

## IMPROVING TURKISH – GREEK RELATIONS A Neo-Functionalist Approach\*

Emir Han Göral

### *Abstract*

*Turkish – Greek relations may often have exhibited antagonistic features. However, a possible co-operation between these countries may present considerable advantages for them both. In that sense, the neo-functional theory can be utilized in order to facilitate the political relations of these Aegean neighbors.*

*Private actors existing in the countries within an integration process are emphasized greatly in neo-functionalism. In this context, this paper tries to investigate whether private actors in Turkey and Greece, are in favor of an increasing co-operation or not. Moreover, the paper tries to derive a conclusion for the application of the neo-functional theory in the Turkish – Greek case considering the other factors peculiar to the relations between these two countries.*

*Neo-functionalism may be followed in practice to ameliorate the Turkish – Greek relations or not, but in any case, the paper evidences that people, particularly the representatives of the private sector, on both sides of the Aegean are willing to engage co-operation and may benefit very much if they work together in various fields.*

\* This article is a reformulation and summary of the author's M.Sc thesis submitted to the European Community Institute of Marmara University.

## Introduction

Since the end of Cold War, the need for a Turkish – Greek rapprochement has been felt strongly on both sides of the Aegean. The instability present in the war-torn Southern Europe of the early - mid 1990s further emphasized this requirement. The promising signs of a breakthrough in Turkish – Greek relations were exhibited after the devastating earthquakes in 1999. However, the Turkish – Greek relations reflected more optimism for the future than just a simple humanitarian rapprochement caused by a natural disaster. The decreased tension in the Aegean was followed by promotion co-operation in “low politics” issues. Prior to the Helsinki European Summit of 1999, a further step by the Greek side opening the way for the Turkey’s candidacy for EU membership was also taken. In brief, recent occasions showed that the possibility of and willingness for co-operation between Turkey and Greece seems to be far more probable today when compared to the past.

Neo-functionalism may present a solution for Turkish – Greek disputes to the benefit of the two countries. Although for some scholars, neo-functionalism has been devised particularly for European integration, it may also present a scheme other than an integration process among two or more countries since it is described as a process rather than an outcome.<sup>1</sup> Therefore, the theory can be applied for ameliorating relations among countries without searching for a final level of integration. This article takes the main precept of neo-functionalist theory as a starting point: it is simply that relations between the parties within an integration process should be based on co-operation. The accelerating pace of co-operation will make it risky, thus difficult for them to bring any kind of confrontation onto the agenda. In time, beneficial consequences from this co-operation will draw a newborn national interest designed for the new requirements.

Suggesting a solution to Turkish – Greek disputes is a difficult task and an ambitious claim. Thus, this article limits its scope to seeking the applicability of neo-functionalist theory in solving the Greek-Turkish dispute from the perspective of private actors. The foremost aim of the study, therefore, is not to prove the applicability of neo-functionalist integration as a solution to the Greek-Turkish case. The purpose is rather to assess whether the theory would produce optimistic results or not.

The article examines neo-functionalist theory in the first part. This part includes the evaluation of the background conditions required for the neo-functionalist integration model to work in settings other than the ECSC. The

second part is devoted to the application of theory to the Turkish – Greek case. This part begins with a comparison between the European integration process and Turkish – Greek case. The existence of the background conditions is examined in this part before the application of the neo-functional model as well. Then, an implementation scenario, with the tourism sector as the starting point and a spill-over process therefrom is analyzed. In doing so, various individual experts and representatives of private and public sector organizations from both the Turkish and Greek sides were interviewed for understanding their perception of co-operative actions. Finally, the existence conditions required for the neo-functional integration process are evaluated in the third part. As a result of all the findings, a conclusion is drawn, which considers the factors peculiar to Turkish – Greek case as well.

## 1. The Neo – Functionalist Theory

### 1.1 General

The theoretical formation of neo-functionalism, was affected by both federalist and functionalist ideas. In addition, the emergence of the EC helped the defenders of neo-functionalism as a convenient practical tool in shaping the theory. In the late 1950s, the neo-functional level of understanding found its roots in Ernst B. Haas' *The Uniting of Europe* (1958) and Leon N. Lindberg's *The Political Dynamics of European Economic Integration* (1963). The neo-functional approach was perceived as a combination of the functionalist method with federalist goals, and Western Europe was regarded as a laboratory for the study of collective action among European states. In that respect, on the one hand, it developed to fill the gaps in existing functionalist theory and practice. On the other hand, neo-functionalism was also perceived as a pluralistic critique of the realist school. The initial evaluations of the neo-functional approach appeared to be optimistic. As the ECSC was combined with the EEC and the Euroatom, the process of integration assumed a very similar model that was depicted by neo-functionalists. The Treaty of Rome in 1957 was an example of sectoral spill-over. In addition, the application of the EFTA members (the UK, Denmark and Ireland) for the EEC membership in the early 1960s reinforced neo-functional explanation as a type of geographical spill-over. In the sense of political spill-over, the mobilization of interest groups, around the issue of the Common Agricultural Policy for instance, provided

the climax for the neo-functionalism theorizing of European integration. Throughout those years, the theory faced many important backlashes. The neo-functionalism approach underwent a major challenge when the main supporter of the theory, Haas, criticized it as obsolescent.<sup>2</sup> Behind this pessimism were some recent dramatic incidents. First of all, the French president De Gaulle had given the strongest blow to neo-functionalism. By vetoing the membership application for the UK, the French leader curtailed the process of geographical spill-over. He overtly expressed his opposition to supranational status for the Common Market.<sup>3</sup> This was what neo-functionalism failed to envisage. In addition, the French "empty chair" in 1965 showed another shortcoming of neo-functionalism as a potential challenge to political spill-over. By the early 1970s, the recession in the world economy and the oil crisis challenged the neo-functionalists again and brought the sectoral spill-over into question as well.

