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Energy Boost Success



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With the collapse of global oil prices, the question just over a year ago was 'is this the end of the shale boom?' A year later, technology and OPEC's production cuts have breathed new life into the US shale oil industry.

This revival has a global impact and is one of the factors keeping global oil and gas prices low, which also impacts development of East Med hydrocarbons.

A period of low oil prices forced the US shale industry to cut costs and boost efficiency. Over the last two years US shale companies re-organised and reshaped themselves into more efficient and fitter, lower cost, companies, precisely in response to the difficult times they went through.

The break-even price of shale-plays is mostly a function of operating and field costs, well costs, flow rate and ultimate recovery. By the start of 2017, it was brought down to \$34/barrel on average – a remarkable achievement.

As efficiency increased, costs have come down. In some cases, drilling costs are down over 50% in comparison to 2013, while oil output per well has increased dramatically. In some areas, output per rig is now at least 40% higher since the oil price collapse began in 2014. As a result, shale producers can now function profitably with prices as low as \$40-\$50/barrel.

Companies have also become more disciplined in terms of cutting costs, controlling their budgets and cash-flows. This has given them flexibility to increase or reduce production as required by markets.

Technology advancements

Technology is key to these advancements and efficiency gains. It used to take 30 days to drill a well, but now it is down to 15 or less. With the same number of rigs, companies can now drill twice as many wells. Advancements

in completion designs, longer laterals, drilling fluids and data analytics are helping get the most from reservoirs.

Investment in information technology and data analytics is big business, helping optimise each step of the production process.

Development and use of new technology drives costs down and recovery and productivity up. And as technology continues to advance, more shale areas become commercially available for production.

Surging oil production

Increased efficiency and technology advancements have led to oil production increasing steadily since the middle of 2016.

By the end of March US crude oil production reached 9.15 million barrels, up 700,000 on the low in 2016. By April, the contribution from shale oil increased close to 5million barrels/day (bpd), with most coming from the prolific Permian Basin.

As a result of this, the US Energy Information Administration (EIA) has revised its crude oil production projections upwards, forecasting that production will reach 9.53 million bpd in 2018. This will make it the highest US output since 1970.

Rising output has also helped the US increase its oil exports, which averaged almost 900,000 bpd during March. This is becoming a challenge for the global market and a renewed threat to OPEC and its plans to keep oil prices up.

US shale oil will end up acting as a balancing point on global oil prices. With control of budgets and cash-flows, and low break-even prices, shale companies have the flexibility to ramp-up and ramp-down production as needed, in response to global price variations. When prices go up operators can increase drilling and production, which in turn brings prices down, drilling slows-down and prices go back up, and the cycle carries on. This could keep oil prices cycling in the range \$40-\$60/barrel for years to come.

Impact on shale gas

The great success of the US shale revolution is in the production of natural gas. With shale oil production growth comes more associated gas, i.e. gas co-mingled with oil. US gas production reached close to 50 bcf/day early in April, and it is still increasing.

The US has access to significant shale natural gas resources. Proven shale gas resources are estimated at about 200tcf. Additional unproved technically recoverable shale gas resources are estimated to be nearly 623tcf.

Growing US gas production means that the focus is shifting towards exports as LNG. This is having a similar effect on global gas supplies and prices as US shale oil.

Given that much of the gas is associated gas, which costs very little, it helps keep prices down not only for exports, but also for domestic consumption. And with such low gas prices, US LNG producer Cheniere Energy confirms that it has no trouble finding markets for its LNG. By 2020 US could become the world's third-largest LNG exporter, behind Australia and Qatar, with capacity to produce 71 million tonnes/year.

This resurgence of shale is what has persuaded ExxonMobil to invest \$6.6 billion and commit a third of its budget this year to the prolific Permian Basin, where it can deliver cash-flow in as little as three years and can make profit even at \$40/barrel.

In today's low-price climate, shale drilling is relatively low-risk, requiring low upfront costs, while providing quick returns. Conventional projects, in comparison, require huge upfront commitments with long payback times and consequently uncertain economics.

ExxonMobil is not alone in committing to shale. Other big companies, such as Chevron, Shell, Total, BP, Conoco-Phillips, Marathon, Oxy, Anadarko, EOG and smaller domestic producers have been restarting shale operations as oil prices hold steadily in the \$50/barrel range. However, if OPEC goes back to 'free-for-all' and prices drop below \$40/barrel, oil industry problems may return.

With emphasis on short-cycle quick-returns projects, the US has become the centre of attention for oil and gas producers. In a lower-for-long price era, if not forever, success in shale is becoming paramount.

Adding to the mix the election of President Donald Trump, putting into action his promises of fewer regulations, lower taxes, opening-up of federal lands, more pipelines and energy independence, has compounded the shale-patch euphoria.

Global impact

Cost-cutting, improved efficiency, increased production and growing oil and gas exports are driving the new stage in the US energy revolution. And if these are successful, then shale's impact on the global energy market could be even bigger and longer-lasting than it has been to-date.

The upshot of these developments is that big oil companies now consider shale to be an attractive investment opportunity and it is transforming the global oil and gas business, from the impact of shale oil on global prices to the impact of US LNG on global markets. Shale is becoming the swing producer both in the oil and gas global markets.

With its second coming well on the way, the impact of shale looks likely to continue and will be compounded by climate change, renewables and shifts in technology, and a global glut of oil and gas. The world is undergoing a structural shift, with plentiful energy supply growth exceeding demand and keeping oil and gas prices low for the longer-term.

It is these longer-term low prices that make the development and export of East Med gas challenging. If it is to succeed in securing markets it must be able to compete in a low price environment.

The Role of East Med Gas in the European Energy Security and the Best Cyprus Gas Monetization Option¹



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1. East Med energy resource estimates and their significance for Europe's Energy Security

Eastern Mediterranean (East Med) estimated resources including the Levantine, the cone of Nile and the Herodotus basin amount to 345 tcf² (about 10.000 BCM³) of natural gas and 3.5 billion barrels of oil. Consequently, the East Med Region constitutes a credible alternative source with the potential to help Europe diversify its sources and reinforce its energy supply and transit security.

