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What Kind of Polity?

My main purpose for this chapter will be to sketch the post-1974 period of northern Cyprus' political-economic history in order to allow some useful conceptual and theoretical ideas to be elaborated. These concepts and theories will subsequently serve as the guides to the more detailed sectoral analysis which makes up the majority of the book and thereby helps us understand this period in which policymakers struggled in delivering good governance in northern Cyprus.

The Emergence of a New Governance Regime

Turkish Cypriot leaders soon started to establish state institutions in order to maintain an independent administration in the northern part of the island. As noted, the idea of *taksim* had been developing through the 1960s and early 1970s in both Denktaş's and Küçük's agenda, and the intervention of 1974 was used as an excuse to realize this ambition. For the first time since the Ottoman period, Turks were in charge of their own administrations. At first it was thought that this would be temporary until a more sustainable solution was reached with the Greek Cypriots of

the rump Republic of Cyprus. However, soon enough *de facto* separation became a permanent reality. For Turkish nationalists the legitimating narrative to be told post 1974 was that Muslims had been relocated to the island during Ottoman period, then lived under colonial rule together with Greek Cypriots and finally formed with the 1960 independence constitution an independent government jointly with their Greek Orthodox neighbours only to be treated and abused as a minority. Denktaş, the head of the embryonic administration in the north after 1974, made it very clear that Turkish Cypriots had earned the right to self-determination and would no longer suffer either colonial rule or minority status. The 1974 intervention and subsequent separation appeared to confirm the nationalist narrative, showing a new ‘independent’ Turkish Cypriot polity. Even if that narrative was accepted, the post-1974 politics generated another crucial and ongoing problem: had Turkish Cypriots inadvertently or willingly substituted one colonial power with another, or displaced themselves from one minority status in a Greek Cypriot ethnocracy into a minority status in an increasingly Anatolian Turkish ethnocracy?

By 1983, although not recognized officially by any other state in the world except by Turkey, this new state—now called the Turkish Republic of Northern Cyprus (TRNC)—started operating as a fully functioning republic. The political and economic institutions were being developed, the constitution had been drafted and approved, and government departments had been established for the basic functioning of a state. The initial years of the new governance from 1975 to 1983 would see plenty of government investment in infrastructure, state-provided health and education services and state-provided employment.

The governance regime for Turkish Cypriots came in multiple forms. The first regime of governance had been that of the Otonom Kıbrıs Türk Yönetimi (OKTY; Autonomous Turkish Cypriot Administration) operating from 1967 to 1974. Some quasi-governmental bodies had been formed, mainly concerned with improving the economic conditions of Turkish Cypriots all over the island. With the intervention of Turkey on the island in 1974, and subsequent *de facto* division and separation, Turkish Cypriots formed the Kıbrıs Türk Federe Devleti (Turkish Federated State of Cyprus, KTFD) that lasted between 1975 and 1983.

Some of the key laws and regulations that are still used today were promulgated during this period. Another significance of this period was that the ‘spoils of war’—principally the land, real estate and productive capital taken from Greek Cypriot refugees—first began to be administered by the new regime. There was substantial inheritance in agriculture, industry and tourism sectors after the war that could have proved to be extremely valuable for the economic development of Turkish Cypriots. However, the lasting governance regime came with the establishment of TRNC in 1983. Although established as an independent republic, the reality has been far from that, and Turkey has been involved in the political and economic life of TRNC since before its establishment.

After the separation in 1974, therefore, OKTY was transformed into a federated state in 1975. Rauf Denktaş became the president of this administration and remained a key figure in northern Cyprus political and economic development until his death. The first task of the constituent assembly during this time was to prepare a constitution and an electoral law. As will be detailed in Chap. 3, the political development of Turkish Cypriots took a sharp turn during this time. Until this period, the political discussions normally revolved around the Cyprus problem, and there was mainly consensus on Turkish-Greek-related matters. After the breakaway, there was a new state to be built, and thus the issue of power-sharing came into play. The number of political parties, hence different voices, had increased and opposition voices began to be heard. The discussions during the amendment of 1976 constitution and electoral law that led to the first general elections in 1976 laid the various political and social views that were to come to dominate political development of the north.

