

**An Account of the Development of Social
Insurance for Cyprus, 1878-2004; with
particular reference to Older People**

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ABSTRACT

This thesis explores and analyses the evolution of social insurance in Cyprus from 1878-2004 and those factors that led to its development. In order to provide a comprehensive view the study begins with the arrival of the British in Cyprus in 1878 after 300 years of Ottoman occupation.

This study includes an analysis of the labour movement which spearheaded the campaign for the introduction of social insurance. Both the labour movement and the British colonists are considered as significant players in the story of introducing social insurance in Cyprus. The labour movement acted as a source of pressure in its campaign for improved social welfare whilst the British created as many obstacles as possible against such a development. In addition, the study illustrates the social conditions of the general population but with particular emphasis on the older population, the group most affected by a lack of social insurance. This emphasis includes a detailed study and analysis of the role of elderly people and their movement in their campaign for improved pensions.

The thesis is divided into five chronological periods with each having its own significance in the evolution of social insurance. The analysis in each chronological period illustrates the events and the outcomes of its introduction and the turbulent and dramatic course of its evolution as well as its significance in supporting workers and pensioners. The study is based on a documentary research method utilising various primary and secondary sources as well as oral history interviews with eight key persons in the area of social insurance, the labour movement and the older people's movement. The study also makes use of the work of seven authors from different areas of expertise and at different points in time. The conclusions of the thesis indicate that social insurance in Cyprus was not a state 'creation' but, instead, the outcome of persistent campaigns from ordinary people struggling against the odds.

Finally, the thesis concludes with the accession of Cyprus to the European Union (EU) in 2004 where any future developments in social policy will be shaped and regulated by the decisions and guidelines of the European Union.

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Declaration

I declare that the work in this dissertation was carried out in accordance with the Regulations of the University of York. The dissertation has not been submitted for any other degree and has not been presented to any other University for examination either in the United Kingdom or overseas. Some of the material in this thesis was published in:

Neocleous, G. and Ioakimidis, V. (2012). Social conditions and the labour movement in Cyprus In Peristianis, N., Phellas, K., and Amitsis, G. (Eds). *The Social Portrait of Cyprus*. Nicosia: University of Nicosia Press.

Chapter 1

Introduction

1.1 Origins of the Study

In 2004 Cyprus joined the European Union. An ever present challenge at that time was the increasing number of elderly people in the Cypriot population. The numbers involved were dramatic.

In 1976, two years after the Turkish occupation of the north part of the island, there were 50,285 people aged over 65 years. 25 years later, in 2001, this had increased by 63% to 82,313. As the total population of Cyprus increased over the same period by less than this percentage – an increase of 41% from 497,879 to 703,529 – it is not surprising that those over 65 years made up an increasing proportion of the population, rising from 10.1% to 11.7% (Republic of Cyprus Statistical Service, 2013– see Appendix 1).

The response from the Cypriot Government was to increase the value of pensions. However, this did not mean that the increments ensured that issues of deprivation and disadvantage that the elderly population might experience would be met. One commentator stated that:

“Unfortunately, there are, still, low pension payments... (and there is the need) for the increase of minimum pensions in order to secure a decent quality of living for older people” (Syntaxiouhos, 2004b: 47).

Yet the increasing number of elderly claimants together with worsening economic conditions meant that there were concerns about the future of the social insurance system and its sustainability. There was very real anxiety at national level that meant ways had to be found to prevent the system of financial support for pensioners from collapsing (Ministry of Labour and Social Insurance, 2007).

With relevant experience and interest in ageing issues from the United States (where I acquired my Bachelor and Master degrees in Social Work) but with little experience of services and welfare programs for elderly people in Cyprus, I

decided to explore this area and analyse how the social welfare system for elders evolved in Cyprus.

In the course of this investigation I came to appreciate that the topic was very large and general but that such a policy study could not ignore social insurance, already under discussion in the European Union and at a national level. So, I was keen to concentrate on that topic while maintaining a focus on social conditions in relation to the impact of such a system, especially on the elderly population as a specific user group.

As a result, I went on to develop the subject which now focuses on the historical evolution of the social insurance scheme in Cyprus and to explore and analyse those factors and driving forces that led to its development. However, I had to decide the time-frame of such a topic. Studying the relevant, yet limited, literature I found that efforts to introduce social insurance in Cyprus began during the British colonial years in the early 20th century. This directed me to begin my research from the arrival of the British on the island in 1878 and the reasons that brought them to Cyprus in the first place. This exploration has contributed significantly to an understanding of the attitude that the British colonial administration maintained on the issue of social insurance in Cyprus. Regarding the end point of this study, I decided that the thesis should finish in 2004, the year in which Cyprus became a full member of the European Union. From that moment, any further developments on the island, including social policy issues, would be very much affected and regulated by European Union decisions and guidelines.

Two key points about the status of the study have to be made:

First, this thesis is the first comprehensive work focusing on the social implications of the development of social insurance in Cyprus over a period of one hundred and twenty-six years. At the same time its attention is not uniquely focused on the elderly population but has also followed the struggles of the labour movement as the first movement which raised the issue of social insurance and initiated the campaign for its introduction in Cyprus.

Second, in researching the topic I found a gap in the local literature regarding these two areas of research, i.e. the development of social insurance and elderly people and the relationship between the two. My initial attempts to explore this led to the conclusion that there was a dearth of material in the public domain. Apart from some scattered references, there is no comprehensive study specifically aimed at the elderly population of Cyprus within the context of their social circumstances, especially before, but also after the introduction of social insurance. This, in turn, led to the exploratory research which I then undertook and it is this gap that this thesis seeks to begin to fill.

Given the paucity of existing material, the thesis, of necessity, contains a significant amount of description of both key events and actors considered in the context of the social and political conditions of their time. This descriptive material contributes to providing an account of the history and processes involved so that it is possible to begin to understand some of the key factors in the development of social insurance provision for elderly people in Cyprus.

It is vital to say that the subject was approached and the thesis written from my position as a Cypriot academic with the values and stance that I developed and which have been influenced by having been born and raised in Cyprus. Having mentioned my Cypriot identity it is critical to explain that until 1974 the term Cypriots covered both Greek-Cypriots and Turkish-Cypriots. All the struggles for social insurance included the whole population since Cyprus had not yet been divided. From 1974 onwards, all developments which occurred in the Republic of Cyprus, including social insurance, excluded Turkish-Cypriots because they were forced to move to the north part of the island which is not controlled by the Republic. Only those with contributions to the scheme continued to receive their retirement pensions through the United Nations peacekeeping force stationed in Cyprus.

1.2 Structure of the Thesis

Chapter 3 presents the research design and methodology adopted for the study. This is the opening chapter as it has not been possible, given the lack of published

material, to present a traditional literature review that would conventionally precede the research design. In Chapter 3 ‘the rationale is presented for adopting documentary research as the primary source of evidence, supported by interviews with key political participants/commentators. In particular, the pivotal role for archival research – unique for this topic – is highlighted. The following five chapters, Chapters 4 to 8 inclusive, present both the findings and discussion with each chapter following a chronological time-line on the evolution of the social insurance system within the social and political environment prevailing in Cyprus, from the arrival of the British until their departure and the establishment of the independence of Cyprus (see Appendix 2 for a timeline summary of key events from 1878 to 2004).

In Chapter 4 the political circumstances that led the British to Cyprus are discussed in order to provide an understanding of their approach to ruling Cyprus and the way they governed the island from 1878 until 1900. The social conditions during the first twenty-two years of the British occupation and the environment under which the idea for a social insurance system first began to form are outlined and accounts are provided of the daily struggle of Cypriots to try and survive. The lack of any supporting mechanisms to older Cypriots’ welfare is identified alongside describing the efforts to establish the first trade unions together with the social and political forces that drove those attempts.

The discussion in Chapter 4 provides an analysis from 1900 to 1931. The consequences of British rule and the tax system it imposed on the local population, which ensured very difficult living and working conditions, are discussed along with the inequalities between public servants and private sector workers in relation to retirement pensions. The working environment which is presented in this chapter provides an understanding of the emergence of the new working class, the rise of the labour movement and its efforts to establish organized trade unions and the subsequent response of the colonial government and the local elite.

Chapter 6 explores the period between 1931 and 1960 which describes and analyses the key events in relation to social insurance and provides information on the first government scheme against extreme poverty, the *Public Assistance Aid*, which functioned as a safety net, mainly to many older people who, due to the lack of social insurance, did not have any means of survival following retirement. The struggles of the labour movement, primarily through strikes, for the establishment of trade unions and its determination for an improvement in the working and living conditions and the introduction of a social insurance scheme are considered together with the introduction of the first legislation for social insurance through a flat-rate scheme.

The years between 1960 and 1974 are explored in Chapter 7 and the discussion is developed to illustrate the progression of the social insurance scheme, the position of the labour movement in relation to the law and the first major amendment of the scheme in 1964. Also considered is the impact of the establishment of the first organized elderly movement and the Turkish military invasion of Cyprus upon social insurance, for both working people and pensioners. The new social environment that arose after the Turkish invasion, especially in relation to the living conditions and social insurance provisions, is also examined in relation to the older population as well as the transformation of the Cypriot family system, especially for those who became refugees, and the response of the state to their plight.

Chapter 8 focuses on the post-war years from 1974 until the accession of Cyprus to the European Union in 2004. The critical years after the war are explored within the sphere of the agreement of the social partners (government, employers and trade unions) to freeze certain social insurance benefits in an effort to protect the scheme from collapsing. Furthermore, following the implementation of the austerity measures this Chapter refers to the so-called post-disaster *miracle* (as government officials characterized the economic growth) that occurred three years after the war. A major focus is a discussion of the second major amendment to the social insurance system and the provision of data on the introduction of a new scheme, the earnings-related or proportional social insurance scheme, which

replaced the old flat-rate scheme, although not for everyone. Those who were already receiving retirement pensions based on contributions on the flat-rate scheme were excluded from the new scheme creating two-tier beneficiaries. In addition, there is an examination of the initiation of the campaign of the elderly movement for equal treatment through the improvement of retirement pension payments, as well as the campaign for the introduction of the ‘thirteenth pension’ which is an additional salary, equal to the regular twelve-month salary of an employee, paid every December. Also, there is a discussion on the establishment in 1999 of the *House of Elders* and its role and contribution on the issue of social insurance through to 2004 where the thesis concludes.

Finally, the conclusion brings together the various strands of the thesis in a summary of the evidence and a review of the main arguments with a consideration of possible future developments.

1.3 Summary

There has been a dramatic increase in the elderly population in Cyprus. My interest in old age and the social needs of older people led me to consider the evolution of social insurance addressing their living conditions as well as the role of the labour movement and latterly by the elderly movement itself. Ultimately, this study aims to provide an analysis of the policy of the Cypriot social insurance system through tracing all of the historical and social elements that could provide an understanding of this system as an evolving entity. It is very much an exploratory study in that its use of archive material as an integral source is unique in the study of the evolution of social insurance in Cyprus.

Chapter 2

Setting the Context

2.1 Introduction

This chapter aims to set the conceptual framework within which the thesis will be developed. As the main scope of the thesis is to explore the evolution of social insurance in Cyprus from 1878, the year that the island became a British colony until 2004 when Cyprus joined the European Union, this chapter will focus on the development of the Cypriot welfare state and the various actors that have influenced its development. Key factors such as the role of the social and labour movements, trade unions, political parties, state bureaucracies, religious organisations will be analysed plus an aspect that has not been adequately discussed within the literature of welfare state development, the dynamics of the British Empire. The analytical framework relies on, and attempts to synthesise, the work of Gough, Korpi and Saville.

Within the context of welfare state development, and in relation to the thesis, this chapter is based on three interrelated categories: 1) the growth of labour movements and political parties, 2) the development of the welfare state, and finally, 3) the dynamics of the British Empire and colonialism.

The development of the welfare state was never the result of an abrupt incident neither should the responsibility for the construction of the welfare state be attributed only to the privileged social classes or even the working class alone. Therefore, the key premise of this thesis argues that the evolution of the welfare state cannot be analysed in a linear way but rather it requires a dialectic approach which will allow a discussion of any internal and external contradictions. In other words, there is a need to address the role of the working class as well as capitalist development in regards to the evolution of the welfare state.

The development of welfare states was often the result of enduring struggles of ordinary people who organised themselves into labour movements and other political entities in order to promote their interests. In the case of Cyprus, the

development of the welfare state was also an enduring campaign which was organised and led by the labour movement within a British colonial context. Therefore, the focus of this chapter is associated with the Cypriot example in order to make a connection between the theoretical framework and the actual events that occurred in Cyprus.

Within this theme it is necessary to analyse and highlight the organised role of the working class as a driver of social change. Historically, one of the basic factors for the formation of the welfare state was this enduring struggle as well as the collective demands of the working class towards the creation of an anthropocentric system of equality, equitability and fair distribution of the wealth produced. Since the 19th century and, as a result of the exploitative relations which were intensified after the Industrial Revolution, many workers were organised into trade unions trying through this action, to claim humane working conditions within the context of class conflict.

Many of those trade unions were strengthened and inspired by socialist ideas which became very popular during this period. At the same time, the establishment of socialist revolutions in the 20th century inspired trade unions further and forced the privileged classes to avoid revolutionary upheavals. This ideological and political struggle was not always a peaceful reconciliation since the labour movement in countless cases met the cruelty and violence of the state and employers. The case of Cyprus indicates in the best possible way the catalytic character of the labour movement and the organised class struggle during the course of the humanisation of labour relations and collective claims (Neocleous and Ioakimidis, 2012).

2.2 The conflicting nature of social policy and the welfare state

In Marxist thought the relation of social movements with the formation and functioning of the welfare state has been always ambiguous. The dipole social control - social protection delimits the theoretical frame of analysis and political fermentation. Historically, this fermentation has evolved with even more

complexity when the theoretical contradictions are transferred from the sphere of academic discussion to the political field.

Within the political field, the foundation of political parties, such as labour and social-democratic parties, which balanced between class and power control is probably the most characteristic among the formation of political representation of the, working class. Within this context political parties, no matter of what ideological persuasion - social democratic or labourist - ultimately have a key role in state welfare provisions (Lavalette and Pratt, 2006). In regard to Western European countries, the founding of early socialist parties typically preceded legislation of the first social insurance programs as well as the formation of confessional parties and confessional union confederations. Such a pattern of timing is congruent with the hypothesis that early social insurance legislation and the formation of confessional parties and confessional union confederations can be seen, in part, as reactive responses to the 'Worker Question' (this is discussed later in the chapter) and early socialist party organization (Korpi and Mertens, 2004).

Although this thesis acknowledges the importance of political parties, it does not focus on this dynamic relationship for two reasons. The first is that the major aim is to maintain the focus on the social aspects of the evolution of social insurance and focus on the role of the labour and social movements. The second reason is that in contrast with the literature on the role of political parties and the development of the welfare state, the Cypriot case offers an interesting and, to a certain extent, a very different story. For instance, while the Cyprus Communist Party was formed in 1926, soon after its establishment, the British colonial authorities declared it an illegal entity until 1944 where its successor AKEL (Progressive Party of the Working People-Communist/Socialist Left) was established (Panayiotou, 1999; Moustaka, 2010; Katsourides, 2013).

Besides AKEL, there was no other political party, apart from some short-term political movements, until 1969 with the appearance of the centre-left EDEK (Movement for Social Democracy) and the establishment of the two other major

political parties in Cyprus in 1976, the centre-right DIKO (Democratic Party) and the far right DISY (Democratic Rally) (Panayiotou, 1999). Moreover, since Cyprus was beset by colonialism and later on by bi-communal conflicts and the 1974 Turkish military invasion, the major role of the political parties was absorbed by the so-called 'national problem' or the 'Cyprus problem' leaving other major issues, such as the social insurance system to remain the focus of the labour movement. Therefore, in regards to this thesis, a decision was made to focus entirely on the role of the labour and elderly people's movements within the social context of the evolution of social insurance as part of the formation of the welfare state.

While social insurance may mean different things to different people (policy makers, politicians, pressure groups, etc.) in different times and in different countries, a decision was made to provide the following definition for the purpose of this thesis. Social insurance is realized here as social security financed by contributions and based on the insurance principle; that is, individuals or households protect themselves against the risk of poverty by combining to pool resources with a larger number of similarly exposed individuals or households (Norton, Conway and Foster, 2001). In regards to the Social Insurance Law (1964, 1980, 2013) in Cyprus, the scheme compulsorily covers every person gainfully occupied in Cyprus either as an employed person or as a self-employed person. The scheme provides cash benefits for marriage, maternity, sickness, unemployment, widowhood, invalidity, orphanhood, old age, death and employment injury. The scheme also provides free medical treatment for persons receiving invalidity pension and for employed persons who sustain injuries as a result of an employment accident or an occupational disease (Ministry of Labour and Social Insurance, 2013).

With regards to the welfare state, the social policy literature usually often presents the simplistic perception that this is a well organised service network, aiming towards the protection of vulnerable citizens. This perception supports the idea that different forms of the welfare state always existed and in many instances (e.g. pre-world war Britain, Germany) reflected the goodwill of 'pioneer'

philanthropist or religious organisations. Historically, religious organizations, mainly the church, were for centuries the main welfare providers before the state took over this role in late 19th century. This was also the case for Cyprus where in the absence of any independent, sovereign state and state welfare the Church of Cyprus was the leading figure (albeit limited) in the welfare, of the Cypriot people, mainly through the provision of meals to those in extreme poverty. However, it is worth noting that the role of the Church of Cyprus through its leader Archbishop Makarios (from early 1950s) who was also the first President of Cyprus (1960-1977) after independence while he was also the political leader during colonialism.

A significant view of the role of religious organizations places most religious teachings within a context of facilitating social order and cohesion among their followers. By including all members of society and showing concern for the poor, desertion from the faith is minimized. At the same time, belief in the rightness of the faith tradition is preserved and socially conscious religious teachings unify core believers and perpetuate mutual responsibility (Cnaan and McGrew, 2005).

While there is a belief that the welfare state is mainly the result of the mobilization of working class people, there is evidence that religious organizations contributed to this development (Stephens, 1979). Moreover, while the actions of governments play an important role in determining behaviour in the religious sphere, religious organizations are often the creators and purveyors of important values, beliefs, and norms that affect how people behave or react politically (Gill and Lundsgaarde, 2004). However, the mobilization of the Church towards the development of a welfare state was not only an issue of moral obligation but was actually focusing on the political participation of the Church (Stephens, 1979). This is an issue that will be also examined in the thesis with regards the Church of Cyprus and its role. However, driven by society's functional need for social security, the modern state would eventually step in and take over the role of these religious organizations as risk-hedging institutions

(Esping-Andersen, 1990; Huber and Stephens, 2001; Van Kersbergen and Becker, 2002).

In addition, as Esping-Andersen (1990) point out, the industrialization of societies would remove the role of religious organizations by forces that are attached to modernization, such as social mobility, urbanization, individualism and market dependence. While industrialization and secularization of Europe was creating the idea that the role of religious organizations would eventually fade out, as Durkheim insisted, this was not actually the case (Durkheim, 1912; Weber, 1930).

Actually, in many modern industrialized societies, religious institutions are increasingly becoming involved in welfare provision again with the classic welfare state literature offering no explanation for this phenomenon (Hien, 2014). How this industrialisation influences societies has been noted by Saville (1983) who identified three ‘strands’ which affect and shape welfare in different societies: 1) the economic and social requirements of an increasingly complex industrial society, 2) the pressures which have come from the mass of the population as the perceptions of economic and social needs have gradually widened and become more explicit and 3) the political calculations of the ruling groups. In particular, what Saville believes on these three strands, lies on the fact that in regards to economic and social requirements the development of the capitalist system must go through an improvement in the working environment through a range of economic, industrial and technological advancements (Lavalette and Pratt, 2006).

However, there could be an overlap among these three strands. For instance, in regards to the first strand, capitalism’s social requirements are in no small measure, shaped by the pressure from the masses, which in turn will affect the various calculations of different sections of capital over what form welfare should take (Ferguson et al., 2002). In order to achieve this, Saville suggests that this advancement will come only through the improvement of the physical environment in which working people live and includes adequate food supply and

availability of medical services (Saville, 1983). Such developments would then lead to a new generation of fit, healthy and disciplined workers (Lavalette and Pratt, 2006). Furthermore, according to Lavalette and Pratt (2006) the development of the welfare state is only an attempt to legitimise capitalism and win people politically to the system. In other words, the development of the welfare state through the introduction of social policies is an effort to give people the impression that they have a stake in the system and prevent social unrest or instability.

On the other hand, the welfare state, as articulated by Gough (1979: 3-4) who saw this development coming from above, as a constituent feature of modern capitalist societies comprising of two sets of state activities: 1) state provision of social services to individuals or families in particular circumstances or contingencies, such as social security, health, social welfare, education and training, and housing, in the form of cash benefits and services and 2) state regulation of private activities of individuals and corporate bodies which directly alter the immediate conditions of life of individuals and groups within the population.

While many modern welfare states are built upon economies that are dominated by industrial mass production, Esping-Andersen (1996) notes that the low-wage strategy nurtures employment growth in low-productivity jobs with even full-time all-year employment, resulting in below-poverty income. This development cannot be adequately understood without acknowledging the various elements of control, such as wages, commodification and investment in labour power within a context where the state maintains the power of the rich and the establishment which are already powerful (Ferguson et al., 2002).

As Esping-Andersen (1990) noted, the commodification of labour leads to the transformation of independent producers into property-less wage-earners. At the same time, there is a fundamental contradiction in regards to labour commodification which eventually will “sow the seeds of capitalism self-destruction” (Esping-Andersen: 1990: 36). This is essentially the argument put

forward by Polanyi (1980: 3) that the aim of embedding society into the market is nothing else but a 'stark utopia'.

In addition to the above, and in relation to the second strand, the pressure coming from the mass of the population in the form of class mobilization is also a factor shaping welfare formation (Esping-Andersen, 1990). This class mobilization which is deriving from the working class population in the form of collective action includes strikes, marches and protests in favour of, or in defence of, welfare provision. Similarly, Saville (1957) noted that collective action is an important factor in class mobilization and needs to be incorporated into an analysis of welfare developments (Lavalette and Mooney, 2000). This is also an issue that this thesis will examine in relation to the Cypriot case in chapters 5-8.

In the same way, Korpi (1983) noted the significance of collective action among employees as a major influence in the dispersion of human capital. This can also affect social policy more directly and immediately (Lavalette and Pratt, 2006). In addition, employees, especially categories with limited economic resources, are therefore expected to organize for collective action in political parties and unions in order to modify conditions for and outcomes of market distribution (Korpi, 2006).

The third strand includes the political calculations of the ruling class in relation to welfare development which aims to maintain the profitability of the system, yet through different perspectives on the part of the ruling class (Saville, 1983; Lavalette and Pratt, 2006).

Further to the above, Saville (1957), as a proponent of the view that welfare state and socialism are interconnected elements of society and a Marxist socialist himself, presents some different views of the welfare state. For instance, some may view the welfare state as a part-way to socialism, provided that it goes through (or is based on) three main phases: 1) that the managerial revolution has resulted in the owners of capital no longer having a decisive influence over business decisions, and their political power is much weakened, 2) the techniques of full employment are of such a character, and are so well understood, that

prolonged mass unemployment is not likely to reappear; and the labour movement is now so strong, that there is no likelihood of the clock being put back and 3) the growth of the welfare state and in particular the levelling up of income and the extension of social services have largely abolished primary poverty. In regards to these three premises, Saville (1957) believed that is the responsibility of the labour movement to continue to push hard through political mobilization and class unity for social reform and for further economic changes.

On the other hand, reality might be different. As Saville (1957) explained, the welfare state is the result of the interaction of three main factors: 1) the struggle of the working class against their exploitation, 2) the requirements of industrial capitalism for more efficient environments in which to operate and, in particular, a highly productive labour force and 3) recognition by the property owners of the price that has to be paid for political security.

Within the above context, all advanced societies developed a wide range of social services under the term 'welfare state' (Saville, 1983). For example, many European and Western societies are usually characterized as welfare states since they had become responsible for the welfare of all their citizens (Korpi, 1983; Gould, 1993). In addition, during this time, societies experienced rapid initial reforms to create more comprehensive and universal welfare states on the idea of shared citizenship underpinned by a commitment to increase available resources towards the rapid expansion of benefits and coverage. Within this extended system a very broad-based political consensus was established in favour of a mixed economy and a system of extended social welfare including a commitment to economic growth and full employment (Pierson, 2006).

As the welfare state became an intrinsic part of capitalism's post-war 'Golden Age of the Welfare State', an era between 1945 and 1975, it was characterized by prosperity, equality and full employment. The economic growth following World War II allowed a settlement between capital and labour leading capitalist economies to an unprecedented steady increase where a state commitment of some degree modified the play of market forces in order to ensure a minimum real

income for all (Novak, 1988; Wedderburn, 1965). After the war national governments were financially able to satisfy the expectations (through the ballot box) of rising levels of real personal disposable income of their citizens in the form of high quality, decommodified health, education, housing, social welfare and income transfers. In that way they would avoid any discrimination and stigmatization against any groups of the population (Lavalette and Pratt, 2006).

It is important to note that such social policies are not unusual in extreme conditions, such as the development of radical social policies in post-World War II countries which developed rapidly to meet the increased needs of their populations. For example, after the Second World War, there was extensive development of welfare programs in Sweden, which became known as a prototype of the welfare state and as an agent to prevent and decrease poverty (Korpi, 1975). Similarly, social policies in post-war Norway fit three key features of the social development model, namely productivism, social investment and universalism by promoting full employment which had been central to that country's economic and welfare policies throughout the post-War period (Dahl, Dropping and Lo, 2001). Britain also introduced its social security scheme after World War II (Jefferys, 1987). At the same time in post-war Britain housing and welfare provisions to all in need expanded through specific projects initiated by the government (Manoochehri, 2009).

Also, the welfare state in Britain established in the immediate aftermath of World War II was marked by a welfare consensus among political parties in order to address the immediate needs of the population (Hudson and Lowe, 2009). In addition, in 1946-47 the Manpower Directorate of the Allied Control Commission, the highest authority of the quadripartite administration, worked out a draft for a 'compulsory social insurance law for Germany' which deviated to a considerable degree from the traditional principles of the German social insurance system and shifted more towards the restoration of the primacy of the free market (Rimlinger, 1967; Mommsen and Mock, 1981).

However, while the welfare state provides services and income security, it is also a system of stratification based on class and social order. Within this framework the welfare state determines the articulation of social solidarity, divisions of class and status differentiation (Esping-Andersen, 1990). However, there are different views on this involvement. For instance, one approach views welfare policies as the provision of legitimacy and social calm required by monopoly capitalism while others view welfare reforms as a major contribution to the declining salience of class, transforming class conflict into status competition (Lipset, 1960; Parkin, 1979).

Regardless of the different views, the welfare state as a post-war political settlement between representatives of capital and organized labour was essential to lay the basis for the unprecedented economic boom of the following decades. Within this context, the welfare state has been proved to be an extremely influential social intervention tool which has transformed the relationship between states and their citizens. It has also mitigated social inequalities while minimizing social risks (Liebfried and Mau, 2008).

Nevertheless, despite the popularity of the above perception in the urban academic tradition, the sociological field research as well as political history, reveal a different reality. As this chapter discusses, and the thesis will examine further, the welfare state is a product of a conflict between social classes. It was tabulated created in an effort for social control enforcement from 'above' while a claim for effective social welfare is coming from 'below' and emerged from much effort which lasted for years following delays and procrastinations from capitalists and property owners who opposed any social reforms (Neocleous and Ioakimidis, 2012).

The establishment of the welfare state after World War II was part of the attempt of the states to maintain a balance between the different social classes. It was as much of an effort of the capitalist state to avoid any social uprisings from the working class (Novak, 1988). As British politician Quintin Hogg warned the House of Commons in 1945, "If you do not give the people social reform, they are

going to give you social revolution” (Novak, 1988: 147-148). Similarly, an interesting statement coming from Joseph Chamberlain, a British politician and statesman, also illustrates the politics behind the welfare state. His position was that, “when the divisions between classes are too great for the political health of society, the predatory claims of capital upon working people must be mitigated in order to preserve social stability” which illustrates the attitude of capitalism towards the working class in terms of social reforms and when these should occur (Saville, 1983). This, in turn, leads to reforms, as part of this strategy with the welfare state playing a significant role in this process (Gough, 1979).

Moreover, in order to achieve the above the welfare state maintains its focus around three sets of criteria. These include the introduction of social insurance, which is an indicator of state development; the extension of citizenship and the de-pauperization of public welfare where a change in the relationship of the state to the citizen takes place. And finally, the growth of social expenditure, as one of the most important aspects of the developed welfare state (Pierson, 2006: 109). As a part of the welfare state, social insurance is expected to provide the means to the citizens that would allow them to satisfy their needs for food, shelter, health, old age, etc. For example, in Europe, legislation on the first social insurance laws in the decades toward the end of the nineteenth century came as one of the responses by state elites to the “Worker Question,” This question was raised by threats to the existing social order generated by the emerging industrial working class and by the formation of the first socialist parties (Korpi, 2001, 2006). Similarly, Barker and Lavalette (2015) agree that, sometimes, the threat of popular movements induces elites to introduce social changes.

An interesting view of the emergence of welfare states lies in the order of the adoption or expansion of welfare programmes. For instance, compensation for industrial accidents was the first to be adopted followed by sickness and invalidity insurance, old age pensions and unemployment insurance, while family allowances were introduced later within a context of maternity or motherhood allowances. Additionally, coverage was limited to workers in particular strategic industries or in peculiarly dangerous occupations, such as mining which was one

of the first industries to be covered. Agricultural workers and the self-employed were among the last to be covered by welfare programmes (Pierson, 2006). This is another major issue that this thesis will examine and analyse within the Cypriot context.

2.3 Class Struggles

From a Marxist perspective classes are not simply static entities, but social groups which come into being through historical processes and pass through various stages of growth and maturity while individuals form a class only insofar as they are engaged in a common struggle with another or opposing class (Dahrendorf, 1959). In addition, social class, as a collective agency, has a role in shaping and/or resisting social change and policy developments (Lavalette and Mooney, 2000). The underlying class struggle that marks the capitalist system finds expression in the clash of movements which attempt to elaborate all manner of arguments, to mobilise support and to exert pressure (Barker, 2013).

In order to understand the concept of class and class struggle it is important to set these two terms within the context of capitalism in which these terms originated. Capitalists, also called the 'bourgeoisie', are described in the Communist Manifesto as "owners of the means of social production and employers of wage labour" where the working class or the proletariat are said to be "the class of modern wage-labourers who, having no means of production of their own, are reduced to selling their labour-power in order to live" The alternative is to live away from the market enclosure (Marx and Engels, 1848: 12; Gough, 1979).

While the terms 'class and class struggle' have been conceptualized by Karl Marx (1848), in his attempt to define class, class theory revolved around the idea that it is an individual's position within a class hierarchy that is determined by the role someone has in the production process which then determines one's political and ideological consciousness (Marx and Engels, 1848; Parkin, 1979).

Additionally, the concept of class is a useful tool for describing and categorizing patterns of resource and risk distribution among actors in labour markets.

Moschonas (2002) stresses that one of the outcomes of the First International was the initiative of the working class movement to go through a process of constitution marked by the formation of national parties and the rapid diffusion of Marxist ideas.

Wilkinson and Picket (2009) argue that the major factors behind serious social problems are not derived from the person but from the social and economic system which produces abysmal inequalities and condemns large population groups to live in the margins of societies. Consequently, class struggle emerges as a result of the tensions or antagonism which exists in society due to competing socioeconomic interests and desires between people of different classes (Rummel, 1977). From this perspective, the social control of production and labour is a contest between classes. Organised and political class struggle remains essentially the only way in which capital's power can be challenged systematically and substantially (Ioannou, 2011). This is mainly because organisation and politicisation can achieve the two necessary conditions for raising the working class beyond its objective position and orientation for better working conditions and wages, which is a class in itself 'as against capital' (Lukacs, 1968).

However, it is also important to note capital's reaction to the class struggle. It revolves around the feeling of a potential threat against the political and economic domination of capital or the execution of state functions. This is critical to the accumulation of capital necessary for restructuring the state in order for the ruling class to preserve capitalist political domination and to insulate critical functions from working class influence (Esping-Andersen, et al. 1976: 74; Jones and Novak, 1980). At the same time, capitalism divides and undermines the collective organization of workers who, despite belonging to the same social class, are dominated by the ruling classes (Lavalette and Mooney, 2000:8).

As an expanding system, capitalism constantly creates new methods of production and requires new and higher levels of skill and ability from its workforce in a form of commodity - something which is bought and sold in return for a wage where most people meet their material needs through the wages system (Jones and

Novak, 1980; Barker and Lavalette, 2015). This approach falls within the context of de-commodification where, in a capitalist society, labour is treated as if it was a commodity which people can sell and buy (Polanyi, 1980). This expansion and growth of capitalism also depends significantly on the increasing power and regulation of the state in the creation of a labour market but also the social reproduction of the necessary conditions for its own development (Novak, 1988: viii).

Furthermore, the development of a welfare state through mainly social reforms is also the product of class struggle coming, most of the time, from below meaning that the working class population (workers, pensioners, etc.) campaigns towards an improvement in their living and working conditions that would better their position in society. Nevertheless, a very important issue is what Saville (1957) noted; that the extent of this improvement is based on the organization and determination from a working class to insist on such change (Saville, 1957; Saville, 1983). However, as the decline of the traditional manual working class has been matched by an equivalent rise in the power of capital, many of the jobs in the service sector industries which have replaced manufacturing jobs are insecure and filled by unskilled workers that are less likely to be members of unions.

The development of the proletariat and its further organization into trade unions falls within the context of social movements which promote their interests in a more organized way. The Industrial Revolution, along with the evolution of a working class gave impetus to the growth of trade unionism as a form of social movement (Smelser, 2006; Sharkey, 1961). Trade unionism was the response of workers to occupational circumstances and by 1870 the basic forms of modern workers' organizations or trade unions already existed in some countries (Reid, 2005; Van der Linden and Rojahn, 1990). That growth of trade unions, led them to begin advocating towards more radical changes to the economic system focusing on workers' interests by, for example, the introduction of new legislations (Duiker and Spielvogel, 2008). That situation was inevitable as the

new by the late 19th century the working and living conditions of the poor were posing extreme difficulties on their lives (Pike, 2006).

In addition, the role of the working class is to struggle where it stands and to fight oppression in whatever form it appears (Damer, 2000). As Gough (1979) explains, to Marx the *Ten Hours Act* and other factory legislation in England was the result of unremitting struggle by the working class against their exploitation.

Usually, trade unions were influenced by Marxist theory with the leadership of many trade union movements influenced by socialist ideology. That new ideology, suggested new approaches to various social issues, especially in the working and living environment, since trade unions grew from workplace needs and not because of a political decision or in pursuit of political power (McIlroy, 1995). As the French *littérateur* Taine stated after he witnessed a march of the brick makers of Oldham around 1870 “...they have no other aim but wage increases, and do not think in terms of seizing political power...” (Geary, 1989: 12). Nevertheless, the politicization of labour seemed inevitable as political parties and trade unions were in many cases interrelated. This development will be examined later in this thesis with particular regards to the evolution of the Cypriot proletariat into a massive and organized social movement within the framework of the labour movement. It is within this approach to a class struggle the thesis discusses analyses the role of social movements in the development of a welfare state. Although it is worth mentioning that not all social movements are related to class struggles.

Writers on social movements have emphasised collective endeavour distinguished by a high level of commitment and political activism in order to promote or resist change in a society. These movements, however, can, at various stages of their development, often lack a clear organisation but pursue a collective attempt to further a common interest or secure a common goal through collective action (Bottomore, 1979; Giddens, 1989; Heywood, 1997). It is also worth mentioning that from among the substantial literature on social movements, the works of Charles Tilly and Sidney Tarrow are especially drawn on for this discussion.

The first efforts to organize a labour movement is reflected on in the work of Tilly (2004) who viewed social movements as a series of controversial performances, displays and campaigns by which ordinary people make collective claims on others. He distinguished social movements as involving six major processes and associated outcomes; campaigns, repertoires, worthiness, unity, numbers, and commitment.¹

Social movements are important entities because they challenge national governments and speak on behalf of constituencies lacking formal representation making them an essential part of democratic politics (Giugni, McAdam and Tilly, 1999). These major processes will also be examined later in this thesis.

In a similar vein, this approach was complimented by Sidney Tarrow (1994) who approached social movements as collective challenges to elites, authorities and other groups by people with common purposes and solidarity in sustained interactions with elites, opponents and authorities, yet with no political agenda. The actions usually taken by social movements, in order to achieve their purpose, include riots, strikes and revolutionary acts. These actions are the only resources for ordinary people to demonstrate their claims against organized and powerful states in the name of a disadvantaged population living under the jurisdiction or influence of those holding power (Tarrow, 1996, 2011). Such claims may come from organized efforts and through the formation of labour movements which in turn will place pressure on the capitalist state towards the formation of welfare.

2.4 Capitalistic antagonism

A very interesting insight on capitalism itself comes from Gough (1979) who argued that as social accumulation proceeds, so capital becomes more and more concentrated in larger units - both in ownership and of production - with larger

¹ Campaigns: a sustained, organized public effort making collective claims of target authorities. Repertoire of contention; employment of combinations from among the following forms of political action; creation of special-purpose associations and coalitions, public meetings, solemn processions, vigils, rallies, demonstrations, petition drives, statements to and in public media, and pamphleteering. WUNC displays: participants' concerted public representation of Worthiness, Unity, Numbers, and Commitments on the part of themselves and/or their constituencies (see Tilly, 2004).

units of production necessitating larger units of control. Additionally, the very dynamism of the capitalist mode of production dissolves all previous modes of production within society. For instance, peasant agriculture is undercut by modern capital - intensive agriculture, the self-employed, craftsmen or local shopkeepers being progressively displaced by factory produced goods and supermarkets, resulting in the proletarianisation of a large proportion of the labour force (Gough, 1979: 27-28).

In addition, a small group of capitalists are the owners of the major means of production, such as mines, factories and businesses, in this way controlling the economy while workers are denied economic any control (Larson and Nissen, 1987). This is, however, a major contradiction, since the mass of the population, through intense and hard labour, produces unimaginable wealth, which, goes to the owners of production (Ioakimidis, 2011). At the same time though, the working class, through trade unions are the first and most elementary method of organization of self-defence against the exploitation by the capitalists. Especially during the post-war period, the working class, through organized labour, appeared with increasing strength with regards to the improvement of working conditions and the welfare state (Korpi, 1983).

The competitive nature of a capitalistic system as well as its tendency to evolve through a spiral of developmental circles and crises, meant that historically a significant number of people were under the permanent threat of unemployment, poverty and an inability to address the basic needs of daily living. Thus, under such difficult conditions of social and political crisis it is natural for societies to experience tension and uprisings which, under certain circumstances, can lead to social changes.

However, it is not automatic that such changes lead to conditions which bring about a system of social justice and the disappearance of social inequalities. One of the reasons that extensive social change is hindered lies in the power of the capitalistic system to reproduce itself by overcoming crises and resisting any social change that is against its interests. Another reason that prohibits such

changes is the power of state as a carrier of reproduction and enforcement of the interests of the dominant elite.

State institutions are structured in a way that can force their views and ideas of the dominant social class in a variety of ways. One such way comes via the police and military forces as well as ‘social carriers’ such as schools, health and the welfare system. At the same time, the welfare system, through its policies and within its social control context, almost completely decides who would be eligible for social insurance benefits and has access to the healthcare system. This social control by the welfare state has been established this particular way in order to consolidate the stigmatisation and humiliation of vulnerable population groups as “abusers, dawdlers and people who do not share social values, that is why they did not succeed in their life” (Neocleous and Ioakimidis, 2012: 48).

One of the institutions often established within a framework of the development of the capitalistic state is that of welfare state. The establishment of the welfare state is the outcome of the contradictory nature of the capitalistic system which was historically influenced by three basic reasons:

- a) the needs of the market to reproduce a healthy labour force able to produce wealth,
- b) the need of the system to control the labour force as self-protection,
- c) the legitimate claim for better living and working conditions by the working class social movements and trade union action.

This convergence of two completely different economic and ideological directions constitutes the unique nature of the welfare state as dialectic. In other words, it is about a political fermentation arena which - depending on the financial circumstances of the social classes - can extend the agreement/truce between the classes (Neocleous and Ioakimidis, 2012).

The capitalistic financial system by its very nature tends to create unemployment and poverty and at the same time wealth and profit. At the same time the needs of an internal (local businesses) and external (multinational businesses) competition

requires the existence of a labour force able to overcome the increasing demands of employers (Neocleous and Ioakimidis, 2012).

Besides, the need for reproduction of a relatively healthy labour force able to compete with the corresponding classes of other industrialised countries means that the calculations of the advantaged classes included another benefit from the establishment of the welfare state the reproduction of bourgeois ethical values, such as family welfare.

2.5 Family Welfare

As anthropological studies indicate, human societies were not always organised on a patriarchal type of nuclear family. As Harman (1999) argues, the composition of the 'nuclear family' is associated with a capitalistic way of production as this development occurred only after the Industrial Revolution. Within this context, the family is perceived as the basic 'cell' of the system (Neocleous and Ioakimidis, 2012). Welfare states have also been responsible for reproducing these roles with social insurance systems taking for granted that the worker and main bread winner within a family was the man and that the woman was a dependent member, thus reproducing the patriarchal perception of family normality.

Besides the formation of new social classes and social movements, the rising capitalistic system had a huge impact on social, family, cultural and consumer norms of people. Among others, this impact included economic growth, population increase, especially in the older population, the developed division of labour, a landless working class, the rise of cyclical unemployment and changing patterns of life (i.e. industrialisation, post-industrialisation) (Pierson, 2006). However, these changes led to the gradual decay of the extended family and the deterioration of rural communities meant that nuclear families, especially those living and working in urban areas, were isolated and their survival was dependent on their employer and their ability to keep working. Historically, non-state actors, such as families have played a crucial role in the care and management of the vulnerable poor as one of the four pillars of social security over the life course

along with the state, the market and civil society (Wright, Marston, McDonald, 2011). Family and kinship structures played a key role in the social support of their non-working members (i.e. children and elders) partially removing this from the responsibility of the state (Gough, 1979).

Families have played a pivotal role in welfare provision both in Cypriot and European context, in part by providing services and care for their kin and, crucially, in part via income transfers. Income pooling in families is was the norm and income transfers between the generations was substantial, in particular from elderly people to the young but also in the opposite direction too (Kohli, 1999; Albertini, et al., 2007). In other words, the family is the main provider of care and protection and within this context it operates a series of “strategies to mobilise and consolidate resources; property ownership, a pool of resources, an employer, an investor in human capital, a member of the clientelistic political system and a claimant of social security rights” (Papadopoulos and Roumpakis, 2013: 208).

A very interesting view was expressed by George and Wilding (1985) who argued that while the family has some responsibility over the welfare of its members at difficult times, it is unrealistic to expect that they should be obliged to do this at all times and under all circumstances, implying that other care agencies, such as the state and community could also contribute in cases of need. At the same time, the authors stress that many families care for their elderly members voluntarily and often without state aid but it would be the height of folly to believe that they can be forced to do this all of the time. It is not the responsibility of the family or the private market to provide social welfare services but rather it is the economic, social and demographic changes that require the provision of social services (George and Wilding, 1985). However, while the informal sector is vital to the quality of life of many dependent people, social policies should also take into account what such policies mean to women and their lives (as the main care providers for dependent people) (George and Wilding, 1985).

It should be noted that as men and women are working longer hours, and as more and more women are drawn into the labour force, there are growing problems for

the maintenance of stable family relationships and how it supports its dependent members (Lavalette and Pratt, 2006). As state policy has always recognized the important role that the family plays in maintaining and reproducing present and future generations of labour, its functions and responsibilities through family allowance, tax relief and other benefits could be re-examined (Jones and Novak, 1980).

Further to the earlier discussion on the role of family and the welfare of its members, one of the issues this thesis will examine is the role of the Cypriot family, especially towards its elderly members focussing particularly on the period before the establishment of Social Insurance in 1957 and the period following the war in 1974. Within the context of *familistic* welfare capitalism, which means that welfare responsibilities lay with family members this thesis will examine the role of the Cypriot family and how it provided support for its members (Albertini, et al., 2007; Papadopoulos and Roumpakis, 2013).

As for many years, and in many cases currently, adult children in Cyprus were legally obliged to provide support and care to their elderly parents and children, the state's responsibility was only assumed when the adult children failed to do so. Moreover, this is not only a legal obligation, but an expectation from families. In addition, this approach is much the same with the old welfare states where besides the expectation that the family was responsible for its dependent members; women would be the ones to fulfil this task in an informal and unpaid way (Pierson, 2006). Families also act as agents of decommodification of their members who, for any reason, are out of the labour market. In addition, this role is not limited to the nuclear family but it extends throughout the extended family and kinship networks which includes in many cases friends, the neighbourhood and the local community (Papadopoulos and Roumpakis, 2013).

2.6 Bureaucratic Welfare

In order for the state to maintain social control, it inevitably develops a system of bureaucracy as a form of a national, universal and efficient social service organization (Esping-Andersen, 1990). To Esping-Andersen, state bureaucracy is

a means for managing collective goods, but also a centre of power in its own right which is inclined to promote its own growth. Bureaucracy, as such, is a multilevel hierarchy, whereas hierarchy is ‘an effective mode of co-ordination within large scale organisations’ (Mitchell, 1993: 16).

Furthermore, based on a bureaucratic-incrementalist theory advocated by Wilensky (1975) it presupposes that once a bureaucracy has been put in place, it will have an interest in, and the powers of promoting its own aggrandizement (Esping-Andersen, 1990: 112-113). Additionally, Wilensky (1975) assumes that once bureaucracies are established they will accumulate independent powers and crystallize egoistic organizational interests in their own perpetuation and growth. Whereas the public sector, that is the bureaucracy and administration of the welfare state, arise out of politics, whereby legislators can delegate power to bureaucracies, endowing them with the ability to interpret laws, make rules, and formulate regulations (Klitgaard, 2005; Volden, 2002). Within the context of bureaucratic mechanisms this thesis will examine the role of key actors in the process of the evolution of social insurance.

In addition an interesting argument is proffered by Farrell and Morris (2003) who claim that a Weberian notion of bureaucracy is inevitable in modern societies as effective modes of organizing large numbers of people (in large organizations, or systems such as health, social services or education). Taking a Weberian approach to the nature of bureaucracy in organizations, the authors argue that the term has been misused and, moreover, it argues that the notion of a ‘post-bureaucratic’ state is fanciful and wrong given the continued scale of public-sector provision in areas such as health, education and social services.

2.7 Welfare through colonialism

Another key issue that this thesis will examine is the one of colonialism and how social control is applied through imperialistic and colonial powers. As the thesis examines the evolution of social insurance, including the colonial context that characterized Cyprus from 1878 until 1960, it is important to see how colonialism was experienced and what it meant to the indigenous population. Of course, this

can vary enormously in both time and place. Colonialism revolves around a conglomerate of dominant-subservient relations containing power dimensions whose roots are psychological as well as political (Gottheil, 1977). The earlier reference on colonialism can help contextualise the British colonial era in Cyprus and the position of the British colonial administration over the Cypriot people and their claims through the labour movement for better living and working conditions.

As the origin of the British Empire was based on commerce colonies were valued for trade, inevitably, the impetus of Britain to acquire new lands allowed it to export and import vast amounts of resources all over its Empire. To many Britons, imperial supremacy was a national destiny with their colonial power benefitting the colonized by a civilized way of ruling them whilst maintaining and guaranteeing their future prosperity (Levine, 2013).

As one of the largest and most powerful empires in the world over the course of the 19th and mid-20th century, the British Empire was “an arena of hemispheric and international trade” (Armitage, 2000: 8; Go, 2011). However, this commercial character was more of a politically mercantilist dealing in colonial raw materials which would provide self-sufficiency in times of war. In order to achieve that it was necessary for the Empire to impose order on indigenous ‘chaos’ by establishing formal rule (Hyam, 2010).

The idea characterizing much of Britain’s colonial and imperial attitude can be illustrated by a statement made by Professor George M. Wrong (1909) who pointed out that, “*in its heyday, Britain was governing the destinies of some three hundred and fifty million people unable to govern themselves and who were easy victims to rapine and injustice, unless a strong arm is there to guard them*” (Ferguson, 2002: xii). In order to acquire more territory both as a way to maintain imperial prestige and prevent the challenges of the foreigner strategic imperatives began to operate from the beginning of formal rule, leading, eventually, to a snowballing process of colonial expansion to protect the vast lands of the British Empire (Hyam, 2010).

