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Shlomo AVINERI

MIDDLE EAST KALEIDOSCOPE

Giorgos KENTAS

EU MUST PLAN AHEAD IN DEALING WITH AN EMERGING TURKISH THREAT

Gary LAKES

REVOLUTIONS WITH MINIMAL VIOLENCE PRESS ALGERIAN, LEBANESE ELITES TO RELINQUISH POWER

Constantine DIMOULAS

THE "DEMOGRAPHIC PROBLEM" AND ITS' IMPACT IN GREECE

Marios SARRIS

A COMPLETE SYNOD, A DIVIDED HIERARCHY:EVOLUTION AND CLEAVAGE IN THE SYNOD OF THE CHURCH OF CYPRUS

Maria HADJIATHANASIOU

POWER THROUGH ATTRACTION: BRITISH, GREEK AND TURKISH CULTURAL DIPLOMACY IN CYPRUS, 1945-1974

Leslie G. MANISON

THE PASSPORT SALES THAT BOOSTED CONSTRUCTION ARE NOW IN DECLINE



CYPRUS CENTER FOR EUROPEAN AND INTERNATIONAL AFFAIRS
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1993-2019 TWENTY SIX YEARS OF POLICY FORMULATION AND ANALYSIS

MIDDLE EAST KALEIDOSCOPE



Shlomo Avineri
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“The more it changes, the more it remains the same” is perhaps an apt summary of Middle East political events in the last decade.

Less than ten years ago the region was engulfed in what appeared an epochal sea change of mass demonstrations toppling or seriously challenging many of the Arab authoritarian rulers. The “Arab Spring” was compared to the European 1848 revolutionary “Spring of Nations” or the 1989 upheavals that brought down communist rule in Eastern Europe: finally, it was argued, the Arab world has caught up, albeit slightly belatedly, with the universal trends towards democracy and open society.

This appears now to have been pious wishful thinking. The end of President Mubarak’s military-based authoritarian regime did not lead to the establishment of a democratic order: instead, after an intermittent chaos, free elections that brought the Muslim Brotherhood to power, demonstrations that expressed opposition to the fundamentalist Muslim regime, the army reasserted itself and President Sisi – a former army chief - is a reincarnation of previous military leaders like Abdul Nasser, Anwar Sadat and Mubarak himself.

In Syria, after a bloody civil war which killed more than 200,000 civilians and caused millions to become refugees, Assad’s Alwite-led regime managed to survive thanks to Russian help and prevent the total disintegration of the Syrian body politic. In Libya, Gaddafi-s demise left the country in total disarray, with a military strongman appearing as a dominant figure in a country which is struggling to maintain any coherence of a functioning state. Yemen in torn apart by a vicious civil war with Saudi and Iranian proxies vying for power in a land deeply divided by tribal and religious fissures. Only Tunisia – relatively small, with no significant ethnic or religious minorities and without border conflicts with any of its neighbors - manages to maintain some semblance of a relatively peaceful transition to an open society. Current massive demonstrations in Lebanon and Iraq – though different in their causes – testify to the fickle nature of their very political structure.

While these failures to move towards a consolidated democracy are specific to each case, they do have much in common. It is not – as sometimes argued – Islam that is the obstacle to democracy, but the weakness of civil society, both on the social as well as the normative level.

Civil society is based, on one hand, on the supremacy of universal norms transcending allegiance to clan, tribe, region or ethnic, sectarian or religious affiliation. On the other hand it requires a robust existence of voluntary organizations – from political parties to trade unions and professional associations – which are the bedrock of pluralism and democracy: the relative weakness of these civil society elements in Russia, for example, when compared with their stronger presence in other post-communist societies in Central Eastern Europe – is the cause of the difference between current neo-tsarist developments in Moscow as compared to a more complex landscape in countries like Czech Republic, Poland or Hungary.

In the Arab Middle East, another feature has to be added: the role of the army. For historical reason, the military has played a central role in the modernization of most Arab countries, and hence it emerged as a dominant social force in these societies. This is a specific characteristic of Arab societies – other Muslim societies, like Iran and Turkey, had a different historical tradition, In the case of Egypt this brought about an unusual paradox: when confronted with the choice between Islamic fundamentalism and military rule, many of the anti-Mubarak demonstrators reluctantly chose the military. Moreover, both in Egypt and Syria, when the Christian minorities (Copts in Egypt, various Eastern Rite Christian communities in Syria) ultimately came down supporting authoritarian military rulers, which at least guaranteed them a modicum of protection and religious tolerance, over fundamentalist Islamicist rule, be it by Muslim Brotherhood or ISIS.

Yet this reassertion of the old, military-supported authoritarianism had a geopolitical dimension. While President Obama's call in his Cairo speech for civil rights certainly encouraged the eventual anti-Mubarak demonstration, President Trump's erratic politics directly helped Putin's Russia reassert the historical regional role once enjoyed by the Soviet Union. Slowly but consistently Russia emerged as the mainstay of Assad's regime, culminating in the Russia Air Force, and its on the ground advisers and other personnel to brutally decimate the regime's various opponents, with Washington passively standing by. A tactical alliance between Moscow and Teheran further helped Assad's regime to avoid collapse with the paradoxical outcome that it did survive popular uprising – but at the price of becoming dependent on two outside forces – Russia and Iran – a development which does not augur well for the future stability of the Syrian regime or its independence.

Turkey, ever aware of the Kurdish challenge to its national identity and territorial integrity, transformed its traditional tension with the Alawite Assad regime into an active incursion into the Kurdish-held region of Rojava in northern Syria: will this be a temporary episode or a long-term de facto Turkish control of the area remains an open question – depending as much on strategic considerations as on the neo-Ottoman horizon frequently informing Erdogan’s policies.