A Conceptual Vocabulary for the Analysis of Northern Cyprus

It is not possible to neatly describe and categorize the governance regimes of northern Cyprus insofar as northern Cyprus is a unique, *sui generis*, institution. The best that can be said is that northern Cyprus has manifested successive governance regimes which have been hybrid in nature. Thus,

most obviously, TRNC is not recognized internationally as a sovereign state, which has had the effect, amongst others, of removing northern Cyprus from the formal recording of economic, social and cultural data used by UN organizations and other international public and private organizations. This makes any comparative analysis of northern Cyprus extremely difficult. Nevertheless, this *de facto* state has been shaped by several governance regimes or models of economic accumulation. Before showing in detail throughout this book the operation of those models of accumulation, it would be helpful to outline a handful of key concepts which I argue better account for the political-economic development of northern Cyprus. In turn, I now discuss the concepts of rent and rentierism, of political clientelism and specifically *torpil*, as well as reflect upon the usefulness of the concept of colonial economy to describe the ongoing status and development of the north. I begin, though, with a discussion of the significance of the label *de facto* (and *de jure*) state. Either way, however northern Cyprus' development is accounted for, none merits the accolade good governance.

De Jure and De Facto States

A common distinction made in discussions of the Cyprus problem is that between a *de jure* state and a *de facto* state. This distinction, deriving from public international law, has been crucial for the post-1974 economic history of Cyprus. The term *de jure* state refers to an entity which has the legal personality (or status) of a sovereign state. By contrast the term *de facto* state refers to an entity which seems to have all or most of the key attributes of a state yet does not have or cannot secure its independent legal personality. Pegg (1998, p. 26) gives a commonly held working definition of a *de facto* state as follows:

A *de facto* state exists where there is an organized political leadership which has risen to power through some degree of indigenous capability; receives popular support and has achieved sufficient capacity to provide governmental services to a given population in a specific territorial area, over which effective control is maintained for a significant period of time.

The most important concrete consequence of this distinction is that only *de jure* states, because of their full legal personality, are able to enter into formal international relations including treaty making and membership of public international organizations. A short-hand if not entirely fail-safe guide to *de jure* status is whether an entity is a member of the United Nations. The distinction between *de jure* and *de facto* is often, but mistakenly, reduced to the question of diplomatic recognition, that is, that no other state other than the Republic of Turkey recognizes TRNC, and all states other than the Republic of Turkey recognize the Republic of Cyprus. In short, the securing of international legal personality post 1945 has been ‘constitutive’ not ‘declaratory’, and for this reason there is very little if anything that TRNC can do to realize a *de jure* status.

Paradoxically perhaps, where the ‘international community’ has never recognized the Turkish Cypriot administrations as officials of a state, they have nevertheless engaged with Turkish Cypriot leaders at the highest levels. While paying careful attention to use the ‘correct’ wording for describing their mission titles in order not to offend the Greek Cypriots, several states had ‘representative offices’ (instead of embassies) established in TRNC that continued with international diplomacy. A personal anecdote illustrates the dissimulation of ‘recognition’: When I went to study in the USA in 1996, I obtained my US student visa from an office in the north given on my TRNC passport, but the visa was stamped on a (removable) separate piece of paper (instead of the pages of the passport) and given separately in a sealed envelope (and I also talked in the Introduction how I needed a Turkish passport to use in Germany while transferring). When I arrived the first time, the immigration agent in the USA was puzzled with the visa in a sealed envelope and had to consult with his manager. In later years, the US immigration control even stamped my TRNC passport. So, although TRNC was not recognized internationally, the holders were allowed to obtain visas to the UK and the USA, though most other European states did not allow that.