## 1.2 Neo-Functionalist Theorizing and Explanation

Haas initially utilized the concept of "community" in explaining the integration process. His definition of community singled out two crucial terms for the rest of his study: "Loyalty" and "groups". "Political community ... is a condition in which specific groups and individuals show more loyalty to their central political institutions than to any other political authority, in a specific period of time and in a definable geographic space."<sup>4</sup> Together with this definition, Haas emphasized a list of "indicators of community sentiment" showing how interest groups, political parties and governments are expected to act in a supranational setting. First of all, interest groups and political parties at the national level should support the supranational action beside the national governments. Secondly, interest groups and political parties should organize and define their interests beyond their national spheres. Thirdly, interest groups and political parties should come together around a common ideology regardless of their national positions. Next, interest groups, political parties and governments should comply with the decisions of the supranational organization and respect all its decisions even though they are to their own detriment. Finally, governments should negotiate in good faith and not be the persistent advocate of national interests.

Neo-functionalism integration may take place in such communities, where political elites have considerable effect on the integration process. These elites include the officials of trade associations, the spokesmen of organized labor, higher civil servants and active politicians. These actors are very

important since they have the ability to influence the decision-makers in the new institutions. In that sense, elite loyalty to the process is vitally important. Throughout this process, a shift in the focus of loyalty is expected. This does not mean to repudiate the nation state, but the emergence of multiple loyalties including loyalty for nation state. This loyalty shift will be in favor of supranational authority, which is simply a central decision-making organ. Haas described supranationality and its process in terms of institutions, powers, limitations, decision-making capacity and executive facilities of the organization. Supranationality is "the existence of governmental authorities closer to the archetype of federation than any past international organization ... while ... the remaining limits on the ability to implement decisions and to expand the scope of the system independently still suggests the characteristics of international organizations."<sup>5</sup>

When integration takes place in one economic sector, pressures for further economic integration within and beyond that sector, and greater authoritative capacity at regional level will bring the automatic spill-over process.<sup>6</sup> In that respect, spill-over implies a situation in which the achievement by one member state of its policy objectives may depend on the success of other member state(s) in its / their own policy objectives. Jeppe Tranholm-Mikkelsen developed an approach for the categorization of the concept of spill-over and differentiated three types of spill-over contributed to the explanation of this snowball effect: (1) functional spill-over, (2) political spill-over, and finally (3) cultivated spill-over.<sup>7</sup> Since the role of a high authority is indispensable for the automaticity of spill-over, the membership becomes vitally important. The attributes of the individuals should be in conformity with sectoral expectations. To sum up, whatever the type of spill-over is, convergences of expectations without any significant ideological support constitute the basis for further integration.

### 1.3 Necessary Conditions

Haas drew attention to the necessity of some additional specific tasks to be completed in order to maintain the momentum of integration. The establishment of a supranational authority for upgrading common interests is the first task. Moreover, Haas also envisaged that rational, urban industrial elites pursuing their own interests will control the integration process. Yet, in order to test the theory in different regional settings, more specific criteria were needed as necessary conditions. Haas and Schmitter

devised a three-stage model of conditions required throughout the integration process.<sup>8</sup>

**Table 1: The Haas – Schmitter Model**

| Background Conditions   | Conditions at the Time of Economic Union  | Process Conditions   |
|---|---|--|
| <ul style="list-style-type: none"> <li>- size of unit</li> <li>- rate of transaction</li> <li>- pluralism</li> <li>- elite complementarity</li> </ul> | <ul style="list-style-type: none"> <li>- possible governmental purposes</li> <li>- powers and functions of new region – level institutions</li> </ul> | <ul style="list-style-type: none"> <li>- decision – making style</li> <li>-rate of growth of transactions</li> <li>-adaptability of governmental / private actors</li> </ul> |

Source: Rosamond (2000: 71)

The first group of conditions are categorized as background conditions. The major determinants among the background conditions are the size and power of the units joining in the economic union. Attention is drawn to the relative weight of country power and size in the specific functional context of the union, whereas absolute military power or industrial capacity is regarded as irrelevant unless they are related with the purpose of integration process. Secondly, the rate of transactions among the participants has to be specified before the liberalization of restrictions. Trade figures, labour mobility, capital movements, and the possibility of establishment for professions, student exchanges and similar indices are some of the examples. The degree and kind of pluralism, which prevails within and among the member states, constitutes the third criterion to assume the existence of background conditions. The dominant group conduct in member states is highly important in determining the level of pluralism. The authors searched for the existence of three main characteristics among the groups. They questioned whether the group conduct in member states is functionally specific, universalistic, or achievement oriented. The balance of results in each member state depicts a “high”, “low” or “mixed” pattern, which helps for the final assessment about the pluralism as shown in Table 2. Finally, the mutual complementarity of national elites is required as a precondition for the success of the integration process. This necessitates understanding whether the motivating factors of corresponding groups in national settings are similar or not. As a result of this categorization, economic integration processes are evaluated under three headings: “high”, “low” or “mixed” according to the level of background conditions. The authors argued that the politization of economic relations is realized rapidly when there is similarity in size and power of the units, a high rate of

previous transactions, a high degree of pluralism, and marked elite complementarity.

After the background conditions are provided, Haas and Schmitter require two more groups of conditions for the well-functioning of the politization process. In this article, these conditions are evaluated as the necessary conditions during the implementation phase and separated into two parts as shown in the Haas - Schmitter diagram in Table 2: (1) the conditions at the time of economic union and (2) the process conditions that would prevail after the union becomes operative.