The extensive literature on the British colonial era provides numerous accounts of the way Britain treated its colonies in India, Africa, Asia, the Middle East, America and the Caribbean. In every country conquered by Britain the exploitation of soil and minerals, as well as heavy taxation was the norm (Killingray, 1989; Higman, 1995; Evans, 2003; Pitts, 2009; Ochonu, 2009). Critics of the British Empire point out that the actual purpose of the empire allowed Britain to extract huge wealth, like gold, diamonds and other minerals through oppression and exploitation (Ferguson, 2002; Newsinger, 2013).

Colonialism for the British also provided a situation where they were determined to disseminate their institutions, culture and language (Marshall, 2001). The British introduced in their colonies new patterns of farming, mining or manufacturing with a determination to use the land and its resources to the full (Marshall, 2001). Much of that determination to exploit was managed with the use of excessive violence against the indigenous people (Newsinger, 2013). Once a country was conquered, imperial rule was maintained by force with exploitation of the local people (Hobsbawm, 1987; Newsinger, 2013).

In regards to social insurance, while it is true that such a system could be found in the colonies, that was rare and limited in scope and when the colonial state did provide for social security, this was meant essentially for the white settler community (Kaseke, 2004: 2). Britain was very reluctant to implement international standards of social security in the British colonies and where it was introduced it was usually the result of social movement campaigns, as was the case in England itself (Baldwin, 1910; Eckert, 2004; Seekings, 2006; Paradis, 2006). The development of the welfare state in Cyprus within this colonial context is another key issue that this thesis will examine.

2.8 Aim of the Study and Research Questions

This chapter has analysed several issues in relation to social welfare and social policy. The study of class and class struggle, capitalistic antagonism, family welfare and bureaucratic welfare, as well as colonialism, attempts to provide a context to explore the developments of social policies in Cyprus.

The aim of this study is to examine and analyse the genesis of the social insurance scheme for in Cyprus with the intention of discovering how it evolved and who the key players were from 1878, the first year of British colonial rule, through to 2004, when Cyprus joined the European Union. As there is a paucity of material in the public domain to draw upon, this study attempts to identify and provide relevant evidence that can begin to provide preliminary answers to five separate but linked questions.

The research questions were constructed based upon the theoretical framework in this chapter in order to examine the relationship between theory and the process of the evolution of social insurance in Cyprus. For instance, while studying the conflictual nature of social policy and the welfare state, as well as the issue of class struggle and capitalistic antagonism, the intention is 1) to examine the social and political conditions that shaped the claim for social insurance, 2) how, and in what ways, did socio-political and economic circumstances influence the system of social insurance in Cyprus and 3) the roles of the labour and the elderly people's movements and in what ways they influenced the evolution and development of social insurance. Similarly, through the study of bureaucratic welfare, the aim is to understand the specific contribution of successive governments to the evolution and development of social insurance beginning with the British Colonial administration through to the independent Cypriot state and its accession to the European Union in 2004.

Finally, in attempting to answer these questions it is important to understand how their answers will provide lessons for future developments to the system of social insurance. Thus, the focus is on three main factors: 1) the impact of British colonial rule; 2) the role of the Cypriot Labour Movement and, 3) the emergence of specific groups to promote the interests of elderly people. Ideally, it would have been better to have an evenly balanced account of all three factors. In practice, however, there is an overall paucity of material but appreciably more available on British colonial rule. Inevitably, although this study seeks to begin to redress this imbalance the thesis still reflects the fact that there is more material to draw upon around the impact of colonial rule than there is on the Cypriot labour

movement and interest groups who served the interests of the elderly population. However, this is not meant to imply that assessing British colonial policy in Cyprus is the main focus of the study. It is not.

The study does, however, examine the role of the British administration and whether Britain should be left fully accountable for the reluctance to introduce a social insurance system in Cyprus, or for the various weaknesses the scheme had in its early years. Linked to the conventional perception that social insurance in Cyprus was a product of the welfare state and its social policy rather than a reaction from below to the absence or weakness of a social safety net for workers and the older population, this study poses four additional crucial questions for analysis. Each element provides a series of further specific questions:

- 1) Policy drivers: What were the ideological debates behind the evolution of a social insurance scheme in Cyprus? Who were the significant players and why? What role did the colonial government play in its evolution? What was the political rationale for its early design and subsequent amendments? What role did the labour movement play? What role did the elderly peoples' movement play in its evolution?;
- 2) Models of social insurance: Why did the early models of social insurance include and exclude certain groups? What drivers influenced the adoption of the various approaches? Were others considered? To what extent did the social and working conditions of Cypriots influence the development of the scheme?;
- 3) Implementation and Evolution: To what extent did the model of social insurance change over the years? Was the final model a triumph of expediency?;
- 4) Impact and Lessons: What effect did the implementation of the evolving scheme have on the people of Cyprus? To what extent did it remove the fear of ageing, unemployment and old age? Can the scheme survive in its current form?

Each of these dimensions and their associated questions, together with the key questions, provided the basis for the identification, collection and analysis of evidence. These questions also framed the structure of the interviews conducted with some of the key players whose contribution was instrumental in the implementation of the scheme and its various developments.

2.9 Conclusion

As the purpose of this chapter was to construct the conceptual framework within which to place the empirical part of the thesis, an attempt will be made in order to link the theories presented here with the Cypriot experience during the course of the evolution of social insurance on the island.

Linking existing theories to the evolution of the social insurance system in Cyprus will highlight the importance of the various factors that contributed in this evolution. Therefore, as the empirical study will exemplify, the earlier theoretical discussion is of particular importance to the thesis. Through the empirical study an attempt to elucidate the context in which social insurance evolved in Cyprus will be made while presenting the role of those involved in its evolution. The following chapter will explain the methodology that this thesis employed.

Chapter 3

Research Design and Methodology

3.1 Introduction

As discussed in Chapter 1, the major focus of this study is why and how social insurance evolved in Cyprus focusing on the particular needs of elderly people. Five research questions are being addressed:

- 1) what were the the social and political conditions that shaped the claim for social insurance?;
- 2) how, and in what ways, did socio-political and economic circumstances influence the system of social insurance in Cyprus?;
- 3) what was the specific contribution of successive governments to the evolution and development of social insurance beginning with the British Colonial administration through to the independent Cypriot state and its accession to the European Union in 2004?;
- 4) when and in what ways did the roles of the labour and elderly people's movements influence the evolution and development of social insurance?;
- 5) how can attempting to answer these questions provide lessons for future developments to the system of social insurance?

Answers to these questions are organized by adopting a chronological analysis beginning with the early colonial years in 1878 and concluding in 2004. The year 2004 was chosen as the end point for the research as this is the year in which Cyprus became a full member of the European Union. From that moment, any further developments in the island, including social policy issues, would be very much affected and regulated by European Union decisions and guidelines.

This chapter presents the rationale on which the research has been designed. This has involved the use of distinct methodological approaches: two forms of documentary research – archive material and published commentaries – supported by interviews with key observers and participants from the Cypriot social and political arena. The methodologies used raise a number of ethical issues. These

are considered along with the strengths and weaknesses of the overall research design.

3.2 Documentary Research

Along with surveys and ethnography, documentary research is one of the three major types of social research and arguably has been the most widely used of the three throughout the history of sociology and other social sciences (Scott, 2006). Documentary research forms a major source of data in social research and it has been acknowledged that social researchers have built extensively on the existence of sources such as government reports, official and unofficial records, private papers and statistical collections, letters, memoranda and other communiqués, agendas, announcements and minutes of meetings and other written reports of events (Hitchcock and Hughes, 1995; Yin, 2003; Sapsford and Jupp 2006). In addition, government publications, newspapers, certificates, census publications, novels, film and video, paintings, personal photographs, diaries and innumerable other written, visual and pictorial sources in paper, electronic, or other hard copy form are also valuable sources for the researcher (Scott, 2006). In addition, data can be gathered through documents themselves, through informants, witnesses, participants, through the use of the camera and the tape recorder, letters, journals or diaries, through school records, court records, hospital records, or newspaper records (Coles, 1998).

The data collected from these diverse sources consist of primary and secondary data documents (Bell, 2005). Primary documents refer to eye-witness accounts produced by people who experienced the particular event or the behaviour one might want to study, while secondary sources are documents produced by people who were not present at the scene but who received eye-witness accounts to compile the documents, or have read eye-witness accounts (Bailey, 1994: 294). I decided to use documentary sources because they provide immediate access as opposed to proximate access (Scott, 1990). Mediate or indirect access becomes necessary if past behaviour has to be inferred from its material traces and documents are the visible signs of what happened at some previous time (Scott, 1990).

Moreover, it should be noted that documents are naturally occurring objects with a concrete or semi-permanent existence which tells indirectly about the social world of the people who created them (Payne and Payne, 2004). Therefore, the information has not been gathered for a particular study, but already exists because someone else for some other reasons has collected it (Robson, 2002). Instead of directly observing, interviewing or asking someone to fill in a questionnaire for the purposes of an enquiry, documentary researchers are dealing with something often produced for some other purpose (Bennett, Glatter and Levačić, 1994; Robson, 1994; Marlow, 2001). Similarly, a lot of information on various issues is collected and recorded by organizations and individuals far beyond the data collected by social scientists and researchers (Hakim, 2000).

Allan and Skinner (1991) explain that secondary analysis could be defined as:

“Any further analysis of an existing data set which presents interpretations, conclusions or knowledge additional to, or different from, those presented in the first report on the inquiry as a whole and its main results” (p. 248).

In addition, while primary data came into existence in the period under research, secondary data came as an interpretation of events and the analysis of other researchers' data of that period based on primary sources (Holloway, 1997). Holloway (1997) draws on the work of Scott (1990) who differentiates between types of documents by referring to them as closed, restricted, open-archival and open-published. Indeed, for the current study there were closed documents, especially in the Social Welfare Department's archive, and for that reason a letter to the Director of the Department was sent in order to gain written and official approval for access to its archive materials.

A major challenge in the accessing and handling of archive material, and in the use of all documentary material, are issues around authenticity, credibility and representativeness. These have had to be taken at face value since there are limited collaborative sources in the Cypriot literature.

3.2.1 Archives

With regards to the documentary material the data collection used the following resources from various archives in Cyprus:

A) The Archbishopric Newspapers Archive, which is situated at the basement of the Archbishopric Palace in Nicosia, where information has been gathered from newspapers from the late 19th century to the mid-1980s. The Archbishopric library maintains a rich archive concerning newspapers from the British arrival in 1878 onwards. A decision to use only major newspapers was made based on the significance they had in each time period. For instance, the newspaper *Alitheia* was a major newspaper in the late 19th century while *Phonie tis Kyprou* and *Eleftheria* were major newspapers until almost the mid-20th century and *Phileleftheros* and *Haravgi* became the leading newspapers after the 1950s. At the same time other newspapers (i.e. Enosis, Ergatika Nea, Eratiko Vima, Kypriakos Fylax, Neon Kition and Neos Antrhopos) were used as a cross-reference for the information gathered from the above newspapers.

Also, although I visited the Press and Information Office (PIO) which has an extensive newspaper archive, the study of the newspapers is mainly in microfilm form. However, the use of microfilm caused me severe headaches so its further use was not possible. Therefore, I worked in the archives of the Archbishopric where I found a rich archive of hard copy newspapers with the advantage of flexible opening hours which allowed greater flexibility to explore and investigate the relevant data.

Studying the catalogue of all the newspapers available in the Archbishopric archives, I discovered a number of newspapers that had been published over many years which allowed me to derive reasonably robust conclusions about the status of those newspapers. A newspaper that has been published for many years means that it might have been accepted by a significant portion of the population which may have allowed its publishers to withstand the operating costs of the newspaper. Also, in conjunction with the references found in the work of the key authors their work guided me (see sub-section on published commentaries)

towards specific newspapers based on the different chronological periods under review and which enabled 1878 to be used as a starting point i.e., the date that British colonialism began in Cyprus.

The study of the Archbishopric archives was carried out between November 2006 and September 2012. The amount of time spent in the archives during that time came to about fifteen months. The data collection took place in accordance with the regulations of the archive and following the study of a list with all newspapers and the year of their publication held in the archives. In particular, after locating a newspaper from the storage room, I sat in the reading room and read every page of the newspaper searching for relevant articles. The fact that newspapers until the end of 1940 were only a few pages long (between 6-10 pages) significantly contributed to the reduction of the study time. Also, many events relating to the topic of my thesis were usually presented in the first three pages which also contributed to the reduction of study time. All relevant articles, texts and letters along with the title, the name of the newspaper and the date of publication of a specific article or letter were videotaped in order to study them in detail at a later time. All videos were uploaded on to my computer and in a folder created for this particular purpose.

Fortunately, in regards to the Archbishopric archive there were not any difficulties in the data collection or analysis, since all the newspapers that I decided to use for the data collection were at my continuous disposal.

B) The Cyprus State Archive, situated in Nicosia, is responsible for keeping all government documents since the mid-19th century. At the state archive I reviewed documents from the beginning of the British rule in 1878 until the early 20th century. The documents included information about policies, as well as reports from colonial government officials regarding the social conditions on the island and the pension system for public servants.

The Cyprus State Archive has a rich collection of official documents produced from the end of Ottoman rule in Cyprus and it is the only one of its kind in

Cyprus. The search of relevant sources began in November 2006 and ended in June 2007. The main challenge I faced in the investigation in the state archives, although the research identified important documents, was related to my inability to understand the handwriting in documents since the majority of them were written by hand many years ago. As there is no assistance provided for such issues by the state archives the majority of texts used were typewritten.

Also, the excessive bureaucracy of the archive hampered my research. For example, after I located a list of very general information on a topic from a hard copy catalogue, I had to fill in the *Documents Request Form*. Provided that the documents were located (in my case there were documents that were not found in the archive), then I would have those at my disposal after 2-3 days. I could only take notes using pencil as I was not allowed to take any photographs or videotape any of the documents. However, I feel satisfied with the quantity and quality of the particular documents since they provided vital information to the topic.

C) The Union of Cypriot Pensioner's (EKYSY) head office is situated in Pancyprian Federation of Labour (PEO) headquarters in Nicosia. It provides all the journals (Syntaxiouhos) the Union had published to date including its history and its campaigns to improve the living conditions of elderly Cypriots, especially its position on the issue of social insurance and the various benefits deriving from the scheme. The journal is published twice a year in January and July. After a meeting with the Union's General Secretary in 2006, I was provided with all issues of the journal from its first publication in 2003 until 2006. From 2006 onwards, I arranged with EKYSY to collect every issue either from their headquarters in Nicosia or from their Larnaca district offices. However, I used only a few issues since the thesis ends in 2004. Nevertheless, later issues were found to be valuable since they provided retrospective information about earlier days of the elderly movement and they were used accordingly in the thesis. As EKYSY was the first organized elderly movement in Cyprus and remains to this day significant and actively involved in issues of social insurance, it was decided that its contribution to this thesis would be very important. The major problem I faced with gathering information from EKYSY, besides its journals, is the fact

that its history of the elderly movement is not documented and there is only scattered information in various documents. As a result, I had to go through all its journals along with some other publications in order to be able to construct a clear picture of its history and mission.

D) The Pancyprian Federation of Labour (PEO) has a rich published and unpublished archive, not on public display, documenting the history of the Cyprus labour movement and the various campaigns of Cypriot workers for social insurance. My research at the PEO archive covered the periods from the early 20th century until currently. To gain access to the PEO library, which is situated at the headquarters of PEO in Nicosia, I had to request permission from the head of the library and labour museum of PEO. My first contact with her took place in March 2007 and ended in July 2012. I was allowed to visit the archive anytime I wanted and videotape any document I believed was relevant to my thesis. As PEO is the first organized labour movement and the one to first campaign for social insurance the exploration in its archive was vital to my thesis especially its significant amount of unpublished documents which contributed to my research since they provided me with information about all the relevant developments in this area. There were no difficulties in exploring PEO's archive.

E) The archive of the Department of Social Welfare Services at the Ministry of Labour and Social Insurance is situated in the Department's headquarters in Nicosia. After I sent a letter to the Director of the Department in March 2007 requesting permission to review its archives, I received an approval in June 2007. That approval allowed me to study all of the Department's Annual Reports since its establishment in 1952, as well as other reports and publications (i.e. Stampolis, Triseliotis) which are not on public display. All of these documents focus mainly on the issue of public assistance as a safety net, especially before the introduction of social insurance but they also mention the importance of social insurance, especially for the older population. As part of the welfare system of the country the Department's archive was found to be helpful in terms of covering the area of the social conditions for the older population.

After I gained access to the archives of the Welfare Department, I contacted a social worker who is responsible for the archives and arranged a visit. Before every one of my visits to the Welfare Department's archives I had to make arrangements with that particular social worker in order for her to arrange an empty space for me to study and also unlock the room in which the archives were kept. From June 2007 when I began visiting the Department's archives, I finished my research a year later, in June 2008. In total, I spent six months looking at annual reports from 1952 until 2004. All annual reports were scanned using a portable cordless handheld scanner and saved on my computer. That arrangement allowed me to study all the annual reports and decide which ones I would use at my own time and place. There were no particular difficulties in exploring the Department's archives.

F) The archive of the Ministry of Labour and Social Insurance situated at the headquarters of the Ministry in Nicosia houses all its Annual Reports since the establishment of the Ministry (at first as a Department) in the 1940s. These were studied and used in regards to the official policy of the State on the issue of social insurance. In addition, a booklet that was published in 2007 in honour of the 50th anniversary of the establishment of the Social Insurance System written by Panayiotis Yiallourous, First Insurance Officer at the Department of Social Insurance, was thoroughly explored with regards to specific amendments to the social insurance scheme. After I arranged a visit at the Ministry's archive with the librarian, I began visiting the archive from November 2007 until September 2011. In total, I spent fifteen months during that time looking for relevant sources and scanning them using a portable cordless handheld scanner. These included every page of all annual reports from 1941 until 2004 which contained detailed information of the evolution of social insurance in Cyprus. All scanned documents were saved in a file on my computer. The only difficulty encountered at the Ministry of Labour and Social Insurance was the lack of a few annual reports which, fortunately, I located at the archives of the Pancyprian Federation of Labour (PEO).

This research project has been able to uncover large amounts of documentary evidence, hitherto unknown, especially in relation to the social movements in Cyprus which were significant in establishing a social insurance system where none had existed.

3.2.2 Published Commentaries

There is a paucity of published material on social aspects of social insurance in Cyprus. It was possible, however, to identify specific authors from seven different areas of expertise and different points in time but who shared interest in the genesis and growth of the social insurance scheme in Cyprus. The use of these authors in connection with the archival work was very helpful since, not only has it guided me in exploring the topic, but has also allowed me to cross-check data and add or remove information that was vague or insufficient.

The authors under review have dealt extensively with the social, living and labour conditions in Cyprus as well as the campaign for social insurance. For example, while Surridge (1930) and Katsiaounis (1996) have dealt with social issues, such as poverty and unemployment since the arrival of the British on the island in 1878 until the 1930s, Varnava (1989, 1990, 1999, 2004, 2006, 2009, 2010) and Fantis (1997, 2005) two of the leaders of the labour movement since its creation, have left their mark on the campaign for social insurance and the improvement of working conditions. Graikos (1991), as an historian, analysed the evolution and struggles of the labour, society and politics during the second half of the nineteenth century and Yiallouros (2007), as a high ranking officer at the Department of Social Insurance, provided a more historically observed account by providing an overview of various regulations and legislations on social insurance. In addition, Angeliki-Loula Theodorou (1987), as a social worker and civil servant at the Cyprus Social Welfare Department, has documented the Cypriot family in relation to its elderly members in association with the presence or absence of social services for older people.

A brief description of the role of each author will be offered, including their perceptions of the key issues that this work addresses, beginning with Pantelis Varnava. His contribution to this thesis is perhaps the most noteworthy in terms of recording the history of the labour movement and its struggle for better working conditions and salaries. Varnava is, perhaps, the only leading figure of the labour movement who, through his books, recorded extensively the struggles of the labour movement in Cyprus. Pantelis Varnava began his career as a mine worker and later on joined the labour movement as an activist and eventually he became a trade unionist, working first for the Pancyprian Labour Organization (PSE) and later on for the Pancyprian Federation of Labour (PEO) which was the continuity of PSE after the latter was banned and dissolved by the British colonial administration. Although he did not finish elementary school, he managed to climb the ladder of hierarchy in the Pancyprian Federation of Labour (PEO) and he became the Central Organization Officer (similar to the work of an internal auditor) and the first General Secretary of EKYSY.

The fact that Varnava had personal experience as a worker in the mining industry and later on as a labour activist makes his work a significant aid to this research and a major source of information. He documented the history of the working and social conditions of workers during the first half of the last century and he experienced first-hand the extreme poverty and exploitation as well as the loss of his family's land to usurers. For fourteen years, from 1934 to 1948, he worked at the Skouriotissa² and Mavrovouni³ mines, while in 1948 he was elected Secretary of the Miners Union and served in that position until 1952. He took part in the Mavrovouni miners' strikes of 1936, 1944, 1946, 1947 and 1948. In the strikes of 1946-48 he was among the leaders of the miners' movement. He wrote several books of his experiences along with the living and working conditions in Cyprus in the early and mid-20th century and also documented the struggles of the labour movement for social insurance.

² *Skouriotissa* or *Foukasa* mine was located in the mountainous area of Troodos between the villages of Katydata and Saint George of Solia. *Foukasa* translates to 'flaming mountain' because after any blast of ore inside the mine would result in dense smoke reminding the volcano Vesuvius.

³ *Mavrovouni*, which translates to 'black mountain' is located six kilometres west of Skouriotissa mine. Currently, it is under Turkish occupation.

Regarding the work of Varnava, in 1989 the late Andreas Ziartides, former General Secretary of Pancyprian Federation of Labour (PEO), described Varnava as a veteran of the labour movement who decided to write down some of the experiences he lived as a miner, as well as the struggles of the labour movement in which he was an active member. Kostas Graikos (1991), an historian and author, referring to Varnava's book '*Fighting for Life*' depicted him as a valid and reliable source of information since he was a witness and a participant of the history of the labour movement.

In a similar fashion, at the premiere of the documentary film "*Memoirs of Miners*" on the 19th of April 2008, which was dedicated to the sixtieth anniversary of the strikes of miners in 1948, Pashalis Papapetrou (2008) the Director and Producer of the film, said of Pantelis Varnava: "Mr. Varnava told us about the mines, the working methods in the old days, the difficulties, the struggles and gave us a lot of valuable information. Without his guidance, the production of this film would be very difficult, if not impossible, to be accomplished." The above descriptions of Varnava, in addition to the reading of his books and the conducting of two interviews with him, informed my decision to use his work as a major source in the development of this thesis.

Similarly to Varnava, Andreas Fantis was also an active member and leader of the labour movement and the communist party of AKEL (Progressive Party of Working People) since 1938. Espoused with communist ideals, his work and later on his writings were focused on social class and the need for the labour movement to stand firm on its demands. He was among the founder members of the Pancyprian Trade Union Committee (PSE) which, after its declaration as illegal by the British, was renamed as the Pancyprian Federation of Labour (PEO).

Andreas Fantis served the left-wing popular movement in various positions within the trade union movement. In 1938 he participated in the movement for establishing the trade union of masons and workers in Nicosia and was then elected as its Secretary. He also participated in several strikes during the 1930s,

while in the early 1940s he joined the British army to fight against Nazism in various fronts in Europe.

Fantis wrote several books in which he emphasized the key-role played by the popular movement, and particularly PEO, in the liberal, political and socio-economic struggles of the Cypriot people. Andreas Fantis was an integral part of the historical developments on labour issues and the social insurance scheme. Thus, using his work as additional source material for this thesis is of great importance because he has left his mark on important moments in the history of the Cyprus labour movement and the developments of a system of social insurance. He withdrew from politics in 1991 after a major disagreement with AKEL following the collapse of the Soviet Union (and communist regimes) and the so-called eastern bloc.

Kostas Graikos, also a member of the left-wing political movement in Cyprus, was a historian and journalist who documented the history of the labour movement on the island and particularly the most important moments from the appearance of the first organized labour movement in the early 1900s until the late 20th century. His approach has been characterized as progressive and, based on that, he has recorded in two volumes the history of Cyprus from a progressive perspective.

Graikos' work has been twice awarded with the *Greek Turkish Friendship* award of *Dervis Ali Kavazoglu-Kosta Misiaoulis*⁴. The fact that he has written extensively on the evolution of the labour movement in Cyprus, presenting key-moments as no one else has done before, in addition to his involvement in the labour movement, informed the decision to draw on his work as additional support material in the development of this thesis.

⁴ Dervis Ali Kavazoglou and Kostas Misiaoulis were proponents of peace between Turkish Cypriot and Greek Cypriot communities on the island of Cyprus during the period of intercommunal violence. Both were members of AKEL whilst Kostas Misiaoulis was also a PEO trade union official. The two were shot to death on April 11, 1965 when they were ambushed on the Nicosia – Larnaca road by the Turkish-Cypriot extremist nationalist militant organization TMT. Both are held as symbols of Greek-Turkish friendship.

Rolandos Katsiaounis is another important reference source for this thesis. As a historian, researcher and author of works concerning the fields of modern history of Cyprus he has explored in depth social aspects such as poverty and unemployment during the British presence on the island, especially during the first forty years of British rule. His doctoral dissertation *Labour, Society and Politics in Cyprus during the Second Half of the Nineteenth Century* (1996) has contributed significantly to the historical references in this field.

Katsiaounis' approach and focus on the labouring poor and the social and political transformation of Cyprus during the colonial years have revealed vital information on very important issues, such as the rise of the middle class in Cyprus, the heavy taxation burden, poverty and unemployment and the issue of usury that had appeared during the early years of the British rule.

Panagiotis Yiallourous, a former Chief Insurance Officer in the Social Insurance Services at the Ministry of Labour and Social Insurance in Cyprus and expert on social insurance and retirement pensions, has documented the evolution of the social insurance system in Cyprus since its implementation in 1957 until 2007 as part of the 50th anniversary of the social insurance scheme. The originality of his work lies in the fact that he has listed, although in a form of a general overview, all significant moments of the evolution of the social insurance system in chronological order and in such a way that can help a researcher fully explore the history of the system during the first 50 years (1956-2006) of its operation.

Brewster Joseph Surrige served in the Colonial Government of Cyprus for many years and in various positions but mainly as a district Commissioner. After an extensive survey in rural Cyprus between 1927 and 1928 he published the benchmark report *Survey on Rural Life in Cyprus* in 1930. Surrige was a member of the British government of the island and district Commissioner in Limassol and Larnaca. Although a member of the establishment on the island making a significant contribution to the social oppression during the *Palmerocracy*⁵ period

⁵ On 8 November 1933, Herbert Richmond Palmer became Governor and Commander-in Chief of Cyprus. His rule in Cyprus was a strict one and his rule has come to be known as Palmerocracy (Παλμεροκρατία) in Cypriot history.

(1933-1939) and the man who suppressed the popular uprising in Larnaca, his *Survey on Rural Life in Cyprus* is perhaps the first complete academic research concerning all aspects of the daily life of Cypriots in the late 1920s. This study revealed important elements of the social and economic deprivation during the late 1920s that no report or any other investigation had done previously. His work is considered as an invaluable point of reference for every researcher on the social and economic aspects of Cyprus during that particular time period.

Finally, the work of Angeliki-Loula Theodorou has marked the contemporary history of the Cypriot family in relation to its elderly members. Theodorou, as a social worker and civil servant at the Cyprus Social Welfare Department, has documented the course of the transformation of the family in Cyprus in association with the presence or absence of social services.

By using the year 1974 as a landmark, Theodorou is attempting to provide an explanation of the Cypriot family before and after 1974, a year that a military coup followed by the Turkish military invasion of the island divided Cyprus and its people. In addition, her research (1987) on the Cypriot family and its relation to its elderly members also reveals the social aspects on the island during the colonial years and the way society was treating or was expected to treat its elderly members.

While this thesis focuses on the older population of the island in association with social insurance and retirement pensions, the work of Theodorou has provided some guidelines on old age within the Cypriot context in both normal and extreme circumstances, as well as the position of the state during colonial and post-colonial years. In addition, her focus on old age allowed the exploration of those social parameters that accompanied the campaign for social insurance and related to the way society, and even the labour movement, was dealing with old age. In other words, for the colonial authorities, the family was held accountable for the care of its elderly members, a situation that continued even after the post-colonial years. As a result, her exploration of the social conditions of the Cypriot family

and its elderly members before and after colonialism informed the decision to draw on her work in relation to this age group and its social support network.

In addition to these seven authors and the original documents from various archives, interviews with key informants were also conducted. By using interviews one can then cross-reference various sources thereby ensuring both originality and validity. The documentary sources also helped inform the structure of the interviews.

3.3 Interviews

Interviewing provides an opportunity to gain a deeper understanding of diverse viewpoints but crucially the degree of structure of the interviews needed to be established. This also enabled the generation of constructive suggestions, as well as obtaining detailed information and gathering rich and detailed data, albeit with a small number of participants (Shneiderman and Plaisant, 2005).

Fontana and Frey (2000: 657) describe a view of collecting data: “Interviewing and interviewers must necessarily be creative, forget how-to rules, and adapt themselves to the ever changing situations they face.” Similarly, Wengraf (2001: 3) describes interviews as ‘a special kind of conversational interaction’ maintaining that:

“...what is planned is a deliberate half scripted or quarter scripted interview: its questions are only partially prepared in advance (semi structured) and will therefore be largely improvised by you as interviewer. But only largely: the interview as a whole is a joint process, a co-production by you and your interviewee.”

As such, this enquiry adopted a semi-structured approach but given the issue of familiarity with the interviewees adopted the ideas of reflexivity which allows the researcher to ask questions in the usual way but, crucially, the interviewer shares personal experiences of the topic and comments on the unfolding communication between both parties. Ellis and Berger (2003: 162) see the researcher’s disclosure as: “More than tactics to encourage the respondent to open up: rather, the

researcher often feels a reciprocal desire to disclose, given the intimacy of the details being shared by the interviewee.”

It is important to mention that the interviews for this thesis focused on key participants in the area of social insurance and old age in Cyprus. All the potential interviewees were contacted in person or on the telephone and were invited to participate in this research which resulted in a positive response from all of them. It is important to note that Cyprus is a small country and that the key persons in the area of social insurance with knowledge of the topic were few. Those chosen were central to this study.

All the interviews were arranged in a place of their choosing (home, nursing home, office). After their verbal agreement to participate in the interviews all the participants received a letter inviting them to participate in the interview which also contained details of the purpose of the research and the purpose of the interview (See Appendix 3).

Below is the list of the names and the areas of expertise of each one of the participants. They have all given their permission to be named in this thesis (See Appendix 4).

- Pantelis Varnava: former labour movement activist and author;
- Antonis Protopapas: president of the Social Welfare Committee of the House of Elders and former director of the Labour Department;
- Michael Antoniou: former Deputy Director of Social Insurance Services at the Ministry of Labour and Social Insurance;
- Euanthia Papassava: former Director of the Social Welfare Department;
- Takis Chrysostomou: former social welfare officer at the Social Welfare Department;
- Michael Panagi: former General Secretary of the Pancyprian Union of Pensioners (EKYSY);
- Kostas Skarparis: General Secretary of the Pancyprian Union of Pensioners (EKYSY);

- George Soteriou: Larnaca District Secretary of the Pancyprian Union of Pensioners (EKYSY).

The rationale for choosing these people lies in their professional identity and its close relation to the topic of the thesis since they have participated in various developments in the area of social insurance in Cyprus or they still work in the areas of social insurance and older people.

The interviews were conducted based on a topic guide that was constructed using elements from the documentary research as well as the published commentaries (See Appendix 5). That combination allowed sufficient flexibility so that the respondents spoke freely in terms of the timing and attention given to different topics (Powney and Watts, 1987). At the same time, the process was guided by the interviewees' responses in regards to the nature of the questions and even additional questions that emerged from their responses. Through a set of pre-planned essential questions that were used flexibly the interviewees had the opportunity to elaborate and provide relevant information on the topic.

All the responses were tape-recorded which allowed me to concentrate on the interview process and were then subsequently transcribed. By tape-recording the interviews it allowed me a more thorough examination of the data and permitted repeated examination of the interviewees' responses which also helped the possibility of any accusations that the analysis was influenced by the researcher's values or biases (Bryman, 2004).

The nature of the interviews did not create any barriers to the process since all the respondents had the appropriate time ahead of the interview to prepare for it. In addition, their responses were not based on personal issues, a situation that could cause difficulties, but rather they were based on professional experiences that occurred in the past or currently in relation to the topic of the thesis. It was very much an approach that could be termed 'oral history'.

The use of oral-history interviews or in-depth interviewing is considered as one of the most commonly used qualitative research methods (Clifford, 2003; Bernard,

2006). The objective of using this interviewing method was to gather more information from key participants or key informants and it was found to be a useful way of finding out about people's perceptions or opinions on specific matters (Crabtree and Miller, 1999; Mikkelsen, 2005).

The method of oral-history interviews was chosen in order to enhance the historic character of the research within the framework of an investigation into the historical past by means of personal recollections, memories, evocations or life stories where the individual talks about their experiences, attitudes and values (Hitchcock, 1995). Therefore, the use of the oral-history method provides evidence that has been extracted from memories and narrations of the past from people who experienced various events in their lives (Tonkin, Burke, and Finnegan, 1995). Oral history collects memories and personal commentaries of historical significance through recorded interviews. In particular, this method seeks to open novel routes for understanding the past, the relation of past to present and the lives of others through time, by listening to the voices of individuals talking extensively about the events and experiences through which they have lived (Garner, 2006).

Furthermore, my decision to use oral history was also based on Hutton's (1993) view that it is an art of memory because it mediates the encounter between two moments of memory: repetition (images of the past shape our present understanding in unreflective ways) and recollection (our present effort to evoke the past by reconstructing images in a selective way that suits our present situation). The researcher should be in search of how both elements influence the oral narrative. Thus, it is important to recognize the oral narrative as a coherent account, not in terms of memory precision and chronological accuracy, but in terms of its potential to reflect the self as a product of self-theorizing in a process of remembering, selecting, re-ordering, interpreting, omitting and silencing. It is important to keep in mind that 'we are our memories' (Tonkin, 1992: 25).

Since oral-history interviews collect information about the past from observers and participants in that past, it is the systematic collection of living people's

testimony about their own experiences. In particular, this method seeks to open novel routes for understanding the past, the relation of past to present and the lives of others through time, “by listening to the voices of individuals talking extensively about the events and experiences through which they have lived” (Jupp, 2006: 207).

By interviewing key participants one can gather information efficiently and gain access to information otherwise unavailable to the researcher (Crabtree and Miller, 1999). Certainly, the use of key informants is a significant tool in the hands of a researcher because of the opportunity that is given to him or her not just to get the information but through the interview to uncover valuable information for the topic under investigation and to cross-reference with documentary data (Holloway and Wheeler, 2002).

The semi structured interviews for the current thesis consisted of open-ended questions which is an approach that decreases the possibilities of limiting responses as opposed to other forms of interview, such as structured interviews. In addition, the advantage of semi structured interviews is that they combine the flexibility of the semi structured, open-ended interview with the directionality and agenda of the survey instrument to produce focused qualitative and textual data at the factor level (Schensul, 1999). Hancock (1998: 9) adds that the open-ended nature of the question not only defines the topic under investigation but “provides opportunities for both interviewer and interviewee to discuss some topics in more detail.” In addition, it is important to note that, through interviews, the researcher has the flexibility to shift from one question to the other, meaning that, depending on the response of the interviewee, the interviewer has the possibility of changing the sequence of the questions. Kvale (1996: 51) suggested that the changes of sequence and forms of questions could allow the researcher to “follow up the answers given and the stories told by the subjects.”

Through the flow of a conversation with a subject, it is almost unrealistic to maintain the initial form and progression of the questions. While interviewing someone, it is not at all an appropriate approach to push the interviewee in the

direction one might want just because that is the structure of the interview. Yet, a researcher should not be “trapped” in a structured questionnaire led by the interview, but the researcher should be the leader in the interviewing process. This kind of interview allows the researcher to be fully in control of the interviewing process and leaves both, the researcher and the respondent, to follow new leads (Bernard, 2006: 212). However, it depends on what one researcher wants to know and what the expected outcomes of the research will be (Morse and Field, 1995). Based on this statement, it is up to the researcher to decide what direction they prefer to follow for the best outcomes.

In situations where there is a chance for only one or a limited number of interviews, semi structured interviews are the most suitable because they allow the researcher to come up with more questions and/or modify the existing ones or, even improvise with the questions (Bernard, 2000; Marlow, 2001). The viewpoints of the participants are more likely to be expressed through this method than a questionnaire or a structured interview (Flick, 2006).

The above discussion indicates the rationale in regards to the use of semi structured interviews with open-ended questions as the most suitable type of interview for this thesis. Furthermore, it is important to note that the combination of documentary research and interviews was felt to be the appropriate approach to the current research because key-persons that participated in the interviews could verify or not what the documents state and vice-versa. Nonetheless, there are complex issues to consider around the analysis of data and various ethical concerns.

3.4 Data Analysis and Ethics

The data analysis identified information that begins to provide a picture of the social insurance system in relation to the role of the labour movement and the elderly people’s movement. The analysis of the data was a process of noticing, collecting and analysing significant information and then coding, indexing, sorting, retrieving, mapping and interpreting data (Coffey and Atkinson 1996; Seidel, 1998).

This can work at many different levels. For example, in relation to the analysis of the interviews it was noted that a significant amount of time was needed for each transcription (approximately 2 hours), yet the process of transcribing was in itself a valuable and useful exercise. That process provided the opportunity to have a better understanding of the responses and received meanings and implications that someone else not involved in the whole process of the thesis might not appreciate if typing the interviews.

After collecting the data from a substantial amount of sources, a critical decision had to be made on what would be appropriate and what would not be appropriate to present in the work. In order to do that, the data had to be broken down into components and analysed. Regarding the interviews, each one of them was analysed on its own and detailed notes were taken about its thematic areas and the information it revealed (Dey, 1993). Data was then coded into different categories (five time-periods) and sub-categories highlighted in each chapter based on particular events that have marked the evolution of social insurance in Cyprus. In addition, any figures and statistics that were thought to be of importance were carefully chosen based on the source of their construction i.e. the Cyprus Statistical Service at the Ministry of Finance, EKYSY, and colonial administration statistics produced by Surridge, for example. Additionally, photographs from various time periods as well as from the various campaigns for the introduction of social insurance in Cyprus plus major events that characterized living and working conditions were all used in order to support the texts and interviews.

All of the above were also based on the careful consideration of a range of related questions regarding the authors, their position, biases, dates, social or political context and the way documents were produced including assumptions, meanings, arguments and their relationship to other documents (Blaxter, Hughes and Tight, 2006).

Furthermore, while the thesis has attempted to give voice to research subjects it has also pulled out their past experiences and voice whilst analysing social and

political themes as well as relevant policies within the context of social insurance (Braun and Clarke, 2006). To be more precise, the process involved systematic analysis to the extent that themes, patterns and categories were emphasized and then analysed (Easterby-Smith, Thorpe and Lowe 1999). To deal with the large amount of relevant data, the model of Miles and Huberman (1994), was adopted and followed consistently utilising the major phases of data analysis; data reduction, data display and conclusion, drawing and verification.

Indeed, this model has been quite helpful since it allowed the analysis of a potentially chaotic situation of many pages providing simply too much textual information (Weber, 1990). In essence, the first step was simply to reduce the amount of data. This was managed through a process of selecting, focusing, simplifying and abstracting the data that appeared into field notes or transcriptions in order to be made more intelligible in terms of the issues to be addressed.

After dealing with data reduction the second element or level, that of data display, was followed (Miles and Huberman 1994). This element allowed the provision of an organized, compressed assembly of information that permits drawing a conclusion. Indeed, that process allowed a sufficient induction from the data to begin to discern systematic patterns and interrelationships based on the chronological pattern of the thesis which was found to be very helpful in the exploration of the topic.

Moreover, this process allowed data to be organized and summarized in order to set the parameters for further analysis should that be necessary (Punch, 1998). The third element of conclusion, drawing and verification, relies on interpretation and involved stepping back from the bulk of the material to consider the meaning of the analysed data (Miles and Huberman, 1994). In stepping back there has to be an awareness of the ethical issues associated with data collection and interpretation.

Ethical issues arise in all types of research therefore researchers need to be sensitive, respectful and mindful when dealing with people (Padgett, 1998). As Yow (1994: 84) states, “like a cat about to go into a yard full of dogs, step with

full attention into this matter of legalities and ethics. The amateur just turns on the tape recorder and lets the tape roll. The professional reads as much as possible about the law, uses a release form, and saves hours of worry-and maybe a lawsuit.”

With regard to the interview process, there was not an issue of confidentiality or anonymity for the interviewees, since they were eager to provide their names on the informed consent form (See Appendix 4). They also had the right to access their transcript and an option to amend any inaccuracies before publication or indeed have an option to withdraw their entire contribution. Kimmel (1988) agrees that research ethics help to ensure that our scientific endeavours are compatible with our values and goals, through shared guidelines, principles and written and unwritten laws. Therefore, research should be conducted ethically (Mauthner, 2002).

Truthfulness is a major issue in research. Interviewees should be treated with respect and told the truth about the philosophy of the research in order to feel comfortable with the whole process, especially with their engagement in any interview. In order for the researcher to make sure that there are no issues not properly clarified for the subject, rules should be established, however, it is neither helpful or possible to prescribe a set of ethical rules to be followed (Vaus, 2002). However, there is always a small possibility for some of the interviewees to decide that they do not feel comfortable in allowing the use of some or all of the data they have provided although this was not the case with this research study.

With regard to this, research anonymity did not play any significant role since all respondents stressed that they did not have any concerns over identifying their names in the research. This is resonated with Yow’s (1994) research experience which was very helpful since the respondents felt honored by the inclusion of their names in her project. This is similar to Tonkin’s (1992) position that people who participate in oral projects feel honored and individualized by stating their names. Additionally, after the end of each interview for this thesis, the

respondents were asked again whether they wanted to maintain their anonymity by signing a consent form (See appendix 4).

Moreover, before using the data collected in the interviews, the interview tapes were duplicated and sent back to all respondents for any comments. That way, the respondents were encouraged to recall their interview experience and decide whether they were still content to grant permission to use the data or not. Fortunately, all respondents granted their permission to use the material collected in the interviews. It is also worth noting that all respondents were informed again that they could withdraw from the interview process at any time if they so wished. However, they were all keen to share their experiences without expressing any concerns of anonymity or confidentiality. They all pointed out that the information that they would share with me was based on facts and their experiences and in several cases those had already been presented previously in written documents such as books, newspaper articles, public lectures and interviews.

Such factors provide the background to consider the strengths and weaknesses of the overall research design.

3.5 Strengths and Weaknesses

A key strength of the research design is that it is the first attempt to provide a history and analysis of the way social insurance evolved in Cyprus from the arrival of the British in 1878 until 2004 when Cyprus became a full member of the European Union. This has meant that a considerable amount of groundwork was required to identify relevant key sources within a setting where there was, and is, a paucity of published material. The approach adopted – using documentary sources from previously un-researched archives, alongside a small number of published commentaries and supported by interviews – was, inevitably time-consuming.

This had to be balanced with one of the common hazards that researchers face which is getting either a large amount of data which might not be useful or not

getting enough satisfactory data. This thesis faced similar problems in locating and identifying the most suitable information. The main reason for this is the character of the study. First of all, it has examined a long chronological period in which data related to the population group under scrutiny either did not exist at all, or was very limited and not directly associated with older people and their living conditions. Secondly, all the available studies that are related to the system of social insurance in Cyprus approached the matter either from an economic or political perspective as opposed to this study which has approached the perspective of a social history.

The social history character of this thesis has been a challenge since the available information was limited and difficult to locate, especially for the period before the emergence of the labour movement, i.e. from the arrival of the British in 1878 until the early 1920s. Also, handling various official documents gave rise to concerns over the approach be taken when confronted with a government document signed by a minister. Scott (1990) argues that in such cases it is better to take for granted the names of the authors inscribed on the documents.

At the same time, the majority of key persons who experienced major events described in the thesis are deceased, a situation that inevitably guided the research towards a documentary study in order to reveal the most important and useful data. The absence of people, who played a valuable role in the evolution of social insurance in Cyprus, especially in the early years, has created barriers in that it was not always possible to cross-check some of the collected data.

3.6 Summary

The construction of the research design was the most appropriate way to extract data that would support the philosophy and scope of the thesis and give voice to material which has been hidden for a long period of time. At the same time, oral history interviews provided the basis for eliciting personal perspectives which were rich and original, blending past and present experiences in unique ways.

This chapter has provided an account and rationale for the methodology. The next chapters will offer the history of the evolution of the social insurance system in Cyprus but contextualised within the social background against which it evolved.

Chapter 4

The Beginning of British rule: 1878-1900

4.1 Introduction

The genesis and growth of the social insurance scheme in Cyprus occurred within the timeframe of British imperial rule. This chapter considers and explores the foundations of the British colonial era. The events during the first years of the British governance of the island are of particular importance since they identify and highlight the social conditions of the Cypriot people and relate to subsequent developments in social insurance.

4.2 Cyprus in 1878

4.2.1 Strategic importance

In the mid-1870s Britain and other European powers were faced with preventing Russian expansion into areas controlled by a weakening Ottoman Empire. Russia was trying to fill the power vacuum by expanding the Tsar's empire west and south toward the warm water port of Constantinople and the Dardanelles. As a result, following negotiations, on June 4, 1878, and as a strategic move to protect Turkey from a possible Russian expansion to the East, Britain concluded a treaty with Sultan Abdul Hamid II, officially known as the *Cyprus Convention*⁶ as it was soon called (Richter, 2006: 11).

The strategic point of the island dominating the eastern portion of the Mediterranean was of a great importance to Britain in order to allow control of the route to the Middle East and all the way to India, through the Suez Canal in Egypt. To the British, Cyprus was more of an admirable naval station, whether for the purpose of protecting the Suez Canal or securing a second road to India (Varnava, 2006).

⁶ See the work of Lee, D. (1934). *Great Britain and the Cyprus Convention Policy of 1878*. Cambridge: Harvard University and Hill. G., & Luke, H. (1972). *A History of Cyprus*. Cambridge: At the University Press.

The importance of the strategic position of the island was seen by Captain J. M. Kinneir who viewed the significance of the island to both British military and commercial grounds⁷ after a trip to Cyprus in 1814. Kinneir excerpted in Hill (1952) wrote:

“The possession of Cyprus would give to England a preponderating influence in the Mediterranean, and place at her disposal the future destinies of the Levant. Egypt and Syria would soon become her tributaries, and she would acquire an overawing position in respect to Asia Minor, by which the Porte might at all times be kept in check, and the encroachments of Russia, in this quarter, retarded if not prevented” (Hill, 1952: 270).

It was not until 64 years after Kinneir was writing that, in 1878, that Britain took over control of Cyprus from Turkey, an indication of the long-term geo-strategic plans of the United Kingdom.

When the change from Turkish to British rule happened it was abrupt and without the consideration of the Cypriot population since that was merely in accordance with the rules of the diplomatic game as played out at that time⁸. Upon arrival in Cyprus, the British officials had no knowledge whatsoever about the island’s culture, population or its administration besides the fact that they just had acquired the island of Cyprus from the Ottomans with an annual tribute⁹ of ninety-two thousand pounds (Orr 1918: 46; Peristianis, 2008: 119; Varnava, 2009: 129-132; Hook, 2009: 19).

4.2.2 Transition from Turkish to British rule

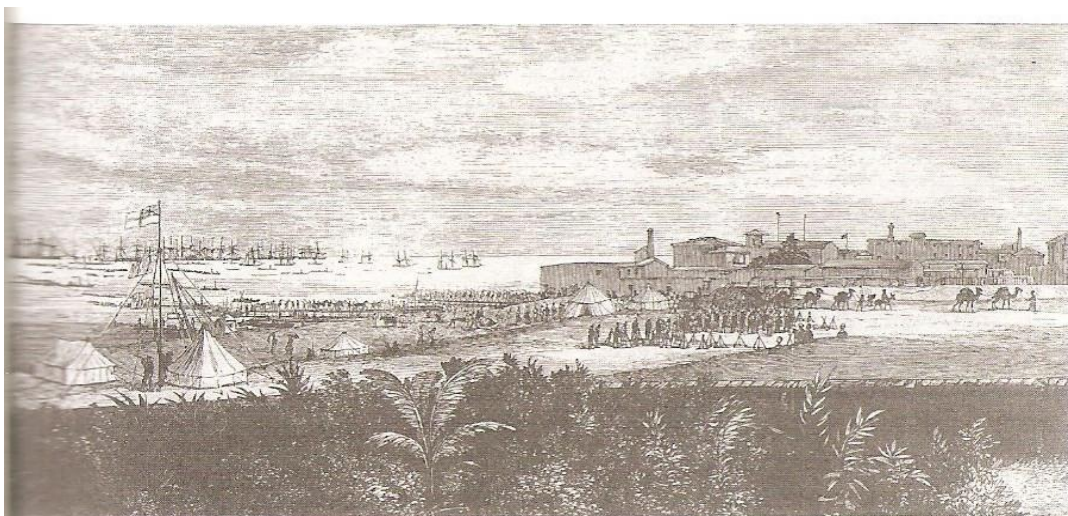
The early years of the British rule for the mass of the population meant the transfer of the island to Britain, a Christian power, and the early declarations for freedom and justice were thought of as the end of the tithe system of the former

⁷ See Kinneir, J. (1818). *Journey through Asia Minor, Armenia and Koordistan in the years of 1813 and 1814*. Boston: J. Murray.

