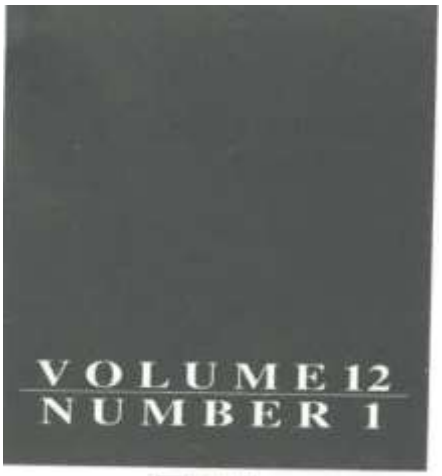

THE CYPRUS REVIEW

A Journal of Social, Economic and Political Issues

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Jacovides, A.J. (1977) 'The Cyprus Problem and the United Nations' in Attalides, M. (ed), *Cyprus Reviewed.* Nicosia, Jus Cypri Association.

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McDonald, R. (1986) 'Cyprus : The Gulf Widens', *The World Today,* Vol. 40, No. 11, p 185.

(viii) Dates should appear as follows: 3 October 1931; 1980s; twentieth century. One to ten should appear as written and above ten in numbers (11, 12 etc.).

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Articles

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NEGOTIATING THE SOLUTION TO THE CYPRUS PROBLEM: FROM IMPASSE TO POST-HELSINKI HOPE

Harry Anastasiou

Abstract

For more than four decades, the Greek Cypriots and Turkish Cypriots have been negotiating in an effort to find a solution to the Cyprus problem. The perspective, assumptions and hypotheses that underpin the respective approaches to the Cyprus problem disclose the general framework that renders understandable the impasse that has characterised the long history of negotiations on Cyprus. The Helsinki decision by the European Union to accept Turkey as a candidate state has fundamentally modified the framework within which the stakeholders will, henceforth, have to negotiate a possible solution for Cyprus. This shift in framework may provide the basis of hope for resolving the long overdue Cyprus problem.

State Sovereignty and Self-determination: The Perennial Problem

As far back as 1977 and 1979, the Greek Cypriots (G/Cs) and Turkish Cypriots (T/Cs), at top-level talks, have agreed in principle that the solution to the Cyprus problem will be a Bicommunal, Bizonal Federal Republic. However, since then, there has been total lack of progress. One of the major reasons for this arises from the fact that over the years, in the very process of the negotiations, the G/Cs and T/Cs, and Greece and Turkey respectively assumed their point of departure from within the structure of the conflict. This structure can be identified as the classic conflict reflected in the history of nationalism between state sovereignty and self-determination. Inasmuch as statehood and political self-determination are perceived in ethnocentric and monoethnic terms, unless society is ethnically homogeneous, the two principles will inevitably stand in contradiction to one another. In societies that are ethnically mixed but nationalistically oriented, the requirements of state sovereignty and the demand for self-determination increasingly come to operate as divergent forces, usually leading to conflicts and crisis.

In his work *Minorities at Risk: A Global View of Ethnopoli*T/C*al Conflict,* Robert Gurr points out that in nationalist conflicts, communal groups have four general orientations to, and demand on, the state and its sovereignty. These are exit, autonomy, access and control. Gurr explains:

> *Exit* implies complete withdrawal and severance of mutual ties between communal groups and the state. *Autonomy* and access both imply some degree of accommodation: autonomy means that a minority has a collective power base, usually a regional one, in a plural society; access (not mutually exclusive) means that minorities individually and collectively have the means to pursue their cultural, political and material interests with the same rights and restraints that apply to other groups. *Control* is the revolutionary aim of a minority or subordinate majority to establish the group's political and economic hegemony over others (Gurr, 1993, p. 292).

From the point of view of the state, explains Gurr, the exit option of secession, as a means of satisfying the need for autonomy, access and control, is perceived as the greatest threat due to the nationalist ideology (Gurr, 1993, p. 294). This is due to the fact that nationalism perceives the state in absolutely monoethnic terms. Simultaneously, nationalistically inclined movements within the state see the fulfillment of self-determination in the creation of a state that is perceived also in monoethnic terms. Within the framework of nationalism, the position of the existing state, on the one hand, and the position of the ethnic group seeking autonomy on the other hand, is in principle irreconcilable.

The case of Cyprus is no exception. The polarisation between an originally nationalist view of the state and an originally nationalist quest for self-determination has decisively conditioned public opinion in the G/C and T/C communities respectively. But in a more subtle way, it has conditioned the very manner, in which each side negotiates, as it has shaped the underlying assumptions and *modus operandi* of each side in conducting formal negotiations. The dynamics generated by the contradictory approaches, often hidden beneath the formal agendas that are set forth at the negotiating table, constitute one of the key factors that reproduces and reactivates the entire Cyprus problem with each cycle of negotiations. The manner in which the Cyprus problem creeps into the negotiation process is in effect a crucial dimension of its intractability.

The Greek Cypriot Approach to Negotiations

The G/C approach to a political settlement proceeds through the assumption that the establishment of a Federal Republic of Cyprus can only be the legal derivation of the present Republic of Cyprus, as the latter constitutes the sole and exclusive legal state entity on the island. The G/C side is firmly fixed on the underlying idea of a

strict legal continuity from the present republic to the future federation. Beneath the great and often persistent efforts to negotiate a settlement lies the assumption that only the Republic of Cyprus can legally evolve to a new and different state. In the eyes of the T/Cs, this dimension of the G/C approach is reinforced by that portion of G/C political opinion, that still speaks of the idea of a unitary state as opposed to a Bicommunal, Bizonal Federation.

Analyses such as that of Michael Stephen in *The Cyprus Question,* though clearly partisan and one-sided, reflect very accurately the interpretation and argumentation that gives rise to the T/C perceptions of the G/C approach to negotiations (Stephen, M. 1997, pp. 67-78). In the eyes of T/Cs, the G/C approach sets the acknowledged restoration of the Republic of Cyprus as a condition of priority before essentially entertaining the establishment of a new Cypriot state. In this mode of thought, the T/Cs suspect that for G/Cs, federation is not really a solution to which the G/Cs are truly committed, but a "Trojan horse" by which they are attempting to achieve the physical reunion of the island. As a result, the T/Cs gravitate, in principle, toward confederation, or secession, or even to the annexation of the north by Turkey in times of escalated tension and political reaction.

As the unquestionable supporter of the G/C position, Greece followed suit along the same lines for many years. The political challenge that Greece was accustomed to posing to Turkey, as regards Cyprus, was not so much to assist in establishing the agreed-upon Federal Republic of Cyprus. Rather, the perpetual insistence of Greece was that as an occupation force, Turkey withdraws its lroops from the Republic of Cyprus. Though justified from a strictly legal point of view, this position of Greece reiterated the same ambiguity as that which characterised the G/C approach to negotiations. Thus pursued, Greek diplomacy, for years, was rendered exposed to the interpretation that Greece's first priority was the restoration of the sovereignty of the Republic of Cyprus and, by implication, not the settlement of the Cyprus problem in accordance with a new model of bicommunal state partnership. Of course, the argument sustained by Greece was that progress toward a solution could only occur with the withdrawal of the Turkish military from Cyprus. Yet, even as this fact was assumed by Greece, the priority and finality of the federal solution for Cyprus had been so hidden, that the direct and indirect references to the restoration of the Republic of Cyprus always appeared to dominate and colour diplomatic language. Consequently, the Turkish side could easily form the impression that the restoration of the Republic of Cyprus was in fact the essence of the Greek agenda.

However, following the joint Greek and G/C decision in 1999 not to deploy the Russian S300 missiles in Cyprus, Greek foreign policy exhibited strong signs of moving beyond the traditional mode of approaching the Cyprus problem. The references to a bicommunal and federal Cyprus as the eventual solution have since

become more direct and explicit. The same tendency was also observed among some of the G/C leadership. Simultaneously however, this shift, as we shall see, appeared also as a counter measure to the T/C and Turkish explicit policy for Confederation, itself a by-product of the estrangement, resulting from the relapse to nationalism in the 1990s.

The Turkish Cypriot Approach to Negotiations

On the other hand, looking at the T/C approach to negotiations, we see a different picture transpiring, which has had its particular adverse effect on the negotiation process, intensifying and complementing the long-standing deadlock. The T/Cs always entered the negotiation process carrying with them, or dragging behind them into the process, the "Turkish Republic of Northern Cyprus" ("TRNC"), in search for opportunities to attain legal recognition. Formal recognition of "TRNC" was always set forth, or assumed to be the absolutely necessary condition for moving forward to a Bizonal, Bicommunal, Federal Cyprus, or, in times of heightened nationalist tension, to a confederal Cyprus.

The T/C assumption here is that since federation, by definition, implies the existence of at least two states that are federated, then no federation is possible without first recognising the existence of two pre-established states as equal legal entities. In diplomatic language, this position is formally set forth as the demand for "the sovereign equality of the Turkish Cypriot and the Greek Cypriot sides" (Joint Declaration, 1995). The "TRNC", as a breakaway "state" resulting from the use of force, operating outside of international law, is presented by the T/C and Turkish side as a *de facto* phenomenon that must be legitimised by the rest of the world. Here again, though federation is given diplomatic lip service, the suggested way of achieving its establishment is in essence dependent on the antecedent, unconditional acceptance of the *status quo* as this was formed in 1974 by the Turkish military intervention in Cyprus.

While remaining aligned with the formal T/C interests, Turkey, in the 1990s, has complicated the structure of the conflict by indirectly approaching the Cyprus problem as an accessory for its own political interests, namely, its attempt to attain status in relation to the European Union (EU). Turkey became increasingly insistent on the recognition of the "TRNC" not only as a gesture of support for the T/Cs, but also as a way of insinuating that unless Turkey is accepted into the EU fold, its position on Cyprus will become steadily fixed and non-negotiable. As a result, the traditional T/C demand for recognition of the "TRNC" was compounded by Turkey's demand for closer ties with the EU. The latter demand was implicitly, yet strongly presented as an imperative condition for any movement toward the solution of the Cyprus problem. This condition was a new element adding to the impasse of the negotiations, as

it became evident in the bicommunal proximity talks on Cyprus during the summer of 1997 in Switzerland. The fact that Turkey posed its political conditions, both for Cyprus and her EU aspirations, through the backing of its military power revealed the severity of the problem. The continuing military occupation of northern Cyprus and Turkey's persistent military exhibitionism in the Aegean has rendered Turkey most ambivalent in its dealings with Cyprus. This behaviour of Turkey, must also be viewed as a reaction to the Unitary Defensive Dogma of Greece and the Republic of Cyprus, one of the key factors that contributed to the escalation of tension in the 1990s. Indirectly, Turkey demanded acceptance by the EU through power posturing and political hardening in dealing with Greece and Cyprus. In doing so, Turkey appeared as a giant who desperately wanted to enter civil society, without being able, as of yet, to fully operate within the parameters of civil society. The explicit use of one's superiority in military power as a means of conducting political dialogue with the EU or an EU member state was highly disagreeable with the current European mentality. It also exposed Turkey to the accusation by the Greek and G/C side of brute intransigence, blocking any prospect for meaningful negotiations. This entire backdrop to the negotiation process coincided with the rising nationalism and fundamentalism in the two Cypriot communities and in Turkey, and with the EU Luxembourg decision of 1997 rejecting Turkey's EU candidacy. A decision which threw Turkey into further isolation and reactionary hardening, having injured its historically ambiguous national goals and identity and hence its highly sensitive self-image and sense of national pride.

A Phase of Rising Tension and Increasing Alienation

Up until the commencement of *de tante* and the warming of relations between Greece and Turkey in 1999, the G/C and T/C communities have been moving in divergent directions. This orientation of the Cypriot communities inevitably had an impact on the subsequent negotiation process and the positions assumed by the parties involved. The divergent paths followed by the G/C and T/C communities can be traced in basically four interrelated factors.

The first concerns the revitalisation of nationalism in the two communities as a phenomenon that had affected the relationship of the two sides detrimentally (Mavratsas, C., 1998). The relapse of nationalism in the 1990s reawakened the old "tribal gods". The recourse to the nationalist rhetoric of the past; the amplified references to heroic epochs and national glories; the mental reconstruction of the pantheon of national heroes; the preoccupation with military options and the military dimension of the Cyprus problem; populist agitation and mobilisation around ethnocentric notions; verbal aggression and power posturing - all of these have contributed to alienating anew the two communities. Nationalism thereby moved the two communities further apart precipitating a heavy cloud of uncertainty regarding the possi-

bility for a solution. This was particularly the case in view of the military build-up, by the G/C's side, followed as always, and in excess, by the military build-up of the Turkish side *(Economist Intelligence Unit, Cyprus: 1st Quarter, 1996).*

The second entails the widening economic gap between the T/C north and the G/C south. Under the shadow of a rising nationalism, this fact inevitably added to the estrangement between the two communities, as the average T/C became increasingly impressed by the realities of economic disparity. The difference of 1 to 5, and rising, in the per capita income became a factor of deepening alienation as it touched daily life *(Economist, 6 August 1994).*

The third reason for the divergent orientations of the two Cypriot communities emanated from the fact that the Republic of Cyprus, under the control of the GICs, became progressively engaged with the EU. Deepening its links, through increasingly formal and institutional processes, the Republic of Cyprus thereby reinforced its legitimacy. The commencement of the Cyprus accession talks and the subsequent process of adaptation to the *acquis communautaire* inevitably enhanced the status of the Republic of Cyprus. On account of the EU factor, the G/C attachment to the Republic of Cyprus was thereby intensified as the stakes in maintaining the Republic's exclusive legitimacy over the whole of the island was raised to a higher level. The response of the Turkish side to the deepening formal ties between the Republic of Cyprus and the EU was to deepen ties between the "TRNC" and Turkey. As Greece was a full EU member and the Republic of Cyprus a candidate member, while Turkey's candidacy was rejected, the EU was transformed from an agent intended to bridge the two sides to a factor of the conflict.

The fourth and related reason resulted from the fact that the T/C demand for recognition shifted from an informal and implicit position to an explicit and diplomatically formal position. The solidifying legitimacy bestowed on the Republic of Cyprus by its formal association to the EU, coupled with Turkey's rejection by the EU Luxembourg summit, compelled the T/C and Turkish side to move to a more secessionist approach to the Cyprus problem. The demand for independent state recognition and representation was thereby asserted more forcefully than ever, adding to the complexities of the Cyprus problem.

This divergence in approaches was further burdened by the fact that up until 1999, the interests of Greece and Turkey in the Balkans and Central Asia were directly competitive and fiercely antagonistic (Bacheli, Tozun, 1998 pp. 110-113). Further, nationalist elements in the popular culture in the two countries added to the aggravated relationship. The crisis of January 1996 over the Aegean islet of Imia that brought, yet again, Greece and Turkey to the brink of a military confrontation, marked the most striking highlight of the general escalation of tension during the period

under consideration.

With respect to each of the above historical phenomena the responses of each side to the actions taken by the other drove the two parties into a vicious cycle of mutual estrangement. Evidently, the divergent orientations of the two sides also had an unavoidable impact on their respective approaches to the negotiations that followed the period of nationalist agitation and alienation. The difference, however, lies in the particular way each side responded to the historical residue of the estrangement of the 1990s.

Under the stern leadership and influence of the Greek Prime Minister, Costas Simitis, the Greek government and G/C leadership generated the courage to eventually face and effectively come to terms with the bankruptcy of nationalist adversarial politics and the dangers laden in nationalist populist agitation. The conscious decision was thereupon taken to modify their general strategy. The change in policy by Greece and the Republic of Cyprus not to deploy the S300 Russian missiles on Cyprus and to shift from an adversarial to a rapprochement diplomacy marked the beginning of a new approach as far as the Greek side was concerned. In this context, the swift decision by Greece to offer Turkey humanitarian assistance during the terrible earthquake of the summer of 1999 initiated a process of popular rapprochement that began to dissolve some of th.e traditional stereotypes in public opinion.

However, as the Greek side launched this new beginning, it found the T/C community and leadership further away from the political position that had been anticipated. In view of the rising tension brought about by the relapse to nationalism, even moderate T/C*s* modified their position. Given the alienation that ensued and its effect on public opinion, T/C moderates could no longer sustain a position of rapprochement toward the G/C*s* let alone support federation openly. Seeing the danger of increasing dependency and integration into Turkey, the only tolerable position they could pursue at the time, was to assert independence. That is, independence both from Turkey and the G/C*s.* This however, precipitated by default into a strengthening of secessionist politics, as the demand for recognition appeared in the eyes of the moderates as the middle of the road. As they were caught between increasing control by Turkey on the one hand and the estrangement from populist G/C nationalism on the other, the "TRNC" appeared, at the moment, as the only viable option. These signs became evident in overseas bicommunal workshops, where, even some of the most ardent rapprochement citizens appeared denouncing federation outright (Damdelen, M., 1998).

Sensing that it is possible to lose the historical window for a federal settlement, the G/Cs affirmed more strongly than ever their commitment to a federal solution, only to find that the T/C*s* have become very uncertain and even negative with regard

to federation. Once again, the two communities have historically missed each other! Frustrated, the G/Cs echoed the argument that every time they move to meet the T/Cs half way, the T/Cs shift to a more extreme position abandoning their original, or previously held position. The T/Cs on the other hand, rationalised that the G/Cs move from their position only when the T/Cs take steps in the opposite direction from where the Greek side naturally gravitates.

The polarising dynamics initiated by the historical phase of nationalist estrangement became the backdrop of the negotiations that resumed thereafter. Inevitably, they had their particular impact on the negotiation process itself.

Negotiating: The Republic of Cyprus Versus the "TRNC"

In this general context of contradictory forces, the conflict between the status of the Republic of Cyprus and the 'TRNC" as key factors affecting the negotiation process became intensified in an unprecedented manner. Historically, prior to 1993, negotiations were taking place on an intercommunal level, where each side was represented merely as an ethnic community. The Turkish side always aspired to earn state recognition for its administration in north Cyprus. But their desire for state recognition was pursued only implicitly and indirectly. The effort had always been diplomatically blurred hovering in the background of the negotiations, as the T/Cs never dare raise it officially, or directly engage it as a factor inside the negotiation process.

However, following the phase of nationalist encounters, the conflict between the Republic of Cyprus and the "TRNC" did not only become explicit and crystallised, but was thrust in the foreground of the negotiations haunting the entire process. The Turkish demand for the recognition of the 'TRNC" started to touch the very core of the negotiation process. It had in effect become a condition for negotiations as far as the T/C's leadership was concerned. The issue entered the domain of official negotiations in full disclosure.

This became clearly manifested as the leader of the T/Cs, R. Denktash began to demand persistently of G. Clerides to openly declare as to whether he considers himself to be the legitimate representative of only the G/Cs or of both the G/Cs and the T/Cs. The underlying assumption of Denktash is that if, by reason of being the recognised president of the Republic of Cyprus, Clerides views himself as representing both communities, then there would be no grounds for entering any formal negotiating process, since Denktash would have no formal status as negotiator. On the other hand, if Clerides' answer was that he only represents the G/Cs, then Denktash would be a legitimate negotiator, as he would be acknowledged as the sole representative of the T/Cs and hence the only official representative. Further, the impli-

cation would be that the Republic of Cyprus, by default, would not encompass the T/C community. Hence, under these conditions, the very negotiating process would imply recognition of the head of the "TRNC" and consequently of the "TRNC" itself.

The response of Clerides to the persistent question of Denktash was that had he represented both communities he would not need to negotiate with Denktash, but rather, he would be negotiating with himself. The underlying assumption here in the response given by Clerides is that negotiations are taking place at community level. Hence, the negotiators are only the political representatives of the respective ethnic communities, but nothing more. The implication thereby is that while on the inter-communal level, Clerides does not represent the T/C community, on the state level, as the president of the Republic of Cyprus, he represents all the ethnic communities of Cyprus. This assumption on the dual role of the G/C leader has been repeatedly explicated on various occasions at different international forums. One of the most succinct statements to this effect was given by the foreign minister I. Cassoulides. Referring to the application for EU membership he noted that "The application was submitted by the Government of Cyprus for the whole of Cyprus" (*Cyprus Mail,* 11 March 1995). On another occasion, he expressed his wish that "the Turkish Cypriots accepted that Cyprus is represented by the legal government of the Cyprus Republic" *(Cyprus Mail,* 14 March 1995).

