

# tepav

türkiye ekonomi politikaları araştırma vakfı

## **BIRTH PAINS OF AUTONOMY IN THE TRNC**

**Communal Existence Rallies must evolve into an  
“institutional economic rationalization” movement**

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## **The unsustainability of the TRNC and the symptoms of the claims for autonomy by the Turkish Cypriots**

The Turkish Republic of Northern Cyprus (TRNC) has organized a series of Communal Existence Rallies, first on January 28, 2011 and the latest in March 2, 2011. It is evident that the said social demonstrations point at an unsustainable structure in terms the relations between the TRNC and Turkey as well as the internal order in the TRNC. Despite the risk that the rapidly intensifying and diversifying political agenda of the Republic of Turkey (RoT) pays a short-term attention to this evident phenomenon occupying the Northern Cyprus's agenda, the island has entered a long-term process which is interlocked at the question "how will the new TRNC be?". Therefore, it is critical to develop comprehensive projections about the future of Turkey, the European Union and clearly of the Cyprus in the light of solid approaches as to how to make sense of, perceive and manage the process.

It appears that soon it will be more visible than ever that it is necessary to create opportunities out of the existing crisis climate raising the tension between Turkey and the Northern Cyprus, based on the debates about what can replace the existing unsustainable structure. Similarly, the results of the latest poll conducted on the island by the Public Research and Consultancy Center (KADEM) reveals that the tension between Turkey and the Northern Cyprus proved favorable in "unmasking certain things" (please see Chart 1):<sup>1</sup>

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<sup>1</sup>The KADEM survey was conducted on February 11-19, 2011 through face-to-face interview method with a 549 person sample composed of voters in the TRNC at the age of 18 or above. Please see the below link for an assessment of the poll in Turkish press: Erdal Güven, "Kıbrıslı Türkler ne ister?", *Radikal*, 27.02.2011, <<http://www.radikal.com.tr/Default.aspx?aType=RadikalYazar&ArticleID=1041289&Yazar=ERDAL%20G%D CVEN&Date=27.02.2011&CategoryID=100>> (retrieved on 03.03.2011).

Please see the below links for the detailed analysis of the public poll KADEM carried out for the TRNC daily *Yeni Düzen*: <<http://www.yeniduzen.com/detay.asp?a=28695&z=21>>; <<http://www.yeniduzen.com/detay.asp?a=28723>>; <<http://www.yeniduzen.com/detay.asp?a=28629>>; <<http://www.yeniduzen.com/detay.asp?a=28671>> (retrieved on 03.03.2011).