⁸ In those days it was hardly considered necessary to consult the locals, who were realised as *subjects* as long as the sovereign Sultan consented.

⁹ The Ottoman Empire agreed to the loan of Cyprus to Great Britain while retaining sovereignty over the island and collecting revenue known as “*the Tribute*” and based on the average amount of the taxes of the preceding five years. That amount was estimated to be approximately ninety thousand pounds per year. In particular, the annual payment of £92,799 was to be commuted to the Sultan and raised by Cypriot taxation. Instead, the British Treasury used the money to amortize its burden of defaulted Ottoman loans.

Ottoman rulers. For instance, the focus of the Ottoman rulers in Cyprus had been on collecting taxes and avoiding investing in the development of the island. That is illustrated by the lack of services, such as ports, roads, schools, water supply and other facilities which could make everyday life easier, indicating the way the Ottomans had ruled the island for the previous 300 years (Triseliotis, 1977). One major reason for that situation was the fact that Ottoman governors who were assigned to Cyprus for two-year terms had been more interested in extracting taxes from the peasantry than in carrying out any reform programs (Hill, 1952).



Landing at Larnaca, 1878
Source: Illustrated London News, 17 August 1878

As a result, the people of the island initially considered the arrival of the British as a welcome relief from the ‘tax-hungry’ Turkish rule (Dixon, 1879; Borowiec, 2000). An analysis of the address of Archbishop Sophronios III to the first Governor of the island, Sir Garnet Wolseley, illustrates the initial enthusiasm and the great expectations with which Cypriots welcomed the British colonists;

“...We therefore hope that this moment heralds a new life and a new era of prosperity for this land, which will mark a new epoch in its annals... Cyprus, to whom nature has given a rich and fertile soil, has to this day only lacked the steady hand needed to take full advantage of these resources. We are certain, however, that your Excellency’s will be able to fill that void...
Long Live Her Majesty Queen Victoria!
Long Live the English Nation!
Long Live our Governor General!” (Varnava, 2009: 292-293).

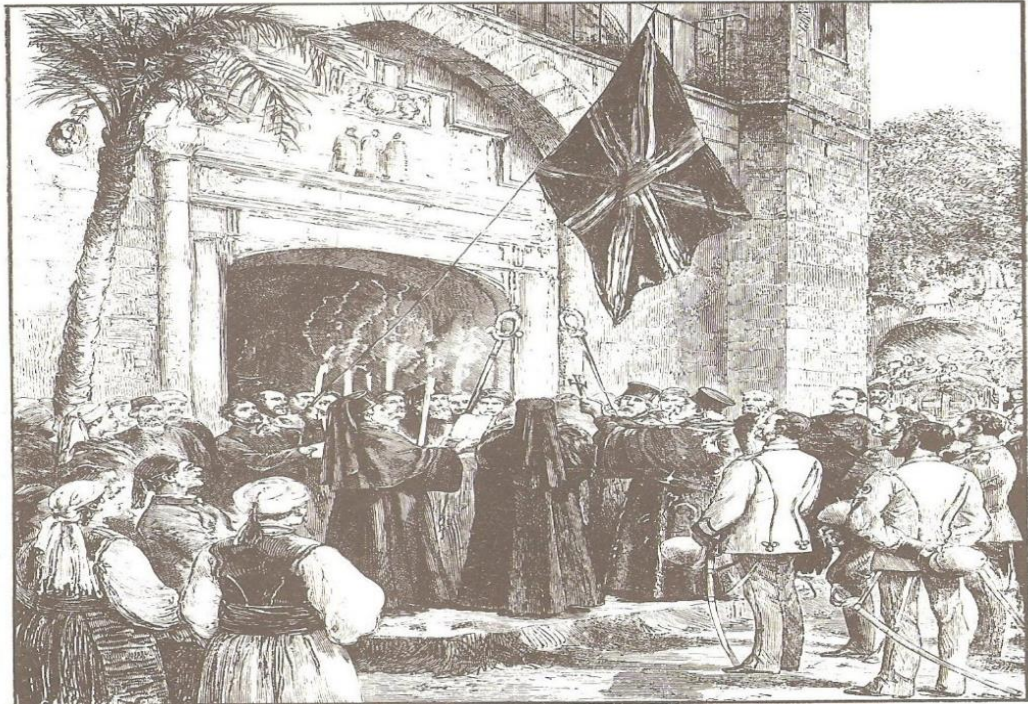
Yet, a closer analysis of Sophronios' intention was to maintain the existing political and social structures and the secular authority of the Church. This can also be clearly understood from a letter Sophronios sent to Governor Wolseley in February 1879 asking him to preserve Church rights, to exempt the Church land from tax, to protect indebted priests from prison and forced labour and to include the clergy on governing councils.¹⁰ In fact, the position of the Cyprus Church is in line with Stephens (1979) who pointed the role of Church as a political actor.

Consequently, during the first few years of the British rule the atmosphere among Cypriots was still positive with great expectations of the new government of the island. The introductory speech of Ms. Korinie Pieridou, the Superintendent of Parthenagogeio (Female School) of Scala (Larnaca) as printed by the newspaper *Neon Kition*¹¹ on July 23, 1879 depicted the positive feelings characterizing Cypriots during the early years of the British occupation. Her speech creates the feeling of the local society viewing the British arrival as an occupation by a great, civilized and progressive nation. Pieridou (1879a: 1-2) was certain that to many Cypriots the British arrival would provide “a great opportunity and a guarantee of a shining future including welfare to Cypriots”, as compared to the years under the Ottomans who “had followed their usual practice of extracting the maximum of taxation and according, in exchange, the minimum of service” (Storrs, 1937: 489).

The enthusiasm towards the new rulers was so immense that, when rumors about the possibility of the departure of the British began to spread, a whole front page article in *Neon Kition* on August 13, 1879, attempted to calm the local people down and served as an indication of the hopes and expectations the people of the island had of their new rulers. Cypriots were afraid that the departure of the British would bring back to Cyprus the Ottomans and their hard way of governance. In order to refute the rumors, *Neon Kition* (1879a: 1, b: 1) concluded that Britain would not depart from Cyprus any time soon since political reasons would not allow it.

¹⁰ Correspondence, 4319, June-December 1879, Memorial to Wolseley, 16 February 1879.

¹¹ *Kition* is the ancient name of the city of Larnaca. The term *Neon* refers to *New*.



The first High Commissioner of Cyprus Sir Garnet Wolseley is watching the hoisting of the British flag upon his arrival in Nicosia. The engraving was published in a French magazine at the time.

Nevertheless, in the early days of British rule, there was not much investment in new forms of economic production. For instance, although some may argue that the colonial administration did undertake substantial infrastructural investment a significant number of historical documents¹² indicate that such investments did not actually occur, at least to the extent that would begin to alleviate Cypriots' poor living standards (Hook, 2009).

By examining the colonial years in Cyprus, regardless of the 'temporary' presence of Britain on the island, its administration played an important role in the Cypriot social and political environment. As Dixon (1879) put it in his book, *British Rule*, the British would create a 'British Cyprus' that would maintain and guarantee future prosperity by imposing order on indigenous chaos through formal rule (Levine, 2013; Hyam, 2010) and the modernization of the island governing

¹² Letters written by ordinary Cypriots, as well as newspaper articles throughout the British administration period found in the National Archives and the Archbishop's Archive. A more detailed discussion on the particular issue follows later in the chapter.

structures. Regardless of the ‘aspiration’ of the British to establish ‘good government’ and modernise Cyprus through new administrative procedures and institutions¹³ that, actually, was not the case in the years which followed, for the British had perhaps a different agenda.

4.2.3 British administration

After an announcement in both Houses of Parliament on 8th of July 1878 on the acquisition of Cyprus from the Ottomans, Sir Garnet Wolseley was appointed as ‘*Her Majesty's High Commissioner and Commander-in-Chief,*’ to the newest appendage of the British Crown and he left England for Cyprus on the following Saturday, the 15th of July (Low, 1878: 251). With the arrival of the British in 1878, Cypriot society was still structured according to the Ottoman *millet*¹⁴ system. The pre-colonial years under the 300-year Ottoman rule or the *Porte*¹⁵ led to the establishment of a particular, though unique, administrative system. Cypriots were categorized based on their religious identity and the religious leadership administered their fiscal and judicial affairs, as well as other civil functions (Papadopoulos, 1967; Theodoulou, 2005). Thus, the Church was provided with an effective instrument for the administration and the control of the Ottoman rule in Cyprus (Michail, 2005). For instance, the central role of the Church of Cyprus with regards to the exercise of power is depicted by the privileges granted to the Church and the Archbishop of Cyprus by the Sultan himself. The law safeguarded the rights and privileges of the Church of Cyprus and Islamic institutions as the major control mechanisms and tax collectors (Michail, 2005).

Upon the arrival of the British, the new rulers of Cyprus proceeded towards a number of modifications in the political system through various administrative

¹³ The central administrative department established by the British, the Secretariat, oversaw and coordinated the whole work of the Government as well as the newly formed departments of the Receiver-General, Customs and Excise, Audit, Public Works, Survey and Land Registration, Forests, Police and Prisons, the Postal and Medical departments and the office of the King’s Advocate-the Government’s legal adviser.

¹⁴ The Ottomans organized governmental life around divisions. Each religious community (*millet*) kept its own courts, schools, and welfare system.

¹⁵ The government of the Ottoman Empire.

and political changes that would bring ‘good government,’¹⁶ as they had initially promised, and would allow them to better govern the island (Faustmann, 1999). This approach was normal for colonial powers since at that time European colonists believed that it was their moral responsibility to modernize their colonies. Therefore, within the context of colonialism the British were determined to disseminate their institutions, culture and language (Marshall, 2001) in an attempt to exercise power on their colonies and manage to control them (see also Ferguson 2002; Hyam, 2010).

The administrative system during the Ottoman presence gave way to British law as Cypriots hoped that their new rulers would bring law and order through a civilized administration (Katsiaounis, 1996). A secular colonial bureaucracy and a bourgeois society were now gradually replacing the Ottoman system of governance that had secured for the Orthodox Church’s prelates the role of representatives and protectors of their flock (Katsiaounis, 1996).

Despite the initial attempts of the British to modify the administrative system of Cyprus, the task was not simple. The three hundred years of the Ottoman governance of Cyprus had reduced the island to one of stagnation (Orr, 1918: 32). Additionally, as the processes of signing the treaty with the Ottomans occurred within a short time period in a sudden and unexpected way, the British officials, and especially the first governor, Sir Garnet Wolseley, just stepped into it without any prior preparation¹⁷ such as formulating plans, organizing the administrative procedures or assessing the needs for that mission (Orr, 1918: 66).

As well as his ignorance on Cyprus matters, and despite the fact that Sir Garnet Wolseley was welcomed with declarations of loyalty, the following statement by him in his personal diary shows not only his lack of interest in serving in Cyprus but also a negative attitude towards anything that was not British and an indifference to the development of prosperity on the island:

¹⁶ The British creed of bringing “good government” in Cyprus did not differ from similar efforts of Imperial Britain to apply its own mechanisms of government throughout the Empire (see the work of Faustmann, 1999).

¹⁷ For instance, the British troops were sent to Cyprus in the middle of the summer with their winter uniforms.

“I don't like foreigners I am glad to say. I hate their ways and customs but I can forget those [:] Why I really dislike foreigners is on National grounds. If I had ten sons all should be brought up on this feeling [:] The more they hated foreigners, the more they would cling to England as their home” (Cavendish, 1991: 49).

Regardless of his negative feelings on his appointment and the various restrictions from London over the administration of Cyprus, the most significant change under Wolseley's administration was - the process of 'regenerating rotten empires' - i.e. the institutionalisation of a new system of a representative government (Hyam, 2003: 244). Thus, a Legislative Council was established on September 14, 1878, consisting of the High Commissioner and no less than four and no more than eight other members, half to be officials and half to be inhabitants but not holding office (Warren, 1885). However, the role of the Legislative Council was limited and was to promote the British administration's plans, based on the powers of the Royal Crown (Georghallides, 1979: 41-42; Papageorgiou, 1996: 133; Katsiaounis, 1996: 84).

Furthermore, as a result of the industrialization in Western Europe and the United States, Cyprus began, albeit reluctantly, to see a modification of its feudal system to a new, more modern capitalist system. This new system, inevitably led to the gradual emergence of a new social class, the working or labouring class mainly because of the appearance of some light industries, such as carpentry, footwear and metal working (Katsiaounis, 1996). However, the position of the British on the economy and spending in Cyprus was still quite ambiguous, since there was not any clear agenda on that matter besides the construction of an infrastructure that would satisfy the needs of the administration (i.e. roads and buildings to house the administrative offices). For instance, roads and harbors were reconstructed so as to allow the expansion of trade and commerce both internally and with other countries, as well as allowing British ships to moor up near the pier (Varnava, 2009: 110). At the heart of the British strategy was the plan to value colonies for trade (Levine, 2013) and not through the creation or modernisation of industries. This has a great impact as did not allow the growth of industrial working class but more importantly it meant that the integration of Cyprus in the world economy was heavily dependent on trade, mainly of natural resources.

In addition, there is no information whatsoever or any historical account with regards to the introduction or even the intention of the British colonial government to introduce any form of social protection, such as retirement pensions,¹⁸ except to civil servants. It would appear that in the early years of the British in Cyprus they had not considered the matter of social protection for the local people. However, as the *Pensions Ordinance, 15* (1882) demonstrates, the British colonial administration was concerned only about pension provision to civil servants, locals and settlers (as the related literature on colonialism indicates), such as court judges, police officers and district officials, leaving the general population to live in poor conditions (this is developed further in Chapter 5). Nevertheless, this approach on the issue of pensions in Cyprus was not unique since such a system could be found in all colonies where the British were willing to provide pensions to the people that would manage the governing structures.

Following the early attempts to modernize Cyprus, by 1896 the Cyprus experiment in 'good' government began to deteriorate:

“Granted that three centuries of that ‘Turkish misrule’, which has now almost passed into a proverb, account for a great deal of deterioration and distress, have eighteen years of just and wise government by able and upright English administrators done nothing to repair the mischief caused by neglect, oppression, improvidence, and extortion? ...It comes to this, then, that we have not done our duty to Cyprus, nor even acted wisely in our own interests...”(Brown, 1896: 510-523).

Thus, the quality of life for the local population was still very poor and underdeveloped. The vast majority of the people on the island was living in conditions of poverty and was largely illiterate (Lefkis, 1984). While the slogan for 'good government' was still alive, the daily life for the general population indicates that the living conditions had, not only, not been improved, but they had deteriorated because of constant and heavy taxation imposed by the British colonial administration.

¹⁸ Documents from the Cyprus National Archives indicate that only colonial government employees were eligible for retirement pensions. The first pension Scheme to be introduced in Cyprus was the *Pensions Ordinance of 1882* which declared that only government employees and court judges were allowed to receive retirement pensions. See *The Pensions Ordinance, 15 of 1882*.

Consequently, although the arrival of the British in Cyprus created a feeling of relief among the population, the social conditions of the mass of the population were marked by persistent poverty. The following section illustrates that situation by examining the living and working conditions under the British colonial rule during the first twenty-two years of the occupation of the island.

4.2.4 The Ottoman legacy

Britain took over control of Cyprus from Turkey in 1878 after 300 years of Ottoman rule. The new colonial government found an agrarian economy with the majority of the population residing in rural areas cultivating their land or working in manors. Despite the fact that in the late 19th century most of western societies were experiencing the development of machines and a factory system (Mantoux and Vernon, 1964), historical accounts reveal that Cyprus did not follow the industrialization of the West apart from some early developments that would assist the British presence on the island. In fact, the production of goods by working men and women was dependent on the use of hand tools and without any power-driven machinery (Katsiaounis, 1996: 123).

Inevitably, this historical legacy had its consequences on the local population which was left to deal with extreme poverty as was illuminated by Her Majesty's High Commissioner for the year 1879: "the great majority of Cypriots were feeding almost entirely with bread, some olives and olive oil. There was no chance for eating meat and occasionally they could acquire cheese, some figs, grapes and pomegranate. Milk, was completely out of the picture, even for babies" (Georghallides, 1984: 23). Additionally, Cyprus had been left by the Ottomans with no roads, with ruins of old houses which were blocking the streets, with trash everywhere and with many villages abandoned by their inhabitants in an effort to seek better living conditions in other areas (Baker, 1879).

In view of that picture, Admiral Lord John Hay reported on July 20, 1878 that:

"Roads hardly exist at all; there is only one road that can be dignified by the name, and is the one which connects Larnaca with Nicosia; its condition is as bad

as possible. The rest are mere tracks, rarely passable by bullock carts and generally only fit for mules and camels” (Katsiaounis, 1996: 53).

Since Cyprus fell behind the industrialization of Western Europe which was at its peak at the end of the 19th century, agriculture remained as the main source of income for the bulk of Cypriots based on a smallholding peasantry. While most of the peasants were cultivating the land very few were land owners, coming instead under the category of *Mulk*. *Mulk* was a form of land ownership in the Ottoman Empire in a manner similar to western ownership, that is, it was private property owned in complete freehold, and was not subject to the tithe tax. Such ownership was very rare in many countries. The land could be transferred to others without state interference, and owners could mortgage it or bequeath it. However, most of it was *Miri*. *Miri* was a form of land ownership in the Ottoman Empire perhaps the most common. Unlike *Mulk* land, which was owned outright, *Miri* was agricultural land that was leased from the government on condition of use. Individuals could purchase a deed to cultivate this land and pay a tithe to the government plus an additional small tax. Ownership could be transferred only with the approval of the state. *Miri* rights could be transferred to heirs, and the land could be sub-let to tenants (Katsiaounis, 1996: 29-30).

As the above illustration shows, the task of the new administration in Cyprus to modernize the state was a formidable one. Even though several changes had occurred during the first year of the British rule in Cyprus, compared to the Ottoman rule, the poor living conditions of Cypriots had not been significantly improved (Neon Kition, 1880a). On top of that, the British colonists similar to other examples (see Killingray, 1989; Higman, 1995; Evans, 2003; Pitts, 2009; Ochonu, 2009) imposed new taxes that eventually led to feelings of disenchantment among Cypriots towards their new rulers since the new measures were far from their initial expectations.

People began wondering where the government was spending the money from their taxes and whether it was necessary to spend £75,000 on government expenditure, when the amount of £30,000 was more than enough to pay for the salaries of the government employees and other expenses (Neon Kition, 1880b:

2). While Cyprus, as an agrarian society, was contributing through taxes the amount of £177,000 per annum to the British administration, even during persistent droughts, Cypriots were not experiencing any improvement in their living conditions as the British had promised on their arrival in Cyprus (Neon Kition, 1880b: 2).

The newspaper Neon Kition also wondered why the British administration did not improve the economic situation on the island or allow Cypriots to be politically involved and practice their political rights (Neon Kition, 1880a: 1; 1882a: 2). However, Cypriots believed that the reason that Britain was treating Cyprus that way was based on its Turkish-friendly foreign policy and its close collaboration with its ally Turkey (Neon Kition, 1882a: 2).

Furthermore, whilst initially Cypriots believed that religion would play a positive role in the way Britain would treat Cypriots that did not actually contribute to any development on the island. Thus, the beginning of disillusionment for the Cypriots had begun after just two years under the new rule. The following is an illustration of the feeling that began to characterize Cypriots by 1882:

“Is a mere thread on which our fortunes are suspended, and from which the smallest political necessity can cut it off, and cast us into a dark and fatal labyrinth. From time immemorial, a smile was never seen on the lips of unhappy Cypriote and if ever a happy day occurred, it lasted only as long as a shooting star. The first days of the annexation, for example, were really happy. They were brilliant, oh! What a marvel! The heavy and fatal Turkish yoke fell off our shoulders which for three whole centuries had tortured and tyrannized over us, and in which the assurances over our new well-bred masters were scattered over the Island like pearls and diamonds. But alas! Our dream did not last even three nights... The excitement created of the arrival of so many ships and soldiers, the redoes repeating the declarations of Sir Garnet Wolseley... we found ourselves again in chains on the earth, we felt our shoulders again burdened, and heard a whip cracking in the air, and obliging us to get up and walk” (Neon Kition, 1882b: 1).

The complete article that was published by Neon Kition on October 7, 1882 was more in a form of a message and suggestions to the British administrators in an attempt to elucidate the social conditions under which Cypriots were living and proposing to the British administration the need for improvement in those conditions. Furthermore, the newspaper was suggesting that the British officials,

‘the countrymen of Shakespeare and Byron’ (implying high levels of culture and civilized manners) were driving Cypriots into despair.

In another attempt to convince the British administration to change its approach to Cyprus the newspaper *Phonie tis Kyprou*¹⁹ warned that the continuances of the way the British were ruling Cyprus would bring an absolute catastrophe to the island and its people (1885a: 1-2). While Britain was among the most powerful and richest nations in the world, at the same time it would not promote the welfare of the countries under its occupation (*Phonie tis Kyprou*, 1885b: 1-2). In essence, the actual purpose of the British colonialism was mainly the exploitation of natural resources (Marshall, 2001; Newsinger, 2013; Hobsbawm, 1987) rather the well-being of the colonies.

Despite the various voices crying against poverty in Cyprus, the British administration did not attempt to change the existing situation, leading Cypriots to even deeper disappointment in their hopes for an improvement in their lives (*Phonie tis Kyprou*, 1885c-d). Consequently, the heavy taxation and the inability to keep paying from their low incomes led various groups of people to mail their complaints to their District Commissioners in an effort to convince the colonial administration to reduce taxes,²⁰ but, again, with no response.

Until the middle of the 1880s, mainly because of heavy taxation and persistent drought, Cypriots had been existed in poverty almost unable to meet their daily needs (Katsiaounis, 1996: 102-103). In an island where six out of seven people were village inhabitants, the consequences of a depression due to poor production of crops could soon be relayed to the towns.

As a consequence of the 1887 drought, the price of foodstuffs rose considerably but most producers failed to benefit because their yield was barely adequate for their own consumption. The newspaper *Alitheia*²¹ (1887a: 2) pointed out that the

¹⁹ The term *Phonie tis Kyprou* translates to *Voice of Cyprus*.

²⁰ Letter sent to the Nicosia Commissioner Sir R. Biddulph by the inhabitants of the village of Ano Lakatameia concerning the extra taxes imposed on them while highlighting their miserable economic condition (December 1878), SA02/329.

²¹ *Alitheia* translates to *Truth*.

continuing drought and dry weather was posing an immediate risk to the population, implying that this could have tragic consequences for the population and, accordingly, sent one more message to the administration pointing out the need to take measures against poverty.

As it was not uncommon for newspapers to denounce the apathy of the British administration, *Alitheia* (1887b: 1, c: 1, d: 1) tried to convince it to respond to their calls one more time by stressing that the three major problems, of tribute, drought (with vast acres of dry land) and crime were tearing Cyprus apart while the population of the island was constantly declining because of high rates of mortality due to various diseases and malnutrition.

To illustrate the British administration's approach to poverty and the inability of many people to pay their taxes due to extreme poverty, the newspaper *Times of Cyprus* reported that: "the Government is treating very severely those who have not paid the taxes. Even cooking utensils and women's underclothing were sold by the police, in order to satisfy the rapacious tax-collector" (1887: 1). Exploitation through heavy taxation was normal in colonies and a mean of oppression against the indigenous populations (see Newsinger, 2013). At the same time, the situation for tradesmen in towns was becoming critical, since the rise in the price of foodstuffs diminished the purchasing capacity of the peasantry while decreasing the demand for manufactured goods.

Similarly, the newspaper *Phonie tis Kyprou* reported that:

"Owing to the total drought of the winter season [Cyprus] is in a very bad state and, unfortunately, bankruptcies have become the sole visible sign of activity in our market. One can get very depressed by watching, and listening to the public criers who auction away houses and merchandise on a daily basis and at very low prices" (*Phonie tis Kyprou*, 1887: 1-2).

The newspaper observed that the internal market had nearly ceased to operate and that economic activity had almost come to a standstill, as the next section will further demonstrate.

4.3 Challenge of Living Conditions

4.3.1 Persistence of poverty

The newspaper *Enosis*²² reported on July 26, 1888 that:

“The oldest of our compatriots say that they cannot recall such stagnation and misery, even though we are in the period of the cereal harvest. Several people from the villages, accompanied by their children are wandering about our town, in order to beg. This is something without precedence, because these are not seasoned mendicants but people who have been stripped of their home, their animals and their plots of land and have forced by want and to engage in begging” (b: 1).

Four days later, on July 30, 1888 the newspaper *Salpinx*²³ noted that an acute shortage of bread amongst Limassol town’s wage-earning population was leading the population deeper into poverty:

“A few days ago a group of workers had been considering the possibility of entering into a light scuffle amongst themselves to intentionally disturb public order. They had thereby been hoping to end up in jail, where they would be assured of receiving their ration of bread. Other workers have attempted to cut and sell stone even though quarrying is governed by very strict regulations. They offered no resistance to their being arrested and locked up. On interrogation they admitted that they had been aware of the laws’ severe restrictions and stated that they had been led to violate them for the sake of their daily bread and would in fact quarry again after their release” (c: 3).

The above images illustrate the living conditions during the first twenty years under the British rule whilst, at the same time, there were no plans from the administration to address the increase of poverty. Inevitably, poverty was also leading to poor sanitary conditions which were then resulting in health problems among the local population. For instance, the meningitis epidemic which broke out during that time, as a result of poor health conditions and the lack of medicine, was worsening the living conditions in the neighborhoods of the poor (Heidenstam, 1890).

As a result, diseases such as cholera, typhoid, typhus and tuberculosis often reached epidemic proportions (Hardy, 2003). These references for Britain show

²² The term *Enosis* translates to *unification*, implying the unification of Cyprus with Greece.

²³ The term *Salpinx* translates to *tube*.

that Cypriots were not treated differently by the British administration neither were their circumstances worse than poor people in Great Britain. It can be argued that the lack of any state provisions and interventions to address poverty, poor health, unemployment and sanitary conditions was the norm since any form of welfare provision was still not the case since it was contrary to the values of the governing elite who saw poverty as the fault of the feckless (Neocleous and Ioakimidis, 2012).

The poor living conditions in an agrarian society like Cyprus, in combination with the very high price of wheat, to the extent that farmers were unable to sell their products, was leading them and, in many cases their families, to seek help through mendicancy. The picture of undernourished people was an everyday occurrence. As a consequence, poverty had hit severely the lower classes of the population which led to a catastrophe through the high rates of unemployment, high taxes, high prices of essential products and a lack of sanitary conditions and health care provision (Katsiaounis, 1996).

The only hospitals in Cyprus were located in urban areas (i.e. Nicosia, Limassol) and were not free of charge, an issue that was preventing access for the mass of the population for many more years. On the other hand, there is a contradiction regarding the health care provision of the population. While some researchers claim that the British initiated mass vaccinations and other health care provisions for the people of Cyprus during the early years of the British administration, others insist that such a situation did not occur until the 1930s (Triseliotis, 1977; Hook, 2009). My research of all of the historical accounts would indicate that there was a lack of any health care intervention for the mass of the population, but this is developed further later in the study.

Indeed, historical accounts, such as reports, letters and newspaper articles, indicate that any access to the vestigial health care system was accessible only for upper class citizens, such as civil servants and other government officials, since they were capable of covering the expenses for their health care through their substantial incomes. Instead, any social provision for destitution, old age,

unemployment and sickness had to be provided by the family and the local community. However, with a situation of almost absolute poverty in Cyprus it was doubtful to what extent families could provide extra support, especially to their extended family members, leading to a drop in the morale of the people of Cyprus.

The collapse of the morale of the people of Cyprus is exemplified by the increase in alcohol consumption,²⁴ incessant gambling and stealing (Koufides, 1888). At the same time, women were particularly vulnerable with limited opportunities for them to work, since their role, according to local culture, was to remain as housekeepers and to care for their children (Olive, 1888).

The living conditions of women are illustrated by the case of twenty destitute women from Famagusta who petitioned the High Commissioner for assistance complaining that:

“The undersigned inhabitants of Famagusta being without anybody, old and some of us having young children, having no male to look after our maintenance and being of the very poorest class... you will be so good as to give us each a grant in aid” (SA1: 1438/1888).

Similarly, the situation for older people was not any better. The report by Lawrence Olive, local Commander of Police, reveals the situation of the destitution among older people, portraying the absence of any social support measures for them, such as retirement pensions. He reported that an older woman, with her right arm broken and no one to look after her, had no house and lived by begging. Similarly, an 80-year old woman, lame in both legs, with no house and no one to look after her was totally dependent on charity. The situation for an older man and his wife, both having their hands incapacitated, and their two sons, one lame and one blind, both suffering from hydropsy²⁵ was not much different. The family had no house and was dependent on begging (Olive, 1888).

²⁴ The Commissioner of Nicosia in his report for 1886-87 observed that the number of taverns selling wine had risen from 381 to 505 over a five period time.

²⁵ A swelling caused from excessive accumulation of watery fluid in cells, tissues, or serous cavities (also called dropsy or edema).

All the petitions asking for help were examined by the Chief Secretary who responded that there was no government fund appropriate for such cases, a response that clearly indicates neither welfare provision nor any social support measures for unemployment, old age or disability. As has already been pointed out earlier in this chapter, the British administration had not, as yet, any concerns or plans as to how to deal with such matters since their focus was not on the welfare of the people but on how to exploit as much as possible from their colonies. Thus, as the earlier literature indicated, it was inevitable that such petitions would receive little or no attention by the British authorities.

In the absence of any social provisions, *Phonie tis Kyprou* (1888: 2) pointed out that the poverty rate was so high, that the 60 urban paupers who were initially provided with food by charities before Christmas 1887 had increased two months later to 300 paupers depending totally on food provided by charities. One side effect of the extent of the poverty the majority of the population was suffering was the growth of charities and their subsequent undertaking of the provision of medical care for the poor. Such interventions led *Salpinx* (1888a: 1) and *Phonie tis Kyprou* (1888: 2) to call for the establishment of such organizations all over the island in an effort to avoid mass destitution.

Yet, interestingly, no calls were made by newspapers for the establishment of state hospitals and medical care or the need for particular government interventions to solve social problems and improve the living conditions of the population. This issue presents both a lack of knowledge about the state's responsibility for the welfare of the population and a cultural position which saw the provision of care to the general population as something that people should not expect. In addition, by the late 1880s, and at a time of significant destitution for many Cypriots, the British administration imposed an additional increase in taxes. In other words, regardless of any social or economic deprivation the annual revenue should be preserved at all cost.

Whilst destitution was part of the daily life for the general population who were striving to survive, the poor economic conditions with regard to the frequent

droughts led many farmers to seek financial assistance from merchants or money-lenders, or usurers. The exploitative nature of usurers was first noted by Falk Warren, Commissioner of Limassol, during the early years of the British rule, who reported that the villagers were borrowing money from merchants while they were selling them their produce for a price far below its fair legitimate value (Warren, 1880: 34).

After the crisis of the 1887 drought, the everyday life of Cypriots changed so drastically that they were trying to sell property items in order to raise money to buy food. The rising number of auctions of second hand items, in which the poor offered for sale the clothes of their deceased relatives, many of whom died of various epidemics (i.e. meningitis, tuberculosis) indicates the deterioration in the financial situation for the Cypriot population (Katsiaounis, 1996: 111).

Additionally, the level of salaries of the general population compared to the ones of civil servants is a further indication of the inequalities within Cypriot society and the social position of the majority of the population. While Cypriots were faced with tremendous difficulties in their daily living with monthly wages not exceeding 50-60 piaster²⁶ the British district higher officials were receiving salaries of approximately 7,500 piaster per month whilst district police officials had a salary of 5,400 piaster and tax collectors were receiving 100 piasters per day (Alitheia, 1887d: 1-2; Lymbourides, 1985b). With their meager income the Cypriot farmer had to pay taxes for the tribute, the tithe, taxes for locusts²⁷ and, in several cases, payments to usurers. On top of that, rising prices were creating even more burdens on the Cypriot family. For instance, the newspaper *Salpinx* (1888c: 3) commented that there was an acute shortage of bread amongst Limassol's

²⁶ The piaster refers to a number of units of currency. The term originates from the Italian for "thin metal plate". In the Ottoman Empire, successive currency reforms had reduced the value of the Ottoman piaster by the late 19th century so as to be worth about two pence (2d) sterling. Piasters became subsidiary units for the Turkish, Cypriot, and Egyptian pounds. The British introduced the pound sterling unit to Cyprus in 1879 at a rate of one to 180 Turkish piasters. It remained equal in value to the pound sterling until 1972 and was initially divided into 20 shillings (σελίνοι / σελίνια, şilin). The shilling was divided into 9 piasters (grosi{γρόσι}/groshia{γρόσια}, kuruş), thus establishing a nomenclature link to the previous currency. The piaster was itself divided into 40 para (kuruş). In 1878 one British pound was equal to 180 piasters.

²⁷ Locusts could be found in millions in the late 1880s in Cyprus, so the British administration decided to exterminate them with the expenses covered through taxes.

wage-earner population, driving the labouring poor to near despair. In order to illustrate the cost of life on the island the prices for various products in 1888 follow. For instance, beef had gone up from 5 piaster per oke²⁸ to 9 piaster per oke, mutton from 7 piaster to 12 piaster per oke and lamb from 9 piaster to 13 piaster per oke (Times of Cyprus, 1888: 1).

As the colonial government was still reluctant to deal with the problems of daily living for the majority of the population, ill-feeling continued to mount among the general population against the British colonial administration. The poor living conditions after ten years of British administration led Cypriots to realize that Britain was not going to promote the welfare of the island as it initially promised, a situation that eventually led to the local population, for the first time during the British colonial years, massing on the streets demanding an improvement in their living conditions. For example, on the 6th of January 1888 the people of Varosia (Famagusta), Karpas and Mesaoria led a protest in the city of Famagusta accusing the British administration of inappropriate management over the people of the island and the tough measures on taxation were leading the people to destitution (Enosis, 1888a: 1-2). The crowd marched to the district headquarters submitting a resolution to the District Commander with the demand for changes in the current governance system, especially the tax system. Similar protests took place in Paphos and other cities but with no results. However, those protests were the first step towards the shift of the Cypriot people from their initial expectations from the British to the adoption of a more aggressive form of reaction, since their leaders, particularly the Church, did not seem willing to promote the welfare of the population but rather its own financial self-interests and the preservation of its power.

However, the efforts of the Church to avoid taxation on its vast lands and properties or at least to enjoy some sort of special treatment on this matter did not impress the British administration, which responded negatively to another desperate memorandum sent by Archbishop Sophronios requesting the support

²⁸ A unit of weight used in Turkey, equal to about 2.75 pounds or 1.24 kilograms.

and assistance of the British administration to all ‘reasonable and just demands’ of the Church:

“This is unquestionably the old understanding between the Sultan and the Orthodox Church. With us it means little or nothing; for the material assistance must always be in accordance with the law. For this the Church would consider it owed no thanks; as it would receive no favour”²⁹ (Sophronios, 1888: 1).

The rejection that the Church of Cyprus felt against its interests led to the decision to send a delegation to Britain, led by Archbishop Sophronios, in order to explain first hand to the British officials the situation in Cyprus (from the perspective of the Church). Thus, in 1889, Archbishop Sophronios leading a delegation of Cypriot representatives submitted a petition to the Minister of Colonies, Lord Dadsford, stating that the Christian population of Cyprus - even though Cyprus had a significant Muslim population - aspired towards a national future sending the clear message that since Britain was not willing to promote the wellbeing of Cyprus then the island should be unified with Greece. That was the first initiative of a nationalistic approach with regards to the unification of the island with Greece which, eventually, led to a similar nationalistic approach from the Turks of Cyprus towards the division of the island into two states, a Muslim and a Christian one. It is interesting to note that the approach that Cypriot nationalists took reflects the literature on nationalism. For instance, nationalism is often the result of a response by an influential group or groups that is unsatisfied with traditional identities due to inconsistency between their defined social order and the experience of that social order by its members, resulting in a situation of anomie which nationalists seek to resolve (Motyl, 2001).

Indeed, the main rationale behind the shift of the Church towards a nationalistic approach was the refusal by the British to allow it to maintain the power it used to have during the Ottoman rule. Yet, it continued to look for other ways to maintain that status among the population. Consequently, its effort to take a leadership role against the British administration required an alternative strategy which came under the slogan that only unification with Greece would resolve the problems imposed by the British while, at the same time, ignoring the fact that the

²⁹ “Minute by the Queen’s Advocate on the above memorandum”, August 21, 1888.

population of the island included Muslim Cypriots of Turkish descent. This shift of the Church of Cyprus also reflects the literature on nationalism. For example, Anthias and Yuval-Davis (1992) point out that nationalism is the result of the evolution of human beings into identifying with groups, such as ethnic groups, or other groups that form the foundation of a nation. Nationalism is also a belief that citizenship in a state should be limited to one ethnic, cultural, religious, or identity group (Kymlicka, 1995). This was the stance that Greek-Cypriot nationalists took in an attempt to identify themselves as members of the Greek-Orthodox Christian nation, followed later by a similar nationalism developed by Turkish-Cypriots towards unification with Turkey (Yavuz, 2010).

Despite the extreme social and living conditions in Cyprus, the British administration kept trying to defend its policies on the island. For instance, on December 19, 1888, the High Commissioner was addressed by the Secretary of State following reports that the British administration in Cyprus was seizing anything that could be possessed from debtors who were failing to pay their taxes (Knutsford, 1888: 88). The rationale given by the High Commissioner for this practice was quite absurd. He pointed out that by abstaining from seizing them and leaving them untouched, nothing could be done to prevent any private creditor from seizing them to satisfy a private debt and sell them by auction (Swettenham, 1889).

On August 14, 1891, the newspaper *Alitheia* pointed out the mistreatment by usurers against farmers, whilst on January 4, 1895 *Phonie tis Kyprou* illustrated the living conditions of older people, widows and other people who were begging on the streets asking for alms. Furthermore, *Phonie tis Kyprou* (1897a: 1, b: 1) was pointing out that the lack of jobs, in addition to the lack of any welfare measures, such as almshouses and pensions, led many people to become beggars in order to survive. In the presence of persistent unemployment and poverty, as well as the lack of any social support measures, begging for many people became their only means of survival for many more years as will be described in more detail in subsequent chapters.

The continued media depiction of the living and working conditions of farmers caused by the British administration, as well as usurers, continued to inflame the people of Cyprus who saw protests as the only way to raise their voice against the British administration. For example on September 9, 1894, 5,000 peasants took part in a protest against the colonial administration and the local wealthy establishment in order to express their disappointment and promote a change in the current situation of the living and working conditions (Sendall, 1894). Similarly, a letter written by peasants in 1895, complaining that they could not afford to pay taxes any more, illustrates the hard living conditions of Cypriots during those times (Varnava, 2009: 167). It is important to note that the vast majority of the people of Cyprus were illiterate, which raises questions with regard to the writing of those letters. Although it is not clear who the authors of such letters were, it is assumed that they were either teachers in a community, priests, or someone else who had such knowledge, such as the president of a community.

In a similar fashion, the newspaper *Salpinx* (1895, 1896) pointed out that the villagers were becoming poorer day by day, since their income was not enough and they could not find money-lenders any more. In addition the newspaper claimed that every year there was an increase in people who lost their land and if the situation was to continue and the administration failed to intervene apart from collecting taxes then the island would never develop.

As Alitheia (1898a: 1,b: 1) stressed, the voices of those requesting the termination of the heavy tax system began to strengthen in Cyprus, especially with regards to the tribute for the British administration which continued to receive hundreds of thousands³⁰ of Cyprus pounds in taxes paid by less than 200,000 Cypriots. However, by the end of the 19th century there had been no advancement in the social and living conditions of Cypriots exacerbating the feelings of complete abandonment and a sense of an ominous future for the people of Cyprus (Alitheia, 1898c: 1, d: 1).

³⁰ It was estimated that £1,330,000 was paid as tribute since 1878.

The first twenty years of the British colonial rule did not provide any sign that the British had any intention of promoting the wellbeing of Cypriots reflecting the earlier discussion on colonialism with regard to the attitude of colonists to the colonized. The previous discussion shows the extent to which the British administration of the island failed to modernize Cypriot society, despite the initial grand declarations when they arrived on the island. That situation inevitably led Cypriots to start demanding a change in their situation with the appearance of the first organized protests and other forms of campaigning such as sending letters to British officials and forming the first trade associations.

4.3.2 Foundations of the Labour Movement

The continued economic decline and the financial crisis in Cyprus led to the appearance of the first trade associations between 1887-1889, or, as they used to be called by their members, *adelphotites* (brotherhoods), or *syndesmoi apotamiefseos* (saving societies) or *syntekniai* (guilds) (Katsiaounis, 1996: 166). The first trade associations were created by the uppermost section of the working population, the master-craftsmen, such as shoemakers and manufacturers, coopers, or experienced technicians who were often also employers (Alitheia, 1888: 1; Salpinx, 1888b: 2; Katsiaounis, 1996: 168). The appearance of those trade associations was the response of employers to the economic crisis that continued on the island. It was also an attempt to protect their economic interests by financially supporting their members facing financial hardships through special funds that were created in the form of membership fees.

Evidence from historical accounts suggests that it was customary for the first trade associations to charge their members a significant fee, about two shillings per month. That membership fee indicated the higher social status of their members (since not many workers could afford to pay such an amount), as well as their intention to deny membership to farmers and other employees from 'lower' social groups in order to safeguard the nature of those associations (Salpinx, 1890: 3; Katsiaounis, 1996: 168).

The first trade associations, then, were initiated in order to safeguard the economic interests of employers and had no relationship with labour issues, such as salaries or working schedules. In fact, those early associations were similar to the friendly societies in Britain in terms of providing a mutual fund whereby members could receive benefits at a time of need. Hence, it was more the reaction of employers to the persistent economic hardship caused by the high demand of taxes by the British administration (Katsiaounis, 1996; Fantis, 2005).

As the early trade associations did not include peasants but only craftsmen, their interest was perhaps inevitably more about the expansion and the maintenance of their position and the protection of their crafts. Moreover, as the members of those trade associations were contributing their membership fees on a regular basis, they were hoping to receive back certain benefits that would allow them to maintain their crafts and position within the local society (Katsiaounis, 1996: 170).

The position of the local newspapers seemed to be very supportive of those associations and, while their coverage was not so extensive, their approach is very characteristic of their social standing. For instance, the newspaper *Salpinx* (1888b: 2) wrote that those unions were serving a good purpose by promoting the interests of their members. In a similar fashion, *Alitheia* (1888: 1) stressed the importance behind the decision of the barrel maker unions of Limassol to form an association aimed towards the mutual aid of their members, calling on other craftsmen to follow the example of the Limassol barrel makers. Yet, the lack of a clear agenda, aims and scope of such organizations, beyond the financial support to their members, meant many of them simply presenting themselves at religious activities, such as congregating and celebrating the name day of various Saints (i.e. Saint Andreas, Saint Nicolas), whilst at the same time listening to the nationalistic preachers or members of the establishment towards the importance of religion and the strengthening of the ties with Greece as the motherland of the Greek nation (*Salpinx*, 1890: 3).

However, it should be acknowledged that the first organized trade associations, despite their vague philosophy, did set the foundations for the future development

of the labour movement by functioning as an example to workers who had begun, by the early 1900s, to make attempts to organize themselves into trade unions and demanding the improvement of working conditions. In fact, as Fantis (2005: 29-30) suggests, they managed to promote solidarity and “group spirit”, establishing the foundations for the evolution of organized labour movement.

Although during the 1880s Cyprus had experienced a rather sporadic and experimental attempt to organize trade unions, by the late 1890s Cypriots witnessed a rather more significant attempt to develop a trade union system. This development was mainly because of the continuing hard economic conditions combined with the influence from the rest of Europe and particularly from the British labour movement whose aim was for wage increases and better working conditions (Geary, 1989).

Furthermore, it is interesting to note that while by the late 19th century Cyprus remained an agricultural economy that had only recently developed a light craft industry with the majority of the working population of the island living and working in poor conditions (Lefkis, 1984). This was also pivotal for the formation of social movements and essentially the lack of class mobilisations similar to what other European welfare states experienced at the time (Esping-Andersen, 1990). Evidently, as the next chapter examines, the working class in Cyprus made its appearance in the early 20th century when the first, small, industries began to emerge.

4.4 Summary

This chapter has offered an account of the British administration over Cyprus during the first twenty-two years of its occupation, as well as the social conditions existing in Cyprus during that time.

Four main points have emerged from this chapter:

1. Taxation: Heavy taxation during colonialism drove the economy into a worse state than it was left by the Ottomans and, at the same time, created the conditions for the emergence of usurers and the exploitation of the destitute. This can be

linked to the context of colonial practices and mechanisms to collect taxes and exploit the colonies.

2. Employers' trade associations: The conditions prevailing on the island during the early years of the British rule led employers to band together in order to protect their interests and their businesses from the heavy taxation. The result of this effort was the creation of the first trade associations which were established by employers towards a mutual solidarity. This was the first organized attempt to set up trade unions, even though this was employer-based. Although those trade associations had no clear agenda and aims, they provided subsequently an example for workers to establish their own trade unions and promote their own interests on working conditions and social insurance. Although those trade associations created by upper craftsmen have nothing in common with trade unions and workers they can be linked to the tension or antagonism which exists in society due to competing socioeconomic interests and in order to maintain the social control of production and labour in favour of the dominant elite.

3. Social stratification: The position of the elite class is illustrated by the way the Archbishop of Cyprus welcomed the British in Cyprus and the arrival of the first governor Sir Wolseley in Nicosia requesting the support and assistance of the British administration to all 'reasonable and just demands' of the Church. Also, the first trade associations were for employers only and highlighted that they perceived their social status which was at a significant distance from the status of the rest of the working population. Civil servants received retirement pensions and access to health care services unavailable to the rest of the population, who were unable to meet their daily basic needs and lacked such benefits. Through a system of stratification based on class and social order the state could maintain its control over society. This can also be linked to the theory of bureaucratic welfare where the state, in order to maintain its social control, develops a system of bureaucracy as a centre of power able to manage collective goods.

4. Embryonic protests driven by poverty and destitution: The working and living conditions following the arrival of the British in Cyprus gradually began to lead to groups of people in the streets demanding the improvement in their living and working conditions. The growth of poverty and destitution observed on the island during the early colonial years led many people through some minor protests or by sending letters to their district governors in the first efforts against the colonial administration in order to persuade them of the need to improve their living conditions. Although all of these efforts usually did not have any positive outcome, they may be described as the beginning of an organized attempt to change the social status quo that gradually led to the emergence of the labour movement. This can be connected to class mobilization by the working class population in the form of collective action, such as strikes, marches, protests and demonstrations in favour of or in defence of, welfare provision.

The above remarks provide the background of the political, economic and social forces which eventually set the foundations for the promotion of social insurance as a way for the people of Cyprus to escape from their persistent poverty.

The next chapter seeks to examine the role of the labour movement in Cyprus in this process during the first three decades of the 20th century and its demand for an improvement in living and working conditions, along with the initial claims for the introduction of a social insurance system in Cyprus.

Chapter 5

The early 20th century, 1900-1931

5.1 Introduction

The beginning of the twentieth century found Cyprus in the same social and economic condition as it was when the British arrived in 1878. Although there had been some economic progress with some commerce, mainly exports of agricultural products (i.e. olives, carobs), the living conditions for the mass of the population remained extremely poor (Eleftheria, 1924: 2). This was due not only to the maintenance of heavy taxation and the tribute, as explained in the previous chapter, which had removed a huge amount of money from the local economy but also to the fact that there was no form of state intervention in terms of social support, education, health or social insurance.

The experiences of this situation by the Cypriot population eventually led towards the initial efforts to develop a labour movement and its subsequent attempt to promote the introduction of a social insurance system in the country. This chapter analyses the conditions under which Cypriots used to live and work in the early decades of the 20th century and the obstructions and challenges that Cypriot workers faced during the early years of their campaigns for the establishment of trade unions and better working and living conditions.