Thus positioned, the G/C side attempts to secure, throughout the negotiation process, the preclusion of any recognition to the "TRNC" and of the T/C leader as a head of state. That is to say, the G/C side is extremely particular of the fact that the T/C representative does not acquire any legitimate trans-community status through the negotiation process. For to do so, according to the G/Cs, would amount to an endorsement of the *de facto* conditions created by the Turkish military invasion of 1974.

This particular contradiction in the approaches of the G/Cs and T/Cs respectively, was one of the key elements that contributed to the collapse of the top-level talks in Switzerland in 1997. In the process of the negotiations, Denktash raised issues that had a bearing on the relationship between the T/Cs and matters of foreign policy, particularly with respect *to* the EU. In turn, Clerides argued that as these matters are state issues and not intercommunal issues, they couldn't be on the agenda of the negotiations. The process inevitably ran into a deadlock with Denktash declaring that he would not return *to* the negotiating table unless his state was recognised and the entry talks between the EU and the Republic of Cyprus were terminated.

The full disclosure of the deadlock in approaches occurred during the talks in Geneva in February 2000, when first Denktash and then Clerides violated the black-out on public statements. Denktash publicly reported that in the proximity talks he

had in fact put forth officially his claim for state recognition on the basis of the "reality" of the situation and that as far as he was concerned, the negotiations were being conducted on the basis of a confederal solution. Clerides, responding also publicly, asserted that "the object of the negotiations is not to create a new State of Cyprus, but to amend the existing Constitution of the Republic of Cyprus" (*Cyprus Weekly,* 4-10 February, 2000). This interchange between the leaders, emanating from the negotiation process itself, brought to clear focus what traditionally have been implicit and often blurred assumptions.

How the negotiation process is structured and by what status the interlocutors come to the negotiating table is itself a crucial element of the conflict, in which the fundamental constituents of the whole conflict are reproduced. The official T/C position regards as unfounded the assumption by the G/C*s* that the Republic of Cyprus continues to exist (Cyprus and the European Union, 1996, p.7; The Cyprus Question, 1997, p. 67). Hence, in the T/C mind, as long as the negotiations are con- ducted at the level of community representation, they are in essence placed within the framework of the Republic of Cyprus. Implicitly, they are, in effect, conducted under the umbrella of the sovereignty of the Republic of Cyprus. This arouses T/C reaction in that the negotiating process is perceived as a re-legitimisation of the Republic of Cyprus.

On the other hand, if the negotiations are conducted at a level other than that of community representation, between equal and independent political entities, then the implication is that negotiations will be approximating an inter-state process. This position became explicit in the late 1990s, when the T/C leadership and Turkey put forth the condition that negotiations can only be conducted as an inter-state process through the *a-priori* recognition of the "TRNC". The deeper agenda in this position is to indirectly place the negotiation process outside the framework of the Republic of Cyprus. In the eyes of the G/C*s,* this is perceived as an attempt to achieve the dissolution of the sovereignty ofthe Republic of Cyprus as a condition of the negotiation process itself, taking effect prior to arriving at a settlement. This and other similar attempts have always aroused the indignation of the G/C side, in that the T/C approach implies a tactical attempt to legitimise in advance of a settlement what has been created by the use of force, namely, the regime of the "TRNC" in northern Cyprus.

In all this, the dynamics that have dominated the negotiation process disclose a political irony that is itself indicative of the proliferating ambiguities that protracted conflicts usually generate and sustain. While the G/C*s* always interpreted the Cyprus problem as essentially an international problem of invasion and occupation, within the negotiating context, they always approached the problem as purely and strictly intercommunal! The irony on the T/C side is that though they always explained the

Cyprus problem as being originally and essentially intercommunal, in their negotiating approach they always attempted to resolve the problem as inter-national, or better, inter-state in nature!

From all the above, it is evident that the two approaches to negotiation and the respective assumptions underlying them are irreconcilable. The T/C side claims to rest its position on the right to self-determination and statehood, while the G/C side banks on international law and the sovereign rights of legitimate state systems. Based on their respective rationale, the restoration of the sovereignty of the Republic of Cyprus, on the one hand, and the recognition of the "TRNC", on the other hand, weighs down the negotiation process. Another way of grasping this crucial fact is to understand that the T/C side wants to change the formal parameters of the *status quo* from the outset of the negotiations. By contrast, the G/C side wants to change them at the end and as a result of the negotiations. Put differently, the T/C side assumes that the sovereignty of the Republic of Cyprus is terminated and that this be acknowledged with the commencement of any substantial negotiations. The G/C side assumes that the sovereignty of the Republic of Cyprus is maintained intact throughout the negotiation process, at least until a comprehensive solution is formally achieved. In such a diagnostic perspective, it is easy to understand how and why the negotiation process has repeatedly failed, irrespective of the UN formal provisions of the basis of negotiations and the nature of the solution sought.

"Risk Aversion" and "Loss Aversion"

In his work *Why Negotiations Fail,* A. Mnookin explores a series of general obstacles and pit-falls which usually deter the process of negotiation from arriving at a successful outcome. Among theses are what are referred to as "risk aversion" and "loss aversion"; concepts based on the experimental work of cognitive psychologists Daniel Kaheman and Amos Tversky (Mnookin, 1993, pp. 243-245). Both of these terms refer to a set of psychological dynamics that, once activated, block the respective negotiators from the prospect of movement toward a resolution.

"Risk aversion" refers to the tendency of people to choose and hold onto what they actually have, rather than take a risk in order to gain more. They prefer what is minimal but certain, to what is optimal but risky.

"Loss aversion", on the other hand, refers to the inclination to avoid a decision that clearly entails a certain loss, even if that decision leads to a desirable end with benefits that supersede by far what is surely lost at the outset. In a negotiating setting, "loss aversion" suspends any movement towards a resolution and in turn, the attempt to avoid a certain loss, cumulatively ends up with a greater overall loss.

In the negotiating approaches of the G/C*s* and T/C*s,* both "risk aversion" and "loss aversion" are at work as psychological factors contributing to the failure of negotiations. Overall, the *GIG* side tends to be more conditioned by "loss aversion", while the T/C side tends to be more overwhelmed by "risk aversion". The G/C*s* suffer from "loss aversion" in relation to the issue of legitimacy. They know that progress towards a settlement inevitably means losing the monopoly of legitimacy. Yet, in the process of negotiating for a solution, short of a definitive agreement on a relatively complete and final settlement, the anxiety of losing even the slightest ground on the legitimacy question restrains positive movement, thus contributing to the perpetuation of the negotiating impasse. The TICs on the other hand are blocked by "risk aversion", with their habituation to the "TANG". The minimal gains they have acquired under the illegitimate administration reduce their willingness to imaginatively move negotiations forward. Seeking optimal arrangements that would be both legitimate and far more beneficial to the lives of the TICs does not come into view. "Risk aversion" creates thereby a minimalist and survivalist political attitude, at the expense of open-ended, progressive thinking.

Federation and Confederation: Concepts or Symbols?

In the process of any negotiations, the anticipated final structure of the political settlement is inevitably raised, at least in general terms. The general framework of the solution has been repeatedly given in the UN Security Council Resolutions. However, the different interpretations given by each side as to the practical substance of the framework, as well as the passage of time and historical change, have undermined the prospect of a common frame of reference for the negotiation process.

In the background of the UN directives, the two sides had agreed in principle, in 1977 and 1979, that the solution to the Cyprus problem would be based on a Bizonal Bicommunal Federation. But even as early as the 1970s and 1980s, the tendency of the *GIG* side was to interpret "federation" in terms of a strong central government. The T/C side, on the other hand, interpreted "federation" in terms of a very weak central government with enhanced powers to the federated entities. The divergent orientation of this tendency escalated, especially with the relapse to nationalism in the 1990s, culminating in the political explication of the different approaches. This became especially evident as the T/C side and Turkey formally adopted the term "confederation" to refer to the envisioned solution, thereby officially departing from the language of the UN.

It has been correctly noted that in the general evolution of political systems, the tension between federation and confederation reflects the two ends of a continuum along which a political compromise is attempted between "self-rule and shared rule".

It entails an attempt to reconcile "the apparently contradictory benefits of union/interdependence and the benefits of autonomy/separation" (Peristianis, N., 1998, p. 33). The detailed answers given to the question of why the G/Cs and T/Cs have not met on this continuum range widely. The fundamental answer however, lies with the historical impact of nationalism on the two communities and its continuing, albeit slowly weakening, presence throughout the decades and up to the present times. It can be traced to the original, ideal nationalist aspiration of each community to set up its own sovereign monoethnic state; two political agendas that have proven mutually irreconcilable given the multiethnic and originally mixed demographic morphology of Cypriot society.

Historically, one can plot the development of the negotiating starting points and positions of each side from the 1950s to the present by assessing the level of impact that the original nationalism has had in each community. In the 1950s, the G/Cs started with the ideal of *enosis,* the union of Cyprus with the state of Greece. In the 1960s, reluctant and divided, they moved to a unitary state, the Republic of Cyprus, which, nevertheless, was considered as essentially a Hellenic state inasmuch as the original rationale for union with Greece was psychologically retained. In the 1970s, in the backdrop of civil and inter-communal violence and the Turkish invasion of 1974, they moved hesitantly to federation, but negotiated for a strong central government, as a way of holding onto the single sovereignty of the island reminiscent of its Hellenic singleness.

The T/Cs, on the other hand, originally expressed their nationalism in the background of Turkish press reports demanding the return of Cyprus to Turkey in the event of British withdrawal from the island (Crawshaw, N., 1978, p. 45). In the 1950s, the concept was transposed to *taxim,* on the basis of which the T/Cs demanded the geographical partition of Cyprus to make way for a separate, "pure" T/C sovereign state. In the 1960s, just like the G/Cs, the T/Cs reluctantly accepted the Republic of Cyprus, but positioned themselves strongly on its biethnic and bicommunal aspects stressing invariably the separateness of the T/Cs. Following the tragic events of 1974, the T/Cs moved to a bizonal federation adding a geographical dimension to ethnic separation. In 1983, they resorted to the unilateral declaration of independence with the "TRNC". But failing formal recognition, the T/Cs attached themselves to confederation as their negotiating premise and objective.

The undercurrent of the impact of nationalism was such that the new negotiating positions of each side, in light of what was viable at each new stage of the conflict, were kept tacitly captive by the previous and historically outdated phases of their respective nationalism. Under the influence of nationalism, the natural, forward momentum of history was generally retarded by the stalling pull of the past. The legacy of this history was carried to the present. It is still evident as a haunting shadow

immediately behind the more updated schemes proposed for a solution. In this perspective, the inability of the two sides to converge their positions somewhere on the federal-confederal continuum has less to do with a difference than with a similarity. That is, the backward pull from the past originating in the aspiration of each side for a monoethnically conceived state. Both the G/Cs and the T/Cs perceive their willingness to negotiate for a federation and a confederation respectively as a substantial compromise. The degree of this compromise is measured by how far the present negotiating positions have deviated from the original nationalist concept of a single ethnocentric state. Scanning public opinion in the two communities, as well as in Greece and Turkey, one can see the entire spectrum of positions of each historical phase of the conflict still lingering on. While the earlier ones of union and partition are weakening, the rest are still present and will inevitably concern the negotiators. In this light, the G/C position for federation with a strong _central government and the T/C position for confederation with a very weak central government betray a similar historical backdrop. Under the circumstance, both can be interpreted as the positions that are closest to the original, yet identical desire, of each community for a single, ethnically defined state.

Looking at the international scene in light of political and historical change, the terms "federal" and "confederal" have assumed a far more complex and ambiguous meaning than is normally attributed by the classical theoretical definitions of political science. When scrutinised closely, the realities of the contemporary world no longer justify fixed meanings, as the terms under consideration cover a great range of phenomena and arrangements in regard to forms of government. For example, Switzerland is referred to as a confederation, but in effect it operates as a federation. Canada on the other hand is thought of as a federation, but has confederal features. The impact of technology and the socio-economic integration it brings about, has often lead to the transference of power from the state to trans-state authorities, as has been the case with the United States of America. In the more advanced democracies, a devolution of classical state sovereignty has been taking place by way of the allocation of functions to both trans-national and sub-national centres of political power. The European Union is the most definitive and striking example of the former. Devolution of state power within the state is evident in the establishment of sub-national parliaments, as is the case with Wales and Scotland, and generally the tendency within the European Union to decentralise the political power of the nation state in favour of local and regional authorities. In the perspective of present international trends, Richard Falk of Princeton University has expanded on the uncertain future of the structure of the nation state, as we have hitherto known it. With all its uncertainties, central to what the future holds hinges on whether or not "the sovereign state can adapt its behaviour and role to a series of deterritorialising forces associated with markets, transnational social forces, cyberspace, demographic and environmental pressures, and urbanism" (Falk, R., 1999, pp. 30-35). All these devel-

opments in the general context of globalisation affect such changes in the environment of states that new forms of governance beyond the classical definitions are inevitably in the making. In view of the new realities of the world, classical concepts of governance and what they mean in practical terms become increasingly blurred as they also become increasingly enriched by more sophisticated arrangements in the institutions and concepts of democracy.

Certainly, the differences in principle between federation and confederation are not completely eradicated. But in the background of these developments, all of which point to the increasing decentralisation of state power, the effort to resolve a conflict that centres on the difference between federation and confederation, ought to be easier, logically speaking. However, up until the commencement of the EU accession talks in March 1998, political opinion in Cyprus, did not only function outside the framework of political changes on the international scene, but tended to add to the terms "federation" and "confederation" an excess of meaning, rendering them extremely heavy laden. The protracted nature of the Cyprus problem has in effect transposed the word "federation" and that of "confederation" from concepts to highly emotive symbols. For the G/Cs the word "confederation" has come to imply the sense that the other side is deviously inclined in its pursuit of a settlement. In the G/C mind, the word conceals an attempt on the part of the T/C leadership to legitimise partition. For the T/C leadership on the other hand, the word "federation" arouses suspicions of G/C domination. It implies a roundabout way of reinstating the pre 1974 regime of a unitary state. Objectively speaking neither of these views are accurate, but they become highly controversial because each side relates them selectively to the extremist voices of the other community. Centralist concepts of state power that bespeak of their nationalist origins appear to condition the interaction and negotiations between the two sides.

In this context, the reference to "federation" and "confederation" has inevitably become counter productive as points of reference in public opinion exchanges between the two sides. But it has become even more detrimental to the process of negotiation itself, as it poses from the very outset a problem of semantics and of fixed ideas of finality that deter any deep exploration of viable political partnership options for a new Cyprus. In their work *Getting to Yes,* Roger Fisher and William Ury stress the fact in succeeding to deciding. They note that any creative input in the process of negotiations that leads to a mutually beneficial and acceptable outcome must separate the initial generation of options and possibilities from the critical end issues of final choices and commitments. The recommendation is "Invent first, decide later" (Fisher, R., Ury, W., 1991, p. 60). The references to "federation" and "confederation" have in effect become an obstacle to the negotiation process, as well as an agitator for public opinion. As preconceived and highly emotive finalities, they curb and restrain in advance the imaginative and creative thinking necessary to generate ideas and explore possibilities.

A crucial element is to open up the negotiation process in such a way so as to start addressing the constitutional distribution of powers to the three entities of the new Cyprus, namely, the respective G/C and T/C states and the central state. What this central state is to be called and what structure it will assume cannot be fixed from the outset. If it could there would be no need for negotiations, let alone creativity for new ideas. In the perspective of a three-entity solution, namely, a central overarching joint state and two respective Greek and Turkish Cypriot states, the question of whether the new constitution will define a new Cyprus or an old one modified becomes superfluous and meaningless. This issue becomes a problem only when the respective approaches are preoccupied with a two-entity scenario. That is, when the negotiation effort is conducted and structured around the polarisation of the Republic of Cyprus and the "TRNC".

Reflecting on the European experience, Denton explains that federalism does not exist as "one specific, well-defined system of government". He notes that "every actual federation appears 'sui generis', since each responds to a particular set of geographical and historical circumstances" (Denton, G., 1993). In practice, federalism has thereby proven to be one of the most flexible and sophisticated systems capable of being customised to the unique features of different situations reconciling political interests. Hence, to negotiate a Cyprus solution of political partnership by starting from assumed fixed schemata of federation/confederation is tantamount to missing the essential meaning of federalism.

It has been suggested that rather than block the negotiations at the starting point by a preoccupation with "federation" and "confederation", it may be wiser to start by referring to the new political arrangement as "The United States of Cyprus" (USC). (A term that has been fashioned by a bicommunal think-tank in 1998.) Resorting to this terminology has the potential of safeguarding the negotiating process and orienting attention away from polarised terminology that the protracted nature of the conflict rendered counterproductive. It is a way of securing suspended ambiguity as a necessary condition for giving impetus to creativity and exploration during the negotiation process. The reference to the USC appears to initially cover the concerns of both sides in that it contains the autonomy and distinctness of each of the communal states, which concerns the T/Cs, as well as the overall unity of the new political edifice, which concerns the G/Cs. As a linguistic and heuristic device, the idea of the USC may prove helpful, for initiating negotiations into a new, open-ended framework that will activate the generation of creative options and possibilities prior to making choices and decisions on the final shape of the settlement. It is indeed a central principle of successful mediation that the process and outcome of negotiations "allow each party to save face both internationally and domestically" (Susskind, L. and Babbitt, E., 1994, p. 31).

Helsinki Summit December 1999: The New Political Environment of the Cyprus Negotiations

The decision taken on December 11, 1999 at the Helsinki summit of the EU heads of states to grant Turkey the status of EU candidate marked the beginning of an historical process that is likely to fundamentally modify the political environment within which the Cyprus negotiations are conducted. So significant is this development that it could impact the negotiation process in a way that that could alter significantly the traditional points of reference that have hitherto constituted the negotiating framework of the G/Cs and T/Cs respectively. It could in fact provide the basis for a more open and creative process capable of assimilating novel approaches, such as the ones suggested herein.

The advancement of Turkey to an EU candidate introduced for the first time ever a system of law and a path of procedures for the future Euro-Turkish and Greco-Turkish relations. Even more importantly, it introduced a system of well-functioning political, economic and social institutions within which future Euro-Turkish and Greco-Turkish relations will have to be elaborated. The EU framework and all that this entails in terms of privileges and obligations is now a common denominator for Greece, and Turkey, as well as for the G/Cs under the Republic of Cyprus. The European Council asserted that candidate states "must share the values and objectives of the European Union as set out in the Treaties" *(Helsinki Summit Conclusions,* 1999, par. 4). The adversarial, nationalist approaches that have traditionally conditioned their interactions will henceforth have to be counter balanced and eventually eclipsed by the non-nationalist, conflict-resolution and conflict prevention procedures, laws and institutions of the EU at national, sub-national as well as transnational levels. This is a *sine qua non* of belonging to the European family.

Inevitably, this new political framework is already having and will continue to have an effect on the G/C community, particularly as the G/C leadership has been fully engaged in the EU accession process. Any remnants of ethnocentric nationalism and appeals for a unitary monoethnic state will substantially weaken as the G/Cs move closer to the EU through the progressive adoption of EU laws, institutions and cultural values. Simultaneously, the G/Cs will be faced with the fact that strong central governments are out of vogue, as the EU is strongly committed to a Europe of citizens where democracy is conceived and structured in an increasingly decentralising mode. G/Cs would have to come to terms with the European idea of "democracy from the bottom up", both as G/Cs move forward with accession and as they negotiate a solution to the Cyprus problem. With these factors impinging on the negotiation process, it will become increasingly difficult to sustain the monopoly of state legitimacy throughout the negotiation process. Setting forth the exclusive legitimacy and full acknowledgement of the Republic of Cyprus as a tactic to be strictly adhered to until

the negotiations reach a definitive and final solution will increasingly prove counter-productive. Though it will be possible for the G/C*s* to sustain the exclusive legitimacy of the Republic of Cyprus formally and abstractly, it will not be possible to capitalise on it substantially and practically to the point of facilitating the actual reunification of the island. While continuing to absolutely honour the exclusive legitimacy of the Republic of Cyprus, the EU does not see the Republic as the structure that will integrate the T/C*s* and reunite the island. It is noteworthy, that the Helsinki text speaks of "the accession of Cyprus" and not of the Republic of Cyprus.