Indigenous Gas production in Europe is on trend decline. BP predicts as much as a 45% drop in domestic gas production in the European Union (EU) by 2035⁴. Despite variation, forecast scenarios of European gas consumption and import needs indicate a steadily rising trend. A growing market share is projected for natural gas in the EU-28, which is likely to exceed 30% of Primary Energy Consumption by 2035, compared to 21% in 2014.

Besides its traditional gas supply routes from Russia, Norway (indigenous production) and N. Africa, Europe seeks new gas supplies from the "Fourth Corridor"⁵ in the Caspian Sea (Azerbaijan and probably Turkmenistan) and the "Fifth Corridor" in the East Med. According to an official EU website⁶ the EU aims to import initially 10 BCM of gas per year via the Southern Gas

¹ For a detailed analysis of this subject see the Author's Paper / Study with the same title at: <https://www.greekenergyforum.com/publications/studies/2017/the-role-of-east-med-gas-in-the-european-energy-security-and-the-best-cyprus-gas-monetization-option>

² Trillion cubic feet.

³ Billion cubic meters.

⁴ BP Energy Outlook 2035, Jan. 2014.

⁵ The "Fourth and the Fifth Corridors" constitute the Southern Gas Corridor.

⁶ <https://ec.europa.eu/energy/en/topics/imports-and-secure-supplies/gas-and-oil-supply-routes>. Accessed on 18.4.2017.

Corridor when it opens in 2019-2020, which is predicted to rise to 80 to 100 BCM of gas per annum in the future.

The Caspian gas resources will not be sufficient in diversifying European gas supply even if other countries like Iran and / or Iraq join in, provided the geopolitics can be managed. But there is an additional problem. Gas will have to be transported via a pipeline network, including TANAP⁷ currently under construction, across precarious Turkish territory, especially in Eastern Turkey, which has been subject to “repeated attacks” over the last 15 years causing serious outages. John Roberts⁸ cautions that the consequences of intensified warfare within Turkey should be seriously taken into account in considering the export options of East Med Gas to Europe. Turkey has had terrorist attacks from ISIS and faces the armed Kurdish independence struggle in pipeline territory. Therefore such pipelines are at grave risk. If the East Med gas is also transported via Turkey transit security will be compromised. It will be like the EU deciding to place all its eggs in one basket. Transit security is of paramount importance: There is no energy security without transit security. The lessons from the Ukraine 2006 and 2009 gas transit crises should not be lost. Another issue is whether the EU would allow Turkey to snatch East Med gas resources and gain leverage over Russia or whether it wants this advantage for itself.

The Republic of Cyprus, as an EU and Eurozone member, has already proved its usefulness to the EU in several fields, including its defence policy (not just on soft power issues), given the explosive situation in the Middle East and Europe’s urgent need to combat terrorist attacks and migration flows. Indeed, Cyprus constitutes the easternmost defence bastion and border of Europe.

Given the East Med energy potential, Cyprus can play a pivotal role in reinforcing the energy supply and transit security of the EU. First, as analysed above, it would be wise for the EU to have separate routes for the 4th and 5th corridors. Second, pipeline dependence should be avoided. Pipelines render the exporter hostage to the importer and give intermediary states inordinate power at the expense of both. Geopolitical developments can be as fluid as gas and such long-term commitment may be regretted.

⁷ Trans-Anatolian Natural Gas Pipeline.

⁸ Roberts John, Senior Fellow at the Atlantic Council and Energy Security Specialist, (21 November 2016). Presentation analyzing “the Turkish factor” at the PRIO Cyprus Center international public conference on “the future of Eastern Mediterranean gas”.

The EU's overall LNG import capacity is significant and was capable of meeting around 43% of total gas demand in 2015⁹. However, in South-Eastern (SE) and Central Europe and the Baltic, many countries do not have access to LNG and/or are heavily dependent on Russia as the single gas supplier. This renders them vulnerable to a supply crisis. Hence, ensuring that all member states have access to liquid gas markets and diversified sources of supply is a key objective of the EU's Energy Union. Towards this end, the EU targets the improvement of its energy security and competitiveness by tapping into the global LNG market. The European Commission is implementing an EU strategy for LNG and gas storage as one of several measures under the Energy Union package aiming at improving energy security and diversifying supply sources.

2. Cyprus Gas Monetization: LNG Plant and Energy Sector benefits for the economy

This is why an LNG¹⁰ Plant at Vassilikos in Cyprus would serve the best interests of both the EU and the Republic itself. LNG imports to Europe¹¹ are accepted by EU as increasing energy diversification and security. In fact, competitively-priced LNG is forecast to claim a much larger share of the European gas market. Additional gas supplies are necessary for long-term economic development especially of the less developed SE Europe.

Moreover, a Cyprus-based LNG Plant is the principal if not the only way of achieving targeted and specified results concerning the country's energy future. This has become even more imperative following the illegal bank bail-in/haicut¹² imposed by Eurogroup on 25.3.2013 that destroyed the country's economic model, kicked the economy into recession and worsened the prospects of its future potential growth path.

⁹ See European Commission Fact Sheet on "Liquefied Natural Gas and gas storage will boost EU's energy security", Brussels, 16 February 2016 at: http://europa.eu/rapid/press-release_MEMO-16-310_en.htm. Accessed on 18.4.2017.

¹⁰ LNG is natural gas (predominantly methane), condensed into a liquid state by cooling it at -162 °C for ease of storage or transport. LNG takes up 600 times less volume than gas at standard atmospheric pressure, permitting transport across long distances without pipelines.

¹¹ Natural gas represents around a quarter of the EU's overall energy consumption. In recent years LNG has accounted for around 10% of EU gas imports, mostly coming from Qatar, Algeria and Nigeria. Both percentages are forecast to rise. See: http://europa.eu/rapid/press-release_MEMO-16-310_en.htm. Accessed on 18.4.2017.

