

Misgovernance as an Impediment to Peace:

The Political Misuse of Property in Cyprus

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During a conflict, authorities on both sides often use misgovernance for their own personal and political gains, to consolidate any gains they may have had during the conflict and to create as well as appease constituencies. In so doing, they introduce considerable inflexibility into their own negotiating positions in the eventuality of future peace talks.

This article looks at the case of Cyprus, on how the respective public authorities dealt with the properties the Turkish Cypriot and Greek Cypriot refugees left behind, following the 1974 conflict and the subsequent displacement of populations. The article argues that both sides exercised misgovernance on the property issues, but in different ways. Through such misgovernance, both sides also introduced considerable inflexibility into their negotiating positions, which did not initially exist, at least on paper.

Turkish Cypriot authorities, not regarding Greek Cypriots as their citizens, initially put in place a system of ‘global exchange’ of Greek Cypriot properties in the North for the Turkish Cypriot properties in the South, using an elaborate scheme of equivalence. However, in reality, the Greek Cypriot property was used as a pool of resources for distribution to the ruling political leaders and their followers, in a complex chain of patronage and corruption. In line with this logic of patronage,

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the authorities also took steps to increase the value of these properties through their city planning, investment and infrastructural policies so that there would be more to distribute to themselves and their followers.

The Greek Cypriot authorities, on the other hand, exercised misgovernance through discrimination vis-à-vis the people they formally considered as citizens. They *de facto* took away from the Turkish Cypriots the totality of their right to exercise ownership over their properties, including the right to return and right to sell, partly for keeping such properties as a political card, and partly for avoiding a significant financial resource transfer to Turkish Cypriots through such sales. More importantly, they took active steps to devalue these properties, through their city planning, investment, public works and infrastructural policies. Their aim in doing this was to ensure that these properties would not eventually provide any satisfaction to the Greek Cypriot refugees, and that their sentiments for 'returning home to the north' would be kept politically and socially alive.

Introduction

This article looks at the case of Cyprus, on how the respective public authorities dealt with the properties the Turkish Cypriot and Greek Cypriot refugees left behind, following the 1974 conflict and the subsequent displacement of populations, from a perspective of governance. The article, however, abstains from entering into any historical and political analysis or judgment, as these considerations are outside the scope of this article.

1. Policies on paper

On paper, the public authorities of the two sides, namely the Turkish Cypriot and Greek Cypriot authorities, approached the issue of properties refugees had left behind from two, entirely different perspectives and dealt with it within two different paradigms.

1.1 Turkish Cypriot model

Turkish Cypriot public authorities approached the issue from their perspective of a new federal delineation or political partition of the island. They considered the changes resulting from 1974 events as permanent, to be formalized in a peace agreement at a later date. In their statements, they also strongly hinted at a separate state. However, they did so but with considerable ambiguity, without clarifying whether this was a state within a united, federal Cyprus, or whether this was an independent state, complete with its Unilateral Declaration of Independence, an ambiguity which still persists up to today.

Within this paradigm, the authorities decided that north Cyprus should be inhabited mainly by Turkish Cypriots, and that each Turkish Cypriot coming from the South should transfer their private land rights and title deeds of the property they had left behind to the Turkish Cyp-

riot authorities. In return, they would individually get a property, left by Greek Cypriot refugees, of ‘equivalent value’. An elaborate system of equivalent (*eşdeğer*) was set up, evaluating the properties left behind in the South, as well as the properties found in the North. Citizens were issued ‘equivalent value’ points, against which they were allocated new properties in the North.

The Turkish Cypriot public authority, by acquiring the totality of title deeds of properties left behind in the South, was then considered to be in a strong position to negotiate the property issue ‘globally’. At the negotiation table, the Turkish Cypriot side could then propose to the Greek Cypriot side to exchange the totality of the Greek Cypriot property in the North with the Turkish Cypriot property left in the South. This could be done with the stroke of a pen, as the Turkish Cypriot authorities had already done the work of gathering all the title deeds and necessary signatures from individual owners. If the total value of the Greek Cypriot property left in the North was higher than the total value of Turkish Cypriot property left in the South, this balance was to be settled in some way, to be determined during negotiations. The states on both sides would then be responsible for distribution of land and property to their respective refugees. This system was called ‘global exchange.’