American abandonment of the Syrian Kurds to the Turkish onslaught carries not only a moral stigma but is another evidence of Trump’s inability to develop a coherent strategic outlook rather than rely on hollow rhetoric.

This leads us finally to Iran and Saudi Arabia. Trump’s decision to leave unilaterally the Iran nuclear accord is another example of how for the current President rhetoric trump strategy: it is obvious that the White House had no strategic plan to counter Iran’s possible responses to Washington’s reneging on its contractual agreements. When Iran responded with various belligerent acts – downing a US drone, sabotaging Gulf oil tankers and moving on to a sophisticated and powerful attack on Saudi Arabia’s oil industry – the Trump administration was taken by surprise and with no credible or thought-out effective response, except more sanctions – Trump’s not very effective response to practically any crisis (a businessman remains a businessman), testifying to a lack of a coordinated strategy.

The Iranian progress towards nuclear development has been greatly facilitated and enhanced by the American withdrawal from the nuclear deal. This remains the major challenge to Middle East stability, with the on-going political crisis in Israel adding another element of unpredictability. Yet the hope that Middle Eastern developments could gain from democratization in the Arab world, which would naturally diminish the dangers of military confrontation, have not been fulfilled.

EU MUST PLAN AHEAD IN DEALING WITH AN EMERGING TURKISH THREAT



Giorgos Kentas
Associate Professor of International Politics and
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Turkey's military operation in Syria has implications for Europe that must be tackled. Developments on the ground urge for preventive action in a concrete manner. In a statement (10/9/19), EU High Representative, Ms. Federica Mogherini, observed that Turkey's actions "will further undermine the stability of the whole region, exacerbate civilian suffering and provoke further displacements." The same statement added that "unilateral action on Turkey's part threatens the progress achieved by the Global Coalition to defeat of Da'esh, of which Turkey is a member".

This was indeed a dramatic statement that echoes political and societal concerns across Europe. The severity of the situation is acknowledged by all EU Member States. Apart from public statements that condemn the new Turkish invasion of Syria, some EU and NATO Member States have announced some punitive measures against Turkey. These include Germany, France, Denmark and Sweden that announced a partial/conditional suspension of armaments exports to Turkey. UK on the other hand urged for second thoughts when the EU Council on Foreign Affairs (10/14/19) discussed the possibility of a joint decision that would entail an arms embargo on Turkey. Germany was also quite reluctant in promoting an arms embargo. Hence, the EU foreign ministers failed to take any further steps beyond what the public statement made by Ms. Mogherini entailed and the unilateral decisions made by Member States to "halt arms exports licensing to Turkey."

The European Council, convened in October 17 and 18, 2019, endorsed the relevant Council decisions on Turkey of 14 October 2019. It took however a step further to stress that Turkey's unilateral military action in North Syria "threatens heavily European security." It was the first time that the EU referred to Turkey as a serious threat to European security. At the same time, EU leaders were not willing to hail US-Turkey announcement on a pause for all military operations. They just took a note of it. Talking at a press conference following the European Council, Mr. Tusk was clear in distancing EU position from US initiatives. He stated that "on the so-called ceasefire this

is not what we expected, in fact is not a ceasefire, is a demand for capitulation of the Kurds". He continued by urging "Turkey to put a permanent end to its military action immediately, withdraw its forces and respect international humanitarian law", to conclude that "this is for sure not the result of Vice President Pence and President Erdogan agreement."

From a strategic viewpoint, there may be other actions for the EU to consider that would call for a more serious response. Turkey did not simply declare a war on Kurds or on Syria's territorial integrity and sovereignty. It has also declared a hybrid war against Europe. President Erdogan uses Syrian refugees as a "weapon" against Europe. With an air of cynicism, Ankara threatens to massively channel refugees and other migrants to Europe. In October 11, 2019 Mr. Erdogan threatened to send 3.6 million refugees to Europe. This is nothing more nothing less than a direct threat against the security, prosperity, economy and social cohesion of the European Union and its Member States. Mr. Tusk, European Council President, replied on the same day of Erdogan's statement that the European Union would not accept "blackmail" from Turkish President.

Public statements may reflect sentiments and/or convey intentions. In the case of Turkey however when Mr. Erdogan talks he also does. The reality on the ground is urgently crucial. EU cannot deal with it by just making statements or expressing intentions. European citizens are seriously concerned with a new generation of terrorists moved from the Middle East to Europe via Turkey. Taken together, uncontrolled movement of migrants/refugees and terrorists constitute an imminent threat to national security, social cohesion and human security. Mr. Erdogan shows no hesitation in advancing an offensive strategy against Europe. Appeasement, declarations and weak punitive measures are not enough. Europe is faced with an emerging threat that it has not come across with since the end of the Second World War.

Turkey's actions in Eastern Mediterranean are equally problematic. In November, EU Council ruled the Ankara's illegal drilling activities in Cyprus' exclusive economic zone/continental shelf constitute a threat to international peace and security and undermine the principles of sovereignty respect and good neighboring relations. In that regard, it decided to impose restrictive measures on entities and individuals who are involved in these illegal activities.

If the European Union wants to continue to be a community of peace, cooperation and security, it must face the Turkish emerging threat with determination. It must take measures and employ instruments akin to the threat it is confronted with. EU must urgently begin considering a robust land and aeronautics operation to contain, if not neutralize the Turkish threat. EU credibility requires planning and action before a known threat materializes.

Actually, action must be taken, not just a moment before a new crisis breaks out, but much before the situation could go out of control. An operation similar to "EU Naval Force (Atalanta)" with strong Frontex elements and other civil and military means and capabilities is needed to safeguard EU borders. The EU must plan a strong European maritime, air and land Border Protection Operation in the Eastern Mediterranean sea and on the land borders of Europe with Turkey in Greece, as well as the porous 180km-long cease-fire line (the so-called Green-Line) in Cyprus must be effectively surveilled. A war has just begun, but its consequences are yet to be known. That "unknown" must alert the EU.