Regarding conditions at the time of economic union, the authors based their analysis of variables on a distinction of two criteria. The first group investigates possible governmental purposes by concentrating on party commitment. In doing so, they firstly analyzed a differentiation on the basis of examining whether parties profess a strong commitment to eventual political union or not. They concluded that the parties were generally reluctant to show political commitment. Secondly, they made another distinction between an identical commitment on a comprehensive and explicit economic agreement, and rather a mere convergence of aims with certain objectives. As a result of this variable analysis, the authors agreed on four possible outcomes with different ratings in the Haas and Schmitter diagram. (1) Identical economic aims with a strong political commitment and (2) converging economic aims with a strong political commitment generate a "high" rating. (3) Identical economic aims accompanied by a weak political commitment has a "mixed" rating, whereas (4) converging economic aims with a weak political commitment deserves "low" rating. From their perception, it is clearly seen that the political side of the issue gained importance with the beginning of the implementation phase.

The second major pattern variable at the beginning of economic union is connected with the degree of institutional structure. Haas and Schmitter again resorted to a two pair distinction. The first mode of institutional structure is "built-in" or "automatic" integration, whereas the second mode, "negotiated" integration, explains a weaker institutional model. The automatic integration takes place when the dismantling of obstacles to the integration process is under the control of the central authority. The aim of member states is an integration process deeper than simply a customs union or a free trade area. Within this system, all the decisions in discrete economic sectors are designed in a way that developments in one sector

positively affects the cognate sectors in order to form a coherent welfare policy. When national governments support the independent region-level bureaucrats in policy-making, the effects of automatic integration increases. On the other hand, the second choice in determining the level of the institutional structure is known as negotiated integration. In contrast with the former one, the loose institutional structure causes a flexible decision-making with the high influence of national governments. Since the major decisions are taken by the negotiations among member governments, the role of the central organs, thus supranationality, is neglected.

Together with these conditions, the authors noticed three main items for the satisfaction of what they named as "process conditions." First of all, the decision-making style is the major item of process conditions. This is a process that develops among the actors through implementing the economic union. As much as the decision-making resides with uninstructed experts of the supranational authority, integration process would have a "higher" rank. On the other hand, the alternative is a style of bargaining, which concentrates on the results of decision rather than the act of decision-making. Bargaining in the form of diplomatic negotiations turns into a setting in which a bureaucratic mode of decision-making prevails. Yet, the supranational character is absent in that formation, which in turn decreases the rating from "high" to a "mixed" or "low" degree in the Haas and Schmitter model.

Table 2: ECONOMIC UNIONS: DISTRIBUTION OF PATTERN VARIABLES.

|                                      | EEC        | EFTA        | OECD                | COM-ECON            | East African Common Market | West African Federation | OAMCE | West Indian Federation | Central American Common Market | LAFTA               |
|--------------------------------------|------------|-------------|---------------------|---------------------|----------------------------|-------------------------|-------|------------------------|--------------------------------|---------------------|
| Background Conditions                |            |             |                     |                     |                            |                         |       |                        |                                |                     |
| 1. Size of units                     | mixed      | Low         | Low                 | Low                 | Mixed                      | Low                     | Low   | Mixed                  | High                           | Mixed               |
| 2. Rate of transaction               | high       | mixed       | mixed               | high mixed          | Low                        | Low                     | Low   | Low                    | Low                            | Mixed               |
| 3. Pluralism                         | high       | high        | high                | high                | Low                        | Low                     | Low   | Mixed                  | Mixed                          | Mixed               |
| 4. Elite complementarity             | high       | mixed       | mixed               |                     | mixed                      | High?                   | Mixed | mixed                  | Mixed                          | Mixed               |
| Total Judgement                      | high       | mixed       | mixed               | Mixed+              | Mixed -                    | Low +                   | Low   | mixed                  | mixed                          | Mixed               |
| Conditions at Time of Economic Union |            |             |                     |                     |                            |                         |       |                        |                                |                     |
| 5. Governmental purposes             | High       | Low         | Low                 | Mixed               | Low (1960)                 | Mixed (1958)            | ?     | Low                    | Mixed                          | Low                 |
| 6. Powers of union                   | high       | low         | low                 | low                 | high                       | Low?                    | low   | low                    | low                            | Low                 |
| Total Judgement                      | high       | Low         | low                 | Low                 | mixed                      | Mixed ?                 | Low + | Low                    | Mixed -                        | Low                 |
| Process Conditions                   |            |             |                     |                     |                            |                         |       |                        |                                |                     |
| 7. Decision-making style             | Mixed High | Mixed High  | Low Mixed           | Mixed High          | Mixed Low                  | ?                       | ?     | Low Low                | Low Mixed                      | Mixed Mixed         |
| 8. Rate of transaction               | high       | high        | mixed               | Mixed               | Low                        | low                     | ?     | Low                    | ?                              | Mixed               |
| 9. Adaptability of governments       |            |             |                     |                     |                            |                         |       |                        |                                |                     |
| Total Judgement                      |            |             |                     | mixed               | low                        | low                     | ?     | low                    | Mixed ?                        | Mixed               |
| Chances of Automatic Politization    | good       | Fairly good | Possible - doubtful | Possible - doubtful | doubtful                   | Poor ?                  | ?     | poor                   | possible                       | Possible - doubtful |

Source: Haas - Schmitter (1964)

Secondly, the re-examination of the rate of transactions is another decisive factor for the sufficiency of process conditions. The interzonal growth rate and the rate of growth in transactions with the outside world are the particular indices for rating. Finally, the third item of process conditions concerns the adaptability of the chief actors. These may include private actors as well as the governments. Haas and Schmitter evaluate the adaptation in "functional" terms. In that respect, the criterion is the capability of actors to redefine their means of action at a higher level even though crises takes place or consensus breaks down because of the difficulties and disappointments in attaining the original goal. If redefinition is achieved at higher level co-operation, the automatic consequence will be a spill-over into other areas. As a result, the successful cases in this process have "high" rating, whereas economic unions that fail to do so have "low" rating as far as the process conditions are evaluated.