The Republic of Cyprus, since the 1960 independence constitution, has been the single *de jure* sovereign power over the whole island of Cyprus and has enjoyed UN membership and full diplomatic relations across the world (except with Turkey). Arising from this status, it is the Republic of Cyprus which sits at the United Nations General Assembly,

is a member of the World Trade Organization and reports to the World Bank and has joined the European Union, and its civil society associations duly participate in myriad international non-governmental organizations. Conversely, international organizations—public and private—receive invitations from the Republic of Cyprus to visit, participate and even oversee activities within the Republic of Cyprus. The absence of international legal personality—although otherwise demonstrating the other facets of a state such as government infrastructure, legal order, judicial systems, military and police forces and so on—marks the Turkish Republic of Northern Cyprus (TRNC) as a *de facto* state. Thus, all those benefits arising from international legal personality—from the World Bank compiling economic data on member states to local football teams participating in international football association competitions, to international human rights organizations having no local presence, to exclusion from international trade agreements—have been denied by northern Cyprus since 1974.

But nothing in Cyprus is categorical and clear, and the *de facto/de jure* is a formalism which obscures significant ambiguity. Whilst it is demonstrated throughout the book that governance provided by the Turkish Cypriot administrators has been mediocre at best, it has always been the case that since 1974 the control of the northern territorial areas has been mainly managed by another state, that is, Turkey, so, following Pegg, can we talk about ‘effective control’ in this case? Furthermore, it is known that the heads of the Central Bank and Civil Defence Organizations in TRNC have been chosen by Turkey (and in some cases their official appointment is not done according to TRNC laws), and thus it is hard to claim an independent governance. Özersay (2009, p. 33) defines TRNC as ‘a *de facto* state who is heavily dependent on Turkey on economic, military and political decisions’, but he disagrees that these qualities are enough to classify TRNC as a ‘puppet state’ in accordance with international law. Pegg (1998, p. 113) notes that ‘all of the key positions in the TRNC’s decision-making apparatus are staffed by Turkish Cypriots’; thus TRNC should not be classified as a puppet state. Chapter 7 discusses that some of the important managers of the state enterprises were ex-military members or other Turkish individuals, and the government MPs and Denктаş almost always communicated with Turkey before they took

high-level decisions. So, if the only criterion in the classification of puppet state is the nationality of the administrators, then we need to keep in mind that over the years many Turkish individuals were given TRNC nationality, and these people were promoted to high-level public positions.

A key condition of the Republic of Cyprus membership, in January 2004, of the European Union, was that the *Acquis Communautaire* (the application of all EU treaties and EU law, including rights) would not extend to northern Cyprus in the absence of a final and comprehensive peace agreement. The position of the Republic of Cyprus governments, echoed and confirmed by the UN system, has consistently been that since July 1974 the northern third of the island has been under military occupation of a foreign power, that is, Turkey. The Republic of Cyprus has persistently asserted its *de jure* authority over and against the *de facto* reality of a distinct entity governing northern Cyprus. Furthermore, throughout the many attempts by the United Nations to bring the leaders of the two communities to reunify the island, it has been done with the 'Turkish Cypriot community' (not the TRNC) as one party allowing for 'engagement without recognition'. As a result, neither the legal writ of the Republic of Cyprus nor of the European Union holds effectively over the north, whilst at the same time there have been important concrete *de facto* relations, economic relations included, between them and TRNC.

Endemic Clientelism

Identifying the modes of politics and the manner in which political power is organized, irrespective of the content of particular policies or ideological orientation, is a primary task of any political-economic analysis. One of those modes which features strongly in Cyprus politics generally and in northern Cyprus in particular is political clientelism. Analysis of clientelism has a long and varied history, but one classic statement is that of James Scott (1977, p. 92) that clientelism describes an 'instrumental friendship in which an individual of higher socio-economic status (patron) uses his own influence and resources to provide protection or benefits, or both, for a person of lower status (client) who, for his part,