On the other hand, in the post-Helsinki era, the T/C leadership's negotiating tactics of secession and formal recognition, as a condition for a settlement will become increasingly untenable, as such tactics run directly against EU law and accession procedures. In principle, the EU will not grant state recognition to an administration that the UN considers illegitimate and whose status is secured solely by the military might of Turkey. From an historical perspective, the prevention of such scenarios lies at the very heart of the EU concept. As a post-war, transnational system that has painstakingly struggled to put nationalism and militarism behind it, the EU is strictly bound to the rule of law. Within its boundaries and framework, it is thereby impossible to endorse the political outcome of military action. Hence, the T/C demand for state recognition is an outright impossibility. In the EU context, the promotion of Turkey to a candidate state weakens rather than strengthens the demand for the recognition of the "TANG".

With Turkey on the EU road, the politics and strategies of separatism and isolationism hitherto pursued by the T/C leadership will be far less convincing than they have ever been in the past. The traditional nationalist politics of the T/C leadership will inevitably appear increasingly archaic. With Greece a full member of the EU and Turkey and the *G/G* controlled Republic of Cyprus in the waiting room of the EU, the T/C*s* face the risk of political exclusion. By contrast to the pre-Helsinki era, time is suddenly functioning more to the detriment of the T/C*s* than to the G/C*s.*

Ismail Cem, the Turkish foreign minister, in support of the T/C leadership assumed the position that the Cyprus problem ought to be set aside from the progress of Greco-Turkish and Euro-Turkish relations. He suggested that, it should be left to the T/Cs and G/Cs to work out their differences through negotiations (Berna ton Athenon, 16 January 2000). Though it echoes Turkey's traditional position, and though it appeases psychologically the nationalists among the T/C leadership, this position will become increasingly difficult to sustain within the EU framework. In the post-Helsinki era, the politics of secession and marginalisation in regard to the Cyprus problem may be verbally reiterated, but in practice Turkey will be increasingly compelled to address the Cyprus problem directly. The Helsinki decision to render Turkey an EU candidate has also placed the Cyprus problem closer than ever before

to Turkey's doorstep. Turkey will therefore have to deal with Cyprus as an aspect of its EU candidacy.

Thereby, in the EU context, the T/Cs may forcefully raise issues concerning their distinctive identity, their need for security and political equality, their *de facto* functioning administration, their need for economic development, and on all these levels earn the understanding and acknowledgement of the EU. But they will never earn from the EU formal state recognition for the "TRNC".

Under the new circumstances launched by the Helsinki decision, the Cyprus problem has also become a European problem to which the EU will be compelled to also contribute for its resolution. The EU, like the UN, will continue to formally view the Republic of Cyprus as the sole legitimate state of Cyprus and regard the "TRNC" as the illegitimate regime. However, parallel to the negotiation efforts, the EU is likely to progressively treat the Republic of Cyprus as a G/C entity, albeit legitimate, while gradually pulling the T/C community and its administration into the sphere of informal acknowledgement, but short of granting recognition to the "TRNC". The political logic of the EU here is based on the assumed strategy that its approach to each side, while being formally strictly legal but informally ambiguous, will both facilitate and be phased out with the forging of the final settlement. The Helsinki conclusions note that "The European Council underlines that a political settlement of the Cyprus problem will facilitate the accession of Cyprus to the European Union. If no settlement has been reached by the completion of the accession negotiations, the Council's decision on accession will be made without the above being a precondition. In this the Council will take account of all the relevant factors" *(Helsinki Summit Conclusions,* 1999, par. 9,b). In dissociating the entry of Cyprus in the EU from the political settlement, the Council is sending a clear message to the Turkish side. While in referring to the consideration of "all relevant factors", the Council is posing a clear challenge to the Greek side. The single message is that the two sides are expected to make progress toward a settlement that would move the process beyond the respective traditional positions.

Given the gravity of events, particularly within the scope of the EU, the Republic of Cyprus may be able to enter the EU, but historically it would be impossible for it to be the vehicle to carry the T/Cs into the EU. To be able to do so would presuppose that the T/Cs denounce the politics they have pursued on Cyprus since 1963. On the other hand, the "TRNC" may be able to retard the progress of Cyprus towards the EU, or it may seek autonomous links with the EU, but historically it would be impossible for it to enter the orbit of the EU as "TRNC". To be able to do so would presuppose that the G/Cs denounce their politics on Cyprus since 1974 and that the UN and the EU violate their resolutions and laws respectively.

In the post-Helsinki period, the historical options open to the G/Cs and T/Cs are to focus their negotiation efforts, among other targets, on achieving a minimum agreement, at the very top, so as to the establish the most basic elements of a new Cyprus, of the United States of Cyprus. Achieving minimum agreement, and elemental implementation, based on the general parameters of the bicommunally administered federal central state, distinct from G/C and T/C administered states respectively, will open up the required legal space and political possibility for the creation of a Bicommunal Accession Council. Once minimum agreement is achieved, it would be possible to consider the prospect of transferring the formal task of the accession talks to this bicommunal body. The benefit of such an eventuality is that a Bicommunal Accession Council will be able to play a catalytic consultative role in linking the EU accession process to the negotiation process for a detailed comprehensive settlement for Cyprus and its step-by-step implementation.

This approach would be one way to bring to historical alignment a) the G/C desire to reunite their island, b) the T/C aspiration to acquire political legitimacy and equality, c) the efforts of Greece to achieve a secure Aegean through political reconciliation with Turkey, d) Turkey's ambition to enhance its progress toward the EU, e) the EU vision of extending its political framework to the Eastern Mediterranean and f) progress on the details of a comprehensive solution for Cyprus.

Such scenarios will be increasingly possible in view of the fact that the Helsinki decision has introduced a new framework of relationships between Greece, Turkey and Cyprus that has rendered the traditional clear-cut positions of "friends" and "enemies" rather ambiguous. For Turkey, Greece is no longer just a traditional enemy, but the geographically closest EU member state with which it will have to naturally cooperate for its progress toward accession. Further, within the EU system, the Turkish view of the Republic of Cyprus as the enemy of the T/Cs has been skewed by the fact that the Republic of Cyprus is also a co-candidate for EU membership. And EU candidates are obliged to fully cooperate not only with the EU, but also with one another in accordance with EU procedures. A general provision of the Helsinki summit is that candidates who will not be able to resolve their differences within a reasonable length of time are obliged to refer their differences to the European Court, the authority of which is a given for the EU and all its candidates *(Helsinki Summit Conclusions,* 1999, par. 4). The same ambiguity also emerges in the Republic of Cyprus's relation to Turkey. Turkey is not only an occupation force, but also a co-candidate. Already under the weight of the EU Gusto.ms Union requirements, the Republic of Cyprus was compelled to officially announce that trading with Turkey is permitted. Yet trade with the T/Cs in the Turkish occupied north is sustained. As the Republic of Cyprus and Turkey move progressively closer to the EU these anomalies and paradoxes will become accentuated, thus mounting the need for a political settlement of the Cyprus problem.

The contradictory elements in the network of relationships that have been introduced with the Helsinki decision will inevitably have a substantial effect on the mode by which negotiations for a Cyprus settlement will develop. It is evident that to the degree that the traditional relationships of adversarial nationalist politics continue to prevail, influencing directly or indirectly the negotiation efforts, the outcome will be historically regressive. It will be fundamentally detrimental to the EU-related interests of all the parties engaged in the Cyprus problem, particularly the candidate members, as their very progress to EU membership will be jeopardised. On the other hand, inasmuch as the negotiation framework and process will be conditioned by the new EU non-adversarial and non-nationalist mode of conflict management and resolution, progress toward a solution to the Cyprus problem and accelerated EU membership will be a likely prospect. This will not mean that negotiation between G/Cs and T/Cs will be automatically easier. Rather, it will mean that the negotiating parties will be faced with a unique historical opportunity to secure their respective interests in relation to the EU. But this historical opportunity will only be realised if the objectives of the negotiations comply also with the EU trans-ethnic and transnational values of democracy and if the negotiations are conducted within the general framework prescribed by EU law and institutions of civil society. Given the fact that the traditional rivals are now structurally and institutionally within the sphere of influence of the EU, any attempt, by either side, to secure ethnic interests on the basis of nationalist concepts of autonomous ethnocentric states will be shunned by the EU.

G/Cs and T/Cs alike will be compelled to discover that the EU furnishes new instruments of resolving differences and of building democratic institutions and civil society that have nothing in common with the old nationalist approaches and ethnocentric heroics of the past. In enhancing their particular causes and interests they will be inevitably challenged to adopt non-adversarial means and ways of dealing with differences and conflict. They will have to come to terms with the challenge to move beyond the traditional nationalism of nation states and to develop a culture of peace and cooperation that would transpose their history and respective cultural differences from a source of estrangement and conflict to one of complementation and enrichment. They will have to confront and resolve their political differences in a common framework of multi-ethnic, multi-cultural pluralism. The cultural and political will to make this transition a reality is the legacy and inheritance that the European Union brings to the region of the Eastern Mediterranean. A legacy that was born out of the suffering of two world wars and initiated by the awe-struck words of the survivors.... "Never again war!"

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A VIABLE SOLUTION TO THE CYPRUS PROBLEM IN THE CONTEXT OF EUROPEAN UNION ACCESSION[1]

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Abstract

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

Introduction

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

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

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

The EU's Pre-accession Strategy

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

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

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

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

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

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

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

The Pre-accession Strategy: Mutual Benefits and Mutual Concessions

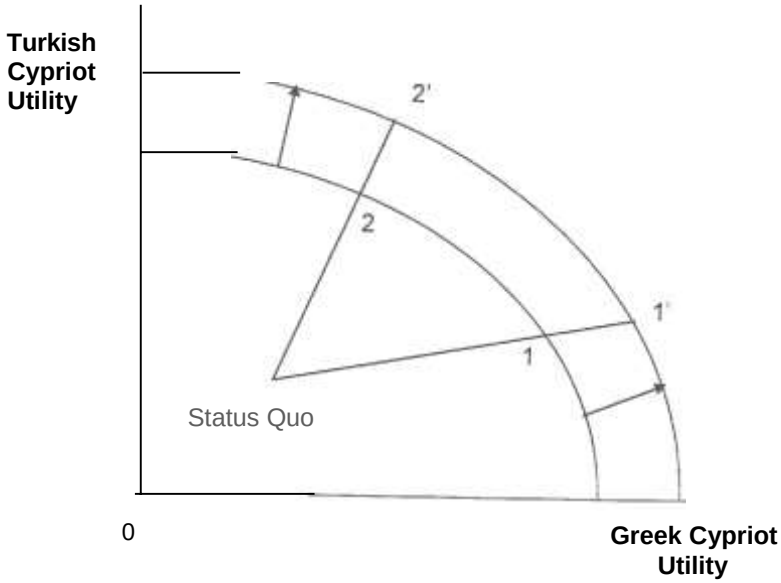
Given this discussion consider now the effect of the EU's strategy on the status quo on the island. One way to represent the current situation facing the two communities is in terms of a divided prisoner's dilemma as discussed by Heckathorn and Maser (1987). In a divided prisoner's dilemma, a common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

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

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

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

Figure 1. The EU's Pre-accession Strategy



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

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

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

The Perceived Fairness of a Solution

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

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

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

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

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

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

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

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

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

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

Security Guarantees

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

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

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

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

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

A Wide and Competitive Market

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

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

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

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

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

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

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

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

The Likelihood of Majority Tyranny of the Minority

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

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

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

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

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

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

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

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

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

The EU as a Source of Symbolic Utility

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

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

Conclusions

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

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

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

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

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

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

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

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

Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Legend: Carrot (+), Stick (-)

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

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

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

EDUCATION, IDEOLOGY, AND THE NATIONAL SELF: THE SOCIAL PRACTICE OF IDENTITY CONSTRUCTION IN THE CLASSROOM

Spyros Spyrou

Abstract

This arT/Cle is concerned with the intersection between national identity, education, and childhood. Its major focus is identity construction as it takes place in public elementary school classrooms. Using ethnographic examples from classroom interactions, the arT/Cle describes and analyses the processes through which meaning is constructed in the classroom. The ethnographic evidence points to a much more complex socialising process than is often assumed; the process of identity construction reveals ideoloG/Cal contradictions to recognise the multivocal, heteroglossic nature of the social worlds in which children grow up and tensions which ultimately problematise simplisT/C reproduction theories which fail.

Introduction

The intersection between national identity, education, and childhood is still largely under-researched despite its enormous potential for informing our understanding of identity construction as it takes shape in the early years of life. This article aims to address this intersection and to illustrate it by using examples from contemporary Greek Cypriot society. My aim is to provide glimpses of social practice as it unfolds in public school classrooms and to attempt to interpret such practice through a contextually focused, anthropological lens.

However distant and immemorial identities may appear to be, identity construction is a highly particularised and contextualised process which is coloured by the historical, political, and cultural specificities in which it takes place. As such, it is the outcome of struggles in the present to define, in a collective sense, what it means to be a particular kind of person. In contemporary Greek Cypriot society struggles over

identity are as controversial as they have ever been. Whether one claims a Greek identity and downplays a Cypriot one (and vice-versa) or chooses something in between is a political statement of one's sense of collective being. The current situation in Cyprus, with Turkey's invasion and occupation of the island in 1974, the history preceding and leading up to this event (in the larger framework of national history), and the current political developments (e.g., the lack of progress in all efforts to solve the Cyprus problem and Cyprus's pending application to become a full member of the European Union) are important contexts to keep in mind when trying to understand identity construction as it takes shape in Greek Cypriot society at large and public education in particular.

The data presented here is part of a larger project which aimed to explore ethnic identity construction among Greek Cypriot elementary school children (see Spyrou, 1999). The project which extended for one year (July 1996 to July 1997) was ethnographic in nature and involved two schools and the communities surrounding them. The first was an urban community situated near the border in Nicosia while the second was a rural community situated in the Pitsillia region, southwest of Nicosia. In addition to the school, other contexts of ethnic socialisation were examined such as the home, the playground, the afternoon school, the religious instruction school *(katikhitikon),* and the athletic club. I used a variety of methods and techniques to gather data including interviewing (children, parents, teachers and other educators, community leaders), observation and participant observation, sorting and ranking (ethnic groups, countries, national flags), drawing, essay writing, picture and poem interpretation, photography, and video recording. I have participated in all school activities on a daily basis (to the extent that they were pertinent to the aims of the project) attending classrooms and participating in national celebrations, demonstrations, and trips. Similarly, I spent a considerable amount of time in the afternoons and on weekends observing and participating in children's play and other activities. My primary methodological aim was to contextualise children's daily lives and to provide "thick descriptions" of their social worlds.

Education, Ideology, and National Identity

Since the rise of nationalism in the 19th century and the concomitant emergence of the nation-state as a political entity, state-education has served the purpose of inculcating the masses with nationalist ideology. Together with other institutions, like the military, the school's task has been to reproduce an ideology which legitimises the existence of the nation-state. Through its uniformity, state-controlled education seeks to unify and homogenise all difference from within, to create uniform understandings of history and culture, in short, to naturalise the nation (see Anderson, 1983 [1991]; Gellner, 1983; Hobsbawm, 1990). One of the main tasks of schooling is to communicate an authorised account of the nation.

Studies of ideological reproduction in education have focused mainly on class privilege. During the 1970s a critique of education was formulated by a variety of scholars challenging previous theoretical assumptions which saw schooling as an aid to upward mobility and educational success as based on individual achievement and merit (Levinson and Holland, 1996:4).These scholars (e.g., Althusser, 1971; Bourdieu and Passeron, 1977; Bowles and Gintis, 1976) argued that, on the contrary, schools help to reproduce social inequalities by inculcating the values of the dominant classes in society.

Though these theoretical formulations help to expose the power of larger structural realities, they simultaneously present students as passive and malleable. What sense individual students make of the dominant ideology is not of concern since it is assumed that they passively internalise it. What takes place in the classroom - the possibility that meaning is constructed and negotiated by both teachers and students rather than unproblematically transmitted from the former to the latter - is largely ignored (Holland and Eisenhart, 1990: 29-30).

With the publication of Paul Willis's *Learning to Labour* in 1977 a new way of thinking emerged that challenged the mechanistic models of reproduction theorists. Willis's study focused on the cultural productions of working-class students in an English secondary school. How culture is produced through practice and how meaning is constructed in daily life are major concerns in Willis's study. The "lads," or the working-class students he studied, are not passive but react to their schooling; they do not passively accept the messages disseminated by the school but actively resist them through their practices; they experience contradictions and tensions at school and develop antagonistic strategies to school culture. In the end, through their practices, the "lads" help to reproduce the structures of inequality. However, this is not done in a mechanistic fashion but through struggle and contestation. As Willis repeatedly argues, reproduction is never guaranteed. In every generation there is the possibility that radical change rather than reproduction will take place. This aspect of Willis's formulation is particularly important because it introduces dynamism to the notion of reproduction and frees it from any form of inevitable determinism.[1]

Since the publication of *Learning to Labour,* significant work has built upon the insights of cultural production theory addressing the intersections between identity, class, gender, ethnicity, race and education. By seeking to account for the processes of cultural production that give shape to identities, much of this work has fruitfully contributed to the discussions on the ongoing problematic structure/agency polarity.[2]

Power, Authority, and Truth in the Classroom

The classroom is undoubtedly one of the most formal contexts where ethnic socialisation takes place. For children, the classroom environment (and more generally the school environment) is a physically, socially, and psychologically constraining environment: their agency, though by no means absent, is largely curtailed.

In the social space of the classroom, the voices of teachers tend to be more powerful than the voices of students if, for no other reason, than that they are backed by their authority as teachers and adults. As an authority figure, the teacher dominates the classroom. She has the power to define the classroom situation (Wertsch, 1991:112) in ways that favour her agenda as a teacher and the implicit understanding is that when she talks with the students, the latter have fewer rights (French, 1990:37). She talks most of the time, initiates most conversations, and interrupts but is not interrupted, at least to the same extent as students are (Cazden, 1988:160). Similarly, more often than not, she decides what topics to talk about, who can talk about them, when, and for how long. She has the power to accept, reject, or ignore a student's comment, and to decide when a response is adequate or not (Green and Wallat, 1981:175; Edwards, 1990:54, 57; Heath, 1978:6). Finally, she can demand attention to what she says but also deny attention to what students are saying (Edwards and Furlong, 1978:14).

As authority figures, teachers also have the power to define truth. Though the extent to which a teacher actually has the power to define truth depends on children's own knowledge and the extent to which such knowledge is in line with or contradicts the teacher's knowledge, very often what we see is an attempt, on the part of both students and teacher, to come "as soon as possible (if not immediately) to a shared understanding that accords closely with what the teacher already knows" (Edwards, 1990:61).

The power of the teacher in defining truth is a key element in the ideological reproduction of national identity. Nationalistic discourse often aims to achieve a monologic reading of identity and to create unity of understanding and a sense of commitment to the ideal of the nation. In general, monologue discourages reflection while dialogue opens up the possibility for alternative discursive constructions that allow for negotiation and reinterpretation. In their day-to-day practice, the teachers I observed, regularly engaged in this kind of monologic and authoritative discourse. Their use of this discourse allowed little room for discussion or exploration other than affirmative contributions on the part of the students which helped to sustain and further legitimise it. In the process of explicating identity, teachers often essen- tialised and reified it. It is to a discussion of the teachers' use of nationalistic dis- course to symbolically anchor identity that I now turn.

Teaching the Essence of the Nation

Nationalist ideologies are often based on the essentialisation of identity through an emphasis on shared attributes like language, religion, and history which extend to an immemorial past. Whether in the classroom during the teaching of history (or another subject) or during a national celebration when students partake into the history of the nation through ritual, the aim is the same: to establish the nation's unbroken continuity through time, to illustrate it with historical examples, and to create loyal members who will uphold it above all else. If the nation is to continue to exist then a firmly established and convincing national identity is necessary and the school is the primary bearer of this responsibility.

In the process, of course, students will also come to imagine themselves in relation to 'others'. They will come to see their nation as unique in an absolute sense: better, superior, and more civilised than other nations. The rest of the world will be constructed accordingly; students will develop attitudes, beliefs, and values in relation to these 'others'. Some nations will be singled out to provide the nation with a well-defined sense of identity by serving as its enemies. If they happen to be contemporary enemies and not just historical ones, then their relevance for identity construction will be, even more, elevated. The students' sense of their own identities will depend greatly on how these 'others' are constructed, not merely within school, but in the larger society as well.