## **2. The Application of Theory to the Turkish - Greek Case**

### **2.1 A Comparison between the Turkish - Greek Case and the European Integration Process**

There are some similarities between the Turkish - Greek case and European integration. These similarities helps to rationalize to study the relevance of an integration theory which is said to be designed for explaining the European Integration process on a specific case other than ECSC, EURATOM, EEC or the EU.

The first similarity is that, European integration aimed to solve a deep conflict between two countries: Germany and France. This comparison has two main findings. Firstly, there was one contested region, which constituted the reason for most of the debate between Germany and France. The similarity of this case is relevant for the Turkish - Greek case. The Aegean has been the Alsace - Lorraine of the Turks and Greeks. The main difference is that the countries have never fought in a war for the Aegean as the Germans and French did. Secondly, the Aegean is critically important from the economic point of view, which was also the most important characteristic of the Rhine region. The coal and steel rich Saar presented economical resources, which both France and Germany fought for. Similarly, the economic benefits of the Aegean brought Turkey and Greece to the brink of war. From the perspective of strategic economic importance, not only the tourism and fishing sectors are available, but also the

underground resources of the Aegean have considerable economic importance.

Secondly the cultural characteristics of the European states were very similar. The Europeans have co-existed with each other for a long time and have very common characteristics. From that perspective, living in the same region more than four hundred years, Turks and Greeks exhibit so many common characteristics. Ordinary people have shared the same values and habits, so that a similar process like the European integration process can possibly take place as far as the second criteria is concerned.

Thirdly, the European integration process has begun in a specific region. This region constitutes the Western European countries. The countries of the region had similar opportunities and threats. Geographical proximity among the countries of the European integration process is also relevant for Turkey and Greece. The two countries are located within the same region and have similar advantages and disadvantages derived from their regional setting. The advantages of trade or the regional threat of instability have been the same for Turkey and Greece.

## **2.2 Existence of Background Conditions in Turkish – Greek Case**

In evaluating the background conditions, the first criterion is the similarity in size and power of units joining in the economic union. Since the concepts related with the functional activities of integration are sufficient, the difference of military capacity or their absolute industrial capacity is disregarded. From that perspective, the size and power of the sectors where co-operation may take place are relatively similar in the Turkish – Greek case. For instance, the size and scale of tourism and transportation are almost similar for the two countries. On the other hand, there are differences regarding some other sectors. For example, there is a superiority for the Greek side as far as the shipping industry is concerned, whereas the Turkish production sector has far more developed when compared with Greece. Similarly, Greece has been more developed in the IT sector, whereas Turkey has a noticeably bigger construction sector. On the aggregate, the relative size and power of the countries have almost equal capabilities in the field of co-operation when the different sectors are considered as a part of a unique system.

The second criterion is related with the rate of transaction between Turkey and Greece. It was incredibly poor before 1980s. However, a gradual increase in transaction took place in following years. Trade figures began to change after the early 1990s and gained considerable speed within a decade. While the total trade volume was 273.8 million US Dollars in 1994, it gradually increased up to 868.5 million of USD in 2000. Although it decreased to 742.3 million USD in 2001, it was an artificial change due to the economic crisis that the Turkish economy had experienced. Therefore, the characteristic has changed into a “mixed” volume trade in the Haas and Schmitter scale. Although there are problems in the free movement of labor, capital movement has begun by the late 1990s. Greek investors seem more interested in investing in Turkish markets. Particularly, the efforts of the Turkish – Greek Chamber of Commerce and the Council of Turkish – Greek Co-operation are very helpful in increasing the rate of transaction.

Thirdly, the degree and kind of pluralism has great emphasis in Haas and Schmitter (1964). From that point of view, Turkish and Greek politics can be evaluated from three aspects. The first task is to find out whether group conduct in each country is functionally specific or not. In that sense, the private groups favoring Turkish – Greek co-operation do not closely focus on precise issues. The efforts are rather diverted into a general improvement in relations. The most concrete example is the Turkish – Greek Chamber of Commerce. Although they have examined co-operation in several sectors, they have not focused on a detailed analysis of a specific sector. Therefore, from the neo-functionalistic point of view, the situation in Turkey and Greece is insufficient, yet not at the lowest level. Secondly, the universalistic nature of group conduct is important in determining the level of pluralism. As Haas explained, groups in each country must be partisans of thought patterns having their parallels in groups across the border<sup>9</sup>. The groups in Turkey and Greece depict similar features, particularly when business elites are concerned. Thus, this helps to increase the degree of pluralism. Thirdly, achievement-oriented group conduct is critical in understanding the degree and kind of pluralism in the Aegean countries. In that sense, some of the Turkish and Greek elites constitute obstacle against rapprochement. For example, unofficial impediments against Greek contractors or the informal governmental pressures on Turkish IT companies show that dominant group conduct represents national interest orientation rather than achievement-orientation, which in turn decreases the level of pluralism. In light of these, the total judgment for the degree and kind of pluralism, which prevails within and between Turkey and Greece, may be evaluated as a “mixed” level from the perspective of the Haas and Schmitter valuation system. In

addition to this, according to Loughlin, Greece was a highly centralized state until the 1980s and had dominant political parties. Pasok's decentralization efforts were only partially implemented. In that sense, Greek politics is similar to Italian politics,<sup>10</sup> which is graded as a "mixed" one by Haas and Schmitter. This similarity is also explained by Haas. He asserted that the western European social scene was dominated by pluralism with the exception of Greece, Turkey, Portugal, parts of Spain and southern Italy.<sup>11</sup>