5.2 Deteriorating Social Conditions

5.2.1 Experience of deprivation

The beginning of the 1900s had found Cyprus moving in a different direction from the path of bliss promised by the British upon their arrival in 1878, a path that still showed no sign of development or advancement (Phonie tis Kyprou, 1900a: 1). The main concern of the administration seemed to be meeting the deadline for payment of the tribute, which was at risk, as the possibility of a famine on the island was a very real one due to the persistent drought of the previous years. In response, the administration gave all Cypriot farmers seed corn in order to cultivate their land in the hope of producing a grain that could then be

sold in order to meet the tribute payment by the end of January 1903 (Smith, 1903).

In addition, the poor health conditions on the island were highlighted by the High Commissioner during his speech at the opening of the Legislative Council (see previous chapter) where he stressed the need for an improvement in those conditions, especially in the rural areas (Phonie tis Kyprou, 1900b: 1, c: 2, d: 1, e: 2). However, the absence of any commitment by the local elite is illustrated by the lack of any decisions by the Legislative Council in relation to actually changing the situation, confirmed by the fact that a year later the continuing lack of hygiene and the absence of health care led to the appearance of tuberculosis which began to spread all over the island and cause indiscriminate deaths (Phonie tis Kyprou, 1901: 1).

Cyprus at that point had no option but to live under those particular conditions, vulnerable not only to diseases but also to dust and heat in the summer, cold and rain in winter, plagued by fleas, bedbugs and lice that made the population's lives intolerable. There was a limited understanding of personal hygiene and people used to take baths in rivers or anywhere else there was running water (Varnava, 1999: 13; Fantis, 2005: 47). Cypriots could not even imagine becoming sick or being laid-off from work because they would not be able to buy food or medicines or visit a doctor as payment was required and, if they had money, their wages were not enough to cover such an expense.

While poverty was the norm for the majority of the population, the major newspapers began complaining that the British administration was not willing to improve the working conditions through an increase of wages (Phonie tis Kyprou, 1910a: 1). The stance of the British administration indicated that it was not willing to terminate the £92,000 paid for the tribute, an amount that could otherwise have been spent towards the development of the local economy and education (Kypriakos Fylax, 1910a: 1, b: 1, c: 1). Consequently, any expectations for development in Cyprus were vanishing, since without any government measures

the people of Cyprus could expect a long period of “misfortune and deprivation” (Phonie tis Kyprou, 1910b: 1).

In addition to the hard living conditions, the beginning of World War I in 1914, created even more shortages of many products due to the suspension of commerce, mainly the imports of raw materials including bread, which was essential for everybody, poor and rich alike. As a result of the reduction in the import and export of goods because of the war, farmers were falling deeper into poverty since they could not sell their products or pay their debts.

Although the British administration was challenged to provide funding to people as a way to escape hunger, poverty and begging, the response of the administration was to reduce the state budget, especially the budget of the Public Works Department, which was the only government agency responsible for extensive projects all over the island, employing large numbers of workers (Eleftheria, 1915a: 3). However, that decision had severe consequences, especially in the most impoverished areas, such as Keryneia and Paphos, where the population was falling even more deeply into poverty (Eleftheria, 1915b: 1, 1916a: 1).

As it was impossible for the situation to be reversed without the development of massive projects, such as roads and bridges through the Department of Public Works, the government was, in effect, maintaining the high numbers of unemployment, resulting in the streets becoming packed with beggars asking for food for themselves and their families (Eleftheria, 1915c: 1, 1915d: 1). Yet, despite these circumstances, the focus of the administration remained on the collection of taxes without taking any measures that would alleviate the people’s difficult economic circumstances (Eleftheria, 1915e: 1, f: 2).

Cypriots were not only facing deep poverty but, as mentioned in the previous chapter, they had to constantly deal with usurers who loaned money with very high interest rates. As discussed in the previous chapter and based on historical archives of that period, in addition to the extreme poverty there were many examples where usurers’ ‘help’ was offered if a farmer wanted to increase the

chances to earn some income from his land. By signing documents given to them by usurers, farmers used to mortgage their land or other property in order to borrow some money (Varnava, 1989). However, in the case of drought (which was a usual phenomenon in Cyprus), or the death of the head of the family (usually the husband) or a sudden illness of the head of the family which resulted in the non-payment of the debt, the usurer legally confiscated the mortgaged property. In some cases, even his clothes, were confiscated by the usurer who then sold it through auction (Graikos, 1991: 9; Fantis, 2005: 23).

An example of the treatment from usurers is the following story, as Varnava (1989) recounts:

“One Sunday morning, in late 1920s, after Church service was over, the people gathered at the centre of my village where the auction for the land of a farmer who could not pay his loan to a usurer would take place. Some of his land was sold to two men from Pervolia. The last and the best piece of Mr. Christofi’s land were to be auctioned. Then, Mr. Christofis’ wife, Hampou, rest on her knees and began begging the usurer to keep that piece of land. The usurer, without any feelings, began the process of selling the last piece of Mr. Christofi’s land. After a few years, it was my family’s turn to lose its land...” (p. 8).

There are many examples illustrating the difficult situation that people experienced having lost their land to usurers back in the early 20th century. More than 40,000 acres of land and over 500 houses changed hands for debt repayment and, as a result, hundreds of families were separated in order for their members to work anywhere in Cyprus where they could find a job (Antoniou, 2004: 25).

Under such challenging circumstances, especially in cases of the death of the head of the family or the loss of property to usurers, it was extremely difficult if not impossible for his family to find the necessary means in order to survive under those critical conditions (PEO-Pancyprian Federation of Labour, 1987: 5). As mentioned in the previous chapter, dozens of widows and their children fell into even deeper poverty and misery having limited options for their survival, since there was no safety net for them except begging on the streets or becoming dependent on charities wherever those were available (Varnava, 1999: 82). In addition, the absence of any government interventions like social insurance benefits, along with the poor economy and the lack of jobs and decent salaries,

pushed people into profound misery, unemployment and poverty, but at the same time strengthening the demand for social change (PEO, 1998: 7-8).

Motivated by his own personal interest, the colonial officer, B.J. SurrIDGE, carried out a survey between the years of 1927 and 1928. The outcome of his survey illustrated the unresolved social problems created by the unremitting neglect of the British administration. For example, the standards of hygiene were still unsatisfactory with 60% of the houses in Larnaca, Limassol and Paphos districts and 40% in other districts still accommodating their cattle in their sleeping quarters (SurrIDGE, 1930: 12). The existence of stagnant waters near villages was a frequent occurrence while only about one-third of villages possessed piped water and usually they belonged to upper social classes who could afford such an installation. Medical services were rudimentary, being generally limited to the periodic visitations of the twenty-six government rural medical officers, who examined free of charge only certified paupers supplemented by the services of twenty private practitioners resident in villages (SurrIDGE, 1930; Katsiaounis, 1996). SurrIDGE's study confirmed that the amount of progress achieved since 1878 was so little that poverty was still dominating life in rural areas (SurrIDGE, 1930).

Furthermore, SurrIDGE's survey indicated that in the absence of the ability to own a house because of extreme poverty, in many cases meant workers were living in caves, tents or hovels that they were building themselves in order to have a shelter for their families because they could not afford to build regular houses or to pay rent (SurrIDGE, 1930: 12-13). Those shelters were extremely small and were often made of rocks, twigs, metal pieces and any other material that could be found (Graikos, 1991: 214).

According to SurrIDGE (1930: 3) "the Cypriot farmer, with minor exceptions, is born in debt, lives in debt and dies in debt." Among 59,175 participants in SurrIDGE's study, 48,513 (82%) were living in debt for various reasons. The Commissioner reported that, especially in villages, "most of the families were living, sleeping and eating in single-room houses while 90 percent of all

households did not have a bathroom” (SurrIDGE, 1930: 29). With a population a little over three hundred thousand people, 75% of children did not wear shoes, 90% of the general population of the island were still eating only bread made of wheat, along with some olives and onions. Unemployment was the major social problem and one of the major consequences resulting from the collapse of the market economy in the post-1929 slump (Barry, 1988; Crafts, 1989). However, whilst the British government created an Unemployment Insurance scheme from November 1920 (National Archives, London, 1894-1997), Cypriots were not offered the same treatment by the British colonial administration.

The financial crisis that followed the crash of the New York stock market in 1929, along with the continuing lack of rain in Cyprus, especially between the years of 1929 to 1931, created even more pressure on the local economy and the living conditions of the people of Cyprus. In an interview for this thesis Pantelis Varnava (2006) pointed out that “... the financial crisis of '29 affected Cyprus' exports and imports in 1929, '30, '31. We [also] had the persistent drought in Cyprus and Cyprus back then was rural ... So, all these factors were negative for those in poverty, which then had a negative impact on peoples' health, too. For example, the statistics for the years between 1930s - 40s indicated that every year 200 young persons were dying from tuberculosis and in addition 180 babies were also dying. All these deaths were the consequences of the economic crisis.”

For Cyprus, further evidence is provided by the first annual report for the year 1941 by the Department of Labour, which offered the very first source of official information regarding the social conditions in Cyprus and provides a lucid illustration of the lack of interest by the colonial government to bring welfare to the island. In the Department's report (1941) it was stated that during the first fifty years [1878-1928] of British governorship of Cyprus the need for supporting workers was not regarded as relevant, with people working for 12-15 hours per day for wages that covered only the very basic needs of life while the British administration did nothing to improve that situation (Archives of the Department of Labour, 1941).

Consequently, at the same time, the shortage of jobs and the lack of any unemployment insurance ensured the continuation of very poor living conditions for Cypriots. Regarding the living conditions during those days, Fantis (1997) also offers an account:

“No matter of the season or the weather conditions, as children we were dressed in rags and wearing no shoes. Winter time for my family was a real challenge. Our house had no tiles and as a result rain was trickling inside the rooms. The walls had no plaster on them nor paint, just the mud bricks. We were sleeping on the earth floor trying to locate the right spot where no rain was dripping...For blankets we were using material from bags” (p. 26).

The living conditions that accompanied the British presence on the island were feeding the feelings of injustice among Cypriots who began looking for an escape from that situation. Yet, for many more years to come, poverty was the norm for thousands of workers and their families who had no choice but to work very hard to make their living under extreme conditions with no labour regulations in place. The absence of state social support, especially social insurance and retirement pensions, continued to affect the majority of the population, including elderly Cypriots who were probably the most vulnerable part of the population and whose livelihood was dependent entirely on charities and begging as the following section reveals (Phonie tis Kyprou, 1900e).

5.2.2 Financial plight of the elderly population

At the beginning of the 20th century the general population of Cyprus was exposed to a lack of social protection, especially the absence of retirement pensions which meant there was no social support for older Cypriots. Therefore, as it has been demonstrated already, older people lacking the necessary resources to maintain their living standards had to rely on their family members to seek assistance and protection. Effectively, the lack of adequate old-age support rendered the family the first de-commodification agent (Papadopoulos and Roumpakis, 2013). Indicative of how important was the role of the family, are cases of dispute among family members that opted to legal means to safeguard the support of their relatives.

One of the first advocates for social insurance, former mine worker and trade unionist, the late Christofis Lasettas (2005), wrote that in many cases elderly parents were taking their children to a court of justice demanding a court order for their children to support them. Pantelis Varnava (2006), in an interview for this thesis added that “within that environment of tremendous poverty there were cases where elderly parents were taking their children to court in order to make them pay one or two pounds just to stay alive..” However, their children were usually in the same or worse financial situation than their parents and were unable to provide any additional support.

The circumstances were so desperate that even judges could not order someone who was also poor to support their parents (Lasettas, 2005: 44-45). Consequently, begging was very common and acceptable for older people and Cypriot society considered it the norm (PEO, 1987; Varnava, 2006). In an interview for this thesis Takis Chrysostomou (2009), a former Social Welfare Officer who worked at the Department of Social Welfare Services from 1955 until 1977, noted that “older people were usually begging outside the church of their village...waiting for the people to give them some money to live. Beggars were people of the village whose families were not in position to help them or their children had moved elsewhere, so the community was supporting them.” In his interview for this thesis Pantelis Varnava (2006) described that “during the old times there were many older people begging... Every village had at least one old person begging. How did they beg? They were carrying a bag on their shoulder and were walking around asking for a piece of bread from each house in the village. Then, they were dipping it into the water to make it soft in order to eat it... to stay alive. The gathering of many older persons outside churches on Sundays after service, and begging in the nearby streets, coffee shops, etc., was another way of begging.”



Beggars. You could meet them in the streets, outside churches, everywhere. This picture of misery and humiliation of human dignity was seen everywhere before the establishment of trade unions and before the implementation of Social Insurance (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

Nevertheless, even with the limited information on the older population of Cyprus tentative conclusions can be made regarding the social conditions of older Cypriots and their living conditions after retirement. For instance, any eligibility for old age pensions was confined to those who were working for the colonial government³¹, such as police officers, school teachers and administrative staff (Cyprus National Archives, SA1/1356/1902; SA1/1407/1903). However, as a 1904 reference to the *Pensions Ordinance, 1882* specified, no pension should be payable to anybody whose annual salary was below £24 at the time of someone's retirement (Cyprus National Archives, SA1/1109/1903).

A good example of such discrimination was the public works personnel, such as foremen, who worked mainly on the construction of roads. Even though they were employed by the government, they did not have any coverage after retirement because they were not considered as public servants but workers. An

³¹ The first pension Scheme to be introduced in Cyprus was the *Pensions Ordinance of 1882* which declared that only government employees and court judges were allowed to receive retirement pensions.

example of such an approach is portrayed in a letter that was sent to the Chief Secretary by the Public Works Director (Cyprus National Archives, SA1/3944/1902). He argued for the need for financial aid to a Turkish-Cypriot foreman who had retired from work but without any pension or even gratuity. His letter articulated the fact that no foremen workers were entitled to any pension or other retirement benefits. To make his argument stronger, he pointed out that their salaries were not 'so handsome' that they could afford to put anything by for old age, a comment that illustrates the realities of old age in the early years of the 20th century in Cyprus. The letter suggested that the Chief Secretary should consider changing the system of retirement to include foremen but his most interesting suggestion came very close to the future old-age pension scheme by proposing that a percentage of each foreman's salary was kept and not returned to the depositor except upon his dismissal or retirement. There was no response from the colonial government.

As well as the lack of pensions for the elderly population, the amount of pensions paid to retired public servants was also a matter of concern to the general population (Cyprus National Archives, SA1/1288/1903). While there was no pension scheme to cover old age in the private sector, retired public servants received high pensions. In a reference by the King's Advocate on the pensions' law of 1905 regarding the retirement benefits of a colonial public servant, he specified that according to the Executive Colonial Council, "only the government employees who completed a service of 10 years or more were entitled to a pension under the *1905 Pension Law*" (Cyprus National Archives, SA1/363/1908). Those with less than ten years of service as civil servants would receive two gratuities. An example of the level of pensions paid to government employees is the case of Mr Zimet Mehmet whose monthly pension payment in 1906 was £5 and 4 shillings, whilst the average annual income for a family was around £9 (Cyprus National Archives, SA1/311/1906).

In addition, the 1905 Pension Law stated that "for the purpose of computing pensions and gratuities, the salary of the permanent office held by the officer at the date of retirement will be taken if he has held the office, or an office with the

same salary, for a period of three years immediately preceding that date; otherwise, the average amount of the salary of the permanent offices held by him during the three years immediately preceding his retirement will be taken” (Cyprus National Archives SA1/363/1908).

Retirement payments for civil servants were provocative to the average worker who was not receiving any pension upon retirement. The existence of a pension plan for civil servants is another indication that it was a part of imperialist control, i.e. the government, in a class-divided society, was treating private sector employees in a different way than the one that was adopted for civil servants. Colonial rule had two different approaches. While a colonial power may be exploiting the peasant and working population, it may, at the same time, afford generous rewards to the elite in order to manage the system, which includes civil servants as part of the elite (Gottheil, 1977).

It was these harsh conditions which provided the grounds for the gradual emergence of an organized working class which set the foundations for the labour movement.

5.3 Work and the Labour Movement

5.3.1 The working environment

By the end of World War I Cypriot farmers were still struggling with profound debts and most of their farm land transferred to usurers (Graikos, 1991). The extreme conditions in agriculture, in combination with extremely high taxes and their inability to pay them, led a significant number of farmers to seek jobs as workers in the construction industry, the mine industry and the crafts industry. The latter included such trades as footwear and carpentry, which were still mostly family-run but who often adopted a patronizing attitude towards their employees (Varnava, 1989; Peristianis, 2004, 2008; Fantis, 2005; PEO, 2006).

At that time there was no such thing as labour relations, with employees having no other option but to simply obey their employers’ commands often accompanied by yells and abuse, especially in cases where the employee was a

young apprentice who often began work at seven in the morning and ended late in the afternoon (Fantis, 2005: 35; Graikos, 1991: 28). Most of these businesses occurred in urban areas which caused a migration from the countryside where the majority of the population lived.

One outcome of this shift from an agrarian economy to new industrial settings (mines, construction, crafts) was the establishment of a new working class which would later create the conditions for the development of an organized labour movement in Cyprus. The emergence of this new working class in Cyprus began tentatively at the end of the 19th century and the early 1900s (see previous chapter) with a small number of workers but by the end of 1920s had become thousands of workers (Fantis, 2005).

This new class slowly began to emerge in the process of shifting from the old feudal system to a new capitalist one (Agathangelou, 1997). As a result of those changes, the feudal system gave way to a new class, the bourgeoisie (Fantis, 2005: 34). Consequently, the working class and the bourgeoisie were now, at the dawn of the 20th century, destined to dominate the working environment and move Cyprus to a new labour era.

At the same time, there was a boost to the numbers of workers hired by British, North American and Swedish mining companies in the 1910s who had arrived on the island to exploit its mineral wealth after they had acquired permission from the British colonial administration. In order for those companies to extract thousands of tons of ore, they needed thousands of mine workers to work around the clock, especially in the three major mines in the areas of Skouriotissa, Mavrovouni and Amiantos (Varnava, 1989). It was that situation which created the conditions that allowed workers to gradually begin forming a working or labouring class (History of KKK-AKEL, 1986: 6; Fantis, 2005: 34). Under these new working conditions, a supply of labour was essential for the foreign companies who were dependent on working hands for the extraction and exploitation of the mineral wealth of the island (History of KKK-AKEL, 1986: 5-7).

Moreover, during the second decade of the 20th century and after the end of World War I, the mining industry expanded into asbestos, bronze and other metals since the post war needs for raw materials were increasing. The outcome of that development was the need for even more workers to work in three different shifts in order to cover the growing need for ore. The persistent unemployment in agriculture and the relentless drought that ruined any possibility of a good harvest ensured thousands of farmers sought employment in the mining industry, since wages there were better than in constructions or crafts (PEO, 1998: 3; Fantis, 2005: 42).

But with no previous skills or knowledge of the difficulties of such work, miners were often working for 12-15 hours per day deep under the surface, extracting copper, flint, gold, asbestos and other ore in extremely poor and dangerous working conditions with no safety regulations or any protective measures. Nevertheless, while the local pro-government press was eager to encourage the exploitation of the natural resources of the island in the hope that the colonial government might use some of the revenue to bring welfare to Cyprus, the situation was rather more different (Phonie tis Kyprou, 1925 b: 1). What appears to have happened is that the colonial government worked with the mine companies in pursuit of profit and against any improvement in working and living conditions, as historical accounts and documentary evidence confirm:

“The worst labour conditions during that period [1924-1925] were in the various mines, where the [mine] companies, mostly British, American and Dutch, with the support of the government, were trying to make as much profit as possible and they did not give a damn for the workers who were considered worse than animals” (Graikos, 1991: 29).

However, the newspaper *Neos Anthropos*³², probably the only newspaper influenced by communist ideology and published by the first Cypriot communists approached the matter quite differently to other newspapers. It believed that the government had an obligation to protect miners against exploitation through the introduction of labour laws (*Neos Anthropos*, 1925a, c, d). To support its argument, and in an effort to encourage workers, it provided a picture of the

³² *Neos Anthropos* translates to *New Man*.

current situation, portraying the challenging working and living conditions for workers and their families:

“Pressure, terrorizing, deprivation, long working hours, miserable shanties we live in, are the conditions under which the company has tied our hands and feet in order to exploit us as slaves for ever... It has removed all our rights in life, it has removed our freedom to think, to read, to speak, to rest and to ask for improvement in living conditions” (Neos Anthropos, 1927: 1).

Additionally, Neos Anthropos (1927) was encouraging workers to organize themselves into labour unions in order to unite and give voice to the promotion of their rights. Clearly, in Neos Anthropos one can view the first attempts to prepare the ground for a mass movement in favour of workers’ interests, based on the philosophy of the Russian Revolution as well as the labour movements in Europe. Consequently, mainly because of the large numbers³³ of miners, the mining industry became one of the places for the advancement of the labour movement and its aspiration for humane treatment and an end to exploitation and extreme working conditions (PEO, 1998; Varnava, 1989; 1990; Fantis, 2005) but also enabled constituencies that previously lacked formal representation to enter democratic politics (see also Giugni, McAdam and Tilly, 1999).

As well as the difficulties in the mining industry, the conditions in the rest of industry were not much different. Besides the low salaries, many people were not working for even a full month (Varnava, 1990). Usually, they worked and were paid for 15 days per month, often including Saturdays and, in many cases, Sundays, instead of the normal 23-26 days per month. Per annum, the average working days for a worker were 150-200 instead of the normal 250-280 days which characterize a typical working schedule. It was up to employers to decide for how many days they needed someone to work based on the progress of a project (PEO, 1987: 5; Graikos, 1991: 28; Fantis, 2005: 38-41).

With no expertise besides farming and cultivating the land and no legislation to protect them from dangerous working conditions, workers were literally at their employer’s mercy. For the purpose of this thesis, Pantelis Varnava (2006) said

³³ Two and six thousand miners were employed in Skouriotissa and in Amiantos (Asbestos) mines, respectively.

that “it was up to the employer to decide when he would allow his workers to finish work. In many cases they had to work for seven days a week. Labour conditions were determined by the employer.” “They were working for extremely low salaries and for as many hours as their employer wanted. For several professions working hours used to begin from sunrise and end with sunset, while for others even later at night...” (Eleftheria, 1920b: 1; Lefkis, 1984: 8-9). For instance, for indoor jobs, like tailors and shoemakers, the dark was not seen as a problem since they were working under the light of a petrol lamp. Shoemaker John Orphanos’ statement is typical of the situation prevailing in the workplace. He recalled that construction workers’ schedule of sunrise to sunset was much better than the shoemakers’ schedule which was from seven o’clock in the morning until ten o’clock at night (Fantis, 2005: 35-37). There is evidence that some workers, even occasionally, stayed in their employer’s house in order to assist with household chores after work.

In his book *Fighting for Life (recollections of veterans)*, Varnava (1990) discussed with several people who had first-hand experience of the working and living conditions during the first decades of the 20th century. Some of those stories confirm the earlier narrative of this section as to the extent of their suffering whilst trying to make a bare living. For instance, Eustathios Xinaris, born in 1907 in Tsada, Paphos, clarified that there was no such thing as a working schedule. People had to work from early morning until early evening. In some jobs, like footwear, the winter working schedule was between 7:00 a.m. and 10:00 p.m. During weekends people had to work in their employers’ houses resting only on Sunday afternoons “while taking their employer’s children for a walk” (pp.7-11).

Petros Glykeriou, born in 1912 in Pera Orinis, Nicosia, agreed with the above statement pointing out that in cases of a building demolition they had to work from early afternoon until midnight or later because their employers did not want to disturb the ‘good’ people, as he called people residing in cities, or to create discomfort during the day with dust. He also had to work in his employer’s house after work in order to wash the dishes, mop the floor and bring water, since there

was no running water in houses during those times. “All these” he said “were accompanied by yelling and beating by my employer” (pp.40-42).

Joseph Mavros, a former construction worker, born in 1911 in Peristerona, Paphos, said that life in villages before and after 1930 was desperate. “Pavements were the place where the unemployed workers and desolate farmers used to sleep and rest at night where in the mornings they were looking for a job or begging for food” (pp. 13-15).

Kostas Kasmiris, born in 1897 in Kaimakli, Nicosia, recalled that the labour conditions in early 20th century Cyprus were very difficult. “People did not have permanent jobs. In many cases they used to work every other month and rarely had a job for eight or nine months a year.” He also referred to the long hours of work and the norm of a ‘*sunrise-sunset*’ working day. He remembered one day back in 1920 when he was ready to finish work late in the afternoon, yet his boss required him to keep working until the muezzin began reading the Koran, that is until sunset. Employees were not allowed to take a break before noon neither could they eat while working. “Usually, employers would allow rest breaks after Easter time, when day light was longer, so workers could substitute the lost break time by working until early dark” (pp.26-30).

Arkis Koursoumbas, a construction company owner, born in 1903 in Nicosia, admitted that the long hours of work were not only difficult for workers but for the employers as well, “but it was the norm during those times” he claimed. In regards to social insurance he pointed that is “the best thing we have, because without it many people would be hungry” (pp.33-35).

Panagis Kouroufexis, born in 1910 in Palaichorie, Nicosia, began working in the mine industry from the age of twelve. As he said, “worries and extreme poverty forced me to start working so young.” He claimed that miners were forced by their company to buy bread from the company’s bakery. “Nobody was allowed to bring bread from home.” He remembered that when the company officials found a piece of bread in the possession of a female worker, not only the bread, but even her donkey were confiscated (later on the donkey was returned to her). The reason

for all of this was that the company wanted to make a profit from products sold only from its canteen and home-made products would not allow such profit³⁴ (pp.107-109).

While the working conditions were challenging the labouring class, as Surridge's (1930) survey of rural, economic and social life indicated, for poor rural dwellers their financial circumstances were even more desperate. He found 11,000 families belonging to the landless class with an annual per head expenditure of £8-12. On average, families, regardless of owning land or not, were earning between 16 shillings and £1 per week per family of five persons (Surridge, 1930: 32; Georghallides, 1984). Regarding the salaries of workers, these ranged between 9-15 piaster per day for unskilled workers, 2-3 shillings for skilled male workers, 2 shillings for male agricultural workers and 4.5-9 piaster for female agriculture workers or 6-9 piaster for women working in public works (Surridge, 1930: 32-35).

In order to understand the salary value in 1920s Cyprus, it is important to refer to the prices of certain products, such as 2-3 piaster for one oke³⁵ of potatoes, 5.5 piaster for one oke of beans, 3-4 piaster for bread, 5 piaster for one oke of peas, 12-18 piaster for one oke of meat and four shillings for an oke of cheese (Cyprus Statistical (Blue) Books, 1921-1946: 329). The cost for clothes (pants, shirt and jacket for men, dress for women) was more than 2 pounds. In other words, the purchase of new clothes for an unskilled worker required the salary of more than thirty days and for a skilled worker the salary of twenty days. Wearing shoes, especially in the summer, was considered a luxury for many people.

On top of the way many workers and miners were treated by their employers, the poor working conditions and the lack of safety measures often caused labour

³⁴ Miners knew very well that the mine canteens run by Spanopoulos in Skouriotissa and Mavrovouni mines, Ahmet's Zekki in Lefka mine and Kleanthis' Englezzos in Ksero mine used to exploit miners by imposing very high prices on their products. The management of the mine companies by order enforced miners to purchase their food from the companies' canteens. See *History of PSE-PEO 1941-1991*(Graikos, 1991).

³⁵ A unit of weight used in Turkey, equal to about 2.75 pounds or 1.24 kilograms.

accidents,³⁶ including mine explosions and industrial diseases. For instance, an accident that occurred in the Skouriotissa mine in March 1925 resulted in the death of ten³⁷ miners and the severe injury of four others. As a consequence, *Phonie tis Kyprou* (1925a: 1) wrote about the accident and its consequences for the families of the victims and the immediate danger of them falling deeper into poverty with no or limited chances for any reimbursement as a result of the death or critical injury of the head of the family. Yet, the newspaper did not make a direct call for the authorities or the state to take any responsibility but, instead, it reads rather as a vague complaint.

But, *Eleftheria* (1925b) did criticize the British administration for not taking any measures to support the families of the victims of labour accidents who suffered from permanent injuries or the families of those killed in mine accidents. *Eleftheria* (1925a: 1) commented that the government “has to seriously anticipate for the protection of the lives of workers and the miners who work for a dry piece of bread...” A few months later, *Phonie tis Kyprou* (1925d: 1) suggested that the introduction of legislation to protect workers should be raised in Parliament, which, along with pressures from workers, eventually resulted in the colonial government introducing the *Mines Regulation Law of 1925* which provided for the compensation of workers in cases of labour accidents which occurred in the course of work.

The relentless increase in the numbers of workers in conjunction with the poor working conditions, gradually led to the establishment of a labour movement which began to set out certain claims in relation to the working conditions and wages. As the following section analyses, the working class, born out of the need for working hands to support the new industries in Cyprus, began to shape the foundations for the labour movement which then began to place a series of claims for improvement in working and living conditions. However, in an interview for

³⁶ According to official statistics from the year 1922 until 1988, 192 miners lost their lives while 2,297 became unable to work as a result of labour accidents or labour-related diseases (e.g. mesothelioma).

³⁷ *Neos Anthropos* claimed that the real number of the miners killed was 48 and not 10. The 38 victims had just begun working in the mine and were not officially registered, yet. *Neos Anthropos* ‘Number of victims’ 1, May, 1925, p.1.

this thesis, Protopapas (2010) pointed out that “there were many people [in Cyprus] that were not interested in the working class.”

With little indication of any interest towards the development of the island, unless it was related to improving the living conditions of the British residing in Cyprus, the working environment was still challenging workers who continued to be at the mercy of their employers (Phonie tis Kyprou, 1925c: 1).

Furthermore, regardless of the thousands of jobs created in the mining industry, the poor economic conditions in the island, in combination with the constant droughts and the heavy taxation and exploitation from usurers was still keeping thousands of Cypriots in unemployment and poverty. For many self-employed, such as carpenters, blacksmiths, shoemakers, the only way out of that situation was to start selling their tools, furniture, plough, and even kitchenware in order to be able to pay taxes or debts (Sparsis, 1999: 14).

The emergence of a working class, accompanied by a feeling of social inequality and deprivation, eventually led certain parts of the labouring class to raise the issue of social insurance. The absence of social services, health care and legislation that could provide social protection to workers in old age, unemployment, illness, disability and the long working hours created an uncertain environment for workers and their families (Eleftheria, 1920a: 1). It was that particular situation that was leading Cypriot workers to claim the introduction of such a system that would function as a safety net and could protect them in case of need. It is important to note that the meaning of social insurance in terms of its context became more specific by the end of the 1920s (Graikos, 1991: 224; Fantis, 2005: 227-228). Thus, the initial claims of workers were for the development of trade unions, an effort which kept the labour movement focused for several more years until the colonial government eventually approved it. The following section provides evidence of the first serious attempts from workers to form trade unions in Cyprus and promote the improvement in working and living conditions.

5.3.2 Rise of the labour movement

Even though in Europe an organized labour movement had existed since the 19th century the actions of the Cypriot labour movement towards the development of trade unions is dated from the beginning of the 20th century after workers had been influenced by the trade associations of craftsmen in the 19th century which was discussed in the previous chapter (Gregoriades, 1994). Also, the development of trade unions was influenced by the struggle for better working conditions.

Nonetheless, it was not until the late 1910s that the labour movement in Cyprus began to construct clear objectives and goals (Michaelides, 2010). It took almost twenty more years for the labouring class to become more organized with clear, specific aims which included the goal for a social insurance system, mainly through the two major unions of miners and construction workers, followed subsequently by construction apprentices, tobacco workers, porters, tailors, barbers, carpenters and bakers (Kyrix, 1919a: 3, b: 2; PEO, 2006: 7).

It is worth noting that the first workers felt uneducated on labour issues and trusted various politicians to lead them. However, the leaders of those first organized efforts to establish professional associations used them for their own political purposes rather than to promote the interests of workers.

A report by the second Pancyprian Labour Conference described those efforts as exploitation against workers:

“In Cyprus, the first labour organizations appeared in 1910-1918, mainly in Limassol. A characteristic of those organizations was the fact that their leaders were not associated with working people and in many cases were not promoting the labour interests but their own personal and political agendas. Most of those labour organizations comprised, usually, the starting point of the election campaign of politicians seeking votes. But, those labour unions did not survive for long” (PSE, 1941a: 27).

Similarly, the Cyprus Workers Confederation (SEK³⁸) commented that:

³⁸ The Cyprus Workers Confederation (SEK), which was established in 1944, is one of the social partners in Cyprus within the framework of tripartite cooperation. The Confederation represents, through its affiliated trade unions, workers from all sectors of the country's economic activity. The mass of its members comes from the private sector but SEK also represents the majority of

“The initiative for the establishment of such organizations belonged, almost every time, to the politicians, who were mainly using them as election campaign centres. They did not have a particular labour union agenda and they were not in a position to respond to the variety of the needs of the workers and provide their services to them” (SEK, 1984: 7).

While the first efforts for the establishment of trade unions began in the 1910s in Limassol (Stampolis, 1963: 1; Sparsis, 1999: 15), a more organized effort can be observed in the years between 1920 and 1930 (Paulikkas and Pieri, 2006). The workers’ concerns at the constant violation of their basic human rights led more Cypriot workers to begin forming labour organizations or trade unions between the years 1910 and 1918, especially in the Limassol area where there was a large number of small businesses as well as the main sea port. The first urban labour unions, representing mainly construction workers and dockers, managed to survive for only a couple of years, since they did not have any clear agenda or goals besides helping their members through charity (following the example of the 19th century employers’ trade associations), plus a lack of an effective leadership. Despite the various efforts towards the establishment of trade unions, the results remained substandard with many attempts collapsing.

In 1919 a labour movement appeared as a working club, the ‘*Popular Collaborative Union*’ club under the leadership of a school teacher, Polyvios Constantinides (Lymbourides, 1985a). Due to the lack of state retirement pensions, Constantinides was trying to convince workers to save money for retirement, yet he failed to realize that their salaries were so low that there was little room for savings, unlike the salaries of civil servants, including teachers (Lymbourides, 1985b). However, his effort should be credited as recognition by a part of the bourgeoisie of the difficulties and needs that were arising in old age as a result of the lack of retirement pensions. Another implication from this example is the gap that existed between the different social classes with the upper classes seemingly ignoring the social conditions of workers and their families.

workers in semi-governmental utilities and services and local authorities, as well as blue-collar public employees.

Although young and undeveloped, the labour movement persisted against the odds and continued to encourage workers to register with associations, clubs and trade unions and embrace the development of organized labour which eventually resulted in the introduction and implementation of legislation for the protection against labour accidents (PEO, 1987: 5-6). However, regardless of all these efforts, the lack of experience of labour issues along with a confusion as to the objectives and goals that should guide a trade union plus the strong opposition of the government and employers towards such developments, posed a serious obstacle to the labour movement and its efforts to establish its presence only resulted in many failures (Graikos, 1991; Sparsis, 1999; PEO, 2006).

The negative attitude towards the labour movement and its ideas was very strong and, in many cases, accompanied by extreme violence against workers which was made worse by a fear that its belief in communism was promoting ideas hostile to Cyprus. It was around this time (mid-1920s and early 1930s) that nationalism expanded in order to create a barrier to the perceived threat of communism through the labour movement as a danger to the establishment of the island. Nationalism appeared in Cyprus as an ideology but also as a political strategy for political hegemony or for contesting the hegemony of another group (in this case the labour movement) and did so by attempting to homogenize collectivities by using the nation as its central focal point for rallying and mobilising popular support (Trimikliniotis, 2000: 40-41).

By the end of the 1920s, after continuing pressure from workers, the colonial government showed a sign of willingness to improve the working and living conditions on the island in an effort to calm the growing opposition against the elite³⁹ of the country who remained opposed to any change (Papageorgiou, 1996: 164; Neocleous and Ioakimidis, 2012: 54). The fear of communism, socialism or any other social reform that might weaken the ability of the wealthy to manipulate the status quo led the establishment to vehemently oppose any changes to the existing working environment (Papageorgiou, 1996; Sparsis, 1999). For instance, to support their arguments against any change, members of the elite of the island

³⁹ It was comprised by the Church, merchants, usurers and the government officials.

pointed out that there were no social or labour issues for Cyprus and that nationalism was the only issue that Cypriots should focus on (Graikos, 1991). In their effort to shift the attention of workers' demands, members of the local elite, mainly employers and Church leaders, were also calling other workers to denounce communists in the name of God and future employment. The fear of communism and an organized and strong labour movement was so real to employers that, in an attempt to paint a rosy picture of working life, they said that "Cyprus is happy because at the moment there is no issue of labour or unemployment...harmony is dominating the working relations between workers and employers, so there is no need for the introduction of communism" (Eleftheria, 1925b: 2).

The stance of the employers indicates that their reaction to the emerging radicalization of the working class aimed to appease both the demands of the working class as well as retain their political and economic domination (Esping-Andersen, et al. 1976: 74; Jones and Novak, 1980 in Corrigan, 1980). Furthermore, in order to place pressure and shift the attention of public opinion against workers, employers and other members of the elite described recalcitrant workers as 'communists' as opposed to those workers who were used as strikebreakers who were 'Greeks'⁴⁰ (Graikos, 1991: 31).

Moreover, in an effort to stop any socialist movement, such as the establishment of labour organizations, which might jeopardize their power, members of the elite, mainly employers, began slandering the first Cypriot socialist workers and arguing that they were responsible for the high cost of living on the island and that their attitude was pushing the population into hunger. The effort to stop the spread of socialism and communism was so intense that their opponents began creating stories of the living conditions in Russia. One such story was about two Russian men who "ate their children because communism led them to hunger and misery" (AKEL, 1986: 46; Graikos, 1991: 14).

⁴⁰ Due to the lack of a national identity and in the absence of a Cypriot state, Cypriot nationalists were viewing themselves as members of the Greek nation. They aspired to the union (Enosis) of Cyprus with Greece.

While the first reactions against the labour movement came from the local establishment, the British administration, having an anti-communist approach itself, began utilizing its control mechanisms, like the police and army, to defend both its establishment and the local establishment, its strongest ally in Cyprus. This new tense working environment of the early 1920s in Cyprus resulted in some of the leaders of the labour movement being accused of being communists and atheists, since they had adopted the ideology of the Russian Revolution including Marxism and Communism (Graikos, 1991; Fantis, 2005). As a result, they began to face blackmail, exile threats to remote villages or arrest and imprisonment by the police (Fantis, 2005: 82-83). To illustrate the commitment of the first Cypriot labour movement activists and their role in the development of the labour movement in the island and the improvement in working and living conditions, Paulikkas and Pieri (2006) called those activists “pioneers who espoused the principles of socialism and the construction of a more fair society” (p7.).

With the working environment being so tense, on May 1st, 1926 in a proclamation to the colonial government, labourers demanded new labour laws for the recognition of trade unions and workers’ rights (Neos Anthropos, 1926: 1). Those demands included eight hours of work, financial security over labour accidents, compensation for layoffs, protection for women and child labourers, the abolition of taxation on food, the implementation of a tax system for employers and the end of police harassment against workers and farmers in rural areas plus, for the first time, a social insurance scheme (PEO, 1983a, b; Graikos, 1991). In relation to that, in an interview for this research Protopapas (2010) stressed that “the working class in Cyprus with great sacrifices managed to start the campaign for social insurance. I experienced that situation, too.” He also added that “The bourgeoisie of Cyprus never cared for the working class or social contribution. On one side, there were some wealthy persons and on the other side, the rest of the population living in extreme poverty without any social protection... And I, reading the history of the bourgeoisie in Cyprus, it was a treacherous class... Regarding the constant requests of PEO for social insurance, the Governor was asking various wealthy persons in Cyprus whether social insurance was necessary and their

answer was ‘No’. I gave you an example of what social insurance means, a very strong one, I think” (Protopapas, 2010).

The colonial government not only rejected the demands but in close collaboration with employers ordered the immediate exile to Greece of one of the leaders of the labour movement, a Greek national and medical doctor Nicos Giavopoulos.⁴¹ For his deportation, the anti-communist newspaper *Alitheia* (1925) revealed its real political position, as well as the real intentions of the elite and the government, when it wrote: “The government, considering as a danger to the established social order and tranquility of the town the stay on the island of doctor Nicos Giavopoulos, the president of the local communist organization has been deported Sunday by government decree” (p.1). At the same time, and in an effort by the authorities and employers to curb the demand for changes in working conditions, there was an upsurge in monitoring, threatening and dismissal from work of any worker who was considered to be a labour movement activist, a leader or it was believed he or she was a communist (Graikos, 1991: 24).

In addition to the obstacles placed by the colonial government, the labour movement had to deal with the conservatives of the local elite. Sir Panagiotis Cacoyannis, a member of the Executive Council suggested that:

“Generally speaking workmen in Cyprus do not possess that standard of education and knowledge necessary to render themselves capable of understanding fully and carrying into effect the real objects of a trade union. Trade unions in Cyprus, unless strictly controlled, closely watched and properly guided, may be easily brought under the influence of unscrupulous political agitators or disloyal people and thus become eventually a social and political menace... Their leaders have little ability and authority. Secretaries sometimes do not know the membership of their unions” (Cyprus National Archives, SA1/1368/30/2).

Similarly, the Commissioner of the Police suggested that:

⁴¹ Nicos Giavopoulos, inspired by communist ideas during his college years in Athens, joined the Greek Communist Party. Upon his arrival in Cyprus, to reunite with his parents and sister who were living in Limassol, he promoted his ideas through the establishment of a labour association, the Limassol Labour Centre, which was advocating the improvement of labour conditions in Cyprus. Giavopoulos was a major figure of the labour movement in Cyprus and one of the founders of the newspaper *Neos Anthropos* (New Man).

“A number of regulations should be implemented in order to monitor the activities of Trade unions. For example, no more than one Trade union should be allowed to occupy the same place of business, the place of business should be an office approved by the Registrar and permits for Trade unions meetings should be given. No person should be allowed to be registered as a Trade union member if that person is a member of an unlawful association [implying the communist movement]. The Registrar should have the right to dissolve a union for (a) acts of subversive propaganda, (b) improper accounting of funds” (Cyprus National Archives, SA1/1368/30/2, 115-116).

The above statement illustrates the concern of the Executive Council and colonial authorities and their political stance towards the establishment of trade unions in Cyprus. However, for the labour movement there was only one way and that was towards the improvement in their working and living conditions through the introduction of social insurance, as the next section illustrates.

5.3.3 Struggle for trade union recognition

Despite the colonial government’s and employers’ animosity, the labour movement strengthened its presence amongst the local population sending the message to the authorities that there was a need for a change in the working conditions of the labouring poor. The intention of workers to improve their working and living conditions had already led them, by the end of 1924, to develop a constitution which indicated a more specific agenda and a further maturation in its approach towards its goals.

Some of its major points included the improvement in living conditions for labour union members, the decrease in working hours based on an eight hour day, an increase in wages and the introduction of labour legislation (Graikos, 1991: 16).

With more and more workers experiencing first-hand the challenging working conditions, they viewed the labour movement as the way out of that situation and so continued to organize in trade unions ignoring the animosity from employers and the government which strengthened the labour movement to the extent that it began to find its place within Cypriot society (Neos Anthropos, 1925a: 1). For the workers, it was important that “they should wake up in order to be redeemed from the hands of employers and their exploits” (Neos Anthropos, 1925d: 1).

Yet, inevitably, some workers were reluctant to join unions afraid of the consequences of a connection with the labour movement or simply, they did not quite understand which road to take in order to end their 'misery' (Neos Anthropos, 1925b: 1).

Eventually, bakery workers, tailors, construction workers, barbers, carpenters and other labour groups established their labour unions in the late 1920s. However, in response to the establishment of trade unions, many employers began to dismiss from work anyone who was a registered union member (Lefkis, 1984). Furthermore, employers were supported by the British administration which introduced a law against trade unions in order to discourage their development (Graikos, 1991: 36).

The law specified that anybody who was older than sixteen years and a member of a trade union was considered by law as guilty of engaging in illegal activities (Fantis, 2005: 64). Punishment for such an activity included death, imprisonment, whipping, beating or a fine. Over five hundred activists were under constant surveillance by police or had been imprisoned as a result of their engagement with the labour movement (Graikos, 1991: 24).

Despite the measures taken by the colonial government against the labour movement, by 1925 Limassol workers began to celebrate and honor May 1st, as the day for all workers of the world in an effort to strengthen their establishment and send their message to the local society regarding the need for improvement in their working and living conditions and the introduction of social insurance in an even more vivid way (PEO, 1983a, b; Graikos, 1991). For instance, the labour movement in Limassol in a special announcement for May 1st declared to all Cypriots, Christians and Muslims the following statement:

“May 1st is the celebration of all the poor. This very day all the workers, regardless of the race or religion they belong to, gather in unity to remember the victims of labour ideology, to show their strength, to demand from their tyrants their rights in life. The Limassol Labour Centre has as a purpose to concentrate in every oppressed, Turk or Christian and to fight for their rights... We need labour laws that would recognize our labour unions, to provide us with eight hours of work, to protect us from distress and exploitation from our employers. These are

issues that affect our life. And we have a holy obligation to care about them. Long live workers of the world!” (Graikos, 1991: 21).

At the above celebration for May 1st in Limassol, the participants approved a petition to the British colonial government. According to Neos Anthropos (1926) the petition demanded:

“Freedom for organization and registration of labour associations without any tax payment. Labour legislations: a) eight hours work, b) compensation from employers and medical care to workers and their families who became disabled for work as a result of a labour accident, c) compensation to those workers dismissed from work without any excuse or reason, d) protection for workers, their women and children - establishment of a medical care fund for workers, termination of any persecution from police against labour activists” (p.1).

Needless to say, not only did the colonial government reject it but it became more resistant to the labour movement and the labour activists, particularly by increasing police violence and surveillance (Graikos, 1991: 24; Fantis, 1997: 52, 2005: 74-76). As Chapter 4 has indicated, the reaction of the British colonial administration in Cyprus was the same throughout its colonies, supporting the oppression and exploitation of the peasant and working population and the resources of the colony (Gottheil, 1977; Ferguson, 2002).

Despite this pressure from the British administration, on September 1st, 1927 one thousand workers successfully protested for a one hour decrease in their weekly work schedule (PEO, 1998: 8). Although that was a major step forwards, the harsh working conditions remained pretty much the same. However, with no sign of discouragement, on July 25th, 1929, a massive protest with the participation of six thousand miners marched to the mine headquarters demanding a reduction in their working week, an increase in wages and the right to purchase their bread from anywhere they wanted instead of the company’s canteens;

“They [workers] held a demonstration outside the company offices during which slogans were chanted demanding a shorter working day, better wages and the freedom to buy bread from the store of their choice. The company management asked the workers to return to work and promised to satisfy all their demands but the workers refused to trust the company’s promises and continued their strike. Many workers were arrested, tried, sentenced and imprisoned, while others were dismissed from work and several were sent to exile” (Adams, 1971 cited in Michaelides, 2010: 117).

By the end of the 1920s the British administration began to adopt a new, relatively more benign approach⁴², by allowing workers an opportunity to organize themselves into labour unions. In particular, on September 17, 1930, the Minister of Colonies, Lord Passfield sent a classified official circular indicating the need for an immediate acknowledgment of labourers' right to organize into unions and the introduction of the necessary legislation for a mandatory registration of labour unions modeled on the British standards, especially under the *1871 Labour Unions Law of the United Kingdom* (The Trade Union Act, 1871; Cyprus National Archives, SA1/1368/1930/1; Sparsis, 1999: 19; Axt, 2008: 4). In addition, in August 1931, feeling the pressure from the working class for labour legislation, the colonial government appointed a committee of civil servants in order to examine the possibility of the implementation of two conventions of the International Labour Organization, including the convention for social insurance against the sickness of workers and the convention for social insurance against the sickness of farmers (PEO, 1987: 9). In this way, the colonial government aimed to refute a key argument of the labour movement that they did not take into account the interests of workers.