When it comes to security, the Turkish-European border may need to be dealt with as a potentially hard frontier. Eastern Mediterranean and the Aegean Sea are natural buffer zones of Europe that must be protected. Middle-East crises must not pass these zones; they must be effectively contained and dealt with at the source. The EU must find a tough way to pass the message to Mr. Erdogan. Not acceptance of blackmail entails credible action and demonstration of confidence in defending Europe. The EU must use Member States' resources and capabilities to protect its borders and its citizens. Turkey seems to abuse the relevant agreement with the EU. Instead of containing refugee flows to Europe, Mr. Erdogan takes EU's billions of euros to mock and threaten its security.

REVOLUTIONS WITH MINIMAL VIOLENCE PRESS ALGERIAN, LEBANESE ELITES TO RELINQUISH POWER



Gary Lakes
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There are for now two mostly non-violent political revolutions occurring in countries on the Mediterranean rim. One is in Algeria where demonstrators have been protesting in the streets since February this year, the other is in Lebanon, where demonstrations have been underway for the last couple months. Violence has yet to make a significant display in either country regarding the government protests, such as that seen in Egypt in January 2011 or what the world is now seeing in Hong Kong, or what was on display during Ukraine's revolution in 2014. This is in contrast to the violence raging in Syria and Libya, neither of which are revolutions, but civil wars in which foreign interests are covertly and overtly involved.

It has been frequently remarked that Algeria missed the 2011 Arab Spring, which began in neighboring Tunisia and spread to Egypt, Libya and Syria. That could be largely due to Algeria having had its own civil war in the 1990s, which pitted the ruling military structure of the National Liberation Front (FLN) against Islamic fundamentalist militants between 1991 and 2002. As many as 100,000 or more people died and casualties on that scale make most people reluctant to revisit such ground. Algeria's army managed to assert control over the Islamists, who at times conducted their own reign of terror across the countryside. While radical groups remain hidden away in Algeria, for the most part Islamic fundamentalism is not in the forefront of political opposition.

Lebanon ranks highly among the Arab countries on the scale for violence. Its civil war began in the mid-1970s and lasted for 15 years. Despite a peace agreement backed by Saudi Arabia and efforts to rebuilt Beirut and other parts of the country, there have been periodic outbreaks of political fighting and car bombs, plus the on-going war with Israel in which Iranian-backed Shia Muslim Hezbollah is the main Lebanese antagonist. The civil war in Syria, in which Hezbollah is fighting on the side of Syrian dictator Bashar al-Assad, has put considerable strain on Lebanon, where over 1 million Syria refugees seek shelter.

Both countries are in need of a new constitution and the protesters in the streets of both countries recognize this, yet the ruling elites are reluctant to turn the country over to its citizens, fearing the unknown of what civilian rule could bring for them and the power they yield. For both countries to move forward, it will be necessary for the ancient regimes to come to an end. The problem for both will be how to peacefully form a constitutional assembly that can draw up a new constitution and implement a new form of government. After decades in power, the entrenched systems will be hard to push out of the way.

Algeria's unrest began in February this year when it was announced that 82-year-old Abdulaziz Bouteflika would run for a fifth term as president. The demonstrations succeeded in forcing the near invalid Bouteflika's resignation and the appointment of interim President Abdelkader Bensalah and Prime Minister Noureddine Bedoui, both of whom are members of the old guard and associates of Bouteflika. The change was orchestrated by General Ahmed Gaid Salah, the deputy minister of defense and chief of staff of the Algerian People's National Army. Gaid Salah ordered the arrest of Bouteflika's brother and several former prime ministers who were plotting on their own behalf, and he has also had political opposition figures arrested as well as numerous protesters, some for displaying the Berber flag.

Gaid Salah is now viewed as the man in control of Algeria, and he is urging the populace to vote in a new presidential election due to take place on December 12, insisting that a presidential election will solve the political turmoil. But the demonstrators argue against the election, convinced that a new president will change nothing and leave the old guard in place, which is clearly the ruling clique's intention.

Algerian protesters are demanding that the presidential election be scrapped, that the army and its cronies vacate their positions and that a new system of government, free from the influence of the elites, be put in place. What takes place in December will likely hold the future for Algeria. If the current government holds the elections and sticks with the results regardless of the turnout, the demonstrators may increase their demands and events could take a turn.

Lebanon, too, is well due for a change that could thrust it into a modern political world. Its confessional system, based on religious and ethnic identification and which designates particular positions such as the office of president to a Christian and the office of prime minister to a Sunni Muslim, was instilled during the days of French rule and remains in place today even though Lebanon's demographics no longer fit the mold.

Algeria and Lebanon both are facing serious economic situations. Algeria's economy depends on oil and gas revenues. Years of under investment in the sector due to unattractive conditions in the country hydrocarbon law have caused the industry to slip. The falling price of oil has also had an impact on Algeria's earnings, and foreign reserves have seriously fallen.

Lebanon, with national debt at somewhere in the \$80 billion range, is on the verge of bankruptcy due to serious mismanagement in the country's banking sector. The country uses both the US dollar and the Lebanese pound and many Lebanese hold deposits in dollars. During the summer, rumors about the banks failing sparked capital flight. Since demonstrations began in mid-October, the banks have been forced to close for days when they could not accept dollar withdrawals. Many ATMs no longer work.

Corruption among Lebanon's ruling clique contributes to the country's financial dilemma. The politicians made investments in banks that offered exorbitant interest rates. The money was meant to repair government infrastructure after years of war but the work has not been done, prompting people to question how the government allocated the funds borrowed from the banks for the jobs.