The final criterion for the existence of background conditions is the degree of mutual complementarity of national elites. With regards to the Turkish – Greek case, most of the leaders of the private sector share common expectations. In addition, most of the governmental elites have continuously stressed their willingness for co-operation despite the longstanding disputes. The military interventions were a part of the democratic life in Greece and Turkey. In Greece, the military rarely questioned civilian supremacy or parliamentary rule.<sup>12</sup> However, the influence of military actors decreased after becoming a member of the EU. Turkish military, on the other hand, is still involved in political issues.<sup>13</sup> Despite this minor divergence, the key leading military men have also depicted similar tendencies regarding the politics. As a consequence, it can be asserted that corresponding elite groups think alike in the Turkish – Greek case.

To sum up, although the latter two criteria seem to be poor when compared with the ECSC, their sufficiency in providing the requirement of background conditions and the relatively higher rate of the former two criteria support the existence of background conditions in Turkish – Greek case as far as the Haas and Schmitter model is concerned.

### 2.3 An Implementation Scenario

There is a high potential for co-operation between Turkey and Greece in specific economic sectors. As the interviews confirmed, these sectors are; tourism, transportation, shipping and navigation, information and communication technologies, production, construction and energy. Developing a co-operative action in these sectors will provide economic benefits to the parties taking part in that co-operation. In that sense, an implementation scenario can be written by using these sectors.

### 2.3.1 The Beginning Sector: Tourism

Tourism seems to be the most suitable sector of economics to begin with a neo-functional application. The experts from different interest groups reinforced this perception. There are several reasons for why tourism is the best alternative needed to develop a neo-functional approach. First of all, tourism is regarded as a comparably insubstantial sector in the area of low politics. Secondly, tourism is an important sector for both neighbors of the Aegean as in the coal and steel industry in the ECSC case. Another advantage for selecting the tourism as the initial sector for developing the rapprochement process is that tourism provides considerable revenue for both Turkish and Greek people. Furthermore, there are many common features between Turkey and Greece as far as tourism is concerned. The similarity in historical and cultural values, which complements the tourist routes, makes it easier to co-operate in this field. Finally, the co-operation of non-governmental organizations has already extended to a high level in the field of tourism in a comparison with other sectors as well.

Interests groups in the tourism sectors in both Turkey and Greece are inclined to take part in a supranational structure as the theory envisages. The interviews among the sectoral elites showed that almost all the individuals and corporate bodies working in the tourism sector have the highest rate of desire for co-operative activity between Turkey and Greece. The main reason for this optimistic behavior lies within the benefits and interests expected from co-operation. The combined efforts particularly in these specific fields may generate a synergy, which may more easily result in an increased number of tourists rather than individual efforts by the Aegean neighbors.

After deciding that the beginning sector is tourism, the second step for the implementation of neo-functionalism in the Turkish - Greek case is to form a high authority, which will regulate the sector within both countries. The high authority will be the initiator of all decisions, activities and forecasts about the tourism sector. The members of the high authority have to be selected by the consent of the member states instead of simply nominated by one government and automatic acceptance of the other. The characteristics of the members are also important. Remembering that the members of the high authority do not receive instructions from any government, party or interest group, and their responsibility requires fulfilling the best activities for the tourism sector, the essential socio-political attributes and backgrounds of the members should be in conformity with these facts.

Therefore, entrepreneurs from the tourism sector, politicians, civil servants and members of NGOs interested in the sector should be elected as members of the high authority.

The high authority has to be an active agent for the redirection of loyalties and expectations toward an atmosphere in which political improvement can be achieved. For this purpose, all the means of tourism should be controlled and regulated by the high authority. In light of all these, the high authority should:

- prepare and control the tourism regulations of the Aegean sea. In that respect, all the rulings and regulations about the yachting, blue voyages, and island tourism activities should be included within the responsibility of high authority.
- regulate the employment issues and vocational training activities between Turkey and Greece. In that sense, even in the near future, the free movement of labour for tourism sector can be taken into consideration, particularly during the high tourism seasons.
- search for and provide the required financial resources for tourism sector. Siiha Uyar, an expert in the tourism sector, argued that even if 5 percent of the total defense expenditure of Turkey and Greece were channeled for tourism; the Aegean neighbors would easily become the best tourism resort in the Mediterranean. Therefore, the amount of funds for tourism is vitally important.
- conduct the co-operation in joint advertising of tourism facilities of both countries. For example, Spanish budget plans for improving tourism total more than 7 billion US Dollars for the next six years although almost 50 million tourists visit Spain in 2001. The budgeting in Turkey and Greece however is comparably low. Turkish planned-spending on advertising is just above 30 million US Dollars for 2002. In that sense, the direction of some resources for the purpose of joint promotion should be another responsibility of the high authority.

As a result of these facts, several specific benefits may appear. The current share of worldwide tourism activity for Turkey and Greece is only 1.5 percent and 1.8 percent of total tourists, respectively. According to Uyar, in case such a level of co-operation as mentioned above is achieved, the share

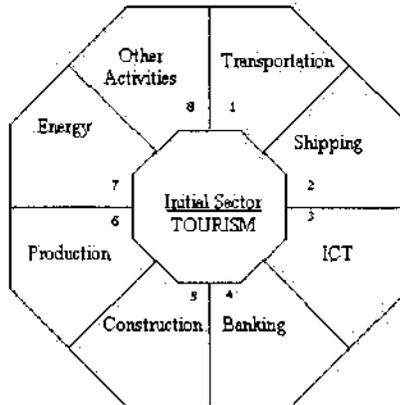
of Turkey and Greece will rise to an average of 2.5 percent of worldwide tourist destinations, which corresponds almost to 18-20 million tourists for each country.