A key characteristic of nationalistic discourse is that it seeks to essentialise identity in an absolute sense by implicitly denying its historicity. Both 'us' and 'them' are thus presented as immutable and unchanging with roots in time immemorial. Present-day Greek Cypriots (often referred to in such formulations as "Greeks of Cyprus") are direct descendants of the ancient Greeks; they share the same blood, the same psyche, the same character. Present-day Turks are, likewise, seen as descendants of an unchanging national line which reaches deep into the beginnings of time. Identities become dichotomous constructions so that 'us' and 'them' emerge as polar opposites in all fundamental respects: 'we' are good, 'they' are evil, 'we' are civilised, 'they' are barbarians. Any sense of similarity is suppressed in favour of difference whose absoluteness is given, proven, and non-negotiable.

National identity construction is based on the erection of a firm symbolic boundary which keeps 'us' separate from 'them'. The following example illustrates how 'self' and 'other' are discursively constructed in such a reified and mythologised form.

> [5th grade, history, Niki][3]
> The teacher explained that there are some people who wanted to take over Byzantium. Teacher: "These are barbarians, wild, they come from the depths of the East, they were war-like *(polemokharois).* We are peace-loving *(tilirinikoi),* they are war-like."
> The teacher explained that the man who went to collect snails was killed by the Turks who always try to find excuses to kill "us" [Her comment refers to an incident which took place during the fall of 1996: a Greek Cypriot man accidentally entered the Turkish-controlled area, was arrested and executed by Turkish soldiers]. She also added that "if we go and do something to them they will come back at us and do a lot more".

The teacher in this example starts by using the present tense ("These are barbarians, wild, they come from the depths of the East, ... ") to then switch to the past tense(" ... they were war-like") and finally back to the present tense ("We are peace-loving, they are war-like.") Through this intermixing of the past and the present tense, the teacher collapses historical time; past and present are unified in such a way so that one implies the other. The past becomes more understandable given what is presently known; students can make better sense of history from what they know about present-day Turks. As Handler and Linnekin (1984:276) so aptly put it, the past is inseparable from its interpretation in the present. The reverse also holds true: *if these are the same people, then and now, it is not surprising that they continue today to behave in the same barbaric way.* In this manner, identity is fully reified based on a putative essence which characterises each group. In her statement, the teacher makes it clear that she refers to this essential nature of each group: *these barbaric, war-like people who lived then and wanted to take over Byzantium are no other than the Turks. These same people are still with us.* And in her example, the teacher provides the proof: *these are the same people who killed the man who accidentally entered the Turkish-controlled area while gathering snails, earlier this year.* This discursive construction essentialises identity – both 'ours' and 'theirs' – in a manner that prevents any historicising of 'our' relations with 'them'. Present and past become intimately interconnected: the national present is the way it is because of the past but equally and paradoxically, the past is what it is because of the way the present is. To put it another way, in the discourse of nationalism past and present as conceptual frameworks work to reinforce one another and ultimately the ideology of nationalism.

But if past and present are intimately connected in nationalistic discourse, the future is also a central concern of nationalist ideology. After all, a sense of national identity depends on the survival of the nation. But to the extent that change is permissible, it has to be within the confines established by the weight of the nation's history. Thus, the lessons of the past are projected into the future; what happened before will happen again and again as if history follows an endless cycle of repetition. Consider the following statement made by a teacher:

> [6th grade, history, Yiangos]
> Teacher: [referring to Greece] "Superpower *(iperdhinami).* Greece was a superpower from about 450-1050AD. Greece was *the* superpower, the only superpower. We are Greek Cypriots *(Ellinokyprioi),* Greeks of Cyprus *{Ellines tis Kyprou).* If we know that we are descendants of a superpower we know that our country will, one day, be liberated."

The message here is one of optimism based on 'our' essential nature: *the glories and achievements of the past remind us of our true nature. What the ancient Greeks were able to do, we can also do. After all, we are the same people.* Notice here how the teacher switches his emphasis from *Greek Cypriots* to *Greeks of Cyprus* to establish a more unambiguous genealogical classification (i.e., *we are true Greeks)* that would reinforce his assertion that "we are descendants of a superpower" and hence capable of living up to the glory of ancient Greeks (see Herzfeld, 1987). In the end, through this cyclical, repetitive conception of time the nation and its struggles enter into the realm of myth and eternity. The nation does not exist within history (despite the constant rhetorical resort to it) but without history. If history is contingent and hence unpredictable, the nation's history and future are far from uncertain: they are known, indisputable, and knowable. To the extent that there is fear regarding the nation's survival, it is aimed to warn against the dangers of national apathy, not to challenge its predetermined course.

The Social Practice of Identity Production

So much of what the teacher says about identity in the classroom is meant to be accepted as the authoritative truth. Often, students are offered little room to explore the identity issues addressed except in a fashion that provides further supportive evidence for the nationalistic framework which explains them. Thus, when students offer their input it is usually because the teacher asked for it and, more often than not, it is aimed to meet the teacher's expectations.

But despite apparent differences in power between teachers and students, practice shows that meaning in the classroom is not always constructed monologically but is also created and recreated through a constant process of negotiation and adjustment. As Green and Wallat (1981:175) suggest, classroom conversations are creative and their direction is to a great extent unpredictable: "a lesson is not a preset entity, but rather a product of the social-conversational-pedagogical actions of the participants as they interact with, and act upon, the messages and behaviours of others to reach the goal of instruction" (see also Luykx, 1996:243-244).

Though the power differences between teacher and students never cease to exist, the relationships between them are not fixed but are constantly redefined in social

practice (Woods, 1990:147-148). Both teachers and students switch to different genres or registers (e.g., from the genre of personal experience to that of formal instruction) as they negotiate meaning through their interactions (Wertsch, 1991:116). Students intervene in the lesson and sometimes successfully redirect its course; they contribute to the lesson and provide their own understandings; and, on some occasions, they even critique and challenge its implications. In the end, what comes out of a lesson is not a pre-given meaning but a negotiated, reconstructed meaning that may involve acceptance, rejection, or modification of the original message and intention of the teacher.

Consider the following example where the teacher in a 6th grade history class attempts to communicate a sense of national identity but is faced, to some extent, with doubt and resistance on the part of the students.

> [6th grade, history, Yiangos]
> The teacher first shows to the children how much bigger Byzantium was compared to present-day Greece and discusses its loss to the Ottoman empire. The following discussion then takes place:
> Teacher: "Unfortunately, Turkey. But these lands are Greek. And this creates a lot of problems, not only for us but for other countries [referring to Turkish control of the Bosporus straits]. The happy thing, though I haven't researched this, is that today Turkey is the country with the most enemies, which means that one day justice will prevail."
> First Boy: "But sir, the Americans are with them [i.e., Americans support the Turks]."
> Teacher: "Who is with us?"
> Second boy: "Greece."
> Teacher: "Of course, since we are Greeks of Cyprus. Greece is also called the motherland (i mitera patridha). Who helps all the Greeks?"
> Third boy: "Russia."
> Teacher: [Ignores the student's response] "God is with us. Kolokotronis [national hero of the 1821 Greek war of liberation against the Ottomans] once said that God signed the liberation of Greece and that [actually] happened [i.e., Greece was actually liberated]. If you think that by fighting with each other we will be liberated [from the Turks] you are wrong [referring to class noise and play-fighting among some children]."

Here, the teacher draws on basic nationalistic themes such as the need to regain the nation's true borders, the theme of the universal evil (Turkey in this case), and the theme of eventual redemption. He communicates to the children that *there is a larger homeland, even if today it only exists in our memories and dreams.* Then he proceeds to implicate Turkey directly in his previous statement: *it is Turkey which is responsible for the loss of that larger homeland.* By doing so, the teacher utilises the familiar self/other frame to construct a particular understanding of the world which is based on an eternal and absolute dichotomy between 'us' and 'them'.

Thus, on the one hand, this exchange illustrates the teacher's attempts to establish an undoubted sense of national identity. On the other hand, it illustrates the children's role in shaping the lesson, however minimally, by drawing on other voices and discourses with which they are familiar. Thus, as the lesson unfolds, the teacher draws on two other key nationalistic themes: the theme of blood kinship and the theme of divine sanction (Kecmanovic, 1996:68-69, 75). The first boy's question is a subtle challenge to the teacher's previous statement that *in the end, justice will prevail.* The boy speaks through a voice of doubt and cynicism he appropriated as part of his political socialisation. Of course, in the end, the teacher retains control of discourse. Rather than addressing the student's concern, he re-directs the attention of the class back to nationalistic discourse. His use of the label *Greeks of Cyprus* is frequently used in nationalistic rhetoric when the speaker wishes to emphasise the *Greekness* of Greek Cypriots. Furthermore, by defining Greece as the motherland the teacher is appropriating a kinship metaphor which focuses on a blood relationship (mother and child) of paramount sentimental value: the nation is a family and in that sense a sacred institution. Through tropes of blood and kinship the nation is substantialised: what keeps it together is its "shared substance" which is not merely psychic but also biogenetic (Alonso, 1994:384-385).

Further down, the teacher's authority allows him to ignore a student's response to his question. That the student responded with "Russia" is not without significance; it reflects the student's knowledge of current political developments. At the time, Cyprus was contemplating the purchase of ground-to-air missiles from Russia. The firm stance of Russia against Turkish threats for preventing the purchase gave rise to renewed optimism among many Greek Cypriots that Russia is indeed Cyprus's ally. But this is not what the teacher has in mind. So he chooses to ignore the student's comment, something which is not that rare in classroom interactions.

Most teacher-student interactions in the classroom are initiated by the teacher and involve the teacher asking a question, the student responding, and the teacher in turn again evaluating the student's response (Mehan, 1979:140). Often teachers ask questions which allow them to regain the floor so that they can evaluate or elaborate on the student's contribution and ultimately remain in control of the discussion (Edwards and Furlong, 1978:17). While teachers have the power to define what is valid or true, children "have to step into the teacher's meaning system, and leave it relatively undisturbed" (Edwards and Furlong, 1978:28; see also von Glasersfeld, (1996:7). So, very often, as Edwards and Furlong (1978:28) point out, "Teachers are less likely to listen *to* what is said than they are to listen *for* what they can use and what they should discard" (emphasis in the original).

Returning to our example, in the end the teacher is able to, once more, return to nationalistic discourse adding another layer to it by linking national with religious

identity. In this last layer, God is implicated in the history of the nation: *God is on our side. He is a national God. He signed the liberation of Greece. As a nation we are blessed with divine protection.* This, of course, emphasises the putative indivisibility of religion and ethnicity in Greek nationalistic thought.[4] The nation is not just built on a physical and emotional bond, but it is also a spiritual essence. It is sacred, not simply because it demands the ultimate devotion from its members, but also because *it is God's nation.* The very existence of the nation is fully legitimised by resort to its special relationship with the divine: it has a divine right to exist and to fulfil its destiny which is no different than God's will.[5]

In his last sentence, the teacher adopts the same kind of nationalistic discourse to control students' misbehaviour in class ("If you think that by fighting with each other we will be liberated [from the Turks] you are wrong"). I heard the same teacher time and time again using similar kinds of statements in an attempt to bring about order in the classroom: "There is no reason to laugh. This is serious stuff. The Turks are waiting to do the same things again;" "Our homeland is in danger and you waste time;" "Those children who are laughing, have they read the last two paragraphs in the passage where it says that during the Second World War 300,000 Greeks died from starvation?" The nationalistic voice of the teacher and its symbolic authority is metaphorically transformed into another kind of discourse, the discourse of classroom order and injunction. The classroom in this sense is turned into a microcosm of the nation.

Ideology, Contradiction, and Children as Social Actors

McNeil (1983:117) has suggested that "many students, like the teachers, are far more articulate and informed on a given topic than the classroom processes make admissible to the classroom." Indeed, there is much that is not said, much that is not done in schools and classrooms in particular, because it is not sanctioned by school culture. But though schools are constraining social spaces for the expression of children's agency they still offer opportunities for children to do so. And though classrooms are the most constraining of school spaces, children, as I have shown, nevertheless manage to enter into dialogues with one another and with the teacher and to become co-constructors of classroom meaning rather than passive recipients of the teacher's messages.

Children's ability to comment upon, critique, and expose contradictions in the messages they receive in the classroom allows them to construct their understandings of identity in a more active, dialogical fashion. For instance, the values communicated in the classroom are, sometimes, contradictory and ambiguous. A nationalist ideology which emphasises self-sacrifice and selfless devotion *to* the homeland may contradict with a religious or liberal ideology which emphasises respect for life.

The following example reveals such contradictions and tensions and pinpoints children's agentive role in the construction of meaning in the classroom.

> [4th grade, history, Fani]
> The lesson was about ancient Sparta. The teacher explained to the children that Spartan women told their sons when they went to war *'Itan i epi tas'* which means 'come back a winner or else they should bring you back dead.'
> Teacher: "Imagine a mother saying that. Can your mother say that? This means they were inured to hardship. This means they liked war. They did everything for their homeland."
> The teacher explained that if a sick or weak child was born its mother would throw it down the *'Taighetos,'* a tall cliff, so that only strong and healthy children who could become warriors would be raised.
> Lakis: "Mrs, are they heartless mothers?"
> Teacher: "Ah! You know, they loved their state."
> Minos: "If somebody did not want to throw down their baby would the state do it?"
> Teacher: "They wanted to do it because they thought they were doing it for the homeland."
> (**...**)
> Then somebody asked if they continue to be like that in Sparta today and the teacher said no.
> (...)
> Ivi: "If they continued to be like that, some children like Makis [she refers to Makis who is also in the 4th grade but is developmentally delayed] would not be alive."

At a superficial level, the aim of the teacher here is to teach patriotism: *that we should put our collective well being above our individual well being.* But her voice reveals some of the contradictions entailed in such an ideological position. She says: "Imagine a mother saying that. Can your mother say that? This means they were inured to hardship. This means they liked war. They did everything for their homeland." Though not explicitly, the teacher opens up the possibility for challenging the notion of duty to the homeland: *If your mother would not do that, what does that imply for your mother? That she is not interested in helping the homeland? On the other hand, if she could actually do that (i.e., throw you down a cliff if you were sickly), then what does that imply for your mother? That she is not a good mother?* The children here are confronted with two sets of contradictory values: the value of duty to the homeland and the value of duty to one's family. Both are important cultural values but they also seem to contradict. How can one be loyal to her children and ultimately her family, yet sacrifice them? The contradiction becomes apparent, yet one the teacher does not address as such.[6] But, though she does not openly expose the contradiction, the voice of the teacher – herself a mother – indirectly questions the extreme form of collective loyalty exhibited by the Spartans, at the same time, that she appears to be advocating it. The ambiguity she has helped create is reflected in the children's comments: "Mrs, are they heartless mothers?"

[Lakis] or "If somebody did not want to throw their baby down would the state do it?" [Minos]

The teacher's response to the children's comments further down, once again, reflects her ambiguous assertion: "They wanted to do it because *they thought* they were doing it for the homeland." In other words, 'They did .not just want to do it because of the homeland' but 'because *they thought* they were doing it for the homeland'. Ivi's comment ("If they continued to be like that, some children like Makis would not be alive") is a reflective critique of, and challenge to, the Spartan model proposed earlier by the teacher. Ivi reflects on her own immediate experience as a student in that particular class. She exposes the inhumanity of the Spartan model which is nothing more than an extreme version of what would otherwise be praised as everyone's duty to the homeland: the ability to sacrifice what one cares for most (one's own children) for the collective well being, for the homeland. Ivi was elaborating on the teacher's more camouflaged critique. That neither the teacher nor another student reacted or commented on Ivi's statement is indicative of its power which problematised the notion of loyalty to the nation.

Through this dialogical, interactive lesson children are offered an opportunity to actively engage in the construction of meaning. Despite the limitations imposed by the curriculum, the personal knowledge and experience of students interacts with that of the teacher to produce new meanings and understandings that are not necessarily those intended by the inculcating authorities. As the example above illustrates, ethnic socialisation may be a much more complex process than simply the passing-on of information from teacher to students. Rather, it illustrates that meaning may be constructed through a process of negotiation, interpretation, and re-interpretation. Or, to quote Luykx (1996:264), "rather than simply being inculcated with a prefabricated ideology, students bring their own meanings, practices, and values to the pedagogic situation, and the outcome is a conflictive mixture of what they bring and what they encounter there".

Yet, at the same time, it should be remembered that children's ability to exercise their agency in the classroom is always circumscribed; ultimately, the power and authority of the teacher may determine what is or is not permissible on the part of students to introduce as knowledge in the classroom. Though students often seek to introduce personal knowledge in the classroom, it is the teacher who ultimately decides if such knowledge is valid or not. I have noted many cases where the teacher ignored, rejected, or labelled as bad and worthless a child's contribution to the class. As Cazden (1988:191) points out, students contributions of personal knowledge to class discussions might never succeed in "getting the floor" because there might be a subtle and implicit understanding by teachers that such knowledge is inferior and hence should not be used in the classroom. Denying the introduction of stu-

dents' personal knowledge in the classroom may eventually lead to an acceptance of a client status by students (McNeil, 1981:326). In the following example, a teacher readily and decidedly rejects the contribution of a student because it challenges the patriotic ideal of fulfilling one's duty to the homeland.

> [6th grade, religion, Apostolos]
> Nikiforos: "Sir, what about the children and the women if there is war?"
> Teacher: "We said that only those who can fight will fight in a war."
> Marinos: "Adults say that if war takes place they will go and hide." [Here, the student is referring to cynical statements occasionally made by men about their disillusionment with politics and their unwillingness to fight for their country.]
> Teacher: [Upset] "Marinos, you should not listen to what they say in the neighborhood."

Here, the teacher defines the classroom as a setting where only certain kinds of knowledge are appropriate or a setting where personal knowledge is not appropriate knowledge. Personal knowledge is seen as inferior and potentially harmful because it contradicts with the "right" kind of attitude towards the homeland, namely, that one should be ready to fight and die for it whenever necessary. The teacher refuses to allow a change in the use of speech genres from an instructional, patriotic genre which is authoritative and clear in its declarations (i.e., "one must fight and if necessary die for the homeland") to one based on personal (and hence defined as non-authoritative) knowledge which seeks to challenge the clear injunctions of the former. The possibility for an alternative construction never materialises, at least discursively, because the student's knowledge does not constitute 'proper' knowledge worth engaging with. Its introduction in the classroom, however, by a student suggests the existence of counter-knowledge, that is, knowledge which is threatening to the dominant ideology of identity and which, at some level and even if to a limited extent, may undermine it.

In Between the Common-Sense and the Not-So-Common-Sense

Schools play a powerful socialising role especially because they selectively propagate specific discourses and control access to others. The power of nationalistic discourse rests in its potential for encouraging students to think in particular ways and not in others and to the extent to which it persuades them to act on it if necessary. Foucault has done much to show us how discourses help to naturalise the world so that it may not be imagined otherwise, so that what is 'otherwise' becomes 'deviant' and ultimately suppressed.

Yet, children are not what they are often thought to be: passive, malleable, and vulnerable creatures at the mercy of the all-powerful forces of ideological indoctrination. They, too, like their parents and teachers, are social agents who operate within social realities that both constrain and enable them. The power structures that

confront them at school do, of course, significantly constrain them by limiting their ability to freely engage with knowledge, both factual and ideological. The school is after all a primary site for the production of subjects;[7] it is a site where the cultural and the ideological turn into the natural and the common sense. This is where the socially-constructed nature of the world will become the unquestioned, taken-for-granted truth or 'the way things are' (see Bourdieu and Passeron, 1977 and Gramsci, 1971). As an ideological state apparatus, the school will achieve its aims not through repression but mainly through ideology (Althusser, 1971).

