that would drive the island's two communities apart rather than encourage reconciliation.

Concluding Remarks

This paper has presented the context of the imposition of income tax on Cyprus in 1941. It has outlined the various factors and events that influenced the imposition of income tax in Cyprus in 1941 and identified the more obvious and important consequences. However, a pioneering paper like this has its limitations, and one limitation stems from the lack of research that has been published in English on this topic. However, this limitation represents a considerable opportunity for other researchers. In addition, this paper focuses on the introduction of income tax in Cyprus in 1941 and the two decades thereafter. It may be appropriate for other researchers to subsequently investigate more specific periods and/or specific events so that a fuller analysis and history can be compiled. Another limitation is that this paper has not adopted a conceptual framework or 'distinctive lens' through which to view developments over time, and therefore premature generalisations may be drawn. However, it should be pointed out that the choice of a conceptual framework is a very subjective one for the researcher. Indeed, it can be argued that the choice of a conceptual framework is more relevant and appropriate when the field of study is better explored and developed.

Sabine (1966) has pointed out that the introduction of income tax in Britain in 1799 was a wartime expedient. This was also the situation for the British colony of Cyprus. The many technical provisions contained in the Income Tax Law (1941) were new to the taxpayers of Cyprus and there were stiff penalties for non-compliance. The imposition of income tax in Cyprus generated additional revenue for the Government and continues to do so to the present time. Current statistics indicate that about one-third of total tax revenue collected in Cyprus is generated from the direct taxation of income of individuals and corporations (Eurostat, 2015). There were other consequences to the introduction of income tax in Cyprus. The administration of income tax would provide good employment opportunities and career progress for those well-versed in income taxation provisions and procedures, and related legislation, and who spoke English. Some of these accountancy professionals were influential in the formation of the Institute of Certified Public Accountants in Cyprus in 1961. However, one (unintended) consequence was that, after independence was achieved in

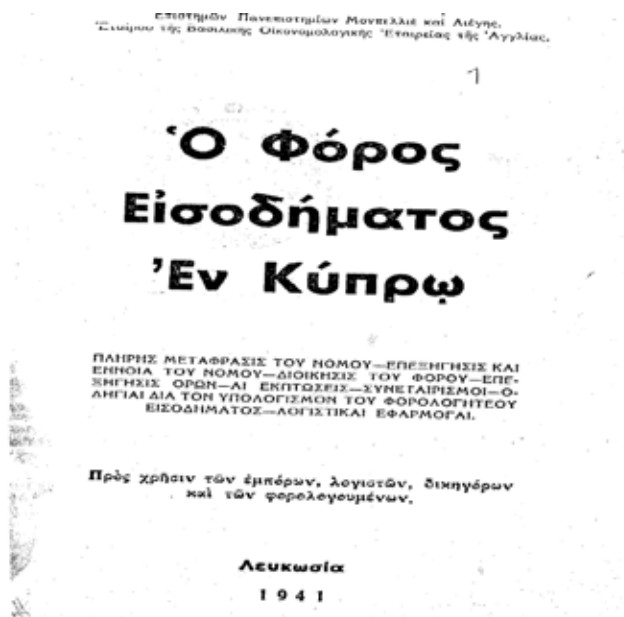
1960, the administration of income tax further fuelled certain divisions, rather than reconciliation, between two of the local communities on the island.

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Appendix 1



Acknowledgement: Archbishop Makarios III Foundation Library, Nicosia, Cyprus

Appendix 2

Example of income tax computation for a business

Note: Some figures have been amalgamated by this author to provide clarity, and modern terminology rather than literal translations are used.

Profit and Loss for the year ended 31 December, 1940			
	£		£
Wages	50	Gross profit from trading	1,945
Rent	60		
General expenses	90	Interest received	50
Salaries	160		
Repairs	20	Rent received	70
Bad debts written off	40		
Provision for bad debts	60		
Salary of owner	240		
Income tax	19		
Miscellaneous expenses	4		
Land tax	3		
Donations to charity	10		
Overtime pay	9		
Depreciation (various)	38		
Net profit	<u>1,262</u>		
	<u>2,065</u>		<u>2,065</u>

The income tax computation was then prepared. The profit and loss account showed a net profit of £1,262, but became £1,629 as per the income tax computation, as follows:

Income Tax Computation	
Net profit from profit and loss account (above)	1,262
Add back: Disallowable expenses	
Provision for bad debts	60
Salary of owner	240
Income tax	19
Donation to charity	10
Depreciation	38
= Taxable profit	<u>1,629</u>

Source: Antoniadis (1941, 42), as amended by author

Local Government in the Republic of Cyprus: Path Dependent Europeanization

ANDREAS KIRLAPPOS

Abstract

Local government in the Republic of Cyprus has experienced historical continuities that create burdens, limiting its ability to function well. Although the accession of Cyprus to the EU has provided local actors with access to a new political sphere, their overall condition has remained restrictive. This work uses EU's regional policy as a case study to assess European integration's impact on Cypriot local government during 2000-2012. The effects of European integration and the responses of local government to its challenges are analyzed via specific indicators, e.g. administrative structures, financial and human resources and the local politicians' profile. This work offers a theoretically and empirically informed analysis based on specific analytical frameworks (Europeanization and historical institutionalism) and empirical data derived from structured questionnaires and semi-structured interviews. It suggests that the burdens of the past acted as decelerating factors, limiting the effects of Europeanization and local governments' responses to it.

Keywords: Republic of Cyprus, local government, Europeanization, historical institutionalism, path dependence

Introduction

This work is based on a political science perspective to offer a sub-national study of a small and centralized EU member state (MS), namely Cyprus. It analyses a feature of the European integration of the Republic of Cyprus (ROC) that has been unexplored, despite its importance for the quality of democracy. The basic novelty of this work is the assessment of the effect of European integration, through the process of Europeanization, on Cypriot local government as the level of governance that is closest to citizens. This work studies the immediate pre-accession and the immediate post-accession period (2000-2012) to conduct a novel analysis of the changes that occurred in the Cypriot local government due to Europeanization. The EU's regional policy is used as the specific case-study for the financial effects of European integration.

The research hypothesis views the impact of Europeanization and the effects of European integration as dependent on historical continuities and on burdens of the

past affecting Cypriot local government. Specific research questions operationalize the research hypothesis: 1) Have the burdens of the past, bequeathed to the Cypriot local government, been decelerating Europeanization, limiting thus the effects of European integration at the local level? 2) How do the differences among the Cypriot local actors in institutional and financial resources, structures and local politicians' profiles affect the possible differentiations in the results of Europeanization?

The methodology for the present study included a literature review and field research (February and September 2013) which produced the empirical data. On the one hand, the structured questionnaires, due to their wide coverage, enabled us to reach the entire area under the effective control of the ROC, including urban, suburban and rural local government organizations. Displaced¹ and mixed communities, where Greek-Cypriots and Turkish-Cypriots live together (Potamia and Pyla), were also included. On the other hand, 20 semi-structured interviews provided the opportunity to clarify specific points and to gather supplementary data. Finally, secondary quantitative data, e.g. the reports of the Auditor General of the Republic proved important in overcoming difficulties in the acquisition of data about the financial situation of local government.

Our sample included 25 out of the 39 municipalities and 99 out of the 484 communities of the ROC. The collected data were analyzed via qualitative and quantitative analysis. For the purpose of this research, European integration was seen as the independent variable, while the produced change at the local level was seen as the dependent variable. In order to assess the effects of European integration on Cypriot local government, we used urban Europeanization as an analytical framework. Based on Marshal's typology (2005), we assessed Europeanization's top-down impact on Cypriot local government by measuring: (a) the changes in local structures, institutions and personnel; (b) the implementation of new EU legislation and the consequent increase in local competencies; and (c) the secured funding deriving from regional policy programmes and other EU programmes.

To a smaller extent, we evaluated the attempts to lobby European institutions and the participation in pan-European networks to analyse bottom-up and horizontal Europeanization. Since the effects of Europeanization are both varied and mediated by domestic factors (Börzel and Risse, 2003), we adopted a typology of research indicators incorporating differences in local resources (Bähr, 2008, pp. 3-18; Stegarescu, 2005, pp. 301-333). Hence, it was examined how differences in institutional and administrative capacities, e.g. staffing, competencies, financial resources, infrastructure and differences in the profile of local politicians, acted as domestic mediating factors

1 Due to both the continuous occupation of a third of the island by Turkish troops and the failure to find a settlement before Cyprus's accession to the EU, the *acquis communautaire* is currently suspended in the area which is not under the effective control of the ROC. Currently, nine municipalities and 135 communities are displaced from the northern areas of the island.

affecting the absorption capacity of the regional policy programmes and the results of Europeanization. The historical institutional approach (Lecours, 2011, p. 1107) was used as an additional theoretical and analytical tool in the interpretation of the findings.

The importance of this work lies in the partial coverage of a vital gap in the literature with regard to a governance level that is of particular significance for the functioning of democracy, the one of local government. No previous research has been conducted examining the domestic impact of European integration on the local government of the ROC, creating thus a significant gap. Previous work covered the effects of European integration on crucial parts of the executive, the legislative and the judicial power (Sepos, 2008). This work attempts to cover part of this gap by establishing Cypriot local government as an analytical category and by offering the first study of its relationship with the EU. The theoretical contribution of this work aims at conveying a more comprehensive understanding of the limited effects of Europeanization at the Cypriot local government level, by emphasizing the mediating role of domestic factors. The research results indicate that the burdens of the past have acted as decelerating factors, preventing local government from utilizing the opportunities of European integration.

Urban Europeanization and Historical Institutionalism

Europeanization was initially conceptualized as a top-down process focussing on the transfer of rules and practices from the EU to its Member State (MS) and their institutions (Ladrech, 1994). The expanding academic focus on Europeanization caused the growth of additional processes, i.e. the bottom-up approach, where the MS try to affect the formulation of policy at the EU level by uploading their own preferences to reduce adaptation cost, and the horizontal approach, which sees MS as being capable of transferring knowledge and best practices between them (Howell, 2004, p. 5).

These research dimensions of Europeanization were also applied to regional and local government actors. Heinelt and Niederhafner (2008, pp. 173-174) highlighted that Europeanization has been offering local government actors access to a new political sphere that may increase their autonomy. Marshall (2005, p. 682) called for a more comprehensive academic study of Europeanization at the local level and developed the model of urban Europeanization. Hence, local government actors can download Europeanization (top-down) via implementing EU legislation and fulfilling the criteria to secure EU funding, causing changes in local policies, practices, and preferences (Marshall, 2005, p. 672). They can upload Europeanization (bottom-up) by becoming active policy shapers, lobbying European institutions and transferring local demands

at the European level (*ibid.*). Finally, they can participate in the horizontal process of Europeanization by utilizing the Committee of the Regions (CoR) and joining transnational networks, such as the Council of European Municipalities and Regions (CEMR), to transfer practices and norms between them (Marshall, 2005, p. 673). Based on Marshall's analysis, this work uses the three processes/research dimensions of Europeanization to examine the impact of European integration on the Cypriot local government actors and their responses to the challenges of the former. The mechanisms² of Europeanization (mainly the positive mechanism) that were in effect were analysed to examine the ROC's and local governments' implementation of regional policy and their responses to EU pressure for domestic change (Knill, Tosun and Bauer, 2009, p. 524). Moreover, we investigated the typologies of the possible effects of Europeanization as they were developed by Börzel and Risse (2000, pp. 5-6) and Radaelli (2000, p. 11), i.e. absorption, accommodation, transformation, inertia, and retrenchment.³ The response of the Cypriot local government towards the challenges of European integration was categorized based on the typology of Goldsmith and Klausen (1997, pp. 237-253), i.e. counteractive, passive, reactive and proactive.⁴ Finally, the different domestic mediating factors were analysed, since they may act as institutional veto points or support facilitating formal institutions, affecting either negatively or positively the impact of Europeanization (Börzel, 2005, p. 53).

Additional analytical and theoretical insights were derived from the historical institutional approach to clarify the role of history and institutions in influencing the formulation of policies (Lecours, 2011, p. 1107). According to Pierson (2000), path

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- 2 Mechanisms of Europeanization include: (a) The positive mechanism that is based on European policies of positive integration and causes change by demanding MSs' compliance with a specific European policy model, based on specific rules; (b) The negative mechanism that is based on European policies of negative integration and causes change by making MSs exclude certain policies that negatively affect the completion of the common market; (c) The existence of inconsistency between European policies/rules and the domestic institutional structures that causes adaptational pressure. The goodness of fit between the two defines the intensity of the adaptational pressure. See Knill, Tosun, and Bauer (2009, p. 524) and Börzel and Risse (2000, pp. 5-6).
 - 3 Absorption is defined as limited change, where the MSs do not significantly change their existing structures. Accommodation is defined as moderate change, where the existing structures are adapted, while transformation is defined as significant change via the full alteration of the existing structures and policies. Inertia is defined as no change at all, while retrenchment takes place when the effect of Europeanization is reduced in the sense that national policies can become less European than they used to be by taking an opposing direction. See Börzel and Risse (2000, pp. 5-6) and Radaelli (2000, p. 11).
 - 4 Local government actors may be counteractive and sceptical, seeing EU issues as pointless. They can be passive and demonstrate a limited involvement with European issues. They may be reactive and participate in partnerships and networks with their European counterparts. Finally, they may show interest and have a proactive point of view to promote European integration at the local level. See Goldsmith and Klausen (1997, pp. 237-253).

dependency specifies that past decisions affect future decisions by limiting available options, while the perceived increased returns ensuing from remaining on the same path do not facilitate change. Nonetheless, change is possible during critical junctures that offer enlarged chances for key institutional reforms to happen, followed by extended stretches of institutional stability (Prado and Trebilcock, 2009, p. 358). The present work utilized the historical institutional approach to understand how local government was influenced by past historical developments.

The Burdens of the Past on Local Government

The ROC is located in the eastern Mediterranean Sea, having a population of 858,000 (Eurostat, 2015). It is a unitary state, divided into six districts, 39 municipalities and 484 communities (2017). The ROC joined the EU in 2004 and the Eurozone in 2008. The last two historical periods prior to its independence delivered historical continuities that create burdens to its progress, affecting the impact of Europeanization (Sepos, 2008, pp. 15-21). As we will see, these restrictions continue to affect local government.

Ottoman Era

The basic structure of the local governance system of the ROC dates back to the Ottoman era (1571-1878). This historical period vested local actors with specific features that have since had a key role in the overall functioning of local government. These include the explicit assignment of restricted competencies and limited sources of revenues, along with the strict administrative control of the central state structures via the appointed District Commissioners (Tornaritis, 1972, pp. 6-13). Only men who had the economic capacity to possess land and pay the respective taxes had the right to elect and/or be elected as the head of the village. Thus, wealthy and influential people were mainly elected. These functioned both as protectors of the local population and as structures of oppression in the case of disobedience, exacerbating the local clientelistic networks (Sepos, 2008, p. 142).

British Colonial Era

No progress was observed during British rule (1878-1960) in terms of reinforcing the role and competencies of local government, since the 1930 Municipal Corporations Act 26, which replaced the restrictive Ottoman laws regarding local government, retained many of the provisions of the old law (Tornaritis 1972, p. 17). Both the powers and financial resources of local authorities continued to be highly specific and extremely limited. Appointed district commissioners oversaw local government,

perpetuating strict administrative control (Markides, 2009, p. 186). Measures were taken by the British to combat the clientelistic networks by introducing legislation to alleviate rural debt (Richter, 2010, p. 25). Yet, it should be noted that, despite the changes introduced by the British, the clientelistic networks have not been completely eradicated (Sepos, 2008, p. 142).

The Republic of Cyprus

During the first years of the post-colonial period, the overall function of the Cypriot political and administrative system was affected by the outbreak of violence in 1963, the coup d'état that the Greek military junta executed against President Makarios and the consequent Turkish invasion in 1974 (Tzermias, 2004). Local government was central to the outbreak of intercommunal violence on 1963 and thus to the collapse of the bi-communal structure of the constitution (Markides, 2009). Article 173 of the Constitution, which provided for separate municipalities for the two Cypriot communities, was never enforced and this issue quickly led to violence and ethnic tension. As a result local democracy was restricted, since the central government appointed persons responsible for local government management (Markides, 2009). Starting from the 1980s, a series of events, including the adoption of the Municipalities Law of 1985, the European Charter of Local Self-Government (1988) and the Communities Law of 1999⁵ halted this practice and improved to some extent the status of Cypriot local government by providing a more modern legal framework.

While Cyprus's accession to the EU (2004) caused reforms and institutional adjustment to the wider political, economic and administrative system of the ROC, it did not considerably affect local government. Consequently, the burdens of the past remain, minimizing the administrative, financial and political autonomy of the Cypriot municipalities and communities with the latter facing greater restrictions. Local government actors' responsibilities and sources of income are still limited since they are greatly dependent on central state grants while they continue to operate under the administrative control of the central state, embodied by the appointed district officers (Markides, 2008, pp. 186-188). Corruption is evident in most of the functions of local government, especially in local financial management. During the period under examination, the Auditor General (2000-2012) repeatedly indicated cases of embezzlement and fraud both in municipalities and communities. Finally, the existence of so many small local government units on a small island seems to have had its own impact on the nexus of political power distribution. According to Attalides (cited in Markides, 2008), this has allowed important local political interests to take root and thereby be well placed to resist change and reform.

5 These laws were partially based on the Colonial laws, retaining many of their restrictions.

The national framework of regional policy reflects these historical burdens since the Cypriot state has been implementing the partnership principle, which allows local government access to the regional policy programmes, in a restricted way. This behaviour is common to other centralized EU MS, e.g. Estonia (Kull and Tartar, 2015, p. 23) and Ireland (Callanan, 2012, p. 409). While local government is typically entitled to integrate its proposed projects in the operational programmes, problems arise from its increased dependence on the central state structures. As we will see, the firm gatekeeping (Pollack, 1995) of the Cypriot state, prevents local efforts to adopt a more active future role vis-à-vis European integration.

The Different Mediating Factors of Europeanization: Presenting the Sample

Municipalities and Communities: Population Size and Financial Characteristics

The average population of a municipality in the ROC is 19,950 and the average population of a community is 645 (National School of Government International, 2014, p. 25). The majority of the population is concentrated in large urban centres (67.4 per cent), while the communities of our sample demonstrated large populations only if they had increased economic opportunities, e.g. coastal touristic communities (Voroklini 6,134 people).

Table 1 (overleaf) summarizes the financial characteristics of the members of the sample in terms of own resources and state grants, highlighting their sharp differences. The expenditure of local government in the ROC, as a percentage of GDP and as a percentage of public sector expenditure, is low, reaching the second lowest level in Europe (EKDDA, 2010, p. 267). CEMR (2011, p. 24) attributes these limited resources to the limited role of local government due to the small size of the country. The four oldest urban municipalities (Nicosia, Limassol, Larnaca, and Paphos) demonstrated the biggest financial capacities. With one exception (Strovolos), these municipalities were the most populous, verifying the increased economic activities of the big urban centres of the island, where the majority of the population is concentrated.

Table 1: Financial Characteristics of the Municipalities and Communities

Actors (2008-2012)	Own resources min €	Own resources max €	State grants min €	State grants max €
Urban Municipalities	10,094,114	29,206,703	3,978,261	17,850,948
Suburban Municipalities	1,401,433	14,805,288	1,548,522	10,846,000
Rural Municipalities	52,500	6,752,000	853,788	2,732,000
Displaced Municipalities	24,586	67,937	80,909	1,766,274
Communities	10,000	1,688,850	9,000	477,500
Displaced Communities	0	500	1,000	1,000

Source: The returned structured questionnaires

Municipalities and Communities: Structures and Personnel

Inefficiencies were clear regarding the total numbers of personnel and the professional training and suitability of that personnel. Table 2 illustrates these sharp differences between the municipalities and communities of our sample. The communities of the sample that did not employ any personnel at all (28 per cent) relied on hiring services.

Table 2: Personnel of the Municipalities and Communities

Number of Personnel	Municipalities (per cent)	Number of Personnel	Communities (per cent)
0	-	0	28
≤ 100	48	≤ 5	58
100-200	4	≤ 10	8
200-300	12	≥ 10	6
≥ 300	12	-	-

Source: The returned structured questionnaires

Important inadequacies were clear regarding the qualitative characteristics of the personnel. The four oldest urban municipalities are town planning authorities and have a wider existing institutional structure (Schmidt, 2002, p. 896-908). They had a better position in the political and administrative system and demonstrated larger financial capacities and greater numbers of specialized personnel, ranging from a minimum of 16 to a maximum of 82 people. The suburban municipalities employed less specialized personnel ranging between a minimum of four and a maximum of 47 people. The rural municipalities demonstrated even smaller numbers of specialized

personnel, ranging from a minimum of two to a maximum of 27 people, while the displaced municipalities demonstrated the smallest numbers of specialized personnel, ranging from a minimum of one to a maximum of four people.

Just 24 per cent of the municipalities had specialized personnel solely dedicated to EU issues while 52 per cent had specialized personnel partly engaged in EU issues. Only 19 per cent of the communities of the sample appeared to have specialized personnel. As we will see, the observed deficiencies in personnel, along with the ones observed in the financial capacity of local government, create severe difficulties in the latter's attempt to adapt to the challenges of European integration.

Local Politicians' Profile

Our findings demonstrate important differences in the profile of the mayors and community council presidents of our sample. The overwhelming majority of the mayors (88 per cent) had attained a higher education in contrast to the majority of the community council presidents (75 per cent), which only had secondary education. Mayors had better computer knowledge (84 per cent) and were more fluent in speaking foreign languages (88 per cent) vis-à-vis the community council presidents (57 per cent and 65 per cent respectively). The mayors enjoyed greater party influence and higher party positions (e.g. members of senior party bodies, 53 per cent) compared to the community council presidents (four per cent).

Presenting and Analyzing the Findings: Top-Down Europeanization

Empirical evidence emphasized that the Europeanization of Cypriot local government was restricted in its scope, indicating a profound top-down orientation. It was also indicated that the stronger presence of the mediating factors had a positive impact on the effects of Europeanization, acting as supporting the facilitation of formal institutions (Börzel, 2005, p. 53).

Limited Changes in Local Structures, Institutions, and Personnel

We begin with Europeanization's top-down effects on local structures, institutions, and personnel. We noticed limited evidence of broad Europeanization effects vis-à-vis the institutional framework, structures, and personnel of the local government actors of our sample. This had to do mainly with the fact that the ROC joined the EU maintaining its excessively centralized model without sufficiently preparing local government in terms of developing the necessary infrastructure for attracting EU funds. The slow reaction of the Cypriot state is highlighted by the ongoing and hence belated reform activities (2010–present) focusing on the local government system. In this context,

it was obvious that the burdens of the past, established on the basis of a historical legacy (Dabrowski, 2014) of centralized territorial administration, clearly decelerated Europeanization. Concerning the local governments' post-accessional attempts to fill some of their infrastructure, institutional and personnel gaps, we noticed that these were differentiated due to variations in local resources. Overall, these efforts were based on a process of learning by doing, which was common in other cases, such as the local government actors of Piedmont, Italy (Zerbinati, 2004, pp. 1007-1009). Only 52 per cent of the municipalities attempted to establish their own structures (special EU sections) or modify their existing ones. These structures, however, were clearly understaffed, since the vast majority were made up of just one specialized officer dealing with EU issues. Evidence showed that size and financial ability were clear indicators of change since only the biggest and most populous municipalities had the resources to hire more than one specialized officer. The remaining municipalities focused their efforts on cooperating with the newly established district development agencies (14 per cent) and with specialized consultancy firms (nine per cent).

The communities exhibited an even poorer performance, since they had not yet established their own infrastructure to attract European funds (96 per cent). Due to greater resource constraints, most of them continued to exhibit great dependence on central state structures, relying on the district officer's services (74 per cent) and to a lesser extent on those offered by the Union of Cyprus Communities (22 per cent). The findings underline that the major capacity divergence between the sample members, in terms of institutional capacity and institutional capability (personnel and efficiently performing the assigned tasks) (Bailey and De Propriis, 2002, pp. 408–428) significantly affected both their overall function and their responses towards the challenges of Europeanization. In practice, our findings confirmed Schmidt's (2002, pp. 896-908) observation that economic vulnerability and limited institutional and policy capacity further reduces the efficiency of infrastructure.

Path Dependency in EU Legislation Implementation

We continue with Europeanization's top-down effects via the implementation of EU legislation. We noticed limited evidence suggesting that broad Europeanization effects had taken place via the implementation of EU legislation, confirming that the burdens of the past decelerated this specific process of Europeanization. These effects were mostly concentrated in municipalities who, due to their better constitutional position and the relatively more decentralised degree of competences (De Rooij, 2002, p. 449), had the opportunity to be more actively involved in the implementation of EU legislation. As a result, a greater change in the municipalities' policies, practice, and preferences (Marshall, 2005, p. 672) was observed due to these specific effects of downloading Europeanization.

On the other hand, the great disparity noted between the municipalities and communities in terms of the mediating factors accounts for the observed variations in the effects of European integration. The differences in the attributed tasks (Fleurke and Willemse, 2007), along with the greater resources in personnel and specialized staff and the greater economic capacities, clearly established greater opportunity structures (Keating, 2008, pp. 1-2) for the municipalities. As a result, the involvement of municipalities in the implementation of harmonized legislation was greater in scope, e.g. tender procedures, food hygiene and environment, allowing them to increase their competences and to be active in new issues. Even greater was the increase in the competences of the urban municipalities of our sample. These were town planning authorities and they had to implement additional harmonized legislation, leading to a further increase in the scope of their activities, e.g. energy efficiency of buildings and building permits. These differences enabled the mayors to implement the harmonized legislation, recognizing (45 per cent) that European integration both strengthens local government' competences and increases its influence in the wider political system.

Conversely, the weaker presence of the mediating factors meant that the involvement of communities in the implementation of harmonized legislation was smaller, producing very little increase in their competences. The communities benefited little from these specific effects of Europeanization due to their weaker constitutional position, fewer assigned tasks and increased dependence on the central state structures, mostly the district administration, to perform their activities. This finding was reflected in the extremely small percentage (a mere four per cent) of the community council presidents who recognized that the harmonization of national legislation leads to a strengthening of the powers of local government.

The findings deriving from the mixed communities of Pyla and Potamia indicated that the effects of European integration that concern the Turkish-Cypriot residents of these communities, occurred mainly in the context of top-down Europeanization, e.g. mostly via the implementation of the European quality standards of the Common Agricultural Policy.

Financial Impact of Top-Down Europeanization

We move to Europeanization's top-down effects in terms of its financial impact on local government actors, which, based on the evidence, was relatively greater. Just like in other EU MS, such as Belgium (Van Bever and Verhelst, 2013, pp. 7-8), the desire to secure European funding was the major factor that impelled the municipalities (55 per cent) and communities (43 per cent) of the ROC to be involved in European issues. Yet, it was clear that the burdens of the past decelerated this specific process of Europeanization, preventing the sufficient utilization of the new political sphere and

the new funding opportunities offered by the EU.

We begin with the secured funding that is derived from European programmes, besides those of regional policy. Relatively wider participation was observed vis-à-vis these programmes. Due to large variations in institutional capacity and institutional capability (Bailey and De Propriis, 2002, pp. 408-428), the financial effects of these programmes were quite differentiated. Evidence showed that greater resources in personnel and structures were a clear indicator of greater success in securing funds. Hence, the urban and suburban municipalities managed to secure funding from an average of three and two and a half programmes respectively. Finally, the rural municipalities secured funding from an average of one and a half programmes, while just two displaced municipalities managed to secure funding.

This specific financial top-down aspect of the process of Europeanization affected the communities to a lesser extent and in a more restricted way than the municipalities. Less than half of the communities of our sample (42 per cent) managed to secure funding from at least one European programme. Yet, in contrast to the municipalities, the communities were not final beneficiaries and were more dependent on the central state structures to secure and implement the programmes. Thus, due to their weaker constitutional position and their less decentralised degree of competences (De Rooij, 2002, p. 449), they had to rely more on direct lobbying with the central state structures to secure funding from these programmes. Based on our empirical evidence, we observed that the community council presidents had poorer access to the central state structures than did the mayors. The greater ability of the mayors' to access and influence the system, especially if they belonged to the ruling party, was pointed out by the vast majority (75 per cent) of the community council presidents. This explanatory factor in securing programmes was highlighted in other cases (Zerbinati, 2012, p. 589), but empirical evidence showed that it had to coincide with, and thus was enhanced by infrastructure, personnel, and financial capacities. Still, almost one-third of the interviewed mayors accepted that support was asked from the central state structures to overcome technical problems.

Our findings also indicated that European integration moderately affected the Turkish-Cypriot residents of Pyla and Potamia via the funding of bi-communal projects, such as restoring the Venetian castle in Pyla.

We move now to the funding secured from the regional policy programmes. This highlighted the significance of local politicians and their profile as a mediating factor of Europeanization's effects. The ROC started participating in the final stages of the 2000–2006 period of the programme. Central state structures were the final beneficiaries, and they conducted projects in eight municipalities and communities of our sample. What came as a surprise was the differentiation demonstrated by a small rural community (Kalopanayiotis) whose community council president clearly focused

on the EU as a way to solve local problems. Mr. Papadouris, a civil engineer with significant business activities beyond Cyprus, started focusing on the EU's allocations even before Cyprus's accession. Instead of relying on the slow state processes, he paid foreign experts to prepare technical and architectural plans to revive Kalopanayiotis. These plans were adopted by the government, who were at the time (2003) running the risk of losing significant parts of the allocations, permitting Kalopanayiotis to take innovative initiatives, securing three significant projects worth a total of €5,400,000.

Table 3 indicates that the burdens of the past decelerated this specific process of Europeanization during the following programmatic period (2007-2013). Only the four oldest urban municipalities managed to change their policies, practices, and preferences (Marshall, 2005, p. 672) becoming final beneficiaries. The strong presence of mediating factors, such as the greater attributed tasks and resources, allowed these municipalities to develop the necessary tracking and implementing mechanisms to utilize the improved opportunity structures (Keating, 2008, pp. 1-2).

Table 3: Regional Policy Projects Implemented During the 2007-2013 Programming Period

Special priority targets	Nicosia municipality	Limassol municipality	Larnaca municipality	Paphos municipality
Special target 1	€37,520,173	€42,195,049	€18,496,120	€8,078,515
Special target 2	-	€6,995,254	-	-
Special target 3	€13,903,613	-	-	-
Number of programmes	5	4	2	1

Source: Structural Funds and the Cohesion Fund in Cyprus (2013)

Yet, important variations were noticed among these municipalities concerning the secured funding that were explained by the activities of their mayors. Just like in the case of Kalopanayiotis, the mayors of Nicosia and Limassol had significant experience prior to being involved in local government (regional director of a multinational and a former minister). The interviews pointed to the fact that these two mayors were more strategically-minded in setting the obtainment of allocations as a key organizational goal. They adopted a more entrepreneurial profile (Zerbinati, 2012) and focused a significant part of their municipalities' resources on preparing projects in accordance to the specific conditions of the regional policy. The other municipalities and communities were unable to secure regional policy funding. The majority (77 per cent and 74 per cent respectively) justified their weakness by indicating that they lacked the necessary resources, mainly money, and personnel. Empirical data indicated that these local governments had a more passive behaviour and participated as partners,

not as beneficiaries, mostly in education and infrastructure enhancing programmes. Similar findings were noted in Greece, where the limited administrative and financial autonomy of the local government actors forced them to exhibit analogous behavior, participating in equivalent programmes (Andreou, 2010, pp. 19-24).

Finally, empirical evidence revealed the firm gatekeeping of the Cypriot state that was similar to that exhibited by other centralized MS, e.g. Estonia and Greece (Kettunen and Kungla, 2005, p. 367; Andreou, 2006, pp. 253-255). The Cypriot state implemented the partnership principle in a way that reproduced the pre-existing balance of power between central and local levels, demonstrating the resilience of domestic traditions (Callanan, 2012, p. 401). This gave the central state structures a dominant role in all the processes of the EU's regional policy, allowing just a few local actors to enter a programme as final beneficiaries, thus limiting the effects of Europeanization. Yet, as the cases of Nicosia, Limassol, and especially Kalopanayiotis indicated, a local politician's profile could act as a decisive mediating factor in overcoming the burdens of the past. Thus, it is possible that local political leadership may be successfully adapted to Europeanization's challenges and even positively affect the outcome of Europeanization (Borraz and John, 2004, pp. 110-113).

Bottom-Up

We noticed scant evidence to suggest that there had been much uploading of Europeanization due to a strong presence of the burdens of the past. The mobilization of the Cypriot local government actors at the European level was impeded by a number of factors. Exogenous limitations derived from the unresolved Cyprus problem created further constraints on resources that in turn reduced the possibility of individuals having contact with the European institutions. Endogenous limitations included the extremely crucial role of the central state structures: the gatekeepers (Pollack, 1995). Just like in other small and centralized MS (Estonia), the state continued to firmly control the uploading efforts of the municipalities and communities, and would shift them in accordance with its own preferences and priorities (Kull and Tartar, 2015, p. 23). Once again the great disparity in resources, powers and financial capacities between the municipalities and communities caused differentiations in the impact of Europeanization. Our findings confirmed the observations of Kull and Tartar (2015, pp. 240-241) and Borraz and John (2004, pp. 110-113) that connected the size of local government and the mentality of local politicians with the mobility at the European level.

A total of 53 per cent of the municipalities of our sample tried to develop relations with European institutions. This included more populous urban and suburban municipalities. The most active municipalities were Nicosia and Limassol, which

had mayors with significant international experience, prior to becoming involved in local government. Both mayors also demonstrated greater personal resources (e.g. information and knowledge) and more outgoing profiles which clearly indicated greater bottom-up Europeanization effects. Consequently, these mayors were more able to comprehend the opportunities offered by European integration (Borraz and John, 2004, pp. 110-113).

Evidence of an indirect bottom-up Europeanization process was observed in the participation in other institutions. Such evidence varied, reflecting the different degree of activation between the actors. The Union of Cyprus Municipalities was the most common way (35 per cent) in which the municipalities of our sample sought to promote their interests at the European level. It was followed by the CoR, the European Commission, with 23.5 per cent for each institution, and the European Parliament (18 per cent). Almost half (47 per cent) of the municipalities never tried to be heard in Brussels, displaying great path dependence. Based on our findings, it was obvious that the municipalities in Cyprus still had a long way to go to become more active at the European level through this uploading process of Europeanization.

More than half of the communities of our sample (57 per cent) had never attempted to develop relations with European institutions. The communities tried to promote their interests at the European level in an even more limited way due to more constraints on their resources and capacities, as well as their local politicians' profiles (education) that did not allow them to fully comprehend the opportunities offered by European integration. As a result, the various district development agencies (29 per cent) and the Union of Cyprus Communities (15.5 per cent) were most often used to promote communities' interests at the European level. Thus, based on our findings, we observed that the communities in Cyprus were not active at the European level thereby delimiting any uploading process of Europeanization and demonstrating strong path dependence.

Horizontal

Empirical evidence suggested that the horizontal process of Europeanization had relatively greater effects, yet, the effects of this process were decelerated by the burdens of the past. Differentiations in the results of the horizontal process of Europeanization were noted among the municipalities and communities depending on mediating factors like resources, power and financial capacities.

Almost all the municipalities, and especially the four oldest ones, demonstrated increased efforts to participate in pan-European networks, such as CEMR. This process of Europeanization was valued highly by the municipalities (89 per cent). All the interviewed mayors (ten) highlighted the significant advantages that would be

gained by participating in this process, including the interactive flow of information on local issues and the opportunity to establish relations and future partnerships. These were also important motives that influenced local governments from other MS (e.g. Ireland) to increase their participation in the horizontal processes of Europeanization (Rees, Quinn, and Connaughton, 2004).

On the other hand, the communities of the sample did not value this particular process of Europeanization so highly (24 per cent). This had to do with the fact that the communities lacked the financial, administrative and human resources to participate in these networks independently. Another key indicator for the participation in pan-European networks was educational constraints, e.g. lower formal education levels and lower computer literacy. The community council presidents saw participation in European networks as highly complicated (78 per cent) and failed to recognize the opportunities deriving from this horizontal process of Europeanization, focusing their attention mostly on the dissemination of best practices via local networks.

The Typologies of Europeanization

Based on the typologies of Radaelli (2003, p. 37) and Börzel and Risse (2003, p. 70), the impact of European integration on the local government of the ROC was restricted. The suburban, rural and displaced municipalities remained path dependent, demonstrating limited changes (absorption). The relatively largest domestic change (accommodation) was observed in the most populous urban municipalities of the sample, which had greater political, economic and administrative autonomy. Path dependency was higher in the communities where the observed changes were limited. Changes observed ranged from absorption (most populous communities and Kalopanayiotis) to an almost complete lack of change (inertia) (smallest and displaced communities).

We shift our attention to the evaluation of local government's responses to the influence of European integration, based on the typologies of Goldsmith and Klausen (1997, pp. 237-253) and Marshall (2005, pp. 671-674). The observed differences were explained by the sharp variations in the presence of mediating factors that determined the attitudes towards the challenges of European integration. The most populous urban municipalities responded relatively favourably and exhibited greater interest in European issues (reactive). Still, due to structural deficiencies, the urban municipalities did not show an integrated mode of action and did not manage to act preventively to a considerable extent (Goldsmith and Klausen, 1997, pp. 237-253; Marshall 2005, pp. 671-674). The above findings were noticed as well among the suburban and rural municipalities that had even greater structural difficulties and more serious resource constraints. They were passive to the challenges of Europeanization, especially to the

the bottom-up processes. Finally, the displaced municipalities were primarily passive due to even higher structural difficulties and resource shortages.

With the exception of Kalopanayiotis, the communities of our sample that had fewer resources had even poorer reactions to Europeanization. Kalopanayiotis was reactive to the top-down financial process of Europeanization, while the most populous communities were primarily passive in all Europeanization processes. Both smaller and displaced communities showed mainly a counteractive attitude in all Europeanization's processes.

Conclusions

This work was the first attempt to study the effects of European integration on the Cypriot local government level, highlighting interesting aspects of this process and contributing to the enrichment of the international literature. It attempted to provide new empirical insight from a small EU MS on a fresh and unexplored research topic, by investigating the importance of the past.

Based on Marshal's (2005) typology and on the analysis of the empirical findings, it was observed that the Europeanization of the Cypriot local government was limited both in its scope and effect. It had an obvious top-down orientation with modest effects on local structures, institutions, and personnel, and it was also observed that local authorities displayed path dependency regarding the implementation of EU legislation. Europeanization demonstrated relatively greater impacts on its top-down and horizontal processes, while extremely limited effects were demonstrated regarding its bottom-up process. Cypriot local government still has a long way to go to become more active in the processes of Europeanization.

In an attempt to answer our first research question, we noticed a clear historical continuity regarding local government, starting from the Ottoman period and reaching the current period of the ROC. This historical continuity attached specific burdens to local government that resulted in the consolidation of a specific culture of increased dependence on central government, along with deficiencies in institutional and financial resources, structures and local politicians' profiles. The findings of this work emphasized that the ROC accepted the effects of European integration on this issue in a restrictive way that was further decelerated by the burdens of the past.

In an attempt to answer our second research question, the empirical findings highlighted how the differences of the Cypriot local actors in institutional and financial resources, structures and local politicians' profile has a significant role in the different results of Europeanization. When these specific mediating factors were enhanced, they acted as supporting facilitating formal institutions (Börzel, 2005, p. 53) increasing

Europeanization's effects. In other words, the different institutional and financial capacities of local government and the corresponding differences in terms of the profile of local politicians determined the effects of all three processes of Europeanization.

The findings of this work validate our research hypothesis, confirming that the impact of Europeanization and the effects of European integration depend on historical continuities affecting Cypriot local government. By way of conclusion, it can be noted that the burdens of the past inhibited local government from utilizing the opportunities of European integration. The differences in resource capacities resulted in the adoption of differentiated behaviours by local governments to the challenges of European integration. Thus, Europeanization's effects were most intense (accommodation) where fewer institutional and administrative capacity constraints were noted and vice-versa. In this context, it was indicated by the cases of Nicosia, Limassol and particularly Kalopanayiotis that a local politician's profile could act as a decisive mediating factor in overcoming the burdens of the past. Thus, it is possible that local political leadership may be effectively adapted to Europeanization's challenges and positively affect the Europeanization processes despite shortages in resource capacities.

This work's theoretical contribution delivered a comprehensive picture of the limited effects of European integration, via the process of Europeanization at the Cypriot local government. It verified the importance of domestic mediating factors on the process of Europeanization. The research results indicated that the burdens of the past prevented local governments from utilizing the opportunities of European integration.

Finally, research findings provide evidence of path dependence, pointing out the perseverance of domestic traditions. Hence, new research may be useful to investigate why and how mediating factors react to the challenges of Europeanization, linking them to the overall Cypriot culture.

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Kissinger and the Business of Government: The Invasion of Cyprus, 15 July-20 August 1974

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Abstract

An extrapolation, analysis and evaluation of papers released by the British government, when juxtaposed with some of Henry Kissinger's writings, and those of his apologists, betray considerable inconsistencies between fact and presentation of fact, underpinned by Kissinger's procrastination and evasion tactics at the time of Turkey's invasion and occupation of over one-third of Cyprus.

Keywords: Kissinger, Britain, Cyprus, Greece, Turkey, invasion

Introduction

If success is measured by 'solving' every problem, America's Cyprus policy failed in restoring a unitary Cypriot state. But not every problem has a definitive solution [...].¹

In summer 1974, Turkey invaded Cyprus twice, making two advances on the island (20 July and 14 August) while facing almost no organised military resistance from guarantor powers Britain and Greece.

The causes of Turkey's invasions and the complexities surrounding the Cyprus issue as a whole have been the subject of a myriad of accounts and we have no intention of discussing them here. Our agenda is quite different. We will be looking at the controversy surrounding Henry Kissinger's rôle in the invasions, and the occupation – continuing to this day – of over one-third of Cyprus's territory, a controversy that rages on as more sources become available. It has to be said that there is, at least as yet, no 'smoking gun' to prove that Kissinger secretly colluded with Turkey and expressly and cynically misled Britain at the time, while misleading Greece's junta officers to ensure the partition of Cyprus through a Turkish invasion. However, when and if Kissinger's 'private' papers and all the telephone transcripts are released, unexpurgated, it would not be surprising if his private agenda is proven. Until then, it is quite right, indeed vital, to speculate on the basis of the evidence available to date and which this article discusses in detail. Research on the causes and the complexities of the Turkish

1 Kissinger, Henry, *Years of Renewal*, Simon and Schuster, London, 1999, p. 239.

invasions has to move beyond the theories of political scientists and historians with an agenda, and look instead into the archival evidence, in order to understand the role of key protagonists of the crisis, especially that of Henry Kissinger.

Various authors have countered the idea that Kissinger played the rôle of a subtle facilitator in Turkey's invasion plans. One even writes, apparently oblivious to the archival evidence, that 'there had been no communication between him [Kissinger] and [James] Callaghan, [Britain's Foreign Secretary at the time] that day [20 July 1974]'.² Yet the Secretary to the Cabinet wrote that 'between 1445 and 0700 [on 20 July] the Secretary of State for Foreign and Commonwealth Affairs spoke twice to Dr Kissinger'.³ Then we have Kissinger's written response (see below for evidence) to Callaghan's written message, on the day of the invasion.

Two other writers claim that Kissinger did not see Cyprus as a priority. They appear to be unaware that on 21 July 1974, Kissinger spoke to Callaghan alone *seven* times.⁴ Lindley and Wenzke make the occasional omission, as does Kissinger; for example, although they emphasize Makarios' announcement of thirteen amendments to the constitution in 1963,⁵ they do not say that the Foreign Office itself encouraged Makarios, even helping with the drafting. As regards the outbreak of inter-communal hostilities in 1967, they do not mention that the Turkish Cypriots had started the shooting.⁶ Like Kissinger, they revel in stressing that Kissinger did not regard Cyprus as a priority. Indeed, their paper generally mirrors Kissinger's account in *Years of Renewal*.

Other authors, for example Christopher Hitchens,⁷ Eugene Rossides,⁸ and Michalis Ignatiou with Kostas Venizelos,⁹ who have written interesting books about Kissinger's

2 Asmussen, Jan, *Cyprus at War: Diplomacy and Conflict during the 1974 Crisis*, London: I. B. Tauris, 2008, p. 9. It is also worth mentioning that Asmussen was teaching in northern Cyprus, at 'Eastern Mediterranean University' in Famagusta.