The actors in the tourism sector will be very pleased with the results of co-operation, which in turn may cause a shift in loyalty to the new central agency. The loyalty transfer in the tourism sector is expected to be realized because of the group desires for a new order. The tourism sector is one that there is almost no ideological inclination among the actors. Thus, the most serious underlying motives of the actors are economic expectations. Particularly after the installation of central institutions, the economic benefits of the co-operation presented by the high authority will grow rapidly. As a consequence, the actors in the tourism sector may be strictly devoted to the co-operation process and urge for further integration under the auspices of the high authority. Therefore, transfer of loyalty to the central institutions in addition to the existing loyalties for nation state may be provided. Since a successful co-operation and shift of loyalty are provided under the control of high authority, the automaticity of the process may then begin. The neo-functional reasoning labeled this as the well-known phrase of "spill-over".

### 2.3.2 Spill-over

In evaluating the effect of spill-over of tourism sector within the Turkish - Greek case, the ECSC model may be an appropriate example. The presence of a "high authority", which represents a supranational bureaucracy appointed by the agreement of parties, provides a control mechanism for the system. This automatically generates a system that the founders termed as "spill-over". Haas defined spill-over as the way in which the creation and deepening of integration in one economic sector may create pressures for further economic integration within and beyond that sector, and explained it in detail.<sup>11</sup> For instance, the integration of the coal and steel sectors may not be properly accomplished unless a similar coordination between member states in policies regarding the transportation sector is provided in order to facilitate the movement of raw materials, products and so on. It is useful to remember Lindberg's similar approach, where the spill-over process is referred to as a chain of conditions and actions: "... a situation in which a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more action

and so forth.”<sup>15</sup> As in Figure 1, tourism takes a central position in a neo-functional co-operation model.



**Figure 1:** Neo-Functionalist Co-operation Model For the Turkish – Greek Case

As in Lindberg’s approach, the situation in which a given action in tourism, related to a goal of attracting more tourists, creates a situation in which the original goal can be guaranteed only by taking further actions in the other sectors.

The first impact of increased tourism prospects will be on the transportation sector. There may be a two-fold effect: Firstly, there will be a direct effect on passenger transportation. The escalating tourism prospects may require a further step for co-operation in the transportation sector, since there will be more tourists traveling between the Turkish and Greek tourist resorts. Secondly, trade between Turkey and Greece is expected to increase as a result of co-operation in tourism. Turkey produces every kind of product that Greece may need to purchase. In case of an increase in tourist prospects, there may be an increasing demand in Greece because of higher consumption rates. With its competitive advantage derived from cheaper labour cost and proximity advantage, Turkey may easily be the supplier. This may lead to increased transfer of goods from Turkey to Greece, so that

tourism will have an indirect affect on transportation. However, the role of high authority will be more difficult than the tourism sector because of specific problems peculiar to individuals. The elites have already had problems in controlling individual actors. Therefore, the level of loyalty will be far less than the loyalty of actors in the tourism sector. Yet, the positive consequences of co-operation may be encouraging for solving those problems. The most important thing is that members of the high authority should include individuals, who are aware and capable of satisfying the interests of the actors involved. The positive consequences of integration in transportation may also trigger improvement and similar tendencies in (1) banking and finance, (2) information and communication technologies (ICT), (3) shipping and navigation, (4) construction, (5) production and finally (6) energy sectors.

The second spill-over impact of increased tourism perspectives may be on shipping and navigation. This effect may vary from scheduled voyages between different Turkish and Greek ports to harmonization of navigation systems in the Aegean, to co-operative arrangements in yachting, blue voyages and island tourism. Moreover, the increased transfer of goods may be transported by shipping. As well as co-operation in naval transportation, the spill-over process may take place in ship-building industry. The perceptions of elites in shipping industry showed that a high loyalty shift to the supranational control is probable in shipping industry. This fact is due to the success of the process. Therefore, the membership of the high authority may expand to include individuals who have the capacity to conduct the issues related to shipping and navigation. Further spill-over into banking and finance, ICT, and production sectors may be realized after the neo-functional model is implemented.

The ICT sector is another spill-over area of the tourism sector. Since the hotels, agencies and other actors will co-operate, their technological infrastructure must be in conformity. Thus, the tourism sector will need substantial IT support as well as the harmonization in communications technology, because the developments in tourism has to be supported by different technological systems. The elites in the IT sector are very interested in such a co-operation. Both sides are sufficiently aware of the fact that co-operation will bring more prosperity to the sectoral actors. Therefore, a high level of actor loyalty can be expected regarding the IT sector. The intensifying relations in ICT may probably require coordination of the banking and finance systems in the countries at some level.

The banking sector is the fourth major area where a functional spill-over may take place after the beginning of Turkish and Greek co-operation in tourism. Actually, not only tourism sector, but also improvement in every other sector requires a well-functioning level of coordination between the Turkish and Greek banking sector and financial institutions. The impact of tourism on banking can be two-fold: Firstly, coordination in banking system should be provided. Secondly, co-operation among the financial institutions may develop because of the advantageous opportunities. The actor position in banking sector is not as decisive as in tourism or ICT sector. The governments may interfere with intense co-operation in banking and finance. The high authority, in that respect, may face difficulty to gain approval from the both sectoral actors and the political actors in order to take the responsibility of the banking sector. If this is achieved, than the difficulty in providing the loyalty of actors will be another obstacle against the high authority. Remembering Lindberg's explanation about the features of spill-over situation cited above, any governmental intervention or disagreement may be solved by an expanded role of the central institutions. The co-operation in banking and financial institutions may trigger deeper relationships in the ICT industry.