1.2 Greek Cypriot model

Greek Cypriot public authorities considered the events of 1974 and their outcome to be a temporary state of affairs. They therefore focused on taking the necessary relief and urgency measures until such time as the political situation would revert back to its original state and they would assume control over the totality of the island.

Since the situation was deemed to be of a temporary nature, the Greek Cypriot authorities appointed an institutional ‘Guardian’ over the totality of the Turkish Cypriot properties left in the South, with the insinuation that abandoning one’s own property was something of an irresponsible act. With the Guardian Law, the appointed state institution would have full powers over these properties, until such time as when a peace agreement would be reached and Turkish Cypriots would come back to their properties. The Guardian, if he so wished, could also allocate these properties for use by Greek Cypriot refugees, with the understanding that such use would eventually be compensated by a payment of accumulated rent to original owners, on the day the Cyprus problem would be resolved.

2. Actual Policies

2.1 Actual Turkish Cypriot policies

The actual Turkish Cypriot practice differed in a number of ways from policies as expressed on paper.

The system of *eşdeğer* -‘equivalent value’- although elaborate in

design, came out to be arbitrary in practice. Turkish Cypriot authorities did not have access either to the land registers in the south or physically to the south itself, due to the continuation of the conflict. They were therefore not in a position to judge each application objectively and often relied on personal declarations of the applicant, approved by the *muhtar* or an equally prominent personality of the locality. Very soon, the system also started to distribute land and property to those who had no equivalent property in the South, both through inclusion of new rules for the acquisition of points and as well through improper application in practice. A significant amount of property was also distributed without requiring any 'points' at all, to political allies and to new constituencies. Political influence, lines of patronage and corruption soon became an integral part of the system of property distribution in this newly-born democracy.

As a significant turning point, the system reached its logical conclusion in the 1990s, when the state decided to accord actual title deeds to the holders of the Greek Cypriot land and property. This development allowed sales of such land and property to third parties, irrespective of whether or not the seller had any equivalent property in the South. With the establishment of the property market, past misdeeds and irregularities became irreversible with each sale. When the system of land distribution through the system of equivalence was eventually stopped, many people were still holding a large amount of unallocated property points. However, the distribution of land, i.e. Greek Cypriot and public land, continued on a political patronage basis, mainly through Council of Ministers decisions, under the guise of economic and other incentives. Establishment of and free distribution of plots in 'industrial zones' continued as another example to extort funds from potential buyers or to award persons of political authority and their allies.

In line with this logic of patronage, the Turkish Cypriot authorities also took steps to increase the value of these properties through their city planning, investment and infrastructural policies so that there would be more to distribute to themselves and to their followers.

2.2 Actual Greek Cypriot policies

The actual practice of the Greek Cypriot authorities also differed in essence from their policies on paper in a number of ways.

The Greek Cypriot authorities, in their own stated paradigm, considered Turkish Cypriots to be their citizens, with equal rights. The authorities, however, starting from 1974, took active steps to ensure the devaluation of the land and property Turkish Cypriots had left behind. This was done by building airports, sewage works, roads, military barracks on the personal properties of Turkish Cypriots. Larnaca International Airport, as well as the Bay of Mari where the main electric-

ity power station and cement works are, large military barracks in the villages of Goshi and Mari, and the establishment of an industrial site in the middle of the former Turkish quarter of Larnaca can all be cited as examples. Equally, a number of Turkish villages were completely erased off the map and afforested, ensuring their disappearance. They also kept Turkish Cypriot properties underdeveloped by not favoring infrastructural and other investment which would increase the value of real estate in those areas or by decreasing their value through infrastructural design by placing public works with negative impact in the proximity of Turkish Cypriot properties. Even the Greek Cypriot policy of preserving parts of the Turkish Cypriot quarters in certain towns, in their 1974 state as an anachronism, can be interpreted in this manner.

Being internationally recognized, the Greek Cypriot authorities also used their laws for the expropriation of Turkish Cypriot properties, with the proviso that any compensation for such property, as decided by the state, could be received by the Turkish Cypriot owners only after the settlement of the Cyprus problem. In a number of cases, public works were carried out even without expropriation, mainly based on the Guardian's approval.

While the Greek Cypriot authorities called for the return of all refugees to their homes, this did not cover the actual return of Turkish Cypriot refugees, who were somehow not considered as refugees, but as people who had abandoned their homes. Turkish Cypriots were therefore required to be resident in the South at least for six months before they could start to make any claims to get back their own property. In specific cases where this requirement was also fulfilled, the Turkish Cypriots in question were actually not able to receive back their original property, but were only offered the temporary right of use of properties of other Turkish Cypriots. This seemingly strange policy is examined below.