Having exhausted other means to raise revenues, the government of Lebanon decided in October to introduce a tax on the use of the internet application WhatsApp. It was the last straw for people who were tired of a government that was unable to even have the garbage cleared from the streets. Before the end of October, Prime Minister Saad Hariri resigned. Weeks later a wealthy former finance minister, Mohammed Safadi, was proposed for the post, but he was rejected by the masses immediately, being seen as one of those that the crowd is calling to leave.

Michel Aoun, the 84-year-old President, a Maronite Christian whose Free Patriotic Movement is politically allied with the radical Hezbollah, has opened corruption investigations and offered to meet with protesters, but the thousands of Lebanese in the streets are, like the demonstrators in Algeria, demanding that Aoun and all the political class remove themselves from the scene.

As we near the end of 2019, we look at a global situation in which demonstrations are taking place in many countries where the citizens complain of the same aggrievement: political corruption, economic elitism, contempt for the common citizen, shortcomings in human rights, education, medical services, etc. France, Iraq, Columbia, Iran, Bolivia, Hong Kong, Chile, Algeria, and Lebanon make the headlines now. The list can be expected to grow.

THE “DEMOGRAPHIC PROBLEM” AND ITS’ IMPACT IN GREECE



*Constantine Dimoulas
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In the European Union member states the so called “demographic problem” is related with that of the aging population. Most scholars refer to this by usually analyzing birth and death rates and conclude that those under the age of 18th become fewer and fewer as the time pass, in comparison to those who are more than 65. They, also, relate this conclusion with two contradictory trends: The first is thought as positive and is that of the general increase in the life expectancy, due to the better chances and health services, offered to most people in our societies. On the other side, there is, also, a strong- if not stronger trend- towards the rapid reduction in birth rates, which is related to the post-modern labor market of the 1 and ½ working members per nuclear family.

Based on those arguments, many scholars and think tanks (among them OECD, World Bank and IMF), proposed, as a solution to that problem, the introduction of incremental increases in the official (and mean) retirement age in combination with the entrance of youths in the labor market (by activating work practice and apprenticeship programs) earlier.

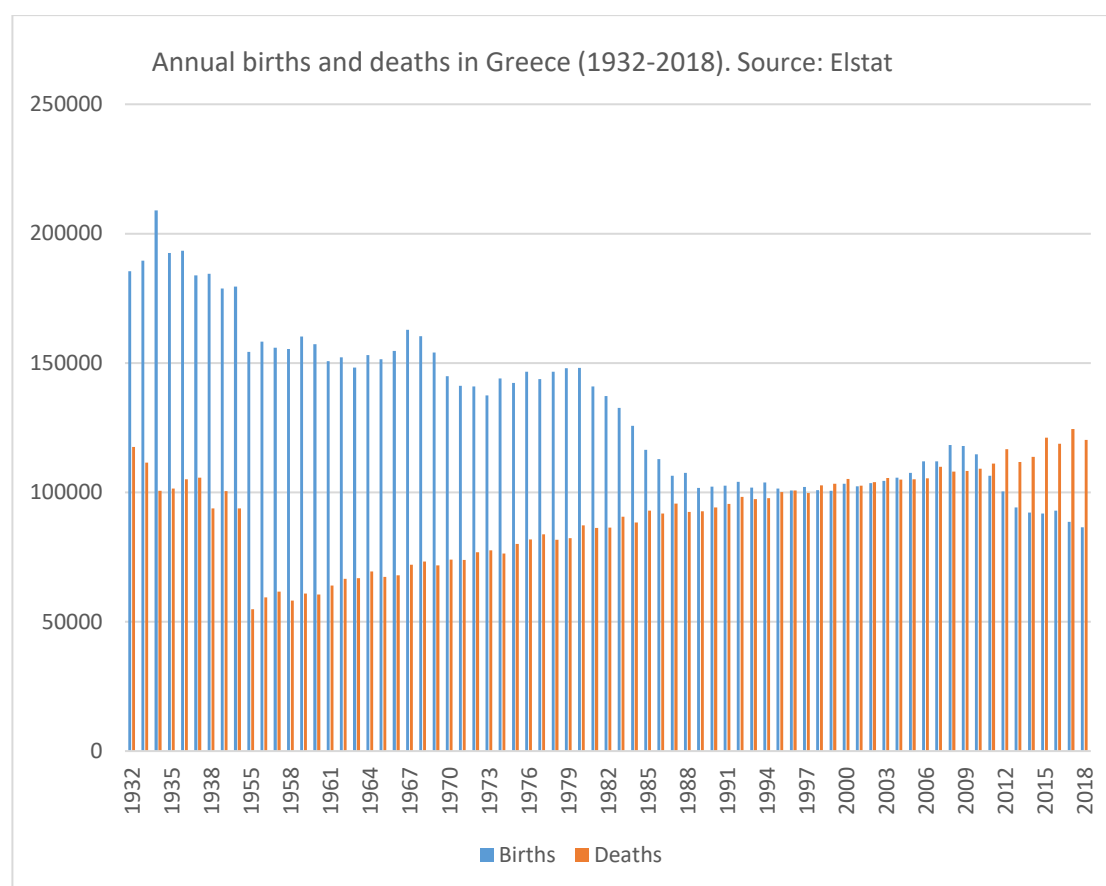
Behind this mainstream argument lies the conviction that the above referred trends are well embedded in developed societies and will become stronger in the near future. For this reason, some scholars and politicians argue that more active social investment welfare states, by focusing on the support to new families in order to combine work and family duties, such as parental leave, higher family allowances, related to the number of children per family and widespread nursery services for the children under the age of four, will solve the demographic problem in post-modern societies. Unfortunately, the results of the social investment measures introduced, during the last two decades, in most European countries, are not very encouraging, for the reversion of the continuing reduction of births per couple.

Greece is among those countries with severe “demographic problem”, which deteriorated dramatically, during the the sovereign debt crisis and the bailout agreements with IMF, EU and the European Central Bank.