3 BNA-CAB/129/178..

4 Record of Conversation in Chronological Order, between the Prime Minister (in his former Capacity as Secretary of State for Foreign and Commonwealth Affairs) and Dr. Henry Kissinger, during the period March 1974 to April 1976, BNA-PREM 16/727.

5 The 1963 troubles, and the rush of many Turkish Cypriots into enclaves, broke out when Makarios announced thirteen amendments to the constitution, amendments which he had been encouraged to make by the FCO. See op. cit. Mallinson, *Cyprus, A Modern History*, p. 35.

6 United Nations Security Council Document 5/8248 of 16 November 1967, BNA-FCO 9/165/CE3/8.

7 Hitchens, Christopher, *Hostage to History*, London: Verso, 1997, and *The Trial of Henry Kissinger*, London: Atlantic Books, 2014.

8 Rossides, Eugene, *Kissinger and Cyprus: A Study in Lawlessness*, Washington D.C.: American Hellenic Institute Foundation, 2014.

9 Venizelos, Kostas and Ignatiou, Michalis, *Kissinger's Secret Archives* (in Greek), Athens: Livanis, 2002. A particularly incisive book from two serious investigative journalists. They managed to excavate some documents that must have embarrassed Kissinger.

behaviour over Cyprus, while hard-hitting and critical, do not rely sufficiently on archival documents. In a sense, this article enhances their books' credibility, given the documents that we have excavated.¹⁰

As we shall see below, Kissinger quite clearly *did* see Cyprus as a priority. The authors (political scientists) also claim, without original documentary evidence, that the communications and the Sovereign Base Areas did not merit the importance attached to them by the 'conspiracy theorists'.¹¹ This, to say the least, is an oversight. From as early as 1957, Kissinger had seen Cyprus as *a staging area* for the Middle East. In the words of Kissinger:

For the foreseeable future, we should be able to count on Okinawa or perhaps the Philippines as a staging area for the Far East, on Cyprus or Libya as staging areas for the Middle East and on Great Britain as a staging area for Europe. And if our policy is at all far sighted, we should be able to create other friendly areas close to likely dangerous zones.¹²

Using the label 'conspiracy theorist' for those with whom they disagree (despite the evidence that the latter is present), they state that Kissinger and the State Department were caught unprepared for the crisis, and therefore adopted a 'wait and see' strategy in the hope that the path most beneficial to the US would become clear. This is wrong, since Kissinger, as we shall see, was very much on the ball. If any criticism can be levelled, it is that Kissinger was keeping his cards close to his chest, thus bedeviling the work of his regular diplomats in Athens, and expressly delaying clear policy formulation and, above all, incisive action.

Our article, using recently released papers, sets out to demonstrate how Kissinger was prone to procrastination and obfuscation, almost developing them into an art, to afford the Turkish government the breathing and planning space it needed to invade Cyprus; to remain there; and then to advance further to consolidate militarily its territorial operation in order to effect partition politically. And this all happened in 'thirty hot days', as a prominent Turkish journalist put it.¹³

10 For an in-depth analysis and evaluation of Kissinger's role in the Cyprus crisis, see Mallinson, William, *Kissinger and the Invasion of Cyprus: Diplomacy in the Eastern Mediterranean*, Newcastle upon Tyne: Cambridge Scholars Publishing, 2016.

11 Lindley, Dan and Wenzke, Caroline, 'Dismantling the Cyprus Conspiracy: the US Role in the Cyprus Crises of 1963, 1967 and 1974.' Paper presented to a workshop, University of Notre Dame, 20 May 2008.

12 Kissinger, Henry, *Nuclear Weapons and Foreign Policy*, New York: W.W. Norton, 1969, p.138.

13 Birand, Mehmet Ali, *Thirty Hot Days*, Nicosia: K. Rustem and Bros, 1985. See also: Fouskas, Vassilis K., 'Uncomfortable questions: Cyprus, October 1973-August 1974', *Contemporary European History*, 14 (1), 2005, pp.45–63.

Before the Coup

Given Kissinger's three senior positions,¹⁴ which placed him firmly at the heart of the US intelligence network, it is stretching the limits of credibility beyond normality to suggest that he was not on top of, or at least fully informed about, developments regarding the Greek junta and Cypriot EOKA B plans to depose Makarios on 15 July 1974.

It is tempting to think that Kissinger simply had his own agenda, which he was loth to share with anyone who might try to upset his own ideas, notwithstanding some of the sensible-sounding but often platitudinous statements he makes in *Years of Renewal*.¹⁵ Kissinger was well in the know on the Cyprus/Greek Junta problem that led to the invasion, as the 'Boyatt story' shows, Boyatt being the Desk Officer in the State Department responsible for Cyprus, who had written forcefully in May 1974 about the danger of a Ioannides¹⁶-planned anti-Makarios coup, and the likelihood of a Turkish invasion. Kissinger, as head of the Forty Committee as well as National Security Adviser and Secretary of State, must have known very well of the anti-Makarios plans, and was therefore obliged to act. The ambassador in Athens, Tasca, was therefore authorised to make representations to Ioannides. The problem, however, was that only the CIA dealt with Ioannides, through their CIA asset.¹⁷ Tasca did not therefore warn Ioannides, but only the Foreign Minister, President and Archbishop Seraphim of Greece. But Kissinger was aware of Boyatt's prediction. The following month, the *National Intelligence Daily* wrote about Ioannides' claim that Greece was capable of removing Makarios.¹⁸

How does Kissinger deal with this in *Years of Renewal*? First, he avoids mention of the *National Intelligence Daily* article. He also avoids mention of what occurred at a meeting he called on 20 March 1974, at which Tasca raised concerns about the Ioannides-controlled government and pushed for a US-statement calling for the restoration of democracy in Greece. The meeting did not come to a firm conclusion.¹⁹ The way in which he handled Boyatt's concerns was disingenuous. At the Pike

14 Secretary of State, National Security Advisor and Chairman of the 'Forty Committee, the latter being responsible for covert operations.

15 Op. cit., *Years of Renewal*.

16 Head of the Military Police who took over backstage following the 17 November riots, and who cancelled the elections.

17 There would of course also have been some lower level contacts.

18 Mallinson, William, *Cyprus, A Modern History*, London: I.B. Tauris, 2005, p. 80.

19 *National Herald*, 17 February 2002.

Committee²⁰ investigation into the activities of the CIA, FBI and NSA, Kissinger used all his mental faculties to avoid the danger of being pinned down (at the height of the Cyprus crisis, he had already removed Tasca and Boyatt from their positions). One of Kissinger's obfuscation methods was to subsume specific memoranda into general summaries, without even necessarily mentioning the specific authors, such as Boyatt. The committee chairman, Pike, who distrusted Kissinger's unprecedented power in US foreign policy, saw a 'relationship between Kissinger's foreign policy power and his power to control and contain the writing of his subordinates in the State Department.'²¹ Kissinger devotes a fair amount of space to denigrating the committee, and tries to justify his behaviour with a considerable degree of sophistry:

If every recommendation by every junior officer came to be written with an eye to having to be defended before a congressional committee, perhaps years after the event, those committees would, in effect, turn the day-to-day tactics of the State Department into a political football.²²

If one considers the implications of these words, we can see that Kissinger actually appears to be arguing for total state secrecy in matters of national security, whereas, in a democratic system, every single state employee should always be aware of the implications of what he writes. In this, Kissinger betrays his impatience with transparency, something he may have feared – and fears. As it is, Kissinger lost the first part of his battle, and Boyatt, at first forbidden by Kissinger to appear before the committee, was later able to appear, but only in 'executive' session,²³ in other words without staff, media and the public.²⁴ President Ford actually invoked executive privilege to counter various subpoenas. The story still reeks, but until all Kissinger's papers and telephone conversations are released, unexpurgated, the jury has to remain handicapped.

20 United States House Permanent Select Committee on Intelligence. See *US Intelligence Agencies and Activities: The Performance of the Intelligence Community*; Hearings before the Select Committee on Intelligence, US House of Representatives, Washington D.C., US Government Printing Office, 1975-1976, 95th Congress, First and Second Sessions, July 1975-February 1976, part 2, page 843, in Constandinos, Andreas, 'US-British Policy on Cyprus, 1964-1974', *The Cyprus Review*, Vol. 23, No. 1, Nicosia, Spring 2011, p. 43.

21 Gurman, Hannah, *The Dissent Papers: the Voices of Diplomats in the Cold War and Beyond*, New York: Columbia University Press, 2012, p. 183.

22 Op. cit., *Years of Renewal*, p. 333.

23 Hitchens, Christopher, *The Trial of Henry Kissinger*, London: Atlantic Books 2014, p. 129.

24 O'Malley, Brendan and and Craig, Ian, *The Cyprus Conspiracy*, London: I. B. Tauris, 1999, p.158.

Before the Invasion

On 15 July 1974, the anti-Makarios fanatics struck, in line with Boyatt's prediction.²⁵ Kissinger states that the United States, 'preoccupied with Watergate', did not believe that the situation was approaching a critical point, and that 'no one, not even Makarios, expected it'.²⁶ Whether Kissinger, as opposed to the United States, did believe that the situation was approaching a critical point is a moot point. Given that only two weeks before the coup, Makarios had sent a letter to the Junta, highly critical of their conduct over Cyprus, demanding that Athens recall its officers from Cyprus, stating that he was an elected leader of a great section of Hellenism, and asking that he be treated appropriately 'by the mother country',²⁷ and given that this letter was widely publicised, Makarios may well have hoped that the letter would forestall any rash behaviour by the adventurists in the Junta, Ioannides in particular. But a combination of studied inaction by the wary Soviets (who were happy to watch an intra-NATO crisis unfolding, as long as their red lines were not crossed)²⁸ and Kissinger's apparent ignorance of the precise coup plan meant that Makarios may well have been able to effect surprise at the coup.²⁹ Thus, on this point, Kissinger may be technically correct, even writing that a week before the coup, neither he nor Callaghan considered Cyprus 'sufficiently threatening' to discuss.³⁰ Perhaps rather protestingly, he even claims that his watching the World Cup soccer final on 9 July was a 'certain indication' that he did not believe that a crisis was imminent. One hopes however that all the Kissinger papers and transcripts will be released, to prove whether or not he had *precise* foreknowledge of the coup. Some foreknowledge he must have had.

Yet despite Kissinger's claim above that the situation was not approaching a critical point, he telephoned Callaghan the day after the coup:

He [Kissinger] was concerned to avoid legitimising the new regime in Cyprus for as long as possible. He was also concerned to keep other powers from becoming involved [obviously the USSR, and possibly France]. The United States Government would under no circumstances support proposals for enosis [he may well have let Moscow know this, to keep it sweet]. [...] Mr Callaghan asked Dr Kissinger to give careful

25 Boyatt had not given an exact date, however.

26 Op. cit., *Years of Renewal*, p. 206.

27 Op. cit., Mallinson, *Cyprus, A Modern History*, p. 80.

28 Their main red line was enosis, since it would strengthen NATO.

29 On 17 July, Makarios, having been flown by the British to Malta (and then delayed expressly, being obliged to spend the night of the 16th in Malta), arrived in Britain. A senior FCO official wrote that it appeared from his (Makarios') account, that he had been taken by surprise. Yet the official then added that Makarios had been expecting trouble. Odd. See Note for the Record, 17 July 1974, BNA-FCO 9/1982, file WSC 1/10, part C.

30 Op. cit., *Years of Renewal*, p. 204.

thought to the problem in general and to what might be done with President Makarios in particular. They agreed to keep in touch.³¹

Neither Kissinger nor Callaghan discussed any actual action. More tellingly, for the Foreign Secretary of the United Kingdom to need to ask his American counterpart 'what to do with Makarios' is farcical, particularly since the US had no legal *locus standi* regarding Cyprus, whereas Britain did.

To add to the intrigue, the Turkish delegation to a meeting at the FCO refused on 17 July to agree to a tripartite meeting of the Guarantor Powers, and the meeting broke up in the early hours of the 18th without even a joint *communiqué*.³²

This section would not be complete without the story of how Kissinger refused a request from Senator Fulbright, at the suggestion of the Greek journalist Elias Demetracopoulos, to send the American Sixth Fleet on a goodwill mission to Cyprus. Kissinger claimed that this would be interfering in Greek affairs.³³ And this from the man who had sent various instructions to his embassy (see above), albeit belated, to tell the Greeks not to interfere in Cyprus.

A lack of clear action by the US and UK undoubtedly contributed to Turkey's decision to invade. Unlike in 1964, when the US had firmly warned Turkey not to invade, the expressly dilatory half-hearted way in which Kissinger dealt with a clear threat was more than enough to convince Turkey that while it did not have a blank cheque to invade, it certainly knew that it could do so with impunity.

The Art of Stalling

As regards the major invasion (of 20 July), Kissinger admits that he received 'ominous warnings' of Turkish preparations to invade Cyprus (his reaction being to send Sisco³⁴ to Athens and Ankara via London to negotiate). His account is studiously vague, promiscuous, unconsecutive and obtuse in places, particularly on the question of the withdrawal of the Greek officers in the Cypriot National Guard. Kissinger simply writes that Makarios' demand that Athens withdraw the Greek officers controlling the Cypriot National Guard would 'greatly reduce, if not eliminate, Athens' influence in Cyprus and enable Makarios to rely even more on the local Communist Party and on

31 Private Secretary to British Embassy, Washington, 16 July 1974, telegram, BNA-FCO 9/1891, part B.

32 Mallinson, William, *Cyprus, Diplomatic History and the Clash of Theory in International Relations*, London: I.B. Tauris, 2010, p. 80.

33 Op. cit., Mallinson, *Cyprus, A Modern History*, p. 82. Mallinson interviewed Elias Demetracopoulos in Athens on 30 November 2002.

34 Op. cit., *Years of Renewal*, pp. 216 and 217. Sisco was Kissinger's envoy.

the Nonaligned Movement internationally.³⁵ Yet the only immediate way of forestalling a Turkish invasion, whether just before or even just after the coup, was to immediately withdraw those Greek officers. This is what Britain, for all its dithering and refusal to act with Turkey militarily in defence of the Treaty of Guarantee, tried to insist on. But Kissinger did not wish to put insurmountable obstacles in the way of Turkish plans. The following telegram from Ramsbotham,³⁶ two days after the coup in Cyprus, shows how Kissinger used his ‘fear of communism’ as an argument to counter his theoretical and alleged wish to prevent Turkey from invading:

Kissinger seemed puzzled as to why we were wanting to move so quickly and in such absolute support of Makarios. Was there not risk here of doing Makarios’ work for him, without tying his hands in any way? It was surely a mistake to commit ourselves now to Makarios and thus narrow our options when it was far from certain that Makarios could return to power. Kissinger was also concerned at the line we were taking about the withdrawal of Greek officers in the National Guard. Whatever other role they had been playing, they had at least acted as a force against communist infiltration in Cyprus. Kissinger was clearly suspicious that Makarios, returned to power in those circumstances, would not hesitate to regard the Russians as his saviours and allow an already strong communist party to gain further strength.³⁷

The above is the reality, so disingenuously and misleadingly re-interpreted by Kissinger. Apart from again betraying his obvious efforts to undermine Makarios, he refers to Makarios’ ‘work’ in a pejorative fashion, without specifying what this work was, then bringing in the hackneyed ‘red’ threat. This reveals Kissinger’s inconsistency of argument, given his later words:

We never for a moment thought that he was the “Castro of the Mediterranean”, and in fact, if we had had our preferences, there would not have been the coup, and we would have coexisted with him very well. It wasn’t a question of coexistence; we didn’t consider him anti-American particularly. His major drawback, if he has any, is that his talents are too large for his island and therefore, he could be subject to the temptation to play on a scale which is disquieting – not to us, but to the other parties interested in the Cyprus question.³⁸

Thus we see here Kissinger’s inconsistency, backpedalling and even changing the script *a posteriori*. He was to continue (albeit unsuccessfully) to try and undermine Makarios’ legitimacy, short of daring to question in public his credentials as president. The question of the withdrawal of the National Guard Officers, which Britain at least

35 *Ibid.*, p. 205. The Non-Aligned Movement was an independent grouping of countries, in which President Tito of Yugoslavia and Egypt’s Nasser played a leading rôle.

36 British Ambassador to the US.

37 Ramsbotham to FCO, 17 July 1974, telegram, BNA-FCO 9/1982, file WSC 1/10, part C.

38 *Op. cit.*, *Years of Renewal*, p. 199.

did, but too belatedly to have any effect, set out to achieve, is crucial. Although the Greek Junta did agree to withdraw them, it was at the last minute, and just before the invasion. And even though Britain had been prepared to intervene militarily, the reason given by the Foreign and Commonwealth Office to its High Commissioner in Nicosia for not doing so is revealing of the US stance:

I would not risk British troops in such a situation unless it was clear that we would have the wholehearted backing of the United States.³⁹

Had Britain and America acted quickly and decisively by making public representations to Athens calling for the immediate withdrawal of the officers, and emphasizing Makarios' legitimacy, Turkey would have had to think twice, even thrice, about the wisdom of an invasion. But Kissinger was more interested in keeping Makarios out of the picture, and did not wish to have an immediate withdrawal of the officers. The week of 15 to 20 July was crucial to Turkish preparations, just as the delays of the subsequent Geneva negotiations were going to be used by Turkey to complete its conquest, with Kissinger in the background, claiming to be distracted by Watergate.

On 19 July, Callaghan made a number of points to Kissinger, including asserting the legitimacy of President Makarios (without becoming committed to him for all time); working for the disappearance of the Sampson regime; and exerting very great pressure on the Greeks.⁴⁰

Kissinger replied on the day on which the invasion took place. Remaining true to his studied delaying tactics, he wrote:

As I promised you by phone, here is the message you and I discussed. It is for your scrap book. I was about to send it to you when our Ottoman friends cut loose.

Dear Jim,

I appreciate your full message sent through Peter Ramsbotham. [...] We regard Archbishop Makarios as the de jure head of state, but we feel we should avoid any particular emphasis on this point as we search for a solution.[...] I agree with this point [working for the disappearance of the Sampson regime], but feel that we should not precipitate the downfall of the de facto situation in Cyprus until there is a viable alternative.[...] I am quite prepared that pressure may eventually have to be exerted on the Greeks. But I think that this can only be usefully be done when we have a better idea of what the Turks will accept. Any premature action on our part might well lessen our ability to be effective with the Greeks later. Moreover, if pressure from the outside

39 'British Policy on Cyprus: July to September 1974', paper prepared by Southern European Department, in Callaghan's name, 14 January 1976, BNA-FCO 9/2379, file WSC 020/548/1.

40 Tomkins to British Embassy, Washington, 19 July 1974, telegram, BNA- 9/1985, file WSC1/10, part F.

be brought to bear to restore Makarios, this will only solidify the regime in Athens.⁴¹

Stalling tactics apart, Kissinger's contention that Makarios' return would solidify the regime in Athens is both specious and contradictory, since it was far more likely that an immediate statement of support by Britain and the US would have provoked the Junta's downfall. The regime was in any case collapsing, even as Kissinger wrote, and within three days, Karamanlis would be interim Prime Minister of Greece. Two days after the invasion, Kissinger was continuing to stall, telling Callaghan that the Americans did not 'want Sampson as the final outcome', but before they 'turned on him', wanted to see 'what the general package looked like'.⁴² Yet more blatantly, Kissinger told Ramsbotham the following day that he would 'like to procrastinate' until he could 'see clearly how the forces were balanced'.⁴³

It is logical to think that Kissinger in any case knew how the forces were balanced, especially since he himself seems to have been doing the balancing: for example, on 20 July, he had instructed Tasca to tell the Greek government that if they attacked Turkey and announced enosis, the US would immediately cut off military aid.⁴⁴ In fact, despite the Turkish invasion, he fought tooth and nail against Congress to keep Turkey supplied with American arms. This was simply double-track diplomacy at best, or two-faced, at worst.

As Kissinger's pressure brought Britain fully into his plans, the French were indignant, suspecting that the Anglo-American special relationship was moving into top gear. The French Foreign Minister, Sauvagnargues, told Callaghan on the eve of the Turkish invasion that the Americans had told them that their main objective was to avoid unilateral Turkish action and the possibility of giving the Russians a pretext to attack Turkey. Yet despite this, Sauvagnargues said that the Americans were against having a resolution in the Security Council specifically asking for the withdrawal of the Greek officers. Revealingly of Kissinger's approach, the Frenchman said that while the Americans ought to exert strong pressure on the Greeks, they were not sure that they were in fact doing so. Worse, and particularly revealingly, Sauvagnargues said that the French embassy in London had had some difficulty in obtaining information from the FCO in the previous two days.⁴⁵

The above reveals Kissinger at his most typical in the Cyprus affair: procrastinate,

41 *Ibid.*, Ramsbotham to FCO, 20 July 1974, telegram.

42 Acland, 22 July 1974, Note for the Record, BNA-FCO 9/1897, file WSC 1/10. Part F.

43 British Embassy, Washington to FCO, 23 July 1974, telegram, BNA-FCO 9/1898, file WSC 1/11, part I.

44 FCO to British Embassy, Washington, 20 July 1974, telegram, BNA-FCO 9/1895, file WSC 1/10, part F.

45 Callaghan and Sauvagnargues, 19 July 1974, record of conversation, BNA-FCO 9/1984, file WSC 1/10, part E.

while engaging in double-track diplomacy, thus maintaining an image of flexibility disguising a hard-nosed agenda, which he tended to keep to himself. He therefore paid lip-service to the French and others, claiming that Turkish military action should be avoided, while doing nothing serious about it.

The UN Secretary General certainly had a very different view to Kissinger's, calling a meeting with the British Representative to the UN, Ivor Richard, three days before the invasion:

1. The Secretary-General asked to see me *a deux* today about the possibility of the Security Council deciding on enforcement action to restore Makarios' government.
2. Waldheim said that he thought it likely that the Council would, within the next 48 hours adopt unanimously a resolution calling for the restoration of the legal government. It might not deal with the means to be used to enforce this action. But at some stage, the Council might go on to decide on such action. It was clear that, with only some 2,000 troops on the island, UNFICYP was in no position to take effective action on its own.⁴⁶ The obvious place to look for reinforcement was the British government, which already had troops in the Sovereign Base Area and could presumably reinforce them discreetly over the next few days. Following Security Council authorisation, British troops could move from the SBAs to reinforce UNFICYP in action to reverse the coup. They would be under UN command and probably under a non-British force commander.
3. *It was however probable that the very threat of such action involving the promise of British military power being deployed would lead to a swift Greek withdrawal and probably the collapse of the Nicosia regime.* [author's italics]
4. In response to my enquiry, Waldheim said he thought that, with the possible exception of the United States, all members of the Council would agree to this sort of action. And he thought that, in the event, the Americans would be prepared to acquiesce. He asked me to acquaint you with his contingency thinking and to seek your reactions.
5. I have not discussed this with any other delegation. In the course of a general conversation with Scali⁴⁷ I got the impression that they would be distinctly sceptical of direct UN intervention. Waldheim was speaking personally without prior reference to his staff or any of his experts.
6. It seemed clear to me that he had not thought out the details beyond the general feeling that in the event of the Security Council's demanding action it would require the use of British troops. As seen from here there are many difficulties in the British proposals, not the least being the lack of any clear political aim. Nor, from what we hear of views in the corridors, is Waldheim being realistic in

⁴⁶ Having been a Wehrmacht officer in the war, Waldheim would have understood the military aspect.

⁴⁷ US representative to the UN. He was echoing Kissinger's wishes.

thinking that there is much unanimity about restoring the legal government. This evening there is a disposition on the part of some of the non-permanent members of the Council to go for a meeting of the Council tomorrow (before Makarios gets to New York) and to try to get agreement on a resolution which would fall well short of what Makarios would like. We hope to get later this evening the draft of a resolution being floated by the President.⁴⁸

Kissinger had got there first. He had already spoken to the British ambassador, who had sent Kissinger's 'stalling' views to Britain's UN representative (Richard), as well as to the FCO, received just before Richard's telegram. On top of that, the British ambassador had also discussed with Kissinger non-aligned pressure for a condemnatory resolution and the chances of pre-empting or avoiding it. Clearly, Kissinger convinced the British that Makarios must be kept at bay, and not arrive in New York early enough to influence UN proceedings. He was indeed delayed in Malta, when the British invented a technical problem with the aeroplane that had flown him to Malta.⁴⁹ Although he was able to speak at the UN on 19 July, he had had no time to establish his presence at the UN and counter the US-British strategy to allow Turkey the space it needed to invade. The somewhat anodyne draft resolution had already been agreed. Surrealistically, it was passed on 20 July, as some Greek battalions and dispersed Greek Cypriot forces were trying to fight off the advancing Turkish troops.

Before we look at the second invasion, and Kissinger's reasoning about it, let us quote from a telegram of 17 July 1974 about the American (Kissinger's) attitude towards Makarios:

He [Stabler]⁵⁰ thought that the Americans might have some difficulty with the reference [in a draft UN resolution] to the President of Cyprus. They had been careful in public not to commit themselves on the status of Makarios: for example, he has been invited to Washington by the chairman of the Foreign Relations Committee and the administration will be keeping out of it [...] In an attempt to draw him on the American position on Makarios, we asked Stabler what was in the Americans' mind in avoiding a public statement about this; Stabler said that on the assumption that Makarios could be restored only by force outside Cyprus, the Americans were tempted to wonder whether it might not be possible to build on the first of the three Turkish objectives and to bring about the replacement of Samson by a third party who "emerged from the original constitutional arrangements", e.g., Clerides. If such a solution were to be worked out, Makarios's retirement would be the price, and the

48 Richard to FCO, 17 July 1974, telegram, BNA- FCO 9/1982, file WSC1/10, part C.

49 Op. cit., *Cyprus, A Modern History*, pp. 80-81. A retired British ambassador confirmed the story to me. He had been a member of the British High Commission in Malta, and even told me that when Makarios stepped off the aeroplane to stay in Malta, he (Makarios) said sarcastically: 'Another triumph for British diplomacy!'

50 Deputy Assistant Secretary of State for European Affairs.

problem would be how to achieve that.⁵¹

Understandably, given his tendency to escape from moral cages, Kissinger mentions none of these details in *Years of Renewal*, writing only that he met Makarios twice, on 22 and 29 July 1974. Let us now turn to the further machinations of the Geneva conferences that led to the dramatic consolidation of Turkey's invasion plan, reminding ourselves that Kissinger was keen to maintain Turkish goodwill.

Maintaining Turkish Goodwill

Negotiations between Greece, Turkey and Britain took place in Geneva from 25 to 30 July and from 8 August until Turkey attacked again. Various books have given a blow-by-blow account of how Turkey stonewalled at the negotiations, even though constitutional order in Cyprus had been restored on 23 July, with the appointment of Clerides as acting president of Cyprus. We do not need to repeat all that here. Rather, we shall compare Kissinger's account and explanation to those of the FCO. In the face of Turkey's blatant ignoring of the first 'ceasefire' of 22 July, and her continuing violations even during the Geneva conferences, Kissinger was loth to alienate her. He blandly writes:

I had rejected a policy of isolating and humiliating Greece – whatever my reservations about its government – because I considered it to be an essential pillar of our NATO strategy. From the geopolitical point of view, Turkey was, if anything, even more important. Bordering the Middle East, Central Asia, the Soviet Union, and Europe, Turkey was indispensable to American policy in each of these areas. Turkey had been a staunch and loyal ally in the entire Cold War period. Turkish troops had fought with distinction at our side in Korea. Twenty-six electronic stations were monitoring Soviet missile and space activities from Turkish territory. All this made me extremely reluctant to impose sanctions.

A provision of the Foreign Assistance Act prohibited the use of American weapons for purposes other than national self-defense, the aim being to preclude domestic repression or civil war being carried out with American assistance.⁵²

All fairly obvious so far, but then Kissinger adds:

But to Turkey, Cyprus involved key issues of international security. I believed that Congress and the executive branch would, given the stakes involved, find some means of dealing with the legal ambiguities.⁵³

51 Ramsbotham to FCO, 17 July 1974, telegram, BNA-FCO 1914, file WSC 1/10, part Z.

52 Op. cit., *Years of Renewal*, p. 227.

53 *Ibid.*, p. 225.

This shows Kissinger's somewhat sceptical attitude to international law, as well as a contrived subtlety disguised with a semantic veneer of common sense. He does not choose to specify what the legal ambiguities were. He also admits to rejecting Callaghan's request to support the threat of a British air strike against Turkish cease-fire violations. He does not actually write that he condoned the Turkish invasion to keep Turkey US- and NATO-friendly. But the documents do suggest that he did.

The negotiations at Geneva between 25 and 30 July ended with a joint declaration agreeing to a cease-fire, the phased withdrawal of outside forces and a buffer zone. Kissinger writes little about the bad behaviour of the Turkish delegation, nor does he dwell on their breaking the agreement almost immediately. He writes:

[...] Callaghan achieved a cease-fire agreement on July 30 [...] On July 31, the State Department's Cyprus Task Force was dissolved. For a fleeting moment, we all wallowed in the illusion that the crisis was on its way to being diffused.⁵⁴

Given the obvious fact that the crisis was clearly not in the process of being diffused, particularly given the continuing Turkish advance, Kissinger's statement appears bizarre. He also forgets to mention who dissolved the Task Force, which was achieved with indecent haste. In fact, it seems that he does not wish to claim responsibility for having dissolved it, when it is obvious that such a serious and sudden step would undoubtedly have required his authority, at the very least. Oxymoronically, he writes that a postponement of the second round of negotiations would have represented the best chance to develop a compromise proposal to prevent a second round of fighting,⁵⁵ whereas any clear-thinking person could see that the longer the postponement, the more territory Turkey would grab, which it did. For a reasonable degree of veracity, we have to turn to the British archives, rather than to Kissinger.

The Americans were now well ensconced behind the scenes; Britain was not prepared to take any initiative that the Americans would not like, and appeared ready to hide behind American coat-tails where possible. On 3 August, Kissinger sent a personal message to Callaghan:

Dear Jim,

For some time now we have not had a really good picture of the political forces at work in Greece (quite frankly, a part of the problem lies in our embassy in Athens). I am, of course, encouraged by the return of Karamanlis and the new situation in Athens. However, if we are to be in a position to encourage this favorable evolution, it is essential that I have a much more accurate perception of the basic political elements

54 *Ibid.*, p. 226.

55 *Ibid.*, p. 227-228.

in Greece and of the effect on Greece of area developments.⁵⁶

This was stretching credibility beyond normality, since along with the US embassy, the CIA had an enormous contingent in Athens. As CIA escapee Philip Agee wrote 'the Agency's hands were into everything in that country [Greece].'⁵⁷ Kissinger was in fact possibly the only member of the Administration in America who had the most comprehensive picture of what was happening in Greece and Cyprus, the Watergate crisis notwithstanding. Clearly, he did not agree with his ambassador in Athens, Tasca, who was reported by the British embassy in Athens to be highly incensed at Turkish duplicity, describing Turkish conduct as 'outrageous', particularly since the Turkish government had inordinately delayed clearance for Sisco's flight to Ankara.⁵⁸ Some months later, the new US ambassador to Cyprus, Crawford, was to tell a British diplomat that the only way he could discover US policy on Cyprus was to go home every few months and talk with Dr Kissinger personally.⁵⁹

The above message from Kissinger continued:

I have, therefore, asked Arthur Hartman, who is, as you know, the Assistant Secretary in charge of this area, to visit Athens early next week, to talk with Karamanlis, Mavros, Averov, and others so that he can give me the reading we so badly need. I have also asked Art while he is in the area to visit both Nicosia and Ankara. It would be useful for him to have a firsthand look at the situation in Cyprus.

I am confident that these visits will improve our thinking and analyses, enabling us to provide you with still better support in the next phase of the Cyprus negotiations. If you think it would be useful, he could stop in London on the way back to see you just prior to your departure for Geneva.

I also thought it would be useful to have somebody in Geneva when the negotiations resume on August 8. I have instructed Wells Stabler, who is Art's principle deputy, to be in Geneva on Thursday – though in a very low-key way. He will, of course, be in immediate touch with your delegation.⁶⁰

Hartman did indeed stop in London on his way back, meeting Callaghan on 8 August, before the latter flew to Geneva. But at Callaghan's request, Hartman also flew to Geneva with him. Here we see that the US was beginning to act as Callaghan's minder, the essential aim being to ensure that Callaghan did not do anything to

56 British Embassy, Washington to FCO, 3 August 1974, telegram, BNA-82/471, file AMU 18/6.

57 Agee, Philip, *On the Run*, London: Bloomsbury, 1987, pp. 130-131.

58 Athens to FCO, 20 July 1974, telegram, BNA-FCO 9/1895, file WSC 1/10, part F.

59 Weston to Morgan, 28 April 1975, minute, BNA-FCO 9/2152, file WSC 1/5, part C.

60 Op.cit., British Embassy, Washington to FCO, 3 August 1974, telegram, BNA-82/471, file AMU 18/6.

seriously annoy Turkey and to upset its plans of conquest, such as threatening military action. Extracts from the record of the meeting show this clearly:

Mr Callaghan said that what worried him was that despite the agreement which had been signed in Geneva the Turks were not just mopping up. They were clearly pushing west. Mr Hartman agreed that the Turks were pushing west.[...] The key issue was to keep Mr. Mavros⁶¹ at the table and *prevent him from going to the Security Council*. [author's italics] [...] Mr Callaghan wondered if he should take part in the talks at all if the fighting was continuing. Mr. Hartman said that *the important thing was to keep the process going*. [author's italics]. [...] The fact was that there were "new realities" in Cyprus. *It was now generally recognised that there were now two communities. It was also clear that no-one wanted Archbishop Makarios back*. [author's italics]⁶²

Apart from the fantastic statement that no-one wanted Makarios back, the above shows that it was now increasingly clear that Callaghan was unable to operate without the US holding his hand; he was nevertheless sufficiently indignant at Turkish behaviour to have written to the Turkish Prime Minister, Eçevit, on 4 August, as follows:

I am increasingly disturbed by reports from several sources reaching me from Cyprus that villagers [Greek Cypriot] are being evicted from their houses in the Kyrenia area controlled by you and your armed forces and that their men are being held as hostages [...] I can assure you that Her Majesty's Government will continue to exercise their influence to ensure that both communities are treated with humanity. Otherwise I fear that we shall get nowhere at the next round in Geneva.⁶³

To establish some clarity to counter Kissinger's very brief anodyne account of the second round of negotiations, which he ends with the words 'on August 14, Turkey cut the Gordian Knot by seizing the territory it had been demanding',⁶⁴ we turn to the British archives and the FCO, which make it abundantly clear that Kissinger did not seriously wish to stop Turkey. Callaghan himself was fully aware of the Turkish plans to, as Kissinger puts it, cut the Gordian Knot: on 10 August, the Assistant Chief of Defence Staff, Mellersh, sent Callaghan a Top Secret message:

The Turkish army is looking for an excuse to continue operations. Their next likely objective is to increase the size of their area to take in the entire North-East of Cyprus, bounded by a line five miles east of Morphou, through the southern suburbs of Nicosia and along the old Famagusta road to Famagusta. [...] The army units at present in the SBAs would be required to guarantee the security of the SBAs and any extra contribution HMG wished to make to UNFICYP would have to come from

61 Greek Foreign Minister.

62 Record of Conversation, 8 August 1974, BNA-FCO9/1947, file 3/304/2, part A.

63 FCO to Ankara, 4 August 1974, telegram, BNA-FCO 9/1907, file WSC1/10, part R.

64 Op. cit., *Years of Renewal*, p. 231.

outside the Island.⁶⁵

Mellersh then sent a Top Secret telegram to the Vice Chief of Defence Staff for Operations:

1. Foreign Secretary is most concerned at hard line attitude being adopted by Turkish delegation at Geneva and the strong indications that they may soon attempt a major breakout from the area at present under their control. MOD reps have been asked to offer advice in general terms on the likely form a break out would take and what UNFICYP suitably reinforced could do by interposing itself and making it quite clear to the Turks that they would have to take on a UN force in achieving their objectives. The force would have to be large enough and so armed as to give good account of itself, but I have emphasised that deterrence is all we could hope for and that any question of holding the Turks is out of the question with the estimated Turkish force levels and in the face of Turkish air [sic].⁶⁶
2. Foreign Secretary has also asked for advice on options open to us with British dependents. I have already explained the many dilemmas and the possible reactions of National Guard and Greek Cypriot population.
3. I will draw on earlier Chiefs of Staff advice in presenting a personal opinion of questions posed but would be grateful if I could be given preliminary guide lines for future use. Clearly we are in a new dimension and I will emphasise the problems of the availability and movement of any British reinforcement of UNFICYP and the threats which might develop to SBAs even though action would be under UN auspices.
4. Foreign Secretary has asked that Phantoms be held at Akrotiri and that withdrawal of ABLAUT⁶⁷ forces be halted immediately. I would be grateful if I could be sent details of present force levels in SBAs and of naval deployment in Eastern Mediterranean. It would also be most useful if I could have an idea of what reinforcements could be made available and in what time scale.⁶⁸

Thus we can see that Britain was at least considering military action, although worry about the security of the SBAs appeared to take priority over stopping Turkey

65 Mellersh to Secretary of State, 10 August 1974, memorandum, BNA-FCO 9/1915, file WSC 1/10, part Z.

66 The missing word is presumably 'power'.

67 Britain's operation to reinforce the Sovereign Base Areas. See also Constandinos, Andreas, 'Britain and the Cyprus Crisis of 1974: "Responsibility without Power"', paper for the 3rd Hellenic Observatory Ph. D. Symposium at the London School of Economics and Political Science on Contemporary Greece: Structures, Context and Challenges, 14 and 15 June 2007. Constandinos also writes (p. 22) that Callaghan admired Kissinger and that some British officials were virtually in awe of him, quoting from BNA-FCO 49/548.

68 Warburton (on behalf of Mellersh) to FCO, 10 August 1974, telegram, BNA-FCO 9/1915, file WSC 1/10, part Z.

from taking over the North of the island. However, as we have seen, Britain was loth to risk a military confrontation with Turkey without American support. On 12 August the British ambassador in Washington lunched with Kissinger and wrote to Callaghan:

[...] It was, he [Kissinger] said, most important to him to maintain the complete frankness and trust he enjoyed with you. The fact was that he had, I could imagine, been totally preoccupied this past week with the change of presidency and had not been able at all to focus on current work. Between 6 and 10 August he had been virtually out of touch with the Cyprus problem and it was only on the Saturday afternoon that, in response to your request to stop a possible Turkish military expansion, he had intervened with a letter to Ecevit. He had not then been sufficiently familiar with the background, but had thought it right, beside warning Ecevit against a military move, also to offer him a way out by encouraging him to put forward his own proposal in Geneva. [...] He was determined to avoid the United States incurring the hostility of both Greek and Turkish governments, as this could only weaken NATO. *He would be frank in saying that he perhaps cared less about events in Cyprus itself.* [author's italics] [...] Our discussion was then interrupted by a phalanx of advisors bearing a message from the US ambassador in Ankara that the Turks had delivered an ultimatum that, unless they were at once accorded the widely expanded zone across the North of Cyprus, they would leave Geneva. Kissinger asked what he should do. His advisors urged a message to Ecevit threatening to cut off military assistance. *Kissinger said that on no account should he ever do this.* [author's italics] He was not prepared to jeopardise the American position with Turkey. [...] ⁶⁹

A follow-up telegram stated:

During the conversation, Kissinger mentioned that Mavros asked some time ago whether he could come to Washington to see him. Having your own problems at the negotiation table very much in mind, Kissinger suggested that he delayed until this round of talks at Geneva was over, but came soon afterwards. I said that I thought that there would be no objection to that on our part. ⁷⁰

Clearly, while Turkey was continuing to break the ceasefire, and planning to seize much more, Mavros' appearance in Washington to meet Kissinger might have embarrassed Turkey and Kissinger, and highlighted Turkey's breaking the ceasefire. Kissinger did not seem keen to exercise serious pressure on Turkey to stop advancing.

Hartman also gave the answer to the question I [Callaghan] put to him yesterday about the attitude the US Government would adopt in the event of a major Turkish infringement of the ceasefire line. According to Hartman:

⁶⁹ Ramsbotham to Callaghan, 12 August 1974, telegram, BNA-FCO 9/1947, file WSC 3/304/2, part A.

⁷⁰ *Ibid.*

- (A) Kissinger continues to support my efforts to solve the Cyprus problem diplomatically;
- (B) Kissinger has made it clear to the Turks that they will not support the Turks in the Security Council if the Turks take military action;
- (C) If the Turks do take military action, there will be a major US diplomatic effort in NATO and bilaterally to stop them (it is not clear in what terms this has been put to the Turks though Hartman said they could be under no illusions as to what would be involved);
- (D) The United States could not consider military action at a time when a new US administration was taking office;
- (E) Kissinger does not consider threats of military action are helpful in present circumstances. Such gestures tend to create problems for Ecevit and with the extremists in Turkey.

It has been made clear to Hartman that I am not contemplating any further military action at the moment and that all new action on reinforcements has been suspended since yesterday. [...] ⁷¹

The die was now cast for Turkey to act with virtual impunity, as it did. As the Turks began their massive second attack on 14 August, Ramsbotham wrapped up American (i.e. Kissinger's) 'intentions and moves':

At the forefront of Kissinger's mind is the need to avoid giving the Soviet Union an opportunity to expand their influence and presence in the Eastern Mediterranean. He is therefore determined not to jeopardise the American position in Turkey, whose contribution to NATO he regards as more important than Greece's. Also important in his mind, but of lesser priority, is the goal of reaching a settlement of the Cyprus problem. (As the State Department said yesterday, the United States supports Turkey's desire for a greater degree of autonomy for the Turkish community in Cyprus). Kissinger would much rather this goal should be achieved by negotiation, and he is prepared to put pressure on the Turks to try to stop them fighting. But, in view of the long-term interests of the Alliance as he sees them, he has not been willing to threaten to cut off military assistance (nor, perhaps, could he be sure that this threat would be effective).

3. *It follows that, while the Turks could not justifiably claim to have American approval for their position, particularly now that they have started fighting again, they could reasonably gamble that American disapproval would not be so forceful as to compel them to stop.* [author's italics]. ⁷²

⁷¹ *Ibid.*, Warburton to FCO, 12 August 1974, telegram.

⁷² Ramsbotham to FCO, 14 August 1974, telegram, BNA-FCO9/1947, file WSC 3/304/2.

The Turks indeed knew that they could act, as another FCO record shows:

The Turks seem to have concluded early on that American pressure would not be backed by anything stronger [e.g. military action]; this was no doubt a factor in their tactics at the second Geneva conference. It is certainly the case that Dr. Kissinger was concerned with the maintenance of Turkish goodwill as a bulwark between the Soviet Union and the Arab States as well as the continued use of the US bases in Turkey.⁷³

Although he does not admit it, it is clear that Kissinger was happy for Turkey to take over at least one-third of Cyprus. The most obvious proof of his continued stalling to give Turkey what it wanted is that he did not want a NATO meeting on 19 August. After all, Turkey could hardly have continued taking territory at the same time as attending a NATO meeting in Brussels. Unsurprisingly, Kissinger does not even touch on the following in his account:

Diary: 14 August, 1974

2330: The Secretary of State spoke to Dr Kissinger on the telephone and asked whether he had received a request from the Greek Government to support their plans for a counter-attack in Cyprus. Dr Kissinger said that he was unaware of these plans. He also said that they intended to invite Karamanlis to the United States for talks. At the Secretary of State's suggestion, Dr Kissinger agreed to telephone Mr Ecevit to ask how far south the Turks were planning to advance. The Secretary of State asked Dr Kissinger whether he would be prepared to attend a NATO Ministerial Meeting if the Secretary of State called for one. Dr Kissinger agreed as long as it was not held before Monday (19 August).⁷⁴

All that remained to ensure that Turkey achieved its *fait accompli* with relative impunity was for Kissinger to ensure that Greece did not counter-attack. On 20 July, the Americans had already threatened to cut off military aid to Greece, if Greece carried out its threat to declare war on Turkey.⁷⁵ And in a curious message to Karamanlis on 16 August, as the Turks were grinding slowly to a halt, Callaghan wrote:

The arrival of the Greek forces [in Cyprus], whatever their purpose, would increase the risk of further Turkish forces being sent to the island and of those already there moving yet further forward. It would almost certainly lead to murderous assaults on Greek Cypriots in the area now held by the Turkish armed forces. It would also raise the spectre of a disastrous extension of the fighting outside Cyprus, with little prospect

73 See FCO Secret and Eclipse paper 'British Policy on Cyprus: July to September 1974', 14 January 1976, BNA- FCO 9/2379, file WSC 020/548/1. 'Eclipse' means 'don't show to the Americans'.