reciprocates by offering general support and assistance, including personal services, to the patron'. More recently and with a greater emphasis on the political character of clientelism, Susan Stokes (2007, p. 605) has offered a general description, if not working definition, of political clientelism as 'the proffering of material goods in return for electoral support, where the criterion of distribution that the patron uses is simply: did you (will you) support me?' Further, she suggests, '[i]t is the distributive criterion of electoral support that distinguishes clientelism from other materially oriented political strategies'. And that 'clientelist redistribution ... is only available on condition that the client complies by providing political support'. Others, including Kitschelt and Wilkinson (2007, p. 10), have sought a more explicitly economic definition of clientelism as 'based on direct material inducements targeted to individuals and small groups of citizens whom politicians know to be highly responsive to such side-payments and willing to surrender their vote for the right price'. This they call a 'patronage-based, voter-party linkage'. Whilst there are undoubtedly important local variations in the mechanisms of clientelism, these three conceptualizations serve well to help analyse the history of northern Cyprus. Helpful discussions of clientelism can be found in Shefter (1994), Kitschelt (2000) and Piattoni (2001) and especially Stokes (2007) upon whose summary the present outline rests. In the case of the development of northern Cyprus, we shall see how nepotism, specifically extended family connections, informed the local variety of clientelism known as *torpil*.

Of course, clientelism—to be understood as distinct from corruption, although there may be notable overlap or similarities—does not only apply to less developed nations. However, the magnitude of nepotism is much higher in the states where notions of transparency, accountability and rule of law have not fully developed. Although on the one hand *modernizing* states are supposed to dispense with such practices and develop a rational-legal order to enter the community of legitimate states, on the other hand the conditions in which political and economic modernization in northern Cyprus was driven through—ethnic conflict, foreign intervention and occupation, forced population movement and resettlement, ethnographic and geographic separation, international isolation and so on—either fostered or were enabled by clientelism. As time has

passed, the clientelistic mode of governance which saw the establishment of the de facto state continued to operate, even after 1983 and the self-declaration of independence of the TRNC, and indeed deepened and compounded ensuring that ‘good governance’ remained ever distant and the state could never fully achieve democracy and economic development. In a key report prepared by the World Bank in 1992, it was argued that ‘good governance is central to creating and sustaining an environment which fosters strong and equitable development, and it is an essential complement to sound economic policies’ (p. 1) which thereby stressed the importance of governments on economic development of a nation. The report identified four key ‘measures’ in this regard. These were ‘public sector management’, ‘accountability’, ‘the legal framework for development’ and ‘information and transparency’. Unfortunately, after the passage of more than 40 years, I will show throughout the following chapters that northern Cyprus governments have performed extremely poorly on all of these measures.

Sonan (2014) has been more or less alone in academic literature in using this concept of clientelism in the case of northern Cyprus and has showed brilliantly the roots of local political clientelism for the state. He argues that Rauf Denktaş and his political party, the National Unity Party (UBP, discussed further in Chap. 3), laid the foundations of clientelism in northern Cyprus after the division. He argues that in order to maintain their power and to make sure that opposition did not develop, they used the ‘national cause’ argument to receive support from Turkey and continue staying in power for decades. During the period that the UBP has been in power, the economy did not develop and many state resources were wasted. Sonan’s excellent analysis only covers the aforementioned party, but I would argue (and show in the following chapters) that when the erstwhile opposition parties came to power in the 1990s and later in the early 2000s, they continued with similar clientelistic politics. Today the whole society is regulated by this clientelist distributive mechanism, and stopping or reversing it will be a very difficult if not impossible job for any political movement or figure.

The reproduction of clientelist politics is not just driven by the patrons. Although one might accept the proposition of Stokes (2007, p. 607) that ‘[t]he clientelism-patronage distinction corresponds to ... one between