¹² For detailed analysis of this issue see the Author's Policy Paper entitled «Causes and impact of the MOUs on the economies of Cyprus, Greece and Portugal» at: http://www.cceia.unic.ac.cy/images/policypapers/policy%20paper_7-2015.pdf and at: <https://www.researchgate.net/publication/292154943>

The development of the energy sector around an LNG Plant and the multiplier effects from the implementation of the required infrastructure are indeed key components for the country's economic future for many reasons. A dynamic energy sector can lead to job creation across the entire industry value chain and help develop technical expertise, applied research and innovation. It can create inter-sectoral synergies and economies of scale. Energy-intensive industries such as aluminium and petrochemicals with high value added may develop with natural gas as feedstock, provided international comparative costs and prices remain within a competitive range. Existing plastics manufacturers with access to competitively-priced, locally-produced raw material, such as methanol will receive a much-needed boost. Other industries (chemicals, plywood, paints, permanent press textiles etc.) may spring up, taking advantage of economies-of-scale and interlinkages among economic sectors. The fastest possible introduction of gas into the electricity transformation sector is a most important priority bound to exert a great microeconomic and macroeconomic impact. The electricity production cost will decline substantially with evident benefits for both households and industrial users. This will exert downward pressure on inflation and render the enterprises and the economy more competitive. Positive macroeconomic implications from LNG exports include increased government revenues, reinforced debt repayment ability from running primary fiscal surpluses without levying or raising taxes, the rise of disposable income, living standards and welfare as well as the correction of chronic macroeconomic imbalances like the trade and current account deficits. Furthermore, the energy sector can contribute to the achievement of a more knowledge-based economy, while the education sector and tailored energy-training programs are already experiencing growth.

In the light of the foregoing, a two-train¹³ LNG Plant is fully justified provided at least 10 tcf of proven reserves become available, including the existing 4.5 tcf reserves of Aphrodite (Block 12 in Cyprus' Exclusive Economic Zone / EEZ). Several exploratory drills are planned in 2017 and 2018 by the International Oil Companies (Exxon Mobil, ENI and Total) and Independents operating in the EEZ of Cyprus. The probability of success according to the reevaluation of the revised exploration model seismic survey results is rated to be considerable. Cyprus' Blocks 10 and 11 are strong candidates for carbonate reservoirs like Zohr's, whose discovery in August 2015 was a game-changer, revolutionizing the industry in the Eastern Mediterranean.

Future liquefaction capacity can be expanded according to gas field discoveries, cooperation among the involved companies, the East Med countries joining in, such as probable future producers like Lebanon, Syria

¹³ A train is the equipment needed to liquefy the gas and export it from an offshore block.

and currently-producing Israel (despite Israel's decision to construct a pipeline to Turkey), other potential investors and of course European and world demand.

In fact, the Cyprus objectives are in line with the main dimensions of EU's Energy Union strategy¹⁴. Cyprus can serve as the axis that boosts the energy partnership between the Southern European and Eastern Mediterranean countries so as to contribute to the achievement of Energy Union goals. The development of a Mediterranean gas hub with regional supplies from a Cyprus-based LNG Plant will reduce EU dependence on specific energy suppliers, routes and fuels and contribute significantly to Europe's energy requirements and energy security. Cyprus satisfies all the necessary and sufficient conditions to become an energy hub in the East Med based on the construction of an LNG plant. Cyprus's advantageous position at the intersection of major international energy routes to Europe and Asia via the Suez Canal renders it a most suitable natural location for the Plant.

All in all, an LNG Plant is the single indisputable option for achieving the optimal development of Cyprus's hydrocarbons potential in addition to contributing to EU energy security objectives. The primacy of an LNG Plant is underlined as the best and the most rational choice for both Europe and Cyprus in the context of regional geopolitics, Middle East instability and the new Great Game of geopolitical rivalry over energy routes. At the same time, an LNG Plant will bestow maximal benefits on the Republic's economy. Cyprus may gradually develop into an energy center and an energy trading junction, underpinning the Cyprus strategic imperative to become a regional energy hub and raising investment opportunities in the hydrocarbons sector in the short, medium and long term. In addition, the Republic will gain substantial geopolitical leverage beyond material capabilities, thus rendering possible a fairer solution of the Cyprus problem.

3. East Med regional cooperation

The East Med gas constitutes a viable, secure and independent alternative corridor for European incremental demand and diversification needs. Furthermore, the exploration and development of East Med gas reserves present an excellent opportunity for regional co-operation and contribution to regional political stability and growth. The promotion of common interests has already led to the emergence of trilateral partnerships and cooperation

¹⁴ The Energy Union encompasses the goals of: 1. Securing Europe's energy supply; 2. Ensuring fair competition in a fully integrated European energy market; 3. Protecting the environment and in particular combating climate change; and 4. Improving energy infrastructure.

over a range of fields among Cyprus, Egypt, Israel and Greece. Other regional states, without hegemonic aspirations, like Lebanon and Syria (once stabilized) and further afield (Jordan, Qatar etc.) can enhance the alignments in different spheres of common interests among neighbouring countries and extend them beyond energy cooperation into areas of common challenges such as terrorism, extremist ideologies, migration and sustainable development. A shared vision and regional cooperation shall not only act as catalysts for peace, growth and economic prosperity but are an essential part of a win-win solution. It will maximize the benefits for both energy exporters and importers (including Turkey which has rising gas needs), safeguard security of supply and demand and enhance regional stability. At the same time, it will determine the regional investment flows in the offshore energy supply sector, the international political and economic relations of the area and the geopolitical structure of the region's energy export and shipping routes.

The Middle East: Back to Basics



Marat Yuldashev

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The region of the Middle East is supplying us with top news headlines practically on daily basis, and unfortunately, most of them are of tragic nature. The frequency and scale of information coming from the region is so massive and diverse that many simply no longer follow them, and those who do discuss and focus only on the “latest” news. The same applies to experts and commentators on TV and the radio, whom we also have in abundant supply.

Without being a trained expert on the Middle East but having an experience of working in the “neighbourhood”, I conducted a small personal experiment recently – I picked a couple of “respectable” international editorials (although, I am in doubt what is the criteria and how to measure “respect” to all forms of media content supplies nowadays), and checked their news lines, commentaries and analysis columns on the region for one month, and then tried to see what kind of picture of the region this barrage of information creates for an average reader.

The result, in general, met my expectations – it was total confusion. The content is dominated by description of the most recent events accompanied by reactions from officials, and diverging expert opinions of what to expect or what should be done in the coming days or, maximum, weeks by the main actors. Commentaries from the officials and quoted experts (including columns in the “analysis” category) leave the impression that everyone is focused only on the short-term and pre-occupied with the immediate situational micromanagement.