74 Diary, 14 August 1974, BNA-FCO 9/1909, file WSC 1/10, part T.

75 FCO to British Embassy, Washington, 20 July 1974, telegram, BNA-FCO 9/1895, file WSC 1/10, part F.

of outside intervention to protect the interests of Greece.⁷⁶

Needless to say, Greece did not declare war on Turkey, standing by as Turkey completed its conquest, with Kissinger's full knowledge. A memorandum of 14 August to Kissinger, from Hal (Helmut) Sonnenfeldt, who had also left Germany in 1938, and known as 'Kissinger's Kissinger', stated:

You wanted some brief ideas on what we do next.

Nothing I can think of will stop the Turks now from trying to secure by force what they demanded in their ultimatum. In fact, as has always been true, the only conceivable *modus vivendi* will have to rest on a *de facto* division of the island, whatever the form.

If the Turks move fast and can then be gotten to stand down, it may pre-empt Greek counteraction and then give us a chance to try for a deal. (It may also save Karamanlis.)

While the Soviets can serve as a bogey, we must keep them at arms [sic] length. They cannot become the arbiter between US allies. Their interests differ drastically from ours: we want a *modus vivendi* between Greece and Turkey, they want a non-aligned Cyprus, preferably with Greece or Turkey or both disaffected from NATO.

Thus, we should

urgently try to contain Greek reaction; 24 hours at a time;

bluntly tell the Turks they must stop, today, tomorrow at the latest;

warn the Turks that Greece is rapidly moving leftward;

send high-level US man to Athens to exert continuing direct influence on Karamanlis;

assuming the Turks quickly take Famagusta, privately assure Turks we will get them solution involving one third of island, within some kind of federal arrangement;

- assure Greeks we will contain Turk demands and allow no additional enclaves etc.

You should not get involved directly till the fighting stops; then you must, since there is no alternative and only we have the clout.

I do not think Brussels/NATO is the place to use when the time comes. The Greeks are probably too sore at NATO and the vehicle of a ministerial meeting is awkward. Anyway, you need Ecevit and Karamanlis.

London may be unacceptable to the Turks because of Callaghan's blast at them.

You should not shuttle.

76 FCO to Athens, 16 August 1974, telegram, BNA-9/1911, file WSC 1/10, part V.

This may mean Geneva. Washington, at the President's initiative, would be all right but hard to get the parties to come to. Also provocative of the Russians. New York would make it difficult to keep the Russians away.

You could also try Rome.⁷⁷

Callaghan himself was not even prepared to meet Karamanlis 'before he (Karamanlis) had talked to the Americans.'⁷⁸ Britain was now clearly playing second fiddle to the US as regards Cyprus. To illustrate this more clearly, the following report of (yet another) telephone conversation, on 15 August, near midnight in London, between Kissinger and Callaghan, reveals Kissinger's studiously and expediently dilatory approach:

[...] I [Callaghan] expressed my concern about Turkey's intentions in the rest of the Aegean [...] Had the Americans thought what they would do in the event of Turkey trying to capitalise outside Cyprus [...] Kissinger said he would crack down on the Turks in those circumstances. I told him that I was not sure that we could wait until the Turks acted. If for instance they created a situation where the de facto position of the island resulted in enosis, whether double or otherwise, the consequences could only be unfortunate. An alliance between Makarios and Papandreou would result in a neutralist government in Greece. *Kissinger said that he would ask his staff to do a study of the issues I had raised* [my italics].⁷⁹

We have not been able to locate this study and actually have some doubts that Kissinger asked his staff to undertake it. At any rate, it shows that Kissinger now considered the problem solved. His criticism of Turkey's actions are most muted, unlike that of the FCO, which wrote that 'the Turks regarded the conference as little more than an opportunity to secure more time and diplomatic cover to prepare for a second attack.'⁸⁰

Concluding Remarks

In this article, we have pinpointed, *inter alia*, the following: Kissinger's wish to 'avoid legitimizing the new regime in Cyprus' for as long as possible, while not denouncing

77 Venizelos, Kostas and Ignatiou, Michalis, *Τα Μυστικά Αρχεία του Κίσσιντζερ* [The Secret Archives of Kissinger], Athens: Livanis, 2002, pp. 434-435. On 14 August, Kissinger had also an extraordinary conversation with Callaghan in which they agreed to offer discreet support to Turkey because 'the Turks have got a good case', as Callaghan put it (Record of a telephone conversation between Callaghan and Kissinger and the President of the USA at 2.45pm on Wednesday, 14 August 1974, BNA-PREM 16/20).

78 FCO to British Embassy, Washington, 15 August 1974, telegram, NA-FCO 9/1910, file WSC 1/10, pat U.

79 *Ibid.*, FCO to British Embassy, Washington.

80 Op. cit., 'British Policy on Cyprus: July to September 1974.'

it immediately; not wishing 'to precipitate the downfall of the *de facto* situation [sic] in Cyprus' (i.e. the Sampson regime); questioning Britain's moving quickly to support Makarios; questioning Britain's wish to apply pressure on the Greek Junta to withdraw their officers from Cyprus; speciously using communism as an excuse to delay supporting international law; Kissinger's refusal to support Britain militarily over Cyprus; illogically stating that pressure to restore Makarios would strengthen the Athens Junta; not wishing to have a NATO ministerial meeting while Turkey was attacking; and suggesting to Callaghan on 20 July, just after Turkey was 'cutting loose', that one sit on 'the thing'⁸¹ (the invasion) for a day.

The overall impression gained from juxtaposing Kissinger's account with various documents is one betraying a lack of specificity on Kissinger's part, tactical omission, tactical and strategic procrastination, contradictoriness of argumentation, studied vagueness, occasional contrived humour, semantic sliding, and a personal attitude towards those who disagree with him, such as Makarios. Although one cannot yet say with utter certainty that the US specifically condoned the invasion, the following extract from a letter by a British Embassy official in Athens makes interesting reading:

1. I called on Elias Gounaris⁸², the Desk Officer in the Cyprus and Turkey Department of the Ministry of Foreign Affairs, on 23 September, principally as a courtesy on my return to Greece after leave. [...] He had "indications" which did not amount to proof, but which satisfied him that the Americans had allowed the Greek military to believe that the Sampson coup would be acceptable to them. They had made no protest after the fact and the Greek military had thought themselves safe from Turkish retaliation because of some implicit or explicit American assurances. [...]
4. This view of American complicity is, of course, widespread. I was shocked to hear that he himself was so convinced.
5. What Gounaris said does, nevertheless, fit in with other impressions we have formed here. In particular, John Denson recalls the calm way in which the Greek military and some Americans in Athens played down the risk of any Turkish response to the Sampson coup (and it does seem to me that any Greeks who saw Sisco between 15 and 20 July might well have concluded that he also did not expect the Turks to go in.) [...]
7. We do not suggest that this is the whole story, but I have set it out because it is of rather more than historical significance here.⁸³

81 Record of a telephone conversation between the Foreign and Commonwealth Secretary, Dr. Henry Kissinger and the President of the United States, at 2.45 pm on Wednesday 14 August 1974, BNA-PREM 16/20.

82 Later posted to London as ambassador.

83 Tomkys to Cornish, 25 September 1974, letter, BNA-FCO 9/1947, file WSG/304/2.

Reading between the diplomatic lines, particularly the last two, this is both perceptive and significant. It suggests that there was considerably more than met the eye, when it came to Kissinger's role in the Cyprus crisis.

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The 'New Homeland' and Turkish Cypriot Opposition in the 1974-1981 Period

NIKOS MOUDOUIROS

Abstract

The state of exception has been discussed and widely analyzed in academic research, as a space where the dominant force develops its practices through the suspension of the norm. A very large part of research on this topic highlights the ways in which a space can be excluded, surrounded, isolated or converted into a state of exception, as a result of the action of the dominant power. However, the violence or the combination of forms of violence with consent constituting a state of exception produces simultaneously new, unpredictable dynamics. Building on the above theoretical framework, this article seeks to consider the production of 'unforeseen dynamics' which appear against the exceptional spaces. In this article, the epicentre is the Turkish Cypriot community and its relations with Turkey during the 1974-1981 period. It attempts to identify the way in which a colonial type strategy enables exceptional means to transform a space of war into a normal space. At the same time, the article attempts to define the oppositional dynamics generated in the Turkish Cypriot community against the normalization of Cyprus' state of exception.

Keywords: Cyprus, Turkey, Turkish Cypriots, state of exception, hegemony, colonial conquest, normalization

Introduction

'The emergence of ideological turbulence and the rise of the extreme leftist movements reached dangerous levels for the future of the Turkish Cypriot Federated State' (Sükan, 1981). This was the assessment of the retired Turkish General Sükan regarding the election results in the Turkish Cypriot community, which took place in June 1981. In these elections, just seven years after the Turkish military intervention in Cyprus, the Turkish Cypriot centre-left parties in opposition managed to surpass in percentages and seats the National Unity Party (*Ulusal Birlik Partisi* – UBP) of Rauf Denktaş and create the prospect of forming a government. It was precisely this perspective which symbolized, according to the General, an 'ideological turbulence', a new pursuit of the society, 'dangerous' for the future of the Turkish Cypriot Federated State.

Some crucial questions arise at this point. Why did part of the political elite in

Ankara consider as dangerous the rise of ‘extreme leftist movements’ in the Turkish Cypriot community? What was the dominant expectation for the future of the Federated State, which was questioned by the ‘ideological turbulence’ of part of the Turkish Cypriot society? Why did such ‘problematic’ upheavals emerge in such a short time after the military intervention? The search for answers to such questions requires a more comprehensive and closer look at the dialectical relationship developed between the presence of Turkey in Cyprus since 1974 and the social dynamics of the Turkish Cypriot community.

The present article analyses the role of Turkey as an external intervention force in Cyprus, but also as a force of transformation of space with the aim to normalize the partitionist state of affairs and to legitimate its own influence. Furthermore, it scrutinizes the attempt to create a ‘new homeland’ for the Turkish Cypriot community through the activation of policies such as moving populations, the Turkification of space and the establishment of the foundations for a new economic and political environment. The dynamic development and legitimization of this colonial-oriented rationale requires the decisive contribution of local stakeholders. At this level, the article examines the action and the role played by the Turkish Cypriot nationalist elite in structuring a new state of affairs, as well as the contradictions caused by the internal arrangement of the state of exception.

All the above are dialectically examined with the mobilization of the Turkish Cypriot opposition. The last two sections of the paper analyze the foundations upon which the Turkish Cypriot opposition was strengthened, its political discourse and the actions culminating in the upheavals caused by the electoral results of 1981. Thus this article elaborates more on the identity transformations in the Turkish Cypriot community after 1974. As Lacher and Kaymak (2005, p. 148) underline ‘especially since the declaration of “sovereignty” in 1983, a gradual disenchantment with their state and a growing sense of Turkish Cypriot culture distinctiveness have undermined the political and cultural bases of Turkish nationalism in North Cyprus’. Based on this conclusion as well as on other findings concerning the transformation of the Turkish Cypriot identity (Akçalı, 2011; Ramm, 2006), this article is trying to locate the concept of the Turkish Cypriot ‘oppositional’ identity as it was politically expressed in the aftermath of the 1974 war. The present paper employs the term ‘opposition’ to refer to the general concept used to determine the political parties of the Turkish Cypriots that were created immediately after the events of 1974 and which were positioned against the political agenda of partition (*taksim*), and more broadly against the authority of Denktaş and Ankara’s interventions. The paper thus seeks to examine the contradictions and fluidity entailed in the efforts to normalize the state of exception and the development of a colonial transformation of space. The Turkish Cypriot opposition itself is seen as

a dynamic concept with a dual capacity: its presence is a constant reminder of the difficulty to normalize the conquered space, while its gradual empowerment highlights the refusal of a part of the community to adapt to the content of a 'new homeland'.

The Birth of a 'New Homeland'

In related academic research, the presence of Turkey on the island, particularly from 1974 onwards, is described in terms of 'occupation' or as 'colonial power' (Bryant and Yakinthou: 2012, p. 16). On the basis of this particular phrasing regarding Turkey's presence in Cyprus, the relation developed with the conquered Cypriot space, as well as with the Turkish Cypriot community, is that of a core state with a subordinate administration. The concept of a colonial-oriented intervention underlines the continuous effort of the core state to obtain maximum influence over the setting of the periphery (Doyle, 2004, p. 40), i.e. the subordinate administration. According to Lutz (2006, p. 594), the notion of the modern empire can be employed to analyze a state plan or a collaborative planning of state and private actors which aims to exercise control over all governmental practices and resources of a region outside of its own boundaries.

The application of the above analytical framework in the case of Turkey and the Turkish Cypriot community after 1974 highlights the conversion of the space established in the northern part of Cyprus into a space of reception, reproduction and transformation of the modernization of the core state; namely Turkey. At the same time, the specific conquered space as an 'imperial formation' reproduces, according to Stoler (2006, p. 128), zones of exclusion and constant exceptions. In short, the power structures of the northern territories of Cyprus from 1974 onwards and the international illegality created a state of exception (Constantinou, 2008, p. 158).

This irregular state of exception, into which the Turkish Cypriot community entered after 1974, was the result of complex processes. Between the 1964-1974 period, tens of thousands of Turkish Cypriots were living in the overcrowded conditions of enclaves. They were actually living in a stage of siege as a result of the violence between the two communities and the collapse of the bi-communal nature of the Cyprus Republic. According to Richard Patrick's (1976, pp. 46-47) data, the period between December 1963 and the summer of 1964 was the most violent period of inter-communal conflict during which 350 Turkish Cypriots and 200 Greek Cypriots and Greeks were killed. Immediately after the outbreak of the riots, the mass displacement of the Turkish Cypriots and their movement into enclaves was completed very soon. The main reason was that the Turkish Cypriots were numerically a minority compared to the Greek Cypriot population. The violence of this period more easily forced the

smallest community to be displaced into areas where they could continue their life with members of the same community (Attalides, 1977, p. 83). A supportive factor was naturally the immediate diffusion of fear among the Turkish Cypriots: a fear which originated mainly from the possibility of more intensified attacks by the armed Greek Cypriot groups. Describing the feeling of the time, the veteran trade unionist Kamil Tuncel (2011, p. 268) said: 'People started running scared ... For some people, this was the moment that the Greek Cypriots would attack us and slaughter us all'.

Up until late December 1963, a total of 22 Turkish Cypriot villages were evacuated, while in January 1964 the residents of 55 Turkish Cypriot villages were added to the long list of refugees (Gibbons, 1969, pp 128-129). According to data cited by Oberling (1982, Appendix 1), from December 1963, when the conflicts began, to August 1964 a total of 103 villages were evacuated. The mass displacement of Turkish Cypriots was accompanied by Greek Cypriots from neighbouring villages looting properties. In Packard's research (2008, pp. 50-51), he cites an excerpt from the UN Secretary General's report on 10 September 1964 which highlights that up to that moment 977 Turkish Cypriot homes were completely destroyed while 2000 more were partially looted. As a result of the conflicts, approximately 25,000 Turkish Cypriots became refugees, a number corresponding to a quarter of the community (Bryant and Hatay, 2009, p. 3). The proportion of displacement for such a small, numerically speaking, community as well as the impoverishment immediately set the base for a deep restructuring of its social and economic tissue (Bryant and Hatay, 2011, pp. 634-635). These conditions actually set the bases upon which the military intervention of Turkey was welcomed by many Turkish Cypriots. As psychoanalyst Vamik Volkan (1979, p. 111) claims, a big part of the community was 'seized with frenzied excitement' seeing the Turkish paratroopers jumping on 20 July 1974.

In fact, Turkey decided to intervene militarily in the island on 20 July 1974 supposedly to restore the constitutional order of the Republic, which was challenged by the occurrence of the coup d'état against President Makarios. The coup aimed at uniting Cyprus with Greece. The prospect of Union of Cyprus with Greece was perceived as a threat to the national security of Turkey and the Turkish Cypriot community. So Ankara decided to activate its military force in a 'space of threat' which, after the military victory, is transformed into a bare 'virgin land' (Ram, 2015, p. 28) upon which an entirely new state of affairs was to be created. As noted by Mbembe (2003, p. 25), in colonized territories, the state of exception tends to become the rule. Such conquered territories are accompanied by efforts to create an entirely new set of social and spatial relations on the ground.

Similarly, in the case of Cyprus, Turkey activated extraordinary politics with the aim of creating the rule anew (Ram, 2015, p 22). Immediately after the partition of Cyprus and removing its previous 'threatening' capacity, Ankara sought to normalize

the conquered space by introducing a new rationale. In short, it tried to normalize both its own presence, and the new partitionist state of affairs through the production of what Ram (2013) calls a 'peaceful war landscape'. The violent creation of two separate 'national zones' would, from then on, be the physical and geographical basis upon which a degree of separation of the two communities would form a key element in a permanent settlement of the Cyprus problem (Scott, 1998, p. 142). As noted by the retired General Sükan (1981): 'In Cyprus the two communities were separated and their reunification is but a fantasy. The northern part is 100% Turkish and the southern part 100% Greek. It is an island with two opposing ethnic groups that have no possibility of living together'. The geographical division, the emergence of the notions of 'northern and southern Cyprus' as separate political entities, formed the legitimizing dynamics of the claim of regulating, solving or mitigating the ethnic and communal conflicts (O'Leary, 2007, p. 888) that had preceded in the island. Beyond this, the geographical partition was the start of the creation of a new order of things by force (Kızılyürek, 2016, pp. 528-532), the start of the development of a colonial rationale and taming of the war landscape through processes such as population movements, Turkification of the space, structuring of a new political and economic system. Thus the rationalization of the partition included the creation of a 'new homeland' for the Turkish Cypriot community.

One of the most important founding elements of the 'new homeland', as a consolidation of the territorial partition, was a large-scale population division (Kızılyürek, 2016, p. 535). This spatial dimension of the new order in Cyprus entailed the massive displacement of people from the south to the north and vice versa, creating a purely Turkish region and thus alienating a large part of the Turkish Cypriot community from their homes and place of origin (Arslan, 2014, p. 46). The movement of Turkish Cypriots from the south to the northern regions of the island was initiated on 20 July 1974, but it was escalated, in an organized manner, in the following period (Morvaridi, 1993, p. 223). Reports in the Turkish Cypriot press indicate that already, by mid-November 1974, around 20,000 Turkish Cypriots had moved from the southern to the northern regions of Cyprus (Zaman, 1974a), while, by December 1975, it is estimated that this number rose to 40,000 (Hocknell, 2001, p. 168). For the purposes of the population relocation, the Ministry of Resettlement was created in 1976, while in 1977 the Resettlement, Land Distribution and Equivalent Property Law (*İskan, Topraklandırma ve Eşdeğer Yasası*) was endorsed, through which a large part of the Turkish Cypriot community took possession of Greek Cypriot properties (Morvaridi, 1993, p. 223). The delay in the adoption of legislation created additional problems, since its implementation legitimized, in political terms, the distribution of Greek Cypriot properties that had started in the summer of 1974 in the midst of chaotic conditions (Gürel, 2012, p. 22). Through such arrangements, the Turkish Cypriot

refugees from the southern part of the island were called to renounce their rights over the properties they left behind. Essentially, they were forced to abandon their desire to return to their homes (Scott, 1998, p. 143), since that was the only way to acquire what was necessary to survive in the frame of a 'new homeland'. This strategy was a fundamental piece of the overall ideological background for the alienation of the Turkish Cypriot community from its Cypriot past and its integration into the new divisive reality.

Further to the above process, the Turkification of space was expanded through a broad campaign of renaming Greek Cypriot and Turkish Cypriot villages with new 'authentic' Turkish names (Yashin, 2010). Originally this policy was implemented with the decisive role of special committees of the Turkish army (Copeaux & Copeaux, 2009, p. 101), and acquired a more organized form with the establishment of the Turkish Cypriot Federated State in February 1975 (Kızılyürek, 2002, p. 291). The aim of this policy was to 'erase the Greek Cypriot traces', but also to create a more comprehensive status to the territorialization of the new Turkish entity, to delimit the owners of space (Turkish Cypriots) with new symbolisms and thus to distinguish them from the foreigners (Greek Cypriots) (Kızılyürek, 2016, p. 560). In the same context lay the population movements from Turkey. The settlement policy, which had started as a policy of reinforcing the new social division of labour, eventually became a key pillar for the creation of additional pressures against the expression of the Cypriot identity of the Turkish Cypriot community (Kızılyürek, 2005, p. 257).

In addition to the above, a key pillar of the normalization efforts of the new regime was the economy. The great dissimilarity in the development of the two communities, as well as the economic inequality, preoccupied Ankara so intensely that it made a priority of creating a new economic environment (İpekçi, 1974). In August 1974, Bülent Ecevit's government created the Cyprus Coordination Committee (*Kıbrıs Koordinasyon Kurulu*), led by Ziya Müezzinoğlu who was responsible for the implementation of a state planning for the economy of the northern regions. As Müezzinoğlu reports, 'our goal was to assign a personality to the Turkish community, to revitalize the economy and aid the establishment of a state' (Birand, 1976c). The selection of an economic content of a separate state structure was not accidental. The state planning, and the strong state interventionism in the new economy of the Turkish Cypriots, was the result of two main factors. The first was the absence of a strong business class in the community, which could undertake the investment venture of developing the private sector (Wilson, 1992, p. 122). The second was the intention of Ankara to export its own economic development model (Gülalp, 1985, p. 337) to the territory that it had previously controlled by military forces. The importance of these two factors initially weakened the reactions of part of the Turkish Cypriot nationalist elite, who clearly preferred a development model based on private initiatives (Sonan, 2014, p. 94).

Within the frame of the Coordination Committee's work, technical and administrative personnel was transferred from the state economic enterprises of Turkey with the aim to establish the respective business units in Cyprus, as well as to train the local staff (Birand, 1976c). In exceptional cases, the economic planning was led by Turkish Cypriots with studies and experiences in the Turkish state. Typical examples of this were Alper Orhon, who undertook the task of establishing the Planning Ministry (Bozkurt, 1974), and Çağlar Yasal, who worked for the creation of the Ministry of Tourism in Cyprus (Zaman, 1974b). Within a short period of time, around ten large state economic enterprises were created, which dominated over all sectors of the economy. Industrial and agricultural production, foreign trade and transport, tourism and the banking sector were sectors that developed under a state planning model with five-year plans (Billuroğlu, 2012, pp. 59-60). As noted by Strong (1999, p. 164), the northern part of the island soon became one of the most intensely state-led economies all over Western Europe.

Division Seeks Its Divisionists

O'Leary (2007: 904) notes that division seeks its divisionists, i.e., agents that will support it, legitimize it and act as partners of the stronger external actor that had imposed it. In the case of the Turkish Cypriot community, the internal agent of legitimization of the status created by the division of 1974 was the nationalist elite. For the nationalist elite, under the guidance of Denktaş, 1974 was a historical vindication for the implementation of the partition plan that had been adopted since the 1950s (Kızılyürek, 2002, p. 290). The division of space and of the population was as if the long course of Turkish nationalism in Cyprus had been completed, and it irrevocably confirmed that the two communities could not, and should not, live together (Kızılyürek, 2016, p. 162). The year 1974 was, for the agents of Turkish nationalism in Cyprus, another opportunity to ideologically lift the island's status as a 'self-sustaining country'. Cyprus was a geopolitical and cultural space that acquired meaning only if it was perceived as a projection of Turkey and the Turkish nation (Kızılyürek, 2017). More specifically, only 'half' of the island should form the island for the Turkish Cypriot community, stripped of any memory, nostalgia, and mostly of political positions related to the notion of 'total Cyprus' (Kızılyürek, 2005, p. 385). Denktaş's answer to Birand's (1976d) question, 'Which should be the solution to the Cyprus problem?', was: 'If there is to be life with rights, division is a precondition. The degree of division is also of importance'.

As Cyprus alienated itself from its autonomous status, so did the Turkish Cypriots lose aspects of their Cypriotness. So long as Cyprus was merely perceived as the 'small

homeland of mother Turkey’, the Turkish Cypriots were distinguished merely as part of the Turkish nation. The Cypriot identity could neither describe nor define the ‘Turks of Cyprus’ (Vural and Rustemli, 2006, p. 332). Apart from being unable to do so, in case the Cypriot identity attempted to express the collectivity of the Turkish Cypriots, it was discarded as being anti-national and serving the communist danger. Ahmet Ötügen (1975) commented on this in *Zaman* newspaper: ‘Supporting positions such as “Cyprus belongs to the Cypriots” or “an independent and democratic Cyprus without bases and armies” serves Russian ambitions. Let us be sensitive on this issue and not leave a chance to those who seek goals outside the Motherland’. The delegitimization of the politicization of the Cyprus consciousness of Turkish Cypriots was expressed by Denktaş as follows: ‘If we fool ourselves and start thinking that we are Cypriots, then we will boil in the cauldron of Greek Cypriots’ (Dodd, 1993b, p. 149).

Within this ideological framework, the border dividing the island turned, almost immediately, into one of the most important symbols of a separate Turkish Cypriot sovereignty (Yashin, 2005, p. 109). A separate sovereignty that was interpreted exclusively by the nationalist hegemony. Explaining the value of the ‘Peace Operation’ for the community, the President of the Parliament of the Federated State, coming from UBP, Oğuz Korhan, said in a session: ‘The most important thing was that we experienced the joy of having a secure territorial integrity with clearly defined borders’ (Tutanakları, 1981a). In this space – the space defined by the invasion – there was no free field of mobilization for those forces that placed themselves outside the aforementioned ideological realm.

In this way, in the period following the military intervention, Denktaş and the nationalist Turkish Cypriot elite sought and largely succeeded to assign a partitionist, rather than a unifying, content to the official position on a federal solution to the Cyprus Problem (Kızılyürek, 2016: 565). In this context, they built close relations with the pan-Turkish movement of Turkey (Birand, 1976b), as well as with the Islamic movement of Necmettin Erbakan, seeking thus to challenge the popularity of Ecevit amongst the Turkish Cypriots and to promote in a more pronounced manner the deepening of the division (Birand, 1976b). To do so however, the Turkish Cypriot leader at the time was in need of a party which would function as a mechanism that would legitimize partition both on an ideological and social level (Sonan, 2014, pp. 120-121). This party should function as an obstacle to the reappearance of centrifugal opposing forces (Dodd, 1993a, p. 109), which had already been organized within the enclaves in the period that preceded.

It was precisely this opposition movement that forced Denktaş to proceed with the creation of the UBP in October 1975 (*Zaman*, 1975a). As Sonan (2014, p. 122) reports, in terms of personalities and political objectives, this party may be seen as a continuation of the ‘Cyprus is Turkish Party’ (*Kıbrıs Türktür Partisi*), which appeared

in the early 1950s. According to Sonan, the party was created by personalities of the time who already had political and economic influence in the community, people who already identified with the politics of *taksim*. Not accidentally, the ideological identity was reflected in the first article of its political programme as follows: 'The elimination of existing threats against the Turkish community, the unity and protection of all its rights, the development of the areas of national security, politics, economy and society, depend completely on the development of the community as an inseparable and indivisible part of the Turkish nation' (*Zaman*, 1975b).

In the context of reproducing the partitionist identity of space, and in view of the first general and presidential elections in June 1976, Denktaş and UBP developed a dual strategy aiming to marginalize the centrifugal 'ideological turbulence' of the community. The first aspect of delegitimizing the opposition was the constant invocation and reminder of the state of exception. The creation of an 'internal enemy' that was ready to cooperate with the Greek Cypriot community and that identified with the Left, was a key tactic which culminated right after Turkey's military intervention (*Milliyet*, 1976). Denktaş himself, describing his role in this, said: 'I'm trying to protect the community, both from the Greek Cypriots and from the extreme Left. My struggle is not over ... If it were so would be my duty' (Birand, 1976d). Based on this rationale, the 'national cause', even after 1974, was pending. This pending issue imposed the perpetuation of the state of exception and hence of the concentration of powers in the hands of the leader. The existence of opposition parties, the emergence of new claims, and the politicization of disagreements with the leader's programme, were perceived as 'treason' and 'disruption of unity' (İpekçi, 1976). Thus, nourishing fear and reminding people of the 'communist threat' that could be a setback to the national cause (*Yeni Düzen*, 1976a) were the main axes of the first campaign of the Turkish Cypriot leader and UBP in this new framework. In many election gatherings, for instance, Denktaş underlined the following: 'If UBP does not become government with 25 seats (out of 40), then Communists will take over' (*Halkın Sesi*, 1976).

The assumption of 'power by the Communists' triggered the second aspect of the strategy to marginalize the opposition. Reproducing the state of exception, i.e. the pending national cause, not only aided in activating negative reflexes against a federal settlement of the Cyprus problem but also in conserving the foundations for satisfying the interests of the Turkish Cypriots who identified with the economy of partition. UBP made politics in a manner that transformed the Federated State into 'its own property' (Mehmetçik, 2008: 158). All the mechanisms of distributing the resources and the spoils of war were at its disposal and these mechanisms were activated intensely throughout the period before the 1976 elections. Mehmet Ali Birand (1976a) described the dependency that UBP's cycle of power created by using the words of a Turkish

Cypriot ‘Do you need a loan? Do you want a house? Surely you must know someone from the government. If you have no such aid, you are dead...!’.

UBP rapidly turned into a patronage party concerning the distribution of resources. Partisan and bureaucratic mechanisms identified fully and reproduced Denktaş’s power by developing a substantial clientele network. The perfection of this network was made clearly evident before the elections. The exploitation of Greek Cypriots’ immovable and movable properties to attract votes was not something the nationalist elite tried to hide. To the contrary, large trucks were at the disposal of the party mechanism, and, until the last day before the elections, they carried products, objects and other goods to voters in exchange for their support (Sonan, 2014, p. 136).

The general and presidential elections took place under these conditions on 20 June 1976. UBP managed to win 50.3% of the votes and 30 seats. The Communal Liberation Party (*Toplumcu Kurtuluş Partisi* – TKP) got 20.2% and 6 seats, the Republican Turkish Party (*Cumhuriyetçi Türk Partisi* – CTP) 12.8% and 2 seats, while the People’s Party (*Halkçı Parti* – HP) got 11.7% and 2 seats (Aydoğdu, 2005, p. 94). In the presidential elections, Denktaş prevailed with 76.6% against 21.8% of the CTP candidate, Ahmet Mithat Berberoğlu (Aydoğdu, 2005, p. 86).

Almost immediately after the election, UBP began to promote, even more pronouncedly, the idea of a unilateral proclamation of independence. This prospect was presented as a method that would coerce the Greek Cypriot side to accept the political equality of the Turkish Cypriots. The opposition parties, especially TKP and CTP, reacted against such a development, which they saw as a prospect of permanent division of Cyprus and double union (Dodd, 1993a, pp. 111-112). As it eventually turned out, the general stagnation of the Cyprus Problem was not the only reason for the intensification of the idea of a separate state proclamation. In the period under investigation, the economic stagnation and the social problems began to strongly question the stability of the partitionist status quo.

The repressive measures of UBP against the trade union movement came to a peak. Until October 1976, 1000 workers were laid-off without compensation, while those already registered as unemployed reached 3,500 (An, 2014). From the first months of 1977, inflation climbed to 44% and the budget of the Federated State had a deficit of about 10% (Dodd, 1993a, p. 112). Indicative of the general destabilization was the fact that UBP managed to draft the first five-year development plan in 1979, which would cover the period 1978-1982 (*Yeni Düzen*, 1979a). This plan foresaw a growth of 7%, which was a goal that eventually proved to be far from realistic (Saygun, 1981). The economic growth rates were negative, while by the end of 1978, inflation reached 214%. Under such conditions, the discussions on the 1979 budget were marked by strong reactions of the opposition that stressed the impoverishment course of the workers. The reduction of the purchasing power of employees in 1979 reached

230% (*Yeni Düzen*, 1979b), while the cost of living indicator in 1980 rose to 46.01% (Candan, 1981).

The political cost of the economic destabilization soon brought serious restructuring. In the beginning of 1978, Prime Minister Nejat Konuk resigned. He was replaced by Osman Örek, who only lasted in the same position until November of same year. Konuk and Örek's resignations from UBP marked the first major rift in the Turkish Cypriot right-wing. In view of the new elections of 1981, Konuk created the Democratic People's Party (Demokratik Halk Partisi – DHP) which Örek soon joined, along with a small group of UBP MPs (Dodd, 1993a, pp. 114-117). Within this setting, the new UBP government, led by Mustafa Çağatay, was forced to move on a delicate balance. In view of the reinforcement of the opposition movement, the government chose to confront it with repression. In May 1979, it signed a financial protocol with Ankara which abolished all barriers on imported products from Turkey. This protocol deepened the uneven economic integration, especially since northern Cyprus imported 4,500 different goods from Turkey while it exported merely 100 products (*Yeni Düzen*, 1979c). In June 1979, the Çağatay government issued a directive that banned the import of 108 specific products, the vast majority of which came from the Greek Cypriot community (*Yeni Düzen*, 1979d). It thus sought to completely cut off the little commercial contact between the two communities (*Yeni Düzen*, 1979e), creating more prospects for a one-way integration with Turkey.

In short, the period up to the elections of 1981 was marked by the questioning of the stabilization efforts of the partitionist environment. The Turkification of space and the economic planning progressed with many 'necessary distortions'. The structural weaknesses in production were accompanied by the lack of foreign exchange (Olgun, 1993, p. 272), by setbacks in the clientelist network, constant increase of the cost of living and a general impoverishment of the community (Sonan, 2014, p. 168). The party which undertook to represent the internal legitimacy of 1974, and to implement part of the normalization process of the 'new homeland' of the Turkish Cypriots, was soon found before an enlarged social opposition which did not seem to comply with the principles of the new founding framework produced by war.

The Social Dynamics of the Opposition

'I could see that we had reached the end of our struggle. We would create political parties, we would have free elections, we would apply the rules of democracy as in Western Europe. We would shift to the parliamentary system and thus limit the powers of Denктаş within democratic frames. The army would be under civilian control and the Turkish Ambassador would no longer work as governor of Cyprus' (Tahsin, 2012: 73).

With these words, Arif Hasan Tahsin, head of the Teachers Trade Union, outlined his expectations from the events of the summer of 1974. For the Turkish Cypriot opposition, the community's exit from the enclaves of the previous decade and its concentration in a 'secure area' was recorded with codes different than those of a colonial-oriented normalization of space imposed by Ankara and the nationalist elite. The separate institutional structuring of the community, according to the expectations of the opposition, would create new areas of mobilization away from the siege of the enclaves. For instance, the organized teachers and others supported the creation of the Federated State in 1975 because, as Tahsin notes (2012, p. 76): 'In this way, young people would engage in politics, we would create a serious opposition and by taking command of the government, we would prevent the subordination of the community to Turkey'.

As it soon turned out, the expectations of the Turkish Cypriot opposition were cancelled. Before completing two years from the military intervention, Birand (1976a) observed: 'The Turkish Cypriot community reminds more of a boiling cauldron that complains about everything... Although it has been almost two years, the Turkish Cypriots have not overcome the shock of the events and have not managed to adapt to the new situation'. The state of affairs in which the Turkish Cypriots found themselves after 1974 was essentially a renewed situation of enclaves. The power structures created were internationally illegal and completely dependent upon Turkey. They produced what Caspersen (2012, p. 101) describes as an 'ambiguous statehood'. In this sense, the community was trapped into a new framework that reproduced the basic characteristics of the enclave life of the previous period.

As noted by Douglas (2006, p. 12), once the primary reason for creating such an enclave disappears or weakens, then it collapses because of internal disputes and conflicts. In the Turkish Cypriot case, when the community began to realize the lack of grounds to be placed in new enclaves, it began to question the new situation. This questioning was the result of two dialectically related developments. On the one hand, the imposition of partition may have ended the conflicts between the two nationalist programs of the previous period, but it contributed to the rise of a vulnerable 'negative peace' (Ryan, 1995: 85-86). In turn, this negativity was the result of the efforts to normalize the Turkish influence, the demand to erode the historical experiences of the community in its own homeland and the efforts to denounce the local mentalities and cultural references (İnatçı, 2008, p. 40). This process constantly alienated part of the community from the 'new homeland'.

On the other hand, the concentration of the Turkish Cypriots in a new 'unified geography' enabled the centrifugal forces to come into contact with the entire social structure and redefine the divided space as an area of conflict with the hegemonic nationalist programme of Denktaş. For the opposition, the military victory of

Turkey was a 'relief' which bore the expectation of renegotiating the relations of the community, not only with the Greek Cypriots, but also with the experience of the Turkish Cypriot authoritarian power. Berberoğlu (1976) described the dual dimension of this relief as follows:

'The peace operation found our community in a two-front struggle: On one side, we resisted against the Greek Cypriot administration which had deprived us of our constitutional freedoms and rights and which had the privilege to rule the country. On the other side, we struggled against the administration of Denktaş who used the Greek Cypriots as a pretext to keep the Turkish Cypriot community away from freedom and democracy... We claimed that the peace operation removed the pressures exercised by the Greek Cypriot administration, but also it put an end to the Turkish Cypriot administration that was holding our community back from freedom and democracy'.

It soon became clear that the second aspect of expectations was not feasible. As mentioned above, one of the reasons for establishing UBP was to set obstacles to the apparent rise of the opposition. In November 1974, eight MPs of the opposition established the 'Freedom Group' (Özgürlük Grubu) as a further indication that Denktaş's authoritarianism was under question (Ergün, 1974). This group, as well as CTP which was already established, prioritized the empowerment of the parliament as a means to confine the Turkish Cypriot leader's powers and to exercise better control. The aim was to create a parliamentary system which would prevent the 'dictatorial tendencies of Denktaş', as noted by Fuat Veziroğlu, member of the Group (Sonan, 2014, pp. 109-110). Although clearly weaker than the nationalist elite, the opposition's organized expressions were particularly dynamic. Their first cooperation was reflected in the effort to change the draft Constitution of the Federated State filed at the founding parliament in April 1975. The joint statement of organizations such as alumni associations of universities of Ankara, Istanbul and Izmir, of the Chamber of Architects and Engineers, of the trade union of Turkish Cypriot teachers and of CTP, stressed that the draft provided for an undemocratic constitution which strengthened the executive powers of the president against those of the legislative power. They warned that if the changes they proposed were not approved, then they would organize a campaign to vote against the constitution in the upcoming referendum (Cemal, 1975). Eventually, they managed to reduce the executive powers of the president and to guarantee that the president could be re-elected for only two consecutive terms (Sonan, 2014, p. 112).

This first organized reaction against the nationalist elite continued immediately after the adoption of the law on political parties. Within a very short time, the Turkish Cypriot community passed to a multiparty system, leaving behind, in theory at least, the peculiar single-party military regime of the period of the enclaves. Next to CTP, HP was established in August 1975 under Alper Orhon (Dodd, 1993b, p. 109). This party brought together both those who opposed Denktaş from the period of

TMT, and the circles that Orhon himself influenced (Kızılyürek, 2005, p. 254). The Freedom Group, as well as Turkish Cypriot teachers, had a strong presence in HP. Its name was deliberately chosen to refer to the ideological affinity with the CHP of Ecevit, while its political programme adopted the basic characteristics of social democracy and supported the federal solution to the Cyprus Problem (Halkın Sesi, 1975). The distinct groups within HP eventually failed to co-exist for a long time. In March 1976, a few months before the first elections, the main nucleus of the former Liberty Group, along with the younger representatives of trade unions such as Alpay Durduran and Mustafa Akıncı, left the party and founded TKP (Dodd, 1993b, p. 109). The new party also adopted the federal solution to the Cyprus Problem and emphasized the need to safeguard social rights through a 'Cypriot reading' of Kemalism (Bozkurt, 1976). The Marxist Left eventually concentrated in CTP, which, by 1976, had made a substantial turn towards its left identity (Yeni Düzen, 1976b), which was completed when Özker Özgür undertook the party leadership.

As mentioned above, although the first elections of 1976 certified the hegemony of Denktaş, they also made room for the organized expression of the opposition. As it later became evident, the presence of the opposition had multiple dimensions in the rupture caused in the founding principles of the new state of affairs. The different expectations of 1974, in conjunction with the polarization produced by the immediate collapse of these expectations, led to a diverse mobilization. The consequences of the partition, the deep dependence upon Turkey, the perpetuation of the authoritarian state of exception and its expansion through the clientelist network, set the preconditions for the dissolution of any prospect of 'social peace' (Strong, 1999, p. 216). As a result of social inequalities and the sense of enclaving, the influence of the dominant discourse about 'the national cause', 'freedom and salvation' subsided. The front page article of the newspaper of CTP, Yeni Düzen, on 3rd May 1979 noted: 'for as long as workers watch the bank accounts of the rich become bigger, as they see those who became rich millionaires overnight from war looting, the more it becomes obvious to them whom the 'national cause' serves' (Yeni Düzen, 1979f). In June 1979, Denktaş himself confessed that now 'we are in the midst of a crisis both in our commercial and economic life' (Dodd, 1993b, p. 117).

The strikes immediately after the 1976 elections were quite intense. By August of the same year, around 4500 workers protested against the policy of lay-offs which was initiated by UBP (An, 2014). In late 1976, the strikes expanded with the participation of organizations of Turkish Cypriot refugees. This was a development that forced UBP to adopt even tougher measures of repression and prohibition of trade unionist action. In early 1977, the polarization reached such levels that TKP officially for the first time called on the government to resign (An, 2014). The situation remained equally intense in the next period. In 1978, the Turkish Cypriot trade union movement escalates its

activities by announcing general strikes demanding reduction of the prices of basic goods, the adjustment of wages to the cost of living, a fairer tax system reform, the protection of collective agreements and the stabilization of the currency (Billuroğlu, 2012, p. 61).

On 12 February 1979 one of the most dynamic strikes of the time began by workers in Cypruvex company. The workers protested about wage cuts and the wider impoverishment of the community. Over the next few days, the strikes expanded in Morphou and Famagusta and employees of other companies like ETI also joined. The police tried to suppress the strikes by force. By 15 February, dozens of workers were injured and as many arrested. The political context of the protests expanded to the issue of defending democracy and confronting authoritarianism (Dede, 1981). The radicalization of the workers' demands eventually led the government to back down and by the end of February it was forced to sign a new collective agreement (Yeni Düzen, 1979g).

These events formed landmarks in the sense that the public debate about the ideological background of the division was now consolidated. Faced with the emerging social reaction, Denktaş and UBP chose the strategy of reproducing the state of exception. They sought to impose new regulations against the organized trade union activity. At the same time, they sought to criminalize any effort to promote alternative approaches to the Cyprus problem. For example, during the period before the elections of 1981 they obstructed many joint initiatives of Turkish Cypriot and Greek Cypriot leftist unions (e.g., Dev-İş and PEO) (Yeni Düzen, 1979h). The Turkish Cypriot community moved to the next elections in a context of polarization and almost total collapse of the consensus that the clientelist network would supposedly produce.

The Second Intervention for the 'Exceptional' Restoration

'Is the crisis ending? If you ask us, we do not return from Cyprus with optimistic impressions. The crisis is not over, it is just starting. Why? The image of peace in domestic politics is artificial'. This is how the reporter of *Milliyet*, Örsan Öymen (1978), described in the beginning of 1978 the failure to normalize the post-1974 state of affairs within the Turkish Cypriot community. The acknowledgment of an 'artificial' and hence vulnerable 'domestic peace', which created spaces that questioned the regime, was a key component that impacted on the political choices of all actors in the Turkish Cypriot community before the elections of 1981. The overall setting was already stigmatized by the enormous social and economic problems, as well as by the political instability that affected not only the dynamicity of the center-left opposition, but also UBP itself. The assessment that the autocracy of Denktaş-UBP

was coming to an end, was a generalized one. By the end of 1980, commercial circles of the Turkish Cypriots expressed their concern about the loss of UBP's power and sought to economically support the campaign of the party (*Yeni Düzen*, 1981a).