economic monopoly over goods which the patron controls independent of the outcome of an election, and political monopoly over goods that he controls only if he retains office', it does not describe the particular dynamics or mechanisms of clientelism. Thus, whether nepotism or more obvious corruption and anything in between, embedded clientelism is also driven by the expectations and norms of the variety of actual or potential clients. Thus, not only politicians but also public sector employees have been engaged in such behaviour albeit at different scales. Whenever I returned to Cyprus after my studies and I had a business to do at a public office, my parents would tell me 'go and find such and such, he knows us!' When I refused and tried to accomplish tasks using official channels, it took a lot longer and caused a lot of frustration. Finding someone to speed up the process at civil services has been a norm among Turkish Cypriots rather than an exception. But is it only to speed things up or in some cases to sidestep the legal requirements? When a public servant uses a state-owned vehicle during work hours to run personal errands, he/she does not think of it as corruption. Similarly, when a minister uses state-assigned official vehicle on a Sunday to go to a picnic, neither the public nor the minister thinks of it as engaging in a corrupt or corrupting behaviour. As a community, we have 'normalized' these actions and justified them by saying 'if I don't do it, someone else will'. What we haven't realized is what kind of society and governance will that lead to: politicians as well as general public using state resources for gaining some kind of advantage.

From Rentierism to Rent-Seeking (and Back Again)

An often associated but distinct concept of clientelism is that of rentierism, rent-seeking and the rentier state. Rentierism generally refers to the economic mechanism by which value, typically financial revenue, is extracted from the activity of transactions, rather than from the product or service provided and enjoyed. Rentierism is to be distinguished from simple rent in that rentierism is a charge on access to the good or service

in the first instance; it is not a simple rent, which is a charge on the use of the good or service. Rentierism therefore refers to a widespread practice of rent-seeking behaviour which itself may be described, following Tullock's (1989) classic formulation, as a third party introducing a charge on accessing (but not yet enjoying use of) natural or contrived scarce resources. The concern of political economists with rent-seeking behaviour was originally summarized by Krueger (1974) as generating (1) competitive rent-seeking (rather than profit seeking), (2) total welfare loss and (3) divergence of social and private costs leading to misallocation of resources.

In short, rentier economics, whether macro or micro, are systems which are significantly governed by access charges. Rentier economies are therefore typically characterized by numerous transaction activities but which themselves add no utility value to the good or service and impose considerable social costs. The cost of a good or service therefore increases not because of higher production, labour or technical values but because the absolute and proportionate value of transaction costs have increased. A couple of quite different examples will illustrate this distinction: Erdal needs to apply for a driving licence. Notwithstanding the fact that Erdal presents all the formally necessary identity proofs, insurance documents and so on, the licence-issuing office requires that Erdal secures stamps from three different government offices before processing the licence application. Each stamp does not confirm that some technical requirement has been fulfilled (after all, Erdal has already got the ID proofs, past his driving test, etc.)—it adds no value to the licencing process—it merely raises revenue. The more stamps, the more transactions, the more opportunities for revenue raising (at no investment cost to government). A second example of rentierism directly ties to clientelism: Serdar is unemployed but membership of party X will place him in the pool of potential appointees to public employment if party X is elected. To party X, this entails no cost, only revenue whether or not party X is actually elected. If party X is elected to office and fulfils its implicit bargain with Serdar, it is the public purse which ends up paying for Serdar's patronage by party X. For Serdar, access to the party-regulated labour market is an essential, but itself a non-productive, status.

Rentier economies tend to be characterized as ‘bureaucratic’ because it is through the administration of transaction points—increasing their number or altering the charge at each transaction point, that is, manipulating ‘scarcity’ to raise revenue—that governance is exercised. But rentierism is not limited to government and public authorities. Any private market, particularly of so-called natural monopolies, or at least markets in which access can be exclusively readily regulated are prone to rentierism—for example, and classically, land or housing itself. Key to the significance of rentierism is that the familiar methods of distribution or allocation of goods and service—namely, prices reflecting labour, production, energy, transport costs, product development, scale efficiencies, interest and inflation rates, competition and so on—are obscured or discounted by the logic of rent-seeking. In other words, rent-seeking activity comes to displace, albeit never fully, classical capitalist profit-seeking market-driven governance.