## WHAT DO YOU THINK ABOUT THE TENSION BETWEEN TURKEY AND THE NORTHERN CYPRUS?

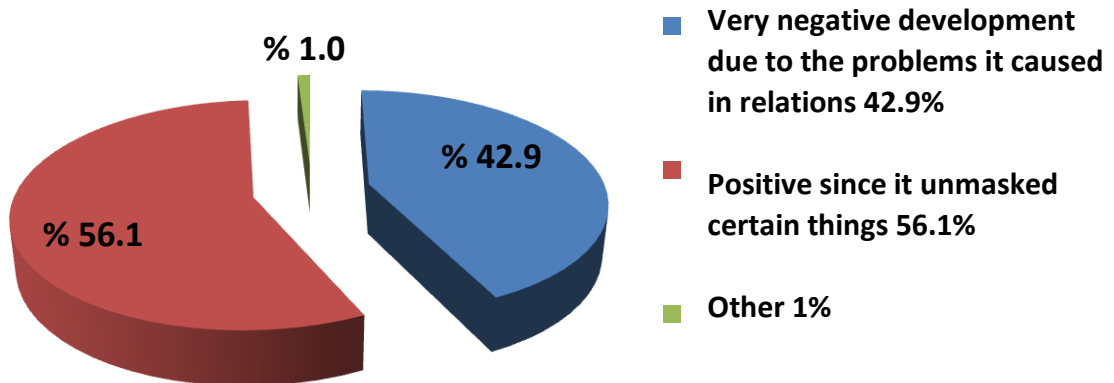


Chart 1 / KADEM, February 2011

We will address below the “certain things” unmasked as a result of the escalating tension. However, it is already apparent that the majority stated their intention and will to design “a new TRNC” and certainly “a new set of TRNC-RoT relations”. Another important outcome is observed at the answers to the poll question: “How would you like the relations between the Northern Cyprus and Turkey to be?” (See Chart 2). 37.4% of the respondents stated that they would prefer a new shape of more egalitarian relations. It was even more striking that this was the option preferred by the majority of TRNC citizens with parents born in Turkey and with parents born in the TRNC. Thus, it would not be too assertive to claim that the economic-fiscal restructuring programs to be implemented in the Northern Cyprus can be accepted as much as they regard and put into practice the preference for “egalitarian relations”.

In addition, 29.5% of the participants wish the “relations to turn back as if they were” which, despite the claims by some sects of the media in Turkey, imply that the main motivation of the protest movements was not the “hostility towards Turkey”. In the light of this it can be argued that a large majority of the Northern Cypriots that do not prioritize “egalitarian relations” choose to maintain the existing ties rather than burn the bridges despite all the tension, inter-communal disparity and economic interventions harming autonomy. In this sense, one can argue that the economic and political dependence on Turkey turns into an unhealthy and conservative social habit that becomes increasingly difficult to forego.