The 1981 elections were held in conditions of inertia in Cyprus (*Kurtuluş*, 1981a), while the domination of Evren's Junta in Turkey in September 1980 paved the way to more intense interventions by Ankara in the political life of the Turkish Cypriots (Hasgüler, 2006: 267). Faced with the rise of the Turkish Cypriot opposition forces, the establishment in Ankara did not hide its intentions for external assistance to UBP. Even in June, the month of the elections, the financial aid increased from 75 million Turkish Liras to 300 million (*Kurtuluş*, 1981b). This was combined with many visits of state officials who made clear, in their public appearances, that they preferred the perpetuation of the government of the Turkish Cypriot nationalist elite.

Within this context, the virtually total failure of the post-1974 domestic arrangement led Denkaş and UBP to transpose the political confrontation on a 'metaphysical' level. The reproduction of the 'internal enemy' intensified (Mehmetçik, 2008, p. 168). TKP and CTP were accused of being 'anti-Turkish' and therefore 'treasonous'. The joint declarations endorsed by both parties with corresponding Greek Cypriot parties, supporting a federal solution, multiplied the attacks of the Turkish Cypriot leader. The criminalization of the joint claim of the opposition in relation to the Cyprus issue was developed in the political discourse of Denkaş as follows: 'They went to Sofia and signed a declaration of a sell-out. The day they come to power based on this declaration they will take you as a flock and will sell you to the Greek Cypriots' (*Yeni Düzen*, 1981b). In the same vein, those who would not support UBP in the upcoming elections, in June 1981, were 'fans of AKEL and its servants' (*Kurtuluş*, 1981c). The candidacies of Ziya Rizki and Özker Özgür for the leadership of the community, were presented by the nationalist elites as an 'infernal plan' of the opposition with the aim of questioning the only leader who could claim the rights of the Turkish Cypriots on an international level (*Yeni Düzen*, 1981c).

However, the social dynamics were such that the reproduction of the state of exception not only did it not limit the rise of the opposition, but it strengthened it even further. The main reason for this contradiction was the deep awareness that the state of enclaves was renewed after 1974, as well as the maturation of class-oriented approaches that appeared in the public sphere. The headline of *Yeni Düzen* on June 19th, 1981, described the shift of approach as follows: 'Our community is no longer the community of 1976... The workers have awoken and shout against the exploiters and looters' (*Yeni Düzen*, 1981d). The experience of the Turkish Cypriots from 1974 onwards, led to the conclusion that the vast majority of the society did not experience any positive development. To the contrary, they were found in a disadvantageous position produced by the geographical displacement, by unemployment, by marginalization of

the clientelist network and by authoritarianism (Mehmetçik, 2008, p. 153).

In short, the period between 1974 and 1981 sufficed to create the conditions for a more comprehensive transformation of the Turkish Cypriot community. This transformation, in turn, led a large part of the community to pursuits outside the imposed nationalist framework. The leader of CTP, Özgür (1981), described these new pursuits as follows: 'In the elections of 1976, UBP had many spoils in its hands to distribute around. And so it did. Ms. Aydin Denктаş leading the way and trucks following behind, visit one home after another. They gave refrigerators, armchairs, chairs, washing machines... The exploitative class was already in power. After 1974, the abundance of spoils made it easier for this class to stay in power. Our compatriots who gave their vote to UBP for a refrigerator have now understood that the problem lies in the system ... The purchasing power has reduced so much that they cannot buy meat to keep in the refrigerator that was given to them... Now, those who sweat to buy a piece of bread are approaching the elections in quite a different manner...'. This situation led to the radicalization of the Left. Both CTP and TKP participated in the 1981 elections with political positions for the strengthening of state planning, as well as with positions about the nationalization of commerce, of social insurance and the strengthening of local governments as a way of removing the 'authoritarian policies of UBP' (*Kurtuluş*, 1981d).

The results of the elections eventually confirmed, even through many difficulties, both the rise of the opposition, and the first substantial rupture in the 1974 state of exception. In the parliamentary elections, UBP got 42.5% and 18 seats as opposed to 53.7 % in 1976. TKP got 28.5% and 13 seats, CTP 15,1% and 6 seats, DHP 8,1% and two seats, while the Turkish Unity Party (TBP) of the settlers got 5,5% and 1 seat (Aydoğdu, 2005, p. 96). Denктаş managed to keep the leadership of the community, nevertheless with an injured regime. He got 51.7% losing over 20% since 1976. Rızki got 30.5% and Özgür 12,7% (Aydoğdu, 2005, p. 86). Based on the results, a coalition of the opposition parties (TKP, CTP, DHP) could potentially take UBP down from power for the first time.

The political shock caused by the re-arrangement of balances in the Turkish Cypriot community was equally important both within the Turkish Cypriot nationalist elite, and in Ankara. In a moment of honesty, Denктаş reportedly said that 'Since the Left has been strengthened, measures need to be taken' (Tahsin, 2012, p. 85). The key aspect of the measures the Turkish Cypriot leader had in mind, included the creation of mechanisms that would prevent the formation of a center-left government and would impose an ideological environment that would adopt the basic features of the coup government in Turkey. In other words, the creation of a conservative nationalist power front that would limit, or suppress, the centrifugal forces (Adlı, 1981). 'We can no longer hide the fact that different ideological camps have been created in Cyprus.

The term nationalist front was used to highlight that there is a Marxist-Leninist front among us' (*Kurtuluş*, 1981e). Reaching this conclusion, Denktaş expressed his disappointment about the outcome of the elections at a press conference in Ankara, which he visited to invite İler Türkmen, the Foreign Minister of Turkey, to Cyprus.

The conclusion by the Turkish Cypriot leader deserves more analysis. On the one hand, the admission of the failure to hide the undesirable opposing ideological camps that appeared in the community, confirmed that the social consensus sought in the context of structuring a 'new homeland' was in essence an artificial one. On the other hand, the acknowledgement that there was a Marxist-Leninist front among the Turkish Cypriots showed, in a perhaps exaggerated manner, that the formerly authoritarian monopoly of Denktaş to represent the community suffered a heavy blow. 'We do not wish to experience the damage of the enclaved community caused by Denktaş... Denktaş alone is not the Turkish Cypriot community and the elections are proof of that.' With these words, Kerem Adlı (1981), reporter of *Söz* newspaper, actually noted the following transformation: If Denktaş managed to become the ultimate representative of the Turkish Cypriots in Ankara using the military intervention and the ideological predominance of partition (Anagnostopoulou, 2004, p. 217), then the elections of 1981 showed that part of the community decided to 'come to the fore' and claim different political demands before Turkey. Ankara was now forced to face a different Turkish Cypriot community, a community that they had not anticipated to become a shaping factor of developments. A few years after 1974, Turkey stood before 'the other' Turkish Cypriots, whose presence was either neglected or the object of repression.

Therefore, suddenly a need emerged for an external force that would repair the wrongdoing. More specifically, the victory of the opposition forced an external restoration of the exceptional situation in order to prevent the domination of the 'unanticipated' Turkish Cypriot voices that expressed different orientations concerning the founding ideology of the 'new homeland'. Therefore, the basic direction of Ankara and Denktaş was to coerce DHP to accept a coalition government with UBP (*Söz*, 1981a), and to exclude the left through a political coup of sorts. Within this context, the efforts to restore the state of exception included schemes of overturning changes to the Turkish Cypriot political system, including the abolition of the parliamentary system and the adoption of the presidential system (Kotak, 1981).

As far as Ankara's moves were concerned, the events that followed the 1981 elections were quite clear months before. In early April 1981, the leaders of the Turkish Cypriot parliamentary parties were called to Ankara, where it was meaningfully pointed out to them how the circumstances of the military coup of 12 September 1980 came to be. In short, this was an implicit suggestion that a possible victory of the Left in the community would be interpreted as a threat of the national interests and thus a reason

for intervention. The restoration intervention peaked in August 1981 when Türkmén visited Cyprus and met with the leaders of the opposition parties. The aim of the meeting was to prevent the formation of a coalition government by the opposition. According to Özgür (1992, p. 99), Türkmén told him: 'Since CTP is against NATO and against the NATO capacity of Turkey, then Ankara does not allow the party's participation in government'.

However, even after the government of Turkey had made its intentions clear, the Turkish Cypriot opposition parties continued their efforts to form a coalition. Denktaş insisted on not granting the mandate for government formation to any other party than UBP (Kurtuluş, 1981f). So by November 1981, the opposition had decided to file a joint motion of censure against the minority government of Çağatay (Söz, 1981b). Finally, on December 10, 1981, Konuk resigned from DHP after the escalating pressures from Ankara, and thus any possibility of the opposition parties to form a government was cancelled. In March 1982, a last effort to restore the state of exception through the formation of a coalition government by UBP-DHP-TBP was made (Dodd, 1993a, p. 122). Many years later, assessing those particular circumstances, Arif Hasan Tahsin said: 'The Turkish occupation showed its teeth ... the existence of the Federated State could no longer benefit the community, nor could its cancellation harm it. The parties failed to protect our right to govern ourselves against Turkey's usurpation' (Tahsin, 2012, p. 87).

Conclusions

In her work on imperial modes of domination, Lutz (2006, p. 594) argues that this type of conquests should be understood within a context of contradictory and conflicting actions, which may be only partially successful. The case of Turkey's presence in Cyprus from 1974 onwards, along with the rise of the Turkish Cypriot opposition up to 1981, form questions that fall within the above theoretical analysis. Particularly the period between 1974 and 1981 clearly highlights both the way and the content in which Turkey sought to structure a new state of affairs, as well as the contradictions that this stance created within the Turkish Cypriot community. The process of constructing a 'new homeland' for the Turkish Cypriots was a dynamic but also fluid effort, since, in a very short time, it brought about rupture and doubts expressed by the Turkish Cypriot opposition.

As analyzed in this article, Ankara sought, through the military intervention in 1974, to change in its favor the geopolitical balance in Cyprus. At the same time, it sought to export to Cyprus, through the exercise of military power, its own model of modernization, to transform the space through normalization processes and to

legitimize its own influence. In achieving this, the Turkish Cypriot nationalist elite played a decisive role. Denktaş and UBP undertook the strategic aspect of legitimizing in the domestic sphere the new state of affairs that was created in 1974. They sought to become the necessary foundation for the production of consensus and acceptance of the 'new homeland' by the broader strata of Turkish Cypriots.

Soon after powerful reactions appeared from 'the other' Turkish Cypriot community. The northern areas of Cyprus, namely the new state of exception, may have been the recipient of the normalization process promoted by Ankara and the Turkish Cypriot nationalist elite. However, the activation and empowerment of the Turkish Cypriot opposition indicated that these colonial normalization processes failed to turn the partitionist state of affairs into a normal state of affairs. The actions, the empowerment, the smaller and bigger achievements of the Turkish Cypriot opposition in the period 1974-1981, did not eliminate completely the hegemony of the nationalist elite, nor did they overturn the partitionist state of affairs. However, they brought to the surface the inherent weaknesses and inability of a colonial-oriented rationalisation to turn the conquered space into a normal setting. If 1974 was a symbolic victory for the ideological institutions of partition, then the elections of 1981 formed a public declaration of refusing the 'new domestic conditions' imposed on the Turkish Cypriot community.

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The Class Structure of Society in the Republic of Cyprus

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Abstract

This article examines the structure of contemporary society of the Republic of Cyprus in the theoretical context of the Marxist model. The decisive role in determining social stratification at the theoretical level is assigned to the concepts of exploitation and domination. The problematic of the article is opposed to notions supporting an over-inflated new bourgeois order, shaping of social classes at the global level, fracturing of exclusive correspondence between social position and class. A critical presentation is also offered of older studies on the composition of Cypriot society. This engagement with the facts leads in itself to the conclusion that Cypriot society includes a significantly broad petit bourgeoisie (around half of the population), placing Cyprus in the category of a type of 'transitional' society with numerically large petit bourgeois layers along side an arithmetically smaller working class.

Keywords: Cyprus, social classes, social stratification, Marxism

Introduction

The purpose of this article is to examine the social stratification of the Republic of Cyprus in the most recent period. In order to make this task feasible, the examination is preceded by theoretical positioning, situated within the Marxist analytical model on the subject of social classes. The concepts of exploitation and domination are posited as the key factors in the formation of social classes. It is argued that apart from the two main classes (bourgeoisie and working class) there are other classes and strata whose sizes vary in accordance with the historical evolution of each social formation. There follows a critique of three major theorists in the neo-Marxist current (Nikos Poulantzas, Erik Olin Wright, William Robinson), aspects of whose work (disproportionate weight of the petit bourgeois strata, assignment of each position in society to a single social class, formation of transnational social classes) could serve to justify mistaken interpretations of the stratification of Cypriot society (and not only of Cyprus).

After outlining our own theoretical position, we embark on a presentation and critique of two older studies of Cypriot society, those of Demetrios Christodoulou and of AKEL. Then empirical data from Cyprus' statistical services is presented as

being part of the theoretical framework adopted by the current study. The presentation interprets Cyprus society's specific character and structure, and compares this specific social stratification with that of other countries of the developed West.

Theoretical Framework

Within the framework of an article focused on the morphology of Cypriot society, it is not possible to refer extensively to theoretical issues of social class theory, which we have analyzed in detail in other work (Sakellaropoulos, 2014). For this reason we will simply mention certain aspects of our theoretical findings, choosing not to embark on more exhaustive discussion, whether inside or outside the Marxist schema.¹

In our opinion, Lenin's definition is as pertinent as ever in clarifying the multifaceted problem of defining social classes: 'Classes are large groups of people which differ from each other by the place they occupy in a historically determined system of social production, by their relation (in most cases fixed and formulated in law) to the means of production, by their role in the social organization of labour, and, consequently, by the mode of acquisition and the dimension of the share of social wealth of which they dispose' (Lenin, 1977, p. 13). We might note that in Lenin's definition there is a co-articulation of three criteria: (a) position in relation to the means of production, (b) position in the social division of labour, (c) means of acquisition of – and level of – income (Bensaid, 1995, p. 203).

The common denominator traversing these three criteria in Lenin's definition is the phenomenon of exploitation. The possessor of the means of production exploits the person who possesses only labour power, because the possessor pays the labourer less than the value of the work. However, in order for this social relation, derived from the possession of capital, to be reproduced (after all, this is why Marx claimed that capital is primarily a social relation), some structural characteristics must be shaped in the production process that will facilitate circulation of capital and create the hierarchical structures necessary for working discipline to become attainable.

Therefore, what is elaborated is an internally intricate but also externally pyramidal organization of production wherein, for the relations of exploitation to be implemented, relations of domination are also absolutely essential. In this sense, exploitation and, secondly, relations of domination, especially the way they are articulated into a social structure (Croix, 1984, p. 94), are the agents in formation and reproduction of social classes.

1 For a recent comprehensive presentation of the basic content of the Marxian and Marxist problematic on the question of social classes, see Atkinson, 2015, pp. 19-39.

The conclusion is that the foundations of prevailing social arrangements are to be situated in the existence of relations of exploitation and domination, yet membership in a particular class depends firstly on who owns the means of production and secondly on each person's position in the division of labour and the amount of social wealth a person extracts.

Nevertheless, it must be made clear that the economic element (relation to the means of production, level of income, etc.) is the most important and decisive, albeit not the only, element. The 'position occupied by individuals' may be determined by reference to both the political and the ideological elements that contribute to shaping the relations of domination. Thus the top echelon of the state bureaucracy: members of government, high-ranking military personnel, etc., belong, by virtue of their position in the machinery of power, to the bourgeois class.

The intervention of capital and the state in maintaining and reproducing relations of exploitation is continuous and embraces all levels of social activity. The reason for this is that capital does not only exploit workers economically but also exercises power over their functioning in the workplace, from the moment that it determines what and how they will produce. At the same time, through the Ideological Apparatus of the State,² it integrates them ideologically as the workers accept the terms of their political and economic exploitation as the 'natural' result of the exchange of 'wage' and 'labour power' equivalents. To put it differently, the framework of the relations of exploitation is reproduced by the political and ideological mechanisms functioning, within which capitalist power is also reproduced, not through the realization of surplus value but through reproduction of managerial and executive labour.

It should be stressed that classification of the various agents in social relations is no static, cerebral process. On the contrary, social classes are defined through an antagonistic relation: the class struggle (Balibar, 1985, p. 174), which determines the movement of history. This means that class struggle results in transformations in the positions of social categories and social strata in such a way that there is no one-to-one correspondence between assigned social class and membership in a particular professional category. Nothing is exempt from change (Aronowitz, 2002, p. 56).

With these general definitions as our starting point, we proceed to make some conclusions about the most significant characteristics of the bourgeois class: it is the class that directs the capitalist productive process, and it always, with a view to its own interests, defines the context and the hierarchies of the social praxis dominated by capital (Bihr, 1989, p. 88-89). Its position is based on owning the means of production and subjecting society to its power. At a level of high abstraction, its members are defined as non-productive exploiters/possessors/extractors of surplus labour-cum-

2 For the importance of the role of the Ideological State Apparatus, see Althusser, 1976.

organisers of the mechanisms of domination (Johnson, 1977, p. 203).

The working class is deprived of possessing the means of production, but it performs all those practices that are aimed at furthering reproduction of capital and reinforcing social power. It neither possesses control of, nor is able to influence the context of its labour. It simply plays an executive role within the social division of labour (Bihr, 1989, p. 90). In a more abstract way we could define the working class as consisting of exploited/non-possessors/producers/wage-earners enduring the constraints imposed by the mechanism of domination (Johnson, 1977, pp. 202-203).

Nevertheless, the existence of the two basic classes of the capitalist mode of production does not mean that there are not other social classes in a society. Only at a high level of abstraction – that of the mode of production – is it possible to speak of only two classes. At the national social formations level, the number of classes is greater precisely because the different historical development of each formation includes more modes of production but also '(a) because there are also more modes of production, that is to say forms of organization of the productive process, which are not based on the appropriation of surplus labour, on exploitation, and (b) because some of the class functions of the dominant class are normally delegated to social groups that are not part of the dominant class (are not owners of the means of production)' (Milios, 2002, p. 64). This social class we name the petit bourgeoisie occupies, in the active sense of the term, a position between the working class and the bourgeoisie.

The basic characteristic of members of the petit bourgeoisie is that their income is greater than what is necessary for reproduction of their labour power, irrespective of how this is achieved. Sometimes it is realized through the appropriation of surplus value and sometimes through earnings that exceed the cost of reproduction of their labour power. Above and beyond that a second characteristic is that they are not exclusively subjected to domination by other classes. The traditional petit bourgeoisie exerts power over the workers it employs; the new salaried petit bourgeoisie is subject to the power of capital but *also* exerts power over the working class, whereas the self-employed (who are also to be included in the new petit bourgeoisie) neither exert power nor are subjected to it.

Further refining this line of thought we could argue that the petit bourgeoisie is divisible into the traditional petit bourgeoisie and the new petit bourgeoisie. The traditional petit bourgeoisie includes owners of small manufacturing companies, small family businesses and small commercial enterprises not involved with extended reproduction of capital (that is to say employing up to nine workers).³ The new petit bourgeoisie is comprised of all those who work as either self-employed professionals or

3 For why more than nine workers are needed for there to be extended reproduction of capital, see Sakellaropoulos, 2001, p. 170.

salaried employees engaged in supervising and organizing the work system, realizing surplus value, overseeing the cohesiveness of capitalist operations or, finally, legitimizing the terms of reproduction of existing social relations.

Nevertheless, if the theoretical approach of social stratification is to be comprehensive, it is necessary to refer to cross-class social categories, such as farmers, civil servants and intellectuals, besides the basic class divisions and the petit bourgeoisie.

Farmers fall into the above category, because despite being involved in land cultivation, they differ from each other depending on the expanse of the land they cultivate and the extent to which they employ land laborers

In Cyprus, the *agricultural strata* and small landowners of up to 30 decares are the less affluent layers of rural society and do not employ wage labour. Correspondingly, proprietors who make limited use of wage labour to cultivate their land, because they own between 30 and 99 decares and are engaged in simple reproduction of their capital, belong to the intermediate rural strata; whereas, those who employ a wide range of salaried employees, and are proprietors of more than 100 decares, enabling them to proceed with extended reproduction of capital, belong to the wealthy rural strata.

Another stratum that is distinctive for its cross-class characteristics is that of the civil servants, because a civil servant may be employed in very different sectors. A significant sector employed in public enterprises, such as processing, energy and water supply, communications, transport and banks, are productive working people (Meiksins, 1986, p. 17), because they are paid less than the value of their work when they exchange their labour power for capital. In that sense individuals in this category are *both* productive workers and people exploited by the collective capitalist and to be included in the working class.

On the other hand people working in education, in cases where education is provided free, and administrative personnel in the various public bodies and ministries are not productive workers but, with the exception of senior and middle-ranking officials in the ministries, the armed forces, university professors and civil servants, who are members of the new petit bourgeoisie (engineers, lawyers, doctors) and work in the public sector, belong to the working class for the following reasons:

1. They do not own their means of production.
2. Their surplus labour is subject to extraction.
3. They perform the function of the collective worker (Carchedi, 1977, p. 134).
4. They are remunerated with a salary which is determined by state income policy (Lytras, 1993, p. 98), which is equal to the value of their labour power, because it correlates directly with salaries in the private sector (Bouvier-Ajam and Mury, 1963, p. 73) which tend not to rise above the level of reproducing their labour power.

Therefore, civil servants as a collectivity, united essentially by the institution of tenure, are a cross-class entity. The great majority can be classified as working class; the middle-ranking officials in the ministries, public enterprises and the military, and university teachers belong to the petit bourgeoisie, and the heads of administration (political, military, academic) and the managers of state-owned companies belong to the bourgeoisie by virtue of the dominant position they occupy within the collective capitalist known as the State.

Another category of individuals not belonging to a specific social class are the intellectuals. This is not a professional category but a social layer, a large number of which are salary earners. Gramsci, who considered the question in depth, regarded the action of intellectuals as confined to the realm of the superstructure and pertaining to both the 'private sphere' and 'political society'. Those who are in the private sphere are concerned primarily with the functioning of their hegemony, and in the latter are concerned with the management of their direct domination (Gramsci, 1972, p. 62). There is an internal graduation to their activity. The highest rung is occupied by individuals who have undertaken the formulation, organization and systematization of the dominant ideology (Gramsci, 1972, p. 63) and who belong to the bourgeoisie. The lower levels include executive officers whose concern is the generation and promotion of consent and discipline and who are to be included in the petit bourgeoisie.

Workers who contribute intellectual labour constitute a separate category. They produce surplus labour/value for their employers (e.g., educators in the private sector). These 'intellectual workers', from whom surplus labour/value is extracted, belong to the working class. They do not count as 'intellectuals' because they are charged not with planning and organizing consent but rather with implementing the terms of its realization.

The Debate in the Framework of the Neo-Marxist School

What was said in the previous paragraph had to do with the emergence of our theoretical approach to social classes. On the basis of this problematic we engage with three of the most prominent theoreticians of the social classes in the so-called neo-Marxist school, namely Nikos Poulantzas, Erik Olin Wright and William Robinson. We do this because each of them (Poulantzas for the new bourgeoisie, Robinson for the globalization of social classes, Wright for the contradictory character of class situatedness) has developed an approach that has influenced the discussion by opening up issues that should be a subject for debate for the sake of further clarification of the theoretical framework adopted by our side.

a) Nikos Poulantzas

Nikos Poulantzas judges that the heart of the capitalist system is the production of surplus value, so that this form of production is the decisive factor for dividing society into classes and he upholds the view that the working class is defined 'by productive labour, which under capitalism means labour that directly produces surplus-value' (Poulantzas, 1979, p. 94). As a result, Poulantzas claims that only workers in the industrial sector who are immediate producers of surplus value belong to the working class. Those who do not possess the means of production are included in the new petit-bourgeoisie.

Poulantzas's position suffers from two weaknesses in this respect. The first is reductionism whereby the working class as a whole is identified with productive workers and excluded from the category of non-productive workers. 'The working class' thus appears as a concept derived from the concept of productive labour. By contrast, Resnick and Wolff observe it would be more appropriate to define the working class as a particular social group acting within a capitalist social formation (Resnick and Wolff, 1982, p. 9), which implies the need to analyze the particular social conditions that led to its formation without finding it necessary to import ancillary concepts. His second error is to conceive of the aim of production under capitalism as the creation of capitalist commodities, the value of which is expressed partly in the surplus value produced. The question is not one of producing commodities but of realizing surplus value, or profit (Nagels, 1974, p. 131), through a uniform capitalist process (Berthoud, 1974, p. 102). If the products do not reach the market and are not sold, neither will profit be realized nor will self-reproduction of capital take place, as the merchant-capitalist will not again order commodities from the manufacturer-capitalist.

Perhaps our most significant disagreement with Poulantzas has to do with his use of the term 'services'. It is one thing for the term 'service' to denote a form of exchange of the product with money, and quite another for it to mean a form of production of immaterial products (Colliot-Thélène, 1975, p. 97). Poulantzas seems to make the mistake of defining productive labour through its material content, as a result of the transformation of nature, whereas Marx focuses on the social form of labour, particularly on the relations of production, on the basis of which the productive process is put into operation (Bihr, 1989, pp. 47-48). Whether the form of the product is 'material' or 'immaterial' is irrelevant, but it should be transformed into a commodity and exchanged with the general equivalent (money) and that surplus value should be realized.

Finally, while Poulantzas clearly adheres to the Marxist analytical model, he appears to neglect the fundamental element of Marxian theory that is class struggle, along with its effects on transformations in social stratification. This makes his approach to the

enlargement of the tertiary sector awkward, a phenomenon which exposes further the commercialization of many more aspects of everyday life in which a significant fraction of the working class participate fully. (Aronowitz, 2002, p. 59). Correspondingly, changes in the technical division of labour result in older specialists losing intellectual autonomy and progressive dissipation of their distinctive qualities (Martin, 2015, pp. 259-260).⁴

b) Erik Olin Wright

Erik Olin Wright's view of social stratification also warrants inclusion in the so-called radical approaches. His approach is clearly influenced by the positions of analytical Marxism, and especially by Roemer, according to whom exploitation is a parameter in a negotiating relationship between individuals in the market. To be precise, the basic position compares different systems of exploitation and treats productive organization as a 'game' whose players enjoy different forms of ownership (e.g. resources, such as specialized skills or financial capital) through which they enter production, utilizing them to generate income on the basis of a specific framework of rules (Wright, 1987, p. 68).

On the basis of the above, for Wright the view that each position within a class structure corresponds to a single social class is to be rejected. There are positions which, due to their complex class character, pertain to more than one social class. This leads him to the conclusion that it is appropriate to speak of contradictory class positions. Such contradictory class positions are to be found in three 'regions' of the capitalist social stratification where entities that are part of different social classes exhibit common structural elements.

The first region is that generated between the new salaried petit bourgeoisie and the working class. The individuals concerned are neither workers nor lower middle class. The second region occupies a position between a traditional bourgeois class and a bourgeoisie including elements not belonging to either of the aforementioned. They are small entrepreneurs with relatively little capital and few employees. The third region is situated between wage earners and capitalists, and the players in it are the so-called middle strata who are wage-earners but have skills and/or exercise power (Wright, 1976, p. 39, 1997, pp. 19-23). The upshot is Wright's conclusion that in modern

⁴ Something similar might be said of the precariousness in employment. The spread of the regime of temporary employment, something concerning not only the secondary but also the tertiary sector (and in some cases even the primary), is an outcome of class struggle involving power correlations that allow this phenomenon to grow. It is not a hybrid new social class (Palmer, 2013, pp. 42-43) but an internal stratification within the working class. Class is constituted through exploitation and the drive for domination, whereas employment status is modifiable. On the issue of the fragmentation of the working class see Radice, 2014, pp. 278-279.

capitalist societies there are 12 classes (Wright, 1987, p. 88) based on a combination of criteria: (a) possession/non-possession of means of production, (b) administrative proficiency, (c) vocational specialization and credentials.

Of course, such a position raises a number of questions. Particularly problematic is the position on the skills possessed by certain agencies with which they can exploit the working class, resulting in the creation of a complex structure with 12 classes, where the working class comprises the lowest rung in the hierarchy. Only unskilled labourers belong to this class, because those possessing any specialized qualification are immediately elevated to a higher social rank. Similarly, membership of the bourgeoisie is confined to big capitalists who own the means of production (Malakos, 1991, pp. 71-72). The petit bourgeoisie are exclusively self-employed. Small capital holders with few employees are in the contradictory class position of small employers and are not to be included in the traditional petit bourgeoisie.

Besides that, precisely because much of the weight of the analysis of exploitation as a phenomenon is regarding qualifications and credentials, Wright ultimately tends to portray the phenomenon as exploitation of one person by another (Meiksins, 1986: 109). The reason for this is that exploitation for Wright is not only economic in content, but it becomes more likely when there is inequality in possession of specialties or unequal possibilities for exercising authority (Carter, 1986, p. 687). It is here that Wright's and, more generally, analytical Marxism's basic methodological problem emerges. The class struggle that shapes social classes is a struggle for social power and the correlation of power is what, at every point, shapes the rules of its conduct (Bensaid, 1995, p. 99).

c) William Robinson

Employing Marxian methodology, William Robinson comprehensively and clearly expounds the theory of the Transnational Bourgeois Class (TBC). For him the TBC was generated when the capitalist system entered into the historical era of globalization. The question that Robinson poses is how is it possible for capitalism at an ever accelerating rate to become transnational (as labour does) and for the same thing not to happen with capitalists and workers (Robinson, 2001-2002, p. 501). His answer is that only when we understand the meaning and the dynamic of globalized capitalism and the consequences it entails at every level of human practice will we be able to comprehend what is happening in terms of social stratification theory. The nature of globalized capitalism is such that the local, the regional and the global are no longer mediated through nation states and national productive systems. The classes and the social groups encounter each other at these multiple levels in new ways that render them increasingly less connected with old national/state identities and mediations.

This means that, in this new period, factions of the bourgeois classes from different countries are being merged with new capitalist groupings in transnational space (Robinson, 2012, p. 355). This new transnational bourgeoisie is the faction of the global bourgeoisie, represented by transnational capital (Robinson, 2001, p. 165). It has a consciousness of its own identity and at its summit is a managerial elite that controls the processes of globalized political strategy, corresponding to the transnational financial capital that is the hegemonic faction of capital globally. (Burbach and Robinson, 1999, pp. 33-34). The transnational bourgeoisie is to be distinguished from the national and local capitalists through its having been implicated in globalized production and through management of the globalized circulation of accumulation, something that endows it with an objective class foundation and identity that situates it in the globalized system irrespective of its geographical origin. As regards action, given the consciousness of its transnational character, the transnational bourgeoisie promotes a class-based project of capitalist globalization reflecting the globalized character of its decisions and the rise of a transnational state machine subject to its directives (Robinson and Harris, 2000, p. 22).

From the moment that the national productive structures are transformed into transnational ones, the global classes, whose organic development took place within the nation state, are also transformed through incorporation into the 'national' classes of other countries. The formation of the global social class accelerates dividing the world into a global bourgeoisie and a global proletariat. (Robinson and Harris, 2000, p. 17; Robinson, 2001, pp. 168-169).⁵

Our position, in contrast to that of Robinson, is that one cannot speak of either a global bourgeoisie or of a global proletariat. The absence of a single economic structure creates different conditions of profitability, and on the basis of this factor the national classes have been impelled into action, particularly in the wake of the crisis of overaccumulation (1973), which initiated a significant downward trend in profitability. The most powerful of the national bourgeoisies, i.e. those with higher levels of productivity, are attempting to expand their activities abroad – but only where they feel they can achieve a high level of profitability.

From the moment that the dynamic section of a bourgeoisie succeeds in penetrating other social formations, it assumes the character of the national bourgeoisie of the national formation in question. Thus, there is no SBO consisting of capitalists with shared supranational characteristics. The considerations that are of primary interest to each capitalist are the percentage of profit to be extracted from the employees, the

5 For a more political extrapolation of Robinson's views and the need for universalization of social tensions against a universal capital, see Chibber, 2014. For the problems faced by potential pan-European resistance to EU policies, see Bieler and Erne, 2014, pp. 160-168.

level of the collective worker and the average rate of profit prevailing in the national economy in question.

By the same token there is no supranational proletariat with common supranational interests. Members of the working class live under different conditions of exploitation from one formation to another, and their social struggles modify the specific national framework of exploitation. On a second plane, in the context of the imperialist chain, the national capitals within which the results of class struggle have been registered, all compete with each other.

The two previous sections presented the main position supported in this article on the theory of social classes and its differences with three of the most important views developed within the neo-Marxist theoretical current. A specific choice was made to answer questions relating to general considerations concerning the theory of social classes on the creation of worldwide classes, the petit bourgeoisification of contemporary societies, and the downgrading of the significance of the bourgeoisie/working class dichotomy.

In continuation, and prior to presentation of data for assessment of the social structure, it may be appropriate that there be some mention of the two previous studies (Christodoulou, 1995 and AKEL, 1996) that have been conducted on social stratification in Cyprus. The decision was that this should be done after presentation of our basic theoretical positions so as to highlight the methodological differences that distinguish this study from its two predecessors.

The Studies by Demetrios Christodoulou (1995) and AKEL (1996)

Christodoulou's study focuses primarily on the uneven pattern of distribution of economic growth in the Republic of Cyprus following the invasion. Thus, as regards the overall level of social inequality on the basis of 1991 data, 3% of households lived in absolute poverty and 4.3% in relative poverty. Above and beyond that, the gross annual income per family in 1991 came to CYP 10,975. But 11% of households had an income of less than CYP 2,500 pounds (i.e. 25% of the average income) and 3% had an income of over CYP 30,000 pounds. Ten percent of the total number of households had an income that barely came to 1.57% of the total income, while the wealthiest 10% of households had a share of the income corresponding to 26.3% of the total. This means that the most affluent 10% enjoyed $26.3\% \div 1.57\% = 16.75$ times more income than the poorest 10% (Christodoulou, 1995, p. 48).

As for the social structuring of the Cypriot population, Christodoulou concludes that the wealthiest layers comprise 5%, a broad middle class represents 65% and a working class embraces 30% of the population (Christodoulou, 1995, pp. 47-48).

It is however by no means obvious what methodology he employed to arrive at these conclusions. We might point out that the lack of clarity is even more pronounced if we take into account that, before presenting these estimates, he submits, once again without any preceding presentation of the calculations, a more complicated breakdown of the social structure (rural proletariat 1%, rural lower middle class and middle class 25%, manual working class 30%, white-collar working class 20%, proprietors of non-farming small businesses, privileged employers 10%). No figures are mentioned for the managerial class and the owners of some larger and some medium-sized businesses, but they are characterized as a 'small and powerful class', nor for independent working professionals, but they are described as a 'small high-income class'. Once again, it is not at all obvious by what means we have been led to this conclusion.

The AKEL study includes a lengthy section on socio-economic development in Cyprus, a theoretical part on the concepts of class stratification and finally a part which includes the statistical data to map the social structure of Cyprus. It concludes that, in 1992, 60.7% of the economically active population belonged to the working class; the middle strata of the urban population fluctuated between 14.7% and 16.4% of the economically active population; the middle strata of the rural population was 9.8%; the bourgeoisie accounted for between 4.7% and 6.5% of the economically active population and the upper-bourgeoisie of Cyprus is estimated at around 1% of the population (AKEL, 1996, pp. 94–100).

The AKEL study is undoubtedly a comprehensive effort which, on the basis of a specific methodology, ends up with an overview of Cypriot society in the early 1990s. In our study, apart from the fact that it refers to the same community, but about 20 years after Cyprus had joined the European Union, there are a number of methodological differences from the AKEL study.

For a start, the Cyprus Communist Party's (AKEL's) study is timid about referring to researchers beyond the classics of Marxism-Leninism. This is not simply because an absence of quotations from later Marxist-oriented analysts but also it is an indirect acceptance that from Lenin's time to the present day there have not been any noteworthy changes. Thus developments such as strengthening the role of managers in monopolized enterprises, societies' urbanization, salaried staff assuming executive functions, the new petit bourgeoisie playing key tactical roles, agricultural production changing due to food companies pre-purchasing produce are downplayed in the context of AKEL's analysis. For our part, bearing in mind the significance of the central point of Lenin's intervention on the question of stratification in a capitalist society, we attempt to enrich it through using additional tools corresponding to present-day developments (integration of managers into the bourgeoisie, the existence and segregation of two distinct sectors of the petit bourgeois, differences of social insertion within the farming strata of the population, see below).

To put it differently, our view is that, in the present day, using the term 'middle class' and differentiating based on geographical criteria, which may have been of some value in the transition period to monopoly capitalism as described by Lenin, obfuscates analysis rather than facilitates it.

In this sense we believe that is correct to characterize the petit bourgeois class as an intermediary class, subordinated to the two fundamental classes (Resnick and Wolff, 1986, p. 102) and not to equate it with the middle class. Synonymous as these two terms may seem, in this case their referents are completely different. The use of term 'middle class' in AKEL's research implies an imaginary continuity in social stratification, a graded pyramid at the basis of which is the working class, in the middle the so-called middle strata and on the top the ruling class. By contrast, the term 'intermediary' denotes an intermediate social class, which is not economically exploited but functions in an ancillary capacity within the structures of economic exploitation.

Similarly, breaking down the urban social classes fragments the uniformity of the capitalist mode of production on the basis of 'spatiality', highlighting two problems: one is that the countryside also has factories, shops, services, etc., and even agricultural production has been unequivocally incorporated into the capitalist productive framework. This is accomplished by the capitalist system adopting a plethora of specialized measures: (1) politically motivated reductions in the price of agricultural products and increases in the prices of industrial products, (2) high rates of taxation that are particularly burdensome for farm producers, (3) inflationary policies which, as forms of compulsory saving, serve to redistribute wealth to the advantage of the wealthiest (Vergopoulos, 1974, pp. 172 ff), (4) agreement between oligopolistic capital and family farms for production of a specific quantity (on a 'piecework' basis) for big food and animal production companies.

The AKEL study employs certain, newly coined terms such as intellectuals joining the working class (p. 92) and ambiguous class status (p.91), and the equation of 'intellectuals' with graduates of university and higher education is also questionable (pp. 94-95).

Application of the Theoretical Model to Cypriot Society

The next step will be to implement the adopted theoretical approach to highlight the morphology of Cypriot society. Empirical material is used multidimensionally so as to meet the requirements of the theoretical model. The study is accordingly not limited to registration of economic categories (e.g. presentation of the 10% most affluent households, their designation as bourgeois, with 60% assigned to the middle class and 30% to the working class). Instead, it takes a variety of data (position and occupation

at work, record of number of enterprises, record of agricultural crops) and performs calculations based on theoretical parameters related to ownership of the means of production, role in the social division of labour, specific position in accordance with size of the business and area under cultivation, stratification within the social layer of civil servants. Following this, there should be two assumptions. The first is that if there were more detailed data for some categories (e.g., civil servants' professions and positions at work and/or detailed data on the distribution of positions inside private companies), more accurate conclusions could be drawn. The second is that whatever result emerges, it will be nothing more than a general picture of Cypriot society. A number of practices such as the shadow economy and/or illegal activities that also have economic impact are not easy to calculate, thus obliging the researcher to accept a less accurate picture than would be desirable.

Presentation of the Empirical Data

Within the parameters of the outlined methodological framework, we can proceed to analyse the Cypriot social classes in 2011. We propose to utilize data from the 2011 census on the mode of employment of the workforce (occupation *and* position in the workplace) in addition to the methodology adopted in another study (Sakellaropoulos, 2014) which we cannot present in detail here. The final result for 2011 can be seen in Table 1 (next page), based on elaboration of the relevant data from Table 1 in the Appendix.

To arrive at an approximate figure for the size of the bourgeois class, we postulate that the 4,500 employers (or 1.0% of the potential workforce⁶) who own businesses employing more than nine wage-earners⁷ and pursue expanded reproduction of capital belong to the bourgeois class. Likewise to be included in the bourgeois class are those sections of 'senior management' that are employed in big Cypriot companies, which on account of their size have a vertically integrated structure and personnel performing purely managerial tasks: the number of people involved comes to around 400 (four managers on average for every productive unit employing 250 people⁸), that is to say approximately 0.1% of the potential workforce. To these must be added the managerial personnel of state enterprises and the broader public sector, numbering an estimated 4,100 people,⁹ i.e. 1.0% of the potential workforce.

6 By 'potential workforce' we mean the aggregate number of working employees and the unemployed.

7 The Cyprus Statistical Service's 2011 census of companies recorded 92,204 companies, of which 4,320 registered more than nine employees.

8 According to the Company Register there were 108 such businesses (see Table 2 of the Appendix).

9 This is the figure that emerges if we take it into account that according to the 2008 register of civil servants there were 63,384 civil servants working on various contractual bases whereas in 2011,

Table 1: Groupings of Individual Professions and Positions in the Profession, 2011 (%)

	Total workers	Employers	Self employed/ no employees	Other workers	Employees				Undeclared
					Total	FT	PT	Hours not stated	
Total	89.0	3.8	6.5	0.4	78.0	71.3	6.4	0.3	0.3
Profession									
(0)	1.0	~**	~	~	1.0	1.0	~	~	~
(1)	2.9	0.5	~	~	2.4	2.3	~	~	~
(2)	15.3	0.8	1.3	~	13.2	11.0	1.7	~	~
(3)	11.1	0.4	0.6	~	10.6	9.9	0.6	~	~
(4)	10.1	~	0.1	~	9.9	9.1	0.8	~	~
(5)	16.3	0.9	1.6	0.1	13.8	12.4	1.2	~	~
(6)	1.2	0.3	0.5	~	0.4	0.4	~	~	~
(7)	11.1	0.8	1.4	~	9.4	9.0	0.4	~	~
(8)	4.6	0.1	0.4	~	4.1	3.8	0.2	~	~
(9)	13.4	0.1	0.5	~	12.8	11.8	0.9	~	~
Not stated	0.9	~	~	~	0.6	0.5	~	~	0.2
Unemployed	11.0								
EAP	100.0*								

*marginal deviations due to rounding off

**negligible percentage

(0): Armed Forces, (1): Legislators and Managers, 2): Professionals, 3): technicians, (4): Clerks, (5): Services and Sales Workers (6): Agriculture and Fishery Workers, (7): Craft and related Trade Workers, (8): Plant and Machine Operators, (9): Elementary Workers

Source: Cyprus Statistical Service: Census, 1 October 2011

Correspondingly there is the petit bourgeois class which can be subdivided into the traditional and new petit bourgeoisie. To calculate the size of the traditional petit bourgeoisie, we used the Cyprus Companies Registry (see Table 2 in the Appendix), from which we ascertained that there are 87,884 employers with small businesses, usually family businesses, employing up to nine workers, who classified as traditional petit bourgeoisie (small traders, artisans, etc.). Some of these small employers would not have declared themselves as such in the 2011 census, given that in Cyprus the total number of employers barely comes to 15,900. The reason for this specific discrepancy is that some businesses have ceased operations, some are registered without functioning and some employers own more than one business. Given this, if we conclude that finally 2/3 (58,000) of registered businesses have one employer at the head of them, then 13.9% of the potential workforce belongs to the traditional petit bourgeoisie.

The new petit bourgeoisie is comprised of every kind of self-employed person who is not subject to exploitation or domination. In aggregate, from the 'self-employed' category, they amount to 5.9% of the potential workforce. To that figure, another 14.4% must be added from the category 'public employees' (2.4% of the potential workforce is to be included in the 'senior' personnel category, 11% from the category 'technically qualified' working full time, along with 1.0% in 'uniformed' occupations (e.g. police and military). In reaching this conclusion we took into account both the repressive role that is played by the said 'uniformed' sectors and the fact that some of the 'technically qualified' are employed part-time and so, irrespective of the position they may attain, appropriate a smaller proportion of the overall wealth, which does not exceed the cost of reproduction of their labour power.