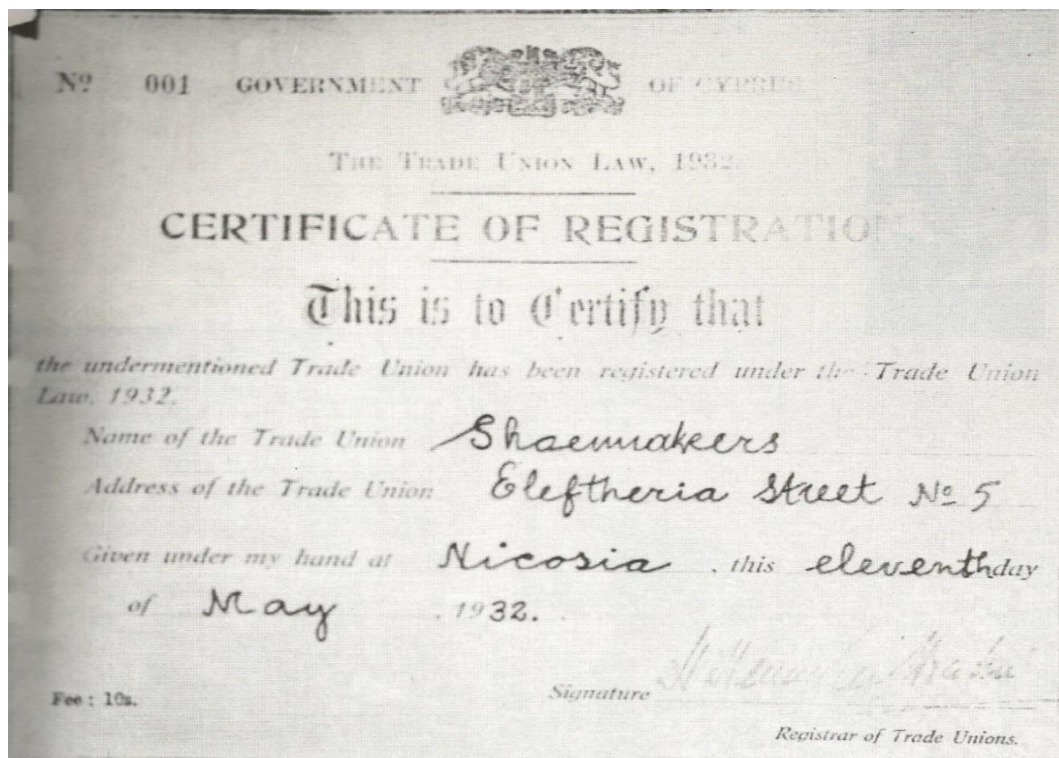
Yet, despite the instructions from London and as a reaction to a revolt⁴³ on October 1931 in Nicosia, the British administration imposed strict regulations against the establishment of labour unions by limiting their registration, especially those deemed to be engaging in communist activities (Graikos, 1991: 38-39).

In addition, the circular from London did not mean that the colonial government had changed its stance in any way towards organized workers groups, since five years after the introduction of the new Law, there was only one registered trade union in Cyprus. It seems clear that the restrictions that were laid out in Law were

⁴² The rationale for this approach is explained in chapter 6 under the discussion for the first legal trade unions.

⁴³ The harsh social conditions on the island and the constant negative position of the British administration to the claim for better working and living conditions and liberation from the British occupation led, on October 21st 1931, to a mass protest (Octovriana) in Nicosia. During that protest the crowd marched to the Governor's House and burned it down, an attempt that ended in blood and failure. The events of Octovriana marked the beginning of the so-called *Palmerocracy* years (1933-1939) from the name of Governor Palmer who imposed very strict rules all over the island in an attempt to terminate any similar attempts in the future.

seemingly insurmountable, ensuring that the stance held by the British against trade unions on Cyprus remained unchanged (Yiallourous, 2007: 13; Axt, 2008: 5). Thus, it was not until 1932 and only after constant pressure from the labour movement that the colonial government introduced labour legislation under *The Statute Laws of Cyprus, I* (1932), an issue that will be analysed further in the next chapter, along with a detailed examination on the progress of the labour movement and its campaign for social insurance.



The first trade union which was registered according to the law on Trade Unions of 1932 was the “Trade Union of Shoemakers” of Nicosia, with 84 members. As it is seen in the official registration, the trade union was registered on 6th January 1932 under the number 001. It had its offices at Eleftheria Street No. 5 (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

5.4 Summary

Although working conditions were appalling and the fight for physical survival and freedom from exploitation was a daily issue, this chapter has demonstrated that there appeared to be little intention on the part of the colonial government to promote social welfare on the island.

The continual refusal of the British to end the heavy burden of taxation indicates that they had little interest in the well-being of the Cypriot people but existed to serve their own colonial interests along with the interests of the elite of the island. That position is confirmed by the manner in which they approached the protests of workers as part of their demands for better working and living conditions. The conditions of the people were made worse by the absence of a social insurance scheme and made even more annoying by the free medical care and retirement pensions that the civil servants were enjoying.

Nevertheless, the labour movement's major aim, which was focused on the improvement of working and living conditions, went through a series of campaigns hindered for years by the adverse attitude of the colonial government and the local establishment (Graikos, 1991). Its purpose, to convince them of the necessity of a social insurance system to protect all adult citizens, regardless of gender or age but especially vulnerable elderly people, was to continue for many more years.

Four major points have emerged from this chapter:

- 1. Emergence and development of the Labour Movement:** The appearance of light industries in urban centres, as well as the development of the construction and mining industry, brought to light the hard working conditions and the low wages. These jobs were often taken by farmers escaping poverty and other difficulties in the agricultural sector, especially the prolonged droughts and the role of usurers. Experiences in this relatively new work environment led to the beginning of an organized approach to labour issues which eventually grew into a recognisable labour movement. The organization of workers in trade unions, building upon the experiences of trade associations established by employers in the 19th century, contributed significantly to an intensified campaign towards a social insurance system as the pressure on the government and employers was exercised in a more focused, organized and systematic way. The way Cypriot workers organized themselves can be linked to the enduring struggles of ordinary people who organised themselves to labour movements and other political entities in order to

promote their interests by placing pressure on the capitalist state towards the formation of welfare.

2. The campaign for social insurance: Both the strengthening of the labour movement and the establishment of trade unions encouraged workers to focus their efforts towards the introduction of a social insurance scheme. It was this period, in the early 1930s, when the labour movement gained a more coherent and organized form that the struggle for social insurance became more intense, mainly through organizing mass protests and making more clearly articulated demands. The way the Cypriot labour movement promoted its claims for social insurance can be associated to the context of social movements where through a series of controversial performances, displays and campaigns ordinary people made collective claims.

3. The rise of nationalism: The promotion of nationalism to distract the development of the labour movement and the struggle for better working conditions created serious obstacles to workers and their efforts. The propaganda against Communism as the perceived ideology of the labour movement led, as the next chapter explores in detail, to the division of workers into communists and nationalists in an attempt to prevent the labour movement from promoting the interests of workers. The Church through its nationalistic approach was also trying to puncture and undermine the labour movement and its communist roots.

4. The social position of the elderly population: By the end of 1920s the social circumstances of the elderly population had become more visible. This was due to the increase in begging as families fell even deeper into poverty and were increasingly unable to provide care for their elderly members. The resulting increase in court orders obliged families to support their elderly members and, in the absence of any support from the state, clearly identified the family as having the legal responsibility to care for its elders. However, there was not yet any organized effort to promote the welfare of the elderly population since the focus remained on current workers. The social position of the elderly Cypriots was

inevitable since the absence of a welfare state left them with not many alternatives but to depend on family support, mainly women.

The next chapter focuses on the further development of the labour movement and highlights its early campaign for the introduction of social insurance.

Chapter 6

Growth of the labour movement and introduction of Social Insurance; 1931-1960

6.1 Introduction

While the efforts of the labour movement did not result in any major outcomes for Cypriot workers during the years scrutinised by the previous chapter, this chapter will explore and analyse the efforts and goals of the labour movement from 1931 until 1960. The course of this journey continued despite various obstacles set by the colonial government, employers, and especially the foreign companies that were running the mining industry on the island.

Various strikes took place all over Cyprus to apply pressure on the government to improve living and working conditions by introducing a social insurance system. The various documents that have been analysed for this study illustrate the way the government responded to those strikes in an effort to discourage, as well as to try and destroy the labour movement.

6.2 The Social Impact of Economic Crisis

The start of the 1930s saw the Cyprus economy still in a parlous state. This is confirmed in the memoirs of Cyprus Governor Ronald Storrs who indicated that the social conditions in Cyprus were “in truth deadly poor” (Storrs, 1937: 520). The social environment in the early 1930s was also exacerbated by the same challenging conditions for the Cypriot people (PSE, 1941a, b). The 1931 global economic depression resulting from the New York stock market crash plunged the industrial countries of the West into mass unemployment and recession including, inevitably, the economy of Cyprus (Triseliotis, 1977; Sparsis, 1999). As mentioned in the previous chapter, the shortage of jobs, as well as the unemployment level, ensured that living conditions remained poor for Cypriots. Consequently, that shortage of jobs not only led to mass unemployment but also to lower wages and higher prices in essential products, effectively destroying the

living standards of the population causing them to fall into even deeper desolation and poverty.

The absence of a genuine interest by the colonial government in the economic hardship of Cypriots was exemplified by Demetris Koullouras (n.d.) in a report to the Cyprus Communist Party. He pointed out that the economic crisis was then so severe that many poor people were sleeping on the pavements, while the daily wage of one shilling was not enough for food and shelter (History of KKK-AKEL, 1986: 195). That situation was a matter of grave concern to the burgeoning labour movement. Nevertheless, a response of the British administration was not forthcoming, since Britain, as a colonial power, was concentrating on the exploitation of the country soil, minerals, as well as imposing heavy taxation (Killingray, 1989; Higman, 1995; Evans, 2003; Pitts, 2009; Ochonou, 2009).

Consequently, as pointed out earlier, the poor living conditions for the bulk of the Cypriot population affected the provision of medical services too. Medical care in Cyprus remained unavailable for the poor and those who survived the various diseases were considered “fortunate” (Graikos, 1991: 28). Free medical care was still granted only to public servants and miners who were injured in the course of their work, provided that they could prove that they did not cause the accident (Mines Regulation Law, 1925).

While the government was still providing medical care and accident compensation to public servants, private sector employees, unless they were injured in the course of their work, had to produce a Mukhtar’s⁴⁴ certificate proving that they could not afford to pay for medical treatment. Only the possession of such a certificate would allow someone to access medical treatment from a government hospital or by a government doctor (Archives of the Social Welfare Services, 1955; 1957; 1958; 1959). As a result, many people, individuals and families were exposed to various dangerous diseases due to poor living and working conditions,

⁴⁴ A mukhtar was appointed by the government and was essentially the president of a village or a parish in a city. Usually, a mukhtar was responsible for certifying the originality of the information on various documents, such as applications to government agencies, birth certificates, etc.

as well as the lack of sanitation within the family, the work places and the community.

As has been illustrated in the previous chapter, Cypriot families were often still residing in a single room and in some villages in the areas of Tylliria, Pitsillia and Paphos villagers were sleeping on sections of bags, while nine out of ten houses did not have sanitation (Surrige, 1930: 12-13). Eleftheria (1937b) observed that:

“Animal inns have been transformed into residences for humans. Their rooms are completely sealed to the extent that there was not even a small hole for ventilation. Dark warehouses have been separated into six or eight small non-ventilated rooms. Five to ten persons are sleeping in these rooms which are rented for ten shillings per month. Workers are crammed into these hovels without complaining for the 'lethal' rent. But, meningitis found them” (p. 1).

According to the 1946 census, 9,362 single room households existed in urban areas with 19,000 individuals living in overcrowded conditions. At the same time, living conditions in rural areas were not much better since most of the households were two-room houses. Among the 85,000 houses in rural areas 11,000 were older than 70 years, 46,000 had no toilet, 40,000 had no stables for the animals, 60,000 had no running water which their owners had to carry from long distances and 46,000 had their roof and floor made of mud (Graikos, 1991: 214). At the 7th PEO Conference held on April 1952, a report on the housing issue confirmed the magnitude of the situation since there were thousands of labouring families and thousands of workers who lived in poor housing conditions, mostly in inappropriate rooms, hovels and inns.

Further to the living conditions mentioned above, few Cypriot people had permanent jobs which forced workers to accept any working conditions that employers offered (Fantis, 2005). Although historical accounts reveal that the British administration, along with the elite of the island, did not take sufficient measures to promote the local economy and improve the living conditions of the majority of the Cypriot people, progress to some extent was inevitable, at least for some parts of the population, namely the emerging middle class. As mentioned in the previous chapter, improvement had occurred with the beginning of the development of carpentry, tailor crafts, blacksmiths, pottery, shoe craft and other

similar professions.⁴⁵ This small middle class had experienced some growth which allowed the development of some economic activity on the island. In total, the economy of the island during the early 1930s was depending on eight thousand workers in the mine industry, six thousand in the craft industry and ten thousand in agriculture (Graikos, 1991: 11; Fantis, 2005: 44).

As pointed out in the previous chapter, the expansion of the mining industry and the creation of thousands of jobs led workers from all over the island to seek work as miners. However, they often did not have any means of transportation back and forth from their villages to the mines so, as a result, many of them had to build 'little' houses, using materials such as stones or tree branches, while, for their personal hygiene, they had to use buckets or dig holes in the ground (Varnava, 1989: 21; PEO, 1998: 5). If they were living near rivers in the mountains they could take a bath but only during summer time when the warm weather allowed it (PEO, 1998: 5)

Similar conditions existed in other professions. For instance, a shoemaker in the 1930s had to pay his employer for the fuel for the petrol lamp that he was using during the long working hours and, while wages were not over one and a half shillings they had to be shared between the employer, the supervisor of the worker and the worker (Varnava, 1990: 112-113). The living and working conditions in Cyprus led the Paphos District Commander to state in 1937 that "Cypriot workers and their families are not legally slaves, but there is a possibility that if they were slaves they would have better treatment" (Graikos, 1991: 9).

To illustrate the picture of the social conditions among the population, Neos Demokratias (1953) wrote:

"12 veteran miners of the Cypriot mines in Amiantos, Chromium and Mavrovouni, some with crutches and others blinded, walked towards the government offices of Nicosia. Painful voices ask for government care and protection and for the implementation of a social insurance system. We have met

⁴⁵ In the extremely poor social conditions in Cyprus, these professions were classified as middle class for those who were owners of such small businesses, since they allowed those craftsmen to maintain an average standard of living as opposed to their employees, whose very low income did not allow them to escape from poverty.

these victims in the backyard of the Nicosia trade union offices. They were sitting around and each one of them was describing his personal story, his own pain. Old men, around 75 years old are forced to work in order to live. Crippled old men live a great tragedy, because they cannot work and wait to live from the charity of others” (p. 1).

As the above discussion has illustrated, the social conditions remained dire until the early 1950s in the continuing absence of any state intervention to assist the impoverished. The next section explores the working conditions in Cyprus and the growing resentment of the labouring poor.

6.3 Working Conditions and Labour Relations

Building on the earlier discussion, the working conditions from the 1930s were best illustrated by the newspaper *Eleftheria* on July 10, 1935, which commented on the “inhumane treatment of workers from the cruel employers” stating that the situation was the result of the absence of legislation for the protection of the Cypriot people (p.1). In a rather contradictory fashion the same newspaper, in previous years, had complained about the communist labour movement but was now questioning whether there was any direction from the government to improve the working conditions for the benefit of Cypriot workers, pointing out that the government was not considering any legislative changes to improve labour conditions.

Besides the Mines Regulation Law of 1925, which provided compensation to miners in case of an industrial accident or death, there was no other provision for workers. Yet, at the same time, public servants were eligible to receive compensation for a total of 14 days in the case of absence from work because of an accident, with the possibility of an extension of up to 150 days with full payment of their salary and another 150 days with payment of 50% of their daily wage in case of permanent disability (Slocum, 1972).

In his speech at the 2nd Pancyprian Labour Conference of PSE on the work of trade unions in Cyprus, Fantis described the working conditions for the majority of the working population as primitive conditions (PSE, 1941; Christou, 2008). Working hours in the early 1930s in the private sector were still based on the

sunrise–sunset schedule which meant approximately 12-16 hours per day. Employers were constantly refusing to reduce the working hours, providing the rationale that since the Cypriot worker was slow, long hours of work were necessary in order to make up for their deficient productivity (Stampolis, 1963).

The following examples, though not based on official records since there were no official records on work schedules for Cypriot workers, illustrate working practices. In agriculture and manufacturing the weekly work schedule was about 59 hours, in the construction industry 56 hours and in the mining industry 52 hours. In hotels and restaurants employees were working practically unlimited hours reaching 100-120 hours per week. Chauffeurs could work 84 hours, shop assistants 60-70 hours and barber shop employees 75 hours per week. Any efforts to reduce their working hours, and in the absence of any trade unions or organized collective effort, usually resulted in failure (Stampolis, 1963).

In addition, wages for workers were not much higher than in previous years. The daily rates for workers were now 1-2 shillings, while the majority of the twenty-five thousand workers were employed for approximately six to seven months per year or until the scheduled work was done (Stampolis, 1963; Graikos, 1991). At least 12-20 days per year were lost because of various diseases, such as malaria, flu or other illnesses, with no compensation or the provision of formal health care.

As mentioned in the previous chapter, the 1930s were also called the years of *Palmerocracy*, which were characterized as one of “the darkest periods of Cyprus history” (History of KKK-AKEL, 1986: 197). This arose after the uprising in October 1931 which was brutally put down by the colonial administration in order to suppress the population and end any future attempt at an uprising. During Palmer’s rule the economic conditions on the island deteriorated and public expenditure reduced (History of KKK-AKEL, 1986; Sparsis, 1999).

Other historical accounts from the labour movement archives show that the crisis of the 1930s, along with the persistent drought, which literally dried up the whole island, had created massive unemployment in Cyprus. The increasing numbers of unemployed workers, who were moving from the rural areas to the cities, led to a

new form of slave market where unemployed workers gathered every day at dawn at certain points in the cities, trying to convince potential employers of their skills in order to hire them for the day (Fantis, 2005). While, those who could find a job considered themselves fortunate, the surplus of workers also weakened the bargaining power of the labour movement over working conditions and wages (Neocleous and Ioakimidis, 2012).

At the same time, leaders of the labour movement were being kept under surveillance by the government and the employers, and for those who were arrested dismissal from work and often exile to remote areas of the island followed (Fantis, 2005). For example, in January 1932 several labour movement activists⁴⁶ were arrested for instigating riots and were sent to prison for five months, along with the loss of their jobs, whilst others were displaced to remote villages all over Cyprus. Similar measures were taken in the following years, with the labour organization *Labour Solidarity* being declared illegal in 1932 under *Law 68*, which led the following year to the imprisonment of eighteen labour activists in Limassol and twelve activists in Nicosia (History of KKK-AKEL, 1986: 184-185).

That situation, along with the absence of any state intervention to alleviate the economic crisis, mobilised the labour movement to an “unprecedented” intensity in order to safeguard the rights of the thousands of workers who found themselves unemployed or at risk of losing their jobs (PEO, 1987). As already suggested, the way the Cypriot labour movement reacted was similar to the way social movements usually respond in similar social conditions. Their response came from a collective endeavour to promote change, distinguished by a high level of commitment and political activism, which, although often lacking clear organisation, involved pursuing a collective attempt to further their common interest and secure a common goal through collective action (Bottomore, 1979; Giddens, 1989; Heywood, 1997).

⁴⁶ Teykros Anthias, Eystathios Xinaris, Symeon Charie, Stelios Georgiou, Kyriakos Ttigiros, Herodotos Ioannidie, Kostas Giorgallie, Nikolas Savva, Joseph Mauros, George Heraklis, Kyriakos Kakoulli, Aristodemos Skarparis and Kordos Christou.

Inevitably, mass unemployment, which created a surplus of available working hands, was creating an environment of exploitation. For instance, wages were settled by private agreement and according to the employer's gift. However, any disagreement by potential workers to the working conditions usually led to the termination of any impending contract of employment. In addition, the persistent droughts in the rural areas were also leading to low wages for agricultural workers compared to the rates paid in the mining or the craft industries, which inevitably continued to force yet more agricultural workers to seek employment in the mining industry (Stampolis, 1963). Interestingly, a document, written in Eleftheria (1937a: 5) by someone with the alias '*Filergatikos*'⁴⁷ indicates the condition of the working people, as well the determination of workers to fight for decent legislation:

“Side by side with the deplorable, primitive and indebted agricultural economy, there is today an important development in the mining industry, the light industry of the cities and the large agriculture businesses, where tens of thousands of workers, trained or not, have been gathered and under specific work conditions and payments are forced to work. And it is obvious that these specific working conditions and payments are set by the lowest and in many cases under the lowest level of sustainability, because this is what the interests of the various businessmen dictate and this is what the complete absence of labour legislation in Cyprus presents. This is the point where the issue of protection and relief of the labour class needs the immediate intervention and the daily care of the government, as it occurs in most European countries where the unemployed or those unable to work are not just based on fate. The state should not allow the various businesses to force their employees to work for ten and twelve hours... We shall stress that the condition for the introduction of labour legislation has reached a mature state which should be enforced as a barrier to the interests of the various businesses and protect the labour rights.”

However, the shift of attention by Britain and the less oppressive measures employed against the labour movement during the war years of 1939-1945 allowed the transformation of the context and content of industrial relations. At that time the trade union movement greatly expanded both in numbers and in political maturity, forcing the colonial government to take its position “into serious consideration” (Ioannou, 2011: 33). The fear of losing control to this growing movement led employers, mainly in the two major employment areas of

⁴⁷ *Filergatikos* translates to *Friend of workers*.

mining and construction, to shift their negative approach to one which encouraged trade unions to be placed within an organized framework (Lanitis, 1940).

Further to the challenging working conditions, World War II exacerbated those poor working conditions. The economic conditions in Cyprus reduced the availability of jobs in all the major professions such as the mines and construction industries, dock working and workers in export industries (Fantis, 2005). For example, the mining industry ceased much of its activity, leading to the unemployment of thousands of miners (Varnava, 1999).

Similarly, the building industry came to a standstill which created mass unemployment among Cypriot workers who were continuing to move to the urban areas in order to find a job but they only managed to increase unemployment and make worse an already difficult situation (Fantis, 2005). In combination, the increase in prices and unemployment caused the bankruptcy of many small businesses, leading many more labourers into poverty and hunger (Graikos, 1991). Under those circumstances, the labour movement requested from the government 'bread and work,' through the development of government relief projects (Graikos, 1991).

Interestingly, the views over unemployment during the war years differ. Some like Stampolis, (1963) suggested the introduction of government relief projects which absorbed many workers, whilst others like the author of the PSE report in 1941 insisted that thousands of workers remained without any job or compensation during the war years, leading to mass strikes and demonstrations which the colonial government responded to with arrests and imprisonment (PEO, 1987).

During the war years the way the government responded to the demonstrations against unemployment remained the same as earlier years. For instance, on 17 November 1940, four-hundred unemployed workers in Larnaca gathered outside the Head Quarters of the District Commander demanding the opening of relief projects, whilst in November 1941, two-hundred and thirty unemployed workers gathered outside the Famagusta District Commander Head Quarters, also

demanding the opening of relief projects (Varnava, 1999: 35). In response, the colonial government utilized the police in order to break up the crowd leading in many cases to the arrest and punishment of many unemployed workers with the accusation that they were participating in illegal gatherings and riots, violating the laws and decrees of the British colonial administration resulting in some of the workers being sentenced to prison or fined (Varnava, 1999: 36-37).

This approach is well illustrated by the Nicosia District Court of Justice actions against the unemployed workers who were arrested after protesting against unemployment in Nicosia on April 12, 1940:

“...the time for words has gone and more effective punishment must be imposed. Words are a waste of time. You did not stop but only after violence began. The next step is shooting. The police will not allow these actions to be repeated. Otherwise, its mission would be worthless!!” (Varnava, 1999: 37).

The above illustrates the determination of the British to continue ruling as before and as it did throughout the Empire. Much of that determination was managed by the use of excessive violence against the indigenous people (Newsinger, 2013).

The negative attitude towards the labour movement and its ideas was entrenched and, in many cases, accompanied by extreme violence against workers. However, even though the state had an adverse attitude to the labour movement, the persistent pressure and the continuing campaigns between the years 1940 and 1941, during which there were 47 campaigns led by 3000 employees, gradually led to the introduction of some temporary relief projects in order to keep labourers in the workforce (Fantis, 2005: 140) and consequently water down social unrest. Yet, the government’s decision was under the condition of decreasing the work schedule to three days per week with a daily wage of no more than 15 piaster which created a strong reaction from the labour movement which led to a minor increase of wages (Anexartitos,⁴⁸1940a: 1, b: 1).

By March 1941, some four thousand workers, mainly miners, masons, carpenters, boatmen and porters, were employed as part of the relief projects that the colonial

⁴⁸ Anexartitos translates to Independent.

government finally introduced. Similarly, by July 1941 six more thousand workers were employed by the colonial government for military works (Stampolis, 1963). Although wages met a slight increase with the maximum wage to reach four shillings, the majority of workers were receiving approximately two shillings per day, which was still very low payment. In addition, wages were not established being dependent on the supply and demand for work (Fantis, 2005).

Nevertheless, as the pressure from the labour movement continued, the following example illustrates the first agreement to cover accidents at work after a thirteen-day strike by organised construction workers from twenty construction companies:

“The construction company has taken the responsibility to provide insurance to its employees through a registered Insurance company in Cyprus. In case of death, compensation of three months' salary should be provided, however no more than £100...In case of permanent and complete disability for work, compensation of up to £100 should be provided...In case of temporary disability for work, 50% of a weekly salary provided that is no more than 30 shillings and for a six-month period should be provided...” (PEO, 1987: 17-18).

Later on, the law was amended in order to provide coverage for labour illnesses (The Workmen's Compensation Law, 1942). Yet, and until the introduction of the social insurance scheme in 1956, the focus of the colonial government regarding a comprehensive social protection of workers remained only for the employees in the public sector, mainly through free health care and retirement pensions (Yiallouros, 2007: 11).



1941. The young working class was facing many problems. Miserable working conditions with no limits on the working hours which could reach up to 16 hours a day. The wages were humiliating-enough only for the malnutrition of a worker's family. The attitude of the employer was despotic, having the absolute right to keep or dismiss the worker from his job without giving account to anybody. The lack of elementary care for the safety and health of the workers was characteristic (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

By the mid-1950s, the weekly earnings of workers were between £4 and £5, an insufficient salary based on the cost of living at that time. The challenging living and working conditions for workers, especially miners, and their families, the frequent labour accidents, oppression by employers who used to curse and beat workers were strong factors that led the mine workers to become one of the most powerful sections of the labour movement in Cyprus (PEO, 1998). The unremitting situation for the majority of the Cypriot people led many to join the trade unions, seeking support for their claims through various campaigns but especially strikes.

The following sub-sections focus on the efforts for establishing trade unions through a series of strikes with the climax occurring in 1948 with the participation

of almost the whole labouring class and the support of almost the entire population of the island (Varnava, 1989; Graikos, 1991).

6.3.1 Legalising Trade Unions

The 1930s could be characterized as a very challenging period for the Cypriot people, especially after the revolt in 1931 outside the Governor's House and its subsequent burning down. The young labour movement also faced difficulties, especially under the *Palmerocracy* rule (1933-1939) which dissolved the trade unions (Graikos, 1991; Sparsis, 1999). Yet, as Fantis (2005) points out "this brutal repressive regime did not prevent the pioneer workers, defying all dangers, bravely and courageously taking the lead to mobilize the workers to strike campaigns to claim better conditions of work and life" (pp.106-107).

Regardless of the measures imposed by the colonial authorities in an effort to control the development of the labour movement and prevent any attempt to acknowledge or register trade unions, the colonial government in Cyprus finally ratified the *Trade Unions Law* (No.1/1932) in May 1932 recognizing trade unions and providing for their registration (The Statute Law of Cyprus, No. 1, of 1932). The rather ambiguous decision over the registration of trade unions while the government was attempting to crush the labour movement can be explained. Despite the constant attempts of government to crush the labour movement and block the growing pressure from workers towards the foundation of trade unions, there was limited success. Therefore, it was decided that the only way to stop or control the development of the labour movement, and especially the rise of communism in Cyprus, would come through a law that would allow the registration of trade unions, yet, at the same time, which could then exercise control over those trade unions and at a stroke stem the rise of the communists who had considerable influence in the labour movement (Graikos, 1991; Richter, 2007; Ioannou, 2011). In that way no trade union influenced by communists would be allowed to register, but instead faced consequences for illegal activities.

In particular, the law appointed the Colonial Secretary as the first trade unions Registrar who had specific but "dictatorial" authority, such as the power to reject

the registration of trade unions with no obligation for an explanation and to request the presence of the police at any trade union meeting if that was deemed necessary or “to reject the registration of nationalist or communist trade unions” (Sparsis, 1999: 19). The law effectively gave the government full control over trade unions by applying a ‘stranglehold’ on labour organizations (History of KKK-AKEL, 1986: 200-201).

The full control over trade unions and their registration is depicted by Pantelis Varnava (2006) in his first interview for this thesis who pointed out that “During the period from the 1920s until late 1930s there was no organized labour movement. Although a more organized labour movement appeared in the 1930s, its presence was made noticeable in a strong way during the last part of the 1930s, around 1938, ‘39 and ‘40. And you realize that it [absence] was a negative factor for the economy, for the life of the people. But, the law [for trade unions] had much iteration, on purpose, and, it is recorded, that until 1935-36 there was a limited number of trade unions. Basically, the mass registration of trade unions began in 1938-40 and from that moment they [trade unions] led a more organized campaign.”

The first trade union to be registered on May 11th, 1932 was the Nicosia shoemakers’ trade union with eighty-two members (Stampolis, 1963: 3). However, because of the bureaucratic procedures, by mid-1938, only six more trade unions were registered (Fantis, 2005: 71). The next trade union to register was the Nicosia barbers trade union on April 8th 1936, followed by the Famagusta construction workers trade union on August 14th 1936 and the Nicosia private employees’ trade union a year later, on February 13th, 1937. On February 23rd, 1938, the Nicosia typographers’ trade union and on August 27th 1938, the Nicosia construction workers and construction assistants trade union were registered. In the following months and until the end of 1938 five more trade unions were registered followed by thirty-two more by 1939 with a total of sixty-five registered trade unions from 1932 until late 1941(Stampolis, 1963: 3; Graikos, 1991: 43-47).

To illustrate the environment existing under the new law, it is noteworthy that the Registrar had the absolute authority to prohibit any trade union assembly, except in cases where the only issue for discussion was the constitution of the trade union and then only if police officers were present (Stampolis, 1963). That development was seen by the labour movement as an attempt by Palmer's administration to intimidate it (Graikos, 1991).

A further illustration of the conditions around the registration of trade unions is given by Fantis (2005) who explains that the Limassol shoemakers' trade union applied for registration on July 10th, 1937. However, by November 22nd 1937 after receiving no answer to their application, the shoemakers applied for a second time. On February 7th, 1938 they sent a letter to the Registrar complaining that there was still no answer to their application. The response of the Registrar was a request for the trade union to make amendments to its constitution before the application could be considered. In addition, such a change required the amount of 10 shillings from the trade union in order to print it in both Greek and English languages; "an amount that was restrictive to the union's members whose salaries were between 6 piaster and 1 shilling" (Gregoriades, 1994: 69-70).

Based on a letter sent to the Commissioner of Nicosia and written in 1933 by the labour movement leaders, Harilaos Psindros, Yiannis Hallas and Kypris Haji-Nicolie, they complaint that the colonial government through the police force, required special permission in order to allow trade unions' meetings and did not hesitate to forbid a meeting if communists were amongst the labourers (Cyprus National Archives, SA1/1368/1930/1). Another example of the reaction of the colonial authorities to the registration of trade unions is revealed in a 'top secret' document from February 15th, 1932 from the Nicosia Police Department presenting all the details of a trade union meeting in Nicosia. The report specified the names of two persons who were known as communists, or *Red*⁴⁹ as that term was an ascription by the colonial authorities for communists (Fantis, 2005: 73-

⁴⁹ Any member of the Cyprus communist party was called by the colonial authorities as 'Red' from the red colour communist parties used on their symbols and as an ascription to the colonial government for that person's actions. The number at the end of the word *Red* was corresponding to the total number of labelled communists in Cyprus by the time a person was labelled. For instance, *Red 554* meant that 554 persons had been labelled as communists thus far.

75). A clear illustration on this issue is provided in various documents at the National Archives (Cyprus National Archives, SA1/1368/1930/3; SA1/1368/1930/4).

Despite the fact that trade unions acquired their legal status in 1932, by the end of the 1930s the government was still not confident that trade unions were mature enough to lead Cypriot workers. Nevertheless, by 1939 almost every profession had its trade union and by 1940 thirty-two more trade unions had been registered, but with local rather than Pancyprian character and with no ties to each other (History of KKK-AKEL, 1986).

The beginning of World War II, and the shift of the attention of British rulers to the war and the need for more military troops from the colonies, released the strict position of the colonial authorities over labour issues. That situation created an opportunity for the labour movement to strengthen itself by allowing trade unions to take advantage of the new approach of the colonial government (Stampolis, 1963). For instance, under the Trade Union and Trade Union Disputes Law of 1941 the colonial government promoted a more liberal and progressive policy towards the registration of trade unions.

Nevertheless, the end of World War II ended that liberal approach of the government which had been more positive to trade union activity and it returned back to its previous policy. For example, the government's reaction to the desire of the people for an improvement in their living conditions was quite negative adopting a determined policy of resisting trade union demands even by using physical violence against the workers. *Eleftheria* newspaper (1944: 1) observed that the police were present at every trade union rally in full anti-riot gear, which included firearms and a readiness to act against the workers.

Regardless of the barriers set by the colonial government to trade unions, the constant increase in their numbers during the war led, by 1945, to one hundred and forty three registered trade unions with fifteen thousand, four hundred and eighty members (Archives of the Department of Labour, 1945). Yet, even with so many members, the continued absence of a social insurance scheme remained a

source of concern for the labour movement. For instance, in 1947 SEK declared that the British colonial government should implement, as soon as possible, modern labour legislation based on the British social insurance model, as proposed by Beveridge, to cover all labourers and agricultural workers (Gregoriades, 1994).

However, by 1948 new, massive strikes by the Cypriot labour movement had broken out on the island demanding the introduction of social insurance (Sparsis, 1999). Furthermore, SEK, following previous demands of the labour movement, required that the social insurance scheme should protect people in cases of illness, unemployment, labour accidents, death, old age, maternity, disability and families with more than four children⁵⁰.

In a rather sudden movement in 1948, and in response to intense political conflict following a series of massive strikes (discussed further in the following section), the colonial government began to shift its position on the general working conditions and industrial relations in Cyprus (Sparsis, 1999). The “Worker Question,” a question raised by threats to the existing social order generated by the emerging industrial working class and by the formation of the first socialist parties (Korpi, 2001, 2006). However, the Cypriot ‘Worker Question’ was introduced in more than fifty years later than in Western Europe. Consequently, the colonial government moved towards the enactment of the Workmen’s Compensation Law of 1942, as well as the establishment of the tripartite Labour Advisory Board in 1948, an event which saw a modification in colonial policy from one of confrontation to one of recognition and cooperation (Sparsis, 1999; Ioannou, 2011). In an interview for this thesis Protopapas (2010) pointed out that “The Labour Advisory Board was a salvation for Cyprus” adding that “it was through this Board that a very progressive labour legislation was introduced.”

However, the labour movement believed that in regard to the Compensation Law of 1942, it had serious weaknesses since it did not provide protection to all workers. For instance, all agricultural workers (except those who were dealing

⁵⁰ Ten years later SEK maintained the same requests pointing out that the colonial government should modify the labour law in a way that would provide health care to all citizens.

with machines) were excluded from the legislation. Those working on a temporary basis were also excluded from the law. However, as Chrysostomou (2009) pointed out in an interview for this thesis “farmers at that time were half of the population.” Additionally, those covered by the law would not have any recompense for their medical expenses in case of a labour accident.

Also, those who suffered as a result of a labour accident had to prove that the accident occurred ‘because of’ and ‘during’ the time the person was working (as was the case in the Miners Law of 1925). The rather odd rationale that was given for the exclusion from coverage was based on the fact that the law could not yet cover everybody and especially those who were residing in rural areas.

Even though the new legislation did not satisfy the labour movement which had pointed out its various weaknesses, it was acknowledged that the situation was improved with the enactment of the *Workmen’s Compensation Law of 1942* which provided compensations of up to £500 in case of death, or up to £600 in case of permanent and complete disability for work (PEO, 1987: 29-34; Graikos, 1991). Later on, the law was amended in order to raise the compensation for death to £600 to the victim’s family or with an amount equal to 42 months’ pay based on the salary of the deceased.

According to the law, if the salaries of 42 months were equal to £400 then the family would receive not £600 (according to the law) but £400. If a worker suffered from permanent and complete disability, for instance the loss of vision or amputation of both hands or legs or became paralyzed because of a labour accident, then the amount of compensation was equal to 48 months’ pay or £800 whichever was lower.



Miners on strike on March 3, 1948 with the big banner pointing that “Our struggle will continue” (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

In the case of the loss of one eye or one leg under the knee, then the victim would take 30% of the total compensation of approximately £240 (PEO, 1987: 34). Furthermore, the law stated that the government, employers and municipalities would be responsible for the financial contribution to the social insurance fund (Graikos, 1991). However, its implementation was meant to be the first step towards the development of a social insurance system in Cyprus and the first comprehensive interpretation of social insurance demanded by the labour movement. From then on in all trade union conferences the issue of social

insurance was constantly on the agenda until the government agreed to pass the necessary legislation for its establishment.

A closer look at the somehow strange, yet positive attitude the colonial government adopted on labour issues, indicates a connection with the way the labour movement was promoting its claims. The organization of workers around trade unions allowed them to launch persistent, intense and massive strikes which began in the 1930s and continued through to the late 1940s, all with the aim of improving living and working conditions.

6.3.2 Strikes

To understand the pressure applied by the labour movement on the colonial government and employers it is helpful to examine the environment under which the government eventually stepped back from its oppositional position over the labour movement's claims. As the campaign by the labour movement intensified in the 1930s, the organized labour movement, even with its legal status, was still under pressure from Palmer's administration but this pressure did not seem to break the moral of the labour movement as the various strikes that occurred in the 1930s indicated.

Some of the major strikes are presented here in order to illustrate the political and social environment at that point in history. For instance, the first strike of the 1930s took place in 1933 by the Nicosia Construction Workers' Union demanding an improvement in working conditions (Fantis, 1997). Eight-hundred construction workers from all over the Nicosia district went on a spontaneous strike and marched to the District Commander's Head Quarters. In an attempt to suppress them armed police forces engaged in a bloody conflict with the workers. Despite the determination of workers, the strike ended in failure and led to the arrest and imprisonment of its leaders (Graikos, 1991; Fantis, 1997).

The next strike took place in 1935 by the shoemakers, whilst on August 2nd 1936 and for three consecutive days three thousand miners in Lefka and Mavrovouni mines went on strike (Eleftheria, 1936a: 1, b: 1; Graikos, 1991). The intervention

by a heavily armed police force and the arrest of several miners led to failure and the leaders of the strike losing their jobs (History of KKK-AKEL, 1986; PEO, 1998). As it has been discussed earlier, that suppression was the norm for the British colonial administration since excessive violence against the indigenous people was common practice throughout the British colonies (Newsinger, 2013).

While the initial strikes did not bring the desired results, they created the conditions for the labour movement to become more active, energetic and confident towards its future campaigns and goals. Additionally, those struggles also allowed the labour movement to evaluate and shape its goals and claims such that the following decade saw its campaigns focusing more on the issue of social insurance, with a variety of subordinate claims not only for the workers themselves but also for their families and for the elderly members of the community in terms of retirement pensions.

Following the 1930s strikes, the 1940s were marked by a more organized campaign with clearer goals (PEO, 1950). As the world was entering another major and catastrophic war, and after pressure from the labour movement for relief projects, the British administration of Cyprus proceeded to develop a number of military works essentially in order to prepare the defence of the island from a potential German attack. The relief projects offered work to thousands of workers, decreasing the mass unemployment that had blighted a large portion of the working population. However, facing hard labour conditions the trade unions led their members in a series of strikes demanding the improvement of their working conditions (Fantis, 2005).

In February 1940 all workers for the Public Works Department went on strike which lasted for a total of nineteen days, albeit with little success, mainly because it was a spontaneous attempt rather than an organized effort (Fantis, 2005). The following year, on May 17, 1941 another strike took place in Nicosia with the participation of fifteen hundred construction workers. After thirteen consecutive days the strike led to a positive outcome for the workers and the establishment of an eight hour working day. In an interview for this thesis Pantelis Varnava (2010)

pointed out that “in 1942 and 1943 there were intense strikes for social insurance...there was a major strike in March 1944 and lasted 23 days. PEO, acting strategically, placed in the frontline the workers in the Public Works, somewhere around 1500, as well as the workers who worked in the army, in defence projects, to strike in the first line... supporting them through several ways, with events and rallies.” In the same interview Varnava (2010) added that:

“I must say that those strikes were taking the form of a popular uprising because the party [AKEL] had much influence among the labour class. In the second uprising that took place on March 19, 1944 there was an armed military squad ready for attack and if they had the chance they would do it.”

The 1944 strike took place all over the island which, with a total of twenty five thousand people participating, led the governor to telegraph the Minister of Colonies and state to him that those strikes posed a direct challenge to the authority of the government (Varnava, 1999). Yet, despite the challenge to the administration, the colonial government not only refused to meet the trade unions leaders but in a letter to them it was made clear that the government believed that the strike was not justified (Graikos, 1991). In a rather provocative manner, the government ordered the arrest and imprisonment of the strike leaders which did nothing but anger the population (Fantis, 2005).

These strikes were the climax of the early 1940s in the struggle for better living conditions and the introduction of social insurance legislation (PEO, 1987). Despite the fact that the issue of social insurance had been officially raised by the trade unions in the early 1930s, albeit in a rather general and vague manner, the issue of social insurance as part of an integrated package of welfare reforms was raised only for the first time during the strikes of 1948, which may indicate a level of maturation and awareness by the labour movement.

The strikes in 1948 were probably the most significant having an initial participation of 4,300 construction workers and miners who led the campaign which eventually included almost the whole working population of the island (PEO, 2001). The strikes lasted for 266 consecutive days with a basic claim for the improvement of working conditions, a minimum wage and free medical care

(Graikos, 1991). The response from the government to the strikes was extremely brutal (Varnava, 2004). In the course of that strike, 72 men and women were taken to court and sent to prison for between two months and seven years while twenty workers were injured (Graikos, 1991; Varnava, 1999).

The end of the 266-day strike, as well as all the previous years' campaigns, was marked by some successful outcomes for the labour movement, at least in terms of working conditions. The labour movement managed to gain significant benefits for Cypriot workers, such as an increase in salaries, an eight hour working day, protection from dismissal from work and improvement in the compensation law for labour accidents (Graikos, 1991). However, all of the benefits that the labour movement gained were provided in a fragmented form and not under a single scheme (PEO, 1998). In an interview for this thesis Varnava (2010) pointed out that:

“The decade of the 1940s-50s was the most difficult for the labour movement. The most extensive and difficult labour struggles and strikes of miners took place during that time lasting for 266 days...costing thousands of pounds. The reason the strikes were lasting for so long was because the government, companies and employers had some support from a part of the working class...” “...that’s why we say that the most challenging strikes occurred during 1930s and ‘40s. During these years we gained the 8-hours working schedule and other benefits for workers. And because employers did not like those developments, that’s why we had some lengthy strikes which lasted for months.”

Nevertheless, the persistence of the labour movement through the various strikes from the 1930s all the way to the 1940s seems to have focused the labour movement in its demands for social insurance, since from the late 1940s those demands took on a new clarity (PEO, 1950). Class mobilizations in the form of collective action such as strikes, marches, etc. are related to the development of the welfare state (Saville, 1957; Lavalette and Mooney, 2000).

However, it took five more years for the labour movement to focus exclusively on the idea of legislation purely for a social insurance system (Fantis, 2005). In the meantime, the destitution and poverty facing many Cypriots led to the establishment of Welfare Services through public Assistance Aid legislation as the next section explains.

6.4 British Colonial Government Response

The British colonial government proceeded in 1951 to establish Welfare Services on the island, appointing William Clifford⁵¹ as the first Director. The rationale given by the Director of Welfare Services in the first annual report was that Cypriots were now ready to accept assistance for their problems by government agencies which enabled the Welfare Services to expand significantly all over the island (Archives of Social Welfare Services, 1952).

6.4.1 Public Assistance Aid

Among the services and programmes that were introduced by the Welfare Services was the *Public Assistance* scheme in August 1953. It was provided in the form of financial support as a single grant or a regular monthly allowance for those who were not able to support themselves or could not rely upon support from relatives (Archives of Social Welfare Services, 1953: 18). Yet, the development of governmental welfare services was very limited and was not carried out in a systematic way (Archives of Social Welfare Services, 1953).

In his interview for this thesis Chrysostomou (2009), former Social Welfare officer, recalled that “at that time there was not any legislation unlike today which, by law, a disadvantaged person is entitled for public assistance. Back then there was no such obligation by the state so if, for example, we could locate children who had the financial means to help their parents then we rejected those cases from public assistance. Public assistance was granted only to those who could prove that their children did not have the capability to support their elderly parents.”

As a former Welfare Officer, Chrysostomou (2009) noted that “the amount of money the government was giving us was limited, so we had to make the necessary arrangements to suffice it for the needs of the people, so we were very

⁵¹ William (Bill) Clifford (1918-1986), criminologist, was born on 6 October 1918 in Bradford, Yorkshire, England. In 1952 Clifford became the British colonial service’s director of Social Development in Cyprus, charged with bringing Cypriots closer to administrative independence.

strict on that and we were looking for the elderly people's children and we were forcing them to provide for their elderly parents.”

The 1954 Annual Report (Archives of Social Welfare Services, 1954) stated that by the end of 1954 public assistance had been provided to 3562 individuals. It is important to note that, according to the 1954 Annual Report, nearly 50% of all the recipients were 66 years of age or older whilst another 189 individuals were between 61 and 65 and 415 people were between 41 and 60 years old. These figures indicate that the high numbers of older beneficiaries were an unintended consequence of the policy in the absence of a pension plan, revealing, at the same time, the problem that the lack of a general social policy, such as social insurance, was creating particularly for the older population.

Yet, indirectly, the introduction of Public Assistance could be considered as the first official attempt to financially support older people whose previous destiny would have been destitution. By analysing the cases for public assistance, old age appears to be the main cause of dependency and destitution (Archives of Social Welfare Services, 1955, 1956). No less than 780 cases, or about 43% of all cases handled by the Department, were in serious need mainly because of their old age and the absence of any relatives able to support them (Social Welfare Services, 1956). The Social Welfare Services' position agrees with other findings that the responsibility for elder care was mainly placed on their relatives or Public Assistance without which they had no option but begging on the streets for their survival.

The following illustration given by the Director of the Social Welfare Services in his 1957 Annual Report on Social Development (Archives of Social Welfare Services, 1957) presents the consequences of the lack of a social insurance system, as well as the limitations of the Public Assistance Scheme and the creative skills of Welfare Officers in finding ways to provide support to people in need:

“An elderly man separated from his wife and with no children to support him applied for assistance. Investigation (by the Welfare Office) showed that he had a brother in America. The Welfare Officer wrote personally to his brother and the old man receives 50 dollars every three months from this relative”(p. 27).

In an interview for this thesis Chrysostomou (2009) added that “we, as Welfare Services, considered the children of elderly people responsible and obligated to provide care to their elderly parents to the point that we could take those persons to court so it could order them to provide for their elderly parents.” However, as he pointed out in the same interview “Later on, when the social insurance scheme began to pay the beneficiaries I can say that a huge weight was removed from Public assistance, so we had more money to provide to those in need.”

This discussion of the living and working conditions in Cyprus and the enduring campaign of the labour movement for social insurance reveals a long and painful journey. The following sub-section focuses on the maturation of the labour movement and its more organized approach to improving the working and living conditions and its continuing struggle for the first social insurance legislation in Cyprus.

6.4.2 Legislating for social insurance

After the labour movement acquired legal status in the course of the establishment of trade unions, its focus became more concrete on the issue of social insurance as a comprehensive scheme that would provide a complete set of benefits for working people. For instance, as a result of this pressure in 1933 a special committee was appointed by the colonial government with the responsibility to work towards the introduction of social legislation in Cyprus (PEO, 1987). Yet, instead of a social insurance scheme, the committee ended-up with a suggestion for the implementation of a law for labour compensation (which was finally implemented eleven years later on April 1, 1944) after continuing pressure by the labour movement (The Cyprus Gazette, 1944; PEO, 1987; Yiallourous, 2007). The special committee’s report, which indicates the enduring reluctance of the colonial government towards social insurance, claimed that the existing regulations of 1925 for miners would become a law that would protect all workers and satisfy the claim of the labour movement on social insurance, thus there was no need for any further legislation (PEO, 1987; Graikos, 1991). Consequently, the pressure from the labour movement, in addition to the social conditions on the island, led

the colonial government to consider inviting the British Ministry of Labour for advice on the issue. As a result, in 1940 the British Ministry sent the labour expert, W.J. Hull, to offer his services as a labour advisor to the colonial government of Cyprus.