The “demographic problem” is not a conjunctural phenomenon in Greece as it is related with the structural deficiencies of the economy. This problem was connecting in the past with the repeated wars and the agrarian economy. Although birth rates were high until the end of the civil war of 1947-49, thousands of young Greeks were killed because of the wars and much more were immigrating to USA, Australia and west European countries till the earlier seventies. These emigrants assisted the weak and depended Greek economy with the flow of remittances that increased domestic consumption and played a crucial role in the dominant characteristics of the “Greek miracle” of 1960’s and ’70’s. They, also enhanced the trade networks and the influence of Greek lobbies in international politics but the country deprived from its most valuable human capital.

The reduction in birth rates in Greece has been a continuing deterioration since 1969 (when annual births were 154,077) and initially reached its minimum level in 1999 (100,643). Afterwards and until the onset of the debt crisis, birth rates were, slightly, increasing year by year as a result of immigration from neighboring countries (mainly in the reproductive age) and social investment programs introduced as part of EU social policy initiatives.

Unfortunately these positive achievements overthrown from the negative impact of the current crisis. In 2008 were born 118.302 children whilst in 2018 the new births were just 86.440. The same period, deaths increased from 107.979 in 2008 to 120.297 in 2018, mainly because the country has entered in the cycle of maturation of the “baby-boom” phenomenon. The deaths per year overpassed births for the first time in 1998 and since then - with the exception of the affluent years of 2004-2008- are becoming more and more than the births. As a result the annual net change of the population in Greece is more than -30.000 per year since 2015.



The current trend toward the rapid decrease of the Greek population accelerated furthermore during the crisis, as a result of the emigration of well-educated youths' who is estimated that reached approximately 400.000 people from 2010 to 2018 and as a consequence, the population with Greek origin in the country is reducing by more than 50.000 per year.

The reduction of the current population will cause many serious problems in Greek society. The reduction of youths does not only undermine the structure of the labor market and the sustainability of the pension system. It affects, also, the fundamental social institutions (family structure, army structure and defense capacities, health and welfare needs and services, human capital's capacities, modes of entertainment) deteriorating the resilience of the Greek nation state and so it may cause a long-term decline.

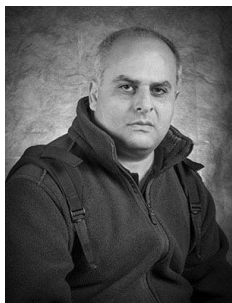
In the first decade of the new millennium that declining trend overturned by the migration wave from Albania and the rest of East European countries (mainly from Rumania and Bulgaria). This result facilitated by the assimilation policy the Greek state adopted for the increase of the native population: more than one million people, who "repatriated" from ex -Soviet Union and Albania since the '80s, got the Greek citizenship, provided that they were speaking a Greek dialect and were baptizing orthodox Christians (national identity based on consciousness instead of blood ties).

Nowadays, the option of assimilating migrants is not realistic for Greek political elites as most refugees are not Christians neither are able to speak any Greek dialect. Greek authorities are obligated to adopt integrating policies instead of assimilation and this will change the national identity to a more pluralistic one, as is the case in many nation states in the Euro- Atlantic world. The repatriation of emigrants, after many years of staying abroad, is not, also, very promising as they, usually, return when they are elderly and without highly productive capacities.

Is there any alternative choice that could turn upside down the continuing reduction of the population in the Greek national territory? The announcement for the provision of lump sum allowance of 2.000 per birth by the new elected Greek government seems just a joke if will not be supplemented with generous labor market measures that will give youths a hope for prosperous life in the near future. The eternal austerity regime established in the European Monetary Union do not permit generous welfare provision. The more “traditional” proposals for the raise of the retirement age and better high skilled jobs does not, also, seem realistic as the depended Greek economy is dominated by micro firms in the tourist sector, the trade of consumer goods and the entertainment instead of new jobs in the sectors of digital economy and green energy.

The only realistic policy for the reversion of the current demographic decline in Greece, would be that of an urgent mid-term development program, which will offer good chances for employment and direct repatriation to the emigrated youths, in combination with, well and effectively organized public services. A supplemental and well promising measure for this would be, also, the provision of an unconditional benefit (approximately 100-150 euros per month) for every child living in Greece, from the cradle to his/her 18ths. This means that public authorities in Greece will become able to manage flexibly public economics, a choice not realistic in the coming years, unless the rules that govern Eurozone will reformed radically or will abandoned.

A COMPLETE SYNOD, A DIVIDED HIERARCHY: EVOLUTION AND CLEAVAGE IN THE SYNOD OF THE CHURCH OF CYPRUS



Marios Sarris
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Archbishop of Cyprus Chrysostomos II will go into the history books as the archbishop-reformer who, upon his election to the throne in November 2006, re-instituted all the bishoprics that had been abolished during Latin rule. By March 2008, when the last bishop was consecrated, the autocephalous Greek Orthodox Church of Cyprus could boast a full Synod of seventeen bishops. This enlarged Synod is a fully functioning body in need of no external assistance in running its own affairs.

The Latin rulers of Cyprus had reduced the Greek bishops to four, they subordinated them to the Latin hierarchy and forced them to establish bishoprics in rural centres. The ferocity of the action taken against the Orthodox Church owed less to the doctrinal disputes which the Latins had with the local Greeks and more to the complexities of local governance. The 'con-federalist' and decentralized nature of Orthodox Church organization was well-suited to a system of small land ownership but not to the large estate feudalism that the Latins established in Cyprus after the twelfth century.