3. Misgovernance as an Impediment to Peace

3.1 Clarification of 'impediment'

Before we proceed any further to consider whether the policies of either side posed an impediment to peace, we need to clarify what an 'impediment' would be in this specific situation and context.

Let us have two sides engaged in peace talks, where each side has a specific negotiating position relating to each issue under discussion. In reaching a peaceful settlement, a negotiated outcome can go either way. On an issue, one side may cave in and accept the position of the other, in return for a gain in other issue. The sides can also decide to meet in the middle ground on each issue. To the extent that both sides have the flexibility to move, and have not unnecessarily tied themselves down in knots on an issue, a peace agreement may be easier to reach.

In summary, an impediment to peace is created, if one of the sides, through its actions in the real world, seriously and unnecessarily damages its existing flexibility on an issue under negotiation.

3.2 Policies on paper – Not an Impediment to Peace

We shall argue that the initial policies on paper of both sides did not pose an impediment to peace.

In terms of negotiation positions, the Turkish Cypriot side aimed at a North Cyprus inhabited by Turkish Cypriots, whereas the Greek Cypriot side aimed at the return of all Greek Cypriot refugees to their homes in the North. While these two positions are diametrically opposed, both sides inadvertently endorsed policies which were compatible also with each other's positions, at least on paper, regarding the issue of properties the refugees had left behind.

The Turkish Cypriot authorities, as a policy, had decided to distribute the property the Greek Cypriot refugees had left behind to Turkish Cypriot refugees settling in the North, based on an elaborate system of equivalent value. As each Turkish Cypriot was supposed to get the exact equivalent in value of the property he/she had left in the South, the system, on paper, did not introduce an additional economic incentive for citizens to prefer either the North or the South. If the Cyprus problem was one day resolved in line with the Turkish Cypriot negotiating position, the Turkish Cypriot refugee in question would have been happy to stay in the North, as he would have incurred no economic gain or loss. Similarly, if one day the Cyprus problem was resolved in line with the Greek Cypriot negotiating position, the Turkish Cypriot refugee would have been as happy to return to the South, as he would incur no economic gain or loss in this case as well. We can therefore safely say that the initial Turkish Cypriot property policies on paper did not pose any impediment to peace.

Greek Cypriot public authorities, on the other hand, had considered the situation to be of a temporary nature, and had appointed a Guardian for the protection and management of properties Turkish Cypriots had left behind. This system, on paper, was also compatible with both Greek Cypriot and Turkish Cypriot negotiating positions. The Guardian, concerned with the welfare of Greek Cypriot refugees, was allowed, on paper, to make the maximum use of available Turkish Cypriot property, upgrade and distribute them on a temporary basis and to keep any accumulated rent for the rightful owners. In the eventuality that the Cyprus problem was settled in line with the Turkish Cypriot negotiating position, the Greek Cypriot refugees would receive some Turkish Cypriot property as well as a financial compensation, in order to ensure that he or she would incur, on balance, no economic gain or loss.

In summary, both policies, on paper, did not introduce any element

seriously damaging the flexibility of the sides during negotiations.¹

3.3 Actual Policies – An Impediment to Peace

It will be argued that both sides, through their actual policies on property issues, created an important impediment to peace by introducing serious and unnecessary inflexibilities into their negotiating positions.

On the Turkish Cypriot side, the driving forces introducing the inflexibilities were the forces of corruption and political patronage. Turkish Cypriot authorities distributed land and property to individuals that went over and above the value of any property they may have had in the South, mostly as corruption and as payments emanating from political patronage. In so doing, they inadvertently created a strong political force against any flexibility on the property issue. This stance was further consolidated when the holders of these properties were accorded actual title deeds, and were able to sell these properties. This extensive group of new Turkish Cypriot buyers also became a party to the conflict, as they had now put their life savings into buying properties which had shaky or outright zero equivalence in the South.

On the Greek Cypriot side, the driving force introducing the inflexibilities was different. Greek Cypriot authorities considered the whole of Cyprus to be their sovereign territory. In line with this national political position, they needed to ensure that Greek Cypriot refugees would, in any type of settlement, return home to the North. The authorities needed to make sure that they did not go overboard while trying to find solutions to the housing problems of Greek Cypriot refugees, but that they clearly relayed the message that the refugees' final destination and address was not the South but the North. The strong sentiments of the refugees needed to be maintained. For this challenge, the Turkish Cypriot property left behind in the south posed an important problem. Part of this land and property had to be inevitably distributed to Greek Cypriot refugees, but in such a manner so as not to diminish the political dynamism of the refugees in their struggle to return to the North.