Farmers can be divided into three large social categories: wealthy, medium and poor, according to the approach we adopted in the preceding section of our paper. As a basis for further calculation and classification we have utilized data on the distribution of the lands under cultivation. But a paradox is to be observed here, which has to do with the number of farmers. Specifically we should note that while category (6) of Table 1 'Agricultural and Fishery Workers' includes 5,145, or 1.2%, of the potential workforce, exposing a near total de-agriculturalization of Cypriot society, the 2010 agricultural census mentions 38,394 farms belonging to natural persons, or 9.2% of

according to the director of the statistical service, they had risen to a figure of 71,553 (17.2% of the potential workforce). The top level of the hierarchy is occupied by people in a position of responsibility (supervisors, directors). From the preceding analysis we concluded that directors belong to the bourgeoisie and supervisors to the new petit-bourgeoisie. Given our estimate, based on the corresponding ratios in the Greek public sector according to which there is one supervisor for every five employees and four supervisors for every director, the total number of directors comes approximately to 1/21 of the total staff, that is to say 3,400, and to them should be added the senior judiciary, revocable ministerial advisors, top-level university academics and the political personnel of the national and local governments, bringing us to a total of 4,100.

the potential workforce. The difference is of course too great to be attributable to the familiar statistical deviation. Our view is that in reality a great number of the proprietors of smallholdings either do not cultivate them at all or cultivate them only to a very limited extent, extracting additional income but without agriculture being their main mode of employment. Thus, on the 13,721 farms up to five decares in size, 26,027 proprietors and members of their households, together with 177 farmhands, engage in farming an average of 19.9 days per year. Correspondingly, on the 14,896 properties that range between five and 20 decares in size, 31,373 proprietors and members of their households, together with 395 farmhands, engage in farming 39.4 days per year. On the 31,977 properties that are up to 30 decares in size, 64,317 proprietors and members of their households, together with 1,310 farmhands, farm 37.3 days per year. By contrast, on the 6,417 properties that are over 30 decares in size, 13,416 proprietors and members of their households, together with 2,995 farmhands, farm 170.1 days per year and on the 3,787 properties that are over 50 decares, 7,782 proprietors and members of their households, together with 2,648 farmhands, farm 168 days per year.

It emerges from the above that, in general terms, allotments that are less than 50 hectares of land are so small that most of the farmers are obliged to have another job as their principal occupation. By contrast, the 9,616 proprietors of medium sized allotments, between 30 and 99.9 dectares in area, who work on average 90 days a year with their family members and 105 days a year with their farmhands, may be regarded as being part-time farmers, or to be more precise some of them have farming as their chief occupation and others do not. Finally, the 3,800 proprietors of properties more than 100 decares in area and who work with members of their households on average 154 days a year and 199 days a year with their farmhands are mostly full-time farmers.

In conclusion, we estimate that, of the 3,800 proprietors and members of their households owning more than 10 decares, 70%, that is to say 2,660 people or 0.6% of the potential workforce, are employed in farming as their chief occupation and are to be included in the category of wealthy farmers. Correspondingly, we judge that, of the 9,616 proprietors and members of their households who own allotments between 30 and 100 decares in size, 35%, that is to say 3,366 people or 0.8% of the potential workforce, are employed in farming as their chief occupation and belong to the medium farmer category. Finally, we estimate that, of the 64,317 proprietors and members of their households who own allotments up to 30 decares in size, 25%, that is to say 16,079 people or 3.9% of the potential workforce, have farming as their chief occupation and belong to the strata of poor farmers.

The category of *employees*, which is numerically the strongest (78% of the potential workforce), is made up primarily of members of the working class. If from that 78% we deduct the 14.4% we have characterized as belonging to the petit bourgeoisie, along with the 1.1% who are salary earners but also members of the bourgeoisie, we end up

with a figure in the order of 62.5%. But we have argued that a sizeable proportion of the 58,000 owners of small enterprises, around 48,000 or 12%, do not declare themselves as such, and so must also be deducted from the proportion of employees belonging to the working class. But this figure too must be treated cautiously, given that some employees are in fact relatives, ancillary members of a family business, and as such belong to the traditional petit bourgeoisie. Not having at our disposal more detailed data and taking into account AKEL's corresponding calculations¹⁰ for the 1990s, we conclude that around 13% of the potential workforce can be included in this category. Finally, the 4.1% difference between the apparent 1.2% of agricultural workers (category 6) and the actual 5.3%, which is the statistic we arrived at, must also be deducted from the total of employees. We thus come up with a figure of 33.4% for the working class of Cyprus.

Nevertheless, what must be underlined is that there is a hidden element in the statistics for the working class, namely the number of unemployed. Undoubtedly this 11.0% should not be completely included in the working class category given that sections of the new petit bourgeois have also fallen victim to unemployment. Nevertheless if we take into account that 30.4% of the total unemployed have tertiary educational qualifications, we conclude that the 11.0% of the unemployed are to be divided into 7.7% who are members of the working class and 3.3% who are members of the new petit bourgeoisie.

Above and beyond these categories there is also a further 0.9% which is undeclared and not includable anywhere.

Therefore, we can conclude that the bourgeoisie comprises 2.1% of the potential workforce, the wealthy farming strata 0.6%, the traditional petit bourgeoisie 26.9%, the new petit bourgeoisie 23.6%, the intermediate farming strata 0.8%, the poor farming strata 3.9% and the working class 41.2%, with a further 0.9% remaining unclassified.

Discussion

One preliminary conclusion that can be extracted from the preceding theoretical and empirical exposition is that in the Republic of Cyprus the ruling class comprises around 2.7% of the potential economically active population (bourgeoisie and wealthy farming strata), a majority (51.3%) offer social support to this ruling class (traditional petit bourgeoisie, new petit bourgeoisie and intermediate farming strata), while on the other side of the capital – labour contradiction, is the working class (41.2%), with the

10 The AKEL study gives a corresponding figure of 13% for the beginning of the 1990s (AKEL, 1996: 96).

poor farming strata as potential allies (3.9%).

Of course it should be mentioned at this point that these findings are a *grosso modo* outline of Cypriot society, the first to be attempted for 20 years. Unfortunately, what is missing are the more specialized studies of the kind that have been carried out on Greek society, which would help us to arrive at more precise conclusions.

From the Cyprus Statistical Service's data, we detect a relative polarization between the two basic classes and their allies, which however differs from the situation in which *each* side would number approximately half the potential workforce. On the contrary, the ruling class, together with its social supports, clearly outnumbers the so-called subaltern classes. This fact amounts to a direct antithesis with the prevailing situation in Western capitalist countries. The relevant study that we carried out on the social structure of various countries of the developed West at the beginning of the 1990s indicated that the working class comprised approximately two-thirds of the workforce, and the bourgeoisie, along with its supportive classes, comprised approximately 1/3: in the USA the working class comes to 65%, in Canada it approaches somewhere between 62% and 65%, in the United Kingdom 65% to 70%, in Western Germany between 62% and 70%, whereas in Japan it is estimated to be between 73% and 77% (Sakellaropoulos, 2002, pp. 123-124).¹¹

Returning to Greece, in the relevant study we conducted on the social transformations brought about by the recent crisis we ascertained that in 2009 (fourth quarter) the social structure was as follows: bourgeoisie 3.2%, wealthy farming strata 0.7%, traditional petit bourgeoisie 7.3%, new petit bourgeoisie 29.5%, intermediate farming strata 1.9%, poor farming strata 7.4%, and working class 49.1% (Sakellaropoulos, 2014, p. 307). The bourgeoisie and its supporting classes thus comprised 42.6% of the population, and the working class, together with the poor farming strata, is 57.4%. This shows that, prior to the crisis, Greece was somewhere

11 In the context of the Marxist theoretical model, we do not know of any comparable comparative study. On the contrary, there are a number of studies that approach classes as economic rather than social categories. In other words income distribution is the key criterion and not relations of domination and exploitation. The most recent study to adopt this approach is that of Vaughan-Whitehead, Vazquez-Alvarez and Maitre (2016), which deals with changes in the size of the middle classes between 2004-2006 and between 2008-2011 in EU countries, Iceland and Norway. In it, households with between 60% and 120% of the median income are defined as middle class. The findings indicated that although Cyprus, Spain and Estonia saw a dramatic expansion of the middle class in the preceding period (2004-2006), between 2008 and 2011 they experienced a decrease. Similarly, there are countries where there was continuation of an already noted contraction of the middle classes, such as Greece, Germany and the UK. Finally, in France, the Czech Republic and Sweden, where an increase in the core middle class was registered between 2004 and 2006, a reverse trend was noted between 2008 and 2011 (Vaughan-Whitehead, et al., 2016, p. 15). For research on the corresponding methodology, see Billiteri, 2009 and Dallinger, 2013.

between Cyprus and the other Western countries. Data from within the crisis period (2014 first quarter) indicate that the bourgeoisie comprised 2.8%, the wealthy farming strata 0.6%, the traditional petit bourgeoisie 6.9%, the new petit bourgeoisie 25.3%, the intermediate farming strata 1.4%, the poor farming strata 7.1% and the working class 55.3% (Sakellaropoulos, 2014, p. 307). Thus the bourgeoisie and its supporting classes comprised 37.2% and the working class together with the poor farming strata 62.8%. We see that the crisis has brought significant changes to Greek society, which is coming to resemble Western societies, with the important distinction of having, for historical reasons, a comparatively large farming population.

Consequently the Cypriot social formation presents some very important divergences from developments in the West but also in Greece, displaying characteristics of a more 'transitional' type of society, with a large number of intermediate strata alongside a clearly smaller working class. Transitional societies evolve out of the 'traditional' societies of the early period of capitalism where, despite the hegemony being exercised by the bourgeoisie in alliance with the petit bourgeois strata, the farming strata remain in the majority.

The Cypriot social formation can be attributed to the presence of small businesses in the post-war period, in both industry and trade and services. Admittedly a clear tendency towards concentration of capital is also to be noted. For example there are only nine processing enterprises employing over 250 workers and 4,990 which employ from zero to nine, but developments such as the de-agriculturalization of the economy (contraction in the numbers of those employed full time in farming from 38.3% in 1973 to 5.3% in 2011) and the expansion of trade, tourism and other services (employment in the tertiary sector rose from 35.5% in 1973 to 55.7% in 2011) paved the way for the establishment of a basic network of small to medium businesses (for example, in 2011 there were 15,784 businesses engaged in trade with up to nine employees and 4,669 corresponding businesses specializing in catering and accommodation, and it is noteworthy that there were 1,282 similar insurance and real estate companies and 1,455 legal and accounting offices, 1,241 architects, 1,810 agencies providing educational services, 2,586 concerned with human health and 2,946 barbers, hairdressing salons and beauty salons) all setting the pattern for social stratification in Cyprus.

Appendix

Table 1: Groupings of individual professions and positions in the profession, 2011 (%)

Profession	Total workers	Employers	Self employed no employees	Other workers	Employees			Undeclared	
					Total	FT	PT		
Total	371316	15900	27144	1595	325353	297415	26665	1273	1324
(0)	4285	5	19	1	4256	4209	30	17	4
(1)	12153	1881	162	26	10069	9640	399	30	15
(2)	63668	3165	5230	234	54908	45782	6919	207	131
(3)	46515	1606	2342	177	44132	41378	2659	95	258
(4)	42058	333	422	153	41139	37871	3208	60	11
(5)	68157	3616	6858	428	57192	51883	5112	197	63
(6)	5145	1207	2081	107	1746	1652	88	6	4
(7)	46479	3021	6028	162	39218	37645	1473	100	50
(8)	19137	487	1692	38	16906	15943	922	41	14
(9)	56139	465	2178	245	53208	49349	3720	139	43
Not stated	3580	114	132	24	2579	2063	135	381	731
Unemployed	45864								
EAP	417180								

Source: Cyprus Statistical Service: Census, 1 October 2011

Table 2: Number of Enterprises by Group Size (2011)

Total	0-9	10-49	50-249	over 249
92204	87884	3599	613	108

Source: Cyprus Statistical Service: Business Register

Table 3: Employment of owners, members of the household and permanent employees and utilized agricultural area

Total number of holdings		%	No. of persons (owners & members of household)	No. of working days	No. of employees	No. of working days
Total (decares)	38394	100.0	77333	3560267	4305	1172795
Landless	421	1.1	632	92710	521	148958
< 5 «	13721	35.7	26027	476938	177	45556
5 - 9.9 «	7886	20.5	16432	502246	140	31215
10 - 19.9 «	7010	18.3	14941	653890	255	65524
20 - 29.9 «	2939	7.7	6285	376767	217	58680
30 - 49.9 «	2630	6.9	5634	442895	347	85959
50 - 79.9 «	1514	3.9	3041	312911	429	110037
80 - 99.9 «	465	1.2	941	116517	172	46048
100 - 299.9	1305	3.4	2749	407344	915	256425
300 – 499.9	250	0.7	515	86264	339	92810
500 – 999.9«	164	0.4	339	58615	408	118970
1000 + «	89	0.2	197	33620	385	112613

Source: Statistical Service, Census of Agriculture 2010, table 40, p. 207

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The Legal Position of LGBT Persons and Same-Sex Couples in Cyprus

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Abstract

Historically, Cyprus was greatly lagging behind other European countries in the recognition and protection of the rights of LGBT persons and same-sex couples. However, from the 1990s, when male-to-male consensual sex was decriminalised, to 2015 when (same-sex and opposite-sex) civil partnerships were introduced, Cyprus has gone a long way – legally – in the recognition of same-sex relationships and the protection of the rights of LGB persons, although, admittedly, some important gaps still persist. As regards trans persons, things are not equally encouraging, as the legal system – still – makes no systematic provision for them. The aim of this article is to take stock of the protection and rights that LGBT persons and same-sex couples have come to enjoy under the Cypriot legal system. It will also seek to highlight the gaps that still remain in the protection that Cyprus offers to LGBT persons and same-sex couples and to briefly suggest ways for filling these gaps. It will be concluded that although some important steps in the right direction have been made, especially in recent years, there is still a long way to go for achieving complete equality under the law between LGBT persons and their heterosexual and cisgender brothers and sisters.

Keywords: Cyprus; EU; Council of Europe; ECHR; Equality; LGBT; Gay and Lesbian; Same-Sex Couples; Trans; Discrimination on the Grounds of Sexual Orientation and Gender Identity

1. Introduction

Historically, Cyprus² was greatly lagging behind other European countries in the

1 Associate Professor in EU Law, University of Reading. I am extremely grateful to the Office of the Cyprus Ombudsman for its kind assistance in providing access to materials necessary for the preparation of this article. I would also like to thank an anonymous reviewer for very helpful comments on a previous draft of this article. Needless to say, all errors remain mine

2 In this article, 'Cyprus' should be taken to refer to the Republic of Cyprus. Cyprus remains de facto divided since the Turkish invasion in July 1974. The article will only discuss the situation in the Republic of Cyprus and will not discuss the situation in the Turkish-occupied northern part of Cyprus, which in 1983 illegally proclaimed independence as the 'Turkish Republic of Northern Cyprus (TRNC)', which is until today only recognised by Turkey. The Republic of Cyprus retains

recognition and protection of the rights of lesbian, gay, bisexual and trans (hereinafter ‘LGBT’) persons and same-sex couples and ‘[t]hroughout Cyprus history, colonial and post-colonial legacy prosecuted and marginalized LGBT people’.³ However, from the 1990s, when male-to-male consensual sex was decriminalised, to 2015, when (same-sex and opposite-sex) civil partnerships were introduced, Cyprus has gone a long way – legally – in the recognition of same-sex relationships and the protection of the rights of gay, lesbian, and bisexual (hereinafter ‘LGB’) persons, although, admittedly, some important gaps still persist. As regards trans persons, things are not equally encouraging, as the legal system – still – makes no systematic provision for them, and they are only very seldom removed from their ‘invisibility’, a relatively recent example being the media reaction that ensued from the closure by the police of an art exhibition by a Greek trans artist.⁴

The aim of this article is to take stock of the protection and rights that LGBT persons and same-sex couples have come to enjoy under the Cypriot legal system. For this purpose, a historical overview of the position of LGBT persons and same-sex couples in Cyprus will be provided, which will seek to demonstrate that the path to the rights currently enjoyed by this segment of the population has been long and difficult and fraught with many political landmines. The topic is vast, worthy of a monograph in its own right, and thus an article of this length can only focus on the basics, aiming to sketch the current position of LGBT persons and same-sex couples under the Cypriot legal system and to highlight the gaps that still remain in the protection that the State offers to them. The main conclusion of the article will be that although some important steps in the right direction have been made, especially in recent years, there is still a long way to go for achieving complete equality under the law between LGBT persons and their heterosexual and cisgender brothers and sisters.⁵

sovereignty but does not exercise effective control over the Turkish-occupied part of the island. For a clear introduction to the Cyprus problem see J Ker-Lindsay, *The Cyprus Problem: What Everyone Needs to Know* (OUP 2011).

3 M. Kapsou, A. Christophi, M. Epaminonda, (Nicosia: Cyprus Family Planning Association and Accept-LGBT Cyprus, June 2011), p. 5. Available at http://www.cyfamplan.org/famplan/userfiles/documents/a_report_on_sexual_orientation_in_cyprus.pdf (last accessed on 31 August 2017).

4 ‘Εφοδος της Κυπριακής Αστυνομίας στην έκθεση της Πάολας Ρεβενιώτη’, LIFO GR, November 2014, <http://www.lifo.gr/now/culture/55911> (last accessed on 31 August 2017). See, also, the announcement by Accept-LGBT Cyprus in relation to this <http://www.acceptcy.org/en/node/9227>, November 2014 (last accessed on 31 August 2017).

5 The most recently published ILGA Europe Rainbow Europe map (2017) shows that Cyprus is one of the worst performing EU countries as regards the legal and policy human rights situation of LGBTI people: on a scale between 100% (respect of human rights, full equality) and 0% (gross violations of human rights, discrimination) Cyprus scored only 29%. ‘The Rainbow Europe map’ (Brussels: ILGA, May 2017), available at <https://www.ilga-europe.org/resources/rainbow-europe/rainbow-europe-2017> (last accessed on 31 August 2017).

2. LGBT Rights in Cyprus: The Social and Historical Context

Cyprus is a small island in the eastern Mediterranean. It is a relatively young state, having taken its current form – as the Republic of Cyprus – only in 1960. Before that, it was a British colony (officially since 1925, but administered by the British Empire since 1878, whilst still officially a part of the Ottoman Empire until 1914) and, thus, the majority of its laws originate from British colonial rule.⁶ A member state of the Council of Europe since 1961, it signed the European Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR) in 1961 and ratified it in 1962. Cyprus joined the European Union (EU) in May 2004.

Cyprus is a socially conservative country and, thus, minorities and anyone different from what is perceived to be the norm can feel excluded and marginalised. As a sexual minority, LGBT persons in Cyprus have faced discrimination in all areas of life and in some cases have been harassed and/or ridiculed even by state authorities, and particularly by the police.⁷ The absence – until very recently – of any real legal protection for LGBT persons, in combination with the fact that LGBT persons in Cyprus often do not wish to reveal their sexual orientation or gender identity, has led to underreporting of incidents of violence and harassment against this group of persons. Moreover, the fact that LGBT issues have been considered taboo coupled with the almost complete absence of a meaningful discussion of these issues in the media and the resultant lack of ‘education’ around them,⁸ has meant that LGBT persons have, until recently, largely been invisible in Cypriot society. LGBT persons are largely absent from Cyprus popular culture and television shows, apart from a few examples in Cypriot (or Greek) television series where gay men have been negatively portrayed as highly sexualised and blithe caricatures. At schools and other educational establishments, discussion of LGBT issues remains a sensitive, and thus evaded, topic and this is quite unfortunate in that informed discussion of these issues at an early age would be an important way of addressing prejudices and stereotypes and changing attitudes and perceptions.⁹

6 Exceptions to these being, for instance Cypriot Family law, which has been influenced by Greek Family law instead.

7 For a study on the experiences of LGB persons in Cyprus, particularly their experiences of acceptance or discrimination in various settings see N. Trimikliniotis and S. S. Karayanni, ‘The Situation Concerning Homophobia and Discrimination on Grounds of Sexual Orientation’ (Nicosia: Simfiliosi, March 2008), p. 6. Available at <http://www.statewatch.org/news/2010/jan/cyprus-homophobia-report.pdf>, last accessed on 10 August 2017).

8 For a study collecting and analysing the extent and quality of portrayal of LGBT issues in Cyprus media see Kapsou, et al., *A Report on Sexual Orientation in Cyprus*.

9 For a more detailed analysis of the situation in schools and suggestions for improvement see the Cyprus Anti-Discrimination Body *Report on Homophobia in Education and the Treatment of*

The nexus of heteronormativity and patriarchal structures¹⁰ that has traditionally been a central aspect of the Cypriot society, together with the strong influence of the socially conservative State Church within the Cypriot society and even in politics and legislative choices, have been the main factors that have led to a homophobic and transphobic climate in the island. The State Church – currently headed by Archbishop Chrysostomos II – has always played a significant role in the social marginalisation and psychological persecution of LGBT individuals in Cyprus. In addition, it is the Church that has often been the force behind delays in legislative developments aiming to protect and respect LGBT rights. Furthermore, the Cyprus Problem and its position as the top concern of all successive governments since the 1960s has meant that other matters which are perceived to be of less importance because they concern only a small segment of the Cypriot society receive less or even no attention at all.¹¹ Accordingly, as will be seen below, legislative developments aiming to protect and respect LGBT rights have only come about slowly and mainly as a result of pressure from EU and/or Council of Europe membership.

3. LGBT Activism in Cyprus

As the Cyprus Commissioner for Administration and Human Rights (hereinafter ‘the Cyprus Ombudsman’) in her position as the Head of the Anti-Discrimination Body has noted,¹² it is important for LGBT organisations to have a presence in media and to cooperate with governmental authorities and organisations in order to raise public awareness in relation to LGBT issues.¹³ In Cyprus, LGBT activism was born

Homophobic incidents, No 63/2011 and 131/2011, 20 November 2012. Note, however, that in recent years some steps have been taken, such as a campaign supported by the Ministry of Education in 2012 ‘Shield against Homophobia in Education’ and the establishment by the same Ministry in 2011 of an Observatory for Violence in Schools, which would investigate, inter alia, the victimisation of students and teachers in schools for sexist or homophobic reasons.

10 Gay men are considered as inappropriately behaving as women and, thus, as failing to satisfy gender expectations of the Cypriot sexist ‘macho’ culture. For more on this see Trimikliniotis and Karayanni, ‘The Situation Concerning Homophobia and Discrimination on Grounds of Sexual Orientation’, pp. 2-4.

11 See N. Trimikliniotis and C. Demetriou, ‘Evaluating the Anti-Discrimination Law in the Republic of Cyprus: A Critical Reflection’ *The Cyprus Review* (Vol. 20, No. 2, 2008) pp. 79, 83; N. Kamenou, ‘“Cyprus is the Country of Heroes, Not of Homosexuals”: Sexuality, Gender and Nationhood in Cyprus’, PhD Thesis, King’s College London, 2012, available online at https://kclpure.kcl.ac.uk/portal/files/12780640/Studentthesis-Nayia_Kamenou_2012.pdf (last accessed on 11 September 2017).

12 For a more detailed explanation as to how the Cyprus Ombudsman has been appointed national equality body, see section V(3) of the article.

13 Cyprus Anti-Discrimination Body Report regarding the prevention and fight against homophobic

in the 1980s and has contributed greatly in pushing for legislative reform and – more recently – in raising public awareness and bringing together the LGBT community of the island.

The very first organisation exclusively devoted to the promotion of the interests of the gay and lesbian community was established in December 1987 by 16 gay men and a lesbian woman. This was the ‘Liberation Movement of Homosexuals in Cyprus’ (AKOK – Απελευθερωτικό Κίνημα Ομοφυλοφίλων Κύπρου), which was founded and presided by the famous Cypriot gay rights activist Alecos Modinos. The main target of AKOK was to campaign for the decriminalisation of sexual conduct between males. After achieving its main aim in the late 1990s, AKOK was not very active and few – if any – steps were subsequently taken by this organisation.

Accordingly, for about ten years, LGBT activism in Cyprus was virtually non-existent. The end of this period of inactivity came with the establishment of Accept-LGBT Cyprus (‘Accept’). The origins of Accept go back to 2009, when in September of that year ‘a group of people came together to explore and discuss not only the discrimination they were facing but also the exclusion and intolerance they were witnessing around them when expressing their sexual identity and orientation. Get-together after get-together began to gather momentum and so with the energy, vision and passion of the many, accept LGBT Cyprus came into being. A steady group of people began to meet regularly, quickly forming an organization dedicated to, focused on and driven by, the need for sexual equality’.¹⁴ The organisation was officially established in 2011 and has been very active since then, contributing to the visibility of the LGBT community in Cyprus.

Accept has lobbied the government for the legal recognition of same-sex partnerships and for other legal reforms concerning LGBT persons and same-sex couples. At the moment of writing, Accept is trying to push forward legislative reforms which will aim to resolve key problems faced by the trans and intersex communities in Cyprus. In 2014, it organised the first Gay Pride parade in Cyprus, which received wide support from almost all the political parties, as well as some current and ex politicians, Embassies and foreign diplomats, and the political offices of international organisations in Cyprus, despite the fact that it was met with severe opposition from the State Church. Since then, there is an annual Gay Pride parade in Nicosia. In addition, in October 2016, Accept hosted in Nicosia the ILGA-Europe annual conference, which is Europe’s largest annual LGBT event.

All these events, together with the progress made in the legal framework, have

speech, No. 55/2010, 56/2010, 57/2010, 58/2010, 61/2010, 29 June 2012, para 33.

14 Kapsou, et al., *A report on Sexual Orientation in Cyprus: Mapping the Sociopolitical Climate, Experiences and Needs*, p. ii.

increased the visibility of the LGBT community in Cyprus and have encouraged the open discussion of LGBT issues in the media, with TV presenters and journalists often providing a supportive and scientifically and politically correct portrayal of such issues.

4. The Protection of the Rights of Trans Persons under Cypriot Law

Although – as the LGBT acronym demonstrates – persons of homosexual or bisexual orientation are often grouped together with trans persons, different issues are involved in the treatment of these two groups of persons. In particular, there are differences between these groups as regards the challenges they face, the way they need to be protected under the law, as well as the reasons for, and the areas of life in which they are discriminated against. For this reason the article needs to distinguish between the ‘LGB’ and the ‘T’. This section is, therefore, devoted to trans persons and their treatment under the Cypriot legal system.

Before proceeding to examine the legal treatment of trans persons in Cyprus, a few words should be said about terminology. ‘Trans’ is used to refer to ‘those people who do not perceive or present their gender identity as the same as that expected of the group of people who were given the equivalent sex designation at birth’;¹⁵ or, put more simply, ‘a trans person is someone who identifies with a different gender and/or expresses their gender identity differently from the gender that they were assigned at birth’.¹⁶ The term ‘transsexual’ is narrower and is a sub-category of the term ‘trans’, indicating ‘someone who is intending to undergo, is undergoing or has undergone gender reassignment treatment’.¹⁷ Unlike LGB persons, whose defining characteristic is their sexual orientation, which groups them together as one group, the characteristic that binds together trans persons is their gender identity.¹⁸ Therefore, discrimination

15 S. Whittle, *Respect and Equality: Transsexual and Transgender Rights* (Abingdon, UK: Routledge 2002), pp. xxii f.

16 EU Fundamental Rights Agency Report, *Being Trans in the European Union: Comparative analysis of EU LGBT survey data* (Luxembourg: Publications Office of the European Union, 2014) 14. Available at https://fra.europa.eu/sites/default/files/fra-2014-being-trans-eu-comparative_en.pdf, last accessed on 31 August 2017.

17 Whittle, *Respect and Equality: Transsexual and Transgender Rights*, pp. xxii f. For an explanation of transgenderism see F. Pfäfflin, ‘Transgenderism and Transsexuality: Medical and Psychological Viewpoints’ in J M Scherpe (ed), *The Legal Status of Transsexual and Transgender Persons* (Cambridge: Intersentia, 2015).

18 The Yogyakarta principles define ‘gender identity’ as ‘each person’s deeply felt internal and individual experience of gender, which may or may not correspond with the sex assigned at birth, including the personal sense of the body (which may involve, if freely chosen, modification of bodily appearance or function by medical, surgical or other means) and other expressions of gender, including dress, speech and mannerisms’. See ‘Preamble’, Yogyakarta Principles, page 8. Available at http://www.yogyakartaprinciples.org/wp-content/uploads/2016/08/principles_en.pdf, last accessed on 1

against trans persons is considered to be discrimination based on gender identity.¹⁹

As Trimikliniotis and Karayanni have noted, '[i]f homosexuality is an unspeakable taboo and if lesbianism is immersed in a numb silence, sex change poses a major challenge and threat to the established order' in Cyprus.²⁰ Accordingly, and as will be seen in this section, trans persons have, until very recently, been completely invisible in the Cypriot legal framework and, apart from a handful of pieces of legislation which have been recently amended in order to make reference to gender identity, no real progress has come in relation to their position.

As noted in various reports on LGBT rights in Cyprus, there is hardly any information specific to trans persons living on the island. Moreover, until very recently, trans persons were not explicitly covered or mentioned in any pieces of legislation and the provision that has been made for them in recent legislation seeks to protect them from violent acts of other persons (hate speech) but does not protect positively any of their rights as there is still no provision in the law for a procedure which enables them to be recognised in their psychological gender, as will be explained below. The latter legislative void amounts, according to the Ombudsman, to a breach of trans persons' right to private life, contrary to Article 8 ECHR,²¹ and is also a breach of their right to

September 2017.

- 19 Though in some contexts (e.g. in the case law of the EU Court of Justice) it has been considered to amount to discrimination on the ground of sex.
- 20 Trimikliniotis and Karayanni, 'The Situation Concerning Homophobia and Discrimination on Grounds of Sexual Orientation', p. 24.
- 21 Cyprus Anti-Discrimination Body Report regarding the legal recognition of the gender identity of trans persons, No 21/2011, 95/2011, 14/2013, 12/2014, 2 April 2014, para 111. In 2012 a case (Application No. 72491/12 Andriana Klaedes v Cyprus (15 October 2015) was brought before the ECHR by a trans lawyer registered as a member of the Cyprus Bar Association who complained that a number of her rights under the ECHR were breached by a judge of the Larnaca District Court (criminal jurisdiction) before whom she appeared to represent a client. The lawyer argued that her right to respect for her private life under Article 8 ECHR had been infringed because of the disclosure in public by the Judge of her personal data and matters concerning her sex; that her right not to be subjected to degrading treatment under Article 3 ECHR was breached as a result of the judge's derogatory and humiliating comments in the courtroom; that her right to access to court on behalf of her clients under Article 6 ECHR was violated because of the behaviour and attitude of the judge; and that, because judges enjoyed immunity under Cyprus legislation, there was no remedy in the domestic legal system in respect of the above complaints, in breach of Article 13 ECHR. The ECtHR unanimously declared the application inadmissible, holding that the applicant had not taken the necessary steps to exhaust available domestic remedies in respect of her complaints in relation to Articles 8, 13 and 3 ECHR. Moreover, as regards her claim under Article 6 ECHR, the Court held that because it was the applicant's client and not the applicant herself that was a victim of the alleged violation, her complaint was incompatible *ratione personae* with Article 35(3)(a) ECHR and thus her complaint should be rejected. This was the only case brought before the ECtHR against Cyprus by a trans person. For a comment on the case see A. Shepherd, 'Let's not skirt the issue: reflections on Klaedes v Cyprus (2015)' (2016) 2 *The Young Human Rights Lawyer* 23. Available at <https://www>.

human dignity.²² In addition, apart from their, until recently, complete invisibility in legislation, trans persons are often the victims of discrimination and hostile treatment in almost all areas of their lives.²³

Despite the lack of legislation granting the right to trans persons to apply to be recognised in their psychological gender, transsexuals can change their sex and name in Cyprus²⁴ by submitting a medical certificate confirming that gender reassignment surgery has been conducted together with a sworn affidavit regarding the change of name to the District Administration authorities.²⁵ The authorities will then forward the medical certificate to the Ministry of Health for approval, and, once approval is obtained, they will issue a new passport, identity card, and electoral identity booklet to the applicant. However, the birth certificate of the applicant is not amended. It should be highlighted that although a person's gender identity can, in practice, be recognised in formal documents, there are certain requirements which must be satisfied prior to this: a gender reassignment surgery must have been performed and there must be proof of single (or divorced) status. In addition, the decision whether to proceed with such formal recognition falls at the *discretion* of the Director of the Civil Registry and Migration Department and, thus, a transsexual person is not entitled to it as of right.²⁶ Finally, there is no legal framework to secure a requirement for recognition of trans persons in their psychological gender in non-state documents, such as school certificates.²⁷ Moreover, as is obvious, trans persons who have not undergone a gender reassignment surgery can under no circumstances change their sex and name in State documents.

In her position on the matter, the Ombudsman, in line with the position expressed in international instruments,²⁸ noted that the requirement of any kind of medical intervention (including gender reassignment surgery) cannot be a prerequisite for the

hrla.org.uk/wp-content/uploads/2016/09/2016-Journal.pdf, last accessed on 7 December 2017.

22 *Ibid*, para 113.

23 *Ibid*, para 7.

24 This is based on the general (i.e. not trans-specific) Law 141(I)/2002 (Ο Περὶ Ἀρχαίου Πληθυσμοῦ Νόμος του 2002), sections 40 and 41.

25 M Ioannidou, 'Legal Study on Homophobia and Discrimination on Grounds of Sexual Orientation and Gender Identity: Cyprus – January 2014 update', p. 25. Available at http://fra.europa.eu/sites/default/files/fra_uploads/country-study-lgbt-legal-update-2014-cy.pdf, last accessed on 14 August 2017.

26 Cyprus Anti-Discrimination Body Report regarding the legal recognition of the gender identity of trans persons, No 21/2011, 95/2011, 14/2013, 12/2014, 2 April 2014.

27 M Ioannidou 'Legal Study on Homophobia and Discrimination on Grounds of Sexual Orientation and Gender Identity: Cyprus – January 2014 update', p. 25.

28 See, for instance, Principle 3 of the *Yogyakarta Principles*. Available at http://www.yogyakartaprinciples.org/wp/wp-content/uploads/2016/08/principles_en.pdf, last accessed on 1 September 2017.

legal recognition of the gender identity of a person.²⁹ In addition, it is imperative for trans persons to have access to a clear, specific, rapid, accessible, and transparent, procedure for changing their sex and name in their identity documents.³⁰

The invisibility of trans persons in the Cypriot legal system is also reflected in the absence in the Cypriot anti-discrimination legislation of any reference to this group of persons and to gender identity as grounds on which it is prohibited to base a distinction. A perusal of the Cypriot legal framework prohibiting discrimination (to be seen in more detail below, when examining the rights of LGB persons) reveals that trans persons and the issues affecting them are conspicuous by their absence, although if Cyprus follows EU law, as it has to, it must at least consider that all provisions prohibiting discrimination on the grounds of sex also prohibit discrimination which is based on the fact that a trans person has undergone gender reassignment surgery.³¹

Nonetheless, in recent years some small legislative steps have been made which offer some protection to trans persons. In 2015, the Cyprus legislature passed an amendment³² to the Cyprus Criminal Code (Cap 154) which provides that hate speech based on, inter alia, gender identity is a criminal offence punishable by imprisonment and/or a fine.³³ Moreover, section 35A of the Criminal Code (Cap 154) – added in 2017³⁴ – provides that when determining penalties, courts can consider as an aggravating factor a motive of prejudice against groups of persons who are characterised by, inter alia, gender identity. In addition, the Refugees Law (No. 6(I)/2000)³⁵ has been amended several times and now includes gender identity as valid grounds for the granting of asylum.

Despite the poor record of the Cyprus legislature in relation to the protection of the rights of trans persons, the approach of some public authorities and bodies shows

29 Cyprus Anti-Discrimination Body Report regarding the legal recognition of the gender identity of trans persons, No 21/2011, 95/2011, 14/2013, 12/2014, 2 April 2014, paras 109, 112, 113; Anti-Discrimination Body Proposals regarding the institutionalization of a legal framework for the protection of trans persons, No 24/2016, 10 October 2016, para 6, bullet point 3.

30 Cyprus Anti-Discrimination Body Report regarding the legal recognition of the gender identity of trans persons, No. 21/2011, 95/2011, 14/2013, 12/2014, 2 April 2014, paras 110 and 113; Anti-Discrimination Body Proposals regarding the institutionalization of a legal framework for the protection of trans persons, No 24/2016, 10 October 2016, para 6, bullet point 2.

31 Case C-13/94 P v S and Cornwall City Council ECLI:EU:C:1996:170.

32 eLaw 87(I)/2015 Amending the Criminal Code (Cap 154) (Ο περί Ποινικού Κώδικα (Τροποποιητικός) Νόμος του 2015).

33 Section 99A of the Cyprus Criminal Code (Chapter 154). This amendment will be discussed in more detail later, when analysed in the context of LGB rights.

34 Lawel/2017 Amending the Criminal Code (Cap 154) (Ο περί Ποινικού Κώδικα (Τροποποιητικός) Νόμος του 2017).

35 The Refugees Law 6(I)/2000 (Ο Περί Προσφύγων Νόμος του 2000).

some encouraging signs.

In early 2013, Accept submitted a complaint to the Cyprus Anti-Discrimination Body, regarding the arrest and detention of a trans woman in a male prison. Due to the fact that her name on her identity card was masculine, she was taken to a male prison. However, the prison officials were aware that she was a trans woman and, in the absence of any specific instructions, they detained her in the children's ward, which, was empty at that time. In response to the complaint, the Cyprus Anti-Discrimination Body suggested that it is incredibly important that a police instruction/circular should be issued regarding the handling of cases involving trans persons who are in detention, in order to ensure full respect of their rights. This, according to the Ombudsman, would require that transsexual persons be treated as belonging to their assigned gender, and that in situations where it is not clear whether a person is a man or a woman, that person must be requested to specify what *they* consider to be their gender identity or, in case that person is not willing to express a preference for gender identity, steps must be taken to identify it (e.g. by cooperating with doctors and psychologists).³⁶ In a subsequent report, the Ombudsman expressed her satisfaction with the response of the Cyprus Police, which demonstrated a positive attitude towards cooperating with the Anti-Discrimination Body in order to implement the latter's suggestion for a circular to be distributed among police departments concerning the treatment of trans persons in detention centres.³⁷

In the same year, the Anti-Discrimination Body received another complaint concerning, again, the imprisonment of a transsexual woman; however, in this instance, the situation was more complicated in that the imprisonment was for a longer duration (2 years instead of for a handful of days), the prisoner was receiving hormonal treatment and was at the last stage of her gender reassignment process, and the infrastructure suitable for the special needs of trans persons seemed to be lacking. The Ombudsman was content with the way that the prison management had handled the situation; however, she made a number of suggestions as to what a circular sent to prison authorities in similar situations should include, such as the need for the prison management to ensure that trans persons are placed in safe accommodation, that they can continue their hormonal treatment with monitoring by an endocrinologist and regular health checks, that they receive psychological support from a specialist, and that prison staff address them with the name that they have chosen instead of the name written on their official documents.³⁸

36 Cyprus Anti-Discrimination Body Position regarding the detention of a transsexual in police detention centre, No 3/2013, 31 January 2013.

37 Cyprus Anti-Discrimination Body Position regarding the detention of a transsexual in Central Prison, No. 37/2013, 6 August 2013.

38 *Ibid.*

It is clear that, at the moment, trans persons are almost completely ignored by the Cypriot legal system. In order to ensure that it respects and protects the basic rights of trans persons, Cyprus must make express provision for them in its anti-discrimination legislation, by adding gender identity as one of the prohibited grounds of discrimination.³⁹ In addition, Cyprus must make legislation which provides a clear, specific, rapid, accessible, and transparent procedure, which enables every trans person *as of right* to apply to be recognised in *all State and non-State* documents by their psychological gender, *without* requiring prior medical or surgical intervention and sterilisation.⁴⁰ These are the first, and minimum, steps that must be taken as a matter of urgency, but they are by no means the only steps that Cyprus needs to take in order to fully respect and protect the rights of trans persons.

5. The Protection of LGB Persons and Same-Sex Couples Under Cypriot Law

Gay men, lesbian women, and bisexual men and women, are grouped together as persons who share a sexual orientation (homosexual or bisexual) which is different from that of the majority of the population, which is perceived to be heterosexual. According to the *Yogyacarta Principles*, 'sexual orientation is understood to refer to each person's capacity for profound emotional, affectional and sexual attraction to, and intimate and sexual relations with, individuals of a different gender or the same gender or more than one gender'.⁴¹ The recognition of gay and lesbian rights only began in the 1970s, following the awareness raised by the Stonewall riots in New York in June 1969 and the vocalisation of the concerns of the gay and lesbian community through the activities of early gay rights organisations, established mainly in the western world.⁴²

Needless to say, back in the 1970s, gay and lesbian rights were unheard of in Cyprus: in a country where sex between consenting adult males was a criminal offence, there was hardly any scope for a campaign to promote and protect LGB rights. The first reference to such rights on the island was made in the 1980s with the establishment of AKOK, as well as with the awareness raised indirectly through the public discussion regarding the AIDS epidemic. As will be seen below, the first steps for the legal protection of the rights of LGB persons were (reluctantly) taken only in the late 1990s.

39 This is also a requirement imposed on Cyprus by the ECHR – see App No 35159/09 PV v Spain (30 November 2010).

40 This is also a requirement imposed on Cyprus by the ECHR - see App 28957/95 Goodwin v UK (11 July 2002); App Nos 79885/12, 52471/13 and 52596/13 Garçon and Nicot v France (6 April 2017)

41 See 'Introduction', *Yogyakarta Principles*, p. 6. Available at http://www.yogyakartaprinciples.org/wp/wp-content/uploads/2016/08/principles_en.pdf, last accessed on 1 September 2017.

42 For an excellent account of the history of the gay rights movement see L. Faderman, *The Gay Revolution: The Story of the Struggle* (New York, NY: Simon & Schuster 2015).

In 1994, Kees Waaldijk suggested that (positive) legal change concerning LGB rights in most countries 'seems to be moving on a line starting at (0) total ban on homo-sex, then going through the process of (1) the decriminalisation of sex between adults, followed by (2) the equalisation of ages of consent, (3) the introduction of anti-discrimination legislation, and (4) the introduction of legal partnerships. A fifth point on the line might be the legal recognition of homosexual parenthood'.⁴³ At the time of writing, Cyprus seems to have taken the first four steps, plus a number of other legislative steps, in the 'line' of positive legal change for LGB rights. Each of the subsections that follows, will focus on one of these steps in Waaldijk's 'line', with one subsection added at the end to record other legislative developments.

The Decriminalisation of Sexual Conduct between Consenting Males

Cyprus had inherited its sodomy laws from its colonial past. In particular, in 1929, whilst Cyprus was still a British colony, the British Criminal Law Amendment Act 1885 was incorporated into Cyprus law.⁴⁴ Section 11 of the 1885 Act provided that 'Any male person who, in public or private, commits, or is a party to the commission of, or procures or attempts to procure the commission by any male person of, any act of gross indecency with another male person shall be guilty of a misdemeanour, and being convicted thereof shall be liable at the discretion of the courts to be imprisoned for any term not exceeding two years, with or without hard labour'. The law did not mention sexual acts between females.

When Cyprus gained its independence from Britain and became the Republic of Cyprus in 1960, most of colonial law was maintained. The criminalisation of sexual acts between males was, however, now provided in the Criminal Code of Cyprus (CAP 154), Articles 171-174, which considered sexual activity between consenting male adults a criminal offense punishable by five to fourteen years' imprisonment.⁴⁵ Sexual acts between women were not mentioned at all in the Criminal Code and – like in most other countries in the world – have been completely ignored by Cypriot law.⁴⁶

The criminalisation of sexual activity between consenting male adults was challenged in the late 1980s by Alecos Modinos, a Cypriot gay activist and president and founder of AKOK, who claimed that the maintenance in force of legislation prohibiting male homosexual activity constituted a continuous interference with his

43 K. Waaldijk, 'Standard Sequences in the Legal Recognition of Homosexuality – Europe's Past, Present and Future,' *Australasian Gay and Lesbian Law Journal* Vol. 4, (1994), pp. 50, 51-52.

44 In the UK, the Act was repealed in 1967 by the Sexual Offences Act 1967, which decriminalised sexual acts in private between consenting males who had attained the age of 21.

45 For an analysis of that legislation see Α. Γ. Λουκαΐδης, 'Η νομική πλευρά της ομοφυλοφιλίας' in *Θέματα Κυπριακού Δικαίου* (Λευκωσία 1982), pp. 207-212.

46 *Ibid.* 208-216.

right to respect for his private life, contrary to Article 8 ECHR. Prior to lodging the case, Modinos had addressed a number of letters to the President of the Republic of Cyprus, to the President of the Parliament, and to the Minister of Justice, requesting that the said legislation be amended. No answer was given to his requests and, therefore, he considered that his only remedy could come from bringing a case claiming breach of the ECHR.