Tourism has also potential direct and indirect spill-over effects on the production sector in conformity with the neo-functional theory. According to expert forecasts, 5-7 million more tourists will be visiting each country after a probable coordinated action. There will be a direct impact of tourism on production of goods because of the increasing consumption of tourists. From foodstuffs and beverages to clothing, to souvenirs, various kinds of production will be needed. There are also indirect effects such as the input materials in the construction sector. As far as the elite complementarity is concerned, it should be noted that actors perceive the co-operation as acceptable since it gives the impression of profitable outcomes. The chambers of commerce in specific cities of both countries spent considerable effort for this purpose. In addition to that, KOSGEB and EOMMEX signed protocols and arranged fairs in order to promote the bilateral trade and investment.<sup>16</sup>

With the increase in tourist potential, the insufficiency of the hotel capacity in the countries will require co-operation in construction as a cognate sector. The first direct effect of tourism on construction is the need for building more hotels, resorts and other similar places to serve the increasing number of visitors. Tourism will also require building huge

entertainment and shopping centers in the areas where more tourists are expected. In addition, the renovation of roads, railways, and every kind of port will be an urgent requirement since more tourists will be transferred from one country to the other. The elites of construction sector also declared their interests in co-operation.<sup>17</sup> However, as with banking, some problems arose from the intervention of governments. As an active agent playing a crucial role in identifying common interests and implementing policies to the benefit of actors,<sup>18</sup> the high authority may easily solve these problems. The possibility of further spill-over from construction to various production industries, banking and finance and transportation is also high.

Beginning with the co-operation in tourism which then spread to other sectors, will require coordinating the energy resources of the two countries. The elites of the energy sector, on the other hand, generally differ from other sectors. Although privatization efforts allow for some private actors, the sector is highly dominated by governmental actors in both countries. The co-operation plans have been made in different energy areas, yet these plans will not be implemented in the near future. Moreover, the existence of governmental elites may involve national interests and may require bargaining. In that sense, the lack of agreement between governments may lead to an expanded role for the central institutions. Therefore, the capacity of membership in the high authority may be increased in order to solve the situations related with energy sector as well as the situation in other sectors. This may facilitate the final major economic sector – energy – to integrate more easily in to the rapprochement between Greece and Turkey provided by the neo-functional system of integration. Further spill-over from energy to construction and transportation is also plausible.

### **3. An Evaluation of the Neo – Functionalist Model in the Turkish – Greek Case**

The implementation of the neo-functional integration model in the Turkish – Greek case may develop positively as is explained above. On the other hand, the actual situation may also appear different from the expected situation. There is the possibility of a departure from the original goal of the Turkish – Greek rapprochement. In order to have a more clear vision of the outcome, the case should be examined by using the criteria envisaged by the founders of neo-functionalism. The criteria adopted by Haas and Schmitter (1964), which was explained in first part, may be selected as the most proper way in evaluating the validity of the necessary conditions in the Turkish – Greek case.

The necessary conditions during the implementation phase can be divided into two groups. The first group concerns "the conditions during the economic union", and the second group concerns "the process conditions".

In examining the former group, according to Haas and Schmitter (1964), the "governmental purposes" are vitally important in analyzing the commitment to the process. In that sense, the current declarations of the countries on the development of co-operation gives a positive impression about the existence of commitment. Nevertheless, the authors discuss a distinction between an identical commitment on a comprehensive collaboration and a simple convergence of specific aims.<sup>19</sup> From that point of view, the negative examples of governmental intervention in the Turkish - Greek case make for a pessimistic impression. The implicit pressures made on some IT companies in Turkey and similar problems regarding the construction sector in Greece shows that the Turkish - Greek case can only be graded with a "low" rating in line with the Haas and Schmitter diagram.

Secondly the "institutional structure" is an element of grading the existence of necessary conditions at the time of economic union. The theorists made a distinction between automatic integration and negotiated integration, considering the powers of supranational institutions in the decision-making process. As far as the current level of relations is concerned, the parties will be reluctant to see a strong high authority. In that sense, the second criterion may be rated either as low or a mixed. The total judgment over the existence of necessary conditions at time of economic union, therefore, may be rated either as a minus mixed or low according to Haas and Schmitter diagram.

The existence of some conditions just after the act of union is also decisive in evaluating the applicability of neo-functionalism. Haas and Schmitter (1964) asserted three criteria for examining the process conditions. These are "the decision-making style", "rate of transaction" and "adaptability of governments". Firstly, as far as the problematic nature of relations are concerned, a decision-making style residing with the uninstructed experts of the supranational authority seems to be extremely difficult in Turkish - Greek case. Instead, the style of decision-making may depend more on bargaining. As a matter of fact, the criteria regarding the decision-making process may possibly have a "low" rank. On the other hand, there may be a high rate of transactions that may provide a "high" rating. The final criterion has two sides, because the actors may depict

different attitudes. The private actors may easily adapt to the new conditions, particularly within a well-functioning system. However, the governmental action may face difficulty in redefining their means of action, especially if there is crisis or the consensus breaks down. In that sense, the third criterion may be rated at most as "mixed" according to the Haas-Schmitter scale. In aggregate, judgment of process conditions for the Turkish – Greek case may have either "mixed" or "low" rating along the lines of the Haas – Schmitter diagram.