Of course, the transmission of ideology at school and in the classroom in particular, is a very complex process which, as I have indicated, depends on several factors such as the mediating role of the teacher, the student's counter (or personal) knowledge, and the pedagogical methods used. The existence of such complicating factors means that the reproduction of official ideology is never fully guaranteed. To start with, the world is not held together by a single, unitary discourse but by multiple intersecting and often contradicting discourses which are often in tension and which have the potential for destabilising official meanings. When counter ideologies are accessed or when contradictory elements of the dominant discourse become apparent, official meanings are destabilised. In the classroom, this may happen when personal knowledge contradicts official knowledge. To the extent that dialogue permits it, new meanings may be constructed as both students and teachers engage with knowledge. Messages may have preferred meanings but there is no guarantee that such meanings will be so understood and accepted by the interpreting subjects. Instead, their polysemy might give rise to oppositional understandings or, as is more often the case, negotiated responses (see Hall, 1980).

Indeed, there are moments - brief moments - at school when students manage to penetrate ideological constructions. These destabilising moments challenge, however subtly, the hegemonic order and its putative naturalness. It is, therefore, fruitful to move theoretically beyond simple, deterministic models of reproduction in order to capture the forces which both settle and unsettle ideology. This is the realm of the everyday, of the mundane, and is concerned with what individuals do, think, and say in the social contexts in which they live and act. The dualism consent/opposition perhaps simplifies the complexity of socialisation as constitutive of both the old (and hence reproductive) as well as the new (and hence productive). The process of socialisation which entails the process of being subjected - of becoming a subject - is, as Luykx (1996:241) so aptly argued, a dialogic process "in which hegemonic forms are simultaneously absorbed, resisted and transformed in unpredictable ways". The reality which emerges is not that of overpowering indoctrination and passive acce tance that reproduction theorists would have us think; it is a reality "which is jointly constructed by students, teachers, and institutional constraints, where students are active agents in the formation of subjectivities, working and reworking the

messages offered to them by the school" (Luykx, 1996:243-244; see also Willis, 1977, 1990). Of course, the teacher may still have the power to suppress and dismiss such meanings through his or her authoritative position. But to the extent that dialogue is permitted, it opens up the possibility for de-naturalising and relativising the taken for granted.

All this, of course, requires reconceptualising the classroom as a cultural site where meanings - in their consenting, negotiated, and oppositional forms - are played out and are never securely anchored. This interplay, between everyday expe- rience and received or ideological knowledge, is what makes ideological production and reproduction a much trickier process than it might appear to be. This is the very same process which Bakhtin describes as the struggle between authoritative and internally persuasive discourse. The former, according to Bakhtin (1981:346, 427) is monoglossic or undialogised discourse and is characterised by absoluteness, in contrast to the latter which is relativistic and heteroglossic. It is this tension between the authoritative and non-authoritative which leads to the ideological becoming of the person (Bakhtin, 1981:342).

Greek Cypriot children live in a heteroglossic world which informs their understandings through different ideological voices. Though official discourse is powerful and authoritative, children still draw on other voices that do, to some extent, manage to decentre it. Ultimately, their cultural penetrations into ideology may be dislocated by the power of other ideological messages which naturalise arbitrary cultural presuppositions and values (see Willis, 1977). Gradually, and as they grow up, their ideological becoming will take shape as a result of these tensions however minimal their impact may be during childhood.

Notes

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1. In much the same way, studies of childhood have moved away from the normative approaches which treated children as passively involved in the reproduction process to theoretical approaches which seek to foreground the creative role of agency in childhood socialisation (e.g., Bluebond-Langner, 1978; Davies, 1982; James, 1993; James and Prout, 1990; Mayall, 1994, 1996; Skinner, 1990). James and Prout (1990:3-5, 8-9) have outlined some of the basic characteristics of this new direction in childhood studies which includes, among others, the assumption (or realisation) that children are not passive subjects in society but play an active role in the construction of their own lives and their own social worlds as well as the lives and worlds of those around them. This new paradigm also advocates the use of ethnog- raphy as a particularly good method for giving a voice to children and for gaining insights into their worlds. Increased sensitivity to the role of context - whether historical, social, or cultur- al - in socialisation has also encouraged the exploration of socialisation as a situated, interac- tional process (e.g., Vygotsky, 1962, 1978).

2. Some examples of work utilising a cultural production approach include: Apple and Weis, 1983; Eisenhart, 1996; Foley, 1990, 1995; Hall, 1995; Holland and Eisenhart, 1990; Levinson, 1996; Levinson and Holland, 1996; Luykx, 1996, 1999; Myerhoff, 1986; Skinner, 1990; Rival, 1996; Vasquez, Pease-Alvarez and Shannon, 1994; Weis, 1985, 1990.

3. The bracketed entry at the top of each exchange states the context where the exchange took place, the subject taught at the time, and the name of the teacher. The real names of both teachers and children have been changed in order to protect their anonymity.

4. For a discussion of the relationship between religion, nationalism, and education in Cyprus see Persianis, 1967 and 1978. For an interesting parallel example of how the interrelation- ship between religion and nationalism impacts children's understanding of identity in Northern Ireland see Coles, 1986.

5. A belief in the sacredness of the nation is widespread among nationalists who see themselves as a unique people or God's chosen people (Kecmanovic, 1996:68-69).

6. See Rizvi's (1993) essay where he discusses how children handle ideological contradiction

in relation to racism.

7. For interesting conceptual frameworks surrounding the issue of subject formation see Gramsci's (1971) notion of hegemony, Althusser's (1971) notion of interpellation, and Bourdieu's (e.g., Bourdieu and Passeron, 1977) notion of symbolic violence.

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A REGIONAL INNOVATION STRATEGY FOR CYPRUS

Bernard Musyck and Alasdair Reid

Abstract

The paper introduces the EU sponsored programme of "Regional Innovation Strategy" (RIS) and highlights its relevance for Cyprus. The first part explains the origin and the theoretical foundations of the RIS programme while the remainder of the essay discusses the potential benefits that Cyprus may derive from adopting a RIS project. The paper underlines the lack of an innovative environment in Cyprus and explains why such an environment is desirable to allow Cyprus to face up to the new competition.

Introduction

The objective of this paper is to introduce the European programme of "Regional Innovation Strategy" (RIS) and to analyse the potential benefits that Cyprus may derive from adopting such a programme. The essay is divided into two parts. In the first section of the paper, we provide a description of the RIS explaining how RIS projects operate. The aims and objectives of the RIS programme are further highlighted in the section that follows which deals with the genesis of the programme in the early nineties. The third section discusses the theoretical foundations of the programme through a review of the debate on innovation and localised learning. It sets out the major empirical and policy related research findings necessary to appreciate the pertinence of the RIS programme. The second part of the paper concerns Cyprus. A first section discusses the weaknesses of the Cypriot economy, highlighting potential areas of action to be addressed by a RIS project. The section that follows provides evidence of the European Commission's recommendation to carry out a RIS type of action in Cyprus and a detailed analysis of potential benefits for the island. The conclusion offers an agenda for future action and highlights potential obstacles to the proposed initiative.

The RIS Programme

Objectives of a RIS

The RIS programme, launched in 1994, has been the flagship of European policy in terms of innovation and regional development. RIS initiatives are aimed at supporting regional governments and/or development organisations in undertaking a thorough assessment of their "regional innovation system". The concept of "regional innovation system" is used here to refer to regional stake holders (such as private firms, research centres, chambers of commerce, industrial associations, unions, government services, educational institutions, etc.) who through their actions may contribute collectively, to improve the economic performance of a given region. The concept of innovation also deserves to be clarified: innovation is not only about research and development (R&D); it also refers to other areas of action such as the application and adaptation of existing technologies in firms, introduction of flexible working practices (organisational innovation), training in new skills or techniques, new forms of marketing, etc, that may lead to higher productivity and competitiveness and support increased living standards. To put it succinctly, innovation is the successful application of novel ideas within an organisation. Finally, innovation is a regional process; as we shall see in the theoretical section of this paper, innovation is mainly deter- mined by processes of localised learning born out of a specific (local or regional) "social capital".[1]

In this respect, the particular case of Cyprus deserves some clarification. Although the island is a nation-state, because of its reduced size and compared to other regions within the context of the European Union, Cyprus should be considered as a region, at least in economic terms. Having said this, a RIS project in Cyprus will have to be implemented within the national framework but we shall continue to refer to a "regional" strategy throughout this paper.

The aim of a RIS project is to initiate a learning process with respect to policy formulation through the building of a consensus amongst all relevant regional actors (e.g. entrepreneurs, public authorities, labour unions, research and education institutions and others). Although the project may be partly financed by public authorities, it is not run by public authorities. Instead, it is guided by a steering committee representing various interest groups. The accent lies on collective decision making. The core of the project consists of two phases: a) in-depth analysis of the real needs of firms in terms of innovation and b) survey of the "innovation supply infrastructure" available in the region (research centres, technology centres, etc.). Other studies may be undertaken to gain a better understanding of the economic structures and potentialities of the region. Such may be carried out by separate working groups covering sector based topics (e.g. improvement of subcontracting links

within a particular sector) and horizontal topics (e.g. ways to promote the region abroad). The results of the various studies are translated into policy options, which are discussed collectively before being implemented in pilot projects.

In line with the definition of innovation given above, RIS projects are encouraged to adopt a broad interpretation of innovation. Relevant issues are those that will allow an improvement of products and/or production processes in the market place; or enable a public or private organisation to provide a better service. Innovation in such a context is not only a matter of increased economic wealth, it is also an improvement of social welfare and the creation of jobs. In substance, the programme invites each of the participating regions to engage in a collective thinking exercise on the innovation strategies that may be relevant to the region.

From the preceding paragraphs it appears clearly that a RIS project is above all a process which needs to be initiated and completed by the regional actors themselves. A RIS project is a "bottom-up" exercise and does not involve "top-down" policy recommendations or pre-agreed lines of actions that will be implemented. In fact, RIS projects should bring together regional stakeholders, give them the opportunity to discuss and agree about the particular diagnostic of their own region, decide for a possible need of more analysis in particular fields, assess solutions and opportunities highlighted by their analyses, and finally, decide collectively about the course of action to follow and the projects to be launched. A RIS project is a tool for a collective decision making process and this paper aims to stimulate a debate on this issue.

Since 1994, 32 European regions have undertaken or are about to start a regional innovation strategy (Table 1).[2] The vast majority of the projects have been selected on the basis of a competitive call for tenders and were financed under "Article 10" of the European Regional Development Fund (ERDF). The aim of "Article 10" is to support actions which explore new approaches to economic and social development, and encourage greater co-operation and the exchange of experience between regional actors. Contrary to traditional ERDF interventions (for instance, the Objective 1 programmes which support Greek regions), "Article 10" projects are selected by the European Commission itself. It is interesting to note that the financial allocation to all "Article 10" actions represents only 0.6% of the total ERDF allocation of 70 billion ECU placed at the disposal of the Member States for the period 1994-99 (Landabaso & Reid 1999).

The RIS projects funded by the Commission have four key features (European Commission, 1999):

- they are based on public-private partnership, i.e. the private sector collaborates with regional players to develop and implement the programme;
- they have a demonstration character, i.e. policies which are developed or tested in

a region can be transferred to other parts of the Union;
- they exploit the European dimension through inter-regional co-operation and benchmarking of policies and methods;
- they promote innovation policies, which take into account the real needs of SMEs and based on processes of open consensus building.

The development and implementation of a RIS project is a task that requires a combination of competencies in the field of innovation policies, public relations, animation of partnerships and the creation of relevant political momentum.[3] A successful project will have to address and fulfil four major requirements (European Commission 1999):

i. Concerning the management, the project will need to be implemented in a competent and effective manner. This involves the right choice of experts to support the needs of the Steering Committee and other working groups, the development of an effective communication policy for the diffusion of information, and a sound and rigorous financial and administrative management of the project.

ii. The strategy and pilot actions will be derived from a wider process of consultation with a representative cross-section of interested stakeholders (particularly private sector businessmen). The creation of a large basis of support is a necessary condition for a subsequent successful implementation of policy strategies.

iii. From the point of view of the Commission, the analysis and debate carried out during the RIS must be used to improve the Structural Funds programmes and other regional programmes implemented in the region. While this is a minimum requirement, experience has shown that the wide consultation exercise triggered by the RIS has often far reaching influence on local policy making.

iv. Finally, although the projects are supported by the Commission for a limited period of time (24 months), they are not intended to be a "one-off" boost to regional innovation planning. On the contrary, the "learning effects" must be perpetuated through different means such as the creation of innovation policy observatories, the extension of the mandate of RIS Steering Committees and management units, annual reviews of implemented RIS policies, etc.

Having presented the main features of the RIS programme, we would like to explain how the programme was first initiated within the European Commission. The ensuing discussion about the genesis of the programme will reveal a set of key ideas, which underlie the philosophy of the programme.

The Genesis of the RIS Programme

The first reflection along the lines of a regional innovation strategy had begun as early as 1991 at the European level. That same year, the Directorate General for Regional Policies (DG XVI) organised a workshop in Brussels to discuss the concept of "Regional Technology Strategies" (RETAS). The aim of this workshop was to discuss new ways to re-orientate the Structural Funds expenditures by including strategic policy making and a more active promotion of innovation. The experts were invited to comment on the creation of pilot actions to promote innovations at the regional level. At the outset, it was proposed that the pilot actions should have nine basic features (Landabaso & Reid, 1999):

- They should be strategic: the projects should adopt a strategic planning concept to regional development and incorporate short-term and medium-term actions within a long-term perspective.
- They should adopt a "bottom-up" philosophy: the actions' priorities should be chosen on the basis of expressed needs of firms and technology providers.
- They should be considered within an endogenous policy framework: the reference point should be the actual economic circumstances and the prevailing research, technology development capabilities of the region. In other words, the region should start "helping itself with its own means".
- They should be based on regional actors: regional administrations should play the leading role in the design, implementation, and follow-up of the exercise.
- They should be integrated within other actions: an effort should be made to link efforts from the public sector (the EU, national, regional and local authorities) and the private sector towards a common goal. To this end, all financial resources made available to the region should be integrated into the different parts of the strategy in order to maximise the impact of RTD actions and promote a coherent set of actions.
- They should be applied and therefore work from the market and for market with the aim to raise productivity, employment and technology levels.
- They should be considered in a global perspective: an international outlook must be adopted to consider economic and technological trends while cross-border collaborations are becoming a necessary condition for an effective R&D, technology transfer, and innovation policy.
- They should be incremental and cyclical, the exercise must be dynamic. Each plan for action has to be reviewed in the light of previous experience and an on-going evaluation; there is a continuous feedback.
- And finally, pilot actions should above all be innovative by bringing together and allowing a debate between two previously distinct communities: economic development experts and technology and R&D personnel.

The first outline for a Regional Innovation Strategy originated in 1992 from two

Welsh academics Philip Cooke and Kevin Morgan who had been working alongside the Welsh Development Agency towards a framework for regional technology and innovation in Wales. A year later, four "Objective 2" regions (i.e. regions undergoing industrial restructuring) were chosen to test the new concept. Wales, Lorraine, Limburg and Saxony started to work on what was now called, a "Regional Technology Plan" (RTP). In the following year, it was decided to test the concept in the less developed peripheral regions of Europe (the "Objective 1" regions). Four further Regional Technology Plans were started, one each in Portugal, Spain, Italy and Greece.

By September 1995, the RTP pilot projects had generated a great deal of interest from other regions. This led the Commission to publish an open call for proposals for the development of Regional Innovation Strategies (RIS) under "Article 10" of the European Regional Development Fund. The new (and definitive) acronym RIS was adopted with a view to encouraging the regional managers of these pilot actions to adopt a broad definition of innovation.

Over the last four years, about 600 leading public and business figures have been involved directly in RIS steering committees; some 5500 firms have been surveyed or audited and over 10000 individuals or organisations have been consulted on future options for regional innovation policy in their region. Despite differences in approach, most regions concluded that the capacity of the regions to innovate is influenced by the single most valuable resource for economic development, the human potential (European Commission 1999). The "re-discovery" of the human factor (as opposed to the technological factor) in processes of innovation is not a coincidence. In fact, this tendency had already emerged clearly in the theoretical debates on innovation and local growth and prosperity.

Theoretical Foundations

In recent years, we have seen a series of theoretical concepts, which have been appropriated by policy-makers to promote economic development at the regional level. These concepts include the idea of *competitive advantage* developed by Michael Porter (1990), the notion of *industrial districts* (Goodman & Bamford 1989, Pyke *et al* 1990, Pyke & Sengenberger 1992, Garofoli 1992), the concept of *innovative milieus* (Aydalot 1986, Maillat 1995) and the idea of *collective efficiency* which has been developed in the context of developing countries (Schmitz 1995, IDS 1997). Most of these concepts have helped us to understand how highly localised processes of innovation have allowed some regions to establish local competitive advantages in the context of global competition.

While the above literature mainly concentrated on the analysis of "success stories" in selected regions often highlighting the intangible factors underlying the success of these regions, much work remains to be done to distil economic policies from the above experiences and translate them to other less fortunate regions. Having said this, most theoretical concepts seem to converge towards the idea that economic action is somehow embedded in the local socio-cultural and institutional context and that this embeddedness is crucial to understand the innovative capacity of a region. This observation implies that innovative environments somehow derive their success from their capacity of "collective learning". This capacity is often born out of a common cultural back-ground, which binds local agents and institutions in "synergetic networks",[4] and constitutes the so-called "social capital" of the region (Langendijk 1996).

To a certain degree, the RIS approach aims to translate this idea of innovative environment into an operational concept (Landabaso 1993). This means that it should be possible to establish the foundations of a regional innovation system by improving the quality of the environment in which indigenous firms and SMEs operate. If it is accepted that the innovation capacity of a region is the result of a cumulative learning process, a RIS exercise can gradually contribute to the promotion of networks and partnerships in the region to induce a "learning economy" (Morgan 1997).

The absence of this "learning economy" in most European regions explains one of the EU's key problems, namely its poor record of converting scientific and technological knowledge into commercially successful products and services. In other words, the inability to transfer technology from laboratory to industry, from one company to another and from one region to another region. Until recently, the introduction of new innovations into the economy was considered to be a linear process with sequential and largely independent steps: basic research would take place in laboratories and the outcome of this process would later be diffused in the economy after being exploited by industry.[5] However, the deficiencies of this linear model and its lack of attention for interactions between numerous actors, led to the adoption of a new interactive model of innovation where innovation is seen as a social process. What is clear is that the underlying issues are not necessarily technological. The reason for this is that innovation processes are embedded in, and depend on, sociological and cultural parameters, which influence the organisational patterns of collective actions in a region (Landabaso & Reid 1999).

The concept of "social capital" may help us to clarify how community ties can promote a process of development where patterns of collective actions usually play a decisive role in shaping local competitive advantages. The growing interest in the concept of social capital was triggered by the influential work of Putman (1993) on the role of civic traditions in Italian regions. In simple terms, the idea put forward by

Putman was that the quality of relationships among people may have a major influence on economic performance. Indeed, he sees social capital as a basis to develop voluntary co-operation within a community, with the ultimate effect of improving economic performance:

> Voluntary co-operation is easier in a community that has inherited a substantial stock of social capital in the form of norms of reciprocity and networks of civic engagement. Social capital here refers to features of social organisation, such as trust, norms and networks, that can improve the efficiency of society facilitating co-ordinated actions (Putman 1993, p167)

Until now, the concept of social capital has been mainly applied in sociology and development studies (Bazan & Schmitz 1997, Evans 1996, Woolcock 1998) although it has also entered the field of regional studies (Cooke & Morgan 1998, Morgan 1997). For Cooke and Morgan (1998) "social capital helps *to* lubricate asso-ciational action within the firm, in inter-firm networks , and between firms and their institutional milieu" (p 27). They consider social capital as "the collective consciousness and practical action of the regional social order mediated through its institutional organisations, (the social capital) determines defensive and offensive regional action and hence the evolutionary processes of the region" (p 64); they recognise social capital as "a valuable economic externality" (p 7). In their work on the "associational economy", they show how in Baden-Wurttemberg and Emilia-Romagna new associational modes of civic and economic organisation were developed and note that "In both cases, robust institutional structures, animated not only by public authorities, take care to monitor, evaluate, and learn ways of maintaining and improving their economies in the clear realisation that this is the cornerstone of their recent success" (p 7).

The discussion of the theoretical concept of social capital is important because it underlines the very essence of the RIS programme which is the institutional mobilisation of stakeholders and their ability to conduct collective actions.