I very much hope that this is only the impression created by the media, and those who make decisions in the region and beyond, do have well trained and experienced expert teams, who provide solid advice, develop and try to implement medium and long term strategies. Although, series of actions undertaken by some regional and global actors from time to time leave the taste of spontaneity, adventurism, personal ego of the leaders and dangerous gambling without clear logic and goal.

On the other hand, developments unravelling in other parts of the world demonstrate similar behavioural patterns (though with much less blood and human tragedy), and therefore, perhaps, everything we witness today across the Middle East should be put into global and historical context. And all that gambling and adventurism is a sign of growing uncertainty and anxiety, which in turn stems from the crisis of the whole global model – the model, which broadly speaking, was in place since the end of the WW2, and which is now reaching its expiration date in front of our eyes.

We do not know how the new world will look like but it is clear already now that the Middle East will be one of those regions, which will be re-shaped most dramatically as a result, and it is the broader Middle East due to its geographic, religious, economic, and hence, geopolitical centrality as the main “crossroads” of the planet will be affecting the rest of the world in the ways most unpredictable – the Middle East, which is the connecting point between Europe, Asia and Africa, the birthplace of three world religions as well as major oil and gas region on the planet.

The Oriental wisdom says that when you are lost and do not know which way to go, you should come back to where you started. In other words, if one tries to figure out which forces going to shape developments and long-term future of the region in this environment of information glut and barrage of short-term expert opinions, one should go back to fundamentals – factors which do not change with personalities or electoral cycles.

There are many ways to look at the world but geography, religion, ethnicity and economy are still the main long-term defining factors. Our reality is not shaped by slogans, wishes or promises but rather by constraints and limitations, which we cannot overcome – we cannot change geography, most of us cannot betray faith we belong to and give up ethnicity we were born into, and limited available economic resources dictate that we can go only that far.

The unravelling chaos of the Middle East is the dramatic manifestation of these fundamental factors – factors, which no political leader or government policy can cancel or change. These factors rather shape the logic and patterns politicians and governments forced to pursue, no matter their personal wishes or rhetoric, or electoral slogans and promises.

And this is how we have to look at the fundamentals shaping the geopolitical reality we are living in.

The on-going crisis of the Middle East has several fault lines, which over-cross and mutually enhance each other, making the situation ever more

complex and explosive. And despite the fact that problems of each country in the region differ from others and we should avoid generalization, nevertheless, arguably there is one issue, which is common for the whole of the Middle East – it is the IDENTITY CRISIS, which is manifesting itself simultaneously along several fault lines:

- clash between modernity and conservatism
- clash between religion and the nation state
- clash between ethnicity and nationality

These multiple internal fault lines, which cross each country in the region are both the result of past social-economic and political failures in case of some countries, and the manifestation of evolution in search of self in case of the others.

And all these internal crises are dramatically aggravated by never-ending competing foreign interests and interventionalism driven by the region's geographic and economic importance mentioned earlier. Simultaneously, this foreign military and economic activism clashes with ambitions and competition of regional players, each overburdened by its own multiple internal crises along the fault lines I have just mentioned.

As a result, we've got a crisis of enormous depth, complexity and magnitude, and sometimes even absurdity, where regional or international players cooperate in some areas, and wage proxy wars against each other in other areas. For example, according to the estimates of some Western think tanks on the Middle East, there are no less than 12 (twelve) overlapping wars being waged in Syria today, where Assad loyalists fighting rebels, ISIS and Turkey, Iran is fighting against Saudi Arabia and Qatar, Turks fighting Kurds, Sunnis against Shias, Russians and Iranians indirectly fighting Americans, and at the same time Iran cooperates with the US in neighbouring Iraq against ISIS, and the list goes on.

One would wonder when all this will end? I am afraid we have no good news in that department for the foreseeable future. Once a seasoned Soviet general told me that the war is always the business of the young. "Old people do not go to war" he told me.

The Middle East is one of the youngest regions on the planet – around 40% of the region, are people under the age of 25. They are living in the areas of acute land and water shortages as well as constant demographic growth and population density. Add to all that the factors mentioned above, and we end up with the recipe for an explosive cocktail.

Unfortunately, there are no clear-cut solutions to the problems of the region, and probably, it will continue living through dramatic and very painful turbulences until it reaches internal balance, and stability will start emerging from within. And this process will take many years.

This piece of writing will leave many with the sense of exaggerated pessimism. I sincerely hope I am very wrong and things will turn out differently for the region. But there is also an element, although "dark", but of optimism in the presented doom-and-gloom picture. As famous Spanish writer Cervantes once put it: "to be prepared is half the victory".

The European Union, Refugee Flows and Institutional Inadequacy



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A preliminary assessment of the long-term consequences of refugee flows on the European political terrain presupposes, first and foremost, a critical evaluation of the EU'S current conjuncture. What reigns at present in the EU is a neo-capitalist model of political economy. The arbitrary selectivity of economic policies is at the core of this model. It is a model based on a modality that generates unprecedented wealth for the elites and one that transfers burden and strain to the lower and middle social strata. It is rapidly becoming a system of institutional inequality where, if I were to describe it geometrically, the social rhombus is differentiating into a social triangle. In other words, the vital socioeconomic and cultural space of the vast majority of Europeans is shrinking. Consequently and inevitably an ethnocentric mind-set, to say the least, emerges as a mechanism to address the widespread social insecurity. The semi-anarchic manner refugee flows take place, most probably could facilitate further the reinforcement of centrifugal tendencies in the Union. Indeed one might logically argue that Brexit is a living testament of this. Brexit, contrary to the EU'S institutional narrative, poses a severe structural threat to the Union'S political and economic cohesion. And even more so, it weakens the coherence of its collective geostrategic interests. Beyond doubt, the way the EU has been handling the refugee crisis, in which itself is a contributing factor to, is a vivid manifestation of the Union'S prevailing institutional deficits.