A closely related concept to rent-seeking—that is, the process of securing a rentier relationship—to be used in this book is that of the rentier state. Typically the rentier state has come to refer to states which derive significant international revenue from regulating access to goods and services and ‘natural commodities’. The iconic examples are those of oil economies such as Saudi Arabia and the other Gulf hydrocarbon states wherein historically prospecting, extraction, production, refining, transport and distribution have all or mostly been carried out by foreign, international, companies whose business model has been based on investment and profit seeking. Meanwhile the host states have contributed little or nothing to the exploitation of the ‘natural’ hydrocarbon wealth but have charged trillions of dollars in rent for access to the oil and gas. The classic statements on the rentier state can be found in Mahdavy (1970), and Beblawi and Luciani (1987), and with respect to northern Cyprus in Kahveci (2013).

The first analysis using this framework goes back to the early 1970s when the countries in the Middle East had a huge impact on the world’s energy market. This common image of the hydrocarbon rentier state clearly does not describe the history of northern Cyprus possessed of no obvious natural or contrived scarcity. But there are several features of this model that could be useful in our analysis. The state has extracted major

revenues (rents) from some natural resources but much more from contrived scarcity in housing, real estate and employment, and has not placed enough emphasis on development of other value adding processes. The economies of these classic examples, as was to be the case with northern Cyprus, were classified as 'opaque and over-administered by over-staffed and inefficient bureaucracies' which ultimately leads to unproductive economies.¹ And since there was no reinvestment in productive activities, the states would 'allocate' the wealth through subsidies or public expenditures. Furthermore, the revenues collected from the management of these natural resources were allocated in a way to ensure continuation of the power to manage these rents which exactly sounds like political clientelism. Furthermore, substituting the natural scarcity of hydrocarbons with access to or distribution of what I have labelled 'the spoils of war' and in the case of northern Cyprus, one sees a history of huge rent-generating opportunities and normalization of rent-seeking politics. Politicians were quick to realize this, and most of the high-profile land areas and intact buildings were either placed under the control of the state or allocated to the 'close friends' at very low costs. In order to placate a recently forcibly transferred refugee public, the state provided plenty of subsidies to different sectors and provided employment at the public sector with almost zero investment in productive activities.

The other two major models of the international rentier state are of (1) foreign aid rentierism, that is, regulating access to and distribution of foreign aid, and (2) geo-political rentierism, that is, regulating and distributing access to space. As will later be shown, northern Cyprus has been a recipient of substantial foreign aid from Turkey as well as hosting a significant military occupation economy. How was that foreign aid distributed, upon what criteria? Who, in northern Cyprus, regulated access to foreign aid? Did the provision of foreign aid which was crucial to the survival of the northern Cyprus, not least in its de facto status as the Turkish Republic of Northern Cyprus, actually encourage rent-seeking activities both amongst citizens of the north and of the TRNC in relation to the donor, Turkey? How did the infrastructure develop in the north after 1974? Financial aid from Turkey could also be considered as pure rent because for the longest period of post-1974 de facto state, there were no checks and balances and public accountability of the aid sent to the island.

It was earlier suggested that northern Cyprus had no 'natural scarcity' value, but subsequent to 1878 when Britain acquired Cyprus (for explicit purpose of tapping the Ottoman rent revenue), its unrivalled geo-strategic location seemed to offer key scarcity value. Whilst the 1923 Treaty of Lausanne saw the new Republic of Turkey renounce any claims on Cyprus, by at least 1974 and more so since then, geo-location has had a growing rent value to Turkey. Arguably, as we shall see, domestic political-economic development in northern Cyprus can be explained by the appreciation of Turkish Cypriots in the rent-seeking opportunities to be found in Turkey's regional geo-politics. Ironically the latest round of northern Cyprus geo-political rent-seeking may be identified in the new hydrocarbon politics of the eastern Mediterranean.