The Ottomans restored the Orthodox Church in Cyprus to its former position. Significantly, this coincides with the abolition of the feudal system and the re-distribution of land to both Christian and Muslim peasants. The Greek bishops were allowed to return to their old towns but the Synod was not restored to its former membership. At the onset of Ottoman rule, the hierarchy was composed of the archbishop and three bishops. With time, occasional additions to the Synod were made as seen fit and these included the abbots of Kykko and Machaera as well as the archimandrite and the exarch of the Archbishopric. In fact, the system operated in a state of fluidity for many years making it difficult for the Church to deal with internal problems and to practically defend its autocephaly. Whenever controversies arose in the ranks of the incomplete local Synod, the Cypriots referred to outside ecclesiastical forces to arbitrate on the matters of dispute. This state of affairs continued during the British period and culminated to the so-called "archiepiscopal

question” – a contest between two bishops of the Church that led to a prolonged institutional stalemate (1900-1909).

The Latin measures continued to haunt the Greek Orthodox Church in the years after Cypriot political independence. Since Latin rule, the island’s Orthodox Church remained autocephalous only *in name*. On matters of great significance to the Church, the Synod could not take decisions as it had not been a “Full Synod” (Πλήρης Σύνοδος) of at least thirteen member bishops. In some cases in the post-independence period, archbishops convened a “Greater Synod” (Μείζων Σύνοδος) in order to address issues that brought disarray into the ranks of the local hierarchy. Senior clerics from other Greek Churches and Patriarchates were asked to participate in the Cypriot Synod in order to have a quorum of at least thirteen members. In circumstances like these, the archbishop invites the Heads of the ancient Patriarchates to nominate three clerics of their choice each to man the Greater Synod. In conjunction with the archbishop’s powers to set the date for the Greater Synod, this gives him a tactical advantage in influencing the results of the Synod’s proceedings. This may well account for the fact that, since the end of Latin rule, successive archbishops exhibited little enthusiasm in restoring the Synod to its former membership.

Various incidents of serious and prolonged dispute happened in modern times. The inability to resolve them at a local level highlights the difficulties which the Church faced recovering from the blow that it suffered on its structures in the twelfth century. Every time stability in the Church was threatened, the archbishop called the shots by convening a Greater Synod and inviting outsiders to participate. This state of affairs was a far cry from the “synod democracy” of the Greeks, and did little to enhance the independence of the local Church. When Chrysostomos II took the bold historic step of re-instituting all the bishoprics that the Latins had abolished, the rest of his Synod supported him. If there is one thing that all Cypriot bishops agree upon, it is their resentment of outsiders meddling in their own affairs. Ultimately, this is what makes them a ‘corporate group’ in the Weberian sense of the term.

The enlarged Synod is a fully functioning body in need of no external assistance. More importantly, perhaps, it grew sufficiently big to allow for internal cleavage. Divisions within the hierarchy of the Church result from different causes. Each cause or principle produces a typology of division which cuts across the other. Western analysts and diplomats who often have difficulties understanding the role that the Orthodox Church plays in Cypriot politics should take note of the fact. Based on western assumptions, they mistake the views and acts of the archbishop with those of the Church and they treat the body of the Church as a monolithic entity. Yet the Church is simply too complex to be treated as such.

**POWER THROUGH ATTRACTION:
BRITISH, GREEK AND TURKISH CULTURAL DIPLOMACY IN CYPRUS,
1945-1974**



Maria Hadjiathanasiou
*Marie Curie (MSCA) Widening Fellow**

CuDiCy sets out to investigate the cultural diplomacy of three states: the UK, Greece and Turkey, as it was practiced in Cyprus between 1945 and 1974. Timely and relevant, CuDiCy aspires to set a new paradigm in the growing field of cultural diplomacy, by becoming the 'study model' for an innovative approach towards the exploration of external cultural influence in countries which, historically and/or currently, accommodate ethnically diverse populations, for example Syria, Lebanon and the Balkans. The project contributes to the discussion about the conceptualisation of power, politics, authority and governance and, on the formation and transformation of identity. CuDiCy achieves this by tracing and analysing the ways state and non-state cultural actors influenced the progress of events in Cyprus, at a time when British colonial authority was being challenged locally and internationally, and during the emergence of Greek and Turkish nationalism. CuDiCy begins with Cyprus's last fifteen years as a British colony (1945-60) which include a violent anti-colonial revolt (1955-59), it follows with the first years of the Republic (1960-74) and the first inter-communal conflicts between Greek and Turkish Cypriots (1963-64) and concludes with Turkey's 1974 invasion.

* Dr Maria Hadjiathanasiou has been awarded a Marie Skłodowska-Curie (MSCA) Widening Fellowship by the European Commission under the Horizon 2020 Research & Innovation Programme. Starting in September 2019 and based at the Department of Politics and Governance at the University of Nicosia, Maria is currently working on a two-year funded research project titled "Power through Attraction: British, Greek and Turkish Cultural Diplomacy in Cyprus, 1945-1974" (acronym: CuDiCy). Hubert Faustmann, Professor of History and Political Science is her supervisor. The action includes Secondments and Study Visits at foreign organisations that conduct and/or study the history and practice of cultural diplomacy.