The EU'S population currently stands (the UK included) at 508.2 million people. *Ceteris paribus*, the flow of 2-3 million refugees constitutes a negligible population aggregate if one considers the application of the principle of proportionality in the placement of refugees across the EU. The difficulty in implementing this principle has its roots to the evident uneven economic growth and multi tier socio-cultural development. The migration flows generally are directed towards the most developed member states whose integration structures and welfare services are more competent and efficient in managing the flows. Germany, France, The UK, Italy and Spain represent approximately 63% of the EU'S population. Adding Poland to that, it brings the population percentage to 71%. With the formal completion of

Brexit the percentage goes down to 60%. There is a paradox though. The Polish flow to the UK surpasses the million and along with a free rider mindset, the British welfare system has been violently abused. In fact this predicament which was crucial in determining Brexit, it compromises also Europe's geo-strategic leverage. Furthermore, Poland is adamant not to accept any refugee flow. Instead we witness Greece with a 2.1% of the EU population bearing (along with Italy) the largest burden, notwithstanding its severe economic crisis. European neo-capitalism transforms Greece into a soul warehouse. We should not lose sight of the existing 125million poor in the EU, i.e., 25% of its population, let alone the unprecedented pauperization of children. According to the Nobelist economist Angus Deaton, the younger generation (20-35) in Europe, and not only, is steadily marginalized and deprived of a fair share of the produced wealth. This circumstance creates frustration and aggression. It also leads to a sui generis Social Darwinism as a mechanism of managing politically the middle and lower social strata as well as pensioners. This social dynamic will delimit the future prospects of Europe in terms of its capacity to integrate refugees but all the same, to preserve its cultural character.

It seems however, that the ruling elites are hesitant and not willing to risk the internal political stability of an economic edifice that is substantiated and materialized on a greedy redistribution of wealth on the one hand, and the widening of poverty on the other. The refugee flow apart from the further constraining impact it causes on the socioeconomic and cultural space of Europeans, particularly in the most developed member states, paradoxically it might as well lead to an awakening of the dormant European values of humanism and solidarity, which for quite some time have been crippled by the reigning totalitarian neo-capitalist model, a direct descendant of the Maastricht Treaty.

This model has a very limited resemblance to and theoretical affinity with the neoliberal doctrine. It negates competitive politics, the pillar of western liberal democracy, in determining economic and social policy and it superimposes what I call a de-facto 'apolitical' *cybernetism* in favor of the volition of vested economic and financial interests. This neo-capitalism not only abolishes social equilibriums by shrinking the domain of the middle class, but it unfortunately operates on the pretext of the democratic observance. Based on what has been stated so far, one could easily deduce the necessity of bringing back to the central political scene the nation-state as a trench to re-introduce into the social agenda the principle of the greater good for the greater number of people.

The EU institutional organs fettered by the economic priorities of neo-capitalism freeze unlawfully the Schengen Treaty in order to contain

emerging destabilizing tendencies from within. By doing so, and given Turkey's special geostrategic weight, it has bestowed upon Turkey the role of a strategic partner in addressing the refugee crisis. All these reflect the overall institutional inadequacy of European Institutions, something which Turkey is well aware of and uses it to advance its own geostrategic interests.

To sum it up, the refugee crisis that confronts the EU is the consequent outcome of the political asymmetry that was the product of the German hegemony in imposing its political will on the widening rather than on the deepening of the Union. Currently, the European project is experiencing a severe setback and suffers from an ill-defined politically coherent orientation.

Motherlands as National Centers



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Since its early formulations, Greek national identity has been characterized by its self-perceived ambivalent position at the crossroads between East and West. This ambivalence has been mirrored in both Greek cultural identity (Tsoukalas 1994) and in the country's foreign policy (Heraclides 1995). On the one hand, Greek identity has looked to the East and the Greek Orthodox and Byzantine heritage, while, on the other, to the West that provided for nationalist inspiration and actual support for the nineteenth century young Greek state, as well as a reference point for the country's political and cultural orientation in the twentieth century.

Nonetheless, as with most Eastern nationalisms, Greek nationalism has been ambivalent towards modern Western European culture, from which it got initiated into national awareness and has seen it as alien to Greek traditions that are thought to be stronger, more important and more 'authentic' than Western influences. Although Greek nationalist narrative succeeded in establishing a continuous national past by linking ancient classical Greece to Byzantium, the internal clash between East and West still persists as a distinctive element of contemporary Greek identity.

Despite the fact that the Enlightenment and its liberal values stimulated late eighteenth century Greek nationalism (Veremis 1983), since the foundation of the independent Greek state, the nation was defined primarily in reference to common ancestry, language and culture (Kitromilides 1990). Throughout the nineteenth century, Greek national identity and consciousness was formed around the irredentist 'Megali Idea'. This was a political, cultural and eventually military project of integrating into an enlarged Greek state territories populated by Greek-speaking Orthodox Christians who lay beyond the state borders. This irredentist project epitomized the political expression of the ethnically, religiously and culturally-linguistically defined Greek nation (Triandafyllidou & Veikou 2002). The 'Megali Idea' further promoted the unification of a traditional and internally divided society, transforming it into a nation-state. So, Greece turned into the national center, the political and cultural base for all Greek

populations living in the Eastern Mediterranean and the Balkans (Kitromilides 1983a). This central role of the Greek state was further reinforced by the concentration within its borders of the vast majority of the Greek Orthodox Christian populations of the Balkans and Asia Minor after the Balkan Wars and the Asia Minor disaster and the abandonment of the 'Megali Idea'. What was left outside the state boundaries after 1923, were the Dodecanese islands (that were incorporated in the Greek state in 1947), Cyprus, and the Greek minorities of Northern Epirus in Albania, Constantinople and of the islands Imvros and Tenedos in Turkey.