Colonialism, Neo-colonialism or No Colonialism

Finally, an oft-neglected concept needs to be introduced into the analysis of northern Cyprus, namely, that of colonialism. When I first started talking with Greek Cypriots about the Cyprus problem (this did not happen until 1996 after I had moved to the USA, after all one could not cross the UN buffer zone between north and south until 2004), most of them tried to assure me that they had nothing against Turkish Cypriots. Their quarrel, they insisted, was with Turkey whom they saw as an aggressive occupier of the north, having largely expelled the Greek Cypriot population and placed Turkish Cypriots under Turkish colonial rule. With respect to northern Cyprus over the past 44 years, can we still classify that power as one of colonialism even if it arose as apologists would have it, initially at least, from humanitarian motive rather than forcible exploitation? And what if the colonized area is a de facto state claiming independence? What if the 'saved' no longer require the protection of the 'saviour'? Is it necessary to send 'settlers' from the 'mother' country to the colonized territories? A narrative of foreign, colonial rule determining development in and of Cyprus was, of course, not new.

Whatever the disputes between Cypriots have been—whether understood as ethno-nationalist between Cypriots of Greek Hellenic heritage and Cypriots of Ottoman Turkish heritage, whether understood as linguistic nationalisms between grecophone and turcophone identities or whether understood as religiously divided Orthodox Cypriots and Muslim Cypriots, to mention just the major claims to underlying dispute—the island of Cyprus, including in the post-1960 independence period and the post-1974 division, has been substantially shaped by its international relations. The internal development of Cyprus, including of the north post 1974, has been governed to a large extent by its social, economic and political position in the international development order. Cyprus, subject to foreign rule since at least the Lusignan feudal order (if not earlier under Byzantine rule) of the twelfth century onward, has always been a colony of successive empires (subsequently Venetian, Ottoman and British). Even with independence secured in 1960, British Sovereign Bases remain on the island (principally at Akrotiri and Dhekelia) to this day. Since 1974 there has been a formal Turkish military presence in the north, of currently around 40,000 troops. It is easy to see how many commentators, particularly those on the political left, continue to find value in the concepts of colonialism or neo-colonialism to describe the international organization of power over Cyprus.

Hoffmeister (2006, p. 51) is amongst those who have argued that although there exists ‘a government [in the north] with a capacity to establish and maintain legal order in the sense of constitutional autonomy’, there are two key features that challenge the notion of self-governance of Turkish Cypriots which are ‘the position of Turkish army and the large financial influence of Turkey on TRNC budget’. However, are these two features sufficient to conclude that northern Cyprus is a Turkish colony? Since 1974 there have been many Turkish immigrants sent to the island at the direction of or under the supervision of Turkish state agencies where they settled or currently work. More than half of the inhabitants in northern Cyprus today were not born on the island. Substantial financial aid has been sent to the island since 1974 and half of this aid is in the form of grants (no repayment requirement). Without this aid, the economy in the north could not have sustained itself. Finally, there is a presence of large military foreign forces on the island who are

not under the control of the domestic government. Did the locals agree to these developments willingly? Most complain about at least one of the three topics, but when confronted by the classical manipulative opinion of ‘without the help of motherland, Greek Cypriots will achieve *enosis*’, locals have tended to subdue into silence.

Looking briefly at the military presence and foreign aid in turn, first there is no denying the presence of Turkish army in the north. The troops that were sent to the island in 1974 stayed, and their numbers have increased over the years, albeit the publicly announced number of military personnel on the island could be misleading. The main purpose of the army is to ‘protect the borders from Greek Cypriot threats’. The fact that Turkish Cypriot administrators have always welcomed and praised the presence of these troops makes it harder to argue that these troops are occupying the north of the island. On the other hand, do these forces exert any pressure on domestic matters? There are two sets of military groups on the north of the island, the Security Forces Command (*Güvenlik Kuvvetleri Komutanlığı*, GKK), which are supposedly under the control of domestic authorities, and the Turkish Armed Forces (*Türk Silahlı Kuvvetleri*, TSK) which simply constitutes the military force sent from Turkey. It is the TSK forces that control the borders, with numerous bases scattered around the northern territories, most of which are on Greek Cypriot-owned land. Although the GKK is directly under the prime minister’s office in the TRNC, the head of GKK has always been appointed by the Turkish military. The civilian police force is also under the control of GKK, and many government programmes since 1994 have included promises to change the status of police force from military to civil, although this has not been achieved to date. The suspicions of local Cypriots that some high-ranking military were involved in smuggling and bribery seemed to be confirmed when artefacts from St Barnabas Monastery in 1994 were dug up by some of the military personnel according to official parliament records (discussed in detail in Box 3). At a much smaller scale, I personally know close relatives, ties with people in the military, who received rights to go hunting (a very common sport among Turkish Cypriots) in military zones which is normally prohibited for everyone else. The power of military over civil order can be seen in the most recent example in 2018 where some tourists were ‘caught’ taking