After declaring the application admissible, the European Commission of Human Rights found unanimously that Cyprus was in breach of Article 8 ECHR: the maintenance in force of the legislation complained of amounted to an interference with the applicant's right to respect for his private life as guaranteed by Article 8(1) ECHR and could not be justified under Article 8(2) ECHR.⁴⁷ The case was then referred to the European Court of Human Rights (ECtHR) which, in its judgment delivered in 1993, also held that the contested legislation was in breach of Article 8 ECHR.⁴⁸ The Court – like the Commission – noted that the fact that the Attorney-General 'has followed a consistent policy of not bringing criminal proceedings in respect of private homosexual conduct on the basis that the relevant law is a dead letter' 'provides no guarantee that action will not be taken by a future Attorney-General to enforce the law, particularly when regard is had to statements by Government ministers which appear to suggest that the relevant provisions of the Criminal Code are still in force [...]. Moreover, it cannot be excluded, as matters stand, that the applicant's private behaviour may be the subject of investigation by the police or that an attempt may be made to bring a private prosecution against him'.⁴⁹ Accordingly, the ECtHR made it clear that Cyprus should amend its Criminal Code by removing (male) same-sex activities from the list of sexual offences. The sole dissenting vote in the case was cast by the (ad hoc) Cypriot Judge – Judge Pikis.

Despite the clear pronouncement of the ECtHR that Cyprus was in breach of its obligations under the ECHR and was, thus, required to decriminalise sexual activity between consenting males, it was only in 1998 that this step was taken.⁵⁰ As

47 App 15070/89 *Modinos v Cyprus*, Report of the European Commission of Human Rights, 3 December 1991. Available at <http://hudoc.echr.coe.int/eng?i=001-73503>, last accessed on 1 September 2017. The European Commission of Human Rights repeated the same conclusion in a subsequent Application made by another gay male Cypriot citizen who complained about the maintenance of the prohibition despite the ECtHR judgment in *Modinos* – see App 31106/96 *Marangos v Cyprus*, Report of the European Commission of Human Rights, 3 December 1997. Available at <http://hudoc.echr.coe.int/eng?i=001-45955>, last accessed on 1 September 2017.

48 App 15070/89 *Modinos v Cyprus*, Judgment of the European Court of Human Rights, 22 April 1993, [1993] 16 EHRR 485. For a discussion of the case see A. C. Emilianides, *Religion and Law in Cyprus* (Alphen aan den Rijn, The Netherlands, Kluwer, 2011) p. 162.

49 *Ibid.* para. 23.

50 Amending Law 40(I)/98 (Ο περί Ποινικού Κώδικα (Τροποποιητικός) Νόμος του 1998).

Modinos has noted, ‘The Greek Orthodox Church bitterly opposed this law reform and was supported by the majority of the members of Parliament. However, after a lot of pressure from the European Council of Ministers over a period of five years, a week before the third ultimatum given to the Government was to expire, the Cypriot Parliament very reluctantly reformed the law in May 1998’.⁵¹ Accordingly, the main push for the decriminalisation of sexual activity between consenting males in Cyprus was not as such the outcome of *Modinos v Cyprus* but the pressure exerted by the Council of Europe following the Court’s pronouncement in the case and the island’s aspirations for joining the European Union.⁵²

The Equalisation of the Age of Consent

Yet, the reform of the Criminal Code made in 1998 to decriminalise sexual activity between consenting males, did not bring complete equality between (male) same-sex couples and opposite-sex couples. This was because the reform introduced discrimination in the age of consent: for same-sex couples comprised of two males this was 18, whereas for opposite-sex couples this remained at 16. Complete equality was only achieved in 2002 with the Amending Law 145(I)/2002,⁵³ which made 17 the age of consent for all couples.⁵⁴

Prior to Cyprus’s accession to the EU, the only general anti-discrimination clause in the Cypriot legal system was Article 28 of the Cyprus Constitution. This provision includes in its first paragraph an equality before the law clause, whilst in its second paragraph it provides that ‘Every person shall enjoy all the rights and liberties provided for in this Constitution without any direct or indirect discrimination against any person on the ground of his community, race, religion, language, sex, political or other convictions, national or social descent, birth, colour, wealth, social class, or

51 A. Modinos, ‘Homosexual Life in Cyprus’ in R T Francoeur (ed), *The International Encyclopedia of Sexuality* (New York, NY: Continuum, 2002) p. 157.

52 For an analysis of the steps that led to the decriminalisation of sexual conduct between consenting adult males see A. K. Αιμιλιανίδης, ‘Η Αποποινικοποίηση της Ομοφυλοφιλίας στην Κύπρο’ σε Π. Παπαπολυβίου (επ), *Ιστορία της Κυπριακής Δημοκρατίας, (Φιλελεύθερος, Λευκωσία, 2011)* 108. See, also, A. K. Αιμιλιανίδης, ‘Ομοφυλοφιλία και ανθρώπινα δικαιώματα στην κυπριακή έννομη τάξη’ σε Κ. Φελλάς, Μ. Καψού, Ε. Επαμεινώνδα (επ), *Σεξουαλικότητες: Απόψεις, Μελέτες και Βιώματα στον Κυπριακό και Ελληνικό Χώρο* (Αθήνα: Πολύχρωμος Πλανήτης, 2014) 135-140.

53 Sections 3(A) and 9 of Amending Law 145(I)/2002 (Ο περι Ποινικού Κώδικα (Τροποποιητικός) (Αρ 4) Νόμος του 2002).

54 See Sections 154 and 171 of the Criminal Code (Cap 154). It should be noted that the law does not make reference to female same-sex couples and, thus, there appears to be no minimum age of consent for them.

on any ground whatsoever, unless there is express provision to the contrary in this Constitution'. As can be seen, the grounds mentioned in Article 28(2) of the Cyprus Constitution do not include sexual orientation (or gender identity) but, as noted by Drosos and Constantinides, 'this should be deemed to fall within the open-ended wording ("or on any other grounds") of the provision',⁵⁵ since this is how the words 'or other status' in Article 14 ECHR have been interpreted by the ECtHR,⁵⁶ which is the ECHR provision to which Article 28 corresponds.⁵⁷

In 2002, Law 13(III)/2002⁵⁸ incorporated Protocol 12 to the ECHR into the Cypriot legal system. The Protocol provides a general, stand-alone prohibition of discrimination under the law: '(1) The enjoyment of any right set forth by law shall be secured without discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth or other status. (2) No one shall be discriminated against on by any public authority on any ground such as those mentioned in paragraph 1'. The words 'other status' must – as has been the practice in relation to Article 14 ECHR – be interpreted as including persons having a homosexual or bisexual sexual orientation.

Accordingly, in order to comply with Cyprus's obligations under the ECHR and in order to respect the Cyprus Constitution, Cypriot public authorities must not discriminate against persons on the grounds of their sexual orientation when it comes to the enjoyment of any right set forth by law.

However, an obligation on Cyprus to protect and respect LGB persons from discrimination on the grounds of their sexual orientation is, also, imposed by EU law.

In 2000, the EU legislature – using as legal basis the newly-introduced Article 13 EC (currently Article 19 TFEU) – promulgated Directive 2000/78,⁵⁹ which prohibits discrimination on, inter alia, the grounds of sexual orientation, in the context of employment and occupation. It should be noted that the obligations imposed by the directive are only a floor, and Member States are free to adopt measures which

55 S. Drosos and A. Constantinides, 'The Legal Situation of Same-Sex Couples in Greece and Cyprus' in D Gallo, L Paladini and P Pustorino (eds), *Same-Sex Couples before National, Supranational and International Jurisdictions* (Heidelberg: Springer, 2014), p. 324.

56 App 33290/96 Salgueiro da Silva Mouta v Portugal Judgment of 21 December 1999, para 28 (sexual orientation); PV v Spain (n 38) (gender identity).

57 The ECHR was incorporated into the Cypriot legal system by the European Convention for the Protection of Human Rights (Ratifying) Law 39/1962 (Ο περί της Ευρωπαϊκής Σύμβασης για την Προάσπιση των Ανθρωπίνων Δικαιωμάτων (Κυρωτικός) Νόμος του 1962).

58 The European Convention for the Protection of Human Rights (Twelfth Protocol) (Ratifying) Law of 2002 (Ο περί της Ευρωπαϊκής Σύμβασης για την Προάσπιση των Ανθρωπίνων Δικαιωμάτων και Θεμελιωδών Ελευθεριών (Δωδέκατο Πρωτόκολλο) (Κυρωτικός) Νόμος του 2002).

59 Directive 2000/78 establishing a general framework for equal treatment in employment and occupation [2000] OJ L303/16.

offer a higher level of protection and prohibit discrimination on the grounds of sexual orientation (and the other grounds laid down in it) in a wider range of areas of human life.⁶⁰

Upon its accession to the EU in May 2004, Cyprus had to implement the directive, and it did so with Law 58(I)/2004,⁶¹ which (partly) implements Directives 2000/43⁶² and 2000/78. The law prohibits, inter alia, discrimination on the grounds of sexual orientation in the context of employment and occupation. Like the two 2000 Directives, the law allows positive action and prohibits direct and indirect discrimination, as well as harassment and instruction to discriminate, and prohibits all employers (i.e. public and private) from discriminating on the prohibited grounds. A person whose rights under this law are breached can bring an action before the Industrial Disputes Tribunal⁶³ or if (s)he wishes to resolve the matter without going to court, (s)he can submit a complaint to the Cyprus Ombudsman, who has the power to examine the complaint under Law 42(I)/2004.⁶⁴ The latter piece of legislation⁶⁵ aims to implement Article 13 of Directive 2000/43 and to fulfill the obligation of Cyprus to ensure the protection of rights enjoyed under international instruments (including the ECHR and its Protocols) and Part II of the Cyprus Constitution without any discrimination on a number of grounds.⁶⁶ More specifically, Law 42(I)/2004 appointed the Ombudsman as the national equality body, which is comprised of two separate authorities: the Equality Body and the Anti-Discrimination Body. The Ombudsman, in its role as national equality body, investigates complaints of maladministration and discrimination from public bodies towards individuals, and although it has the power to issue orders or impose fines, it has rarely made use of the powers to do so, with most cases culminating in recommending measures aimed at the cessation of the discriminatory behaviour or practice.⁶⁷ It should be noted that Law 42(I)/2004 gave the Ombudsman powers extending well beyond the scope of the two EU anti-discrimination directives, and, thus, its mandate does not include merely sexual orientation discrimination in the

60 *Ibid.*, Recital 28.

61 The Equal Treatment in Occupation and Employment Law of 2004 (Ο περί Ίσης Μεταχείρισης στην Απασχόληση και την Εργασία Νόμος του 2004).

62 Directive 2000/43 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin [2000] OJ L180/22.

63 Section 12 of Law 58(I)/2004 (n 60).

64 *Ibid.*, Section 13.

65 Law to combat racial and other kinds of discrimination (Commissioner for Administration) 2004 (Ο περί Καταπολέμησης των Φυλετικών και Άλλων Διακρίσεων (Επίτροπος) Νόμος του 2004).

66 See Preamble to Law 42(I)/2004.

67 Drosos and Constantinides, 'The Legal Situation of Same-Sex Couples in Greece and Cyprus', p. 325.

employment and occupation fields but it also covers discrimination on this (and other) grounds in the fields of medical care, education, and access to goods and services. However, it should be underlined that this, broader, scope of the prohibition applies only vis-à-vis the mandate of the Ombudsman as national equality body and does not give rise to any rights for the victim to apply directly to courts relying on the prohibition of discrimination on the grounds of sexual orientation, as stemming from Directive 2000/78 and the national implementing legislation.⁶⁸

Finally, it should be noted that Article 21 of the EU Charter of Fundamental Rights (EUCFR) imposes a legally binding prohibition of discrimination on, inter alia, the grounds of sexual orientation, without making reference to any specific areas of human life, thus demonstrating that it is an across-the-board prohibition. The Charter – as we know from its Article 51 – binds the EU institutions in all instances and also binds the Member States, but only when they are ‘implementing EU law’. The interpretation of the latter is not clear to date, with the EU Court of Justice giving different interpretations in different judgments, with some cases being interpreted narrowly to merely mean situations where Member States are implementing a specific EU law provision,⁶⁹ whereas in others they are being read as meaning situations where there is a link with EU law.⁷⁰ Given that EU law is supreme over *all* national laws⁷¹ (including national constitutions), and even over laws that precede the date of accession of the said Member State to the EU,⁷² all public bodies which act on behalf of the government of Cyprus must act in accordance with Article 21 EUCFR and, thus, must not discriminate against LGB persons on the grounds of their sexual orientation.

(4) Legal Recognition of Same-Sex Couples

Article 22 of the Cyprus Constitution provides in its first paragraph that ‘Any person reaching nubile age is free to marry and to found a family according to the law relating

68 Ioannidou, ‘Legal Study on Homophobia and Discrimination on Grounds of Sexual Orientation and Gender Identity: Cyprus – January 2014 update’, p. 1. For further information regarding the role of the Cyprus Ombudsman as the national equality body, see International Human Rights Instruments, Common core document forming part of the reports of State parties: Cyprus, HRI/CORE/CYP/2014, February 2015, 31-32, available at http://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=HRI%2fCORE%2fCYP%2f2014&Lang=en (last accessed on 14 August 2017).

69 See, for instance, Case C-45/12 Hadj Ahmed EU:C:2013:390 and Case C-198/13 Hernández EU:C:2014:2055.

70 See, for instance, Case C-617/10 Fransson EU:C:2013:105, para 21.

71 The Cyprus Constitution was amended in 2006 by the Law relating to the Fifth Amendment of the Constitution (Ο περί της Πέμπτης Τροποποίησης του Συντάγματος Νόμος 2006 (Law 127(I)/2006)) to give supremacy to EU law.

72 Case 11/70 *Internationale Handelsgesellschaft* [1970] ECR 1125

to marriage, applicable to such person under the provisions of this Constitution'. The gender-neutral term which is used (i.e. 'any person') would be open to an interpretation whereby two men or two women can marry each other. However, ordinary legislation – the Marriage Law 104(I)/2003⁷³ – provides more detailed regulation of marriage and defines marriage as a union between a man and a woman.⁷⁴

In 2011, in her role as the national equality body, the Cyprus Ombudsman suggested to the Minister of the Interior and the President of the Parliament to take steps to draft legislation introducing civil partnerships, open to both opposite-sex and same-sex couples. The Ombudsman explained that it was necessary in order to reflect social reality and to respond to the needs of persons who are equal members of Cypriot society, to legally recognise the relationship of long-term unmarried couples, and the consequences, rights and duties deriving from it.⁷⁵ In her report, the Ombudsman explained that legislation which introduces civil partnerships in Cypriot law cannot exclude same-sex couples, as this would be tantamount to discrimination on the grounds of sexual orientation and a breach of the right to develop someone's personality, whilst in parallel it would have ignored the rapidly evolving European legislation and jurisprudence⁷⁶ in this field and the new social reality and societal needs.⁷⁷

The Ombudsman's suggestion did not fall on deaf ears. After long delays and heated discussions, and despite strong opposition from the State Church and some politicians, the Civil Partnership Law 2015 was passed by the Cypriot Parliament in November 2015, with 39 votes in favour, 12 against, and 3 abstentions.⁷⁸ The law took effect on 9 December 2015, and the first same-sex couple entered into a civil union in early 2016.⁷⁹ Statistics show that to date same-sex couples have been reluctant to

73 Ο περί Γάμου Νόμος του 2003.

74 Section 3 of the Marriage Law 104(I)/2003: 'Marriage means the agreement for a union into matrimony contracted between a woman and a man [...]'.
 75 Cyprus Anti-Discrimination Body Position Paper concerning the need to introduce civil partnerships between opposite-sex and same-sex couples, Position number 1/2011, Delivered on 22 December 2011, para 20

76 See the judgment of the ECtHR in Apps 29381/09 and 32684/09 *Vallianatos v Greece* (7 November 2013).

77 Cyprus Anti-Discrimination Body Position Paper concerning the need to introduce civil partnerships between opposite-sex and same-sex couples, Position number 1/2011, Delivered on 22 December 2011, para 22.

78 Civil Partnership Law 184(I)/2015 (Ο περί Πολιτικής Συμβίωσης Νόμος του 2015). See 'Σύμφωνο Συμβίωσης με πλειοψηφία της Βουλής', *Phileleftheros*, 27 November 2015, available at <http://archive.philenews.com/el-gr/koinonia-eidiseis/160/287898/symfono-symviosis-me-pleiopsifia-tis-voulis> (last accessed on 12 September 2017).

79 'Cyprus' first public gay wedding takes aim at prejudices', *Daily Mail*, 4 March 2016, available at <http://www.dailymail.co.uk/wires/ap/article-3477170/Cyprus-public-gay-wedding-takes-aim-prejudices.html> (last accessed on 12 September 2017).

formalise their relationship by entering into a civil partnership in Cyprus. In an article in the Cypriot newspaper *Phileleftheros*, published in September 2017, it was noted that although since the introduction of this new status, more than 120 couples have entered into a civil partnership, same-sex couples only constitute a slim minority of the couples that have formalised their relationship in this way.⁸⁰

The introduction of civil partnerships which are open to both opposite- and same-sex couples is important, not only because same-sex couples can now be recognised as couples for all intents and purposes, but, also, because of the practical benefits accruing from this. In particular, in many instances, same-sex couples now have the same rights, duties and entitlements as married (heterosexual) couples.⁸¹ This also means that the case-law of the EU Court of Justice interpreting Directive 2000/78 in situations involving discrimination in the area of employment against same-sex civil partners can now help such couples in Cyprus.⁸² Yet, important gaps in protection still persist, the most significant being that civil partners are not entitled to be recognised as co-parents, either by adopting a child *together* or by being recognised as the parents of a child which has been conceived by one of the (female) civil partners through medically assisted reproduction techniques.⁸³

However, what happens with same-sex couples who entered into a marriage or

80 See 'Πάνω από 100 Σύμφωνα Συμβίωσης – Ποιοί τα Επιλέγουν', *Phileleftheros*, 12 September 2017, available at <http://www.philenews.com/koinonia/eidiseis/article/429545/pano-apo-120-symfona-symbiosis-poiota-epilegyn> (last accessed on 12 September 2017).

81 Section 4 of Law 184(I)/2015 provides that apart from certain exceptions, a civil partnership contracted in accordance with the provisions of that legislation has the same legal results and consequences as marriage and any reference in legislation to 'spouse' shall be interpreted as referring also to civil partner.

82 See, for instance, Case C-267/06 *Maruko v Versorgungsanstalt der deutschen Bühnen* EU:C:2008:179, Case C-147/08 *Römer v Freie und Hansestadt Hamburg* EU:C:2011:286, Case C-267/12 *Hay v Crédit agricole mutuel de Charente-Maritime et des Deux-Sèvres* EU:C:2013:823, Case C-443/15 *Parris v Trinity College Dublin and Others* EU:C:2016:897. For an analysis of this case-law see A. Tryfonidou, 'The Impact of the Employment Equality Directive on the Protection of LGB Individuals from Discrimination under EU Law' in U. Belavusau and K. Henrard (eds), *EU Anti-Discrimination Law Beyond Gender: Achievements, Flaws and Prospects* (Oxford: Hart, 2018, forthcoming).

83 This is implicit in sections 19 and 20 of Law 184(I)/2015. Section 19 provides that a child who was born during the civil partnership of its mother or within 302 days from the dissolution of the partnership is presumed to have as its father the man with whom the mother is in a civil partnership. No reference/provision is made for situations where the mother is in a civil partnership with another woman. Section 20 provides that a child that was conceived at the time that its mother is in a civil partnership, from sperm which was donated by a man other than the man who is the civil partner of the mother, is presumed to be the child of the (male) civil partner of the mother. Likewise, no reference/provision is made for situations where the mother is in a civil partnership with another woman.

civil partnership abroad? Does Cyprus recognise their status as spouses or civil partners when they are in its territory? Also, what happens with unmarried same-sex couples?

In order to answer the above questions, we must distinguish between couples who fall within the scope of EU law because they are comprised of (at least) one EU citizen⁸⁴ who has exercised EU free movement rights by moving from one EU Member State to another, and couples who are in a 'purely internal situation' from the point of view of EU law because they have not moved between EU Member States and are, thus, only covered by national law.

As regards the latter (i.e. those who have not exercised free movement rights), the Supreme Court of Cyprus in the case of *Correia* in 2010, made it clear that Cyprus does not – and does not have to – recognise same-sex marriages contracted abroad.⁸⁵ The couple in that case was comprised of a Cypriot man and a Canadian man who married in Canada and moved to Cyprus in order to live here permanently. When in Cyprus, they were informed by the Cypriot authorities that their marriage was not valid in Cyprus and, therefore, the Canadian spouse could not enjoy any rights or benefits that spouses of Cypriot nationals normally enjoy, such as a permanent leave to remain, the right to work in Cyprus, and the right to open a bank account. When the issue was referred to the Supreme Court, the case was rejected on procedural grounds, but the court also took the opportunity to make it clear that the Cypriot authorities acted lawfully when considering that a same-sex marriage contracted abroad is not recognised in Cyprus.⁸⁶

To date, there has been no case before a Cypriot court or a complaint referred to the

84 That is, a national of an EU Member State.

85 Case 1582/2008 Thadd Correia and Savvas Savva v Republic of Cyprus, Judgement of 22 July 2010. The case was discussed in Α Γιάνναρος, 'Νομικά και διαδικαστικά εμπόδια στο δικαίωμα της ελεύθερης διακίνησης και εγκατάστασης ομόφυλων συζύγων και συντρόφων Ευρωπαϊών πολιτών στο έδαφος της Κυπριακής Δημοκρατίας' σε Κ Φελλάς, Μ Καψού, Ε Επαμεινώνδα (επ), *Σέξουαλικότητα: Απόψεις, Μελέτες και Βιώματα στον Κυπριακό και Ελληνικό Χώρο* (Αθήνα: Πολύχρωμος Πλανήτης, 2014), 160-163.

86 The case had been initiated as a complaint referred to the Cyprus Ombudsman, as the Head of the Authority Against Racism and Discrimination. The Ombudsman in her report was, like the Supreme Court, of the opinion that Cyprus is free to decide whether it will open marriage to same-sex couples in its territory and whether it will recognise same-sex marriages contracted abroad, however, it considered that the manner that the Canadian spouse was treated (i.e. the refusal of the immigration authorities to take into account his relationship with his Cypriot spouse and the refusal of the authorities to allow him to work in Cyprus) amounted to discrimination on the grounds of sexual orientation. Therefore, the Ombudsman suggested that the examination of whether the Canadian spouse should be allowed to remain and work in Cyprus should be disassociated from the question whether same-sex marriage is recognised in Cyprus. See Complaint 213/2008, Report of the Authority against Racism and Discrimination regarding the provision of leave to remain in Cyprus as a visitor without the right to work to the same-sex spouse of a Cypriot citizen, 10 December 2008.

Ombudsman regarding the recognition of same-sex registered partnerships contracted abroad *where the situation does not fall within the scope of EU law* (ie where EU free movement rights have not been exercised). However, following the introduction of civil partnerships in 2015, it would be very unlikely that Cyprus would refuse to recognise civil partnerships – whether opposite-sex or same-sex – contracted abroad.

As regards situations that fall within the scope of EU law (i.e. where the couple is comprised of at least one EU citizen and has moved to Cyprus from another EU Member State), Cyprus is bound by its obligations under EU law.

In particular, as an EU Member State, Cyprus has to respect and protect the EU free movement rights of EU citizens. EU citizens who exercise their free movement rights have the right to be accompanied or joined by their family members (whatever the nationality of the family member) in the host Member State; this right stems from Directive 2004/38⁸⁷ for EU citizens who move to a Member State other than that of their nationality, and from the EU free movement provisions of the Treaty on the Functioning of the European Union (TFEU) for EU citizens who return to their Member State of nationality after having exercised free movement rights.⁸⁸ Accordingly, EU citizens can move freely to another Member State and – relying on EU law – can *require* that Member State to accept within its territory their family members, without requiring them to satisfy the conditions laid down in its immigration legislation. Cyprus has transposed Directive 2004/38 by enacting Law 7(I)/2007.⁸⁹

The 2004 Directive draws a distinction between spouses, registered partners, and de facto partners and imposes different obligations on the host Member State, with regards to each of these categories.

Firstly, the ‘spouse’ of a Union citizen is in all circumstances considered to be a ‘family member’ of the Union citizen and, thus, must be allowed to accompany the Union citizen in the host Member State.⁹⁰ Given that Cyprus has not opened marriage to same-sex couples and taking into account the Cyprus Supreme Court’s view in the case of *Correia* mentioned above, it is likely that it will refuse to recognise same-sex marriages contracted abroad, as has been the case in some other EU Member States, such as Romania. As argued elsewhere,⁹¹ it is clear that it is a violation of EU law if a

87 Directive 2004/38 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States (2004) OJ L 158/77.

88 See, for instance, Case C-456/12 O & B ECLI:EU:C:2014:135.

89 Law for the right of Union citizens and their family members to move and reside freely in the Republic 2007 (ο περί του Δικαιώματος των Πολιτών της Ένωσης και των μελών των Οικογενειών τους να Κυκλοφορούν και να Διαμένουν Ελεύθερα στη Δημοκρατία Νόμος του 2007). For an analysis of this legislation see Α. Γιάνναρος (n 84), 159-160.

90 Article 2(2)(a) of Directive 2004/38 (n 86).

91 A. Tryfonidou, ‘EU Free Movement Law and the Legal Recognition of Same-Sex Relationships: The Case for Mutual Recognition’ *Columbia Journal of European Law*, Vol. 21, No. 2, (2015), p. 195.

Member State refuses to grant family reunification rights to same-sex married couples coming from another EU Member State; however, further guidance is expected to be provided by the EU Court of Justice soon, as there is currently a case pending before it which deals specifically with this matter.⁹²

Secondly, Directive 2004/38 provides in Article 2(2)(b) that the term ‘family member’ includes ‘the partner with whom the Union citizen has contracted a registered partnership, on the basis of the legislation of a Member State, if the legislation of the host Member State treats registered partnerships as equivalent to marriage and in accordance with the conditions laid down in the relevant legislation of the host Member State’.⁹³

Prior to 2015, the Cypriot authorities refused to recognise the same-sex registered partner of a national of another EU Member State as a ‘family member’ and, thus, only considered that in such instances they were bound by the obligation to ‘facilitate entry and residence for the partner with whom the Union citizen has a durable relationship, duly attested’, laid down in Article 3(2)(b) of Directive 2004/38 (implemented in the Cypriot legal system by Article 4(2)(b) of Law 7(I)/2007).⁹⁴ The Ombudsman noted that although, indeed at the time, Cyprus did not have to give automatic family reunification rights to the registered partner of a Union citizen who moved to Cyprus (since Cyprus did not make provision in its legislation for registered partnerships), nonetheless, the Cypriot authorities, in exercising the discretion left to them by Directive 2004/38 as to whether they would admit the partner of an EU citizen, should comply with (other provisions of) national law and international laws binding on it, this meaning, *inter alia*, that they must not discriminate on the grounds of sexual orientation as this would be in violation of the island’s international obligations.⁹⁵

However, due to the fact that Cyprus introduced civil partnerships in 2015, and

92 Case C-673/16 Coman (pending). For an explanation see A. Tryfonidou, ‘Awaiting the ECJ Judgment in Coman: Towards the Cross-Border Legal Recognition of Same-Sex Marriages in the EU?’, EU Law Analysis blog, 5 March 2017, available at <http://eulawanalysis.blogspot.co.uk/2017/03/awaiting-ecj-judgment-in-coman-towards.html> (last accessed on 11 September 2017).

93 A question for an interpretation of this provision in situations involving same-sex registered partners was referred to the EU Court of Justice for a preliminary ruling, however, the case was subsequently withdrawn prior to the Court having the opportunity to deliver its judgment. See Case C-459/14 Cocaj (withdrawn).

94 See Complaint 68/207 submitted to the Authority against Racism and Discrimination regarding the right to enter and reside in Cyprus of the same-sex partner of a European Citizen, Report of the Authority delivered on 23 April 2008. See, also, Report of the Authority against Racism and Discrimination regarding the respect of the principle of equal treatment of same-sex couples in a registered partnership, in the context of the application of Directive 2004/38 concerning the right of EU citizens and their family members to move and reside freely in the territory of the Member States, Complaints 40/2009 and 76/2009, 31 July 2009, paras 6-10 and 14-15.

95 Complaint 68/2007, Report delivered on 23 April 2008, see, in particular, para 18.

since the latter are recognised for most purposes as equivalent to marriage, Cyprus must now recognise the (same-sex and opposite-sex) registered partners of Union citizens who come from another Member State as a ‘family member’ for the purposes of EU free movement law and, thus, grant them *automatically* the right to enter and reside in its territory as well as a host of other rights that should be granted to the family members of migrant Union citizens.

As regards the unmarried (same-sex) partners of migrant Union citizens, these continue to be covered by the obligation to facilitate their entry and residence, laid down in Article 3(2)(b) of Directive 2004/38 and implemented by Article 4(2)(b) of Law 7(I)/2007. The latter obligation does not require Cypriot authorities to *automatically* and in all circumstances accept within the country the partner of a Union citizen who comes from another Member State, but it requires them to examine carefully the situation of each couple, and if they are satisfied that there is a durable relationship and there is no reason to refuse access to its territory to the partner of the Union citizen, they must provide such access. Given that Recital 31 to the 2004 Directive states that ‘Member States should implement this Directive without discrimination between the beneficiaries of this Directive on grounds such as [...] sexual orientation’, the Cypriot authorities must ensure that, when determining whether to admit the unmarried partner of a migrant Union citizen, they do not adopt a different (negative) approach towards same-sex couples.⁹⁶

Other Legislative Steps: Homophobic Speech and Homophobic Crime

Despite the fact that there is widespread homophobia in Cypriot society, there have not been many incidents of reported physical violence towards LGBT people.⁹⁷ However, homophobic statements have been made publicly by a number of public figures, most prominently a former MP (Mr Andreas Themistocleous) and the Head of the State Church, Archbishop Chrysostomos II, especially at times when legislative proposals seeking to promote and protect LGBT rights were discussed. In particular, the discussion regarding the need for the development of a legal framework regulating same-sex relationships in Cyprus led to an increase in public discussion regarding this issue and to great opposition, which has been expressed at times through extreme statements which amounted to complete rejection of homosexuality, considering it a perversion, and placing it on a par with bestiality, necrophilia, pedophilia and other criminal behaviours.⁹⁸ Such extreme statements made repeatedly by Mr Themistocleous

96 This would also amount to a breach of Article 14 ECHR read in conjunction with Article 8 ECHR, as established in App 68453/13 Pajić v Croatia (23 February 2016).

97 Trimikliniotis and Karayanni, ‘The Situation Concerning Homophobia and Discrimination on Grounds of Sexual Orientation’, p. 12.

98 Cyprus Anti-Discrimination Body Report regarding the prevention and fight against homophobic

have been condemned by the European Parliament, which in 2010 sent a letter to the latter, calling him to issue a public apology.⁹⁹ The statements made by Mr Themistocleous were also the subject of complaints submitted to the Ombudsman in her role as national equality body.¹⁰⁰ Such statements attach a stigma to LGBT persons and prevent the fight against discrimination on the basis of sexual orientation and gender identity from having any real effect.

Until relatively recently, there was no legislation in Cyprus which prohibited incitement to hatred and violence against LGBT persons. In particular, Law 134(I)/2011,¹⁰¹ which aims to fight certain forms and expressions of racism and xenophobia through criminal law, did not (and still does not) make any reference to homophobic or transphobic behaviour.

The Ombudsman, in her report on the matter issued in 2012, suggested that Cyprus should promulgate legislation which will prohibit extreme homophobic speech which invites actions that can incite discrimination, hate, or violence against persons who have a certain sexual orientation or gender identity, noting, however, that such legislation will have to reflect the delicate balance that must exist between this matter and the need to respect the right to freedom of expression in a democratic society.¹⁰² In addition, the Ombudsman stressed that the issue of homophobic speech covers a range of actions which is wider than those covered by any legislative arrangement, and, thus, it is necessary to take a holistic approach which, in parallel with the legislative measures, will seek to raise awareness among the public as regards the need to respect the rights of LGBT persons and the consequent elimination of the stigma and prejudice attached to them.¹⁰³

As a result of that, in 2015, the Cyprus Parliament passed an amendment to the Cyprus Criminal Code (Cap 154)¹⁰⁴ through which a person is guilty of a criminal offence when deliberately, publicly, and in a threatening/offensive fashion, incites

speech, Complaint No. 55/2010, 56/2010, 57/2010, 58/2010, 61/2010, 29 June 2012, para 3.

99 'Ρεζίλι στην Ευρώπη η Κύπρος' (4 June 2010) in *Gay News in Greek* blogspot, available at http://gaynewsingreek.blogspot.co.uk/2010/06/blog-post_6437.html (last accessed on 25 August 2017).

100 Cyprus Anti-Discrimination Body Report regarding the prevention and fight against homophobic speech, Complaint No. 55/2010, 56/2010, 57/2010, 58/2010, 61/2010, 29 June 2012, para 3.

101 Law for the fight of certain forms and expressions of racism and xenophobia through criminal law (Ο περί της Καταπολέμησης Ορισμένων Μορφών και Εκδηλώσεων Ρατσισμού και Ξενοφοβίας μέσω του Ποινικού Δικαίου Νόμος του 2011).

102 Cyprus Anti-Discrimination Body Report regarding the prevention and fight against homophobic speech, Complaint No. 55/2010, 56/2010, 57/2010, 58/2010, 61/2010, 29 June 2012, para. 37.

103 *Ibid.*, para 38.

104 Law Amending the Criminal Code (Cap 154) 87(I)/2015 (ο περί Ποινικού Κώδικα (Τροποποιητικός) Νόμος του 2015).

hatred or violence, against any group of persons, or a member of a group, based on their sexual orientation (or gender identity, as seen earlier).¹⁰⁵ Persons convicted of this offence are subject to imprisonment of not more than three years and/or a penalty of not more than five thousand (5000) euro. The approval of the Attorney General is required in order for a prosecution under this provision to be initiated and individuals cannot lodge private criminal prosecutions. A more recent amendment¹⁰⁶ has added another provision in the Criminal Code,¹⁰⁷ which provides that when determining penalties, courts can consider as an aggravating factor a motive of prejudice against groups of persons who are characterised by, inter alia, their sexual orientation (or gender identity, as seen earlier).

In a report prepared after the 2015 amendment was passed, the Ombudsman noted that, although the 2015 amendment which made the incitement to violence or hatred against LGBT persons a criminal offence is undoubtedly a very significant step towards the abolition of discrimination against LGBT persons, nonetheless, it would be better to add the grounds of sexual orientation and gender identity to the grounds on which hate speech is prohibited under section 3(1) of Law 134(I)/2011. The Ombudsman explained that there is no reason to attach a lower level of disapproval to homophobic or transphobic speech (through lower sentences) than to that attached to racist speech through the above law, which provides that persons convicted of racist hate speech are subject to imprisonment of not more than five years and/or a penalty of not more than ten thousand (10,000) euro.¹⁰⁸

LGB Rights in Cyprus: Some Concluding Thoughts

This section focused on examining the position of LGB persons and same-sex couples under Cypriot law. As was seen, although Cyprus has come a long way from its ‘zero-point’ when it considered consensual sex between two male adults a crime, it is still, as demonstrated from the latest ILGA Europe Rainbow map,¹⁰⁹ far from fully respecting the rights of LGB persons and same-sex couples. Although there is a long list of gaps that need to be filled in order for Cyprus to reach that point, I would like to highlight here three gaps that must be imminently filled.

Firstly, Cyprus should extend the scope of its anti-discrimination legislation law, namely Law 58(I)/2004, beyond the area of employment and occupation and to areas

105 Section 99A of the Cyprus Criminal Code (Chapter 154).

106 Law Amending the Criminal Code (Cap 154) No 31(I)/2017 (ο περί Ποινικού Κώδικα (Τροποποιητικός) Νόμος του 2017).

107 Section 35A of the Cyprus Criminal Code (Chapter 154).

108 Cyprus Anti-Discrimination Body Position in relation to matters regarding discrimination based on sexual orientation and gender identity, 1/2015, 4 June 2014, para 24.

109 ‘The Rainbow Europe map’ (Brussels: ILGA, May 2017).

such as education, healthcare, social protection, housing, and access to goods and services. As we saw, although the Ombudsman, as the national equality body, currently has the mandate to examine the actions of public bodies in areas which go beyond employment and occupation, in order to ensure that they are free from discrimination on the grounds of sexual orientation, the actual prohibition of discrimination on the grounds of sexual orientation – which applies to both public and private bodies – as laid down in the 2004 legislation, is confined to the areas of employment and occupation. This means, for example, that a same-sex couple can be refused a hotel room and that a landlord can refuse to rent a flat to a person because of his or her sexual orientation. This is clearly unacceptable and in violation of the human rights of LGB persons, including their constitutional right (as this should be read, in line with EU law and the ECHR) not to be discriminated against on the grounds of sexual orientation in all areas of life.

Secondly, although same-sex couples have the right to formalise their relationship by entering into a civil partnership since 2015, the law excludes them from being able to be co-parents, either by jointly adopting a child or by being *both* recognised as the parents of a child born to the couple through medically assisted reproduction techniques. It is true that, in practice, one of the civil partners can *alone* adopt a child or can give birth to a child with medically assisted reproduction techniques, nonetheless, the child will not be considered to belong to *the couple*. This is clearly problematic not just at a symbolic level but also because it has a host of negative practical consequences. For instance, if the civil partner who is the legal parent of the child dies, the child will not be related to his or her other parent and the latter will only be able to (formally) become a parent of the child and, thus, exercise parental rights if the relatives of the other parent, who will likely be responsible for the child, allow this. Accordingly, the law should be amended to allow same-sex civil partners to adopt children and to presume – as it is with opposite-sex civil partners – that a child born to a same-sex couple who are in a civil partnership will automatically be considered the child of both civil partners.

Related to this is the fact that Cyprus must recognise the actual legal status attached to a same-sex relationship in another jurisdiction, as well as the parental ties between a same-sex couple and their children, as these are recognised in their country of origin. Failure to do so does not merely amount to a violation of the human rights of the couple and their children but also, in situations where one of the parents and/or the children are EU citizens, to a breach of EU free movement law.

Thirdly, although the Cypriot Parliament has recently passed legislation which makes it a criminal offence to engage in acts which incite violence or hatred against LGBT persons, this offence still attracts a lower sentence than racist hate speech; the law should be amended to attach equal sentences to both types of speech in order to

ensure that an equal level of disapproval is attached to them. Moreover, and related to the above, is the fact that there is still no legislation which specifically criminalises homophobic or transphobic hate crimes.¹¹⁰ As a result of this, such crimes do not receive any special handling during police investigations, since the police authorities do not have the obligation to examine them as such.¹¹¹ It is true that the recent legislative amendments to the Criminal Code have rendered a homophobic (or transphobic) motive in a crime an aggravating factor in sentencing; however, the Cyprus legislature should take the further step of creating a separate offence of hate crimes which are based on the sexual orientation or the gender identity of the person, in order to increase the visibility of these crimes and to show explicitly the level of disapproval attached to them by the State.

6. Conclusion

In recent years and as a result of pressures from its EU and Council of Europe membership,¹¹² Cyprus has had to make legislative provision for LGB persons and same-sex couples. Within a period of less than 20 years, same-sex relationships have been transformed from a criminal offence (relationships between men) or a completely ignored reality (relationships between women) to state-sanctioned relationships which can attract a legal status with legal rights and obligations similar to those attached to marriage. Moreover, LGBT persons are now recognised as sexual minorities which are in need of protection by the State, although, as documented in this article, apart from a few recent changes, things have not improved much for trans persons, who continue to be largely ignored by Cypriot law.

Together with the law, social attitudes seem to be slowly changing in the island; however, there appears to still be relatively low tolerance for and comfort around LGB persons, and even lower for trans persons, especially among older age groups and

110 Cyprus Anti-Discrimination Body Position regarding the legislative regulation of hate crimes against LGBTI persons, No 3/2016, 42/2014, 28/2013, 63/2012, 69/2012, 4/2012, 7 April 2016, para. 46.

111 *Ibid*, para 81.

112 As Drosos and Constantinides have noted ‘the legal situation of same-sex couples in Greece and Cyprus presents an interesting case study of how social changes and human rights improvements can be gradually brought about “from above” when supranational actors empower local ones to overcome the unwillingness and reluctance of conservative constituencies and make necessary changes in law (and society)’ – see Drosos and Constantinides, ‘The Legal Situation of Same-Sex Couples in Greece and Cyprus’, p. 339. Phillip M. Ayoub has also been of the view that it is mostly in newer EU Member States (‘the EU-12’, according to him) that improvements in the protection of LGBT rights has come ‘from above’ – see P. M. Ayoub, ‘EU Law as an (In)Direct Source of LGBT Rights across Europe’ in U. Belavusau and K. Henrard (eds), *EU Anti-Discrimination Law Beyond Gender : Achievements, Flaws and Prospects* (Oxford: Hart Publishing, forthcoming).

among non-urban populations.

Accordingly, it is clear that a lot still needs to be done in order to improve the position of LGBT persons and same-sex couples in Cyprus, both legally and socially.

As regards the law, the gaps that persist have been noted in previous sections and the legislative steps that need to be taken as a matter of priority, have been highlighted.

For trans persons, it is important that legislation is introduced which provides a clear, quick, accessible, and transparent procedure to be followed when they wish to be recognised in their psychological gender. As explained, this procedure must not require trans persons to undergo gender reassignment surgery, to be sterilised, or to dissolve their marriage or civil partnership. In addition, gender identity should be added as one of the prohibited grounds in the Cypriot anti-discrimination legal framework, and hate crimes which are based on the gender identity of a person should become a criminal offence.

As regards LGB persons and same-sex couples, the main step that needs to be taken is to ensure that they can be recognised as the joint parents of their children. At the moment, same-sex civil partners are singled out as the only couples who legally cannot have children together. It is, of course, practically possible for the couple to have children and raise them as the children of both, but, under the law, the children would have only one parent, i.e. the civil partner who (as a single person) adopted them or the civil partner who gave birth to them as a result of medically assisted reproduction techniques. As explained earlier, the failure to recognise the parental ties between the other civil partner and the children can have very negative consequences at both a symbolic and a practical level.

Other important steps that need to be taken are the extension of the scope of the prohibition of discrimination on the grounds of sexual orientation to areas outside employment and occupation, and the introduction of a criminal offence of hate crimes which are based on the sexual orientation of a person or group of persons. These steps will send a strong signal that the authorities will not tolerate hate, violence, and discrimination against LGBT persons.

It is, also, important that in order for Cyprus to comply with its international obligations it recognises the status attached to same-sex relationships in other jurisdictions, as well as the parental ties between a same-sex couple and their children, as these are recognised in the country of origin of the couple.

These are simply *some* of the legislative steps that should be taken as a matter of urgency in order to improve the position of LGBT persons and same-sex couples under the Cypriot legal system, and much more will need to be done legislatively in the near future if Cyprus wishes to fully respect and protect the rights of this segment of the population.

Nonetheless, effective laws and criminal justice systems are essential, but not

enough. In parallel with these legislative steps, Cyprus should proactively work to bring about broader changes in societal attitudes towards LGBT persons and should adopt a comprehensive action plan for the advancement of LGBT rights. This requires outreach campaigns and education in schools and beyond to promote understanding and respect of the human rights of LGBT persons. The government should provide specific training to law-enforcement officials, members of the judiciary, and government officials, on dealing with issues affecting the LGBT community. Public authorities should demonstrate positive political leadership on this issue and there should be zero tolerance of homophobic and transphobic speech by public figures. The Cyprus Ombudsman has already played an important role in the fight against discrimination based on sexual orientation and gender identity by registering and reviewing complaints, commissioning research, and advising on policies, and she should obviously continue working hard on these matters and build alliances with civil society organisations, faith-based communities, and the private sector, in order to build a more inclusive society for LGBT persons.

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**POLICY
PAPER**

Lessons from the Past for the Future

EMILIOS SOLOMOU AND HUBERT FAUSTMANN

‘However professionally skeptical we may be about learning from the past, there is no doubt that we try to do it all the time.’