The importance of social capital and its associated "institutional thickness" is further underlined by the very nature of processes of innovation in small and medium-sized firms. These processes take place in connection with routine activities in production, distribution and consumption and are "transaction intensive" and often depend on "simple" every day acts performed by workers, technicians and entrepreneurs. In fact, networks of relationships engender collective processes of learning, and therefore innovation is first and foremost a collective social endeavour. What matters are the collaborative processes in which the firms are engaged and their privileged access *to* information and expertise from the wider social constituency (e.g. workforce, suppliers, customers, technical institutes, training bodies, etc.) in which they are embedded.

The innovative capacity of a region does not only depend on its research and technology infrastructure. It is clear then, that when assessing the innovative potential of a region, the traditional type of "input-output" indicators are not sufficient. These indicators are concerned with the Research and Technological Development (RTD) capacity of a region (e.g. university laboratories, research centres and R&D units of larger firms). However, what seems to be more important to take into account are the "process indicators" which measure the broader linkages between the different actors involved in the innovation process. These indicators can provide a clear idea on the capacity of the regional economic fabric to adapt to technological and organisational change (Landabaso & Reid 1999).

The above discussion bears a significant relevance for the case of Cyprus. The peripheral location of the island with respect to the major industrial and urban centres of Europe and the absence of a significant industrial "home" market or hinterland are probably some of the factors that explain the almost total atrophy of its RTD infrastructure.[6] For this reason, the country never developed technology-based industrial activities or "high-tech" services. This in itself should not be a worrying fact since what matters most in today's competitive world is productivity and not inputs or scale.[7] In fact,

> The term *high-tech,* normally used to refer to fields such as information technology and biotechnology, has distorted thinking about competition, creating the misconception that only a handful of businesses compete in sophisticated ways. In fact, there is no such thing as a low-tech industry. There are only low-tech companies, that is, companies that fail to use world-class technology and practices to enhance productivity and innovation (Porter, 1998, pp 85-86).

In regional policy, explicit government intervention to promote the development of certain "desirable" industries should not be a prime concern for policy makers. Instead, what matters is to help existing and future companies to reach high levels of productivity so as to create localised competitive advantages to raise living standards at home.

In this first part of the paper we have outlined a possible agenda to help Cyprus to achieve this aim. In doing that, national and local policy makers will have new roles to play: they will have to strive to create an environment conducive to innovation and rising productivity. In fact, business leaders, government and institutions will all have a role to play in a newly defined collective responsibility for the creation of new breeding grounds for localised innovation. As Porter puts it in his essay on the new economics of competition,

> This task will require fresh thinking on the part of leaders and the willingness to abandon the traditional categories that drive our thinking about who does what in the

> economy. The lines between public and private investment blur. Companies, no less than governments and universities, have a stake in education. Universities have a stake in the competitiveness of local businesses (1998, p 90)

In the next part of the paper, we concentrate on the particular case of Cyprus, highlighting the potential benefits the country could derive from engaging in this new economic policy to support innovation. The structure and problems of the Cypriot economy are first highlighted.

The Relevance of the RIS Project for Cyprus

Strengths and Weaknesses of the Cypriot Economy

The Cypriot economy has evolved from an exporter of minerals and agricultural products in the 1960s, to an exporter of manufactured consumer products (clothing) in the second half of the 1970s. In the 1980s and 1990s, it developed into an international tourism and service centre. For the last two decades, there has been a tremendous growth of the tertiary sector at the expense of agriculture and manufacturing. This is a reflection of the comparative advantage of the country which stems from its stable macroeconomic environment, the relatively high level of education of the population,[8] the relatively low level of labour costs, the high standard of transport and telecommunication services and attractive living conditions. Together, these factors contribute to explain the rapid growth of Cyprus into an important regional business service and offshore centre for shipping, trading and financial and business services.[9]

The Cypriot economy is a small open economy. While it can be characterised as prosperous, it is also highly susceptible to external shocks. Erratic growth rates in the 1990s reflect the economy's vulnerability to swings in tourist arrivals (caused by fluctuations in political and economic conditions in Western Europe, the Middle East and in Cyprus itself) and the need for structural changes in the economy. Moreover, in the last couple of years, a growing public deficit and the pressure to comply with the EMU criteria have put increasing strain on domestic economic policy.

The major structural changes which have affected the Cypriot economy in recent decades can be summarised as follows:

- A dramatic decrease of the contribution of agriculture to GDP (from 10% in 1980 to 4% in 1997, Planning Bureau 1998, p19). While agriculture is still a large employer on the island, activities with higher value added and a more efficient use of water resources need to be promoted to avoid the further de-population of rural central Cyprus.

- A shrinking manufacturing sector (GDP contribution: 18% in 1980 and 12% in 1997, *ibid.,* p19) due to a series of factors including: the small size of companies, the lack of technological, management and commercial progress, shortcomings in technical education and training, and, in the early 1990s, rising labour costs.[10] However, the main reason for the dramatic loss of competitiveness in manufacturing has been the continued policy of protection of domestic industry, which has prevented the sector's timely adaptation to global competition.

- The vulnerability and the progressive erosion of competitiveness of the Cypriot tourism sector which contributed 8.4% of GDP in 1997 *(ibid.,* p 85). This sector has suffered from erratic growth during the last decade with a negative real annual rate of change of value added in 1991, 1993 and 1996 compared with strong positive variations in 1992 and 1994 and to a lesser extent in 1997. One of the problems is that the anticipated increase of high-income tourists has not materialised yet and that the per capita expenditure of tourists has remained stagnant in current terms. To maintain the competitiveness of the Cypriot tourist product in the medium and long-term perspective, there is a need for new forms of tourism, the promotion of ancillary projects, the strengthening of infrastructure, and the opening of new markets *(ibid.,* p 32-33). It is interesting to note that a number of RIS projects which are currently being implemented focus on innovation in the tourism sector while a sub-group of the RIS-RITTS Network has been created around this topic (see for instance the case of Sterea Ellada documented in European Commission 1999).

- The rising cost of an expanding public sector (contributing 14% to GDP in 1997, *ibid.,* p 20) which suffers from a severe lack of productivity and accountability, and which needs new flexible structures that would allow it to contribute significantly to the further development of the economy.

What Cyprus shares with other less favoured European regions is the relative underdevelopment and fragmented nature (lack of integration and coherence) of its regional innovation system. It suffers from an institutional setting lacking adequate policy delivery systems, it is burdened by an inefficient public sector and a lack of understanding of policy makers of the regional innovation process. What has also been witnessed in Europe's less favoured European regions but does not apply to Cyprus, is that money earmarked for innovation is often utilised exclusively for the creation of R&D physical infrastructure and equipment to strengthen research activities which do not always reflect the needs of the regional firms. The result is often the lack of a multidisciplinary approach in the planning of funding which is crucial to achieve a successful innovation policy (Landabaso 1999). So far, Cyprus has been spared from making such errors simply because it has not been eligible for support from the main EU funding instruments (the RTD Framework Programme and the regional Structural Funds).

However, not being able to benefit from such funding programmes has also contributed to the isolation of Cypriot companies from R&D networks and centres of excellence in Europe. This has probably also taken up its toll on the local innovation system making it difficult to keep abreast of technological change in the global economy. Moreover, in a small country like Cyprus where family firms compete among themselves on the local market, there is no tradition of collaboration and trust either between companies *or* with the regional R&D infrastructure.

To sum up, except for its dynamic business service sector, the economy of Cyprus is in urgent need of restructuring, if it wants to proceed successfully with European integration. Moreover, the country's ability to face the new challenges of globalisation is being seriously hampered by the inability of the government to press forward with much needed reforms regarding deregulation, liberalisation, privatisation and harmonisation. As will be shown in the next section, a Regional Innovation Strategy may provide the country with the necessary stimulus to reinforce its competitive capacity through the adoption of new practices in the fields of public-private partnership, consensus building, technological innovation and strategic actions.

Potential Benefits for Cyprus

The relevance of a RIS project for Cyprus has been emphasised by the European Commission itself: In an official communication to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions, the Commission

> invites each Central and Eastern European Country *and Cyprus* to develop an appropriate research technology development and innovation strategy at regional and national level, to be considered within their respective pre-accession frameworks as agreed by the European Council in Luxembourg (COM 1998, p15).

There are many reasons as to why a RIS project may contribute significantly to the upgrading of the Cypriot economy. This is especially true if one considers the relatively low cost[11] of the exercise in view of the potential benefits that can be achieved.

The most important contribution of the project would be to facilitate EU accession procedures by strengthening industrial, technological and economic policies in Cyprus and make them compatible with the existing European policy framework. Regarding its Research, Technological Development and Innovation (RTDI) policy, and building on the previous quote, the Commissions' recommendations are a constant reminder of the very essence of the RIS programme which it would like to see implemented in Cyprus.

> RTD and Innovation policies have to be integrated within the productive fabric of the region. This means regional players have to identify and direct resources towards strategic regional priorities. An integrated RTD and Innovation strategy should be based on partnership between local and regional bodies, Member States and the European Union. The strategy should aim to promote innovation, improve networking and co-operation and strengthen human capabilities and be adapted to the institutional, socio-economic and cultural characteristics of each region... Regions should initiate and develop an integrated RTD and Innovation strategy, based on the needs of the regional structure... The Commission intends to build on the experience gained under present regional innovation and information society strategies in order to consolidate a demand-led, bottom-up approach, in accordance with the principle of subsidiarity *(Ibid.,* p 14).

As it clarifies economic goals and identifies specific and concrete fields of action, a RIS project would be instrumental in facilitating the request by the Cyprus government of forthcoming rounds of European Structural Funds.[12] At the present time it is not clear whether Cyprus will qualify to obtain such funds.[13] In any event, a RIS project could be instrumental in providing a strategic framework for national policy decisions in a number of areas:

• Cyprus' research and technological infrastructure is extremely weak. To date, the country counts only a few research laboratories which are located in the Cyprus Institute for Neurology and Genetics, the University of Cyprus, the government institute for agricultural studies, the Higher Technological Institute and the private college Frederick Institute of Technology. However, except for the Cyprus Institute for Neurology and Genetics these laboratories are relatively small and host rather modest scientific activities compared to European standards. Scientific research has been a recent phenomenon in Cyprus (most laboratories did not exist five years ago) and no real assessment of its possible contribution to the local economic fabric has been carried out. The RIS will offer a privileged opportunity to evaluate this situation.

• Through its European dimension, a RIS exercise will provide a privileged opportunity to Cypriot businesses and institutions to develop new links with their European counterparts. Through pilot projects, entrepreneurs often get the chance to come into direct contact with colleagues in other European regions. This is also true for local policy makers or institutional actors (chamber of commerce, training institutes, industrial associations, etc.) who will be the first to seek contacts across regional borders in the framework of a RIS programme. From a general point of view, inter-regional exposure of the main stakeholders of the Cypriot economy will contribute to assist the process of economic integration helping firms of the region to establish their competitive advantages in the wider European arena instead of the domestic market.

• Networking and industrial co-operation are necessary components of most innovation processes which have become too complex, too costly and too risky for individual small and medium sized firms, especially in Cyprus where firms may be more isolated than in the rest of Europe. In fact, a RIS may well provide the opportunity to reflect on one of the most significant policy debates of the nineties, namely the promotion of clusters of economic activity (Porter 1990, 1998). This idea is especially relevant in the case of a small country like Cyprus where the lack of "critical mass" in certain fields of the economy is often seen as problematic. There is little doubt that such a debate should take place in Cyprus and the RIS with its collective decision platforms may be a good forum to engage a discussion on ways to promote localised competitive advantages on the island.

• RIS projects are based on a thorough analysis of the real needs of firms, they are built on collective decision processes spreading over a considerable period of time (average length of a project is over two years), they include the contribution of qualified domestic and foreign experts, and in this way, contribute to offer governments reliable, privileged and detailed information on the actual state of the economy. Indirectly, this may prove to be a considerable asset in the development of specific policy indicators. For example, the Cypriot government could find in the RIS project a significant source of inspiration to develop concrete guidelines on how to administrate and target funds to small and medium sized companies.

• RIS projects favour private-public partnerships and hence they provide an immediate challenge for the business world and public authorities alike to collaborate on concrete matters. In Cyprus, this may provide new impetus to the much-needed upgrade of government services. At present, a significant amount of services provided by public and semi-public authorities to the private sector and the public at large are often inadequate and entangled in bureaucratic inefficiencies. Aside from the necessity for the public sector to put its house in order through higher productivity levels of civil servants, there is an urgent need for the government to assess the best methods in terms of a more customer friendly approach in serving the private sector. However, the major issue that needs to be addressed is the overall re-definition of the role of public services based on a thorough assessment of the real needs of firms.

The establishment of a renewed consensus could in itself be a novelty in Cyprus where most social partners remain entrenched in their traditional position,[14] not realising that collaborative actions, and not confrontational ones, can engender a collective process of learning and innovation based on the expertise and dynamism of a large number of stakeholders. Overall, a RIS exercise in Cyprus may facilitate EU accession procedures by strengthening industrial, technological and economic policies and make them compatible with the existing European policy framework.

Conclusion

The Cyprus economy has undergone radical changes during the last three decades. From a developing country 30 years ago, it is now at the doorstep of the European Union. While in terms of income and living standards it is well placed among the European league, from the point of view of R&D, innovation or use of modern technologies, it must be ranked along side of some of Europe's less favoured and peripheral regions found in Portugal, Spain, Italy and Greece.

Developing a RIS exercise in Cyprus will help focus attention on a policy which encompasses the latest lessons drawn from other European experiences: priority to the promotion of innovation and its associated institutional support and promotion of technology transfers from other regions and through institutional and business-based collaborative networks (Landabaso & Reid 1999). Through its participation in the EU's "Fifth Framework Programme for Research and Technology",[15] and potentially through access to EU Structural Funds, Cyprus will have a unique opportunity to implement such a policy. The institutional framework can also be complemented by a policy aimed at attracting foreign direct investment to the country (Leontiades 1999). Such policy would also contribute to attract the much needed knowledge based industries. However, these industries will not come to Cyprus unless the right environment is being created to promote localised learning and innovation.

There may be promising results if Cyprus decides to adopt an innovation strategy. However, this process should be on going and ensure that politically stable and credible governance structures are put into place supported by professional competence and awareness in the field of innovation.

The new regional leadership must also ensure that the development of the regional innovation system will not fall in the hands of consolidated lobbies and party political considerations that hinder innovation. Setting up a RIS project is a sophisticated and complex endeavour and it may well be that traditional policy makers and administrators would rather favour "traditional" and "easy to manage" regional instruments. In this respect, it is important to see how the project could be financed. Since at the moment Cyprus is not eligible for EU Structural Funds, it will be necessary to seek funding from public and private sources alike.

To conclude, Landabaso (1999) has captured the essence of the challenge facing less favoured countries in Europe, a challenge that also holds true for Cyprus. For regional governments to be able to establish a local innovation system, a major cultural and organisational change has to occur in the regional governance structures:

> ... an increased disposition to consensus building and inclusiveness in the policy process ... away from stop and go policy decisions dictated by short term political stability and parochial interests. It is only then that the necessary "social capital" and "institutional thickness" will be reached ... to lead the process of ... learning conducive to the actual realisation of a "learning region" in practice *(Ibid.,* p 16).

A challenge lies ahead for Cyprus.

Notes

1. Regional scientists have shown us that regions rather than nations constitute the motors of the new global economy (Scott, 1998; Storper, 1997).

2. A comprehensive publication from the European Commission (1999) as well as a dedicated web site for the RIS programme (http://www.inforegio.cec.eu.int/art10/) provide ample information about the various projects that have been developed in the different RIS regions. Due to the limited scope of this paper, we cannot provide details on the relative success of these projects and their impact on the various regions.

3. A RIS is a "social engineering" action (Landabaso 1999).

4. It should be noted however that this does not always guarantee that an innovative project will succeed. On the contrary, cultural and institutional rigidities observed in small societies (like Cyprus for example) sometimes work as a detriment towards change and development.

5. Until very recently, technology policies in Europe were mainly focused on larger projects involving big companies, large research centres and universities. Within this linear model of technological innovation, it was assumed that large sums invested into R&D projects (including basic science) would automatically "trickle down" into industry, where they would be translated into new commercial products and innovative production processes. This first generation of technology policies was based on large infrastructures and the attraction of R&D intensive companies (often multinationals) through a whole range of incentives such as subsidies and tax concessions.

6. In fact, looking at the map of Europe, one can count less than a dozen "islands of innovation and R&D" which are all concentrated around the major urban and industrial centres of the Union, with the exception of some "pockets of R&D activity", often relatively successful science parks such as in Grenoble, Sophia Anthipolis (Nice) or Heraklion (Crete).

7. A most relevant and interesting contribution in this field has recently been made by Maskell *et al* (1998) who explain how high-cost small nations can sustain prosperity in open, low-tech economies.

8. About 23% of the gainfully employed population are college and university graduates (Planning Bureau 1996, p. 19).

9. In 1997, the contribution to GDP of the tertiary sector was 72.7%. Parts of the tertiary

sector are increasingly open to international transactions and have been growing steadily during the last five years (GDP contribution in 1997): wholesale and retail (12.2%), transport, storage and communication (9%), financial institutions (4.7%) *and* business services (3.4%) (Planning Bureau 1998, p. 85).

10. During the period 1987-1996 the rate of increase of productivity in most Cypriot manufacturing sub-sectors was lower than in Germany, France, Italy and the UK (Planning Bureau 1998, p. 20).

11. The average cost of RIS projects in progress is 500.000 EURO with an EU part-financing of up to 50%. In the case of Cyprus, different costs and conditions may apply but total costs should be in the range of 350 .000 to 500.000 EURO. Moreover, a financial participation of the private sector is often included in the budget while public or semi-public organisations usually contribute to the project "in kind" through the allocation of working time of relevant collaborators.

12. As we saw earlier, one of the motives for the establishment of the RIS programme was to prepare regions to absorb Structural Funds in a more effective way.

13. The Commission corrects GDP figures on the basis of purchasing power parity. However, this data is still missing in Cyprus and is eagerly awaited since only member countries registering a GDP which is 75% below EU average will qualify for Structural Funds under Objective 1. Having said this, it is reasonable to assume that at least support for rural areas under the new Objective 2 programme may be applicable in the case of Cyprus.

14. This issue has become particularly relevant in recent years when the government had to face the stiff opposition of various workers' unions and some political parties, in its efforts to liberalise large segments of the economy and to press ahead plans for deregulation and privatisation. In sensitive fields such as telecommunication and air transportation, public monopolies are in urgent need of restructuring if the process of European integration is to be followed smoothly.

15. These cross-European networks have been designed with territories like Cyprus in mind.

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Table 1: RIS projects in Europe

Country	*1994-96*	*1997-99*	*1998-2000*
Austria		Niederosterreich	
Belgium		Limburg	Wallonie
Spain	Castilla y Leon	Aragón	Cantabria
		Castilla-La-Mancha	Huelva§ (with Algarve)
		Extremadura	
		Galicia	
		Pais Vasco	
Finland		Northern Ostrobothnia, Kainuu and Lapland (with Norbotten) §	
France	Lorraine	Auvergne	
Germany	Halle-Liepzig-Dessau	Weser Ems	Altmark-Harz-Magdeburg
Greece	Kentriki Makedonia	Dytiki Makedonia	Ipeiros
		Sterea Ellada	
		Thessalia	
Ireland		Shannon	
Italy		Abruzzo (former RTP)	
		Calabria	
		Puglia	
Netherlands	**Limburg**		
Portugal		**Norte**	Algarve§ (with Huelva)
Sweden		Norbotten (with Northern Ostrobothnia, Kainuu and Lapland)§	
United Kingdom	Wales	**West Midlands**	
		Western Scotland	
		Yorkshire & the Humber	

§ Cross-border RIS

Source: European Commission, 1999.

SCIENCE AND TECHNOLOGY POLICY IN CYPRUS:ECONOMIC AND POLITICAL ASPECTS OF THE EUROPEAN SCIENCE AND TECHNOLOGY POLICIES FOR THE 21st CENTURY*

Andreas Antoniades

Abstract

Research, Technological Development and Innovation (RTDI) are high on the European Agenda, and it comes as no surprise the Research Commissioner Philippe Busquin has been outlining plans to exploit the potential of science and technology in the Member States through increased collaboration in a communication entitled "Towards a European Research Area". Within this framework it is important for Cyprus to develop a comprehensive Science and Technology policy which will be examined in the pre-accession framework. This paper examines the evolution of S&T policy framework and institutions in Cyprus, the containing factors and proposes guidelines for policy improvements. A short version of this paper was presented at Fourth Semmering Science and Technology Forum on "Institutional Changes: Efficiency and Effectiveness, Economic and Political Aspects of the European Science and Technology Policies for the 21st Century" organised by the Interdisciplinary Centre for Comparative Research in the Social Sciences (/CCR) and the European Association for the Advancement of Social Sciences (EA), in Vienna (3-5 December, 1999).