### Conclusion

In a neo-functionalist manner, the existence of *background conditions* paved the way for a process of neo-functionalist implementation in Turkish – Greek case. However, the "conditions during the economic union" and the "process conditions" that the neo-functionalist theorists require do not give optimistic results. The lower rates of necessary conditions during the implementation phase makes it difficult to apply the neo-functionalism in such an intricate case, where the delicate balances between the parties can drastically affect the solutions. In brief, the chances of automaticity for the amelioration of relations in Turkish – Greek case can be regarded as possible but doubtful.

In addition to this, a series of other factors peculiar to Turkish – Greek relations should also be taken into consideration. From that point of view, Güliden Ayman mentioned three main categories of factors troubling any solution in relations.<sup>20</sup> These are (1) the structure of international system, (2) internal political conditions, and (3) the nature of confrontation. Fuat Aksu state another categorization of factors affecting Turkish - Greek relations.<sup>21</sup> His three-fold categorization comprises: (1) Historical events, (2) mutual perceptions, and (3) internal and external political concerns. In light of these categorizations, a conclusion may be drawn to define the factors negatively effecting the improvement in relations regarding a neo-functionalist rapprochement. In such an analysis, the impediments against rapprochement may be divided into three categories.

The first category may be mutual perception, which comprises not just the structure of relations, but also the historical causality in Turkish – Greek relations. The second topic discusses the impediments derived by the internal political atmosphere. Thirdly, the role of external factors has also contributed to the development of Turkish – Greek relations.

To sum up, even though the functioning of a neo-functionalist integration model to the Turkish – Greek case is ambiguous from a neo-functionalist point of view, it can give optimistic results in a probable rapprochement process. However, some certain impediments should be terminated by the political leaders of both Turkey and Greece. Those impediments are not unavoidable. The politicians concerned may find strategies for developing positive perceptions and allow for a release from the impact of external factors. Yet, politicians and others who have decisive roles in Turkish – Greek relation must be relieved from the realist assumptions. Otherwise, the theory would have a limited impact on the relations. In that case, the impact may be constricted to a simple process of regional co-operation between neighboring countries.

### Endnotes

<sup>1</sup> In his famous book, *The Uniting of Europe*, the founder of the neo-functionalist theory, Earns B. Haas descried the details of the process which is expected to result the integration of the participating units.

<sup>2</sup> Haas, Ernst B., "Turbulent Fields and the Theory of Regional Integration" in *International Organization* Vol. 30 No. 2, 1976: pp. 177-178.

<sup>3</sup> Hartmann, Frederick H., *The Relations of Nations*, New York: Macmillan Publishing Co. Inc., 1978: pp. 529-532.

<sup>4</sup> Haas, Ernst B., *The Uniting of Europe: Political, Social and Economic Forces 1950 – 1957* (2<sup>nd</sup> edn.), Stanford: Stanford University Press, 1968.

<sup>5</sup> *Ibid.*, p.59.

<sup>6</sup> Lindberg, Leon N., *The Political Dynamics of European Economic Integration*, Stanford: Stanford University Press, 1963, pp.: 10-11.

<sup>7</sup> Tranholm-Mikkelsen, Jeppe, "Neo-functionalism: Obstinate or Obsolote? A Reappraisal in the Light of the New Dynamism of the EC", in *Millenium*, Vol.20 No. 1, Spring 1991, p.: 4

<sup>8</sup> Rosamond, Ben, *Theories of European Integration*, London: Macmillan Press Ltd, 2000, p.: 70-71.

<sup>9</sup> Haas, 1968, p.: 158

<sup>10</sup> Longhlin, John (in collaboration with Aja, Eliseo, Bullman, Udo, Hendriks, Frank, Lidstrom, Anders, Seiler, Daniel), *Regional and Local Democracy in the European Union*, Luxembourg: Office for Official Publications of the European Communities, 1999, pp: 105-106.

<sup>11</sup> Haas, Ernst B., "International Integration: The European and the Universal Process" in *International Organization*, Vol. 15 No. 3, 1961, p.: 374.

<sup>12</sup> Veretnis, Thanos, *The Military in Greek Politics – From Independence to Democracy*, London: Hurst & Company, 1997, p.: 183.

<sup>13</sup> Jenkins, Gareth. "Turkey's Changing Domestic Politics" in Dimitris Keridis and Dimitrios Triantaphyllou (eds), *Greek – Turkish Relations in the Era of Globalization*, Dulles, VA: Brassey's, 2001, pp.: 32-35.

<sup>14</sup> Haas, 1968, pp.: 283-317.

<sup>15</sup> Lindberg, 1963, p.: 10.

<sup>16</sup> Progress Report: VII. Meeting Of The Greek – Turkish Working Group On Trade and Economic Co-operation, March 19<sup>th</sup>, 2002, pp.:1-3.

<sup>17</sup> *Rapor: Yunanistan Görev Seyahati*, Türkiye Mühendisler Birliği, 2001, p.:2

<sup>18</sup> Lindberg, 1963, p.: 8.

<sup>19</sup> Haas, Ernst B. and Schmitter, Philippe C. "Economics and differential patterns of political integration: Projections about duty in Latin America" in *International Organization*, Vol.18 No. 4, 1964, pp: 712-713.

<sup>20</sup> Ayman, Gülden, "Türkiye'nin Ege politikasında müzakere ve caydırıcılık" in Gençer Özcan and Şule Kut (eds), *Eri Üzün Önyıl*, İstanbul: Boyut Kitapları / Siyaset Yayınları Dizisi 11, Kasım 1998, pp: 298-300.

<sup>21</sup> Aksu, Fuat, *Türk – Yunan İlişkileri – İlişkilerin Yönelimini İnceleyen Faktörler Üzerine Bir İnceleme*, Ankara: Stratejik Araştırmalar ve Etüdler Milli Komitesi, 2001, p. 141.