A report on labour issues by Hull in 1941 advised the government to prepare three labour laws, the Trade Union and Labour Disputes Act, 1941, the Minimum Wage Law and the Labour Disputes (The Trade Disputes , Consolidation, Arbitration and Investigation Law, 1941). Hull's report was a turning-point in the evolution of the labour movement as well as the improvement in working relationships in Cyprus (Sparsis, 1999). Also, Hull's suggestion for the development of a special Labour Department with responsibilities for all labour issues was considered by the labour movement as a major leap forward and a step closer to its goal for a social insurance scheme as, previously, labour issues had been the responsibility of various government agencies, especially District governors. However, Hull's report did not include any suggestion to introduce a complete scheme, such as social insurance.

In the meantime, in addition to the existing regulations of 1925 for miners and in response to Hull's report, in 1941 the colonial government established the Department of Labour which was responsible for overseeing the three pieces of legislation Hull had proposed: the Law for Trade Unions and Labour Disputes, 1941; the Law for Minimum Wage, 1941; and the Law for Labour Disputes (conciliation, arbitration, investigation), 1941 (Sparsis, 1999).

However, the introduction of the above legislation did not satisfy the labour movement which kept up its demand for the introduction of a complete and comprehensive social insurance scheme. The campaign by the labour movement and its constant pressure, mainly through the various strikes, as presented above, on the state and employers had, by 1951 led the colonial government to consider its introduction mainly because of the "persistent pressure from the trade unions" (Archives of the Department of Labour, 1951: 22).

That same year the government invited the British Office of the Middle East to conduct a study regarding the introduction of social insurance and:

“assess the potential of an application and under the conditions of Cyprus of a national insurance plan on the scale and standards of the British scheme” (Archives of the Department of Labour, 1952: 12).

The study, which was submitted in February 1952, evaluated the practical possibility of introducing a social insurance scheme on a national scale (Clucas, 1952; Archives of the Department of Labour, 1952).

Yiallourous (2007) explains that the outcome of the study included detailed suggestions for the introduction of a social insurance scheme and a national health care system. More specifically, those suggestions consisted of: 1) the introduction of a state social insurance scheme that would cover all men in the rural areas and all workers and employers in the urban areas, including their dependents, 2) benefits should include retirement pensions, widow pensions for both workers and employers and allowances for sickness and maternity, 3) the scheme should be financially supported by contributions from workers, employers and the government, 4) the scheme should be flexible in terms of the numbers of beneficiaries and the variety of provisions, 5) provision, on a limited scale, of health services to the whole population with funding from the government.

The suggestions by the British Office of the Middle East were not far from the Beveridge report which was used as a role-model for a Cypriot social insurance scheme. The study had a positive response from the colonial government which approved the introduction of similar measures in Cyprus. This is confirmed by a statement the British governor made in a speech before the Cypriot Executive Council on January 27th, 1953. He confirmed that the idea for the introduction of a social insurance scheme was under consideration, disclosing that the colonial government had deposited the amount of three hundred thousand pounds for the future social insurance fund (Archives of the Department of Labour, 1953).

That shift in the approach of the British administration over the introduction of social insurance in Cyprus has an explanation. It was the result of a campaign by

the International Labour Organization (ILO) to promote the introduction of social insurance all over the world through its *Income Security* recommendations (No 67) which formed the basis for the Social Security Convention of 1952 and which became the primary international instrument for the promotion of social insurance throughout the world (Midgley, 1997). Further to those developments by the International Labour Organization, the European imperial powers also began to promote social insurance in their colonial territories (Mouton, 1975). The rationale for the promotion of social insurance can be contested. Midgley (1997) argued that it aimed to provide social partners the political recognition to participate in the governance of the welfare state while for others (Saville, 1983) reflected the employers' realisation for the need of an improved physical and social environment in which a healthy labour force would sustain the conditions of capital accumulation. However, Britain was not so enthusiastic over the introduction of comprehensive social insurance because it did not believe that social insurance schemes were appropriate to the needs of the colonies (Midgley, 1997).

Nevertheless, regarding Cyprus, the continuous efforts of the labour movement, in combination with a long history of the colonial government's opposition, ensured the labour movement remained uneasy and suspicious, despite the apparent shift of the government. As a result of those suspicions, on May 8th, 1953, the labour movement began to mobilize its members in order to make clear to the government that it would not agree to any scheme that would not satisfy all of its claims (Fantis, 2005).

After 180 meetings at work places with seven thousand participants, several hundred thousand leaflets and over 150 resolutions to the government, the labour movement called for the introduction of legislation that would be fair to everybody. The labour movement suggested that in order to agree with any legislation, the government should implement the following social insurance scheme:

- a)** Free medical care
- b)** Allowances for illness
- c)** Allowances for unemployment

- d) Retirement Pensions
- e) Allowances for orphans
- f) Allowance for maternity and childbirth
- g) Pensions to widows and orphans
- h) Medication, eye-glasses for vision problems and other artificial body parts (PEO, 1987: 75).



Turkish-Cypriot widow and her four children of a mine worker who lost his life at the Mavrovouni mine in 1952. She remained socially unprotected because of the lack of a Social Insurance Law (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

To further its campaign and in order to send a clear message to the colonial government, in his introductory speech at PEO 8th Pancyprian Conference on May 19th, 1953, George Christodoulides, a labour movement activist and a member of PEO Executive Council, said that for the labour movement the term *Social Insurance* meant:

“the sum of Social Institutions aiming to ensure that each person whose living depends on work will have the necessary means for survival when he or she will not be able to work anymore and to receive health care, including all medications needed for his or her cure. Social Insurance’s characteristic trait, in order to be pure and complete, is the coverage of all social needs, because only then we can talk about a real Social Insurance System” (PEO, 1953: 1).

The 8th PEO Pancyprian Conference suggested that in order to be accepted by the labour movement, a complete social insurance scheme should include allowances and pensions for sickness, maternity, disability for work, old age, labour accidents, labour sickness, unemployment and death (PEO, 1953). Furthermore, and after extensive analysis of the government's proposal, the labour movement decided that the proposed plan was lacking basic elements for the protection of all workers and their families and was thus unacceptable. The suspicion amongst the working population remained and led to a further mobilization of the labour movement (Graikos, 1991).

In an attempt to ease the on-going frustration by workers, the government assigned a colonial government administrative officer and expert on labour issues, D. M. Skettos, to carry out a complete study of the most urgent social needs in rural and urban areas. Skettos was asked to obtain the views of the representative bodies, such as municipalities, trade unions and the labour advisory body, as to their views of their social needs, so the government would be in a position to evaluate the relative priorities of those needs and decide the best way forward (Skettos, 1953). To clarify the meaning of the term 'social insurance' the expert determined social insurance as: retirement pensions, widow allowances, orphanhood allowances, allowances for single women, allowances for sickness, provisions for disability, maternity grants and allowance, death grant and unemployment provisions which gave a more vivid picture about what the content of a potential social insurance scheme might look like (Skettos, 1953).

After considering all representative bodies and prioritizing social needs according to the findings in his study, Skettos proposed that a social insurance scheme should be implemented only in urban areas and anywhere there were mines and other large industries. The rationale for the exclusion of certain categories of workers and geographical areas was based on the fact that, during the negotiations for the scheme, various people from rural areas believed that social insurance was not a priority for agricultural workers. It was argued that different schemes should be implemented in those areas such as compensation for natural disasters which might befall their crops. Regarding the self-employed, the suggestion was that

“any contribution from self-employed persons would be extremely difficult...in a country where social insurance is an innovation” (Skettos, 1953: 12). This approach of agricultural workers and self-employed is not a unique situation for Cyprus since the literature indicates that agricultural workers and self-employed were among the latest to be covered by welfare programmes (Pierson, 2006).

More specifically, Skettos prepared and submitted his study along with his suggestions for the introduction of a social insurance scheme in Cyprus. Citing all the different views that were expressed by the representatives from rural and urban areas, the following suggestions were made to the government:

1. The social insurance scheme should be applied only in urban and mining areas and in all non-urban industrial areas,
2. The scheme should provide retirement pensions, widow allowances, allowances for sickness, allowances for disability (for temporary or permanent disability for work), maternity allowances to working mothers, orphanhood allowance and death allowance,
3. An increase in the income limits for the provision of free or reduced-fee health care in order to cover larger numbers of workers,
4. The introduction of a public financial assistance scheme for the impoverished in the rural areas,
5. Introduction of an insurance plan for vines and crop fields against hail,
6. In cases of destitute people not eligible for social insurance benefits they should receive support from a public financial assistance scheme in collaboration with municipalities (Skettos, 1953).

There were inevitably different opinions regarding Skettos’ suggestions. For instance, the Labour Advisory Board believed that social insurance should cover the whole population but if such a scheme was very difficult to implement, then the suggestions should be adopted (Yiallourous, 2007). On the other hand, the labour movement itself expressed strong disagreement to the outline plan stating that the government’s refusal to financially contribute to the scheme was behind those suggestions, including the exclusion of a significant part of the population.

After reconsideration of the proposals SEK and PEO, in a common declaration, argued that the scheme should protect everybody who was working, including the self-employed and also provide free medical care within a universal framework (PEO, 1987).

Furthermore, the labour movement mobilized its members in order to put pressure on the government to reject Skettos' proposal. The labour movement believed that, based on Skettos' proposal, the majority of the population was excluded from the scheme since they were residing in rural areas away from any industries or mines and many were self-employed since most were working in agriculture (PEO, 1987).

Despite the concerns of the labour movement, and in addition to Skettos' study on a social insurance scheme, the colonial government obtained the services of the Ministry of National Insurance in the United Kingdom (Archives of the Social Welfare Services, 1953). The officer sent by the British Ministry of National Insurance worked on various proposals and held discussions with all sections of the community (Graikos, 1991).

At the beginning of 1954, after it was officially announced to the labour movement that the colonial government had invited the British Ministry of National Insurance to carry out a study for the introduction of a social insurance scheme, the labour movement through PEO declared that thus far nothing had happened and their patience was wearing thin (Archives of Department of Labour, 1954; PEO, 1954). Within a continuing atmosphere of suspicion the labour movement and PEO in particular, invited in the same year (1954) the World Federation of Trade Unions (WFTU) to prepare a proposal on a social insurance scheme in Cyprus (Graikos, 1991).



Workers in Larnaca in 1954 demanding a ‘complete System of Social Insurance’ (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

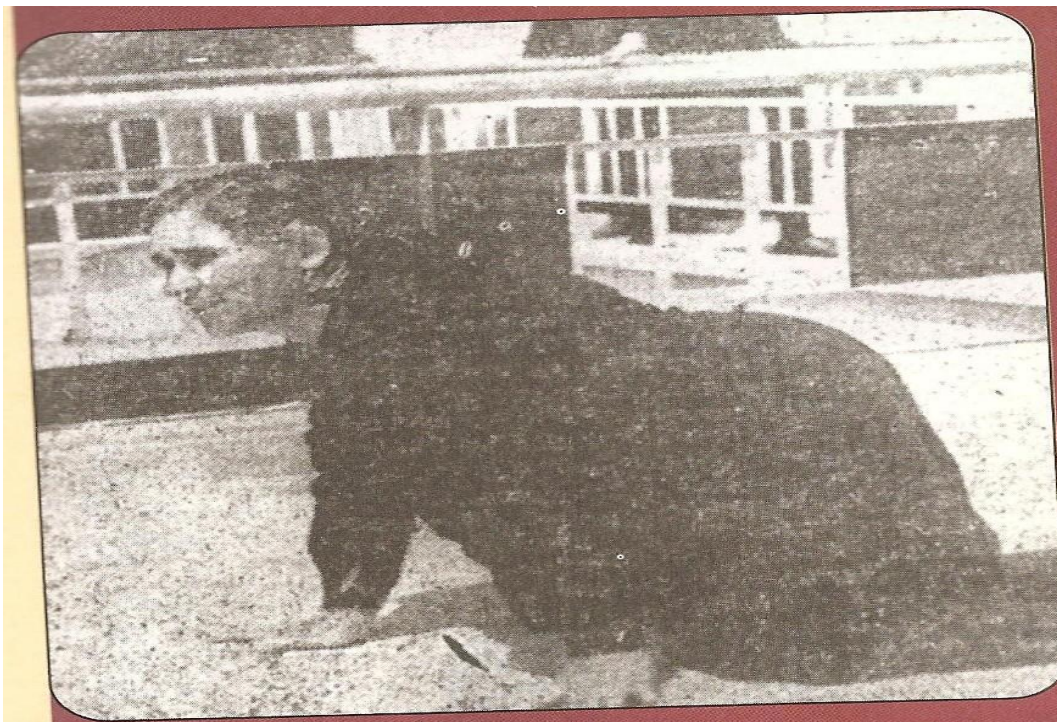
The proposal suggested the following benefits for the whole population of the island:

1. Free medical care,
2. Allowances for sickness,
3. Unemployment allowances,
4. Retirement pensions,
5. Orphanhood allowances,
6. Maternity allowances,
7. Widows pensions, and
8. Provision of medication, eye-glasses and artificial limbs.

For these benefits, a contribution would be made equally from workers, employers and the government. Concurrently, the claims were accompanied by massive mobilization of the labour movement to apply pressure on the government (Graikos, 1991). In response to the labour movement’s suggestions and pressure, in 1955 the government announced that it was ready to invest

several millions of pounds in order to provide social insurance measures (Archives of the Department of Labour, 1954, 1955, 1956).

By the end of 1955, the colonial government decided to implement the proposals submitted by the labour movement and Skettos for the establishment of a general social insurance scheme (Archives of the Social Welfare Services, 1955). That decision was taken after the government realized that there was no justification for further delays in the introduction of the scheme so efforts began within the next year under the guidance of the Ministry of National Insurance in the United Kingdom (Graikos, 1991).



In the old days, older people were completely socially vulnerable and had many problems. In the photo above, Anastasia Patsalou from Kontea, disable and helpless as she was, is crawling in order to go to a meeting in Famagusta in 1954 for a discussion about the implementation of social insurance which would allow older people to be able to cover their social needs (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

In 1956 the colonial government of Field Marshal John Harding processed the first social insurance scheme in Cyprus (The Cyprus Gazette, 1956). In particular, on January 1st, 1956 the colonial government introduced legislation for a full scale

comprehensive social insurance scheme for all workers except the self-employed and small scale agricultural workers (Archives of the Social Welfare Services, 1956).

The new scheme was established under the *Social Insurance Law 31, of 1956*, based on a combination of all of the proposals discussed above albeit, according to the labour movement, with several weaknesses and deficiencies mainly affecting farmers and the self-employed, who eventually remained excluded from the scheme (Graikos, 1991).



Disable Greek and Turkish Cypriot miners in September 1954 after submitting a resolution to the colonial government demanding the adoption of legislation on the social insurance (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

On October 26th, 1956 the Governor, Field Marshal John Harding, published in the Cyprus Gazette (1956) the *Social Insurance Law, 31 of 1956*. The new Social Insurance Law would be enacted on January 7th, 1957.

The basic principles of the law as it was introduced in 1956 were:

- a) All male workers and their wives with minor exceptions, such as agricultural workers working on a temporary basis, were covered by the law,

- b)** The contribution to the Social Insurance Fund was the responsibility of employers, the government and workers (60 mills⁵² for men over 18 years old, 30 mills for those less than 18 years old and 30 mills for women. Equal contribution for every worker, male or female, from employers and the government),
- c)** The participation of the government and the employers in any decision for the Scheme was advisory and the general control over the law was the responsibility of the Labour Advisory Council in which Trade Unions and employers would participate,
- d)** The benefits provided by the law were: childbirth allowance, allowance for sickness, unemployment allowance, retirement pension and widow pension.

The first social insurance scheme in Cyprus included flat-rate contributions and benefits, irrespective of the insured person's earnings. The method of finance was based on the 'pay-as-you-go' principle under which the rates of contributions varied from time to time (Archives of the Ministry of Labour and Social Insurance, 1960).

The scheme was financed by three equal contributions from employed persons, employers and the government. It covered compulsorily all employed persons, including government employees with the exception of certain categories of agricultural workers. Self-employed persons and those workers exempted from compulsory insurance were given the right to voluntary coverage, yet not many joined the scheme, mainly because of ignorance (Yiallourous, 2007).

According to the 1956 Social Insurance Law 31, entitlement for illness benefits would apply to all workers age 18-64 who contributed to the social insurance fund. The law specified that in order for someone to be entitled to sickness benefit he or she had to be 'incapable for work at least for three continuing days in a time period of six contracted days'. A three-day waiting period after the initial application was necessary for processing the payment which was provided on the

⁵² A denomination used by some currencies, the equivalent of a tenth of a cent or penny, or a thousandth of the currency unit.

fourth day to a maximum of 156 days (Social Insurance Law, 31 of 1956, (section 15 (1)).

In addition, the Social Insurance Law, 31 of 1956 (section 12; Third, and Fifth Schedules; section 12; Fourth Schedule) determined the level of benefits were based on a uniform sum regardless of the monthly income of an applicant. The only difference was based on the weekly contributions someone had made within the year he or she was applying. For example, if someone had ten weekly contributions in 1956 and someone else only seven contributions, then the person with more contributions would receive a higher amount of sickness benefit. Finally, the Social Insurance Law, 31 of 1956, (section 27(2) d)) had a ten day time limit for an application for sickness benefit. In an effort to maintain a level of discipline among beneficiaries, the law specified that after the deadline, applications would be rejected even if there were a serious reason for the delay.

Regarding unemployment benefit, the Social Insurance Law, 31 of 1956 (section 15(2)(iii)) required that in order for someone to be considered as unemployed, he or she had to prove that they were looking for a job through the Labour Office and that they were capable and available for work if a job opportunity was offered. A number of 156 days or 26 weeks was determined as the maximum amount of time that someone could receive unemployment benefits (Yiallourous, 2007). Applications were processed through the Unemployment Office at the Labour Office, which required registration of the applicants (Social Insurance Law, 31 of 1956 (section 27(1) (c))).

A retirement pension was considered a benefit for all insured persons, including self-employed and agriculture workers who would contribute on an optional basis. The age of 65 was set as the retirement age (Social Insurance Law, 31 of 1956 [section 21]) for both men and women. Although the retirement pension was a lifelong benefit (Social Insurance Law, 31 of 1956 [section 22]), if a female pensioner lost her husband, her right for a retirement pension was terminated but then she automatically had the right to a widow pension since the Law did not allow the payment of two different forms of pension. In particular, a widow had

the right to use her husband's annual mean of paid contributions from the day they got married until the day of his death if her annual mean of paid contributions was lower than her husband's. In other words, even if she was not eligible for retirement pension, she was covered by her husband's contributions and, therefore, was eligible for a widow pension (Social Insurance Law, 31 of 1956 [section 21] (2)). In addition, a widow pension was also provided in the form of an allowance to people who lost a family member because of a labour accident or illness caused by work conditions (e.g. pneumoconiosis), provided that before his death he was contributing to the social insurance fund (Graikos, 1991). In addition, an orphan allowance was provided to children who lost their father to a labour accident or from an illness.

The law also stated that if for any reason a person did not satisfy the required insurance guidelines at the age of 65, he or she was eligible for a retirement pension only when those guidelines were met. For instance, in order for someone to receive a retirement pension, he or she had to contribute for at least 156 weeks and his or her annual mean of paid contributions should not be below twenty contributions (Social Insurance Law, 31 of 1956 [section 21] (2)).

The Social Insurance Law required that applications for a retirement pension should be submitted within three months from the day a person satisfied all requirements for a retirement pension [section 27] (2) (d)). The deadline was, however, flexible in case someone had a serious excuse for a delay in submitting an application. In other cases, any retrospective payment would not exceed a period of three months. In most cases the law was strictly enforced in order to encourage people to follow the appropriate procedures to avoid confusion in what was, after all, a new system to Cypriot society.

Childbirth allowance was the only social insurance maternity benefit of the Social Insurance Law, 31 of 1956 (section 12 (1) (b) and 14) and only insured women and wives of insured men were eligible and only if, by the date of the birth, they had twenty-six weekly contributions within the previous year (Social Insurance Law, 31 of 1956 (section 12 and Forth Schedule). In the case of a still birth or

miscarriage, the mother was eligible for childbirth allowance only if the pregnancy lasted at least twenty-eight weeks (section 2 (1)).

With regard to the new legislation, the 10th Pancyprian PEO Conference (1956b) had declared that “the law for social insurance has been accepted by the labour class as a first step towards the direction of a complete and satisfactory legislation” calling workers and the labour movement to strengthen the struggle for the improvement of the scheme in the following years (Graikos, 1991: 233).

It is interesting to note that, while the Cypriot scheme was called universal, actually it was not, since it excluded certain population groups such as self-employed people and farmers, nor did it provide free medical care. However, the labour movement acknowledged its contribution to the protection of a significant number of workers, especially in terms of retirement pensions (PEO, 1956a; 1958; 1959a; b; PEO Labour Youth, 1966). In an interview for this thesis Antoniou (2009), a former high rank officer at the Cyprus Ministry of Labour and Social Insurance, stressed that:

"In 1957 the social insurance scheme was a rudimentary plan with many shortcomings, and only covered employees. It excluded the mass of agricultural workers and the self-employed. The benefits from social insurance were not connected either to the income or the wages of workers. The fact that it excluded self-employees and farmers was a major gap in the system itself."

Additionally, the acting Director of Social Development admitted that, although narrow in its scope and limited in its funds, the social insurance scheme was now relieving distress through the provision of a number of benefits (Archives of the Social Welfare Services, 1958).

The labour movement also admitted that, despite the inefficiencies of the plan, for example, the need to prove poverty for free medical care, the exclusion of self-employed and agricultural workers and the inequality against women who were excluded from a number of benefits such as a retirement pension (if they were married or living with parents they were considered dependents), it was generally considered a big step towards the beginning of a new era in the working environment in Cyprus and the improvement of life and working conditions.

Nevertheless, as the labour movement was not completely satisfied with the provisions of the new law, the 11th Pancyprian PEO Conference (1959b), in a call to the new General Council, demanded the improvement of the scheme, stating that:

“The law for social insurance of 1956 is the positive outcome of the long-lasting struggles of the Cypriot labour class and despite the serious deficiencies should be accepted as the first step for the conquest of the request for social insurance” (PEO, 1959b: 209).

The weaknesses of the scheme, as identified by the labour movement, led it to continue its campaign for a further improvement in the law, especially for the provision of unemployment and sickness benefit, free medical care, an increase in the existing financial benefits and coverage for those working in the agricultural industry and the self-employed who were not yet compulsorily covered (PEO, 1959b).

In line with those views Antoniou (2007), depicted the inefficiencies in the scheme saying:

“It [Social Insurance Scheme] was a primitive plan with a lot of deficiencies covering only the labourers of the private sector excluding agricultural workers and the self-employed. Social Insurance was protecting workers from illness, unemployment, old age and death. Contributions were standard and equal, and not according to the different salaries workers used to earn. The level of benefits from the Scheme was so low that it, almost, could not secure even the lowest income of someone who needed protection from Social Insurance. There was no protection in case of permanent disability for work and gratuities because of labour accidents were based on the willingness of employers. It is worth noting that one of the characteristics of the Scheme was the discrimination against women” (p. 1).

Regardless of the inefficiencies and weaknesses, the new social insurance scheme in Cyprus was a reality. The end of the 1950s marked, probably, the greatest success of the labour movement since its appearance in Cyprus. Given the historical circumstances in those times the welfare state in Cyprus probably was a major victory of the labour movement, an issue that was stated by the leadership of the Cypriot labour movement after the introduction of the social insurance law in 1956. Despite the contradiction with the literature on welfare state which indicates that the introduction of welfare policies is partially a success story of the

working people and an attempt to legitimize capitalism and win people politically to the system (Lavalette and Pratt, 2006), the introduction of social insurance in Cyprus was a worthwhile attempt to continue the class struggle towards improving the living and working conditions.

The success of the labour movement over the improvement in working conditions led Pantelis Varnava (2010) in an interview for this thesis to stress that “PEO is considered to be one of the most important unions in the labour movement” adding that “I was always saying and I will always say that whatever we (labour movement] have gained is the result of many struggles and tough struggles and sacrifices...nothing is offered to us without struggles and sacrifices.” As this discussion illustrated the welfare state is a product of a conflict between social classes. It is an effort for social control enforcement from ‘above’ while a claim for an effective social welfare is coming from ‘below’, emerges out of many efforts, following delays and procrastinations from capitalists and property owners who are opposing any social reforms (Neocleous and Ioakimidis, 2012).

6.5 Summary

The introduction of the social insurance scheme in Cyprus does not seem to be the outcome of the government’s or employers’ benevolence but rather the result of the struggle by Cypriot workers. Social insurance in Cyprus was not an initiative of the colonial administration or the local elite. The role of the labour movement towards the responsibility of employers to contribute to the social insurance Fund was very important. As a major actor for the introduction of a social insurance scheme in Cyprus and within a capitalist environment, the labour movement set the foundations for the welfare state. The long struggle for social insurance in Cyprus brought positive changes to the local society in terms of social insurance benefits, which eventually allowed an improvement in their living and working conditions. Certainly, life for Cypriots in the late 1950s was considerably improved compared to the living and working environment in the early decades of the 20th century.

Four major points have emerged from this chapter:

1. Registration of trade unions: Registration provided a formal role in the campaign for welfare legislation with registered trade unions allowing the labour movement to argue its claims in a more systematic and formal manner. This can be linked to the trade union context and its advocate role towards more radical changes and the introduction of new legislations.

2. Intensification of strike action: The more organized form that the labour movement developed through trade unions helped it to organize various strikes that accompanied its campaigns for welfare reform. As a result, the 1930s and 1940s were marked by massive protests many of which lasted for a considerable time. The result of this action – both through the Hull Report and introduction of labour laws to protect workers – significantly contributed to paving the way for the introduction of an, albeit limited, social insurance system. This can be associated to the context of social movements and their actions in order to achieve their purpose, through riots, strikes and revolutionary acts.

3. Introduction of Public Assistance Aid, 1953: In the absence of a system of social insurance or other forms of social welfare protection, the introduction of legislation on public assistance contributed significantly to addressing poverty, especially among the elderly population. As illustrated by data from the Welfare Office, the highest proportion of public assistance recipients included people older than 60 years, an indication of the importance of social insurance for this particular age group.

4. Introduction of social insurance, 1956: For the labour movement the implementation of the law on social insurance was the fruit of a 30-year long campaign. Although initially the legislation excluded self-employed persons and farmers, trade union activists admitted that omission should not minimize the success of the long struggle but that it was also an opportunity to continue the campaign to further improve the scheme in order to cover the entire population. Social insurance can be linked to the context of welfare state where it is expected

to provide the means to the citizens of a state that would allow them to satisfy their basic needs for food, shelter, health and old age.

As this chapter brings the discussion to the end of the 1950s and the end of the colonial era on the island, the next chapter continues the exploration of the evolution of social insurance in the post-colonial Republic of Cyprus and the further developments of the scheme by the new Cypriot government.

Chapter 7

The Republic of Cyprus, 1960-1974

7.1 Introduction

This chapter will discuss and offer an analysis of the social insurance system within the independent state of Cyprus by exploring the scheme's further development, especially the first major amendment to the scheme and the appearance and role of the elderly people's movement. The chapter will also explore the impact of the 1974 war on the social insurance scheme and the elderly population in particular.

The declaration of independence in August 1960 brought a new set of circumstances for Cyprus and for the Cypriot people. For the first time in its entire history, Cyprus was now an independent State and had, among other responsibilities, the absolute accountability for the welfare of its citizens and the management of its social insurance scheme. The Ministry of Labour and Social Insurance had the authority and duty to oversee the operation of the entire social insurance scheme.



The Independent State of Cyprus is officially declared. A special session of the House of Parliament was held on 16 August 1960 (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

In addition to that, although in the 1960s more people did access benefits, especially retirement pensions (as per the colonial years), this was by no means the case for every Cypriot. Thus, this chapter will explore and analyse the conditions that eventually led to the first major amendment of the social insurance law in 1964 (The Social Insurance Law of 1964 – see Appendix 6 for an account of the formal procedure used in passing laws in Cyprus). The 1964 amendment to the social insurance law is often attributed to the first Minister of Labour and Social Insurance, Tassos Papadopoulos, and constituted a turning point in the history of social insurance in Cyprus.

The importance of the social insurance scheme is illustrated by its inclusion in the Constitution of the new state of the Cyprus Republic in 1960. In particular, Article 9 of the Constitution specifies that “Everybody has the right to a decent living and social security. The law will enable the protection of workers, assistance to the poor and a social insurance system” (Constitution of the Republic Cyprus, 1960, Article 9: 5). However, while the Cyprus Constitution talked of securing the protection of all workers and assistance to the poor, during the first years of the Cyprus Republic the situation was rather different. State provisions were still based on selectivity and were means-tested.

However, even though the social insurance scheme was considered by the Cypriot government as compulsory and universal and promoted social solidarity among the citizens of the country regardless of their socioeconomic status, gender or age, in reality the situation was quite different (Amitsis and Marini, 2003). The self-employed, agricultural workers and older people who used to work in agriculture remained excluded from the provisions of the scheme (The Social Insurance Law, 31, 1956). This large group, therefore, was not eligible for any social insurance benefits before or after retirement and if they were eligible for any aid it would come from the Public Assistance scheme.

7.2 Social Interventions

When the newly-established Cyprus government, under the leadership of Archbishop Makarios III, officially took over from the British colonial

government in August 1960, unemployment and poverty, as well as an economic recession, remained a major challenge for the new state, a situation not unusual for post-colonial countries (Mchomvu, Tungaraza and Maghimbi 2002; Barya, 2011).

Although less than one per cent of the working population was unemployed, it represented over five thousand people (Statistical Abstract, 2002), reaching six thousand⁵³ by the end of the year (Archives of the Ministry of Labour and Social Insurance, 1960). The presence of the social insurance scheme, even though it was flat-rate in nature, did serve as a safety net for thousands of people through unemployment benefits, who did not have any other means to meet their basic daily needs (Antoniou, 2009).

The safety-net and solidarity of the scheme was illustrated through a detailed description in the Annual Report of the Ministry of Labour and Social Insurance (1960) with regards to the scheme's contributions and payments. For instance, among 165,336 insured persons (122,815 males and 42,521 females) in 1960, £187,340 was paid in unemployment benefits to 78,306 people and £32,672 in old age pensions to 588 older people. The small number of pensioners is because of the fact that the majority of older Cypriots at that time were excluded from the scheme because of their previous occupation as agricultural workers, often on a self-employed basis, or because they had hesitated to join the scheme because of ignorance to its importance.

Nevertheless, the 'pay-as-you-go' nature of the social insurance scheme did not allow it to further expand its provisions as a result of its limited funds. The method of finance continued to be based on the 'pay-as-you-go' principle under which the rates of contributions would be varied from time to time so that the income and expenditure of the scheme would balance over successive years with the fund being no larger than the amount required for a working balance (Archives of the Social Welfare Services, 1961). The lack of a common social stratification did not allow the introduction of a comprehensive social insurance

⁵³ The total population of Cyprus in 1960 was 563,000 people.

scheme which would cover the whole working population through a strong Fund, able to provide more benefits. There was no convergence of views among farmers and labour movement which led to a disruption between the two sides on the matter of social insurance.

Nevertheless, the government, following continuing pressure from the labour movement to correct that deficiency, even though farmers were not ready for such a development, began an evaluation and review of the existing scheme in order to examine the possibility of an increase in pensions and allowances, as well as an extension of the social insurance scheme to cover more groups of the population. Following an invitation from the Cypriot Ministry of Labour and Social Insurance two actuarial studies were carried out, one from the International Labour Office and the other from the Chief Actuary of the United States Social Security Administration, with a view to revise the scheme (Archives of the Ministry of Labour and Social Insurance, 1962).

It is important to recognise that destitution in the young Republic was still a problem, especially among older people, primarily because of the absence of retirement pensions for a large number of individuals⁵⁴ (Yiallourous, 2007). However, there was some alternative care; for example, there were a few community nursing homes for destitute older people but which only managed to add to the isolation and loneliness of many elders of the island since these institutions made no effort towards their social reintegration (Archives of the Social Welfare Services, 1961). In an interview for this study, Chrysostomou (2009) said that “in many cases, begging took the form of an organized activity to the point that people travelled to urban areas in order to beg for some money or food” adding that “begging was a major issue for the Department until 1963 when the government, through social insurance and public assistance⁵⁵ schemes managed to remove the problem.”

⁵⁴ By 1962 only 777 persons were allowed to receive old age pensions, mainly because the vast majority of older Cypriots used to work in two professional areas which were not covered by the social insurance scheme; agriculture and self-employment.

⁵⁵ The scheme was introduced in 1953 in order to provide financial assistance to help fight the worst forms of poverty. The aim of the scheme was to assist the elderly, the disabled, single

Within the context of the responsibility of the community towards the care of its members, in the early 1960s municipalities in Nicosia, Limassol, Famagusta and Larnaca were already operating older people's homes where older destitute adults received board, lodging and care (Archives of the Social Welfare Services, 1962). However, in an interview for this study the former Director of the Department of Social Welfare Services, Dr Evanthia Papassava (2009), pointed out that "the living conditions in those institutions were so poor that the older people living there were treated like 'objects' rather than humans."

A vivid picture of both the lack of formal interventions, as well as the social conditions of older Cypriots is illustrated by the Social Welfare Department, portraying the weakness of the new social insurance scheme in relation to older people. The position of the young state regarding the provision of comprehensive social support resulted in measures based on informal social support rather than any state interventions (Archives of the Ministry of Labour and Social Insurance, 1963).

When Cyprus became an independent state, the social insurance scheme that had been put in place during the colonial period remained the same with only a few differences. As Barya (2011) points out in his study on social security and social protection in East Africa, it was not unusual for post-colonial governments to maintain the same or a very similar way of governance as the one during colonial years. Cyprus was no exception to that norm.

Facing major challenges, and as a result of the political mobilization of the labour movement and its class unity for social reform (Esping-Andersen, 1985) through its constant pressure to the government to address the needs of a larger portion of the population, the latter decided to follow the suggestions of the two actuarial studies mentioned earlier. The Ministry of Labour and Social Insurance decided to "improve social security in Cyprus by extending the scope of insurance to cover all gainfully occupied persons on the island, improve the benefits provided to

mothers and families who needed financial support. Yet with a limited budget restricting its provisions to a very small number of persons it was mainly directed to older persons who did not have any other source of income.

comply with the various I.L.O. Conventions, in particular with the minimum standards (Social Security) Convention No. 102 and incorporate into the Social Insurance Scheme the payment of compensation and dependants' allowances for all industrial accidents and diseases" (Archives of the Ministry of Labour and Social Insurance, 1963: 56).

A revised scheme was prepared which was then approved by the Council of Ministers in October, 1963. The Bill⁵⁶ was then submitted to the House of Representatives for enactment which provided for the inclusion of self-employed and agricultural workers, as well as a 50% increase in benefits for old age pensions,⁵⁷ sickness and unemployment payments and a 300% increase in orphans' benefits (Social Insurance Law, 2 of 1964 (section 24)).

The advantages of the social insurance benefits began to interest the people of Cyprus to contribute to the social insurance fund which steadily increased, eventually raising the number of retirement pensioners to 16,200 persons by 1967 (Pelekanos in National Committee for Ageing in Cyprus, 1983: 125). According to Antoniou (2009), "the increase that occurred in 1967 resulted from the inclusion in the scheme of the self-employed who were allowed by the 1964 amendment of social insurance to join the scheme." With regards to the amendment of the social insurance law in 1964, labour movement activist and former PEO Deputy General Secretary Christofis Lasettas described the amended social insurance law as an important improvement from the previous law (Lasettas in PEO, 1971).

In a similar fashion, PEO (1986) declared that the improvement of the social insurance law in 1964 was an important achievement for the labour movement and all the workers of Cyprus in general, since the compulsory insurance of all workers allowed them to enjoy its benefits, a position that illustrates the dedication of the labour movement towards the amendment of social insurance and its transformation into a universal scheme.

⁵⁶ The Bill was enacted into Law by the House of Representatives on March 30, 1964.

⁵⁷ 3,395 persons were receiving old age pension by the end of 1964 payable at the weekly rate of £1.200 mills (mill was a Cypriot monetary unit equal to one thousandth of a pound).

Within that context, the following section provides an in-depth analysis of the environment surrounding the first major amendment of social insurance and its impact on Cypriots.

7.3 Amending Social Insurance

According to the 1960 Annual Report of the Ministry of Labour and Social Insurance, the Social Insurance Law, *Cap. 354* established a scheme of social insurance providing cash benefits for old age, marriage, maternity, sickness, unemployment, widowhood, orphanhood and death. Besides those excluded from the scheme (see previous section), the benefits provided to beneficiaries included retirement pensions, widow pensions and marriage grants.

Based on the coverage criteria, the number of persons who joined the social insurance scheme during 1960 amounted to 15,060 with the most important benefits provided by the social insurance scheme being the retirement pensions since those would be the only source of income for many older people (Archives of the Ministry of Labour and Social Insurance, 1960; PEO minutes, 1971). Yet, still only 45% of all workers were insured in 1960 and only 588 older citizens aged 65 or older were receiving a retirement pension from a total of 733 persons who were receiving either retirement, widowhood, orphanhood or disability pensions which indicated the need for universal coverage (PEO, 1987; Yiallouros, 2007). The rationale given by the government to those numbers was that the limited financial capacity of social insurance was prohibiting the government from providing social insurance benefits to larger numbers of the population (Archives of the Ministry of Labour and Social Insurance, 1960). That situation met an immediate response from the labour movement which was still campaigning for a fully universal scheme.

Furthermore, in an effort to convince as many Cypriots as possible to join the scheme and secure a retirement pension, as well as to correct any initial anomalies created because of the age of many people at the implementation of the scheme, the government began a campaign as they realized the advantages of the social insurance benefits for society as a whole and against poverty in particular. This

campaign encouraged anyone who was close to the age of retirement (65 years old) yet with no social insurance contributions or limited contributions, to make fifty more contributions or contributions equal to three years above and beyond that which they had already contributed in order to be able to receive a retirement pension at the age of 65 (The Social Insurance Law, 2 of 1964 (section 24)); Yiallourous, 2007). Otherwise, based on existing contributions, people had to wait for up to five or ten more years in order to be entitled to a retirement pension, a situation which did not contribute to the ending of destitution among older people (Archives of the Ministry of Labour and Social Insurance, 1969). Despite these efforts a significant number of people remained excluded from any social insurance benefits.

In response to the persistent pressure from the trade unions for a universal scheme, in the middle of 1962 the Ministry of Labour and Social Insurance carried out another actuarial study regarding a modification to the social insurance law (Graikos, 1991). Although the Ministry submitted to the Council of Ministers early in February 1962 a proposal for the amendment of the social insurance law, no final decision was taken pending the receipt of an actuarial report on the financial aspects of the existing as well as the proposed scheme (Archives of the Ministry of Labour and Social Insurance, 1962; Department of Labour, 1962).

The purpose of that actuarial study was to examine the possibility of an extension to social insurance benefits to all employees, including agricultural workers, farmers and self-employed persons and without an income ceiling (Archives of the Ministry of Labour and Social Insurance, 1962; Yiallourous, 2007). The results of this study were examined by the Actuary Advisor to the International Labour Office, Dr Peter Thullen, in the second half of 1962 (Thullen, 1963). Within the same year a proposal for the amendment and amalgamation of the social insurance law with the Workmen's Compensation Law was submitted to the Council of Ministers for approval. The aim of that proposal was for the amended scheme to cover every working person in the country, including all self-employed and agricultural workers and to increase social insurance benefits by about 50% and raise the contributions of each contributing party (employees, employers,

government) by 100% (Archives of the Ministry of Labour and Social Insurance, 1962).

The proposal followed the essential requirements for a universal scheme suggested by both the International Labour Office in 1952 and the labour movement. At the same time, the Ministry of Labour and Social Insurance collaborated with the First Actuary Advisor at the United States Social Insurance Administration, Robert Myers, in order to draw on his expertise to introduce a more efficient social insurance scheme in Cyprus. In August 1962, Myers submitted his report along with his suggestions to the Cyprus government (Myers, 1963; Yiallourous, 2007).

By that time, it was critical for the scheme to be modified in such a way that it could cover not only all workers but also the whole older population, a significant part of which was still living in poverty, especially those with no family to provide for them (Archives of the Social Welfare Services, 1963; PEO, 1986). The new Bill for the amended social insurance scheme was prepared by the two experts invited by the Cyprus government, Thullen and Myers. They considered the possibility of an increase in pensions and allowances, as well as the extension of the scheme to cover additional categories of the working population and lift many people out of poverty (Archives of the Social Welfare Services, 1963).

Despite the fact that public assistance filled the gap that the limited capacity of social insurance had created, the amount of money paid through public assistance was never standardised as it inevitably fluctuated depending on the economic condition of the State (Archives of the Social Welfare Services, 1963). For instance, in 1963 the Cyprus government reduced the funds allowed for the operation of the public assistance scheme affecting the rates paid to recipients of whom the majority (52%) were over sixty years old and who represented the largest group of impoverished people in the country (Archives of the Social Welfare Services, 1965). Clearly, the only way to secure a decent quality of life, especially for the unemployed and the retired Cypriots, was through social

insurance, an argument that the labour movement had consistently presented from the earliest days of the scheme as the analysis of the PEO archives indicates.

The proposed amendment to the social insurance legislation was finalized and prepared for submission to the House of Representatives in December 1963. That year the bi-communal⁵⁸ conflicts⁵⁹ were at their peak which created additional problems since the Turkish-Cypriot community refused to participate in any activities of the State or its institutions. At the same time Turkish-Cypriots withdrew into various enclaves established in areas in northern Nicosia and protected by militant groups under the guidance of the nationalistic organization *Turkish Resistance Organization* or *Türk Mukavemet Teşkilatı* (TMT).

Consequently, after several months of delays on October 5, 1964 the Social Insurance Bill was passed into law and implemented by the Cyprus government (Archives of the Ministry of Labour and Social Insurance, 1964). The following illustration depicts the magnitude of the expectations from the amended law:

“The year for social insurance in Cyprus... The new law is wide in its scope and significant in its implications and economic repercussions and has gained the universal and enthusiastic applause of the people of Cyprus. Its introduction brings Cyprus abreast of industrial countries with well advanced and progressive schemes of Social Security. The new law covers compulsorily every person gainfully employed in the island including farm workers, farmers, and self-employed persons; and provides cash benefits for unemployment, sickness, marriage, maternity, widow pensions, orphanhood, old age pension and death... the total number of active contributors to the Scheme established by the new Law rose at the end of 1964 to 121, 528... it is expected that the numbers of contributors will increase even further in 1965 when the Law becomes fully operational and when voluntary contributions begin to appreciate fully the benefits of the Scheme” (Archives of the Ministry of Labour and Social Insurance, 1964: 3).

An Action Report to the 14th Conference of PEO (1971) pointed out that the 1964 amendment to the legislation achieved its goal of compulsory participation regardless of someone’s employment status. In a similar fashion, in a speech at the Pancyprian Seminar on Ageing in 1983, the Director of the Department of Social

⁵⁸ In 1963, Archbishop Makarios III, the elected president of Cyprus at the time, put forward a set of 13 proposed constitutional amendments intended, as the president had stated, "to resolve constitutional deadlocks". His intention was seen as the spark of the inter-communal conflict. The underground militant movements of EOKA B' and TMT rekindled the mistrust increasing the tension and leading the way for a physical separation of the two communities.

⁵⁹ That situation has been also called the *Turkish-Cypriot mutiny*.

Insurance Demetris Pelekanos, claimed that “the 1964 reform was considered as a landmark in the history of the Social Insurance Scheme in Cyprus”...“it could provide a retirement pension to everybody, even if someone had contributed to the Fund for only three years” (National Committee for Ageing in Cyprus, 1983: 125). Similarly in an interview for this thesis Antoniou (2009) pointed out that:

"The changes in 1964 were radical and they included the self-employed and farmers. In 1964 they were allowed to be insured and, by paying contributions for only three years, in 1967 they got pensions for the rest of their lives...with only three years' contributions! While pensioners were about 5000 in 1964 in 1967 those 5000 became 18000. Until then they did not enjoy pensions because they did not contribute to the social insurance fund, but they were depending on public assistance...This was a significant development because social insurance protected these people because otherwise they did not have any means for survival."

It is worth mentioning that the first major attempt to reform the initial social insurance scheme had taken place under the guidance of the Minister of Labour and Social Insurance, Tassos Papadopoulos, who was later to be considered by many as the ‘father’ of social insurance in Cyprus (Archives of the Ministry of Labour and Social Insurance, 1964). Yet, his contribution to social insurance was based on specific suggestions by the labour movement regarding the extension of the scheme’s coverage to all workers. However, it is important to mention also Antonis Protopapas’ (2010) statement in an interview for this thesis that “we had the good fortune, during colonialism, to have an enlightened Governor of Labour, the Englishman Chatlin, who came from the British working class. In my opinion, he is the father of modern labour law in Cyprus. He loved Cyprus, he loved progress. He studied at the London School of Economics. And then, this labour law was grabbed by Tassos Papadopoulos who presented it as his work, but it was not. He found it from Chatlin.”

In addition, as this chapter (as well as the previous one) has illustrated thus far, the amendment of social insurance towards a universal scheme was the outcome of an on-going campaign by the labour movement and years of discussions, negotiations, studies, reports and proposals rather than a ‘gift’ from above. In essence, the majority of the evidence provided and discussed within this thesis demonstrates

that the Cypriot labour movement continued to push hard through political mobilization and class unity for social reform and for further economic changes (Seville, 1957; Esping-Andersen, 1985).

In addition to the first major amendment of social insurance, further amendments to the law were made in order to allow even more people to receive their retirement pension at the age of 65, regardless of whether they had retired from work or they were still working (provided that they had satisfied the contribution conditions) which effectively avoided any extreme delays in retirement pension payments (Archives of the Ministry of Labour and Social Insurance, 1965). With regards to the amended law and its more universal character, Yiallourous (2007) indicates the significance of that change, mainly to older people, pointing out that “the general access to social insurance was the most important factor in the prevention of absolute poverty, as well as to the development of a feeling of dignity among older people”...“dignity and optimism for successful old age took the place of humiliation and uncertainty in which the previous generations of older people used to live during the last years of their lives” (p. 23).

Even though the amended law was considered as a major improvement to the social insurance law, according to the Department of Social Welfare Services (1964) more than 48.6% of the total cases assisted through public assistance during that year were still over the age of 60, implying that there were still fragments of the population who did not join the scheme, mainly because of ignorance. On the other hand, the explanation given by the government was the social insurance scheme’s immaturity which would eventually diminish as the scheme became more established (Archives of the Social Welfare Services, 1964).

Consequently, the 1964 modifications to the social insurance scheme which improved benefits encouraged more people to join and contribute particularly the self-employed (Amitsis and Marini, 2003). Furthermore, in another attempt by the government to encourage more people to join the scheme and maintain an increased cash-flow to the fund, the amended law provided that self-employed men could contribute £8 per year for a total of three years and £4 per year for self-

employed women for a total of three years in order to be eligible for a retirement pension (Antoniou, 2009).

In accordance with the amended law, those persons who complied with the new conditions would be eligible for retirement pensions and could start enjoying social insurance benefits by 1967 (Archives of the Ministry of Labour and social Insurance, 1967). However, that caveat did not seem to prevent people from wanting to financially secure themselves against old age. That is confirmed by the increasing numbers of applicants for retirement pensions. For instance, according to data extracted from the Ministry of Labour and Social Insurance for this study, from 588 individuals who received old age pension in 1960 in a period of just four years that number increased to 3,395 individuals by 1964, 11,628 in 1967 and 18,000 by 1968 reaching 22,413 pensioners by 1970, 23,502 pensioners by 1971 and 27,499 pensioners by the end of 1974 (Archives of the Ministry of Labour and Social Insurance, 1960-1974; Antoniou, 2007).

The coverage of the amended law from 1964 was so extensive that eventually, everyone, especially older people, felt a certain relief even if their retirement pensions were still very low (Antoniou, 2007). However, the labour movement was not yet completely satisfied. The main reason for that was the flat-rate character of the scheme. In spite of the substantial changes which had occurred in 1964, they argued that the flat-rate approach did not allow it to be as efficient as it might be. In addition, it continued to discriminate against those workers with a low income as opposed to those with a higher income who could also save money from their salary to supplement their retirement pension (Graikos, 1991).

As a result, the labour movement argued that the flat-rate approach could not respond or adapt to the new economic conditions in Cyprus which included the growing needs of Cypriot workers regarding its capacity to provide benefits. The uniform contributions and benefits were its main weakness as it did not allow the social insurance fund to address the different levels of wages and incomes of the insured persons and provide sufficient benefits to all workers and pensioners (Antoniou, 2007, 2009).