Intoduction

In most nations, the concepts of science and technology policy have evolved over a number of years, reflecting domestic public needs as well as international trends. The representative concepts of the times regarding science and technology, reflect potential policy needs and the characteristics of the age.[1]

Evolution in socio-political configurations includes changes in the S&T system and in the relationships between university, industry and government. In each nation's S&T system, the relations between these three domains and their boundary foun- dation are shaped historically and culturally.[2]

These boundaries are now under re-configuration as expressed by various models such as the Triple Helix model which considers Mode 2 research i.e. it portrays scientific activity in terms of networks spanning the interface between science and society, in contrast to Mode 1 where scientific activity occurs in a traditional communication structure, in the context of the knowledge based economy.[3]

Technological change plays an enormous role in shaping today's advanced societies whereby these societies are affected in many more ways than merely by economic development. Furthermore, technological change itself and, more generally innovation are complex processes beyond solely economic determinants.[4]

Moreover, it is evident that every society needs in order to advance further, a knowledge base which has to be designed with a view to the future through a long term strategy which must be supported by appropriate actions in the various policy areas. Therefore, it becomes clear why technology policy is increasingly established as an important policy field of its own, spreading its initiatives all over the various sectors which are seen as functioning separately.[5]

The main purpose of this paper is to describe the evolution of S&T policy in Cyprus (i.e. the policy and institutional frameworks), identify constraining factors and propose guidelines for policy improvements.

Evolution of S&T Policy in Cyprus

Policy Framework

Science and R&D related activities have not been one of the strongest traditions in Cyprus. Indicative of this is the absence of significant policy measures for establishing S&T policy through the years, until recently whereby notable improvements have been made.

In the Five Year Development Plan of 1989-1993, the issue was covered under the single title "Technology.[6] Despite acknowledging the technological and research gap/deficit at the time, nothing notable was contained in the Plan regarding an overall policy and it was limited to minor actions.

Until 1992, there was limited utilisation of advanced technology in Cyprus in most of the economic sectors. The industrial sector was in a relatively poor technological state and limited applied Research and Development activities were undertaken (due to the fact that industry was mostly pre-occupied with labour intensive products).[7] However, the state of technology in agriculture was stronger as a result of projects promoted by the Agricultural Research Institute (ARI) and the Fisheries Department, although there was considerable scope for further technological upgrading. In other sectors, such as energy, environment and medicine there were very limited research and development activities.

It was at this time (1992) that the first statistical survey on research in Cyprus was carried out by the Department of Statistics and Research (a similar study is being completed at the moment).[8] Among the major findings of the study are, that gross expenditure on R&D in 1992 was estimated to be CYP 5,6 million, an increase of 15,4% *over* that recorded in 1991 but only 0,2%, as a share of Gross National Product (GNP), compared to an average 2,55% for the rest of the world.[9]

Most of the R&D expenditure in 1992 originated from the public sector. Only 15,6% of the total expenditure was made by the private sector, and most of this was as a result of activities in the manufacturing sector (industries in food and beverage, chemical products and fabricated metal products).[10] In addition, the number of employees engaged in R&D activities in Cyprus in 1992 was estimated to be 366 persons, an increase of 7,3% *over* that recorded in 1991. Approximately 85,2% of these persons were from the public sector. The total number of persons engaged in R&D is 0,13% of the total gainfully employed population for the production of Gross Domestic Product.[11]

The gap is again highlighted in the next Five Year Development Plan (1994-1998) under the chapter 'Technology-Research''. It must be noted that the developments in the 1994-98 period cannot be easily accounted for as there is not enough statistical data regarding the promotion of research activities in Cyprus. For this period it is stated that technology development is not a viable potential for the realities of Cyprus, and that Cyprus will continue to remain an importer of technology. Measures are again restricted mainly to enhancing cooperation between local and foreign research institutions especially in the EU and developing networks for transferring technology.[12]

The new feature of this Five Year Development Plan was fostering technological progress in certain areas of specialisation. As a result of this new approach, Government has increased its expenditure on research and technological development in recent years.[13] This was also considered necessary within the framework of Cyprus' efforts to comply with the *acquis communautaire.*

In a revised document by the newly established Research Promotion Foundation published in 1998 it is stated that the policy objective of Cyprus concentrates on efforts to enhance the ability to identify appropriate technology, transfer, develop and install existing technology and to foster technological generation in certain niches of specialisation. Emphasis is also given to the creation of an effective institutional mechanism for promoting R&D activities.[14] It is the first time that the concept of "technological generation" has been applied extensively.

The most important objectives for research and technological development set in this new framework are:

i) Strengthening the existing institutions which conduct research and technological development and promoting linkages between them.

ii) Establishing special funds/schemes for the encouragement of R&D and strengthening the institutional mechanisms for allocating resources available for science and technology activities as well as for the co-ordination, monitoring and prioritisation of R&D activities.

iii) Taking a more active role in promoting international cooperation in science and technology areas Uoint research projects, participation in European Union research programmes, e.g. SFP, scholarships, exchange of researchers' schemes, etc).

· As a result of the S&T policy objectives, certain actions were incorporated in the recently announced Industrial Policy. Of the twelve chapters of the New Industrial Policy, two emphasise the Technology generation. One refers to the creation of a Centre for Research and Technological Development which will contribute substantially to the development of new high tech products (applied research). Emphasis is given to information technology, new materials, microelectronics, energy, biotechnology and telecommunication technologies. The other chapter refers to the creation of incubators which, with the cooperation of the Centre for Research and Technological Development, will contribute to the creation of new business with innovative features.[15]

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In the draft of the 1999-2003 Strategic Development Plan, the issues of Research and Technology are again covered but in different chapters. Apparently research is in one chapter on its own and technology is covered in another chapter on manufacturing, and in particular the section for the industrial policy.[16]

The policy objectives of the Plan on research, (among other things) are as follows:

i) Systematic and in-depth awareness of the public for the importance of research.

ii) Upgrading of research activity at all levels of the education system.

iii) Upgrading of the training infrastructure for research.

iv) Increasing of the funds allocated for research.

v) Utilising the scientific resources of Cyprus as well as Cypriot scientists living abroad.

vi) Promoting cooperation between the research institutes/groups in Cyprus.

vii) Promoting cooperation with research institutes abroad.

Regarding technology, some of the policy objectives of the 1999-2003 Plan, as they are expressed within the framework of the New Industrial Policy, are:

i) The introduction of high technology in Cyprus industry with the encouragement of innovation and research and development.

ii) The restructuring, technological upgrading of existing production units with particular emphasis on design, quality of production and quick response to production to meet the needs of the markets. The specific measures proposed regarding technology follow approximately the same guidelines as those of the Industrial Policy mentioned previously.

Institutional Framework

There is no single authority/unit responsible for the coordination of S&T activities in the country. A number of bodies are assigned the responsibility for assisting in S&T and Research efforts. These institutions are making considerable efforts in assisting S&T activities on the island despite the problems they encounter on the way. The Planning Bureau, which is responsible for the overall economic planning, is also the national agency engaged in the co-ordination of research activities in the wider public sector. It is directly involved in the formulation of strategy, the identification of objectives and the introduction of policy measures aiming at the attainment of the research objectives. It also serves as the national contact point for promoting international scientific cooperation.

The Research Promotion Foundation was set up in 1996 to serve as the national institute for the promotion of scientific and technological research in Cyprus. The foundation aspires to become the bridging institution through which the Planning Bureau's strategy and policies in R&D are carried over to the research community. Currently, the Foundation's activities are limited to the formulation, launch and administration of a Grant Scheme for Research Programmes and the creation of a database containing information regarding the Cyprus Research community.

The Institute of Technology is a private non-profit institution, established in 1991 in order to promote the technological upgrading of the manufacturing sector. It's role is currently limited to coordinating a network of accredited industrial/business consultants and associates, in undertaking studies on strategic/operational issues relating to the strengthening of competitiveness of manufacturing units and in identifying potential technology providers abroad for the local industry.[17]

In addition to the above institutions, which are mainly for the coordination of S&T, there are Centres which engage in actual research activities, as independent operators, for which mention is made here below.

Constraining Factors

From the above it appears that the major factors constraining S&T development in Cyprus are the following:

• Lack of an integrated S&T strategy that links synergically the various economic and productive sectors with a wider national policy. Despite the notable efforts made lately, there is no coherent action plan coinciding with the priorities set for other important policies such as industrial policy, education policy, employment policy etc. Moreover there is no long-term strategy regarding the upgrading of the country's knowledge base. Whereas other countries can look back and emphasise phases of change in their S&T policy through the years, in the case of Cyprus this is not possible because there has been no structured policy - with the exception of the last few years.

• Lack of effective coordinating units for transpiring the S&T policy to the several groups of actors/stakeholders and of an appropriate monitoring system. Despite their well intended efforts, the previously mentioned institutes (Planning Bureau, Research Promotion Foundation and Institute of Technology) are like sub-departments, each one with its major role of emphasis (among their many other responsibilities) and with no substantial coordination influence over the activities carried out by public or government departments.

For example, notable applied research is carried out by the Agricultural Research Institute, the Geological Survey Department, the Higher Technological Institute (HTI), the Cyprus Institute of Neurology and Genetics and the recently founded University of Cyprus. However, all these are under various ministries and there is no method of coordinating and monitoring their activities and especially their research priorities. Coordination becomes even more difficult in the case of Research and Development in the private sector.[18] The most notable research in the private sector comes from tertiary education institutions such as lntercollege, Cyprus College and Frederick Institute of Technology.

• Absence of important stakeholders in the Policy Toolbox for improving RTD performance

Government has in the last few years strengthened in an impressive manner its relationship, communication and policy with research institutions (private and public) and higher education. However, it has not done so with other important actors in the Policy Toolbox for R&D, such as industry and the wider productive fabric, and has not encouraged the interaction between industry and research institutions thus making the existing communication one way only. The bridging institution (Research Promotion Foundation) has strengthened its relations with the research society but not with industry (this is reinforced by the fact that industry, and especially manufacturing industry, does not have representation in the Foundation's Board). This naturally leads to problems in setting appropriate S&T/RTDI priorities as well as having effective channels for commercialising the result of Science and Research Activities.

There are only limited examples of effective commercialisation such as in the case of the Agricultural Extension Service of the Ministry of Agriculture which is responsible for going out to farmers and assisting in new techniques for improving quality, varieties etc. This service is in close contact with the Agricultural Research Institute and its Experimental Farm. Other examples relate to the interactions between the Higher Technological Institute and the Solar Heating manufacturing industries in association with the Applied Energy Centre, which is administered by the Ministry of Commerce, Industry and Tourism.

The University of Cyprus on the other hand is engaged in extensive research. However, there is little evidence of how the results of this research are transferred to industry except in two cases: one in neural networks and their application to industry and another in simulation modelling for the financial sector.[19]

• Poor performance of R&D and insufficient infrastructure. For years most of the research in Cyprus was concentrated in public institutes, there was limited funding for research and inadequate research networks. Indicative of the low performance

of Cyprus in this area, is the fact that only 0,5% of the GDP is now spent on R&D which represents about 1/4 (one quarter) of that spent in EU countries, that the number of research staff is only 0,5 individuals per thousand workers (whereas the respective EU figure is around 9,4) and that patents from innovations are only 0,012 per thousand inhabitants (the respective EU is about 0,25).[20]

A hopeful sign, however, is that the percentage of investment spend on research has increased from 0,2% to 0,5% GNP between 1992 and 1998.[21] There is an increase not only in Government expenditure in R&D but also in expenditure from the private sector. Furthermore, notable research activities are seen across most sectors of the economy and society. It appears that the various funding schemes have given alternative channels of fulfilment to the many research ideas that lay dormant for years.

Concluding Remarks

Despite the current efforts and notable improvements, Cyprus must strengthen and develop further its science base and RTDI activities so that it can improve its knowledge base and contribute to the increase of its competitiveness. It is an encouraging fact that S&T policy is beginning to develop.

In order to be able to redefine its S&T policy, it must carry out an analysis of the local and regional needs and examine the potential for such activity. A technology audit of the country may serve a useful purpose towards this direction. This will allow it to define a strategic framework within which an appropriate S&T policy, specific priorities and measures can be articulated. These must be linked with other related policies such as education policy, employment policy, industrial policy etc.

Furthermore, the policy toolbox must be strengthened so that it incorporates several groups of actors. In addition, the existing bridging institutions must improve their current system of communication so that there is two-way flow. Furthermore the cooperation between industry and the productive fabric of the country with Research institutes needs to be enhanced further and integrated into the main RTDI system.

Also, Cyprus will need to set up a monitoring and evaluation system to see if the S&T measures are appropriate and effective. Towards this direction it will be useful if a single unit is given enough authority to coordinate and monitor activities across the country. This can be done by assigning this role to one of the existing bridging Institutions or by an Advisory Council with representatives from all actors/stakeholders.

Finally, it is necessary for the government to allocate sufficient funds for imple-

menting the longer term S&T policy. Overall expenditure (public and private) on R&D must be increased gradually and steadily to at least the European average of approximately 2% of GNP as it should be looked at as a long-term investment for improving the society's knowledge base and the economy's competitiveness rather than as a mere cost. Also towards this direction it is necessary to encourage the private sector to increase funds allocated for research. This may be done by giving adequate tax and other incentives to private organisations for activities relating to research.

Within these guidelines Cyprus can redefine its S&T policy and improve its knowledge base. This becomes even more important as Cyprus attempts to enter the European family. It must be able to compete effectively in the Eurozone and also be able to fulfil its obligations.[22] It is not irrelevant that the Commission, in its 1998 communication, has invited Cyprus along with each CEEC to develop appropriate RTD and Innovation strategies in order to be considered in the pre-accession framework.

Notes

1. Fujigaki, Yugo and Nagata, Akiya 'Concept evolution in science and technology policy: the process of change in relationships among university, industry and government' in *Science and Public Policy,* Vol. 25, No. 6, December 1998, p. 387.

2. Ibid.

3. Ibid., pp. 387-388.

4. Pichler, Rupert 'Innovation and technology policy in the Austrian Context' in *The potential of R&D in Structural Support Schemes for the Enlargement of the EU,* Vienna, February 1999, p. 18.

5. Ibid., p. 19.

6. Planning Bureau, *'Five Year Development Plan 1989-1993',* p. 53.

7. Research and Development Centre - Intercollege *'Strate*G/C *Plan for the Survival and Growth of the Manufacturing Industry in Cyprus - Analysis, Policy, Measures'* study commissioned by the Cyprus Industrialists Union, Vol. 1, April 1999, p.13.

8. Planning Bureau 'Five Year Strategic Development Plan' 1999-2003 (draft version) p. 110.

9. Department of Statistics and Research, *Research and Development Statistics 1991 &1992,* pp. 10-11.

10. Ibid., pp. 11-21.

11. Ibid., p.11.

12. See previous note 6, pp.53-57.

13. European Commission 'Regular Report from the Commission on Progress towards Accession' November 1998.

14. Research Promotion Foundation, 'Science and Research Activities in Cyprus', 1998. See also European Commission *'New partners New opportunities',* Conference material, Brussels, February 1999, pp. 107-110.

15. Konis, Costas 'Cyprus can become a Technology Center' (in Greek) Filelefttheros newspaper - economicos, 30 August 1999, p.5

16. See previous note 8.

17. See previous note 14 (Research Promotion Foundation).

18. Ibid.

19. Ibid.

20. PricewaterhouseCoopers 'DG XII Study on Analysis of the potential of Research, Technological Development and Innovation (RTDI) sector in Cyprus'. See also European Commission *'The Competitiveness of European Industry's 1998 Report,'* Brussels 1998, p. 17.

21. See previous note 14.

22. European Commission *'Reinforcing Cohesion and Competitiveness through Research, TechnoloG/Cal Development and Innovation'* Com (98) 275, Brussels, 27 May 1998.

• Presented at the **FOURTH SEMMERING SCIENCE AND TECHNOLOGY FORUM ON "INSTITUTIONAL CHANGES: EFFICIENCY AND EFFECTIVENESS"** organised by the Interdisciplinary Centre for Comparative Research in the Social Sciences (ICCR) and the European Association for the Advancement of Social Sciences (EA), Vienna, 3-5 December 1999 by Andreas Antoniades, Head, Consultancy Unit, Research and Development Centre - Intercollege, Nicosia, Cyprus.

Commentary

VOLUME 12
NUMBER 1

Cyprus Ironies - An American View

Glen D. Camp

Cypriots and their friends abroad generally see two major problems facing the island in the near future - entry into the European Union and Reunification.

After some 25 years of studying the island's foreign policy I believe the first will be solved soon but the second will not. That is, I believe the Republic of Cyprus (RoC) will be admitted to the European Union as a full member with the next group of candidates from the so-called "Countries of Central & Eastern Europe" or CCEE. But I doubt very much if the RoC will be admitted into the EU with the Occupied North despite the valiant efforts of the UN, the UK, the US and the RoC negotiators. After 25 years I simply doubt that Ankara will permit the North to accept the very fair and sensible UN formula: a bizonal, bicommunal federation.

This means that the Republic of Cyprus will take her rightful place as a European country albeit a small democratic state in the next enlargement group and thus pursue her destiny as part of the largest aggregation of economic and financial power in the world.

But the Republic will do so without her Turkish Cypriot brothers who - tragically - are apparently condemned to a gradually decreasing standard of living and continued domination by what is at best a "guided democracy". We suggest that Ankara's politics is largely controlled by a National Security Council in which the dominant voice is that of the military, even though a slight majority of its members are civilians. Because the civilians often differ, whereas the military members do not, it is the latter which dominate Turkish policy toward Cyprus. Thus many of Turkey's most courageous voices, including the head of the Turkish Human Rights Association, find themselves in prison for "actions" which neither Cyprus nor any EU country regard as crimes. In fact, Akim Birdal is now in prison for demanding those human rights which Turkey promised to carry out to meet minimal EU standards as laid down in the Copenhagen standards and the overall entry document, the *acquis communautaire.*

Thus it is only one of the Cyprus ironies that it is the Turks who have perhaps suffered most under Ankara's brilliantly executed and consistent assimilationist policy of the last 25 years - this despite the 200,000 Greek Cypriots forced from their homes and compelled to begin a new life as refugees in their own country. Indeed perhaps 50 thousand Turkish Cypriots fled the North and are now living in the dias-

para including some of Denktash's own people who have retired to London. Many of these Turkish refugees from the North have been replaced by Anatolians illegally brought over from the mainland to work the orchards, operate the hotels, and live in the homes many of which were built and operated by Greeks who were never compensated for their lost properties.

And yet via a second irony of Cyprus - its "economic miracle" - most of the Greek refugees have been successfully integrated into the South. These refugees and their compatriots have created an amazingly vibrant economy through hard work and a good bit of luck. On the disaster of the "July Days" of 1974, the South recreated a booming tourist industry largely from scratch since many of the top recreational locations such as Famagusta, Morphou, and especially Kyrenia are controlled by the Turkish authorities. And those Greek Cypriots who were the descendants of generations of Greek-Cypriot families are rightfully embittered at being unable even to visit their home towns and villages.

In addition to the economically elastic tourist industry which fortunately operated in high gear, the South created new "recession-proof" industries such as communications, insurance, software and computers. Cypriot banks replaced those in war-torn Beirut for the Middle East, and a former President of Cyprus developed computer codes for the Arab world. Money from the former Soviet Union flowed into Cyprus banks and three Russian newspapers are printed in Cyprus for guests from that area. The skyline of Nicosia is crowded with construction cranes and new residential and office buildings going up, while "Fedex" minivans whiz around town delivering documents just as in vibrant European or American cities. Finally, the RoC enjoys a Gross Domestic Product (GDP) of over $12,000 per person - higher than any of its fellow candidates for EU membership and significantly higher than that of the two poorest EU members, Portugal and Greece, and almost double that of Estonia, Hungary, and Poland.