Greek Cypriot authorities, as a result, carried out an active policy of devaluation of Turkish Cypriot property, as has been described in Section 2.2 above.

The devaluation and destruction of Turkish Cypriot properties, however, also had their political limits. Greek Cypriot authorities, who formally considered themselves to be the ruler of the Republic, with Turkish Cypriots as their citizens, had to ensure that there was enough

¹ Needless to say, these arguments do not include psychological, sentimental and historical considerations but purely focus on economic ones. In any discussion, Turkish Cypriots would immediately cite personal security as a reason why they would not return to the South. Equally, Greek Cypriots would underline the importance of sentimental ties to homes left behind in the North. These are all valid arguments. However, our focus shall remain economic. In the next sub-section, it shall be argued that the policies of both authorities in practice introduced important impediments to peace, precisely of an economic nature, on both sides.

space and property for the Turkish Cypriots to return to, in the eventuality of a settlement.

Encouraging the return of the Turkish Cypriot refugees to their homes would have been a solution to this dilemma. However, allowing the return of the Turkish Cypriots was not an attractive proposition for several reasons. Apart from the fact that the Greek Cypriot authorities wanted to keep the Turkish Cypriot properties as a political card up to the day of settlement of the Cyprus problem, according to Turkish Cypriots the right to return to their homes would also mean granting them full rights over their own properties, including the right to sell. Given the opportunity to sell their own properties, the general inclination among Turkish Cypriots was clearly to sell and move to the North. This, however, would have been tantamount to a net flow of resources from south to north for properties on which the Greek Cypriot authorities already had rights of full guardianship as well as full sovereign and public control. For the Greek Cypriot authorities, it made no political or financial sense to spend money for something they already had, thus contributing to the economic betterment of their opponent.

Through such policies, the Greek Cypriot authorities sustained and further strengthened their political basis for the return of the Greek Cypriot refugees to their homes in the North. In so doing, they strengthened their political negotiating position, by intentionally introducing further inflexibility into the peace talks.

4. Concluding remarks

During a conflict between two authorities, the presence of misgovernance, as illustrated above, could act as an important complicating factor to prevent reaching a peaceful settlement between the parties. Authorities on both sides often use misgovernance, both for their own personal and political gains, to create and appease constituencies, as well as to consolidate in an irreversible manner any gains they may have had during the conflict, thus strengthening and making inflexible their own negotiating positions.

In the case of Cyprus, both sides actively used misgovernance in an active, but different manner.

Turkish Cypriot authorities did not regard Greek Cypriots as their citizens. In theory, they had the intention to 'exchange' the properties Greek Cypriots had left behind for the Turkish Cypriot properties in the South through an elaborate system of equivalence, which they had officially put in place. In reality, the Greek Cypriot properties were used as a pool of resources, for distribution to the ruling political leaders and their followers, in a complex chain of political and economic patronage and corruption. In order to maintain this system of misgovernance and corruption, Turkish Cypriot authorities had to take steps

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to increase the value of Greek Cypriot properties left behind, through their city planning, investment and infrastructural policies.

The Greek Cypriot authorities, on the other hand, exercised misgovernance through their discrimination of the people they formally considered as citizens. They *de facto* took away from the Turkish Cypriots the totality of their right to exercise ownership over their own property. They also took active steps to devalue these properties, through their city planning, investment, public works and infrastructural policies, so that these properties would not eventually serve as a viable alternative for use by Greek Cypriot refugees. In fact, they took active steps so that such alternatives would not come into being, so that the sentiments of Greek Cypriot refugees would remain politically and socially alive, by ensuring that the refugees got either no or only partial economic satisfaction to their problem.

The day the two authorities finally decide to make peace, their job will be all the more difficult, with all its social, political and economic ramifications, due to the impediments they themselves have created against peace through their misgovernance.

Finally, it should be noted that property values are fixed values only when viewed from a micro perspective. At the macro level, they become an endogenous variable, depending on policies of city planning, economic investment, public works and infrastructure, all of which can be substantially influenced and controlled by public authorities.