## THE FUTURE OF THE RELATIONS BETWEEN THE NORTHERN CYPRUS AND TURKEY

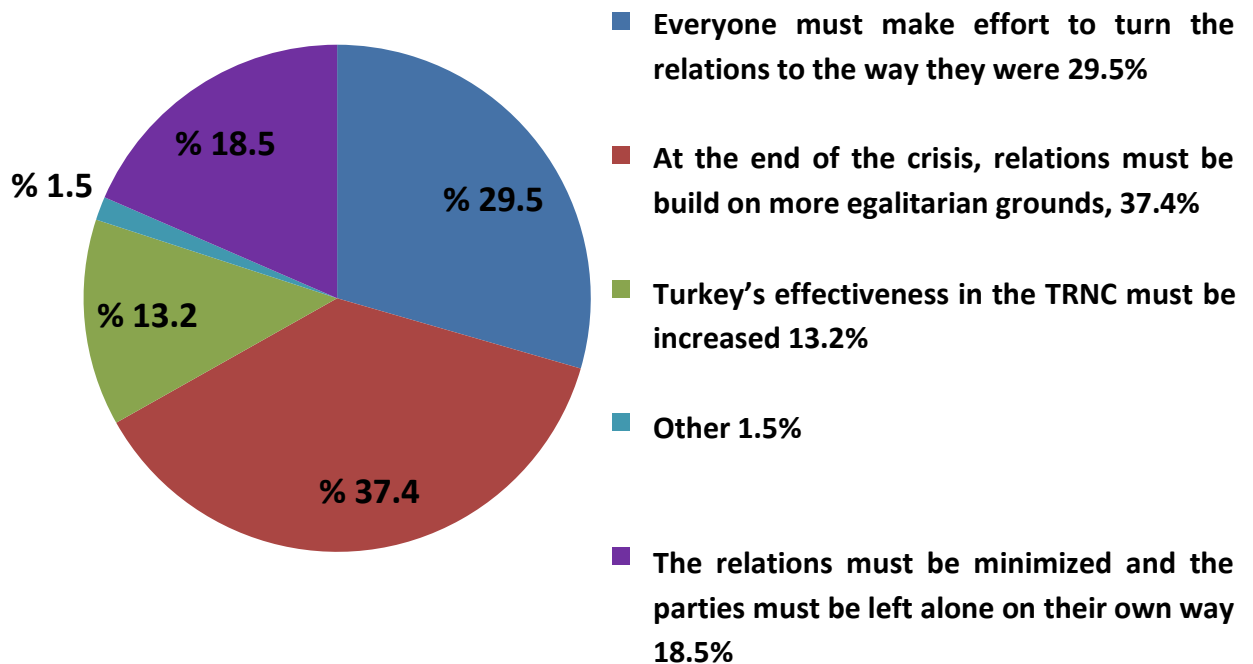


Chart 2 / KADEM, February 2011

Another reason why the crisis must be turned into an opportunity is that the deadlock of the Cyprus problem has tended to solidify more than ever and the contribution of the distorted economic and political order reigning in the TRNC to this tendency grows more rapidly than ever. At this point it is necessary to note that the Cyprus problem is already a “European Union (EU) problem” and is among the prominent challenges that drag the Turkey-EU relations into a stalemate. Therefore given the potential impacts of the tension going beyond the borders of the island, it is essential that the claims for “autonomy”, “independence” and “solution” voiced at different scales of anger and hope(lessness) lead to a concrete institutional transformation and economic restructuring in the Northern Cyprus.

In short, the key symptom in the light of the recent developments is, even under the worst-case scenario where the Cyprus problem is not solved with a federal formula that regards the economic separation between the South and the North and the Turkey-Eu relations are not advanced, blossoming of a radical institutional-economic rationalization movement across the TRNC will prove fruitful. What is more important is that the current movement involves the key stakeholders from the government, the opposition, the business world, trade unions and civil society organizations representing the large sects of the population. As this implies, the economic rationalization will be accompanied by political democratization and an understanding of plurality. This way any possible solution could remedy (or teach how to remedy) the economic and

institutional disparity between the North and the South and at the same time could prevent the abnormal climate in the TRNC to affect Turkey-EU relations adversely.

### **Inevitability of the economic package**

The latest poll conducted by KADEM gives further insights about the other aspects of the claims for a new economic-politic structure that is purified of the unproductive ties established between the Northern Cyprus and Turkey and that is autonomous in governance and public finance in particular as well as about the perspective of partnership and cooperation and the equality between the TRNC and Turkey foreseen by such claims.

In the light of the poll conducted after the Communal Existence Rally on January 28 to protest the economic measures implemented in the context of the “2010-2012 Program to Improve the Efficiency of the Public Sector and the Competitiveness of the Private Sector”<sup>2</sup> it is possible to trace other symptoms for the future of the Northern Cyprus economy. Below the answers to the question “What do you think about the economic package” are addressed (please see Chart 3):

### **WHAT DO YOU THINK ABOUT THE AUSTERITY PACKAGE**

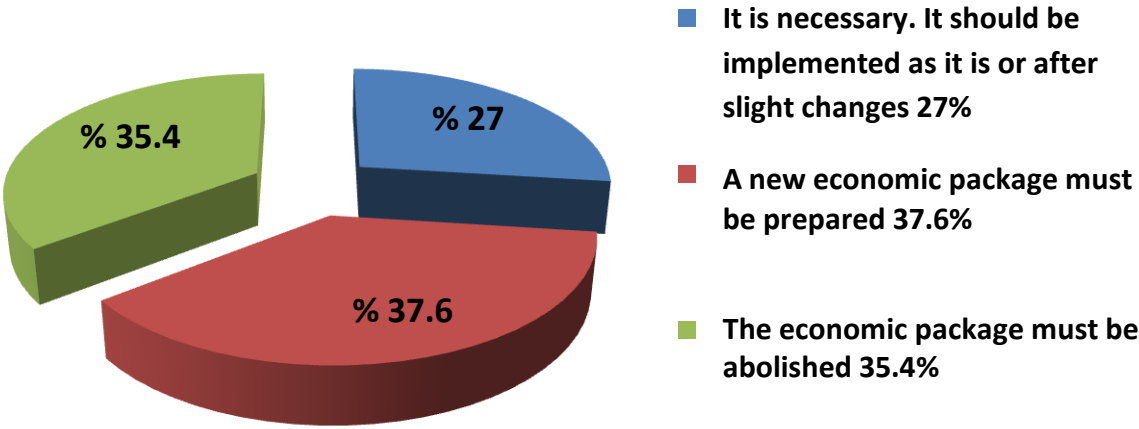


Chart 3 / KADEM, February 2011

Those of the opinion that the economic package must be abolished or that a new package must be prepared sums to 73% of the respondents revealing that a vast majority of the Turkish Cypriots are against the current economic package. This could be read as the reflection of the will of Turkish Cypriots to seize the initiative and turn the crisis that erupted with reference to the economic package on the basis of laying claims