The Greek-Cypriot nationalist movement for *Enosis* of the island with Greece of the 1950s was perceived as failed with Cypriot independence in 1960, since it did not achieve its primary goal to unify Cyprus with the Greek state (Kouloumbis 1996). Since 1963, the Republic of Cyprus has been functioning as a *de facto* second Greek state, as the internationally recognized state administration was left to the hands of the Greek-Cypriots only. The existence of this second Greek state – a paradox in the modern world of nation-states since the Cypriots never believed to be a separate nation, but rather saw themselves as members of the Greek and Turkish nations respectively – did not challenge the authority and the leading role of Greece as the national center of the whole Greek nation (Kitromilides 1983a). The Greek-Cypriot-controlled Republic of Cyprus always saw in Greece the 'motherland', the cultural and in many cases political center of the Greek nation, to which the Greek-Cypriots believed to belong. The existence of Greek populations outside the Greek state brought a distinction between the terms *Έλληνας* (Hellen, Greek) and *Ελλαδίτης* (Greek of Greece). *Έλληνας* is anyone who believes to be a member of the Greek nation, regardless of his citizenship, while *Ελλαδίτης* is a citizen of the Greek state. Despite the fact that the Greek-Cypriots see themselves as part of the Greek nation, a civic sense of 'Cypriotness' has been developed since the foundation of the Republic of Cyprus that is directly related to the citizenship of the Greek-Cypriots and their incorporation into the institutions of the Cypriot state (Mavratsas 1997). Nevertheless, the national symbols of the Greek-Cypriots are common with those of Greece (flag, national anthem, national commemoration days) and go side by side with the symbols of the Cypriot state, whose importance in collective consciousness lies with the civic dimension of Cypriot identity. This coexistence of Greek national symbols with Cypriot state ones is indicative of the persistence of Greek national identity on the island, despite its different political/administrative trajectory from the Greek state.

Thus, any solution to the decades-old Cyprus problem would have to confront these issues and create a common identity framework where the two main ethnic communities of the island would harmoniously coexist. Will

the new federal - or whatever - state of Cyprus be able to transcend the 'nation-state' norm and establish an entity where the two communities would shift their civic - at least - allegiances to? And what would the role of the outside 'national centers' (i.e. Greece and Turkey) be? This remains to be seen.

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The Greek-Turkish Conflict and the Limits of Cooperation



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The academic controversy on whether trade promotes peace still exists between Realists and Liberals, since the latter argue that trade operates as a peaceful means, since it decreases the levels of insecurity and promotes peaceful relations, even between rivals. However, Realism offers a better interpretation on this issue, since it considers economic cooperation as a zero-sum game, that creates asymmetric gains for both sides. For example, through cooperation a state may achieve disproportionate gains and become a more dangerous enemy for its partner that it was before. Therefore, the levels of cooperation depend on the states' interests. That's why conflict rather than cooperation is a constant feature in international relations. Based on this theoretical aspect, we argue that strong economic ties between Greece and Turkey will not have any impact on the conflict between them. International Political Economy offers the applied analytical tools we need, such as the dependency path and macroeconomics indicators as well as indicators of national security, in order to confirm our argument. The dependency path defines the context in which conflict takes place and macroeconomics and security indicators define the correlation between conflict and economic interdependence between the rivals.

The Dependency Path

Turkey raised the number as well as the quality of its military weapons, becoming more aggressive and creating a security dilemma. In addition, it also adopts a more aggressive strategy against weaker adversaries, such as Greece and Armenia, and consequently the balance of power is affected by the rise in Turkish military power. Moreover, after the Turkish invasion of Cyprus in 1974 -taking into consideration its revisionists intentions over the Aegean Sea as well as the serious crisis close to war from 1955 to 1996- Greek governments concluded that Turkey's main objective is to dispute Greek sovereignty over the Aegean Sea and the common exploitation of its wealth resources and the ultimate goal is the regional domination, as Evagoras Evagorou mentioned in his book *"The Greek-Turkish Relations*

from 1923 until today”, in 2010. On the other hand, although Turkey claims that Greece is a threat for its objectives, it must be seen only as a potential threat, meaning that Turkey cannot implement its high strategy for regional hegemony because of Greece (Evagorou, 2010). The same can be said for all of Turkey’s neighbors, since it considers them as a threat.

Correlation between Macroeconomic and Security Indicators

Although Greece tried to raise the levels economic interdependence focusing on trade, Foreign Direct Investments (FDI), Energy and several economic agreements the conflict with Turkey not only remained but also escalated more. Indicatively, we highlight the most significant periods.

Regarding trade and FDI, Turkey was the first export partner for Greece. According to the International Monetary Fund, from 2004 to 2013 the Greek exports (in goods and services) to Turkey increased by 512%. For the same period, according to UNCTAD the Greek FDI flows to Turkey were also increased, however, in 2006 the Greek flows into Turkey accounted for 0,53% of Turkish GDP, in 2007 0.39% and in 2012 accounted for 0.1% of (Turkish) GDP.

Regarding the energy sector, Greece’s No. 2 supplier of natural gas under contract was Turkey with 17% (Russia, accounts for 67% of total imports). In addition, two economic agreements were signed in 2000, whose objective was to encourage partnership between businesses in order to promote investments and other collaborations to foster economic ties. They were signed in the context of a new rapprochement between the two countries with regard to collaboration in telecommunications, shipbuilding, transportation, energy, tourism and the environment.

On the other hand, the acquisition of 5% of Turkish Finansbank by the National Bank of Greece raised many controversies in Greece since it was the largest investment Greece had ever made in Turkey and this entailed high risks due to the bilateral conflict. Second, the shares of the National Bank of Greece were hardly higher than the acquisition cost and this was very risky for the Greek bank. Third, the National Bank of Greece was the largest bank in the country and any change in the Turkish economy would have a direct impact on the Greek economy.

Greece raised its Military Expenditure from 1988 to 2009 by 52.4%, while Turkey, during the same years, raised its expenditure by 83.8%. Nevertheless, because of the financial and debt crisis in 2010 Greece was forced to decrease its Military Expenditure by 46.4%, a figure which was lower than that in 1988. A disproportionate situation like this usually leads

the weaker side to continually increase its spending not just to procure arms but also as a means of directly responding to the other side, so as to provide better deterrence.

Moreover, there continue to be high levels of Turkish violations and disputes, despite Greek efforts at deterrence and balancing. Most of the violations concern Greek national airspace, especially in the Northern, Central and Southern Aegean Sea. From 1996 to 2003 Turkish violations increased from 1,689 to 3,938, with some fluctuations during those years. In recent years, although Turkish violations had decreased, they remained high, reaching in 2015 the 1384 violations of the Greek national airspace. Turkey also reinforced its disputes with further violations of Greek territorial waters and infringements of Air Traffic Regulations from 1999 onwards. In that way, the Turkish threat became more serious and more credible.