James J. Sheehan, President of the American Historical Association in 2005

Abstract

This paper will explore how, during the course of the Cyprus Problem, factors like lost opportunities, absence of political realism, political polarization, sentiments and ideological constraints contributed to perpetuate as well as complicate the dispute. Foreign involvement added to the complexity of the issue. By looking at crucial junctures of modern Cypriot history, the paper aims to provide historical insights as to how lessons from past mistakes can contribute to a successful reunification of the island. Which insights from the past could be utilized to contribute to the viability of a future agreement?

Introduction

Views about the ability to learn lessons from history vary widely. They range from George Bernard Shaw’s aphorism, ‘We learn from history that we learn nothing from history’, to Winston Churchill’s verdict, ‘Those who fail to learn from history, are doomed to repeat it’. Moreover, in public discourses, history is regularly used to guide us morally and practically on how to act. Current policies are regularly justified or criticized by political actors referring to the past. Or to put it in the words of the President of the American Historical Association in 2005 James J. Sheehan: ‘Historical analogies, comparisons, and metaphors are all around us; they are a source of collective wisdom on which we must rely.’¹ We, like many historians, believe that if approached with caution, some lessons from the past can be learned; and this applies not only to similarities but also to differences.² Nevertheless, we are fully aware that historical analogies are problematic for obvious reasons. Each historical situation is unique,

1 James J. Sheehan, ‘How Do We Learn from History’, *Perspectives on History*, January 2005, <https://www.historians.org/publications-and-directories/perspectives-on-history/january-2005/how-do-we-learn-from-history>, accessed on 15 May 2017.

2 *ibid.*

depending on time, place, structures and protagonists. But historical problems and patterns re-emerge in partially or totally changed settings. In this sense, history repeats itself and it does not.

We do claim that within the history of Cyprus, situations and problems emerged that are similar enough to allow conclusions as to how historical mistakes of the past can help to avoid similar mistakes in the future. Within this essay we restricted ourselves to developments within the framework of modern Cypriot history as the reference point for the analyses. This has the advantage of eliminating many problems that derive from the transfer of historical experiences from one country to another. But even such an approach does not eliminate the pitfalls inherent in any historical analogy. Moreover, even if the mistakes of the past are 'correctly understood' and the 'right' lessons are learned this will not necessarily prevent failure.

This policy paper will therefore explore how during the course of the Cyprus Problem, factors like lost opportunities, absence of political realism, political polarization, sentiments and ideological constraints contributed to perpetuate as well as complicate the dispute. By looking at critical junctures³ of modern Cypriot history, the policy paper aims to provide historical insights as to how lessons from past mistakes can contribute to a successful reunification of the island. Therefore, we chose aspects of a solution where we believe lessons from the past of Cyprus could be applied for the benefit of a viable reunification.

Moreover, any judgement on what constitutes historical mistakes is a highly subjective one, not just on an individual level but also on a group level. What is a lost opportunity or a mistake for one side is often the right choice or a successfully avoided bad development for the other. This clearly applies to Cyprus. As the benchmark for the assessment of various aspects of Cypriot history we chose officially proclaimed policy goals. For the period prior to independence we consider lost opportunities or mistakes events that could have led to either union with Greece (enosis), a better prospect for enosis or at least a Greek Cypriot majority-ruled, independent Cyprus. From a Turkish Cypriot point of view, we assume that the community hoped for British rule to continue, the preservation or enhancement of their status as a minority/community, and, after 1956, for the partition of Cyprus (in Turkish *taksim*). For the period 1960 to 1974, Greek Cypriot policy goals were either enosis or at least majority rule (with respect for minority rights). Turkish Cypriots' objectives during the same period were full implementation and maintenance of the agreements of 1960 or, failing that, partition. During the intercommunal talks from 1968 to 1974, Turkish Cypriots

3 For the concept of critical junctures as formative moments of history, see Giovanni Capoccia and R. Daniel Kelemen, 'The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism', *World Politics* Vol. 59, No. 3, 2007, pp. 341–369.

aimed for local autonomy in Turkish Cypriot populated areas.⁴

After the forceful division of the island in 1974, as a result of the Turkish invasion, enosis disappeared as a political goal for the vast majority of the Greek Cypriot population. Instead they pursued reunification, but there was no consensus on the kind of reunion. It ranged from Greek Cypriot majority rule in a unitary state, to a federation based on political equality.⁵ The policy of the Turkish Cypriot leadership ranged from the official position of reunification based on political equality within a bizonal, bicomunal federation, which emerged gradually between 1974 and 1977, to the preservation of partition aiming at full recognition of the ‘TRNC’. Repeatedly, Turkish Cypriots used the unification of the northern part of the island with Turkey as a threat.⁶

An obvious problem for such an approach is that the official goals were not shared by all members of either community during all periods. Even the two authors of this text do not always agree on what events constitute lost opportunities or historical mistakes. This is another reason why we chose to follow the official line of both sides. Even this methodological choice did not eliminate the problem that we essentially applied our own subjective judgement of the past by looking with the benefit of hindsight at events that could have led to a ‘better’ outcome for either community or for Cyprus as a whole. As far as the reunification of the island is concerned, our benchmark will be which lessons can be learned from the past for the viability of a bizonal, bicomunal federation. We try to make recommendations which in our view could contribute to a functional and functioning, peaceful, reunited Cyprus.

4 For relevant reading, see Glafkos Clerides, *My Deposition*, Vols 1–3, Nicosia: Alithia Publishing, 1988; Michalis Dekleris, *Κυπριακό, Η Τελευταία Ευκαιρία 1972-1974*, Αθήνα, Σιδέρης 2003; Niyazi Kizilyurek, *Κύπρος, το Αδιέξοδο των Εθνικισμών*, Αθήνα, Μαύρη Λίστα, 1999; Claude Nicolet, *United States Policy Towards Cyprus 1954-1974: Removing the Greek-Turkish Bone of Contention*, Mannheim: Bibliopolis, 2001; Heinz Richter, *A Concise History of Modern Cyprus 1878-2009*, Ruppolding: Verlag Franz Phillip Rutzen, 2010.

5 See the opinion polls published by the Centre for Sustainable Peace and Democratic Development (SeeD) for the support of various forms of a solution to the Cyprus problem since 2014: <http://www.seedsofpeace.eu/index.php/seed-library?searchword=polls&ordering=newest&searchphrase=all>, accessed on 3 April 2017.

6 See for example: ‘Turkey Says it Could Annex Northern Cyprus’, Euroactiv, 5 March 2012 <http://www.euractiv.com/section/global-europe/news/turkey-says-it-could-annex-northern-cyprus/>, accessed on 3 April 2017 and ‘Erdogan Advisor Suggests Annexation of Turkish Occupied Northern Cyprus’, Kathemerini, 24 November 2016, <http://www.ekathimerini.com/214006/article/ekathimerini/news/erdogan-advisor-suggests-annexation-of-turkish-occupied-northern-cyprus>, accessed on 3 April 2017.

Education Based on Truth and Reconciliation

When the British took over in 1878 they were unwilling to assume paying expenses for education and left it to the two main communities to provide for the education of their respective communal groups. The communal leaders responded by bringing teachers from their respective ‘mother countries’ to the island⁷ or sending Cypriots to be trained there. Along with the educational systems, the curricula, the textbooks and the teachers that were imported from outside came the respective narratives of the ‘other’ ethnic group as the ‘barbaric’ historical enemy. From the beginning the educational systems of both communities were developed separately from each other, with a few English language schools as the only places of common education (The English School, Nicosia since 1900 and the American Academy in Larnaca since 1908).⁸ This separation was maintained and institutionalized at the time of independence with the establishment of two Communal Chambers in charge of the respective educational systems,⁹ and the influence of Greece and Turkey on the educational systems through the provision of textbooks and teachers continued.

The breakdown of the constitutional order and partial separation of both communities in 1963-1964 intensified the hostile perception of each other within historical discourses in schools. The events were used to strengthen ethnic identities and to project the other as the enemy either as rebels against the lawful Republic of Cyprus or as usurpers of the rights of the Turkish Cypriots. From an educational point of view, the situation became worse because there was no formal communication or coordination of any kind between the educational authorities of both communities anymore. In 1965, based on the Law of Necessity and after the Greek Cypriots unilaterally abandoned their Communal Chamber, a Ministry of Education was established.¹⁰ In theory, it was a ministry for both communities, in practice a ministry exclusively in charge of Greek Cypriot education.

7 Until the foundation of modern Turkey in 1923, the reference point for the Muslim community was the Ottoman Empire and education was essentially religious education.

8 For information about education during the British Colonial Period, see Panayiotis Persianis, ‘The British Colonial Education “Lending” Policy, in Cyprus (1878-1960): An Intriguing Example of an Elusive “Adapted Education” Policy’, *Comparative Education*, Vol. 32, No. 1 (Mar. 1996), pp. 45–68; Rolandos Katsiaounis, *Labour, Society and Politics in Cyprus During the Second Half of the 19th Century*, Nicosia: Cyprus Research Centre, 1996; George S. Georghallides, *A Political and Administrative History of Cyprus, 1918-1926*, Nicosia: Cyprus Research Centre, 1985.

9 See article 87 of the Constitution of the Republic of Cyprus. Draft Constitution of Cyprus, in Great Britain, Colonial Office, Cyprus. Cmnd. 1093. 1960, London: The Stationery Office, pp. 125–126.

10 Ministry of Education and Culture of the Republic of Cyprus, http://www.moec.gov.cy/minoffice/proin_ypourgoi.html, accessed on 3 April 2017.

The events of 1974 aggravated the hostile narrative even further: ‘the barbaric, murderous, rapist Turk’ vs. the ‘the barbaric Greek Cypriot oppressors’.¹¹ The codename ‘Attila’, used by Turkey for the military operation, epitomises for the Greeks the ruthless character of the invaders. The narrative in the south gradually separated the ideas of the good, but oppressed Turkish Cypriot compatriots vs. the evil, occupying Turks and culturally different settlers.¹² Not much of this filtered formally into the educational system, since the narrative of Cypriot history within the Greek Cypriot educational system largely stopped with the death of President Makarios in 1977. The period since was covered extremely briefly and in very general terms. What was cultivated in separate publications and aimed at primary school pupils was an emphasis on ‘Δεν Ξέχνω’¹³ (*‘Then Xehno’* or ‘I don’t forget’ [the invasion and the lost north]). Turkish Cypriot education after 1974 focused on legitimising the partition of the island on the basis that ‘the two communities on the island cannot live together’. The traditional Greek Cypriot narrative of the Hellenic character of Cyprus was countered by a Turkish Cypriot emphasis on the Ottoman/Turkish character of Cyprus.¹⁴

Laudably, during the period 2008-2010, when Demetris Christofias and Mehmet Ali Talat, two moderate leftist politicians, led their respective communities, both sides attempted to change the textbooks with the aim of bringing the two communities closer together. In the north, the new books were introduced in 2009 but only used briefly, since they were abolished during the Eroglu period (2010-2015), while in the

11 Yiannis Papadakis, *A Critical Comparison of Greek Cypriot and Turkish Cypriot Schoolbooks on the History of Cyprus*, Oslo: Peace Research Institute Oslo (PRIO), 2008.

12 See for this transition: Yiannis Papadakis, ‘Greek Cypriot Narratives of History and Collective Identity: Nationalism as a Contested Process’. *American Ethnologist*, Vol. 25, No. 2, 1998, pp. 149-165.

13 A recommended book for the Lyceums published in Greek and English in numerous editions is: C. P. Georgiades, *History of Cyprus*, Nicosia: Demetrakis Christophorou, n.d. (first Greek edition 1978). Later Katia Hadjidemetriou’s *A History of Cyprus*, 2nd edition, Nicosia 2002, was added, also published in Greek and English. See for Greek Cypriot Textbooks: Cyprus Ministry of Education Project Development Agency, *Νεότερη και Σύγχρονη Ιστορία* [Modern and Contemporary History] – Gymnasium, Nicosia, 2007; Ministry of Education Project Development Agency, *Γνωρίζω, Δεν Ξεχνώ και Αγωνίζομαι* [I know, I do not forget and I struggle] Nicosia, n.d.

14 For critical analysis of the history of education in Cyprus and the narrative in Turkish Cypriot school books, see Mete Hatay and Yiannis Papadakis, ‘A Critical Comparison of Greek Cypriot and Turkish Cypriot Historiographies (1940s to the Present)’, in Rebecca Bryant and Yiannis Papadakis (eds), *Cyprus and the Politics of Memory: History, Community and Conflict*. London I.B. Tauris 2012, pp 27–51; Dilek Latif, ‘Dilemmas of Moving from the Divided Past to Envisaged United Future: Rewriting History Books in North Cyprus’, *The International Journal for Education, Law and Policy*. Special Issue 2010, pp. 35–46, Dilek Latif, ‘Obstacles of Peace Education in Cyprus: Nationalism and/or History Education?’, in Iacovos Psaltis et al., (eds), *Education in a Multicultural Cyprus*. Cambridge: Cambridge Scholars Publishing, 2017.

south the attempt failed and the old textbooks remain in place until today.¹⁵

There are marked differences in the political orientation of the teachers on both sides of the divide, which also has an impact on how Greek Cypriot and Turkish Cypriot children are taught. In the north the predominant segment of the teachers belong to the political left or centre-left, which is traditionally moderate and very supportive of reconciliation and reunification efforts. For this reason they are more receptive to the changes necessary in a reunified Cyprus. The Greek Cypriot teaching body represents the political diversity of the community and contains therefore more teachers who provide narratives less conducive to reconciliation and reunification. They are less likely to be so receptive to the changes needed.¹⁶

There are four main approaches by which educational systems and societies deal with intergroup violence. The first is to turn this conflictual past into a taboo which is not referred to. The second is based on selective memory where states or groups remain silent about their own wrongdoing, present their actions in a positive light and/or perpetuate victimization discourses of their own group or state. The third aims to 'overcome conflict by a simplistic understanding of a single peaceful narrative of co-existence, which often follows outdated and unhistorical conceptions of essentialist identities as a tool for nation-building'.¹⁷ The fourth and most promising approach, transformative history teaching, aims at 'critical understanding of the conflictual past through the cultivation of historical thinking, empathy, an overcoming of ethnocentric narratives and the promotion of multiperspectivity'.¹⁸

As far as education is concerned, lessons from the past seem to have been clearly learned. In 2016 a bicomunal technical committee on education was set up to suggest ways through which 'education can contribute to conflict transformation, peace, reconciliation and countering of prejudice, discrimination, racism, xenophobia and extremism'.¹⁹ The committee was tasked with 'devising a mutually acceptable mechanism for the implementation of confidence building measures in schools of the two educational systems and promote contact and co-operation between students and

15 Turkish Cypriot Educational Administration, *Cyprus History* [in Turkish] Vols 1–3, Nicosia 2004.

16 Turkish Cypriot teachers are members of the leftist Cyprus Turkish Teacher's Union (KTOS), which is very active in bicomunal events. The unions for Greek Cypriots is POED (primary school teachers) and OELMEK (secondary teachers), and they tend to be right wing. Within OELMEK there are splinter groups which represent different approaches, however, the strongest group is clearly right wing.

17 European Cooperation in Science and Technology (Cost IS 1205), 'Recommendations for the History Teaching of Intergroup Conflicts', 2017, p.1. Available at http://ucy.ac.cy/dir/documents/dir/cpsaltis/History_Teaching_Recommendations_for_the_Teaching_of_intergroup_Conflicts_COST_IS1205.pdf, accessed on 8 June 2017.

18 *ibid.*

19 Bi-communal Technical Committee on Education, 'Draft Terms of Reference for Working Groups', n.a.

tutors from the two communities'. Three working groups were set up, one was to search for best practices in the literature, the second was tasked to establish a framework of contact between teachers and students and the third was supposed to look into 'the educational policies that can be promoted in a bicomunal federation, with a view to consolidate peaceful co-existence'.²⁰

It is encouraging that members of the committee were involved in a report entitled 'Recommendations for the History Teaching of Intergroup Conflicts', published in 2017, which endorses the development of 'historical literacy' through the use of Transformative History Teaching.²¹ Should their views prevail and the effort succeed, it would be a very positive step towards the viability of a reunified Cyprus. It is hoped that history education in a reunified Cyprus will propose syllabi that create mutual understanding, cooperation and reconciliation. This effort should also provide for history textbooks that cover the period since 1960 to be changed in a way which does not hide the dark sides of modern Cypriot history, in particular the inner- and intracommunal conflicts since the 1950s.

Narratives need to be shaped by a multi-perspective approach reflecting the various groups involved. The absence of a multi-perspective analysis will otherwise provide fertile ground for one-sided approaches. True reconciliation needs a narrative that includes self-criticism and the admission that one's own side made mistakes and committed atrocities. The aim should be to allow for an open debate about the past. Visits by members of the other community to talk about their experiences could be a means to improve the understanding of the other community, particularly in the absence of mixed classes. Schools on both sides should create institutionalized partnerships with schools of the other community and organize joint activities based on the assumption that only regular contact can reduce prejudice.²² Teaching the other community's language should be introduced. This is also explicitly demanded within the Technical Committee's terms of reference.²³ We suggest that Greek or Turkish should be taught at the latest from a secondary level and the teaching of English as a 'neutral' language for intercommunal contact and exchange should be strengthened and start from a primary level. Whatever the institutional arrangement, close cooperation between the educational authorities of both sides should aim at unified standards and

20 IBNA Newsroom, 'Bicomunal Technical Committee on Education holds its first meeting', Independent Balkan News Agency, 25 February 2016. Available at <http://www.balkaneu.com/bicomunal-technical-committee-education-holds-meeting/>, accessed 15 May 2017.

21 Cost IS 1205, 'Recommendations for the History Teaching of Conflict Groups'.

22 For the theoretical background of the concept of reduction of prejudice through equal social status contact, see Gordon W. Allport, *The Nature of Prejudice*, 25th Anniversary Edition, Reading MA: Addison-Wesley, 1979.

23 Bi-communal Technical Committee on Education, 'Draft Terms of Reference for Working Groups'.

as similar curricula as possible. On tertiary educational level, all universities in Cyprus should offer programmes which at least include courses in English that are required for students from both communities.

Joint Activities

Currently there are far too few contacts and joint events between members of both communities. Those that take place are usually attended by more or less the same people, most being bicomunal activists or belonging to the political left. Another hindrance on top of this preaching-to-the-converted problem in such events is the recognition issue which prevents official cooperation between state institutions, municipalities and even universities. Moreover, particularly in the south, contacts and friendships with people on the other side are often accompanied by social stigmatization. Most of these obstacles would disappear in the event of a settlement.

Moreover, any solution scenario so far includes the return of refugees and therefore the recreation of mixed villages and towns. This return to the past should be complemented by getting both communities to have as much contact as possible through joint activities in all areas of society, be it professional, cultural or social. These contacts are likely to reduce prejudice and create trust, closer relationships and a feeling of togetherness as a grass-root component, strengthening the viability of reunification. The impact of such contact depends on the number of participants as well as proper management of activities in order to constructively deal with conflicts and disagreements. In the beginning it is very important that these kinds of activities are politically encouraged to overcome social stigmatization often accompanying bi-communal contacts today.

Opposition to the Settlement

As shown in the polls conducted by the Centre for Peace and Sustainable Democratic Development (SeeD) on the stand of the so called rejectionist parties on both sides of the divide, there will be many parties and people which, for various reasons, will oppose any feasible settlement.²⁴ A clear distinction needs to be made here between those who might be willing to resort to violence to cause destabilisation and those who will oppose the new state of affairs through democratic means.

²⁴ Centre for Sustainable Peace and Democratic Development, <http://www.seedsofpeace.eu/>, accessed on 2 May 2017. The parties commonly projected as rejectionist in the south are DIKO, EDEK, The Citizens Alliance, Solidarity Movement and ELAM. In the north, it is UBP and DP. Moreover, there are groups within most parties in Cyprus that are also likely to object to any feasible unification deal.

Marginalization and Criminalization of Violent Political Radicals

Between 1955 and 1974, groups who were willing to pursue their political goals through violent means often dominated the political scene and were responsible for violence between and within each community. Moreover, this violence was legitimized and justified by large parts of the elites and large sections of the media, or at least, the media, public and elites remained indifferent. While the use of violence in some instances could be justified, its use facilitated polarization and radicalisation within the communities and directly or indirectly contributed to the alienation and separation of the two communities. Here the lesson from the past has already been learned, which is a major achievement that is not too common in ethnic conflict. There seems to be an overwhelming consensus on both sides of the divide that violence is not an option anymore. In the few instances where isolated violent incidents occurred after the 2003 opening of the Green Line, which separates both parts of the island, they were immediately condemned by all political parties and firmly dealt with. It is essential that this consensus survives and permeates a post-solution Cyprus. The political culture of a reunified Cyprus needs to be based on the practice that the limits of political confrontation are the viability and functioning of the state. Any act of politically motivated violence should not be legitimized by the elites or the media and needs to be prosecuted by the state irrespective of ethnicity and condemned by the political elites and public opinion. Moreover, each community should make it its moral obligation to be in the lead and to be seen as dealing firmly with the violent extremists of its own community.

The Need for Constructive Opposition after a Settlement

At the time of writing, one could expect that in the south the Democratic Party (DIKO), the Movement for Social Democracy (EDEK), the Greens, the Citizens Alliance and extreme right wing National Popular Front (ELAM) are very likely to oppose any feasible solution to the Cyprus Question. In the north the National Unity Party (UBP) and the Democratic Party (DP) belong to the same category.²⁵ In case of a successful reunification of the island after a referendum, considerable parts of the population of both sides and the majority of parties (though obviously not the majority of the voters) will be opposed to the new state of affairs.²⁶ While at least some

25 For the development of the Greek Cypriot party system until 2008, see Christophoros Christophorou, 'The Evolution of Greek Cypriot Party Politics', in James Ker-Lindsay and Hubert Faustmann (eds), *The Government and Politics of Cyprus*, Oxford: Peter Lang, 2008, pp. 83–106. For the recent positions of the various parties on the island on the Cyprus Problem, see the monthly newsletter of the Friedrich-Ebert-Foundation in Cyprus available at FESCyprus.org.

26 See the opinion polls published by the Centre for Sustainable Peace and Democratic Development (SEED) for the opposition to various forms of a solution to the Cyprus problem since 2014. Avail-

of the reasons for their objection are likely to be justified and understandable, it is obvious that fundamental opposition to the new 'Unified Cyprus' will be a source of instability that will threaten the viability of the new political system. For the sake of the viability of a solution and for the sake of future generations, those opposed to the new state of affairs need to respect the result, embrace the compromise and struggle for changes within the system rather than fundamentally oppose and sabotage it. Unlike 1960, when a settlement was imposed on Cyprus which neither side, and in particular the Greek Cypriot one, felt any allegiance, and people therefore tried to sabotage it, the new reunified Cyprus would be the result of a legally binding agreement between both communities, legitimized through two referenda endorsing the agreement. Any opposition to the new order should therefore be characterized by responsibility and respect for the decisions taken. Opposition should limit itself to ways to improve the new state but should not attempt to destroy it. Clearly, this is a recommendation based on a moral line of argument and should not be misunderstood as an attempt to muzzle any opposition. The state of affairs, in particular in the first years after a reunification, is likely to be so fragile that populist, irresponsible opposition is extremely dangerous and detrimental for the stability of the political system.

No Destabilization from Outside Powers

As far as the Cyprus Problem is concerned, many Cypriots perceive that outside powers which are not their respective 'mother countries' play a negative and destructive role in pursuit of a settlement (with the notable exception of many Greek Cypriots' perception of Russia).²⁷ In fact, the majority of Cypriots see the role of their respective 'mother countries', Greece and Turkey, as destructive and negative as far as aspects of modern Cypriot history are concerned. For Greek Cypriots, this applies clearly to the Greek masterminded coup d'état against President Makarios in 1974; many Turkish Cypriots are critical of the role Turkey has been playing in the last decades through its dominance over Turkish Cypriot affairs and its policy of Turkification in the north which includes the massive influx of Turkish settlers.²⁸ As far as the other main outside powers are concerned, Greek Cypriots in particular predominantly see Britain and the US as destructive and hostile outside powers, while they perceive Russia to be their steadfast and loyal ally since the 1960s.

From an historical point of view, a far more differentiated picture needs to be

able at <http://www.seedsofpeace.eu/index.php/seed-library?searchword=polls&ordering=newest&-searchphrase=all>, accessed on 3 April 2017.

27 Ibid.

28 For both Cypriot communities' perceptions of Turkey, see Rebecca Bryant and Chrystalla Yakinthou, *Cypriot Perceptions of Turkey*, Istanbul: Tesev Publications, 2012.

drawn as far as the role of outside powers is concerned, though many aspects of outside involvement remain disputed amongst historians and political analysts.²⁹ What can be safely said is that, whatever outside power one looks at, there are examples of positive or negative impacts each has had on Cyprus. This verdict is further complicated by the fact that there is often no agreement if a specific involvement should be seen as positive or negative. For example, the Russian veto against a UN enforcement of the security provisions of the Annan Plan in Chapter 7 of the UN Charter (which enables the use of military force in cases of non-compliance) is seen as a positive move by opponents of the Annan Plan and as negative outside involvement by its supporters.

A glance at the history of Cyprus clearly indicates the long historical record of outside interference. As Cyprus possesses no significant military capabilities, it had been controlled since antiquity by outside powers, which were attracted by its resources or geostrategic location. As far as the emergence of the Cyprus Problem is concerned, outside involvement started with the Ottoman's conquest of the island in 1571. The Ottoman period saw the creation of a Muslim community on the island, which under the Ottoman millet system was a separate community. When the British took over the island in 1878, the religious divide and gradual adoption of different national identities by both communities prevented the Muslim community from assimilating. Moreover, the British administrative structure maintained the population categories of Christian and Muslim. This policy facilitated Britain's divide-and-rule policy that was implemented once Greek Cypriot nationalism became a threat to Britain's continued rule.

The dispute between the Greek Cypriots and their colonial rulers intensified in the 1950s, culminating first in Greece appealing to the United Nations in 1954 for Cyprus's right of self-determination, followed by a violent anti-colonial struggle from 1955 to 1959. Faced with the internationalization of the dispute, Britain's divide-and-rule policies included Turkey's involvement to counterbalance Greece's claims in 1954. It was a Greek-Turkish agreement over an independent Cyprus and its political order that formed a new and unwanted state.

29 For different perspective of some of the foreign actors, see for example US policy: Nicolet, *United States Policy Towards Cyprus*, vs. Brendan O'Malley and Ian Craig, *The Cyprus Conspiracy: America, Espionage and the Turkish Invasion*, London: I.B. Tauris 1990; British policy: see the edited volume by Hubert Faustmann and Nicos Peristianis, *Britain in Cyprus. Colonialism and Post-Colonialism 1878-2006*, Mannheim: Bibliopolis 2006; Russian policy: Makarios Drousiotis, *The Cyprus Crisis and Cold War: USSR Duplicity vs US Realpolitik*, Nicosia: Alfadi 2016 vs. Costas Melakopides, *Russia-Cyprus Relations: A Pragmatic-Idealist Perspective*, London: Palgrave-Macmillan, 2016; Greek policy: John Koumoulides, *Greece and Cyprus in History*, Amsterdam: Adolf M. Hakkert, 1985; Turkish (and Greek) policy: Ηαρακλείδη, Α., (Επ)/Melek, F., *Οι Τουρκο-Ελληνικές Σχέσεις και το Κυπριακό* [The Turkish-Greek Relations and the Cyprus Problem], Athens: Sideris 2012.

Under the Treaty of Establishment of the Republic of 1960, Britain secured two sovereign military bases and other facilities in Cyprus, which continue to exist to the present day. Moreover, the role of Greece, Turkey and Britain was enshrined in the new constitution in the Treaty of Alliance (stipulating a permanent military presence of Greece and Turkey in Cyprus) and the Treaty of Guarantee (providing for a joint or unilateral right to intervene in the event of a breach of the Treaty).³⁰ Arguably, both Greece and Turkey could live with the 1960 compromise and were predominantly status quo powers until the situation became tense again. Once the constitutional order broke down in late 1963, Greece and Turkey supported their respective sides and oscillated between moderation, escalation or even, in the case of Turkey, repeated threats of invasion, although in 1964, Greece was involved in a conspiracy to overthrow Makarios.³¹ Turkey supported the Turkish Cypriots' fallback position to partition the island should the 1960 arrangement falter.³² Once negotiations resumed in 1968, it seems that both the Greek junta and the Turkish government were willing to make the necessary concessions to allow for a settlement, which seems particularly true for the Turkish side if one looks at the result of the first bicomunal and later four partite talks between 1968 and 1974.³³ However the year 1974 is the most notorious for the destructive involvement of Greece and Turkey in Cyprus. The Greek junta masterminded the coup against Makarios which was followed by the Turkish invasion and partition of the island in 1974.³⁴

30 Draft Treaty of Guarantee between the United Kingdom, Greece, Turkey and the Republic of Cyprus and Draft Treaty of Alliance between Greece, Turkey and the Republic of Cyprus, in Great Britain, Colonial Office, Cyprus, pp. 86–90. A selection of relevant readings for the British Colonial Period in English include Katsiaounis, *Labour, Society and Politics in Cyprus*; Georghallides, *A Political and Administrative History of Cyprus*; George S. Georghallides, *Cyprus and the Governorship of Sir Ronald Storrs: The Causes of the 1931 Crisis*, Nicosia, Cyprus Research Centre, 1985; Richter, *A Concise History of Modern Cyprus*; Faustmann and Peristianis, *Britain in Cyprus*; Evanthis Hatzivassiliou, *Britain and the International Status of Cyprus, 1955-1959*, Minneapolis, MN: University of Minnesota, 1997; Evanthis Hatzivassiliou, *The Cyprus Question, 1878-1960. The Constitutional Aspect*, Minneapolis, MN: University of Minnesota, 2002; Robert Holland, *Britain and the Revolt in Cyprus: 1954-1959*, Oxford: Clarendon Press, 1999; Nicolet, *United States Policy Towards Cyprus*, Emilios Solomou and Hubert Faustmann, *Colonial Cyprus 1878-1960: Selected Readings*, Nicosia: University of Nicosia Press, 2010.

31 Nicolet, *United States Policy Towards Cyprus*, pp. 263-289; Andrekos Varnava, *British Imperialism in Cyprus, 1878-1915: The Inconsequential Possession*, Manchester: Manchester University Press, 2009.

32 A selection of relevant readings in English for the 1960s include Richter, *A Concise History of Modern Cyprus*; James Ker-Lindsay, *Britain and the Cyprus Crisis 1963-1964*, Mannheim: Bibliopolis 2004; Nicolet, *United States Policy Towards Cyprus*; Alan James, *Keeping the Peace in the Cyprus Crisis 1963-64*, London: Palgrave Macmillan, 2002; Richard A. Patrick, *Political Geography and the Cyprus Conflict: 1963-1971*, Ontario: University of Waterloo, 1989.

33 Clerides, *My Deposition* and Dekleris, *Κυπριακό, Η Τελευταία Ευκαιρία*.

34 For the most relevant accounts of 1974 in English see: Nicolet, *United States Policy Towards Cy-*

After 1974, outside powers played a prominent role in the attempts to resolve the Cyprus problem. While all outside powers, since the High Level Agreements of 1977 and 1979, have paid lip service to a solution of the Cyprus Problem, their constructive or destructive involvement in various phases of the Cyprus talks is too complex to be analysed here. Suffice to say that all are accused by segments of the two communities of serving their own interests rather than promoting a viable solution. This suspicion, be it justified or not, has hindered progress on the Cyprus question and could be a hindrance for a post-solution Cyprus.

The fact that the recent round of talks had been labeled ‘negotiations by Cypriots for Cypriots’ is the evidence for Cypriots’ general distrust of outside actors. This format was chosen because of the reaction Cypriots had to the role the UN (and many thought the US and the UK) played in filling in the blanks in the Annan Plan (i.e. determining the outcome on issues where the negotiating parties could not agree).³⁵ The majority of Greek Cypriots are firmly convinced that the UN did not act fairly,³⁶ and ever since then the Greek Cypriot leadership has rejected any involvement of an outside power in the negotiations, including the possibility of having a say in the provisions of the settlement.

All sides are aware that talks by Cypriots for Cypriots are more or less a myth given Turkey’s influence. However, Greek Cypriot (and Turkish Cypriot) leaders are adamant that all provisions of a deal need the formal approval of both community leaders as well as the endorsement of both communities in simultaneous referenda. This successful assertion of Cypriot control over the negotiation process might pose an additional obstacle to a possible solution of the Cyprus Problem. It is fair to argue that even with the best intentions, which are clearly currently in place on both sides, without outside mediation, they will be unable to make the concessions necessary for a deal. Therefore, outside mediation is in all likelihood a necessity for an agreed solution. However, the moment outside involvement is revealed, significant proportions of the population and the so called rejectionist parties will reject the deal and these specific provisions

prus; O’Malley and Craig, *The Cyprus Conspiracy*; Richter, *A Concise History of Modern Cyprus*; Jan Asmussen, *Cyprus at War: Diplomacy and Conflict During the 1974 Crisis*, London: I.B. Tauris, 2008; Makarios Drousiotis, *Cyprus 1974. Greek Coup and Turkish Invasion*, Mannheim: Bibliopolis, 2006; Andreas Constandinos, *Britain and the Cyprus Crisis of 1974: ‘Responsibility without Power’*, Saarbruecken: Lambert Academic Publishing, 2011.

35 A selection of relevant reading in English include Andrekos Varnavas and Hubert Faustmann (eds), *Reunifying Cyprus: The Annan Plan and Beyond*, London: I.B. Tauris, 2009; Chrysostomos Pericleous, *The Cyprus Referendum: A Divided Island and the Challenge of the Annan Plan*, London: I.B. Tauris, 2009; Van Coufoudakis and Klearchos Kyriakides, *The Case Against the Annan Plan*, Edgeware: Lobby for Cyprus, 2004; Claire Palley, *An International Relations Debacle*, Oxford: Hart Publishing, 2010; David Hannay, *Cyprus: The Search for a Solution*, London: I.B. Tauris, 2005.

36 Varnava and Faustmann, *Reunifying Cyprus*; Palley, C., *An International Relations Debacle*.

as the outcome of outside intervention and conspiracy. This is a basic dilemma in any attempt to solve the Cyprus conflict.³⁷

This resentment of outside involvement – be it historically justified or not – poses additional problems for outside powers to be constructively involved, as they inevitably will play a role in any agreement on the Cyprus question. Their role will exceed any formalized involvement of outside powers within a modified Treaty of Guarantee which might be part of a future settlement. An additional problem is that all three guarantor powers have in different ways failed to adhere to the Treaty of Guarantee thereby discrediting themselves as future security providers. Whether or not Turkey and Greece are guarantor powers, it is still of paramount importance that they play a stabilizing role after a solution and use their influence to constrain those forces opposed to a settlement. Ideally outside powers should act in the best interest of both Cypriot communities by at least agreeing that a functioning Cyprus is the ultimate goal. Should outside powers become part of a solution in the form of a modified Treaty of Guarantee or any other form, we suggest that any arrangement needs to minimize the chance of any of them abusing their rights. It would be preferable to have an efficient multilateral mandate or international organization, like the EU, UN or NATO, to act in case of reoccurrence of violence or breakdown of constitutional order.

Given the poor historical record of the security arrangements for Cyprus and the security dilemma of the Cyprus Problem (Greek Cypriots want Turkey out of the island as a safeguard against another Turkish intervention. Turkish Cypriots want Turkey's involvement as a guarantor and ideally with a military presence to safeguard against the Greek Cypriot majority and a repetition of the 1963 events) the security issue remains one of the most difficult aspects to tackle.

Although there was a gentleman's agreement between the Greek and Turkish governments at the time of independence that Cyprus should join NATO, this never materialized. The Republic of Cyprus opted instead to become a founding member of the Non-Aligned Movement and remained officially neutral during the Cold War. This enabled Makarios to play the Soviet Union against Western designs for the island but also invited external conspiracies against the President that almost resulted in his overthrow by the US, Britain and Greece in 1964.³⁸ It also left Cyprus in a security vacuum that allowed the Greek coup and the Turkish invasion to happen, without the island having any effective external protection. This is arguably still the case.

The UK, Greece and Turkey are obliged, under the Treaty of Alliance, to protect Cyprus against an attack by any other outside power, although, such a threat does

37 Hubert Faustmann, 'Can the Cyprus Problem be Solved', in *The Cyprus Review*, Vol. 25, No.2 (Fall 2013), p. 118.

38 Nicolet, *United States Policy Towards Cyprus*; Richter, *A Concise History of Modern Cyprus*.

not currently exist. Cyprus has more to worry about internal violence between the two communities, a war between Greece and Turkey or political and military interventions by Greece or Turkey. Clearly, a policy of non-aligned neutrality does not provide sufficient safeguards against those threats, as demonstrated in 1963, 1967 and 1974. Arguably, had it been possible for Cyprus to join NATO after independence, as originally envisaged, any military intervention by Greece or Turkey would have been very unlikely if not impossible, given NATO's policy of no war between NATO members, guaranteed by the US. Clearly the island needs a mutually trusted security provider (EU or NATO) against external threats. NATO membership for a reunified Cyprus as a security provider could be acceptable to Greece, Turkey, the US and the UK and might be a way out of this dilemma.

However, the Greek Cypriot political left, in the form of the Progressive Party of Working People (AKEL), which represents moderate pro-solution forces, whose support is a necessity in any referendum, is adamantly opposed to such an arrangement and so is the majority of the population on both sides.³⁹ AKEL's opposition is based on their historical loyalties towards the Soviet Union and staunch anti-NATO sentiments stemming from the Cold War. Moreover, Russia has made it clear that it will oppose any solution that included NATO membership for the island, as Russia still perceives the alliance as its primary adversary. The political left in Cyprus could come to understand that their opinion about NATO being a capitalist opponent of communism during the Cold War is outdated and they could accept it as the only powerful security provider available for the island, which is the view of the other parties. Many will oppose anything that offends Moscow, firmly believing that Russia is needed to counterbalance Western designs. As justified as this may be, the only options left are weak security arrangements or far reaching rights for the parties directly involved, which proved to be so detrimental in the past.

The EU is not a likely alternative, because it does not have an army with which it could intervene in Cyprus should there be civil strife. Moreover, Turkey, which is not a member (and will not be in the foreseeable future), does not trust it. The EU's only options would be to issue strong political responses from its members and to impose economic sanctions on any aggressor, which would nevertheless provide some level of deterrence since the sanctions could be severe.

A UN guarantee remains a scenario with all the weaknesses associated with effective UN involvement needing the approval of all five permanent members of the Security Council. Since at least one is likely to support or protect the aggressor, the question

39 See for polling data on preferred role of outside powers in security arrangements the security report prepared by SeeD in 2017. Available at <http://www.seedsofpeace.eu/index.php/seed-library?search-word=polls&ordering=newest&searchphrase=all>.

remains how effective such a security umbrella could be.

A proposal for a more comprehensive security system encompassing human security was proposed in 2017 by the Cypriot NGO SeeD. This project contains many promising and interesting new and innovative ideas aiming at supporting domestic resilience as the prime provider for security and attempting to minimize the need for external intervention. It rightly promotes strong and impartial domestic institutions and emphasizes preventive measures, early warning systems and quick responses to domestic security threats. However, it has so far failed to provide convincing ideas of how Cyprus would defend itself from any threats posed by other countries.⁴⁰

Not Static but Evolutionary Constitutional Order

The 1960 Constitution was the result of the political compromise made between Britain, Greece, Turkey and the two Cypriot communities. In order to avoid undoing the power-sharing arrangement between the two communities, the constitution did not allow the political order in the new republic's core components to evolve.⁴¹ The new status of the Turkish Cypriot minority as a second community, which was almost politically equal to Greek Cypriots, was safeguarded by giving it far-reaching veto powers within a consociational arrangement. While this rigid constitutional arrangement was intended as to protect the minority against Greek Cypriot attempts at enosis or majority rule, it nevertheless led to deadlocks and perpetuated the division of Cypriots into two communities, preventing an emergence of a Cypriot identity. It ultimately caused political deadlock in 1961 when Turkish Cypriots blocked vital tax legislation to ensure the implementation of pending issues from the transitional period, like having 30% of public servants from the Turkish Cypriot community, having separate municipalities and establishing a Cypriot army, and finally contributed to the breakdown of the constitutional order in 1963.⁴²

The dilemma between safeguarding the political equality of the Turkish Cypriots and maintaining a functioning political system will always be a challenge for the stability of a reunified Cyprus. One lesson we have learned from the past is that any constitutional arrangement must have efficient mechanisms to prevent or resolve deadlocks. A second

40 The report is forthcoming and will be published on the SeeD website: <http://www.seedsofpeace.eu/index.php/seed-library?searchword=polls&ordering=newest&searchphrase=all>.

41 Article 182 of the Constitution of Cyprus. Draft Constitution of Cyprus, Great Britain, Colonial Office, Cyprus, p. 162.

42 A selection of relevant readings in English for the events of 1963 include Richter, H., *A Concise History of Modern Cyprus*; Ker-Lindsay, *Britain and the Cyprus Crisis 1963-1964*; Nicolet, *United States Policy Towards Cyprus*; James, *Keeping the Peace in the Cyprus Crisis*; Patrick, *Political Geography and the Cyprus Conflict*.

lesson is that a new agreement should include consensual modifications (based on separate majorities in the parliament) to allow for domestic political order to evolve which the 1960 Constitution did not. This should remain an internal affair for Cypriot stakeholders to handle on their own, without outside veto rights.

In the end, it is not so much the constitutional order that matters for the viability of a reunified Cyprus but rather the political leadership and the creation of a political culture based on good will and the determination not to wreck the functioning of the state. Complex power sharing arrangements can work if the parties agree to make it work, as it is the case in Switzerland or Belgium.

Avoidance of Political Destabilization through Immigration

Since 1974, mainland Turkish immigrants have led to a conspicuous demographic transformation, masterminded by Turkey and some Turkish Cypriot elites. This has become and will remain a threat to the Turkish Cypriot community's existence and is a perceived threat to the Greek Cypriots. Greek Cypriots fear that many might remain loyal to Turkey and therefore act as a 'fifth column' for Ankara within a reunified Cyprus. Turkish immigrants also complicate the property aspect of a Cyprus settlement, since they have no property on the island which could be used to compensate a Greek Cypriot who owned their current housing prior to 1974, making any settlement much costlier.

It is clear for both Cypriot communities, and therefore a lesson learned, that politically sensitive immigration needs to be regulated in order not to artificially upset the ethnic balance. In the current negotiations, a permanent 4:1 ratio between the two main communities seems to have been agreed.

It is important that all those immigrants who will be allowed to stay after an agreement (particularly the so called Turkish settlers) need to be fully integrated into Cypriot society and accepted as equal citizens by both communities. It is to the benefit of both communities not to create an isolated or discriminated group within a reunified Cyprus but rather to make them citizens of the Republic who embrace the island as their home. This is the most promising strategy to minimize the fifth column effect. Integration here does not mean forceful assimilation but the creation of loyal citizens of the Republic in the sense of Habermas' constitutional patriotism, which is defined as 'the loyalty of all citizens, whatever their ethno-cultural affiliation, to their shared state, with its constitutional-legal principles and the rights and obligations these embody as well as its democratic institutions and procedures.'⁴³

43 Habermas here quoted from: Sotos Shiakides, 'Confronting the Challenges of Multicultural Coexistence in Cyprus: The Habermasian Perspective', in Psaltis et al. (eds), *Education in a Multicultural*

Identity Transformation

When it was established, the Republic of Cyprus had a difficult start for a number of reasons. One was the absence of Cypriots who were emotionally committed to the new state. In short, the Republic was without republicans.⁴⁴ From the late 1960s until the island's partition in 1974, Greek Cypriots gradually embraced the purely Greek Cypriot Republic of Cyprus whereas most Turkish Cypriots developed loyalties towards the separatist entity they set up, ultimately calling it the 'Turkish Republic of Northern Cyprus' in 1983. After reunification both communities will have to find ways to develop loyalty towards the new state. The viability of the new political order, the willingness to compromise and to make it work can only be achieved if the overwhelming majority of both sides, and on a general and an elite level, embrace the new state of affairs.