pictures of the restricted Varosha area while they were standing in public area, and they were tried before a military court instead of a civil court. It is fair to say that military personnel in northern Cyprus are free from local government's control and they enjoy a full autonomy in this 'independent' state.

Second, what of the financial aid from Turkey? Although we will discuss the details of this aid in Chap. 4, it should be said immediately that there is no denying that without financial aid from Turkey, northern Cyprus would not have survived its isolation and developed even to its present status. The question here is whether or not the aid was used to dominate local politics. Again, Hoffmeister (2006) argues that although it is not common for countries to receive crude financial aid from wealthier countries, in the case of TRNC, the only aid did come from one country. Thus, it can be argued that the donations were used to control domestic politicians. We have already seen before that Turkey was directly involved in local politics during the 1967–1974 period through the launch of TMT and with close relations with Denktaş. Later we will see again that in presidential and parliamentary elections, Turkey's involvement would be felt. It is a historical counter-factual speculation to suggest that the aid would have been stopped if the outcomes did not turn out in Turkey's favour. Regardless, it is still safe to say that the Turkish embassy in Cyprus has constantly been involved with the domestic politics directly or indirectly. Most recently in 2016, when a celebrity Turkish citizen living in Cyprus criticized Turkey online, he was immediately arrested by Turkish Cypriot police on direct orders from TRNC's Minister of Interior and placed on a plane back to Turkey. Occasionally, colonialism is that simple.

Just as the prominent development economist Paul Collier has asked 'why the poorest countries are failing and what can be done about it?' so I ask in this book about northern Cyprus. Although using Collier's definition, northern Cyprus cannot be classified as a poor nation, some of the explanations for failing of these poor nations seem applicable in the case of northern Cyprus. One of the key 'traps' Collier highlights is that of bad governance in small countries and argues that 'governance and policies matter, conditional upon opportunities', and then he adds that 'bad policies and governance need not be a trap: societies can learn from failure' (p. 66).

I shall argue that northern Cyprus had plenty of opportunities for economic and social development despite not being accepted as a state by the international community. However, bad governance has continued since 1974, and instead of learning from failure, the society actually adapted itself to clientelistic politics and government, compounded by the hierarchy of power found in both classical and neo-colonialism, thereby preventing escape from this trap. Paradoxically, though, northern Cyprus society has never been typically poor, indeed has experienced relative wealth and thereby, arguably, had little incentive to adapt and innovate away from the status quo. What this discordant polity did not realize is that bad governance has created a very fragile economy that is heavily dependent on Turkey.

How to characterize Turkish Cypriot governance in post-1974 era? Whether it is a *de facto* or *de jure* state, or whether the governments are motivated by clientelistic and rent-seeking principles, the simple fact is that the officials involved in the management of northern Cyprus have done an incredibly poor job over the last 45 years. I intend to show in the substance of the following chapters that governments acted in an unprofessional and venal manner while building the institutional framework of the state and while deciding on policies that would affect its economic development. The so-called Cyprus problem has been an important negative factor in this history, but cannot take the full blame. After all, on many occasions, Turkish Cypriot and Turkish leaders claimed that the Cyprus problem was ‘solved’ in 1974 with Turkey’s intervention. If so, then who are to blame for the ‘failed’ state in northern Cyprus on top of the politicians involved in the governance?

Note

1. Ozyavuz and Schmid (2015), p. 9.

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