Taking the above into consideration, we conclude that there is no correlation between conflict and economic interdependence, which is also confirmed through statistical analysis, and therefore, Greece should not count on economic cooperation with Turkey hoping that this would benefit its national security. Since the territorial conflict concerns the Aegean Sea, it is directly connected with issues of high politics, such as state's survival and influence. More specifically because of the continental shelf its islands have, Greece has extended its exclusive economic zone and upgraded its role in the energy sector. On the other hand, the Aegean's geographic location is a unique strategic point for military operations and further expansion of military influence in the Mediterranean, in Northern Africa and even more in the Middle East. Therefore, if Turkey could control the Aegean Sea, it would reinforce its strategic influence and this would enable it to become a regional hegemon, something which cannot be accomplished only through economic cooperation.

A Suicidal Organism (Our Banking System)



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I can't remember the exact random chain of events that led me recently to come to be reading about programmed death in unicellular organisms, such as green algae, but apparently, programmed death may not have evolved accidentally by a random genetic mutation resulting in cell suicide, on the contrary, *'cells may knowingly be killing themselves to be beneficial to their population at large'* (as cited in Williams, 2011) [1].

'So what?' you might ask.

Well the analogy (I caution the reader), which may not actually be within the realms of the ridiculous, is that it might be more helpful to view our banking system, and de facto our current mostly private central- bank-based fiat-financial system, not as buildings, people and policy, but rather as a living organism (or organisms) that by design 'suicides itself' at the appropriate moment so as to nourish its new self at the cost, of course, of its mostly innocent and gullible victims (aka you).

Allow me to *join the dots* by bringing another factoid into the discussion: the second law of thermodynamics states that the total entropy [or degree of disorder] of an isolated system can only increase over time. You might ask, as I did while marvelling at a free online film available on 'MinutePhysics' [2] YouTube channel, *'What on earth is entropy?'*

Essentially, all life (including, and especially, us) acts to increase entropy by converting lower entropic forms (e.g. food) into higher entropic forms (e.g. heat/energy/waste output). The point being, fiat money/currency—the thing for which we humans (presently naively) mostly agree to exchange our higher-entropy labour—is not an actual store of convertible more-clumped-up energy, rather, it is a perceived store of convertible more-clumped-up energy. In exchanging labour for a perceived *government-licence-to-print-imposed* store of fiat currency, we are effectively allowing ourselves to be

harvested to some degree or, rather, we are allowing the parasitical organism to be fed.

In essence, following this analogy through, the banking system organism, with its institutional elite lackeys, throughout the ages, to varying degrees, may have always [3] sought to usurp the implications of the second law of thermodynamics for humans; it has thrived on our lack of discernment too, and sadly, it currently appears to be metastasising into something quite different (this time).

So what am I really trying to say?

Barring the discovery of some cheap form of low entropy energy or alien assistance, our modern-day banking system is on the edge of collapse [4] [5] [6] [7]; it is very likely going to suicide itself and mutate into (on one side of the cline) something much worse i.e. a nightmarish, cashless, digitalised, CO2-footprint-based and 'new-fully-fiat' currency system with each one of its users (aka you) eventually preferably being chipped, tracked, profiled and possibly reviewed for societal '*snowflake safe-zone*' compatibility by high-tech 'Orwellian-esque' AI-run grid controllers. However, there is some hope that this dire prognostication may not come to pass as an alternative (on the other side of the cline) Bretton-Woods-style asset-backed system may be created (emanating probably in Asia and spreading) that hopefully would bring back some sanity to the seemingly completely manipulated world markets; this could also end up fully cashless and crypto but hopefully would remain asset-backed.

The transition period would likely be traumatic to say the least, however, the former extreme, in my opinion would be catastrophic for our species, and the latter extreme could lead to a restoration of true capitalism and markets determining the real value of everything for as long as the currency remained asset backed.

This brings me to my main thesis: the likely trigger for the suicide of the organism(s).

The Western fiat-based banking system, whose overt source is mainly the Federal Reserve with its more than 1000 billion dollar military-industrial complex enforcement arm, is facing a growing threat of rejection of the US dollar as global reserve currency.

For instance, consider some recent indicative and possibly connected events that suggest great conflict is brewing, and that may have at their source the tussle over dollar hegemony:

Event one: on March 17, 2017, the South China Morning Post stated that Moscow and Beijing are joining forces to bypass the US dollar in world money markets [8].

Event two (April 3, 2017): The explosion in St. Petersburg killing 11 and wounding more than 40 as Vladimir Putin was visiting [9]; with regard to this event, Kirill Rogov, a political analyst, maintains, while not ruling it out, that *'it is too early to connect the attack to Mr Putin's Syria policy with any certainty'*.

Event three (April 6, 2017) Mr Trump, President of the US, *'taking the moral high ground'*, attacks a Syrian-government airfield with 59 Tomahawk missiles on the grounds that President Bashar al-Assad launched a chemical weapons' attack on innocent civilians that also killed, according to Mr Trump *'beautiful babies'* [10] [11].

However, regarding the 'supposed' attack, the *'drain-the-swamp'* Trump President: (a) did not provide any solid evidence to the wider international community for scrutiny and (b) did not provide any logical reason for why Assad would actually undertake such an attack in the first place, bearing in mind the current victories Assad had been enjoying over ISIS and how undertaking such an attack might provoke an attack by the US on his democratically elected Syrian government.

Interestingly, in spite of the claims that the Pentagon 'apparently' informed Russia of the air strikes in advance [12], among others, Russia is challenging the US to prove the chemical attacks in Syria took place and accuses the UN of trying to avoid an investigation [13]; moreover, John Kiriakou, a whistleblowing former CIA analyst, even asserts the American politicians *'are making this stuff up'*. [14]. Also Russian Prime Minister, Dmitry Medvedev, states that *'the US attack on an airfield in Syria has been conducted "on the verge of a military clash" with Russia'* [15].

Additionally, in what can only be described as supremely duplicitous, in Trump's post-Syria attack speech, he referred to drawing on *'God's wisdom as we face the challenge of our very troubled world'* [11], although, he did not mention in his speech drawing on God's wisdom with regard to America's military support of, for instance, the Saudi Arabian regime's massive killing of innocent civilians and also (I presume) *'beautiful babies'* in Yemen day after day [16].