While the government presented a seemingly determined attitude to improve social insurance in Cyprus within the framework of the minimum standards set by the International Labour Organization (ILO), at the same time, no action was taken against the flat-rate character of the scheme, as they preferred instead to support and safeguard the flat-rate model despite its many deficiencies (Archives of the Ministry of Labour and Social Insurance, 1964).

As part of their campaign to modify the flat-rate character of the scheme, the General Secretary of PEO, Andreas Ziartides,⁶⁰ explained that “if someone has a weekly salary of £6.50 his retirement pension will be equal to 42% of his salary or £2.70 per week. If someone has a weekly salary of £10.00 his retirement pension will be the same as the one of a farmer’s, that is, £2.70 or 27% of his salary” (PEO, 1980: 1). Ziartides’ statement is a clear illustration of how the flat-rate system operated and how it affected its beneficiaries, especially those with lower incomes who had to contribute more to the fund than those with a higher income, yet everyone received the same amount of pension. In addition, based on a flat-rate contribution system, the equal contributions among employees, employers and the government had a weekly rate of 120 mills⁶¹ for males and 60 mills for females and males under 18 years old (Archives of the Ministry of Labour and Social Insurance, 1966).

Despite its difficulties, the amended scheme brought a 50% increase in social insurance benefits but with an inevitable increase in contributions (Graikos, 1991). Even though there was a belief, mainly by the labour movement, that the amended scheme was still inadequate, the government was confident that the constant increase in the number of people contributing to the scheme would finally surpass the minimum social insurance standards set by the International Labour Office (Archives of the Ministry of Labour and Social Insurance, 1965).

⁶⁰ Regarding Ziartides, Antonis Protopapas (2010) pointed out that “Ziartides was the biggest bright personality of the working class in Cyprus who had vision and managed to persuade the Ministry of Labour and the bourgeoisie”[about the need for a modification in social insurance].

⁶¹ A denomination used by some currencies, the equivalent of a tenth of a cent or penny, or a thousandth of a Cyprus pound.

Furthermore, although the 1964 social insurance amendment covered all employees and the self-employed, the labour movement continued to push the government to introduce a second major amendment rather than the piecemeal, fragmented attempts which tinkered around the edges instead of dealing with the flat-rate issue (The Social Insurance Law of 1964; Yiallourous, 2007). For instance, after the first major amendment to the legislation in 1964 further minor amendments did occur but they were not considered by the labour movement as significant changes to the philosophy of the scheme (Yiallourous, 2007).

For example, an additional provision was added in 1968 which allowed a system of unemployment compensation to be added for the protection of employees against arbitrary dismissal and which regulated how much advance notice was required before the dismissal of a worker and, at the same time, set the amount of unemployment compensation (Archives of the Ministry of Labour and Social Insurance, 1968).

In order to overcome the challenge of the flat-rate scheme, the Cyprus government proceeded to make an additional minor modification to the social insurance law in 1969, known as *The Social Insurance (Amended) Law, 48, 1969*. Accordingly, contributions from employees were increased up to 50% and from self-employed people by 100%. At the same time, retirement pensions and other social insurance benefits had an 11% increase.

The labour movement's assertion that no changes would improve the social insurance system unless its flat-rate character was amended led the government to engage in a discussion and the establishment of a number of studies which explored a modification of the flat-rate scheme into an earnings-related scheme (PEO, 1983a, b). After lengthy negotiations between the government and the labour movement, it was decided that by 1973 the social insurance scheme would be improved through an amendment to the law (The Social Insurance Law, 1972). Although a 1972 amendment in the law included a range of improvements, such as a disability pension for anyone who was permanently unable to work and a 47% increase in the coverage of the self-employed, it maintained its flat-rate character

(The Social Insurance Law, 106 of 1972 (sections 4, 7 and 9)). According to the 1972 amendment, and in another attempt by the government to further encourage people to join the scheme, the new law considered the age of 70 as the maximum age for contributions in order to be entitled to a retirement pension which ensured later arrivals could make enough contributions. Also, in order to discourage people from postponing joining the scheme, other changes in the law included a maximum age of 65 for someone to start contributing to the scheme.

By 1973 another round of dialogue began between the government and the labour movement in order to prepare for the introduction of a new social insurance scheme based on proportional contributions (Archives of the Ministry of Labour and Social Insurance, 1973). At the same time, a new amendment to the law took place which introduced a disability pension replacing disability allowance. Its purpose was to cover those people who were permanently disabled from any kind of work. At the same time, payment for social insurance benefits, except for labour accidents and sickness caused by work conditions, had a 44.5% increase (Archives of the Ministry of Labour and Social Insurance, 1973). Contributions for employees and the self-employed were increased by 39% and 47%, respectively (Social Insurance (Amendment) Law, 22 of 1974). A further increase of 44% in contributions, 25% in general benefits and 45% in benefits for labour accidents and sickness was included in the 1974 modification of the Law which was implemented on January 7, 1974.

However, a major barrier to any further improvement in the law, especially its modification from a flat-rate system to a proportional, earnings-related, scheme was the military coup and the Turkish military invasion of Cyprus in July 1974, a situation that suddenly ended all financial and social developments in Cyprus (Pelekanos in National Committee for Ageing in Cyprus, 1983; Archives of the Ministry of Labour and Social Insurance, 1974). This crucial event will be dealt with more fully later in this chapter.

In the meantime, and in the absence of any focus either from the labour movement or the government, an initiative from PEO set the foundation for the establishment

of the first elderly people's organization and the roots of the elderly people's movement. The next section explores the evolution of the elderly people's movement as a parallel development and explores its contribution to the development of welfare provision on Cyprus.

7.4 Elderly People's Movement (EKYSY)

7.4.1 Establishment of EKYSY

The former Deputy Director of Social Insurance Services at the Ministry of Labour and Social Insurance, Michael Antoniou (2007) stated that for a long time, and even after the introduction of social insurance, older people in Cyprus were treated by society and the law as "second class citizens, forgotten, isolated and condemned with evidence of ageist attitudes" (p.1).

Until 1973 older people were registered in the same trade unions they used to belong to when working, however, the issues they faced as pensioners were very different. According to Pantelis Varnava, in an interview for this thesis, "the first organized elderly people's movement in Cyprus had its roots in 1973" when he, probably the 'father' of the elderly people's movement, pointed out that "the needs of the older Cypriot compared to the younger population, seemed to require a different approach than the one the labour movement was suggesting for its members" (Varnava, 2009).

In the interview, Varnava stressed that in 1973, as a high rank PEO official, he suggested to the then PEO General Secretary Andreas Ziartides, that "a different Union should represent the older population and their issues" (Varnava, 2006). After much effort to convince the leadership of PEO of the necessity of such an organization, in 1973 under the guidance of PEO, the Association of Cypriot Pensioners (Enosi Kyprion Syntaxiuhon-EKYSY⁶²) was established in order to represent and advocate for the rights of some fifty thousand pensioners. Its primary

⁶² According to EKYSY's mission statement, its mission is the defence of the rights and interests of its members. It has strong ties with other pensioners' organizations and organizations of persons of advanced age in Cyprus and abroad. Any Cypriot citizen or Cyprus resident who is entitled to retirement pension, widowhood, invalidity or disablement, social pension or any other kind of pension, allowance or assistance from any fund in Cyprus or abroad can join EKYSY irrespective of gender, race, religion or nationality.

objective, according to its former General Secretary Michael Panagi (2003), as he pointed out in an interview for this thesis, was “to enhance the quality of life for older Cypriots through the improvement of the social insurance system, especially retirement pensions.” Regarding the establishment of EKYSY, its current General Secretary Kostas Skarparis stressed in an interview for this thesis that “the establishment of EKYSY was an extraordinary moment for pensioners” (2008). Similarly, Michael Panagi, former EKYSY General Secretary stated that:

“PEO saw the need to establish a union movement to promote solutions to the problems of pensioners. Of course, this does not mean that PEO was not interested in the problems that pensioners were facing. PEO saw that there were specific and specialized problems and a special organization to promote their solution was necessary...” (2010).

The appearance of EKYSY as the first organized elderly people’s movement in Cyprus indicates a collective endeavour to promote change in Cyprus. It was distinguished by a high level of commitment and political activism in pursuing a collective attempt to further its common interest and common goals (Bottomore 1979; Giddens, 1989; Heywood, 1997).

The appearance of EKYSY was marked by political actions to promote the interests of the older population. Documentary material (such as photos from various meetings with politicians) illustrates this political activism through meetings with key politicians, including the President of the Cyprus Republic. Also, the movement developed an agenda of particular aims and objectives to improve the living conditions of older Cypriots. To illustrate the significance of the elderly people’s movement in Cyprus, in its February 22nd, 1973 edition the newspaper *Ergatiko Vima* (Labour Step) noted that “a new Union is under development. The idea for the organization of thousands of older people came from PEO after a decision made by its Executive Council” (p. 1).

The first Pancyprian Conference of EKYSY took place on February 19, 1973 in Nicosia (Syntaxiouhos, 2003). Its first official declaration argued for the mobilization of Cypriot pensioners in order to campaign for a decent quality of life (Syntaxiouhos, 2003). In his introductory speech to the Conference, Pantelis Varnava emphasized the need for the development of an advocacy organization for

older people derived from the fact that an organized movement could be more effective in solving their problems including such things as retirement pensions, health care, socialization and ageism.

The establishment in 1973 of EKYSY marked a shift in the campaign for the improvement of the social insurance system and particularly retirement pensions from the trade unions and working people to the elderly people's movement itself. From the moment of its establishment, the elderly people's movement in Cyprus took the initiative in protesting on behalf of older people for an improvement in living conditions based on adequate social insurance provisions (Varnava, 2006). As a social movement, EKYSY aimed to challenge the government and speak on behalf of constituencies lacking formal representation (Tilly, 1984; Giugni, McAdam and Tilly, 1999).



Pensioners from all over Cyprus gathered together in order to establish in 1973 their 'Union of Cypriot Pensioners' (EKYSY) under the guidance of PEO (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

Social movements often have their origins among people who feel deprived of some goods or resources (Morris and Herring, 1987). The first elderly people's movement in Cyprus sought change by focussing on the social insurance scheme - as a means of change. With this important new development this study will now shift its focus from the labour movement and its long campaign for a social insurance system to the elderly people's movement and its efforts for better living conditions through adequate retirement pensions, health care and housing for the older population of the island. The importance of the establishment of the elderly people's movement is illustrated by the former EKYSY General Secretary, Michael Panagi (2003) in an interview with Kostas Graikos who stated that "the establishment of EKYSY in 1973 mobilized the older population of the island in order to demand from the government a solution to the problems of pensioners overlooked by the social insurance scheme."

7.4.2 EKYSY Campaign

The very first official claim of EKYSY was submitted on December 11, 1973 with eight basic requests agreed at the first EKYSY Pancyprian Conference. Those requests were as follows: 1) a re-evaluation of the level of contribution to retirement pensions and other related benefits; 2) a 13% increase in the cost of living allowance (C.O.L.A.); 3) free medical care for older people and visits of government medical doctors to remote villages; 4) a 100% increase in the December pension as an extra allowance; 5) rent allowance for any elderly person who was paying rent; 6) the establishment of nursing homes for the care of any elderly person who had no family or other support system; 7) financial assistance through the Department of Social Welfare Services for any elderly person who was not receiving a retirement pension; 8) exemption from any form of taxation (Varnava, 2006, 2009; Skarparis, 2008; Panagi, 2010).

The claims were submitted to the Cyprus Ministry of Labour and Social Insurance supported by thousands of pensioners affected by low retirement pensions and the absence of adequate social support by the State (Syntaxiouhos, 2003). It was the belief of EKYSY that benefits for older Cypriots, especially their retirement

pensions, were still very low, thus the government should consider their increase (Syntaxiouhos, 2004a, b). To illustrate the picture EKYSY presented a series of arguments including the fact that the first retirement pension payments in 1960 paid was £5.20 per month; a retirement pension for men with one dependent (usually a wife) was £7.80 and with two or more dependents was £9.10. Although by 1973 the amount of retirement pension for a single person had been increased to £13.00 as the highest payment and £5.70 as the lowest payment, for EKYSY that change was far from adequate.

The belief by the elderly people's movement that pensions should be further increased, kept EKYSY "campaigning for the improvement in the living conditions for thousands of older people" (Varnava, 2006). Moreover, as Panagi explained, "since its establishment the primary goal of EKYSY was to organize older people and promote the improvement of retirement pensions" (2003).

Later, the focus of the elderly people's movement was on the change from the flat-rate character of social insurance to an earnings-related or proportional scheme, as well as a demand for higher retirement pensions and the introduction of the 13th retirement pension. The 13th pension was based on the idea of a 13th salary paid to all employees in Cyprus every December, as a Christmas bonus, along with the month's regular salary. For example, the claim of the elderly people's movement was based on the idea that if someone received a gross monthly pension of £50, every December he/she should receive an additional £50 as a 13th pension (Syntaxiouhos, 2003: 36; Varnava, 2006). Pantelis Varnava (2006), the founder of EKYSY, suggested in an interview for this thesis that through all those campaigns and their outcomes "EKYSY changed the lives of pensioners."

As will become clear later in this study, the elderly people's movement continued to campaign towards the upgrade of pensions but through a more organized form of a mass struggle. Although the events of 1974 negatively affected the elderly population and its benefits the campaign continued with a view to securing certain provisions through the social insurance scheme.

However, as the next section illustrates, the events of 1974 postponed any further development in the area of old age and social insurance, creating an unfortunate social environment for Cypriot pensioners and marked the beginning of a new era.

7.5 Impact of the 1974 Turkish Invasion

As has already been mentioned, 1974 was marked by a military coup and the Turkish military invasion. The military coup was organized and executed by the Greek Junta and their Greek-Cypriot counterparts of EOKA B' against the elected government of President Makarios on July 15th 1974. Five days later, on July 20th, following that chaotic situation, the Turkish army invaded the island.⁶³ The aftermath of that war which lasted for a total of less than two months was the occupation of the north part of the island (37% of the land mass) by the Turkish army and the displacement of almost three hundred thousand people from both communities (two hundred thousand Greek Cypriots and eighty thousand Turkish Cypriots). Furthermore, as a consequence of the war, three thousand people were killed, 1619 individuals were pronounced officially missing and thousands of people were wounded (Press and Information Office, 2010).

Since 1974, Cyprus has been divided *de facto* into two parts, the legal and internationally recognized Republic of Cyprus (south part), which controls two thirds of the island and the remaining one-third of the island in the north, illegally⁶⁴ administered by Turkish-Cypriots and the Turkish military forces. A 'green line,'⁶⁵ 'buffer zone' or 'dead zone' divides the two parts of the island. Since 1974 the area from Morphou in the northwest through Nicosia and Famagusta in the northeast is patrolled by United Nations (UN) peacekeeping forces which have maintained the buffer zone between the two sides. The aftermath of the Turkish military invasion has been described as an "extraordinary

⁶³ According to the London-Zurich treaty of 1959, Greece, Turkey and Great Britain constitute the three guarantee forces in the island. Based on that treaty, Turkey claimed that its military invasion in Cyprus was aiming to protect the Turkish-Cypriot population of the island and restore Constitutional order after the military coup in 1974.

⁶⁴ Besides Turkey no other country or international organization recognizes the north part of Cyprus as an independent state.

⁶⁵ So named because of the green colour pencil which was used on a map of Cyprus to draw a line between the south and north parts of the island.

social drama that never happened before in the entire history of Cyprus” (Yiallourous, 2007: 26).

7.5.1 Social insurance

That situation created very complex conditions for the economy and especially the social insurance fund, which faced many obstacles to its further development, as will be examined in more detail in the next chapter (Archives of the Ministry of Labour and Social Insurance, 1974). The economic crisis arising from the Turkish invasion pushed social insurance to its limits since thousands of people discontinued their contributions to the fund (Lasettas, 1980). At the same time, there was a huge increase in unemployment payments which compelled the government to reduce social insurance benefits by 20% and suspend the payment of unemployment benefits, as well as marriage, funeral, widow and maternity allowances. Retirement pensions were also reduced by 14% but were restored to their previous status on June 1, 1979 (Archives of the Ministry of Labour and Social Insurance, 1974; 1975).

The government had agreed these temporary changes with the labour movement in anticipation of the improvement in the economy and its return to its pre-war condition (The Social Insurance [Amendment] Law, 11 of 1975). In addition, after an agreement between the government, employees and employers, salaries were also reduced.

The extreme austerity measures that were applied to all social insurance beneficiaries occurred in order for the government to address the new challenges and protect the social insurance fund from collapsing (The Social Insurance [Amendment] Law, 1975). Consequently, the introduction of the proportional or earnings-related social insurance scheme which, by then, was the main goal of trade unions and the elderly people’s movement, was postponed by the Cyprus government in order to deal with the immediate needs of the thousands of people affected by the war and to safeguard the national economy (Pelekanos in National Committee for Ageing in Cyprus, 1983).

Furthermore, 13,000 older Cypriots became refugees and were scattered all over Cyprus with an additional 2,000 older persons trapped in the occupied zone by Turkish troops creating difficulties for the Ministry of Labour and Social Insurance in terms of locating and providing the monthly retirement pensions to those people (Archives of the Ministry of Labour and Social Insurance, 1974). Also, the loss of property and other means of survival for older people, in addition to the absence of state support immediately after the war, placed the responsibility for elderly care on their immediate families. However, that was not the case for everyone since the family system was also greatly affected by the war. Soon after the war, it became clear that families were unable to care adequately for their elderly members (Theodorou, 1987). The new social circumstances that forced the Cypriot family to shift its priority to finding work had moved it away from its traditional role of supporting its elderly members as will be explored further in the following discussion.

7.5.2 Elderly population

The large numbers of displaced elderly refugees clearly required immediate attention. The government began the immediate construction of seven state nursing homes or *older people's homes*, but, at the same time, urged families to maintain their traditional role in the care of their elderly members (Archives of the Social Welfare Services, 1975). The construction of those nursing homes was funded by the United Nations' High Commission for Refugees (UNHCR) and were designed in such a way that they would be able to function as reception centres for elderly people and persons with disabilities arriving from the occupied areas until they could reconnect with their families or move to refugee camps (Archives of the Social Welfare Services, 1977). However, in an interview for this thesis, Chrysostomou pointed that (2009) "unfortunately, it appeared that the problem of refugees would not be resolved quickly and easily and I can say that those elderly persons who found shelter in nursing homes remained there for the rest of their lives." In addition, in an interview for this thesis, Protopapas (2010) pointed out that "they [relatives] were throwing older people in nursing homes, to get rid of them, to put it bluntly."

However, the construction of those nursing homes was required because many displaced families were forced to live in quarters and tents in refugee camps. That situation allowed the accommodation of no more than four or five persons making it difficult for families to provide accommodation for their elderly members (Papassava, 1993). Similarly, in his interview for this thesis Chrysostomou (2009) noted that “refugees did not have the means to provide any support to their elderly parents or to provide shelter for them, mainly because of limited space in shanties and tents in refugee camps.” Adding to this, in his interview for this thesis Protopapas (2010) pointed out that “after the invasion large population groups moved to the cities...there was a social revolution... suddenly, older people became a burden... old people had no place, they lost their environment, they lost their friends, their social life. On the other hand, their children, in order to survive, especially women, had to leave home and started working, therefore, older people were abandoned, were unhappy and we had several cases of suicides during this period.”

The state nursing homes, which were operated by the Department of Social Welfare Services, provided services such as accommodation, food and medical care on a 24-hour basis. The only experience that the Department of Social Welfare Services had of formal care of elderly people had been acquired from the previous development of a few community and one private nursing homes for destitute elders. Takis Chrysostomou (2009) pointed out that “fortunately 3-4 years before the invasion we decided to establish nursing homes, so we had gained experience of how to operate nursing homes. I had the opportunity to train the staff of those nursing homes.” Therefore, that situation played an important role in terms of planning and utilizing resources.

Clearly, and despite the construction of state nursing homes, the aftermath of the war and the subsequent displacements created a new social problem regarding the older population in Cyprus. The former Director of the Department of Social Welfare Services, Euanthia Papassava, stated that “the events of the Turkish invasion in 1974 resulted in the appearance of problems concerning the care of the elderly, not at the rate that had been expected, but in an acute, unprecedented

pressing way, particularly among the displaced older people. As a result, the traditional care system was unable to withstand the tremendous changes that the Turkish military occupation of the north part of Cyprus brought” (Papassava, 1993: 1).

Despite the efforts of the Cyprus government to provide support to elderly Cypriots, the consequences of the war in 1974 were so overwhelming that five years later approximately one thousand elderly individuals over 65 years of age were still living in unhealthy and unsuitable conditions in refugee camps and barracks (Michael, 1979). At the same time, displacement and the reduction of social insurance payments led to an increase in poverty among elderly people. As a result, approximately 5,500 elderly individuals became dependent on public assistance compared to 2,600 prior to the war (Archives of the Social Welfare Services, 1973, 1974).

The fact that, to some extent, the state managed to change the traditional role of the family in relation to its elderly members within a short period of time significantly diminished the risk of mass social isolation and marginalization of the elderly refugee population. However, as the next section reveals, the transformation of local traditions of elderly people seemed inevitable.

7.5.3 Local traditions of elderly care

The fact that after the 1974 war thousands of refugee families were dispersed all over the country and abroad made the ability of children, relatives and friends to provide for their elderly members very challenging (Archives of the Social Welfare Services, 1977). The Cypriot family is not an exception to a rule which, according to the literature on family welfare as a non- state actor, historically played a crucial role to the care and management of the vulnerable poor as one of the four pillars of social security over the life course along with the state, the market and the civil society (see Wright, Marston, McDonald, 2011). However, the Cypriot family system and the traditional system of care were unable to withstand the tremendous disruption of the war which was made worse by the fact that women were becoming full-time workers and an essential part of the labour market (Neocleous,

2011). This situation placed more pressure on the Cyprus government since the very family and kinship structures that played a key role in the social support of their non-working members (i.e. children, elderly) that relieved the state from such responsibility (see Gough, 1979) were now unable to meet such demands other than pensions and public assistance (Theodorou, 1987; Papassava, n.d.). It is also important to note the similarity with other post-colonial countries where due to the lack of social insurance and old age pensions the responsibility for the care of elderly members was placed on their families (Mchomvu, Tungaraza and Maghimbi, 2002). This also confirms some of the debates on welfare state literature which indicates that women were expected to take care of children and elderly care in an informal and unpaid way (Pierson, 2006). In other words, within the context of family welfare families, and mainly women, act as agents of decommodification of their members who, for any reason are out of the labour market (Papadopoulos and Roumpakis, 2013).

After the Turkish invasion, the government acknowledged the immediate need for the introduction of new services and programmes in order to support the two hundred thousand displaced Greek-Cypriots (Sarris et. al., 2008). In relation to that, Papassava (1993, n.p.) pointed out that “displaced older people had to worry about shelter, health issues and their retirement pension resulting in feelings of disappointment, despair and unhappiness.” The most basic problems that elderly refugees were facing included the displacement from their place of origin and bereavement caused by loss of property and the decreased interest or even in some cases abandonment by their children. The main reason for this separation was the necessity of younger people to seek work anywhere in the south of Cyprus or abroad and, in many cases, away from their elderly parents (Archives of the Social Welfare Services, 1977).

The internal displacement of a third of the population created many complicated social problems and increased the dependency level of the displaced elderly population. With regard to the financial support to elderly refugees, in the years immediately after the Turkish invasion in 1974, the Social Welfare Department experienced a swelling of those seeking public assistance services. While in 1973

6,958 clients of all ages were benefiting from public assistance the number rose to 50,000 cases by the end of 1975 (Archives of the Social Welfare Services, 1973, 1975).

Despite the gradual increase in nursing homes to accommodate displaced or abandoned elderly individuals, the Department of Social Welfare Services kept encouraging families and communities to maintain their traditional role as caregivers to their elderly members as a way of keeping them in their social environment (Archives of the Ministry of Labour and Social Insurance, 1980). However, despite the efforts of the state, with the exception of some rural areas, the inability of families to maintain their traditional role resulted in the placing of many elders in state accommodation which gradually became acceptable despite inevitable feelings of guilt (Papassava, 1993, n.p.). The discussion on the role of the Cypriot family confirms the key points discussed with the welfare state literature about family roles (Gough, 1979; Papadopoulos and Roumpakis, 2013) (see chapter 2, section 2.5).

7.5.4 Elderly refugees

As well as losing their financial resources and property which might have offered a feeling of autonomy, power and status, elderly refugees faced another challenge. Many became dependent on others for their social and personal care, primarily because of physical and psychological distress caused by the loss of support of their local community and contact with relatives, friends and neighbours (Syntaxiouhos, 2003). As the literature indicates, that is not unusual when older people experience such extreme circumstances (Beiser, Turner and Ganesan, 1989; Weine et al., 1998; Mollica et al., 2001).

These accumulating problems began to create feelings of despair and misery. In addition, older Cypriots began experiencing many difficulties in adjusting to new circumstances and environments which caused psychological distress. As the displaced elderly people constituted the most severely affected by the war, many of them became isolated and lost their traditional role in society (Michael, 1979; National Committee for Ageing in Cyprus, 1983). The change had been so sudden

that neither a social policy plan nor any other plan for dealing with the social needs of displaced elderly people existed. It was apparent that the government needed to introduce new social policies as quickly as possible.

Following the Turkish invasion, thousands of people remained in barracks and tents for several years after the war until refugee settlements were constructed. However, it was felt important that the issue of housing for elderly refugees should be solved as a matter of urgency (Archives of the Social Welfare Services, 1978; Michael, 1979).

In order to address these challenges, the Ministry of Labour and Social Insurance introduced new forms of social services to older Cypriots. Their basic purpose was to provide support to the thousands of elderly refugees who needed urgent shelter, food, clothes, medical attention and emotional care. In addition, a few studies were conducted in order to identify the needs of older people in refugee camps. Michael's 1979 study indicated common characteristics among elderly refugees living in refugee camps and settlements. With that in mind, the Social Welfare Department focused on four problem areas; health, lack of family support, mobility and financial status. Based on those problems, the Social Welfare Department proposed a series of solutions for the development or modification of social policies that would enable elderly refugees to overcome their difficulties and maintain their role in the community (Archives of the Social Welfare Services, 1979).

7.6 State Interventions in Elderly Welfare

The Department of Social Welfare Services initiated a new social policy for the aged called *Intensive Program for the Relief of the Aged* (Archives of the Social Welfare Services, 1976). In cooperation with the Cyprus Red Cross, another programme called *Program for the Financial 'Adoption' of Elderly Persons* was introduced with the major objective of utilising contributions from the *Great Britain-Cyprus Community Relief Fund* in order to financially support on a monthly basis one hundred older destitute Cypriots (Archives of the Social Welfare Services, 1977: 3). The purpose of those programmes was to financially

assist those older people who were not entitled to social insurance and who were facing the immediate danger of poverty.

The main intention of the Department regarding financial support to older people was to fill the gap created by the lack of access for older adults to social insurance benefits, as well as the absence of any previous formal social support. Therefore, the responsibility of the state and its Welfare Services focused on the provision of care services to the elderly population (Archives of the Social Welfare Services, 1979).

The 1979 Annual Report of the Department of Social Welfare Services stated that its policy on the elderly population was now focusing on new approaches and new forms of services designed to provide a “respectable level of care and welfare” (p.15). For instance, the Social Welfare Department initiated a new program of home care by professional caregivers. Also, the same Department developed new support programmes which encouraged families to maintain their traditional role in assuming responsibility for the care of their elderly members to avoid or postpone moving them to an institution. However, the gradual decomposition of the traditional support systems, as a result of the 1974 war, made old age “one of the most complicated social problems of the country” with many families unable to provide any support to their elderly members (Archives of the Ministry of Labour and Social Insurance, 1980: 62).

The immediate need for refugee settlements to accommodate thousands of refugees did not allow the government and its agencies to arrange refugee camps based on homogeneous social environments similar to the ones refugees lived in prior to the war. In addition, refugees had to deal with the consequences of the war, including the loss of loved ones, the psychological distress of displacement, as well as the violation of their right to return to their homes and enjoy their properties (Panagi, 2003).

Despite all the efforts of the state to provide shelter to vulnerable older people, the Department of Social Welfare Services admitted that it was impossible to deal with the psychological distress of older people residing in care facilities. As a

result of that situation, the Department reported an increase in the death rate of older people dwelling in nursing homes, compared to older people who were living in their home environment (Archives of the Social Welfare Services, 1979). In a speech at the Pancyprrian Seminar on Old Age in 1983, the Minister of Health, Dr Takis Pelekanos, stated that the consequences of the 1974 war on the elderly population of the island began to appear from the very first days of the war as thousands of senior citizens, especially refugees, lost their basic means of survival (National Committee for Ageing in Cyprus, 1983). In a speech at the same seminar, Argyris Rousos, an officer at the Cyprus Department of Social Welfare and the vice-president of the National Committee on Ageing, claimed that because of the war, older Cypriots became more isolated and lost their traditional role in Cypriot society, especially those elderly Greek-Cypriots who became refugees (Rousos in National Committee for Ageing in Cyprus, 1983).

Although immediately after the war there was a need for a temporary modification of the social insurance system, it took several months and many efforts by the state in order to function again and restart the provision of its services to the public, including elderly pensioners (The Social Insurance (Amendment) Law of 1975). However, even after it was reduced, the social insurance scheme was providing support and protection to thousands of refugees in an effort to help them overcome the devastation that followed the war. By providing retirement pensions, it managed to offer some protection to the population from further financial distress (Archives of the Ministry of Labour and Social Insurance, 1974).

The response of the Cypriot state and its social partners (employees and employers) to the situation caused by the war not only prevented the collapse of social insurance but, as will become apparent in the following chapter, set the grounds for a dynamic comeback and a further development in its continuing evolution.

7.7 Summary

The years that followed the independence of Cyprus were marked by some of the most intense moments in Cypriot contemporary history. While still weak in its scope, the modified social insurance scheme implemented in 1964 was a step

towards covering larger numbers of beneficiaries with increased benefits. However, the events of 1974 postponed any further development of social insurance towards a proportional scheme and weakened it in terms of its provisions as it was pushed to its limits regarding its capacity to support all beneficiaries. As a result, any ideas for its improvement were put aside until the economy might allow such changes.

Along with the pressure on the social insurance scheme and its ability to maintain its payments to all beneficiaries, the older population of the island, especially those who became refugees, were the ones to be most affected by the war, especially with the decrease in retirement benefits. Moreover, the war had suddenly, in an unprecedented way, changed the social and family structure with regards to the elderly population by uncovering the absence of formal support mechanisms for the older population which challenged the state and forced it to accept new responsibilities.

Five key points have emerged from this chapter:

1. The new Republic of Cyprus' attitude to social insurance: The early years of the Cyprus government were marked by a neutral to negative attitude to the request of the trade unions to improve the system. The Cyprus government placed the bulk of welfare provision on to the family. This can be linked to the capitalistic context where family is perceived as the basic 'cell' of the system and responsible for the welfare of its members.
2. Establishment of the elderly people's movement (EKYSY), 1973. The first organized movement of pensioners in Cyprus showed the need for support and advocacy of the elderly population - despite the social insurance system and retirement pensions, Cypriot society had not dealt specifically with the special needs of the elderly population. The development of the elderly movement in Cyprus can be placed within the context of social movements and their campaigns towards the promotion of their claims.

3. The 1974 War and its impact on social insurance: The events of the 1974 war had an impact on the social insurance system as within a very short period of time, the thousands of workers who lost their jobs could not keep contributing to the social insurance fund. At the same time, however, thousands of the unemployed and pensioners needed support from the fund, either through unemployment benefits or retirement pensions. That imbalance created enormous pressure on the social insurance system and brought it to the brink of collapse. Yet, it managed to safeguard thousands of workers and pensioners from the risk of falling into abject poverty, a situation that illustrates the importance of social insurance as a part of the welfare state.

4. The 1974 War and its consequences for the elderly population: As a result of the war in 1974, thousands of elderly people became refugees. At the same time, many families were unable to care for their elderly members since they had to look for work either in Cyprus or abroad. That situation inevitably led to the transformation of the family structure as responsibility began to shift from the family to the state which was unprepared to deal with this new situation.

5. State interventions in the welfare of elders: The sudden transformation in Cypriot society and families, forced the state to assume new responsibilities which previously were managed by the family. Within a very short time, and with no prior experience or knowledge, the state had to develop new services and programmes of social protection for elderly people. However, the lack of expertise and trained staff led many elderly people to suffer from loneliness, social isolation, depression and death. The events of 1974 marked the beginning of the welfare state in Cyprus and the introduction of new programmes and services to begin to meet the needs of the older population. This can also be linked to the post-World War II and the way the states responded to the needs of their citizens assuming responsibility for their welfare.

The next chapter develops the account by analyzing the aftermath of the war in 1974, the role of the elderly people's movement and the reform of the social insurance scheme.

Chapter 8

The post-war years, 1974-2004

8.1 Introduction

The events of 1974 left their mark on the contemporary history of Cyprus, affecting the Cypriot people in many ways but essentially by the austerity measures imposed on them in order to save the national economy from collapse. The years following the Turkish military invasion were critical for the future of social insurance in Cyprus. The strength of the fund, however, was demonstrated as it withstood pressure from the high demand for benefits, especially from refugees.

The social insurance scheme continued to evolve in the conditions that were created after the war and especially after the introduction of a proportional or earnings-related element. Both the labour and elderly people's movements had an impact upon this evolution, as did also the House of Elders which was established in 1999 to provide a political platform for older people to express their views on retirement pensions and other social insurance benefits. Two key developments during this period were the second major amendment to the scheme in 1980, along with further amendments during the following years, and the entry of Cyprus into the European Union (EU) as a full member in 2004.

8.2 Social Interventions

In 1975, immediately after the war, the government proceeded to introduce an amendment to the regulations for public assistance in an effort to support those people who had either lost their jobs, or were not entitled to any social insurance benefits or their benefits were cut as a result of the austerity measures (Archives of the Social Welfare Services, 1975; Yiallourous, 2007).

In view of the fact that the social insurance fund had never been designed to withstand major economic pressures, such as those created by war, the modification of public assistance was of great importance at that time. As an

imperative, it was decided that there should be a modification to the 1953 public assistance scheme with its conversion into a law, a situation that occurred in early 1975 (The Public Assistance Law, 1975).

As a result of the economic conditions created by the war (see Chapter 7), social insurance benefits were reduced in order to save the national economy from collapse. Yet, the protection of the social insurance scheme from the risk of financial collapse led the Cyprus government, along with the agreement of its social partners, the employers and the trade unions, to undertake further benefit cuts in order to save it (National Committee for Ageing in Cyprus, 1983). Those additional cuts included the suspension of the wedding, childbirth and funeral allowances and the maternity allowance, except in those cases where a woman was the protector of the family (Yiallourous, 2007).

These measures were introduced on a temporary basis in anticipation of an improvement in the economy and its restoration to pre-war conditions (The Social Insurance Law (Amended) of 1974; The Social Insurance [Amended] Law, 11 of 1975). In addition, following an agreement between the government, trade unions and employers, salaries were also reduced. The rationale was based on the fact that the reduction of salaries would allow the government to address the new financial challenges and protect the social insurance fund from crumbling owing to an imbalance between payments and benefits (Archives of the Ministry of Labour and Social Insurance, 1975).

The economic measures of 1975, regarding social insurance benefits as well as the reduction of salaries, led to a gradual improvement in the economic situation which allowed the government to consider restoring all of the benefits to their pre-war conditions (National Committee for Ageing in Cyprus, 1983). As a result of this economic progress, in 1976 it was decided by the government and its social partners that by January 1977 all social insurance benefits would be restored back to their pre-war level (The Social Insurance (Amended) Law, 68 of 1976).

Although unemployment in 1974 had reached 30%, by 1978, boosted by the construction of hundreds of refugee settlements and thousands of apartments all

over the south part of Cyprus to cover the needs of refugees, it had dropped to 2% returning to its pre-war levels. This was a year characterized as ‘the year of healing’ owing to the huge improvement in the economy (Archives of the Ministry of Labour and Social Insurance, 1978: 1; Archives of the Planning Bureau, 1999). Consequently, with such positive figures from economic indicators such as unemployment, it was possible to increase significantly social insurance benefits all the way until 1980.

For instance, there was a further 20% increase in benefits in January 1978; a 15% increase in June of 1979 and another 11% increase in January 1980, a situation that, according to the trade unions, signified the importance of social insurance as a protection measure (Lasettas, 1980; Social Insurance (Amended) Laws, 1977, 1979, 1980). This is illustrated by the fact that both the trade unions and the employers had accepted the need to reduce benefits while raising their social insurance contributions. The effort to save the scheme under the unprecedented adverse economic and social conditions that were created by the 1974 war reflects the recognition of the scheme by the wider society as a major institution of social protection which should be preserved at all costs (Yiallourous, 2007).

This development is not different to what occurred in Europe after the end of World War II (Novak, 1988; Wedderburn, 1965 in Milliband and Saville, 1965) that prescribed the welfare state as an intrinsic part of capitalism’s post-war class settlement (1945-1975), that was characterized by prosperity, equality and full employment. While on the one hand, the international context of economic growth allowed a settlement between capital and labour that led capitalist economies to an unprecedented steady economic growth, in the case of Cyprus, this ‘Golden Age of the Welfare State’ was also marked with the 1974 war and the division of the island.

As has already been mentioned, the years of 1975-1978 had been described as the period of the Cyprus economic miracle, with outstanding progress in the economy of the country, allowing it to return to its pre-war capacity (Spanos, 1978: 1; Yiallourous, 2007: 27; Antoniou, 2009: 1). This development is not unusual since a

similar one occurred in Europe after the end of World War II and in relation to the welfare state. According to the literature, the welfare state became an intrinsic part of capitalism's post-war 'Golden Age of the Welfare State', an era between 1945 and 1975, it was characterized by prosperity, equality and full employment. Within that context, the economic growth allowed a settlement between capital and labour leading capitalist economies to an unprecedented steady increase where a state commitment of some degree modified the play of market forces in order to ensure a minimum real income for all (Novak, 1988; Wedderburn, 1965 in Milliband and Saville, 1965).

The fast improvement of the country's economy was explained by President Spyros Kyprianou in his inaugural speech on March 1, 1978 as the result of "the hard work of the people of the island" (Phileleftheros, 1978b: 1). However, in order for the social insurance fund to continue supporting the thousands of beneficiaries their contributions to the fund needed to be further increased, although raising contributions was not an easy task. As the Minister of Labour and Social Insurance, Marcos Spanos claimed, "a common social policy regarding the social insurance system is needed in order to solve various problems" (1978: 1). In order to achieve that, certain goals should be set, such as the development of a common policy for public assistance (which had already been processed through its modification to a law), the introduction of social services and medical care for refugees. At the same time, the Ministry approved a 20% increase in the provision of refugee allowances and rent allowances (Spanos, 1978).

Despite the restoration of the social insurance scheme and the improvement in the national economy, there was still a need for further developments in pensions and other benefits in order to respond to the rising cost of living in the country (Lasettas, 1980). Because of inflation and the constant increase of prices in basic products, as well as in health care and services, the increase in social insurance benefits could not compensate in such a way that would allow beneficiaries to be financially comfortable. That could only occur when the scheme's benefits reached a balance with the cost of living in the country. As the growth of the job market had created thousands of opportunities and improved the economy, the government felt

quite comfortable in suggesting to its social partners an increase in the rate of benefits of about 20% (The Social Insurance (Amended) Law, 81, 1977).

8.2.1 Social insurance amendment, 1980

As the gradual restoration of the economy had a positive effect on the social insurance fund, it was now easier to consider bringing back the issue of a proportional, earnings-related social insurance scheme (Archives of National Committee for Ageing in Cyprus, 1983). Yet, in spite of the various modifications and improvements to the scheme since 1978, the flat-rate approach was considered its major disadvantage, especially on the issue of retirement pensions, since it underpinned low pension payments (PEO, 1980). That situation was creating a feeling of injustice among the working population and pensioners, since the scheme could not guarantee a basic living standard because there was no link between the benefits and the cost of living. In addition, regardless of someone's income, everyone received the same amount of money from the social insurance fund which breached international social insurance standards (PEO, 1980, 1991; Thullen, 1970, 1978, 1980).

For the labour movement and the elderly movement, the introduction of a new law based on an earnings-related contribution and benefit system seemed obvious. Yet, its introduction in 1980 was the result of years of discussions, negotiations, studies and struggles by the labour and elderly movement in order to convince the government of the benefits of such a decision (Antoniou, 2009). In an interview for this thesis Panagi (2010) pointed out that "...it was necessary for this scheme to change. Of course, it should change before 1980 but, unfortunately the situation in Cyprus, with the military coup and the Turkish invasion, overturned the earlier application of the earnings-related scheme..."

Although the discussions over a new social insurance scheme began four years before the Turkish military invasion and were based on Thullen's recommendations, in accordance with the International Labour Office's recommendations, the government remained reluctant. By the second half of 1977, Thullen was back in Cyprus with a new proposition regarding a proportional,

earnings-related scheme. His proposals began to be analysed and discussed by the Cyprus government and its social partners in 1978 in an attempt to find common ground for its introduction (Thullen, 1977).

The new recommendations of Thullen seemed to fit the position of the Pancyprian Federation of Labour (PEO) over the nature of the social insurance scheme. This is confirmed by a speech to the Cyprus House of Representatives by MP and PEO General Secretary Andreas Ziartides who agreed with Thullen, pointing out that the old flat-rate social insurance scheme had completed its mission and that the introduction of a new earnings-related scheme was a “great must” in order for Cyprus to bring into line its social insurance system with that of other countries (Ziartides, 1978: 8).

Additionally, and in order to apply further pressure, the trade unions warned the government that any changes to the benefits that employees were enjoying from other schemes (e.g. Provident Fund) in favour of a new social insurance scheme, would cause a strong negative reaction from their side (PEO, 1980). Feeling the pressure and anxious to avoid any social upheaval, mainly because of the sensitive post-war political situation in Cyprus, the government of Archbishop Makarios III assigned the Labour Advisory Board⁶⁶ to discuss the issue and come up with suggestions in terms of the feasibility of such a scheme, including leaving other schemes or benefits autonomous (Haravgi, 1978: 1).

Despite the positive projections based on the actuarial studies with regards to the impact of social insurance on the population, the government was still reluctant to make any modifications. Its reluctance, and maybe lack of confidence, is shown by making another request to Thullen in 1978 for a new study on an earnings-related scheme with a view to an implementation date of 1979 (Thullen, 1978; Archives of the Ministry of Labour and Social Insurance, 1978). His new study confirmed the benefits of an earnings-related scheme but proposed that the new scheme should

⁶⁶ Its role was to initially advise the Department of Labour and later on the Minister of Labour and Social Security on: a) all trade issues and b) make recommendations and suggestions on labour legislation.

incorporate the old flat-rate system into the new scheme and, additionally, it would provide supplementary benefits according to someone's income. After Thullen's (1978) recommendations, the government appeared convinced of the benefits of the proposed scheme and the lack of any risks to the still vulnerable economy and began to seriously consider the modification of the flat-rate social insurance scheme to a proportional, earnings-related scheme, based on the individual earnings of each individual employee (Phileleftheros, 1978a: 1).

Despite the proposed improvements, there were still various unaddressed issues, such as the connection of social insurance with free health care coverage and housing benefits. For instance, as the 18th PEO Pancyprian Conference (1979) argued, there were, for them, certain areas of the proposed social insurance scheme which needed improvement in order to enhance the quality of life of all Cypriots, especially elderly Cypriots. Those areas included:

1. the provision of health care for all employees and their dependents;
2. the issue of the retirement age for those employed in heavy and unhealthy jobs;
3. the nature of the retirement pension especially for those retiring early;
4. the issue of increased benefits to working mothers in the form of a childbirth allowance, maternity allowance, marriage allowance and maternity leave.

Furthermore, the 1979 PEO Conference stressed that allowances for dependents and orphanhood, as well as retirement pensions and pensions for those who had lost their children should also be increased. Additionally, the Conference raised, for the first time, the issue of the 13th pension⁶⁷ to cover all pensioners.

As the labour movement remained unconvinced of the government's position on the way social insurance might be amended, Murray Lapmer, an American Actuary Advisor to the United States Syndicates, was invited by SEK (Cyprus Workers Confederation) to carry out another study based on a new proportional, earnings-related scheme (Haravgi, 1980a). His mission was to study the Social Insurance

⁶⁷ Since 1983, on an annual basis in December the 13th pension is paid to all pensioners and is equal to the 1/12 of a pension which has been paid for the whole previous twelve months. For instance if someone's pension is 1000 euro per month his or her 13th pension will be the same amount of 1000 euro.

Law in Cyprus in order to make his proposal to the Cyprus government. His suggestion was based on the fact that the new scheme had to cover and protect all employees in such a way that their social insurance benefits could only be improved with no risk of any reduction even during a recession (Haravgi, 1980a: 1). He also came up with a radical suggestion that contributions should be made equally by the government and employees at a higher percentage than employers. In addition to Lapmer's proposal, SEK agreed with PEO's previous position, that all employees should have the option of voluntary retirement with the appropriate reduction in their benefits. On top of that, SEK believed that more room for discussion should be provided on other issues, such as the representation of trade unions in the administration of the law and a guarantee of readjustments to retirement pensions based on inflation and the retail price index (Haravgi, 1980a: 1).

Finally, after several proposals, negotiations and pressure from the labour movement and another actuarial study by Thullen (1980), by 1980 the Cyprus government agreed to support another amendment to the social insurance scheme (Yiallourous, 2007). It was agreed that such a modification would allow the new scheme to enhance its credibility and continue supporting the thousands of pensioners.

Nonetheless, the journey towards the new proportional, earnings-related social insurance scheme was not yet over (Yiallourous, 2007). The main reason was the various disagreements amongst the labour movement, which were expressed in the form of massive strikes against the government as it dithered over its approach with regards to benefits (Phileleftheros, 1978a: 1). The whole situation was made worse by the persistent ignorance and fear among various groups of the working population of losing established social insurance benefits (Archives of the Ministry of Labour and Social Insurance, 1978, 1979).

For the Union of Cypriot Pensioners (EKYSY), it was vital that the House of Representatives should pass the Bill for the modification of the flat-rate social insurance scheme to an earnings-related one in order to improve the lives of thousands of people who might benefit from it. The Bill, initially submitted to the

House of Representatives, was composed of two parts: the basic part (flat-rate) and the earnings-related part (proportional) as a supplement to the basic part (Haravgi, 1980b: 1). It was designed that way in order to cover all employees and self-employed persons without exception but excluding those who had decided to terminate their participation in the social insurance scheme or were working abroad for a Cypriot firm. All contributions would be based on an earnings-related status and the total contribution would be 15.5% divided into three parts; the contribution of employees and employers would be 6% each and for the government 3.5% making a total of 15.5%. In the case of self-employed people and voluntary contributors, their share would be 12% with an additional 3.5% contributed by the government. For all categories, 9.5% of the total contributions would sponsor the basic part of the scheme and the remaining 6% the earnings-related part (Archives of the Ministry of Labour and Social Insurance, 1980).

Finally, after the approval by the trade unions, the Bill was submitted to the Council of Ministers on May 31, 1980 and upon its approval it was sent to the House of Representatives for discussion (Yiallourous, 2007). The Bill was enacted into Law (The Social Insurance Law, 4, 1980) by the House of Representatives and published in the Official Gazette on July 16, 1980 with an effect from October 6, 1980 (Archives of the Ministry of Labour and Social Insurance, 1980). The new scheme was based on the following principles (Takoudis, 2001; Yiallourous, 2007):

- The inclusion of workers in the new scheme would be wide-ranging to ensure that solidarity might protect them from social risks;
- Contributions and benefits would be closely connected with the insured person's income from work;
- Adequate protection, not only for old age but also for disability and death;
- The level of benefits in case of disability for work or death would be sufficient, no matter when the person began to contribute to the Fund for the first time;
- Funding for the scheme is tripartite as it was for the previous scheme and the state contribution would be provided in the form of allowances for low-income members of the scheme;

- The gap between vulnerable groups of workers and privileged workers with professional pension plans or provident funds would be decreased;
- Levels of benefits would be at a level of earnings/income from work thus ensuring a similar standard of living;
- Annual adjustments would take the place of basic pensions to earnings ratio and any additional pension based on consumer price index.