<sup>2</sup> To access the mentioned program in Turkish, please see the link below: <<http://www.yhb.gov.tr/raporlar/2010-2012.pdf>> (retrieved on 03.03.2011).

on autonomy-driven fiscal discipline and economic governance mechanisms into an opportunity. After all, 37.6% of the respondents seem to be aware of the fact that the abolition of the economic package is necessary but insufficient and thus must be replaced with another one. What is more, the poll conducted by KADEM reinforces our finding that the evolution of the rallies into a movement of “economic rationalization” depends on the existence of a decision making process that involves the widest participation possible. Below chart represents the answers to the question “Who should prepare the new package?” (Please see Figure 4):

### WHO SHOULD PREPARE THE NEW PACKAGE?

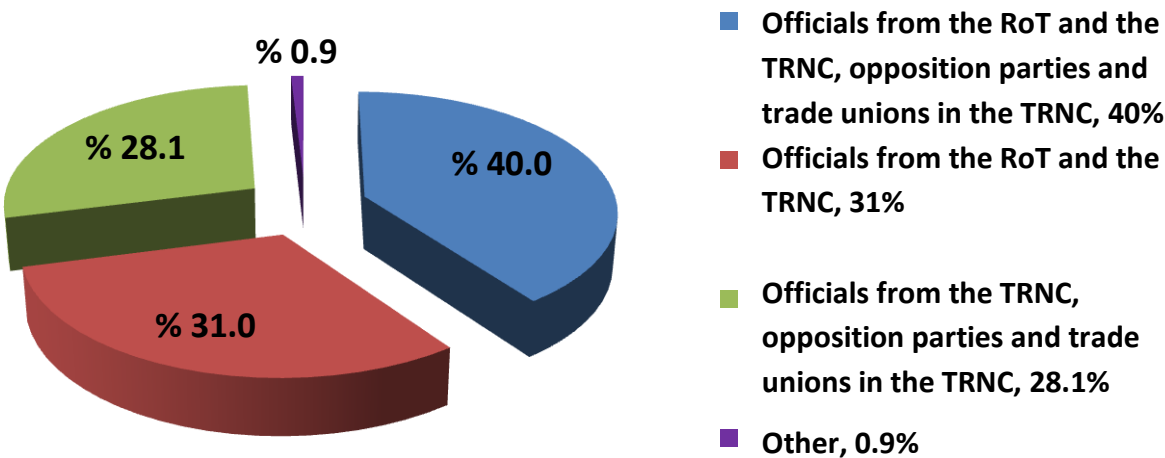


Figure 4 / KADEM, February 2011

The principle preferences represented respectively by the 40% and 31% of the respondents assign a role for the officials of the RoT in the preparation of the new economic package, reiterating that the perception of “hostility towards Turkey” brought by the rallies can be highly misleading. Nevertheless, the results highlight a vital challenge to decide the economic future of the TRNC through a participatory process. It is quite difficult to ensure the support of the large sects of the society for the package on which the opposition parties and the trade unions cannot reach an accord, particularly given the size of the social reaction in the rallies<sup>3</sup>.

Despite all, the striking picture before us reveals that the unsustainable state in the TRNC inevitably requires an “economic package”. To be able to stake claims about the

<sup>3</sup> Different resources state that the 2<sup>nd</sup> Communal Existence Rally on March 2 was attended by 50.000-80.000 people. Some argue that the number is overstated. On the other hand, if we assume that the often-debated population of the Northern Cyprus is around 250.000-300.000 at best, ten-thousands (if not fifty thousand) participating in the rallies at the Inonu Square represent a large social movement in proportion to the total population.

new TRNC, the wide opposition voiced in the Communal Existence Rallies must set forth its vision for a comprehensive economic package. Symptoms indicate that the TRNC has entered a process where it is vital to prove its adequacy. The futile debates on the island cannot go beyond the “whether to keep or abolish the economic package” question while it is much in evidence that to prove fruitful for all the parties involved, the debate must follow from the question “can we form the ground for consensus for an economic rationalization program that is bitter and difficult but wise and beneficial in the long-term?”.