Events four: (April 7, 2017) Russia upgrades its military support for Syria [17], [18]

Event five (April 13, 2017) Donald Trump's 'armada' steams ostentatiously to North Korea [19], in so doing, Trump also puts pressure on China to toe the US line. It remains to be seen whether there will be a major regional war or whether this is just all political pantomime.

Event six: (April 14, 2017) The US drops theatrically 'MOAB,' a 'Mother of All Bombs,' in Afghanistan [20] and then shortly after, the four times more powerful Russian 'FOAB' or 'Father of All Bombs' was subsequently discussed on RT on April 17, 2017 [21].

Is there a leitmotif in these events?

Maybe, the events are unconnected. Or, maybe some of the subsequent events (after event one) could be interpreted as an attempted show of strength. And, maybe some of them could also be interpreted as an explicit/implicit threat to the world not to challenge petro-dollar hegemony (i.e. the likely trigger), until, that is, the Western banking system 'organism' decides to suicide itself and transition into its desired new system on the cline.

Concluding remarks (using the Obama phrase '*bunch of folks*')

Well as Mr Barack Hussein Obama had a tendency to use the phrase '*a bunch of folks*' often inappropriately belittling profoundly grim events [22], and as Mr Barack Hussein Obama, the sleek-smiling, smooth-talking, Nobel-Peace-Prize-winning and debt-doubling [23] president, undoubtedly at times used the phrase '*bunch of folks*' while dropping over 26,000 bombs in 2016 alone (killing combatants and innocent civilians including 'beautiful babies') [24], the phrase '*bunch of folks*' itself has a particularly poignant meaning for me.

I will therefore conclude à la Obama (in contempt):

Barring the discovery of some cheap form of low entropy energy or alien assistance (as mentioned before), a whole *bunch of folks* are going to be affected in an axial banking-suicide moment in human history, and political miscalculation during this time has the real potential to lead to thermonuclear war, which is something, I guess, that the bankrupt war and welfare economy America doesn't actually want (i.e. it needs small containable wars to sustain its war-driven economy, not an actual real war with someone that can really fight back).

The solution to rid ourselves of the parasitical suicidal banking organism for good is therefore to '*come out of the slumber*', and then in stages

decentralise money which will to all intents and purposes end the military industrial complex.

Therefore a whole '*bunch of folks*' also need to be educated about what decentralised money is—and this is where the real challenge sadly lies, as most people cannot, or don't want to even attempt to, apprehend the concept.

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**A Suicidal Organism (Our Banking System)
Political Marketing and Communication in Relation to the Political
Environment of Cyprus and the Forthcoming Presidential Elections**



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The political marketing war is well underway in view of the imminent presidential elections in the Republic of Cyprus. Admittedly, the political party leadership of the center appears to expedite the latter process. Suffice for one to merely follow what is happening on the social media to get an overall idea. A case in point, the political party leaders of the Democratic Party (DIKO), Citizens' Alliance alongside Solidarity Movement pursue a line premised on the Cyprus Problem [1]. EDEK and the Green Party seem to follow a parallel line. As for the political parties between the left (AKEL) and the right (DISY), there is no doubt that they will put forward a different strategy in regards to the Cyprus Problem whilst, the current (DISY) President and the AKEL candidate shall play the 'solution' card [2]. Populism then, is what some characterize the upcoming elections on social networking websites such as, Twitter [3].

The purpose here is to aid the readers immerse into the political marketing and communication realm. To this end, a basic analytical toolkit that is pertinent within the context of the upcoming presidential elections will be provided. Beforehand though, it is of outmost importance to define the term of political marketing: *the party or candidate's use of opinion research and environmental analysis to produce and promote a competitive offering which will help realize organizational aims and, satisfy groups of electors in exchange for their votes* [4]. Moreover, political marketing may actually be described as the application of marketing concepts to the study of a strategic procedure concerning voters/politicians along with, their parties [5].

With respect to the salience of the subject-matter at hand, political and marketing procedures play a major role in nearly all societies, with politics and marketing influencing all aspects of life [6]. In addition, political

marketing manifests itself through a political campaign, that is, an organized effort to influence the decision making process within a group; in democratic nations, a political campaign often brings to mind elections – with campaigns being present ever since there have been informed citizens to campaign amongst [7]. All in all, somebody may view political marketing and public relations as lubricants that enable the political machinery to run smoothly [8].

Furthermore, studies have shown an increased association between business and political marketing; for instance, as noted in the findings of Thrassou *et al.* [9]. Direct/multilevel selling -also known as network marketing-, involves organizations selling door-to-door or at home sales parties [10], analogous to how politicians knock on doors when nearing elections to directly sell/promote their idea/ideology or, door-to-door canvassing as part of voter group targeting [11].

In a similar vein, living now in a digitalized era, politicians (via their teams of communication experts) knock on peoples' social media "door" by targeting potential voters on Facebook, LinkedIn and, so on. Finally, it is significant to turn the heed to yet another angle germane to the topic under discussion. That is, the adoption of more silent (political marketing) strategies regarding certain issues/people, like the one exhibited by mainstream media/political leaders concerning the far right group (ELAM). Put differently, the aforesaid group goes more unnoticed than the rest of the political players. So, the communications strategy comprises a determining factor in respect of the outcome of the 2018 presidential elections; more specifically, electoral campaigns are called to reach/convince the various population groups through targeted actions, say, via the use of social media (particularly, Facebook) so that to attract the ages between 18 and 35 [12].

In synopsis, the current situation may broadly be characterized as chaotic at worse and uncertain at best, thereby, one may only hope that the next President will be proactive. In other words, s/he will see ahead the security challenges (in view of say, the ongoing war in Syria rendering the refugee crisis) in conjunction with the Cyprus Question as well as, economy. Albeit the aim here comprised of providing to the reader a brief introduction about what political marketing entails, it is noteworthy realizing that Cyprus must turn a new page by employing a comprehensive governance roadmap for its national survival [13]. Consequently, the local political leaderships and communication experts looking for potential consumers (voters) to buy their 'nationalistic' rhetoric need to realize the gravity of the extant situation. Specially, since it transcends any political communication games and, their subsequent clientelistic relationships.

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