Clearly the good news is that Cyprus will move from its ancient position as an object of policy, a plaything of more powerful neighbours, to a participant of policy within the EU. Outside the EU, Cyprus is a small consumer of security organised by stronger neighbours - Greece, the UK, Turkey, and the US. Cyprus is currently *system-ineffectual,* a "flea" in President Lyndon Johnson's perhaps apocryphal, but certainly brutally realistic description.

But inside the EU, Cyprus and its "big brother" - Greece - could cooperate to push for a truly effective EU-Mediterranean policy subsumed under the nascent EU Common Foreign and Security Policy (CFSP). Cyprus and Greece together could even hope to help shape the budding European Security and Defence Initiative (ESDI) now under the dynamic leadership of the quondam NATO Secretary-General, Javier Solana.

The irony here of course is that EU membership will certainly exacerbate the economic pressures on certain weak sectors of the Cypriot economy, for EU accession requires coordination of the entire Cyprus economy. Thus "chapters" on taxes require coordination between domestic and off-shore companies with the former increasing and the latter decreasing. EU accession requires a Common Agricultural Policy (CAP) which has proved a sticky wicket even for powerful members such as France and the UK.

A second irony incident to Cyprus' EU accession is that her fellow candidates are all Central or Eastern Europe (CCEE) countries. Indeed, they border on former Soviet republics such as Ukraine, Belarus, and Moldova. One even surrounds the Russian oblast of Kaliningrad, fortress city of the Prussian kings known as Koenigsberg and headquarters of the Teutonic Knights! Consequently, Cyprus may well find itself swept up into an EU enlargement process a major thrust of which is EU-Russian relations. This EU "Orang nach Osten" ("Push to the East") may come at the expense of the rather flaccid EU-Mediterranean Partnership, for both the EU and America seem far more interested in Central and Eastern Europe and Russia than in the Southern and Eastern Mediterranean.

A final irony of Cyprus' EU accession has to do with the island's relations with "Big Brother" Greece. It is often forgotten that Greece is both a Balkan and a Mediterranean power - indeed the only Balkan state which is a member of both the EU and NATO.

Yet twice in the 20th century, Greece has refused an offer of Cyprus accession to the Hellenic motherland owing to Athens' interest elsewhere. In 1915 King Constantine rejected an offer from the British to cede Cyprus as *quid pro quo* for Greece's entry into the Allied side in World War I. The offer lapsed and Greece joined the Allies sans Cyprus! After the "Great War" Eleutherios Venizelos refused an offer of Cyprus since he wished to acquire Thrace and part of Western Turkey.

When asked if Athens would possibly "trade" Cyprus for a deal with Ankara over the Aegean, both Greek and Cypriot officials argue heatedly that public opinion in both countries would preclude such a deal while the regnant "Defence Dogma" would not permit it in any event. Perhaps they are right and relations between the two make impossible the apothegm, "The Past is Prologue".

In sum, then, I am quite optimistic that Cyprus can and will meet all EU criteria for membership. It may be difficult for some sectors of the economy, but Cypriot citizens and top RoC officials alike realise the stakes involved: the continuation of the "Cyprus Economic Miracle". Tourism is highly "elastic" in demand, and a recession in Europe could badly damage Cyprus' economy. Agricultural products will be sub-

jected to tough price competition after entry into the EU. Thus "post-industrial" industries which take advantage of human skills are essential to complement older sectors. These certainly include pharmaceutical production and distribution, computer and software development, and perhaps above all - education. The latter is the key to the development of all "high-tech" industries. I believe that Cyprus can certainly do what Israel did - move from an agricultural to a high tech economy.

One additional irony here is that as the RoC progresses, the Occupied North will slip further behind exacerbating the bitterness felt by the Turkish-Cypriot authorities and some Turkish-Cypriots still in the North. In short, the greater the success of EU integration for the RoC, the less likelihood of a successful integration. Unfortunately, however, nothing I have seen or read since 1974 suggests that Ankara is willing seriously to consider any of the UN-sponsored initiatives to reunify Cyprus. That occupation made possible by an illegal invasion is in clear violation of UN resolutions, international law, and even the clear *desiderata* of Article IV of the Treaty of Guarantee. The latter specifies that any unilateral action could only be carried out to restore the *status quo,* i.e., the reestablishment of the authority of the legitimate Government of Cyprus, i.e., the RoC.

Yet a "straight line" of Turkish policy stretches from 1964 and the Galo Plaza Report through the High Level Agreements of 1977 and 1979 and the lugubrious farce of the "handshake of the century" of 1985 through the Ghali "Set of Ideas" to today's negotiations in Geneva with Denktash's announced precondition of a negoti- ation between two existing sovereign states, i.e., recognition of the so-called "TRNC" before negotiations begin! The statements of the new President of Turkey, Ahmed Necdet Sezer, simply paraphrase those of the redoubtable Turkish administrator of partition, Rauf Denktash. To paraphrase the late President Kennedy in a different context, the Turkish view has been simple and clear: "what's mine is mine and what's yours is negotiable." Regrettably, I cannot believe there is any concession short of outright surrender, which would move Ankara to agree to reunification based on the UN criteria: a bizonal, bicommunal federation.

If I am wrong, I shall be delighted as will nearly all Cypriots on both sides of the Green Line. What does Ankara want in my view? It wants the continuation of the last wall in Europe, a continuation and deepening of the *status quo.* I believe it wants a quasi-"statelet" allegedly independent but actually under total Ankara control as Rauf Denktash has candidly admitted. This so-called "state" recognised only by Arikara has led to an "Hispanola" solution in which the Turkish-controlled North is in legal limbo but which is actually controlled by the 40,000 Turkish mainland troops now illegally occupying the area.

What is to Be Done? - The "Two-Track Policy"

The Republic of Cyprus policy should be "steady as she goes" for the ship of state. It should pursue its current policy of continuing the UN-sponsored reunification negotiations while not expecting anything substantive from them. The RoC enjoys a robust democracy, a high standard of living and expectation of continued vibrant economic growth. It also has finally developed a diplomatic corps equal to its Turkish counterparts in skill and sophistication.

Let the UN diplomats, the British and Americans all work together to see if Turkey can be persuaded to agree to the *igniis fatuus,* a bicommunal, bizonal federation embodying the Three Freedoms of the Greek side and adequate protection for the minority Turkish side. Let the US State Department Coordinator for Cyprus Thomas Weston and the US Ambassador Donald K Bandier join with Presidential emissary Alfred Moses. Perhaps the latter can bring us to the Promised Land after 25 years in the desert! Maybe Col. Stephen Norton can develop a "new security architecture" capable of reunifying Cyprus.

Above all we wish the new UN special envoy for Cyprus, Alvaro de Soto well in his upcoming bicommunal Geneva negotiations. But if they are no more productive than the previous 25 years is there another - second track for Cyprus?

Indeed there is. While pursuing the first track of UN-sponsored bicommunal negotiations, the Republic of Cyprus should widen and deepen its efforts to get ready to join the EU. This includes the economic, financial, and even educational and environmental sectors of society. The educational standards of the University of Cyprus need to be brought into line with EU standards of promotion, tenure and hiring. The idea that a private College such as Intercollege cannot obtain a quick response to its international professors' committee requesting it be granted University status is absurd. One thousand pages of application should be enough especially in view of the 25,000 college students now studying in the Occupied North. The technical and academic resources of the RoC need to be expanded immediately so that the Roe can meet EU standards.

Cyprus' entry into the EU will not be a *deus ex machine,* it will not be without pain or difficulty. But accession will be a transforming event, opening up the Cyprus economy to a European and world market. Accession will turn the RoC into a "system-effectual" participant of policy, ending its millennial role as an abject "object of policy".

Finally by following a "two-track" policy honestly and fully, the time may come when reunification does come. When Turkey finally makes the massive adjustmen-

ts to its economic, social, financial, and politico-human rights system which alone would permit its serious consideration as a full EU member, then Cyprus may be truly reunified as an island-wide federation.

In the meantime, Cyprus should "make haste slowly" or as the Cypriots say, "perasména, xehasména".

Book Review

VOLUME 12
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Britain and the Revolt in Cyprus, 1954-1959

Robert Holland
Oxford University Press, (Oxford, 1998) 347 pp.

What Greek Cypriots call the armed national liberation struggle of 1955-59 was the culmination of a long campaign to put an end to British colonial rule in Cyprus and bring about *Enosis* or political union between the island and Greece. This struggle, seen from the perspective of the colonial power, was 'the revolt in Cyprus'. From the end of World War II, and more especially from 1954 when Archbishop Makarios persuaded the Greek government to appeal to the UN General Assembly for the application of the Cypriots' right to self-determination and George Grivas arrived in the island to set up EOKA, a considerable number of British politicians, officials of the British government in London and the colonial administration in Cyprus, and British soldiers and police officers serving in the island expended great efforts and committed appreciable resources to put down the Cyprus revolt, influence developments on the ground and in the diplomatic field, and maintain Crown sovereignty over the island for British strategic purposes. Much of this official British business involved producing - in writing - assessments of British interests and the security situation in Cyprus and the Middle East, analyses of current events and intelligence reports, instructions to and reports from colonial posts and diplomatic missions, submissions of advice and policy proposals, minutes of meetings of ministers or other officials, announcements of administrative and military measures and so on. Documents of all kinds were dispatched to or received by British officials, recording or reflecting the thought processes, judgments and decisions of British officialdom. These masses of documents have been kept, at least for the most part, in the Public Records Office in London. In the past decade or two historians of Cyprus have delved in the Public Records Office and examined documents released under the '30 Years' Rule' to produce their, in many respects, different historical accounts of the Cyprus revolt and the resulting diplomatic imbroglio.

Dr Robert Holland has carried out what must be the most comprehensive examination of British official documents on the Cyprus revolt ever undertaken, and has supplemented it with a study of collections of private papers and memoirs by officials who had direct or close involvement in various aspects of the subject, as well as par-

liamentary reports and contemporary newspapers. His command of such primary material and a sound historical judgment have enabled him to piece together with meticulous care complexly interconnected layers of events within and outside Cyprus - events that impinged on and challenged what British policy-makers regarded as Britain's interests and 'position' in the Middle East - and produce an authoritative and absorbingly interesting reconstruction of the British government's handling of the Cyprus revolt. Considered from this standpoint, *Britain and the Revolt in Cyprus, 1954-1959* is a remarkable historical work and students of Cyprus history, whatever their own standpoints, foci of interest and broader intellectual orientations are indebted to Holland.

The structure of the book is on the surface straightforward enough: it consists of twelve chapters, the first dealing with the background, the second with the immediate backdrop, and the rest with the Cyprus revolt, its impact on British official attitudes, policy and action, and its repercussions on relations between Greece and Britain and Greece and Turkey. The narrative, however, contains a rich complexity of topic and tone, and sudden changes of location and atmosphere, as the author pursues the several intertwined strands of events, driven by different personalities and groups. From the Archbishopric and the churches of Cyprus he moves to Government House and the Secretariat of the colonial administration, to the Colonial Office in London, to the Foreign Ministries of Greece and Turkey, and back to the town streets and country lanes of the island. From time to time Holland breaks his narrative of violent incidents, acts of repression, political and diplomatic discussions, the elaboration of constitutional ideas and so on, he stands back from the flow of events, and considers the character and temperament of the main personalities involved in the events, the dynamics and direction of the long-term social and political forces expressed in the events, or the significance and implications of what happened. Holland is an engaging writer, equally impressive in presenting dry constitutional and political ideas, the high drama of violence and riots, the tension of difficult government business and negotiations, and subtle character portraiture.

These qualities are evident from the opening pages of the book which contain a dramatic street-level account of the Greek Cypriot uprising of October 1931 culminating in the burning down of Government House by angry demonstrators. This account serves to introduce the main factors in the Cypriot tragedy. There were the Greek Cypriot people who, by and large, saw themselves as Greek and Orthodox, and whose traditional ways were slowly giving way to a more modern pattern of social organisation and values, including an attitude of opposition to colonial rule and an identification with the free Greek state, and this enabled a strong Church to main- tain its leading position as it cultivated the inflexible aspiration of *Enosis.* There was, also, a self-consciously distinct Turkish Cypriot community whose own political culture and assertive nationalism of Turkishness was to gain in definition and

strength as a reaction to the *Enosis* agitation. And there was the colonial administration which had little empathy for the culture of the indigenous population and which, under instructions from London, sought to maintain British sovereignty at all costs, offering some measure of welfare to the population, but meeting Greek Cypriot disaffection with increasingly blunt, if ultimately ineffective coercion.

In the second chapter of his book Holland provides some interesting details about British machinations in the mid-1950s to help the Turkish Cypriot community to put forward their objections to the Greek Cypriot cause of *Enosis* in the UN, and to encourage the Turkish government to come in as an interested party in the future of Cyprus with a demand for the partitioning of the island, so as to counter-balance Greek support for *Enosis* in the diplomatic field. Once Greece and Turkey took up their roles in the tragedy of Cyprus, the Cyprus problem acquired the aspect of a Greek-Turkish dispute which was never to leave it.

The ten chapters which form the main body of the book provide a detailed account of the successive phases of the course of the Cyprus revolt, or more accurately of the revolt as it was perceived by British officials and it impacted on British government policy and action, from 1 April 1955 when EOKA inaugurated its campaign of violence against the colonial power, up to the conclusion of the Zurich and London agreements in February 1959 which led to the end of British rule over Cyprus - except for the Sovereign Base Areas! Readers of Holland's book, especially Cypriot readers of a certain age who lived in Cyprus through the EOKA years and later read about them, may well look with particular interest to find how he describes events about which they have some knowledge or special interest. I myself was interested to read about a number of ambushes and battles involving EOKA fighters and British soldiers which have passed into legend. Holland's sources are for the most part offi- cial British reports, and these tend to be written in a language and style that express the characteristic anti-EOKA attitudes of the officials who wrote them. However, Holland does not necessarily endorse such attitudes, nor is he particularly interested to evaluate the motives or moral qualities of the young Cypriots or Britons involved. He mentions these acts of violence as part of developing his account of the security and political situation in Cyprus, the predicament and dilemmas faced by the administration and the policy decisions made by London. It is in the same spirit that the book describes the administration's tough response to the revolt which included stiff sentences for EOKA fighters, detention without trial for many hundreds of civilian suspects, collective fines, curfews and exhausting searches, and occasional acts of brutality by British interrogators and soldiers. The book mentions the suppression of AKEL by the colonial administration and the detention of many of its members. According to Holland, the banning of AKEL was a measure of the contradictions emerging from the mixing up of the older colonial belief that the liquidation of the communist party was a pre-requisite for any safe experiment in Cypriot self-govern-

ment in Emergency policy (p. 105). The book also contains some references to the EOKA side interest in attacking members of AKEL and PEO because they were thought to be *anti-Enosists* and traitorous.

The book also has something to say about the inter-communal conflict. The origin of the conflict is located in Turkish Cypriot resistance to *Enosis* and the recruitment of Turkish Cypriots in the colonial administration's Mobile Reserve and the Auxiliary Police Force, which eventually made them targets of EOKA guns. Inter-communal violence fuelled the Turkish argument that Greeks and Turks could not live together, and so Greek and Turkish sectors of the main towns had to come under separate municipalities. Holland writes that in 1958 "TMT, encouraged from Ankara, started a series of assassinations of Turkish Cypriot leftists with any known assassinations with Greeks through political or trade unions organisations" (p. 242).

The Greek government of the day was pressured by its own people to support the Greek Cypriots in their struggle and it could not act otherwise, even though it must have realised that once Turkey got into the act and claimed not only the right to protect the Turkish Cypriots, but also a security interest in the island, *Enosis* was no longer a realistic prospect. The British government began to brandish the spectre of partition, and although initially it may only have hoped to frighten Greek Cypriots, it offered the Turks an idea which they eagerly seized. A kind of British - Turkish collusion was evidenced by the Macmillan Plan for a British - Greek - Turkish condominium announced in June 1958, when Cyprus was already drifting into open intercommunal conflict. It is difficult to see how the Plan could work, given Greek refusal to co-operate in its implementation. At the time Makarios was confident ultimately of victory, but by September 1958, Holland says, "Makarios grasped that if the Greeks might destroy others, they could also destroy themselves. In this regard, the British Plan was no paper tiger" (p. 283). But what did Makarios think the alternative to *Enosis* was? In September 1958 he told British Labour M.P. Barbara Castle that he would welcome an independent Cyprus. But what made Turkey come around to the same idea? Holland indicates that the worsening of East-West relations in November 1958 led Turkey to re-assess its foreign policy priorities. Once the governments of Greece and Turkey found common ground in the idea of an independent Cyprus, a new avenue opened up which, after a period of intensive but quiet negotiation, resulted in the Zurich agreement. The way Holland presents the facts suggests that the British government, the Greek Cypriots supported by Greece, and Turkey standing behind the Turkish Cypriots were locked in a terrible battle from which no one could emerge as the winner and all ran the risk of strangulation. Each side demanded things which were incompatible with the things demanded by the other sides, and no side was strong enough to impose its will on the others. The only alternative to further intensification of civil strife and increasing bloodshed in Cyprus was a com- promise settlement of the kind elaborated by the Greek and Turkish governments,

signed in Zurich. The settlement forced on the two communities a partnership, one they had never sought; but it also gave them at last a reasonable prospect for reconciliation and peace; and peace suited the British too, once they obtained the consent of the other parties for their two sovereign base areas. Maybe there are still some positive lessons to be learned from Zurich.

Zenon Stavrinides

Errata - Volume 11, No. 2 - Fall 1999

We would like to correct an error in the previous issue in Portrait of a Jew: Ethnic Identity and National Belonging in Cyprus by Juliette Dickstein. A typesetting error led to omission of part of the following piece from her article.

Page 90 Concluding Remarks - opening two paragraphs:

The military camp where the Millers now live can be likened to a ghetto[16] because it is segregated from both the Turkish Cypriot and the Greek Cypriot communities. The Millers also must present their identification cards to the military police guarding the entrance to their neighbourhood in order to leave or enter. For all intents and purposes, they must receive permission to move about. The Millers, however, have chosen, are able, that is, privileged to live where they do because they are holders of foreign passports, and also, according to Abigail, because they are Jewish.

Abigail and Daniel feel they have been allowed to live where they do because they are Jewish, yet they do not see any connection between their living situation and that of European Jews before and during the Second World War. Maybe its unconscious, Abigail states. Nonetheless, it is my contention that their choice of living how and where they do indeed confirms and reconfirms their Jewish identity on a day-to-day basis. The daily act of handing in their Turkish-Cypriot national identity card (if they want to leave the road on which their house is located), which, for that matter, claims their nationality to be Jewish (Yahudi, in Turkish), is a gesture reminiscent of identity checks that have besieged Jews throughout history, and especially during Nazi-occupied Europe.[17] It therefore can be argued that questions of national identity and belonging that have concerned European, Asian, and African Jews until the end of the Second World War are normalised and converted into routine, daily activities by Abigail and Daniel Miller. Not only have they normalised identity checks that have determined Jewish lives over the centuries, but the Millers have appropriated, and perhaps even affirmed the experiences of exile, displacement, and to a certain extent internment. Their situation in Cyprus presents a positive version of the ghettoised existence of European Jews during Renaissance Europe and during the Second World War.

Notes

16. The weird ghetto used in this essay refers to the sixteenth-century understanding of the term: a place where Jews were either forced or encouraged to live, and that was sheltered and separated from the rest of the national community.

17. The Jewish people (in the Diaspora) often have been referred to as a nation because they are a community of people, whose members are bound together by a sense of solidarity, a common culture, a national consciousness, as Seton-Watson explains in another context (1). They are the only people besides the Chinese who possess a cultural identity unbroken for more than three thousand years (383). The question of Jewish Nationality, however, is something that has been debated. Max Weber explains: Whether the Jews may be called a nation is an old problem. The mass of the Russian Jews, the assimilating West-European-American Jews, the Zionists these would in the main give a negative answer. In any case, their answers would vary in nature and extent (23). My sense of Jewish nationality as something distinct from Israeli nationality is that the Jews, as a people (albeit multicultural) and a religion, comprise a community that indeed shares a cultural history and identity, and most certainly a connection to the land of Israel whether Israeli, American, Ethiopian, secular, or anti-Zionist.