A little-explored branch of international relations, cultural diplomacy been called 'one of the most confusing terms in modern diplomatic history'.¹ Cultural diplomacy often denotes a state's strategy designed to support the export of representative samples of a nation's culture in order to further its foreign policy objectives. Cultural work has been traditionally used as 'an instrument of state policy', pursued through the fields of education, sports, exchange programs, science and technology, the arts, publishing, and the radio and cinema industries.² Predominantly the U.S.A., China and Russia, more recently Europe and very recently the Middle East, have been the focus of the academic debate on the historical origins of cultural diplomacy.³

J. Gienow-Hecht distinguishes three schools of thought for the practice of cultural diplomacy: 1) cultural diplomacy as cultural propaganda. The use of culture as an 'instrument of state policy' with limited private participation (e.g. the U.S. in the Arab Middle East); 2) cultural diplomacy as an instrument to work in a colonial context to the exclusion of politics, extending beyond empire, lacking the colonial baggage of the civilizing mission, and representing a means to establish ties with countries that were politically unpalatable (e.g. the French empire in the Middle East); 3) cultural diplomacy beyond the realm of the state: promotion abroad of a 'national culture' and interactive international cultural exchange in the name of a country (e.g. Japan in Asia).⁴

J. R. Vaughan argues that after the end of the Second World War cultural diplomacy 'came to play an increasingly prominent role in the conduct of foreign relations in the Middle East'.⁵ 'In the religiously diverse Levant [...] competition and negotiation for power over cultural institutions played a surprisingly prominent role in defining political and diplomatic allegiances.'⁶ Nations such as the UK and France 'were competing for influence in the region. All of these nations preferred to avoid open political or military conflict, giving thus to cultural diplomacy an unusually prominent role. During this time, foreign governments created or expanded cultural diplomacy

¹ Jessica C. E. Gienow-Hecht and Mark C. Donfried, 'The Model of Cultural Diplomacy: Power, Distance, and the Promise of Civil Society' in *Searching for a Cultural Diplomacy* (New York; Oxford: Berghahn Books, 2010), 13.

² Hecht, 'On the Diversity of Knowledge and the Community of Thought: Culture and International History' in Gienow-Hecht and Schumacher, *Culture and International History*, 3-41.

³ See for example: R. Arndt's *The First Resort of Kings: American Cultural Diplomacy in the Twentieth Century* (2005); H. Passin's *China's Cultural Diplomacy* (1963); F. C. Barghoorn's *The Soviet Cultural Offensive: The Role of Cultural Diplomacy in Soviet Foreign Policy* (1976); A. Haigh's *Cultural Diplomacy in Europe* (1974) and J. C. E. Gienow-Hecht's and M. C. Donfried's edited volume *Searching for a Cultural Diplomacy* (2010).

⁴ Hecht, 'What are we searching for?', *Searching for a Cultural Diplomacy*, 9-11.

⁵ James R. Vaughan, 'The United States and the Limits of Cultural Diplomacy in the Arab Middle East, 1945-1957' in *Searching for a Cultural Diplomacy*, 162-185, 162.

⁶ Hecht, 'What Are We Searching For? Culture, Diplomacy, Agents and the State' in *Searching for a Cultural Diplomacy*, 6.

programs using as intermediaries an array of cultural ambassadors (e.g. artists, academics, sportsmen) and institutions (e.g. British Council, Alliance Française). However, Western policymakers, in failing to improve conditions at the political level, made the successful conduct of cultural diplomacy in the region 'immeasurably more difficult'.⁷

Comparative and transnational in its approach, CuDiCy conducts novel historical research with present-day implications. It is original and innovative in the field, as it is the only research project attempting to retrace a historical network of cultural agents (British, Greek and Turkish) and their actions toward a specific target people (Cypriots), using a specific tool (cultural diplomacy). A distinct aspect of CuDiCy is that no less than three major national cultural forces (and more minor ones e.g. Maronite and Armenian Cypriots, French) coexisted on an island of half a million people. What also makes Cyprus an original case is that cultural diplomacy was not exclusively employed by foreign nations on foreign people (e.g. British and French targeting Cypriots) but more interestingly, cultural diplomacy was also conducted by Greece and Turkey, the accepted 'mother-countries' of the Greek and Turkish Cypriots, to reinforce the existing cultural bonds between 'mother' and 'child'.

CuDiCy reshapes the discussion around what constitutes cultural diplomacy and who performs it (e.g. 'mother countries'). It furthers the knowledge frontier in the growing field of global cultural diplomacy research by adding Greece and Turkey to the discussion, and expands the pool of knowledge on developed areas of focus such as the UK's cultural diplomacy during empire. Furthermore, CuDiCy adds to the literature on the conduct of cultural diplomacy by competing ex-colonial European powers, such as the British and the French in the Middle/Near East regions at a time of competitive and overlapping national interests.

** If you are interested in learning more about CuDiCy you may contact Dr Maria Hadjiathanasiou at hadjiathanasiou.m@unic.ac.cy ; Tel.: +357 22842453. Follow CuDiCy on Facebook and Twitter @CuDiCy.



⁷ Vaughan referenced in Hecht, 'What Are We Searching For?', *Searching for a Cultural Diplomacy*, 6-7.

THE PASSPORT SALES THAT BOOSTED CONSTRUCTION ARE NOW IN DECLINE*



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In the period 2003-2008, the Cyprus economy experienced a bank-financed construction/property boom which contributed significantly to the subsequent financial crisis of 2012/2013. And in the post-crisis period from 2014 onward the rapid recovery of real GDP growth has, to a considerable extent, resulted from a spectacular increase in production in the construction sector based considerably on substantial financing from the issuing of EU passports.

Will the construction sector go into a sharp decline as happened in the years 2009 to 2013 and contribute to another financial crisis and recession? In answering this question this article focuses on developments in the segment of the construction/property sector financed mainly by investments under the 'Naturalisation by Investors in Cyprus by Exception' or citizenship-through-investment scheme?

Post-crisis developments

In the wake of the measures taken, including capital controls and a deposit haircut to deal with the financial crisis, property sales and construction activity bottomed out at extremely low levels in 2013 and 2014. In response to the depressed state of the property market and a reluctance and inability of banks to extend loans to developers and households, the government introduced property tax incentives and the citizenship-through-investment scheme. This scheme, instituted in 2013, allowed foreigners to gain Cyprus passports through "investments" of at least €2 million in real estate and other Cyprus assets and was primarily responsible for encouraging large cash down-payments by foreigners for expensive (to-be-built) apartments and luxury villas in Cyprus. This foreign demand and financing contributed to a strong revival of activity in the construction sector from 2015 onward.