Therefore, gradually and voluntarily, people's loyalties and links to the respective 'mother countries' need to be subordinated to their loyalty to the new common state for the benefit of the inhabitants of this island. In other words, constitutional patriotism in a Habermasian sense needs to be backed up by a sentimental dimension, which allows the fostering of a Cypriot identity for all citizens of the Republic. Identities cannot be artificially imposed but are nevertheless socially constructed, and in this sense 'Cypriotness' as an 'imagined community'⁴⁵ should be fostered as a first identity on a voluntary basis without denying the historical links or communalities with Greece and Turkey.

Overcoming the Left-Right Divide amongst Moderate Parties

The left-right polarization within the Greek Cypriot community is a legacy of domestic rivalry which started in the 1920s and escalated during the Greek Civil war of 1946-1949 and violent confrontations during the EOKA period.⁴⁶ Moreover, the communist party, AKEL, still accuses the Democratic Rally (DISY), the main party of the political right, of harbouring EOKA B members who are held partially responsible for the coup against President Makarios in 1974, during which left-wing partisans and Makarios supporters were arrested or killed. This hostile polarization currently makes it impossible for the two 'moderate' parties in the Cyprus question, who represent

Cyprus, Cambridge: Cambridge Scholars Publishing, 2017.

44 Stephen Xydis, *Cyprus: The Reluctant Republic* Berlin: De Gruyter Mouton, 1973.

45 Benjamin Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism*, Revised Edition, New York: Verso, 1983.

46 Nicos Peristianis, 'The Rise of the Left and of the Intra-Ethnic Cleavage', in Faustmann and Peristianis, (eds.), *Britain in Cyprus. Colonialism and Post-Colonialism*, pp. 233-268.1

about 70% of the electorate, to formally cooperate in governmental coalitions. Because the hardline parties do not support a solution, there is a structural need for close cooperation between AKEL and DISY in stabilizing an agreed solution, particularly during the transitional period and the first years after reunification. Therefore, the internalized perception that the 'left' and 'right' are natural opponents needs to be replaced by a more pragmatic approach that allows for formal or informal political coalitions of the two big Greek Cypriot parties for as long as this is necessary in a post-solution Cyprus.

The Turkish Cypriot community, like the Greek Cypriot community, also experiences left-right polarization, including a violent period of assassinations of leftists by members of the political right during the 1950s and 60s. Leftist and moderate Turkish Cypriots were also prosecuted in an attempt to prove that the two communities could not live together and that the partition of the island was therefore a necessity.⁴⁷ This is an additional dimension within the Turkish Cypriot community. The Turkish Cypriot left (like its Greek Cypriot counterpart) has fostered a tradition of cooperation with the other community. This cannot be said about the parties of the Turkish Cypriot right and centre. For the Greek Cypriots, DISY, itself a deeply divided party, as far as moderates and hard-liners are concerned, had at least since its inception a moderate, pro-solution leadership that is open to cooperating with moderate Turkish Cypriot parties. The so-called parties of the Greek Cypriot political centre (DIKO, EDEK, The Citizens Alliance, Solidarity Movement) and the Turkish Cypriot right and centre (UBP and DP), as hard-liners in the Cyprus question, are either not open or find it difficult to cooperate with moderate Turkish Cypriot parties.⁴⁸ However, given the above, political cooperation between AKEL, DISY, and the Turkish Cypriot left, in the form of the Republican Turkish Party (CTP) and Communal Democratic Party (TDP), is possible and desirable to stabilize a post-solution Cyprus irrespective of the left or right political orientation.

Conclusion

As we have hopefully demonstrated, the tumultuous past of Cyprus offers plenty of lessons for the future. The current division of the island that was brought about by various actors through violence and bad political choices is visible proof of the many

47 Richter, *A Concise History of Modern Cyprus* and Peristianis, 'The Rise of the Left', and Sotos Ktoris, *Τούρκοκύπριοι: Από το Περσιδάριο στο Συνεταιρισμό 1923-1960* (Turkish Cypriots: From the Sidelines to Partnership 1923-1960), Athens, Papazisis 2013.

48 Kudret Ozersay's recently formed but very popular People's Party might be added here. However, due to its short existence and absence from parliament, its capability to cooperate with the moderate parties remains to be seen.

mistakes political actors and ordinary people have made in the past.

Maybe the most important lessons to be learned is that, like the 1960 arrangement, a reunified Cyprus will not be the realisation of the political dreams of one of the communities but rather a complicated, painful compromise. If Cyprus is reunified it will probably be the result of Greek Cypriots grudgingly accepting it as the least bad solution given the alternatives of permanent partition and Turkification of the north. Similarly, for Turkish Cypriots it is the best feasible option, since international recognition of the 'TRNC' is unlikely and complete Turkification, if not even annexation by Turkey, is resented by the overwhelming majority of the Turkish Cypriots. The challenge after a reunification will be to embrace the new political order and to attempt jointly to transform the political arrangement into a good one through an evolutionary process.

Those supporting the status quo or maximalist solutions of the dispute must be aware that the status quo does not mean an unchanged situation on the ground. No solution of the dispute will lead to the marginalization and gradual disappearance of the Turkish Cypriot community and the Turkification of the north; this will result in the transformation of one part of the island into at least a de facto and possibly de jure Turkish province. Moreover, the Greek Cypriot dominated Republic of Cyprus will remain in an open and unresolved dispute with the regional hegemon Turkey.

It is against the backdrop of this development that a compromise solution becomes a political necessity if one does not want to formally negotiate the partition of the island or accept the Turkification of the north. Inevitably, given the power-sharing arrangement in the form of a bizonal, bicomunal federation, the new state will be plagued by many problems in the beginning. At best a reunified Cyprus is likely to function in the early years like Belgium, which is shaped by great difficulties in running the country, but is functioning reasonably well due to the EU framework and the consensus that politically motivated violence is not an option. In order to achieve this, there is the need to foster a new political culture that all political disputes have a limit for escalation: no violence, no destruction of the state, and no jeopardisation of the functioning of the state. While many will perceive any feasible solution as a painful compromise, the outcome needs to be embraced as something positive, as a deal that ends, or at least minimizes, the losses of the past and allows for a better common future and the resolution of a conflict with the regional hegemon.

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**BOOK
REVIEWS**

Music in Cyprus

JIM SAMSON AND NICOLETTA DEMETRIOU (EDITORS)
(Ashgate, Farnham, UK), 2015, xiv + 196 pp.
ISBN: 9781409465737

Music in Cyprus and Cypriot music are two general issues that are being dealt with in the volume in hand that Jim Samson and Nicoletta Demetriou compiled and delivered for Ashgate publications. Although one can see these as extremely eclectic issues to deal with, one should be aware of the vast number of particularities that occur in a place such as Cyprus and how these are being reflected in the musical world of this Mediterranean island. Subsequently, since they are reflected in music but are initiated from other socio-political and historical issues, this book could be of interest to scientists deriving from various disciplines, not necessarily only to musicologists.

The book is comprised of nine chapters and an extended introduction that is being delivered by one of the editors, namely Jim Samson. The chapters can be vaguely separated between them in two general categories: those which discuss issues that have to do with traditional music and those that discuss issues dealing with art music. Also, there is one, the final chapter actually, that focuses on an aspect of popular music.

The introduction sets the framework of the book; Samson gives a graphic retrospective in historical, cultural and social contexts of what Cyprus is and Cypriots are, and how this is reflected in music. He actually sets the pace for a broad understanding of music within the Cypriot context.

Consecutively, the first chapter takes upon the most important issue that is burdening Cyprus till today, the problem of partition between communities. Papadakis and Hatay, the two authors, offer a thorough description that touches upon issues such as language and folklore and how these are reflected by traditional music. Folklore especially, with its shared and common past between the two major communities, Greek and Turkish, that reside on the island, seems to be a rather complex issue to deal with. The two authors offer a fair account of the issues and manage to describe how folklore has been used to serve nationalistic purposes.

The second chapter, by Effie Tsangaridou, comes to emphasise the importance of traditional music. She follows the trend that has been established in the previous chapter and again decides to put the two communities next to one another, not to compare them but to see them as a unity that has been separated by circumstances. As it will happen in several chapters of this book, and is probably something which has been

discussed between authors and editors, the chapter is divided into smaller subchapters that deal with epochs through landmark years and events. This is something that works extremely well, and the reader is left with a clearer understanding of the different eras that Cyprus went through.

The next chapter, which is produced by the latter of the two editors, namely Nicoletta Demetriou, focuses on Greek Cypriot traditional music. Demetriou takes us through a journey of music evolution, discussing issues that have to do with past influences and, more importantly and substantially, the connection Cyprus has with motherland Greece. The author achieves a comprehensive and all-inclusive description of a rather difficult subject, keeping her scientific integrity intact and vibrant.

Bekir Azgun's effort comes next, and it is a reflection of Demetriou's chapter from the Turkish Cypriot point of view this time. A large part of his chapter is dedicated to the folklore research that has been conducted during several spans of time in the Turkish Cypriot sector, a field that seems to have been used as an identity tool.

The fifth chapter is titled 'The Ottoman Legacy', and rightly so since Eralp Adanır describes the Cypriot past in conjunction with Ottoman rule and the aftermath of it in the centuries that follow. In his research, he discusses widely and in depth the Mevlevi tradition of Cyprus, followed by a short discussion about the years after the 1960s and the rise of interest in Turkish folk music as a means to enhance national identity of Turkish Cypriots.

Chapter six is the turning point towards the art music world, which will be the main focus for the next three chapters. Anastasia Hasikou embarks on an historical journey to the times of the early British period (1878-1914) and gives details about the first art music concerts that were held in Cyprus. She also discusses issues that had to do with ecclesiastic music and the debates that arose between those who believed in the pureness of the Byzantine Melos, which had to preserve its monophonic tradition, and those who believed that music in church should move forward and become more westernized. This, as Hasikou correctly pinpoints, was a debate that was actually imported from Greece. It goes without saying, though, that the Orthodox Church in Cyprus had its fair share of debate on the issue, sometimes revealing parallel issues that had to do with power in the ecclesiastic realm of the Cypriot Orthodox Church community.

Vasilis Kallis decides to discuss the work of individual composers who were born in Cyprus, and he does so for composers of both Greek and Turkish Cypriot descent. His research is heavily up to date: a valuable characteristic that gives us an overview of the art music scene in Cyprus. Young composers, such as Sammoutis and Athinodorou, are discussed, with information about their work. What I feel is lacking here is some more hands-on experience of their work, probably in the form of score referencing.

Nevertheless, I believe that the chapter gives a good overview of the compositional output in the island during the 20th and early 21st centuries.

The eighth chapter is solely about the music education sector in Cyprus, leaning quite understandably towards the music education sector of the Cyprus Republic but with some information concerning the situation in the occupied side. Kenneth Owen Smith has first-hand experience for a considerable number of years, and I think he describes the situation quite accurately. He discusses issues that have to do with private conservatoires ('odeia', since he prefers to transliterate the word in Greek) and university music departments that exist on the island, and the only thing that I found to disagree with was the use of the title 'Greek Odeion of Athens', apparently meaning the Hellenic Conservatory.

The last chapter of the book touches upon the popular music field and actually describes one of the legendary recording labels on the island. Mike Hajimichael delivers an eloquent text dealing with the legacy of Keravnophone Records, the label that was launched by Kyriakos Keravnos. Alongside this, one can see glimpses of the popular music scene that sprung up in the 1960s through the 1970s and until the 1980s. Hajimichael chronicles the history of this particular recording studio through a series of interviews that he held on the issue. This is actually a significant piece of research since it opens new paths towards investigating the popular music scene in Cyprus, something that does not seem to have been in the research scope.

As a whole, the book succeeds in many ways. The authors deliver interesting and well-researched chapters that outline Cypriot music history, whereas the editors curate the tome in the most accurate and mind-captivating way. The positioning of all chapters has a clear relevance and the reader moves step-by-step towards engaging more into the music in Cyprus and all the implications and significancies that it carries. Furthermore, the chapters included are not there to put a fullstop to research but actually to open the field for more researchers to take an interest in Cyprus and its music traditions. This is surely a reference book that will please readers.

ALEXANDROS CHARKIOLAKIS

The Europeanisation of Contested Statehood: The EU in northern Cyprus

GEORGE KYRIS

Ashgate Publishing (Surrey, UK), 154 pp.

ISBN: 978-1-472-42159-3 (hbk)

The Europeanisation of Contested Statehood: the EU in northern Cyprus (2015) tackles a single case study with a view to assessing the engagement with and consequent impacts on contested states, which are relatively ‘under-researched’ phenomena. Beyond this manuscript, we may witness the EU’s mediation role in the Balkans, Caucasus, the Middle East, and elsewhere. Generally, the EU functions in a context of growing political complexity facing the European Union (EU) with increasing irredentism. While the EU has developed greater institutional capacity (or what the ‘actorness’ literature refers to as cohesion), the political context, both externally and within the EU, has been proving increasingly challenging. The author, George Kyris, assures readers that the focus on Cyprus sheds light on both the wider discussion on contested statehood, on the one hand, and the impact on the EU, on the other.

In a number of ways, the case of northern Cyprus is tailor-made for the analysis. The impacts of Europeanisation on the internationally unrecognized ‘Turkish Republic of Northern Cyprus’ (‘TRNC’) can be chronicled prior to and after the accession of the Greek Cypriot-led Republic of Cyprus in 2004. Kyris also utilizes the mechanisms of Europeanisation of national affairs, including impacts on polity, politics, and policy. The analytical questions that follow relate to how Europeanisation processes are applicable in the context of a contested state. Specifically, the book is concerned with the impact of the EU on Turkish Cypriot civil society, the programmes of political parties, and the power and practices in Turkish Cypriot institutions. In all cases, there is the further question of how the context of contested statehood – including international isolation, lack of recognition, and the influence of a patron state – may have mediated impacts.

Northern Cyprus has been internationally isolated for many decades and Cyprus has been partitioned since 1974. Europeanisation failed as a ‘catalyst’ for reunification, yet the Republic of Cyprus joined the EU in 2004. Whereas a significant majority of Turkish Cypriots voted in favour of reunification approving a UN blueprint in a 2004 referendum – itself evidence of a Europeanisation impact among Turkish Cypriots – the Greek Cypriots rejected the compromise package. Given the de facto division of the island into two jurisdictions, the EU accommodated the continued division

through Protocol 10 of the Accession Treaty, so the EU's *acquis communautaire* remains suspended in northern Cyprus pending a comprehensive settlement to the Cyprus problem (i.e. reunification).

The upshot was that 'the accession of a divided country brought the contested Turkish Cypriot state to the forefront on EU affairs' (p. 47). Specifically, the EU developed activities for Turkish Cypriot development and eventual implementation of EU law in northern Cyprus, in anticipation of a settlement. These include the Financial Aid Regulation, the Green Line Regulation, the CYTR – European Parliament Group, and the forestalled Direct Trade Regulation.

The book then goes on to analyze Europeanisation impacts on civil society, political parties, and institutions, respectively. Regarding (post-accession of Cyprus) civil society impacts, Kyris concludes that the international isolation of the 'TRNC' has created additionally opportunities for civil society actors who serve as interlocutors in a context of non-recognition. Against this, civil society remains underdeveloped and insufficiently professionalized, again as a mediated impact of contested statehood. Regarding political parties, Kyris argues that the political opportunity structure has been affected due to the emergence of a European dimension of political competition. Yet, as Kyris also acknowledges, the 'issue of European integration has been linked to an existing cleavage in the party competition (the type of solution to the dispute)' (p. 92). Finally, on institutional impacts, Kyris chronicles and analyzes some of the EU harmonization efforts of 'TRNC' officials (the EUCC), as well as civil society (the Turkish Cypriot Board of Commerce), with which the EU does not face a recognition dilemma. The Financial Aid Regulation allowed for the development of activities and projects that facilitated capacity building and preparation for EU law implementation, especially through interaction with the TAIEX unit.

The book concludes by reintroducing the model of EU engagement and characteristics of contested statehood in an effort to generalize from the Cyprus case (p. 126). Kyris is no doubt right to suggest that the lack of international recognition of the 'TRNC' has been an important factor mediating the impact of the European Union. The failure of the EU to agree on the proposed Direct Trade Regulation is case in point.

However, Kyris might also have considered some counterfactuals. Protocol 10 of the Accession Treaty requires unanimity – and therefore the acquiescence of the Greek Cypriot-led Cyprus government – to deal with the Turkish Cypriots. The debate regarding the Direct Trade Regulation related to the text and intent of Protocol 10. In other words, whatever handicaps and predicaments exist on the EU side are partly self-inflicted. Meanwhile, whereas the Financial Aid Regulation was eventually approved and implemented, it is subject to oversight stemming from the same interpretation. In short, the principle of unanimity – versus majoritarianism – has

restricted the capacity of the EU in significant ways. Perhaps this is more important than recognition.

Kyris' assessments regarding the impacts of international isolation are generally valid but there are some nuances to point to. Significantly, Turkish Cypriot society has been polarized not only in terms of ideology (pro- or anti-EU) but also differentiation in terms of rights and privileges between those who have become 'EU citizens' (thus a 'visa' to Europe) and those who cannot cross the Green Line. Kyris suggests that 'Turkish Cypriot students cannot take part in exchange programmes like Erasmus' (p. 123). The truth is that 'settlers' (i.e. offspring of mainland Turks) generally cannot acquire Republic of Cyprus citizenship and thus are excluded. A comprehensive settlement would naturalize most of these 'TRNC' citizens, but at present their status remains problematic.

Kyris' optimism regarding EU impacts in the context of contested states is largely unwarranted. Whilst it is true that the relative underdevelopment of Turkish Cypriot institutions provides opportunities for EU intervention, the reality of daily life in the 'TRNC' suggests otherwise. The EU harmonization activities of the EUCC mentioned earlier have been effectively shelved by the current government. The lack of momentum for a settlement provides further evidence that the EU is in retreat in northern Cyprus, notwithstanding its continued financial support and engagement with civil society.

On the role of Turkey (i.e. 'patron state') the author might consider some revisions and updates in light of the growing antagonism between the EU and Turkey in recent years. Turkish Cypriot parties and politicians align themselves with Turkey in many policy areas, so the shift in Ankara away from Brussels negates many of the efforts of the EU in northern Cyprus.

Kyris is aware that an analysis based on a single case study has its limitations. Therefore, his first call is for future research that focuses on 'the EU and other contested states' (p. 129). Indeed, the book could or should have been an edited volume dedicated to the analysis of Europeanisation and contested statehood that incorporated the expertise of other researchers and relevant case studies.

EROL KAYMAK

Medieval Cyprus: A Place of Cultural Encounter

SABINE ROGGE AND MICHAEL GRÜNBART (EDITORS)

Schriften des Instituts für Interdisziplinäre Zypern-Studien, volume 11 (Waxmann: Münster – New York, 2015), 392 pp.

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The eleventh volume of the distinguished series ‘Schriften des Instituts für Interdisziplinäre Zypern-Studien’ of the Institute for Interdisciplinary Cypriot Studies of the University of Münster constitutes a valuable addition to the corpus of scholarship on medieval Cyprus. The series has deservedly earned a prestigious position in the field of Cypriot studies, its publications being the outcome of conferences, regularly organised by the Institute on broad thematical and chronological areas of the history of Cyprus and across many scholarly disciplines.

The volume under review is a collection of the papers delivered at a three-day conference held in Münster in December 2012 and co-organised by the Institutes for Interdisciplinary Cypriot Studies and of Byzantine and Modern Greek Studies of the University of Münster. The invited speakers – all well-known experts on the history and culture of medieval Cyprus from the fields of political, social, and religious history, archaeology, and art history – study the medieval history of Cyprus as that of a frontier land, situated within a political and cultural context that was both western and oriental. Chronologically, the term ‘medieval’ describes a thousand years of the island’s history, incorporating both the Byzantine (fourth century-1191) and the Latin (Frankish and Venetian) period (1191/2-1570/1). Thematically, all scholars agree that the Mediterranean provided the conditions for the inhabitants of Cyprus to be both isolated from and in contact with other peoples and their cultures, convincingly demonstrating that the permeability of the political frontier allowed intercultural encounters, albeit painful, and was in the long run culturally enriching.

The fourteen contributions are organised in four sections. The first section includes studies that deal with various aspects of the island’s political history. Michael Gründbart’s paper offers an interesting interpretation of the ideological nature and the degree of legitimacy of Isaakios Doukas Komnenos’s usurpation of power in Cyprus (1184-1191), comparing the way it is presented in contemporary sources with that of other usurpations, in particular, the one by Andronikos I Komnenos in Constantinople. Peter Edbury investigates the beginnings of the island’s Lusignan rule (1191-1232),

using the Latin Eastern narrative sources known as the *Old French Continuations of William of Tyre* and the *Chronicle of Ernoul and Bernard the Treasurer*. By deciphering the complex manuscript tradition and the often ambiguous relationship of the various versions of the texts, Edbury is able to identify the oldest, nearest to or most reliable account of specific historical events and to correct misconceptions concerning both the texts and the events. K. Scott Parker addresses the issue of the presence of the Oriental Christian confessions in Frankish Cyprus, offering a synthesis of the extant literature, but also focusing on the effects the 1365 Alexandria crusade of the most famous of the Lusignan kings, Peter I, had on these minorities. Alexander Beihammer skilfully investigates the political role of the Kingdom of Cyprus during the first Ottoman-Venetian war (1463-1479), a period that coincided with the civil war between Queen Charlotte and her half-brother James, the assumption of power by the latter, and the reign of Caterina Cornaro under Venetian tutelage; using both western and oriental sources, Beihammer underlines the rapidly emerging political and military importance of the island for the *Serenissima*. Chris Schabel's overview of the research undertaken by himself and his collaborators for the three-volume *Bullarium Cyprium* appropriately closes the first section; the author also discusses future plans, that will expand the geographical and chronological boundaries of research undertaken with papal letters.

The three papers that compose the second section explore aspects of the economic and commercial life of medieval Cyprus. Tassos Papacostas studies exhaustively the administration and the economic activities of Cypriot monasteries in the Middle Byzantine period, arguing that, through the successful exploitation of their estates, monastic foundations acquired an increasingly important economic role. Marina Solomidou-Ieronymidou deals with the manufacturing process of the island's most famous product during the Lusignan rule: sugar; she provides an account of the remains of a number of sugar mills built during the period, describing them as a fine example of pre-industrial workshops. Nicholas Coureas's paper studies the commercial activities between Cyprus and another two Mediterranean islands, Sardinia and Majorca, using the early-fourteenth century notarial deeds of the Genoese Lamberto di Sambuceto, who was residing and working in Famagusta at the time.

The third section includes papers that examine the rich material culture of medieval Cyprus. Eleni Procopiou provides a detailed report for the period 2007-2014 of the ongoing excavations at Akrotiri-*Katalymata ton Plakoton*; the excavations have revealed a unique for Cyprus ecclesiastical complex, maybe a *martyrion*, datable to the early-seventh century, a period marked by significant political changes in the region. In a fascinating study, Maria Parani investigates the relatively understudied daily life material culture in Cyprus in the thirteenth-fourteenth centuries; Parani discusses a number of objects that reflect a luxurious way of life for the royalty, the aristocracy, and the wealthy burgesses and reveal a hybrid society living between western and

oriental culture. Joanita Vroom explores iconographical aspects of human depictions in ceramics from Cyprus from the thirteenth to the sixteenth century, using examples of both gesture and non-gesture, while Ulrike Ritzerfeld focuses on the luxury metal objects commissioned by the court of the Lusignans, studying them as examples of cross-cultural exchanges and as the expression of a Levantine artistic *koine*. Michalis Olympios investigates fifteenth-century architecture in Cyprus, using in a thorough and highly readable way the often ignored by scholarship 'loose, undated and unprovenanced architectural members' (p. 309).

The last section consists only of one paper, but this is substantial enough, in both size and content, to justify its closing the volume. Myrto Veikou traces insular and continental patterns of settlement in Cyprus from Late Antiquity to the twelfth century, examining the successive relocations of the island's capital (Paphos, Constantia, and Nicosia) and comparing the Cypriot case with that on Andros and Sicily.

Naturally, this stimulating volume conforms with the high editorial standards set by the series. It is meticulously edited and the choice of complementing each paper with a bibliographical list is very useful for the reader. The volume can be consulted with confidence by scholars and students of the history of medieval Cyprus. Its global approach, that goes beyond conventional chronological periodisations and thematic or geographical categorisations of fields of studies, allows a fruitful conversation amongst Byzantinists, scholars of the Latin East and the Greek world under Latin rule, and western medievalists across traditional disciplinary boundaries. Most importantly, it opens new vistas for the understanding of the medieval Mediterranean world in terms of both conflict and interaction. The encounter and constructive mingling with foreign peoples in their capacity as either conquerors and colonists or traders and pilgrims had been a recurrent pattern in the history of Cyprus and one that bore testimony to the absorbing power of an insular space that favoured cultural uniformity but also allowed novelty with cosmopolitan tolerance. These phenomena also determined ethnic and cultural identity/ies in medieval Cyprus but the investigation of such a complex issue requires a new conference and a new volume!

ANGEL NICOLAOU-KONNARI

The Cyprus Bail-In: Policy Lessons from the Cyprus Economic Crisis

ALEXANDER MICHAELIDES AND ATHANASIOS ORPHANIDES (EDITORS)
Imperial College Press (London, 2016), xiii + 350pp.
ISBN: 978-1-78326-875-7 (hdbk)

This new and timely book is the outcome of a conference held only two months after the Cyprus bail-in, on the topic ‘*Cyprus: Five Years in the Eurozone*’ in Nicosia, Cyprus in May 2013, organized by the Tassos Papadopoulos Centre for Studies. It is one of the first – if not the very first – volumes to deal collectively with the complex issues of the Cyprus bail-in, from a variety of angles. It offers high-level analysis from distinguished economists, both academics and policy experts who have had key roles in Cypriot, Greek or EU public affairs. As clearly stated in the prologue of the book, the editors’ objective is to ‘draw lessons from the [Cypriot] crisis’ that could, among other things, ‘provide guidance’ in dealing with crises, both before (by preventing them) and after they erupt (by managing them) (p. ix).

The book offers a three-dimensional analysis of the Cyprus bail-in. First, why Cyprus got into a crisis and the bail-in; second, how Cyprus got out of its financial crisis; and third, how the Cypriot crisis and bail-in relate to the wider institutional issues of the Eurozone.

The first part (‘Cyprus in Crisis: What Happened in Cyprus?’), with key contributions from former Finance Minister Michalis Sarris, former Central Bank of Cyprus director Athanasios Orphanides and former non-executive directors Alexander Michaelides and Stavros Zenios, as well as from younger academic Costas Xiouros, offers a narrative about the Cypriot crisis. Sarris discusses Cyprus’ Euro membership since 2008, which called *inter alia* for sound national economic policy choices. Unfortunately, these failed to materialise and, added to the erroneous crisis management on behalf of the European institutions, soon led to a bust. Sound public finances, fiscal adjustment and structural reforms are essential for Cyprus’ recovery and to its continuing membership in the Euro area. As Sarris correctly points out further, at the same time the Euro area should address its own issues, including better states’ surveillance and better governance, so as to prevent from future crises happening. Zenios and Xiouros discuss more in-depth the banking sector issues that led to the bail-in, particularly the mishandling of the Cyprus Popular Bank (Laiki)’s Emergency

Liquidity Assistance (ELA), the erroneous estimates of the capital needs of the Cypriot banking system by PIMCO and the catastrophic delays in signing a Memorandum of Understanding (MoU) with European institutions. As Zenios remarks, the catastrophic delays were caused by political expediency, with enormous costs for the Cypriot economy. Xiouros delves into the mishandling of the Laiki ELA as well as into the details of the Cyprus bail-in package, including the legality of Cypriot systemic banks' resolution or restructuring. He argues, convincingly enough, that the bail-in was contrary to the principles of legality and fairness, through the unfair treatment of uninsured depositors in haircuts as well as through the wealth destruction and transfer by fire sale of Cypriot banks' branches in Greece.

Orphanides and Michaelides discuss the macroeconomic factors that led to the Cyprus crisis. Michaelides analyses the macroeconomic imbalances (fiscal, banking, housing and external) that became more pronounced after Cyprus joined the EU and Euro. As Michaelides argues, the steady growth that Cyprus enjoyed over the years led to 'overconfidence' and was 'misinterpreted as evidence of local competence by an unsophisticated political system that failed to become sophisticated and competent sufficiently quickly after EU and Eurozone entry' (p.159). The catastrophic delays in reaching an MoU agreement after the country lost access to international markets are emphasized by the two authors as an example of both such incompetence and of political expediency. Orphanides, like Michaelides, shows how the 'last communist government of Europe' (2008-2013) defied all warnings – from national and EU institutions alike – and through reckless behaviour led the country to the bail-in. Orphanides uses a detailed sequence of events to highlight such governance deficiencies, like the government's inaction to correct fiscal imbalances while still manageable, its handling of the Greek Private Sector Involvement (PSI) negotiations despite Cypriot banks' large exposure to the Greek debt and – most importantly – of the MoU negotiations to avoid any short-term political cost. Economic populism generated painful outcomes for Cyprus.

The second part ('Overcoming a Crisis') looks at the aftermath of the Cypriot crisis, with three key contributions from former Finance Minister of Greece Gikas Hardouvelis, University of Cyprus Economics Professor Sofronis Clerides and the Central Bank of Ireland Member of the Commission Alan Ahearne. Clerides and Hardouvelis discuss in length the post-crisis lessons for Cyprus. Implementing reforms, in the banking and public sectors alike, overcoming short-term risks, including resolving the growing size of non-performing loans (NPLS), taking ownership of the fiscal adjustment programme as well as restoring trust and designing a growth model for Cyprus are all prerequisites for the country's future success. Social consensus is also essential, as Hardouvelis points out, while affirming Cyprus' position in the Eurozone should be clarified as a geostrategic choice (p.268). Virtuous behaviour is

rewarded, as the Irish example tells us, according to Ahearne. The latter illustrates how the Irish government took ownership of its adjustment program and managed to implement it. Its strong commitment was rewarded by the troika, in the form of bank recapitalizations with Irish Central Bank bonds with longer maturities, or by revisiting programme conditions.

Finally, the third and last part of the volume ('The Future of the Euro Area') looks at the topic from the Euro perspective. Yannis Ioannides, former consultant to various US, EU and Greek institutions, and European Central Bank (ECB) advisor Michael Haliassos discuss about the institutional deficiencies of the Eurozone. As both show, the growing asymmetries between the Euro members, with divisions between the North and the South, creditors and debtors, and large versus small states, have only exacerbated such deficiencies. Ioannides, performing a comparative study of the Eurozone and the US federal examples, shows how country size influences macroeconomic policy-making in the Eurozone and creates democratic deficit. Without a true fiscal union, the Eurozone cannot function as efficiently as the US fiscal one. The Cyprus bail-in is a prominent example, according to Haliassos, since it was part of 'a consistent strategy of the North to avoid moral hazard' (p.311), both in the South and in the Eurozone in general. Instead of austerity, he proposes that the weaker Euro countries, like Cyprus or Greece, should give emphasis on export-led growth through a combination of business-friendly reforms and attracting investment funding. Instead of widening the North and South divide and thus questioning the viability of the European project, the EU should develop policies that will help the weaker countries to recover and prosper. Lastly, former ECB Board Member Lorenzo Bini Smaghi shows how the crisis exposed all the institutional flaws of the Eurozone architecture. Separating monetary from fiscal policies in the Union especially during the crisis questioned the sustainability of fiscal policies. As Bini Smaghi remarks, true cooperation between monetary and other policymakers is required. However, this vacuum was solved largely through ad hoc solutions like the troika (IMF/EC/ECB), which was charged to monitor and negotiate the adjustment programmes in the EU. The ECB's single primary mandate, price stability, restricted it from other engagements on account of retaining its institutional independence. Nevertheless, as the crisis forcefully showed, ECB's engagement is essential for the Euro's survival.

Overall, the volume is a significant contribution to the limited literature on the Cypriot crisis and the events that led to and followed the 2013 bail-in. It offers expert insights from distinguished economists and policy makers coming from six different countries (Cyprus, Greece, Italy, Germany, Ireland and the USA). As such, it has a clearly international outlook and approach to the Cypriot crisis, while effectively situating it within the Eurozone context. Given its orientation, this edited volume

proves to be an essential reading not merely for a Cypriot audience, but an international one. While some additional chapters from other crisis-hit states in the Eurozone, like Greece or Portugal, are lacking and would be valuable from a comparative perspective, the volume does justice to the causes and the effects of the crisis. It avoids a biased or partisan view of the facts and the politics of the Cypriot crisis. Thus, it opens avenues for exploration for everyone interested to know in depth about the topic, both in a national and in an international context. It therefore achieves its main aim, to provide lessons and guidance about crisis management, risk prevention and recovery. Both economists and senior policymakers worldwide will benefit greatly from this book.

ANNA TSIFTSOGLU

The Eastern Mediterranean in Transition: Multipolarity, Politics and Power

SPYRIDON N. LITSAS AND ARISTOTLE TZIAMPIRIS (EDITORS)

**Ashgate (Surrey and Burlington, VT), 259 pp.
ISBN: 978-1-4724-4039**

The Eastern Mediterranean in Transition: Multipolarity, Politics and Power is a very timely and insightful book that looks at the changing geopolitics of the Eastern Mediterranean while maintaining a global perspective, which is perhaps the most appropriate way of examining a geopolitical region or sub-system, especially at this point in time. According to the editors, Spyridon N. Litsas and Aristotle Tziampiris, the purpose of the book is to contribute to the understanding of the Eastern Mediterranean, given its increased importance, as well as to provide a picture of the effects of Multipolarity (consequences, challenges, perils and opportunities) on this regional level. Lastly, it aspires to become part of the larger debate about 'the potential ramifications and sustainability of a multipolar era in the Eastern Mediterranean' (p. xviii).

The volume comprises 16 chapters from authors coming from Greece, Turkey, Cyprus, Israel, Iran, and beyond. There is thus a good balance of perspectives that enriches the book's content, serves its research aims and adds to its credibility and academic integrity. Rightly, the chapters deal with all major geopolitical issues of the Eastern Mediterranean and touch upon every country of this geographical area, at least briefly. And yet the scope of the book is broad enough to encompass matters that are of interest for the study of the Middle East as well, such as the roles of Iran and Jordan, as well as the Arab uprisings and their repercussions. In addition, just like any scholarly work on international politics that wants to be taken seriously, the book pays adequate attention to the role of great powers, such as the United States, Russia and China, and their interests in the region.

After the editors' forward, the book starts with an excellent and rather theoretical chapter by Litsas. One could say that this chapter outlines the logic of the book and sets the foundations for what follows; and that is why it is worth some special mention. Litsas starts with the discussion of some of the most fundamental concepts in International Relations, such as Peace, War and Justice, and then moves on to what he believes 'may constrain chaos to the minimum for certain periods of time' (p. 8) despite the dim chances of Peace prevailing over War: the stability of the international system.

Through an analysis of different kinds of systemic polarity (unipolarity, bipolarity) he argues that a multipolar international system, like the one currently emerging, is less prone to total wars but ‘has the capacity to profoundly destabilize regions with a clear tendency to political turmoil’ such as the Eastern Mediterranean (p. 15). Therefore, Litsas urges the ‘passengers of the region’ to ‘mind the multipolar gap’ (p. 15).

In a similar vein the second and rather short chapter by Panayiotis Ifestos examines the transition from bipolarity to multipolarity, lays out the features of today’s multipolarity, not least in comparison to the 19th century one, and looks at the structural and strategic effects on the Eastern Mediterranean. In chapter three, Pavel Shlykov gives an excellent account of Russia’s foreign policy in the Eastern Mediterranean since 1991, particularly looking at the energy and military sectors as well as Russia’s bilateral relations with Egypt, Syria, Turkey, Israel and Greece. Shlykov highlights the foreign policy priorities and the importance of the Eastern Mediterranean for Russia. According to its title, chapter four, by Akis Kalaitzidis, examines the US foreign policy in the Eastern Mediterranean. Although the chapter provides a good picture of the current state of US foreign policy, it lacks adequate focus on the Eastern Mediterranean and misses the opportunity to conceptualize the importance of this region for US foreign policy. In the following chapter (five) Christina Lin provides perhaps the only comprehensive account to date on China’s foreign policy in the Levant and the Eastern Mediterranean, a reason why the text is heavily based on primary sources (i.e. media reports). The chapter looks at the rise of China (and its interests) in a region where Western influence has traditionally been far stronger, by focusing on competing energy, economic and maritime interests. Lastly, Lin suggests different avenues through which ‘regional stakeholders such as, US, EU, and NATO’ can ‘constructively leverage China’s posture to play a bigger role in the region’ (p. 71-72).

Chapter six, by Nikolaos Zahariades, takes another look at US foreign policy in the Eastern Mediterranean, specifically under the Obama Administration. Zahariades makes the case that American foreign policy is primarily driven by domestic politics and, against this background, reviews developments and dynamics in the US and how these affect American external action with emphasis on the post-‘Arab Spring’ Eastern Mediterranean. Chapter seven is an interesting study on the foreign policy of Cyprus – one of the very few that do not revolve around the Cyprus problem – by Ilias I. Kouskouvelis. Kouskouvelis pays particular attention to the role of ‘smart’ leadership to demonstrate how it can make a difference in a small state’s international outlook. Raymond Hinnebusch’s chapter (eight) gives interesting insight on the Middle East side of things, from the Persian Gulf to Egypt and Turkey, explaining how ‘inherited structure – the “deep state,” historic identity cleavages, regional power balances, and enduring dependencies on the global “core”’ (p. 119) – prevailed over agency thus hindering the democratic development of the Arab uprisings and the transformation

of regional politics. Chapter nine, by Ilter Turan, makes a good job presenting the sources and drivers of the foreign policy of Turkey – one of the most important actors in the region – especially after the Cold War and under the AKP government. It also tracks well the different changes Turkish foreign policy has gone through since the mid-2000s and particularly after 2011. However, Turkey's recent 'consistent change in orientation' (p. 142) may have been overstated given that AKP's Turkey has thus far mostly adjusted its tactics and foreign policy tools rather than change strategic orientation, which nonetheless may well happen in the future.

In chapter ten Stacey Gutkowski adopts a more critical approach to security and the study of the region, looking at vernacular or human (in)security after the 'Arab Spring' specifically in Egypt and Jordan, a case of 'liminal security assemblage' and 'moderate security assemblage' respectively. Unlike traditional International Relations approaches, Gutkowski provides an interesting analysis of 'structures of feeling' at the individual and popular levels and their interaction with security and stability at the national and regional levels. The following chapter (eleven) by Aslı Tunç scrutinizes relationship between the Millennial Generation (or Generation Y), social media and political participation in Turkey before and during the Gezi Park protests of 2013. As Tunç concludes, based on a combination of qualitative and quantitative research, 'contrary to the widespread belief, young people in Turkey were not apolitical, or apathetic, but rather cynical' (p. 174). Another critical approach comes from Constantinos Adamides and Odysseas Christou in chapter twelve, where the authors look at the role of Cyprus and energy securitization in the Eastern Mediterranean (particularly Cyprus, Turkey and Israel) through the Regional Security Complex Theory (RSCT). Importantly, the authors point to certain weaknesses of RSCT and the potential for the emergence of new RSCs within the theory.

Chapter thirteen by Amikam Nachmani examines the elements of rape, war and civil strife in the Arab world from ancient times until today. Centring on the contemporary case studies of Syria and Libya, it explains how rape, among other things, has been used as a deliberate strategy over the years and even in today's conflicts in the Middle East. In chapter fourteen, Ghoncheh Tazmini describes the domestic changes in Iran's modern history in the context of the country's modernization and reform. Moreover, it analyses how Iran is becoming more adaptive and less revolutionary as well as the implications of these developments for Tehran's foreign policy towards the broader Middle East and beyond. Next, Aharon Klieman in chapter fifteen deals with the importance of the Mediterranean for Israel since the Cold War and lists a number of contemporary economic, diplomatic and security-defence strategic opportunities and challenges for Israel on this front. Finally, Aristotle Tziampiris in chapter sixteen focuses on the new – and 'largely unexpected' (p. 244) – era of deeper Greek-Israeli relations and explains how energy, economy and security considerations played an

important role in bring this new phase about.

Though individual chapters may have some weaknesses – in terms of approach, scope or argument – the book as a project seems to have few flaws. The most important subjects in terms of the Eastern Mediterranean have been covered but a couple of issues could have found a place in this volume. One of them is Greek foreign policy and its perception of or vision in the Eastern Mediterranean in light of domestic and external challenges. Greece has been mentioned in different chapters, especially in Tziampiris' one, but the geopolitical position and importance of Greece arguably warrants more attention. In conjunction to Greece's role, a chapter could have been dedicated to the various efforts for inter-state cooperation as displayed through the trilateral partnerships or dialogues of Israel-Cyprus-Greece, Cyprus-Egypt-Greece and Jordan-Cyprus-Greece. Again, these have not been entirely neglected but their existence and dynamic alone constitutes an expression of multipolarity and affirms the rising importance of the Eastern Mediterranean; therefore, they could have been given more emphasis. Lastly, since the book covers the policies of the most important international actors (US, China, Russia) more analysis could have been provided on the importance of the Eastern Mediterranean for the EU and what is the latter's role – or what it can be – vis-à-vis this region considering its own existential political-economic problems.

The volume may not be specifically about Cyprus but is certainly relevant to it. Apart from a number of chapters that touch upon its foreign policy and role within the area of the Eastern Mediterranean, it becomes clear that one cannot discuss the geopolitics of the region without taking Cyprus into account. In this light the whole book can be of significant help to Cypriot policy-makers and citizens alike. In parallel, it is evident through the chapters that in the context of a decentralized and multipolar world the agency of smaller states becomes stronger and more significant, at least within their respective regional and sub-regional systems. This can be a wake-up call for Cyprus which should seize the geopolitical opportunity to increase its benefits in areas of growing regional and international interest – e.g. energy, economy and security – thus becoming a central and proactive geopolitical player, not merely subject and reactive to external developments.

Overall, the book as a whole is without a doubt a significant contribution to the study of the Eastern Mediterranean and the Middle East as well. The chapters of the volume do not follow a common theoretical line or methodology of analysis, as this was not one of the aims set by the editors, and in fact, the theoretical and methodological pluralism that characterizes it adds great value to the better and multidimensional understanding of the Eastern Mediterranean and its various aspects. For instance, the book is not confined to traditional International Relations theories or systemic readings of international politics or foreign policy. The 'black-box' of the state is often opened up, the concept of security is scrutinized, the role of domestic politics

taken into account while the importance of ideational factors (e.g. identity, culture, ideology) are not neglected. Against this background, *The Eastern Mediterranean in Transition* certainly opens up avenues for further research with focus on either the Eastern Mediterranean itself, or on other such geopolitical sub-systems around the globe. Lastly, it constitutes another step towards understanding and decodifying the ever-changing international system especially at this historic juncture.

ZENONAS TZIARRAS

Call for Papers The Cyprus Review (2018 issue)

The Cyprus Review invites submissions for the Special Section of its upcoming 2018 issue on: ***Cyprus and Britain after 1960***

The 2018 issue of *The Cyprus Review* will include a special section on Cyprus and Britain after 1960. It intends to serve as a forum where original scientific research is presented on various aspects of this important topic from a multiplicity of disciplinary approaches. The aim is to address pertinent aspects, including, but not limited to, topics such as:

- The Cyprus Question and Britain
- Cyprus before the British House of Commons
- The EU, Cyprus and Britain
- Perceptions of Cypriots towards Britain and British policy
- The Sovereign Base Areas
- External relations and external affairs between Britain and Cyprus
- Commercial and economic relations between Cyprus and Britain
- The British community of Cyprus
- The influence of British law on Cypriot law
- Remnants of British institutions in the Cypriot society
- English language and its impact on Cypriot institutions and society
- Influence of British education in the Cypriot education system

Submission Instructions

- Authors should consult the journal's guidelines for submission, which can be found at: <http://cyprusreview.org/index.php/ct/information/authors>.
- *The Cyprus Review* is available at: <http://cyprusreview.org>.
- For specific academic enquiries about the special section, please contact us via email at cy_review@unic.ac.cy.
- Interested scholars should submit their papers by the final submission deadline of **15 May 2018** through the online platform at www.cyprusreview.org.
- Submissions should clearly indicate the Special Section on "Cyprus and Britain after 1960".

In addition to the Special Section, the 2018 issue of *The Cyprus Review* will also contain its standard features of Articles, Essays and Book Reviews, as well as a guest edited section on the Cypriot Doctrine of Necessity. Submissions in the fields of interest of *The Cyprus Review* are always welcome.