More specifically, it is estimated that property sales to foreigners more than trebled between 2015 and 2018 reaching over 47 per cent of total property transactions. And this surge in demand contributed to the building segment

* This article was firstly published in *Cyprus Mail*, 10 November 2019.

component of the construction sector rising by 129 per cent between the first halves of 2015 and 2019, and accounting for over 20 per cent of the growth of real GDP over this period.

The large absorption of labour resources by the sector is indicated by the increase in employment and hours worked in construction activity of 48 per cent and 63 per cent, respectively, over these four years. Furthermore, with the increase in production, such as those involving real estate agents and the legal and accounting professions, the rise in GDP attributable to the boom in construction and related activities over the period from 2015 to mid-2019 was much greater.

Payments by foreigners to gain Cyprus passports have been of key importance in financing the construction boom, especially in the building of high-rise apartments and luxury villas in tourist areas. Indeed, Finance Minister Harris Georgiades has recently stated that from 2013 to end-2018 the government approved 1,864 passport applications involving transactions (mostly for property) yielding some €6.6 billion, with virtually all of this amount going to private sector entities. However, given the recent tightening of conditions for obtaining Cyprus passports by foreigners (the outlay for a passport has increased to €2.5 million with additional payments of €75,000 to the Land Development Agency (COAG) and €75,000 to a research and innovation fund), there are serious concerns about whether the rapid increase in largely externally financed construction activity can be sustained.

At the peak of the property boom in 2008 construction and related real estate activity accounted for nearly 21 per cent of real GDP. In the first half of 2019 the level of such activity, though increasing at a very fast rate, was lower, accounting for 18 per cent of GDP. But will the recent frantic increase in construction activity, particularly of high-rise apartments, continue? Finance for the construction of high-rise apartment buildings, at least those which begun before mid-2019, has come largely from foreigners investing under the investment for passports scheme. However, there is now fear that a significant portion of the planned construction and supply of many new high-rise apartment buildings and luxury units may not be supported by sufficient demand. Accordingly, such investments could be wasteful, and be reflected in an increasing number of unsold and unoccupied apartments. This in turn may cause renewed financial problems for developers, but also for the economy as a whole.

Already from June 2019 property sales to foreigners, especially to non-EU nationals, have fallen considerably resulting partly from the tightening of criteria and the belated exercise of due diligence under the investment scheme. In fact, following a surge in passport applications in May 2019 under this scheme, a precipitous fall in such applications occurred. According to COAG and the Research and Innovation Fund only nine passport applications

had been processed under the stricter criteria in the four months to October 2019 compared with the issue of 581 passports in 2018 and 550 in the first five months of 2019.

Furthermore, will the most recent adverse publicity on the past lax implementation of criteria under the passport investment scheme, reflected in the delivery of Cyprus passports to certain non-EU Nationals with dubious backgrounds, hasten the downturn in passport applications? Or will there be applicants for passports from countries in the region, such as Lebanon, which are experiencing upheavals?

Many property developers appear to be making large profits from their existing building projects geared at meeting foreign demand. But given their past and reportedly ongoing experience in not using the proceeds of property sales to repay their large amounts of debt they are unlikely to quickly moderate the fast pace of actual and planned construction activity in the face of shrinking foreign demand. Indeed, figures for the first seven months of 2019 show spectacular increases of 57 per cent in quantity and 170 per cent in the value of building permits issued for residential apartment blocks as compared with the same period of 2018.

What is different from the construction boom/bust period of 2003 to 2014 is that in the current recovery Cyprus banks appear less exposed to construction-related finance in part because developers have relied largely on funds from foreign investors to finance their projects. Also, banks have been reluctant to lend directly to developers and many property buyers who remained highly indebted after the bail-in. However, it is possible that banks partly under rescheduling arrangements may have raised their stakes in property developers either directly or indirectly (through other entities) by taking equity and quasi-equity positions.

With the issue of building permits, particularly for high-rise apartments, continuing to rise at a rapid rate, an imminent and sharp slowdown in the growth of construction activity does not seem likely. What is more probable is that over the medium to long-term, there will be a large over-supply of apartment units that were initially targeted at foreigners. And the extent of a deceleration in production of the construction sector could in turn depend on the ability and financial capacity of developers and building contractors to diversify their activities in areas such as social housing, health care centres, and civil engineering projects where domestic demand may exist or may be possible to develop.

While a financial crisis is not imminent, a major concern is that banks may not have learnt their lessons from the 2012/2013 crisis and raise their exposure to developers through financing non-viable projects in order to help them sustain their production in the face of declining foreign demand. Such

a development may postpone the eventual slump in construction activity but would considerably raise the risk of ushering in another financial crisis.

What are the probable macroeconomic consequences of substantial declines in construction activity and its external financing? Most importantly, the large non-debt inflow of funds from foreign investments in Cyprus property during the recent recovery period has not only supported buoyant construction activity, but has enabled the large deficits in the current account of the balance of payments to be financed at a time when domestic savings has been very low. Thus, any substantial reduction in foreign inflows under the passport scheme could emerge as a significant external constraint on future economic growth. In this context, it is noted that the IMF now projects current account deficits of 7.8 per cent and 7.5 per cent of GDP respectively in 2019 and 2020.

Furthermore, a sizable contraction in construction and related activity is likely to impact harshly on an economy which is highly indebted and not sufficiently diversified and where the other main sources of growth, namely tourism and private consumption, are facing headwinds.

Banks with their large portfolio of non-performing loans and many non-creditworthy customers cannot lend to stimulate spending at a time when a government aiming at producing fiscal surpluses is unwilling to take expansionary fiscal action. Thus, there is the prospect that with any substantial faltering of foreign demand the government and banks would fail to take offsetting action to boost domestic demand. Economic growth would therefore suffer as a result.

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