As the amended social insurance scheme was implemented on October 6, 1980 as the *Social Insurance Law, 1980*, it compulsorily covered every person gainfully occupied in Cyprus in private or public sectors, either as an employed person or as self-employed (Archives of the Ministry of Labour and Social Insurance, 1980; Social Insurance Law, no.41, 1980; Sakellis, et al., 2008). Insured persons were now separated into three categories: employees, self-employed and non-compulsory insured persons. As more workers were now convinced of the benefits of social insurance, the total number of insured persons in 1980 was 192,200 as opposed to 186,500 in 1979, a 3.1% increase in beneficiaries (Archives of the Ministry of Labour and Social Insurance, 1980: 52). Retirement for women and men was to be their 65th year but, for persons working in the mining industry, their 63rd year, with the possibility of a reduction to their 58th year depending on their working years (The Social Insurance (Amended) Law, 4 of 1980; The Social Insurance Law, no. 41 of 1980).

The new scheme was characterized by PEO as the most important measure in the area of social policy ever taken in Cyprus (PEO, 1983b). In his interview for this thesis, Antoniou characterized the introduction of the new earnings-related scheme as “the most important measure of social policy that had ever occurred in Cyprus because it was based on certain principles. One such principle was the comprehensive coverage of all employees thus avoiding any discrimination.” Antoniou (2009) stressed that “one principle of the new scheme was to ensure a comprehensive affiliation of workers in order to avoid any discriminations.” He also pointed out that “until 1980 the scheme was not adequate, it did not produce the expected results...It was because the social partners and the government, and after

thorough studies had concluded that we should introduce a system which would eliminate poverty and unemployment” (Antoniou, 2009).

The modified social insurance scheme had incorporated the previous flat-rate scheme in a modified structure and additionally was providing supplementary proportional, earnings-related benefits (PEO, 2006). However, it should be noted that, although the new social insurance scheme was providing employees and their dependents with protection over social risks such as illness, unemployment and labour accidents, at the same time it maintained certain weaknesses, especially for older people, because of its flat-rate element which left thousands of current pensioners out of the proportional scheme since their contributions were based only on the previous flat-rate scheme (PEO, 1980). However, as it was acknowledged that their income would be significantly lower than those receiving both parts, it was decided that all existing pensioners would receive a 40% increase in their pensions in order to maintain an income that would allow them to meet their basic needs linked to the country’s cost of living index (Haravgi, 1980a). As a result, by October 1980 the 40% increase in the retirement pensions positively affected some forty nine thousand pensioners who saw their pensions augment rapidly (PEO, 1987). Despite its weaknesses the new scheme, compared to the previous model, kept thousands of people out of poverty (PEO, 1987).

In order to promote the importance of the new scheme and the positive impact that it could have on them, EKYSY explained that the benefits (based on 1980 salaries) deriving from the new social insurance scheme could be between six and seventeen pounds based on a monthly scale and according to the level of contributions and the number of dependents of a beneficiary (Haravgi, 1980c: 1).

As the following figures illustrate, the quality of life for many pensioners had been radically improved. Under the new scheme someone with a retirement pension of £26 per month without dependents would receive £36 and 400 mills⁶⁸ per month. In the case of a person with one dependent, instead of a retirement pension of £34 and 630 mills, he or she would receive £48 and 550 mills (PEO, 1980). Someone with

⁶⁸ A denomination used by some currencies, the equivalent of a tenth of a cent or penny, or a thousandth of the currency unit (one Cyprus pound was equal to one thousand mills).

two dependents in the family would receive £54 and 600 mills instead of £39 under the previous flat-rate scheme and someone with three dependents or more would now receive £60 and 630 mills instead of £43 and 350 mills. Regarding other social insurance benefits, such as the funeral allowance and the wedding allowance, they were increased from £31 to £56 and child birth allowance from £21 to £42. The orphanhood allowance was also increased from £4 to £5 and 600 mills per week (PEO, 1980).

Although the new scheme maintained at the same time its previous flat-rate principle for basic benefits, with the encouragement of the labour and elderly movements, it had introduced supplementary benefits with contributions directly related to the income of the insured persons. In addition to compulsory coverage of all gainfully employed persons, the new scheme also allowed those formerly employed to continue contributing to the social insurance fund on a voluntary basis in order to enhance the possibility of a higher pension (Archives of the Ministry of Labour and Social Insurance, 1980).

The new scheme provided extensive coverage for all employees and an interrelation of contributions and benefits with income from work. In addition, the level of benefits should substitute a legitimate and satisfactory percentage based on someone's income from work in order to secure a decent level of living conditions. At the same time, adequate protection in old age and unexpected infirmity or death and the regular readjustment of retirement pensions according to the 1956 and 1964 social insurance schemes should be made.

All social partners acknowledged that the new proportional, earnings-related social insurance scheme, even with certain weaknesses, had many advantages over the previous flat-rate scheme especially in the protection of its beneficiaries from various risks resulting from certain events, such as labour accidents, unemployment or old age (PEO, 1980; Yiallourous, 2007). Yet, even though the new scheme had ended many disparities that characterized the previous scheme for elders in the community, there was still a lot of room for improvement as it was they who were

most affected by any weaknesses of the new scheme such as the lack of the 13th pension (PEO, 1980).

In spite of the improvement to the scheme, the trade unions and the elderly movement were eager to resolve the major disadvantages of the amended scheme. The major problem was the fact that every person who was over sixty-three years old in 1980 was left out of the new earnings-related social insurance scheme (PEO, 1980: 239). The rationale given by the government was that during the time that current pensioners were in the workforce, their contributions were based only on the flat-rate system with lower payments. As a result, their retirement pensions, which were based on the flat-rate scheme, were lower than those people who now participated in the new proportional, earnings-related scheme. The government insisted that the present inequality was inevitable and part of the process of maturation of the social insurance fund which would be ended by the year 2020 with the death of the last person who had contributed to the flat-rate scheme (PEO, 1980; Antoniou, 2009). In an interview for this thesis Pantelis Varnava (2006) complained that “when the earnings-related scheme was implemented every person 65 years old or older was not covered by the new scheme. They were excluded from the new scheme and this is not fair for the pioneers who fought for others,” pointing that he was among those excluded from the new scheme. Similarly, EKYSY was also concerned by the ethical implications as all those activists who had struggled for the introduction of social insurance in Cyprus were excluded from its benefits (Varnava, 2009).

Nonetheless, despite the discrepancies of the new scheme, during the celebrations of the 30th anniversary of social insurance PEO (1986) acknowledged that through the scheme, thousands of older people were able to retire and receive financial support through pensions which ensured a decent living. A statement by PEO regarding the evolution of social insurance shows the significant contribution of the scheme for thousands of people which had set the foundations for the welfare of the population:

“With the enactment of the Act and the amendments that took place over these 30 years, protection is provided each year to thousands of elderly people who retire

from their jobs and thousands of widows and orphans. Protection is given each year to thousands of persons in cases of unemployment, sickness and disability to labour accident. Assistance is provided to thousands of women during pregnancy and childbirth. In short, an end was put to the social drama faced by workers and their families in all the above cases before the enactment of the Legislation. The introduction of the law on social insurance is one of the most important parts of the history of the labour movement's long and difficult struggle full of faith and sacrifice; a struggle which started fifty and even more years ago. The introduction of legislation on social insurance and its improvements is one of the greatest achievements of the working class and our people. Today, and after many years, the drama of beggars with the tray or basket in hand roaming the streets, outside churches and in the cafes, some begging for crumbs, just to keep them alive has been stopped. Today, and after many years, the social drama of widows with orphans in hand, going from house to house asking for alms for the upbringing of the orphans has been stopped. The introduction of the legislation for social insurance, we would say is the most important achievement of the working class and our people. PEO feels very proud because it has been the organizer and leader of the first, the greatest and more difficult struggles for the adoption of the Law on Social Insurance..."(PEO, 1986: 96-97).

Following the amendment to the scheme in 1980, the following six years saw little significant change to the scheme. For instance, the contributions (as well as payments to beneficiaries) remained the same - 6% for employees, 6% for employers and 3.5% for the state, even though the cost of living was increasing (Archives of the Ministry of Labour and Social Insurance, 1981-1986). However, 1986 was marked by a generous increase in the payments of the basic retirement pensions by 10.2% and a 6% increase in the proportional earnings-related part of the scheme (Archives of the Ministry of Labour and Social Insurance, 1986). Furthermore, the House of Representatives processed a Bill that enabled a further increase in retirement pensions and other social insurance benefits with enactment from January 1st, 1987 (Archives of the Ministry of Labour and Social Insurance, 1986).

The 1987 annual report of the Ministry of Labour and Social Insurance pointed out that "1987 has been characterized by important improvements regarding the protection of pensioners and social insurance beneficiaries with an additional increase of 5.19% on basic pensions and 1.2% for earnings-related pensions" (1987:ii). The constant improvement in the social insurance scheme and its payments to beneficiaries, especially pensioners, is shown by the following figures. By 1990, the basic (flat-rate) pension payments were increased by a total

of 16.98% and payments for the earnings-related part by 10.35%, indicating a genuine improvement in the benefits to beneficiaries (Archives of the Ministry of Labour and Social Insurance, 1988-1990).

8.2.2 Better pensions

Despite the general enthusiasm over the constant increase in social insurance payments to beneficiaries, the elderly movement remained disappointed over the discrepancies the scheme had created. Regardless of many improvements in the social insurance scheme the elderly movement was still fighting for higher retirement pensions that would satisfy the basic needs of older people and, in particular, the introduction of the 13th pension (Panagi, 2003). The constant campaigning by EKYSY resulted in the President of the Republic, Spyros Kyprianou, making a statement at the EKYSY 10th Pancyprian Conference (1983). In an effort to defend the policy of his government, the President stated that the goal of his government was to improve the benefits for pensioners as a form of wider social justice, stressing that his government had already delivered a 40% increase in elderly pensions and introduced several protection measures, such as the 13th pension (paid annually in December), the constant review of pensions, the increase in the cost of living allowance (COLA) and salaries, including the decrease in the retirement age for miners, from 65 to 60 years of age and in certain cases to 58 years of age (EKYSY, 1983). However, in an effort to show that nothing was given for free to older Cypriots, in an interview for this study, the former General Secretary of EKYSY, Michael Panagi, pointed out that “the 13th pension, as well as other social insurance benefits, was introduced only after a long running campaign of over ten years mainly by the elderly movement applying constant pressure which eventually forced the government’s hand...Nothing is gained without fighting for it” (Panagi, 2010).

In fact, “the first attempt to request the 13th pension was submitted in 1973 by EKYSY during its 1st Pancyprian Conference on December 11, 1973” (EKYSY, 1973; Panagi, 2010; Varnava, 2010). Similarly, Panagi (2010) pointed out that “one of the requests we had since the establishment of EKYSY was an increase

for the low pensions. A claim that we repeated every year...and all problems pensioners faced are related to the sensitivity of the social policy of the state. When the state is not sensitive in its social policy and does not see that there are vulnerable groups which it has to support, in other words to cover their basic needs...” adding that “...and for the request of EKYSY for the 13th pension we did picketing and we marched to the presidential palace in the rain and when a 40% increase was provided we recommended that a part of it should be provided as a 13th pension. And now the 13th pension covers both of its parts, the basic and the proportional.



A scene from one of the many campaigns from the older peoples’ movement for 13th pension in early 1980s’ and increase in retirement pensions. Some of the posters write “We demand increase in pensions” “We have the right for 13th pension” “More care from the government” (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

Despite the complaints from the elderly movement on the need for social insurance to provide more benefits to older people, in his speech at the EKYSY 10th Pancyprian Conference in 1983, the Minister of Labour and Social Insurance, Pavlos Papageorgiou tried to calm the protests by underlining the positive impact of the social insurance scheme on the population (PEO, 1983b). His argument was that while social insurance benefits were satisfying the needs of elderly Cypriots

to an acceptable level, the government was in a process of constant improvement but within the country's financial capabilities (PEO, 1983b). To illustrate his point he stated that for the year 1982 the government paid twenty four million pounds to eighty thousand beneficiaries in retirement pensions and £678,000 to three thousand older beneficiaries through the public assistance scheme (PEO, 1983b).

Regardless of the promising statements made by the President of the Republic and his Minister of Labour and Social Insurance, the closing of EKYSY 10th Pancyprian Conference was accompanied by a series of claims to the Minister of Labour and Social Insurance. As the Union of Cypriot Pensioners (EKYSY) was not satisfied with the explanations of the government, the resolution of the Conference to the Minister strengthened the need for an improvement in the quality of life for elderly Cypriots through an increase in retirement pensions and the introduction of new services and programs within the framework of the social insurance scheme.

The main concern of the elderly movement was that, even though the earnings-related scheme had improved the lives of thousands of pensioners, Cyprus was still behind the minimum standards set by the International Labour Organization (ILO) in 1952 and through the Social Security (Minimum Standards-Part V) Convention, 1952 - an international instrument that sets global minimum standards for social security in all nine branches (medical care, sickness benefit, unemployment benefit, old-age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit, and survivors' benefit) (International Labour Organization Convention, 1952; PEO, 1991; Hirose, et al., 2011).

In November 1985, in a further attempt to improve social insurance and satisfy the claims made by the elderly movement, the government proposed the establishment of a minimum standard in regards the lowest retirement pension payments equal to 50% of the basic part of a retirement pension (The Social Insurance Law (Amended) 116 of 1985; Archives of the Ministry of Labour and Social Insurance, 1985: 51). For example, if the basic part of a retirement pension was £30 per month then a person receiving the lowest retirement pension

payments would receive fifteen pounds more. Moreover, in order to fill any gaps in the scheme, all social partners (employers, trade unions, government) agreed that the pension scheme should go through a review every 12 months and be linked to the annual cost of living instead of the previous 24-month review (PEO, 1983a, 1987; The Social Insurance Law, 199, of 1987, (article 9)).



EKYSY delegation in a meeting with President Spyros Kyprianou in 1982 with a major claim for the introduction of the 13th Pension. 4th from the left, President Kyprianou and next to him (5th from the left) Pantelis Varnava (source: PEO photo album dedicated to the 50th anniversary of the labour movement, 1991).

While the following years were not marked by significant changes, other than cost of living increases, the Social Insurance Law, 64 (1) of 1993 went through another noteworthy modification, the ninth since its introduction in 1956. Contributions to the scheme were increased from 15.5% to 16.6% (6.3% for employers, 6.3 for employees, 4% for the state) (Archives of the Ministry of Labour and Social Insurance, 1993). Furthermore, following strong campaigning from the labour movement, the Law allowed employees to retire at the age of 63 instead of 65 but only if they had completed 70% of all the basic weekly insured payments to the

social insurance fund (Archives of the Ministry of Labour and Social Insurance, 1993). At the same time, someone could postpone his/her retirement until the age of 68 by applying to the Social Insurance Department. However, not everybody was so positive on that issue with the elderly movement pointing out that lowering or increasing the retirement age was not the same for everybody considering the nature of certain professions, so that any changes to the retirement age should be examined differently and in accordance with the unique circumstances of each profession (Lasettas, 1993).

A further examination of the social insurance law over the years until 2004 indicates several minor, yet important changes, to the provisions. For instance, from October 6, 2001 there was an increase in benefits for dependents of beneficiaries, retirement pensions and disability pensions. More specifically, for a household with one dependent there was a pension increase of 1/3 and for households with two dependents an increase of 1/2. At the same time, households with three or more dependents received a 2/3 increase in their pensions (Archives of the Ministry of Labour and Social Insurance, 2001; The Social Insurance Law, 51 (I) of 2001, (article 4); The Social Insurance (Amended) Law, of 2001 (section 14 (3) (I)).

By the end of the period that this chapter explores, and after several efforts from EKYSY and political parties such as AKEL, the Democratic Party (DIKO) and the Socialist Party (EDEK), proposals were submitted and approved by the House of Representatives in July 2002 for the introduction of compensation benefits on top of the retirement pension as a special funding paid, initially, through the Ministry of Finance and later on the Ministry of Labour and Social Insurance in an effort to make it an integral part of social insurance and lift the lower pension levels (PEO, 2004).

A critical role was played in this process by the elderly movement and, in particular, the establishment of the House of Elders as an advocacy institution for the advancement of the living conditions of the elderly population of Cyprus.

8.3 The House of Elders

A thorough analysis of the minutes of the annual meetings of the House of Elders from its establishment in 1999 through to 2004 provides a key source of material to explore the connection between the social insurance system as a social protection measure and the living conditions of older Cypriots.

As 1999 was observed by the United Nations as the *International Year of Older Persons*, the Nicosia Voluntary Council⁶⁹ dedicated that year's conference to older people and established the institution of the *House of Elders* (Archives of the House of Elders, 1999; Protopapas, 2010). According to an interview for this thesis, Protopapas (2010) pointed out that the House of Elders was “a great need. And the need remains to date...That the society did not take into account the presence of its elderly people and the problems of old age.... It was a great need that a body, like the House of Elders, started to care and to talk about these problems and try to somehow solve them...”

Although, initially, the House of Elders lacked any clear agenda and organization (besides celebrating the International Year of Older Persons), in the following years it pursued a collective attempt to further a common interest and secure the common goal of improving the living conditions of older people through collective action (Bottomore 1979; Giddens, 1989; Heywood, 1997; Archives of the House of Elders, 1999).

Taking the form of a social movement which revolved around a collective endeavour to promote the interests of the elderly population of Cyprus, the House of Elders took a stance of challenging the government and speaking on behalf of their constituents, many of whom lacked formal representation, thus becoming an essential part of democratic politics (Archives of the House of Elders, 1999). In addition, the House of Elders took a radical approach, illustrated through its annual summits and their minutes and reports on the health and welfare needs of

⁶⁹ The United Nations General Assembly decided to observe the year 1999 as the International Year of Older Persons, "in recognition of humanity's demographic coming of age and the promise it holds for maturing attitudes and capabilities in social, economic, cultural and spiritual undertakings, not least for global peace and development in the next century" (United Nations General Assembly resolution 47/5, Proclamation on Ageing).

older people. They saw their role as articulating the claims of the members of the House against an organized and powerful state, through sustained challenges in the name of a disadvantaged population living under the jurisdiction or influence of those holding power (Tarrow, 1996, 2011). In addition, as a pressure group endeavouring to influence public policy and especially governmental legislation and the decision-making process, the House of Elders aimed to promote the interests of older Cypriots through an organized and disciplined approach by applying pressure on the state based on the evidence from its reports (Ball, 1988; Archives of the House of Elders, 1999).

Furthermore, the aim of the House of Elders was similar to other pressure/interest groups promoting the rights of older people, such as the American Association of Retired Persons (AARP) and the Alliance for Retired Americans, whose mission is to shape policy debates and represent seniors (Beard and Williamson, 2010). Like other elderly movements in Europe, such as the then Age Concern (now Age UK), the European Federation of Older People (EURAG), the European Federation of Retired and Elderly Persons (FERPA), the European Trade Union Confederation (ETUC), the German National Association of Senior Citizens Organizations (BAGSO) and the AGE Platform Europe, the House of Elders functions as an umbrella organization for all elderly organizations in Cyprus (Archives of the House of Elders, 1999). The structure of the House of Elders is similar to the Cyprus House of Representatives, consisting of fifty-six members representing fifty-six elderly organizations from all over Cyprus and mimicking the total number of Greek-Cypriot Members of the House of Representatives.

The Speaker of the House of Representatives chairs the summits which take place on an annual basis in the boardroom of the House and are all held in the presence of the Ministers of Labour and Social Insurance and Health. The meetings of the House of Elders constitute an opportunity for the unification of all elderly organizations of the country into a 'common voice' in order to promote and solve the problems that the elderly population face within the framework of a 'society for all ages' and in an attempt to break the bounds of formal political participation (Archives of the House of Elders, 1999: 8; Schindler, 1999; Fenge, 2001).

In his address to the first meeting of the House of Elders, the acting Speaker of the House stated that the Cyprus Government “would not fail to take every initiative to ensure the continuous improvement of living conditions of the elderly and their active participation in society” (Archives of the House of Elders, 1999: 90). Additionally, indicating the concerns of the elderly population, the President of the Nicosia Volunteer Council claimed that one of the major issues that concerned the elderly population of the island was the lack of a smooth transition from employment to retirement in a way that might prohibit their social exclusion.

As Dr Antonis Protopapas (2010), former Director of the Department of Labour and currently President of the Welfare Committee at the House of Elders, argued in an interview for this thesis, “the lack of any preparation for retirement and what someone might expect from it, including a transition from a working salary to retirement pension, was identified as a major issue as many pensioners lost their identity and eventually their social status as they moved from working adults to becoming dependent on others” (Protopapas, 2010). Protopapas also pointed out that “despite the improvements in several social provisions to older Cypriots during the previous thirty years, their role in Cypriot society had been diminished and despite any improvements there are still important challenges for them” (Protopapas, 2010). The important challenges he identified included “low pensions, social exclusion, living under the poverty line, prejudice against old age, demographic ageing, a lack of specialized treatment and geriatric clinics, and low quality domiciliary services as contributing to social exclusion” (Archives of the House of Elders, 1999; Protopapas, 2010). Protopapas (2010) also added that “...our greatest contribution was for the government to see how to combat poverty...that there were pensions below the poverty line. This issue was emphasized repeatedly in the House of Elders which resulted in a policy against poverty.”

One of the first actions taken by the House of Elders was to call for an increase in retirement pensions as a way to fight poverty and social exclusion among older Cypriots (Archives of the House of Elders, 1999). During the first annual meeting of the House of Elders it was suggested to the quorum that a 16% increase in

retirement pensions and the advancement of a social pension⁷⁰ to cover the whole of the elderly population was necessary (based on an income criteria). With that suggestion the elderly peoples' movement was indicating that, despite the improvements in social insurance payments, their pensions were in need of further enhancement in order to keep pace with the increase in the cost of living.

In addition, the member of the House of Elders and labour movement veteran, Christofis Lasettas, added that it was of "a great importance that the government should proceed with the introduction of a new housing policy for older people with a special criteria for comfortable and healthy shelters" (Archives of the House of Elders, 1999: 13). Furthermore, for Lasettas it was critical that certain issues affecting pensioners should be resolved quickly by the state whilst extending the benefits from the social card,⁷¹ as well as increasing all retirement pensions and social insurance benefits. For those with a retirement pension based on the flat-rate scheme, Lasettas added that the government should pay them an extra amount from the Consolidated Fund of the Republic plus an Easter allowance paid to all pensioners. However, the Minister of Labour and Social Insurance made it clear to the House of Elders that it was impossible for the Fund to pay an extra fifteen million pounds just for an Easter Allowance (Archives of the House of Elders, 1999).

A year later, during the second annual summit of the House of Elders, the Minister of Labour and Social Insurance claimed that the social insurance scheme already provided a sense of security for every older citizen. However, he was contradicted by the president of the Social Welfare Committee of the House of Elders, Dr Antonis Protopapas, who claimed that retirement pension payments were too low and should be increased by at least £130 in order to follow both international and national economic standards (Archives of the House of Elders,

⁷⁰ The 'Social Pension' was implemented on the March 1, 1995 and its aim was to provide payment to individuals, including housewives, who were not entitled to a retirement pension after their retirement.

⁷¹ Social cards are provided to all persons having their permanent residence in Cyprus and who are over the age of 63 years, irrespective of whether or not they receive retirement pension. Also, it includes disability pensioners. The social card provides all card holders the opportunity to participate in cultural and other events and enjoy various benefits, including free transit on buses in urban and rural areas.

2000). That disagreement was an indication of the gap between the two sides in their understanding of, and approach to, retirement pensions.

During the opening of the third annual meeting of the House of Elders in 2001, the Minister of Labour and Social Insurance referred to the revision and upgrade of the existing social programmes and services to older people on a biannual basis (Archives of the House of Elders, 2001). To support his argument he made reference to the social card which had been introduced in January 2001 allowing older people “benefits and opportunities to participate in political and leisure events” (Archives of the House of Elders, 2001:7). Yet, Mr. Petros Paidonomos, a member of the House of Elders, refuting the Minister, stressed that “while all governments since the late Archbishop Makarios and Spyros Kyprianou, as well as President Vasileiou and the current government of Glaukos Klerides, have done a lot for older people, we still need a lot more” (Archives of the House of Elders, 2001: 28). Pursuing the argument Paidonomos added:

“Not much has been done for the Cypriot elderly. “Our share of the economic ‘disease’ that the state claims are the low retirement pension and the low public assistance from the Welfare Office. We live in solitude and deprivation, so, today, from the benches of the House we demand our voice to be heard. In the 21st century European pensioners live in comfort and during the winter time they fill the hotels in Cyprus and elsewhere. We live in solitude, the greatest punishment because loneliness is no different from prison. Our pensions are reduced. That is why today we claim an increase in allowances, retirement pensions and the introduction of an Easter allowance. Stop the fee of £1 for every visit to the hospital. There are older people who visit the hospital three or four days per week. Establish in each parish senior citizens centres which will provide the comforts of activities...” (Archives of the House of Elders, 2001: 29).

In a similar pattern, other members of the House of Elders argued for the need to increase payments for both retirement and social pensions. Demetrakis Kofteros pointed out that “old-age pensions according to actuarial studies are now 5.5% lower than they should have been” requesting that the issue be resolved soon (Archives of the House of Elders, 2001: 39).

Another member of the House of Elders, Mrs. Agathi Christodoulidou, expressed her concern that:

“My retirement pension is £133.30. Now, where did they find the extra 30 cents? I do not understand. Another thing; I was working...I contributed [to the social insurance fund]. Earlier, prior to joining the work-force, in 1979, I worked occasionally but they told me that I did not have to contribute to the social insurance fund because I was married. That was said to me. So I did not begin contributing earlier, before I got married in 1944. Now what? married, etc. I get this pension. Is it a fair pension? I think not. And we should not say ‘but her husband receives a pension so they should share.’ Certainly we have shared the weight of our whole life, why not share our pensions? But, since I have worked, the state has to offer me that pension in order to live in dignity. Most of us have children. Should we require or we give the opportunity for our children to give us [money] to live with dignity in this society since we honoured this society and we gave to it? I disagree. The society, the state should provide to us. The state takes our money, all governments took our money, and therefore the state should reward us. Thus, the pensions should go up. If you want dignity for these people then you should provide more pensions” (Archives of the House of Elders, 2001: 45-46).

The Minister of Labour and Social Insurance rebutted the arguments made by various speakers, pointing out that the government had increased, or was in the process of increasing, retirement pensions and other social insurance benefits. However, the 4th annual summit of the House of Elders (2002) admitted that a lot had been done for the older population of the island, yet not to the point that would completely satisfy the social needs of older Cypriots (Archives of the House of Elders, 2002).

In a similar fashion, Michael Panagi, as a member of the House of Elders, added that “it is a basic and fundamental right to ensure a comfortable and dignified living for older people” (Archives of the House of Elders, 2002: 64). The majority of the members of the House of Elders who spoke during the 4th annual meeting argued that retirement pensions should be increased by 8% and not 5.5% as the government was willing to do, in order for pensioners to reach a decent quality of life that would allow them to meet their basic needs (Archives of the House of Elders, 2001, 2002).

The comment of one member of the House of Elders, Andreas Antoniou, represents, perhaps, the persistent clash of views between the government and the House of Elders:

“We have achieved an increase from £35 to £50 or so, per month. The problem lies in implementing the decisions of this agreement. On July 1, the government,

as provided by law had increased the VAT from 10% to 13%. It also increased gasoline, oil, gas, cigarettes and, naturally, [because of all these increases] the prices of all goods have been increased. But, our pensioners are still waiting to get the agreed increases which are £35, £42 and £50 for every month for everyone, depending on the basic pension each social insurance pensioner receives. They told us not to worry about the pension increases and we will get them in December. And the question is: How are those thousands of pensioners—more than thirty thousand as I said earlier, going to live, by taking only a basic pension? Will those thousands of pensioners stop eating or dress up until December? It is our opinion that, immediately and without any further delay, the agreed increases should be given and if the government will invite an actuary, as it claims, it should do it concurrently. Unless, as a saying of my friend Kourtellarie says: [*‘Ο χορτάτος τον νηστικό δεν τον θωρεί’*] ‘the person who has had enough food cannot see the person who is hungry’” (Archives of the House of Elders, 2002: 84-85).

Despite the previous four years’ pressure from the House of Elders, during the 5th annual meeting the issue of low pensions was once again on the agenda indicating the absence of much common ground on the matter. One speaker, Savvas Misos, pointed out that, except for public servants, teachers and police officers, all the others, such as farmers, private sector employees and craft workers “receive starvation pensions” (Archives of the House of Elders, 2003: 78).

In addition, for the first time since its establishment, the House of Elders was informed of the introduction of the *National Action Plan for the Elderly*. The Action Plan was scheduled to be introduced in 2004 to address the needs and possible actions during 2004-2006 based on the *Madrid International Plan of Action on Ageing*. Following the *First World Assembly on Ageing*, which took place in 1982 in Vienna, the *Second Assembly on Ageing* took place in 2002 in Madrid to review the outcomes of the first Assembly (Ebrahim, 2002: 717). According to Protopapas, in an interview for this thesis (2010) “for me the preparation of the National Action Plan which had been prepared with our active participation is very important... This document [National Action Plan] covered in a very large part, the range of all the problems the elderly are facing.” However, as Protopapas (2010) pointed out in the same interview for this thesis, “unfortunately, its implementation is delayed, but a committee was created to monitor the implementation of the Action Plan... Besides the Ministry of Communications and Works which did a very remarkable study on the issue of access, bus transportation for elderly people, sidewalks, public buildings, etc...

the most serious issue is the Ministry of Health which delays applying some plans for the elderly...”

Yet, according to reports by the two committees of the House of Elders, the Committee for Health and the Welfare Committee, despite the above action plans and despite the commitments from the Ministers of Health and Labour, actions remained vague in the area of ageing in Cyprus. In particular, the argument remained that “an 8% increase in retirement pensions, the social pension and the introduction of an Easter allowance would reduce other problems older Cypriots were facing” (Archives of the House of Elders, 2004: 22).

Finally, as all of the annual meetings of the House of Elders indicate, a series of improvements towards the living conditions of older people did take place during those years. Yet, it was argued by the House of Elders that there was still a long way to go in order for Cypriot society to meet the needs of its elders (Archives of the House of Elders, 2003, 2004). Nevertheless, the elderly movement, through the House of Elders, continued its campaign for the improvement in living conditions, mainly through improved social insurance, because, as Michael Panagi (2010) pointed out, “it was the elderly people movement’s campaigns that put our country on the way of progress and prosperity”, adding that “EKYSY is the most massive movement of pensioners that works like a professional organization which is concerned specifically with the problems of pensioners and, as such, we are promoting their solution...and we have solved several serious problems pensioners were facing.”



Photo from the 5th annual meeting of the House of Elders at the House of Representatives, November 1st 2003 (Source: Pancyprian Council of Volunteerism).

It is at this point in the development of, and debates over social insurance for elderly people that Cyprus entered the European Union in 2004 as a full member as the following section will discuss.

8.4 Entry into European Union

As an EU member, Cyprus is functioning within a context where national social policies are increasingly determined by global economic competition and by the social policy of international organizations, such the European Union, the World Bank and the International Monetary Fund. Over 80 years earlier, while still under British Colonial Rule, Cyprus faced similar external economic pressures with the impact of the Great Depression (see Chapter 5). This time, however, Cyprus was facing similar pressures as an independent Republic. The implications for the future of social insurance for elderly people are every bit as challenging as faced previously.

The debate on pension reforms is paving the way, inter alia, for the elderly movement not only to demand higher pensions but, at the same time, to be

involved in the introduction of tougher legislation to manage the investment of the social insurance fund. The concern regarding the inequality among pensioners was expressed in a memorandum sent to the Minister of Labour and Social Insurance by EKYSY, pointing out that, “despite the increments unfortunately, there are, still, low pension payments, therefore, a study should take place aiming for the increase of minimum pensions in order to secure a decent quality of living for older people” and that the struggle towards an improvement in living conditions for pensioners “would continue” (Syntaxiouhos, 2004b: 47; Syntaxiouhos, 2005a: 4).

In the new environment, characterized by economic crisis and demographic ageing, concerns grew as to the future of social insurance. During various meetings, and in anticipation of an actuarial study which would indicate the strength of the fund, all social partners were anxious to find a way to protect it from collapsing (Ministry of Labour and Social Insurance, 2007). In response, EKYSY pointed out that although any efforts to protect social insurance were appreciated, under no circumstances should pensioners be allowed to fall below the poverty line (Syntaxiouhos, 2007).

In the midst of these discussions it was noted that minimum retirement pensions had been increased by 53 times since their initial payment in 1960 (£5.70) and had reached €300 (£175) per month for the minimum pension and 39 times for the maximum pension (£5.20) and had reached €353 (£206) per month by 2008 (Syntaxiouhos, 2008a: 10). Yet, as EKYSY General Secretary, Kostas Skarparis, pointed out in an interview for this study: “under the guidance of EKYSY and the labour movement of PEO in general Cypriot pensioners managed to radically change the living conditions and the quality of life of elderly people” (2006). However, in a follow-up interview, Skarparis noted that “regardless of the positive outcome... we are still facing various problems, such as the Easter allowance and the thousands of pensioners who live below the poverty line” (Skarparis, 2008). In a remarkable way, the election of Demetris Christofias to the presidency of Cyprus in February 2008 marked a shift by the elderly movement from a demand for more benefits to the expression of satisfaction for their benefits

and a more tolerant position regarding their demands. The evolution of social insurance continued during the following years (2010, 2011, 2012) with the basic payments of social insurance increased in 2010 by 5.29% to €330.93 per month for the minimum pension payment; in 2011 to €340.78 and in 2012 to €348.60, an amount that still did not manage to lift all pensioners above the poverty line (Syntaxiouhos, 2010a, 2011b, 20012a, 2013a; Archives of the Ministry of Labour and Social Insurance, 2010; Soteriou, 2011). In an interview for this study, EKYSY Larnaca District General Secretary George Soteriou stated that “by December 2011 the retirement pensions had been increased by a total of 30% since January 2008” (Soteriou, 2011).

In addition, having regard to its sustainability and the result of actuarial studies and discussions between the social partners, the House of Representatives approved a law for the amendment of social insurance to address the challenges ahead, especially in regards to demographic ageing. According to the new amendment, the tripartite contribution would be increased from 16.6% to 17.9% (6.8% from employees, 6.8% from employers, 4.3% from the state) (Syntaxiouhos, 2009b: 12; Archives of the Ministry of Labour and Social Insurance, 2009: 14; Soteriou, 2011). The key measure is the escalation of contributions by 1.3% every five years (0.5 from employees, 0.5 from employers and 0.3 from the state) from January 1, 2009 to January 1, 2039 (seven increases for an overall increase of 9.1%). In addition, a recent actuarial study carried out by the Ministry of Labour and Social Insurance and evaluated by the International Labour Office and the Ageing Working Group at the EU Economic Policy Committee, confirmed that the social insurance fund could maintain its sustainability until 2060 (Phileleftheros, 2013: 1; Kathimerini, 2013:1).

Furthermore, it is important to mention the recent application, in 2012, of the Cyprus government for financial support from Troika (International Monetary Fund, European Central Bank, European Commission) as a result of the economic crisis that affected the country in 2010. This development has significantly affected the Cyprus economy and indeed the elderly population itself since various social insurance benefits (i.e. free bus transportation, free medical care, social card, Easter

allowance, supplementary allowance) have been terminated or diminished as part of the agreement with Troika for austerity measures to combat the economic recess.

8.5 Summary

This chapter has demonstrated how the social insurance scheme faced various challenges up to 2004. However, although the amendments of 1980 were characterized as the most significant thus far, older Cypriots took a less positive view. Their exclusion from the proportional element of the scheme kept their retirement pensions at a low level compared to those in the proportional, earnings-related scheme, causing the elderly movement to initiate a series of campaigns to improve their pensions, especially the introduction of a 13th pension which was finally introduced three years later, in 1983, and which alleviated the most challenging living conditions for older Cypriots.

In addition, although the annual reports of the Ministry of Labour and Social Insurance show a gradual increase in pensions, the minutes of the House of Elders from 1999 until 2004 indicate the demands of older Cypriots for an increase in their pensions.

Six major points have emerged from this chapter:

- 1. Post-war impact on social insurance.** One impact of the Turkish invasion, especially with increased demands for unemployment benefits, led to a concomitant reduction in contributions to the social insurance fund. This sudden decrease in contributions, with the immediate need for payments, placed significant pressure on the scheme threatening its very sustainability.
- 2. Response of the state to the consequences of the war.** The events of 1974 in Cyprus highlighted the absence of social protection mechanisms to deal with extreme conditions such as major disasters. Although Cyprus had little experience of social protection, immediately after the Turkish invasion the state organized, albeit in a rudimentary fashion, a welfare system for the protection of vulnerable groups, particularly older people, by constructing nursing homes and introducing

various welfare programmes. This situation can be linked to the context of the post-World War II development of the welfare state.

3. Introduction of the earnings-related scheme. The rapid recovery of the economy allowed the state and the labour movement to resume the discussion on amending the system of social insurance. Six years after the Turkish invasion, the earnings-related social insurance scheme became a reality. The introduction, in 1980, of the earnings-related system contributed significantly to the improvement of the quality of life of thousands of workers and their families.

4. Two-tier system of benefits. The vast majority of pensioners and those who followed in the following years, contributed to the previous flat-rate system excluding them from the benefits of the new earnings-related scheme. The continued presence of flat-rate and earnings-related schemes led the elderly movement to exert more pressure on the government in order to bring them closer to the beneficiaries of the earnings-related system. As a result of their effort, the 13th pension was established in 1983, paid every December to all pensioners. It is interesting to note the paradox of that situation, since many people who had campaigned for the change, such as Pantelis Varnava and Andreas Fantis, were excluded from the earnings-related scheme as they remained under the flat-rate scheme provisions.

5. Establishment of the House of Elders. 1999 marked the consolidation of all organizations representing elderly Cypriots under the umbrella of the House of Elders. As a pressure/interest group the House of Elders can be seen as an advocate for older Cypriots placing a host of important issues on the annual agendas of the House.

6. Entrance of Cyprus into the European Union. The year of 2004 marked the accession of Cyprus to the European Union. The significance of this accession lies in the obligation of Cyprus to follow the rules and guidelines negotiated and adopted by European Institutions. This means that, to a certain degree, the

autonomy and independence of Cyprus in terms of decision making is connected with regulations laid down primarily in Brussels.

Chapter 9

Conclusion

9.1 Introduction

The primary objective of this thesis has been to contribute towards the understanding of the way social insurance and, in particular, pensions evolved in Cyprus, from the arrival of the British colonial forces in 1878 until 2004 when Cyprus joined the European Union. This thesis historically examined the development of the Cypriot welfare state and aimed to place Cyprus as a case study within the literature of welfare state developments. Surprisingly, while social insurance is considered to be a well-known policy measure to workers and pensioners in Cyprus today, the social aspects of its genesis and growth had remained under-explored. The exploratory character of this study followed, for the first time in Cyprus, the historical and political emergence of social insurance as a dynamic and continuing social phenomenon.

In connection with the theoretical framework of this thesis, and following the work of Gough, Korpi and Saville, the thesis attempted to bring to the surface the broader social and cultural developments, challenges and changes that relate to the very existence of social insurance but within the parameters of its historical evolution. Although the thesis has discussed the broad account of benefits that derive from the social insurance scheme, its main focus has remained on retirement pensions as a way of exploring the quality of life of older people before and after the introduction of the scheme. Social insurance can play a crucial role in supporting the welfare of the population and especially older people, particularly when no other source of income is available to them.

The thesis addressed key questions structured around five time-periods centred on critical historical, political, social and economic events in the history of Cyprus. In attempting to answer the key questions within these time-periods the focus was upon three main factors -the impact of British colonial rule, the role of the Cypriot labour movement and the emergence of specific groups to promote the interests of

elderly people. Evidence was collected from two main forms of documentary research - an original analysis of archive material alongside published commentaries which was supported by interviews with key participants involved in the politics of social insurance and social movements for elderly people.

The next section summarises the main findings of the study of the genesis and role of social insurance as a major part of the welfare state at the same time identifying the gaps which this thesis has attempted to fill.

9.2 Empirical Findings

With the main aim of this thesis being to explore, highlight and illustrate the historical evolution of social insurance in Cyprus from 1878 until 2004, its findings reveal previously unknown and certainly underexplored elements of this story. More specifically, this thesis has found and illustrated that social insurance in Cyprus was the outcome of constant and persistent campaigns from social movements which resonates with the literature on social movements and their role in social change (Bottomore, 1979; Tilly, 1984; Giddens, 1989; Tarrow, 1994). In doing so, the thesis demonstrated that in contrast with the available literature on welfare state development, the labour movement was not able to channel its demands through political representation as Korpi or Esping-Andersen would have suggested. Instead of the 'democratic class struggle', in Cyprus the labour movement had to encounter additional opposition, i.e. the role of the Church, the local elite, the employers and finally the British colonial forces.

Further to the main points that were analysed in each one of the empirical chapters, the four crucial dimensions for analysis that were identified early in the thesis are summarized here.

- 1) Policy drivers: What were the ideological debates behind the evolution of a social insurance scheme in Cyprus? Who were the significant players and why? What role did the colonial government play in its evolution? What was the political rationale for its early design and subsequent

amendments? What role did the labour movement play? What role did the elderly peoples' movement play in its evolution?

The first dimension aimed to explore the key actors and policy drivers that institutionalized social insurance in Cyprus. In accordance with the available literature on welfare state development, the focus of this research was on the role of the labour movement, employers, the Church but also, given the context of this case, the role of British colonialism. From the empirical evidence presented (see Chapters 4-6), the thesis demonstrated that the Cypriot labour movement which was heavily influenced by communist ideology, encountered strong opposition from the Church, the local elite and the employers who all opposed any change in working conditions. Additionally, the colonial administration was concerned only about pension provision to civil servants, such as court judges, police officers and district officials, leaving the general population to live in poor conditions. Interestingly, Cyprus was not unique in this respect since such an approach to welfare systems could be found throughout the colonies, and when the colonial state did provide for social security this was meant essentially for the white settler community and only after social movement campaigns (Kaseke, 2004: 2; Baldwin, 1910; Eckert, 2004; Seekings, 2006; Paradis, 2006).

In essence, the actual purpose of British colonialism was essentially the exploitation of natural resources (Marshall, 2001; Newsinger, 2013; Hobsbawm, 1987) rather than the well-being of the indigenous population. At the heart of the British strategy was the plan to value colonies for trade (Levine, 2013) and not through the creation or modernization of industries. That situation did not allow the growth of industrial working class but more importantly it meant that the integration of Cyprus in the world economy was heavily dependent on trade and services. Therefore, this study verifies the findings of the existing research on the role of the British colonial forces throughout the colonies. However, this does not mean that all social contexts are similar.

While the opposition of employers and the Church to the demands of the labour movement is well documented within the literature of welfare state development,

few studies have explored the agitations of the labour movement's campaign for social insurance within conditions of capitalism and imperialism. These were the key actors in the evolution of social insurance in Cyprus with the colonial government to play the most powerful and leading role against the labour movement and its demand.

Taking into consideration that employers, the Church and the British colonial rulers were against the introduction of social insurance, the thesis identified that the key policy driver was the collective action in the form of class mobilization of the Cypriot labouring class that set the foundations for the establishment of the welfare state in Cyprus. The discussion on the various strikes that occurred in Cyprus during the critical years of the campaign of the labour movement for better working, living conditions and social insurance is in line with the literature on class mobilizations in the form of collective action such as strikes, marches, etc. which is also related to the development of the welfare state in other European states (Saville, 1957; Lavalette and Mooney, 2000). It was under this particular political pressure that the employers realised that their reaction to the emerging radicalisation of the working class should aim to appease both the demands of the working class as well as retain their political and economic domination (Esping-Andersen, et al. 1976: 74; Jones and Novak, 1980 in Corrigan, 1980). Nevertheless, the extremely poor social and working environment in Cyprus, along with the massive and very active labour movement, are accountable for the development of social insurance on the island, a major victory for the working people of Cyprus. To paraphrase Korpi (1983), the development of the social insurance in Cyprus was not the result of the 'democratic class struggle' per se but the result of the 'labour movement struggle' within a context of colonialism.

- 2) Models of social insurance: Why did the early models of social insurance include and exclude certain groups? What drivers influenced the adoption of the various approaches? Were others considered? To what extent did the social and working conditions of Cypriots influence the development of the scheme?

The adoption of the 1956 social insurance scheme demonstrates what Baldwin (1910) and Esping-Andersen (1985; 1990) highlighted as the importance of class alliances for developing a universal and more comprehensive welfare state. The introduction of the scheme and the decision of the government that the initial budget of the scheme could not cover the whole population resulted in the exclusion of certain population groups. Rather interestingly, the scheme did not differentiate among employees but instead adopted, to some extent, a Beveridge-like plan of flat-rate payments. Although someone might question the exclusion of agricultural workers and the self-employed from social insurance as it was initially introduced, the literature indicates that the focus in such cases is often placed on strategic industries first. The strategic industries in Cyprus were the mining and construction industries since they were the ones who employed the majority of the working people. On the other hand, the conservative attitude of the agricultural population did not allow it to acknowledge the significance of social insurance, placing its interest on their land rather than their future retirement which was considered a family responsibility. Essentially, in contrast to the Nordic countries and the development of cross-class alliances, the Cypriot labour movement was not able to extend its demands to cover rural workers or the self-employed, with the latter abiding to more conservative agendas and unwilling to contribute to the original social insurance scheme due to the unpredictable nature of their working environment.

- 3) Implementation and Evolution: To what extent did the model of social insurance change over the years? Was the final model a triumph of expediency?

Although social insurance was considered a major victory for the labour movement, its flat-rate character and the exclusion of certain population groups were considered as its major deficiency. Older people that lacked the necessary resources to maintain their living standards had to rely on their family members for assistance and protection. Effectively, the lack of adequate old-age support rendered the family the first de-commodification agent (Papadopoulos and Roumpakis, 2013). While the issue of a comprehensive coverage in order to

include farmers and the self-employed was resolved four years after the island was offered its independence, mainly because of the constant pressure from the labour movement, the flat-rate form of the scheme was maintained until 1980, mainly because of the reluctance of the state to promote an earnings-related scheme. Therefore, until 1980, there was remarkable path dependence in terms of the development of the social insurance scheme.

The events of the 1974 war had an impact on the social insurance system and could be realised as a 'critical juncture', as within a very short period of time, the thousands of workers who lost their jobs could not keep contributing to the social insurance fund. At the same time, however, thousands of the unemployed and pensioners needed support from the fund, either through unemployment benefits or retirement pensions. That imbalance created enormous pressure on the system and brought it to the brink of collapse. At the same time, however, it illustrated the importance of social insurance which managed to safeguard thousands of workers and pensioners from the risk of falling into abject poverty following the war.

The preoccupation of political parties with the consequences of the 1974 war did not leave much room for political intervention, letting the elderly people's movement, as evidenced through the formation of EKYSY, to lead the campaign for equal treatment of pensioners. Also, the thesis demonstrates that contrary to any views that place older people in a context of an interest group which will prioritise its own interests and therefore veto any attempt to introduce cutbacks in pension benefits, the way the Cypriot elderly movement acted provides us with a different story. The elderly movement exhibited strong ties with the Cypriot labour movement and as demonstrated in chapters 7 and 8 in many cases they shared common goals, such as the issue of social insurance provisions. Evidently, throughout its history the Cypriot elderly movement has managed to earn several benefits for older Cypriots within the context of social insurance through its constant campaigns which in many cases can be characterized by dynamic and unprecedented mobilizations. Interestingly their campaign was not aiming to isolate pensioners as the only group of beneficiaries but instead aimed to provide

an encompassing range of reforms that will accommodate the demands of the labour movement on various issues, such as adequate retirement pensions, accessible health care and housing led to the development of a strong and active movement. The geographical, social and political context within which the Cypriot elderly movement evolved was not indifferent to the development of the labour movement and therefore in the Cypriot case, the older people's movement is not to be treated as one interest group among others but, as a social actor rooted within the historical development of the Cypriot labour movement. Therefore, the thesis argues in favour of realising actors not as 'isolated' interest groups but, instead within the broader socio-economic conditions of economic exploitation within capitalism.

The following years were accompanied with attempts to revitalize the economy and the social insurance scheme. This development is not different to what occurred in Europe after the end of World War II (Novak, 1988; Wedderburn, 1965 in Milliband and Saville, 1965) that prescribed the welfare state as an intrinsic part of capitalism's post-war class settlement (1945-1975), that was characterized by prosperity, equality and full employment. While on the one hand, the international context of economic growth allowed a settlement between capital and labour that led capitalist economies to an unprecedented steady economic growth, in the case of Cyprus, this 'Golden Age of the Welfare State' was also marked by the 1974 war and the division of the island.

The introduction, in 1980, of the earnings-related system contributed significantly to the improvement in the quality of life of thousands of workers and their families. The vast majority of pensioners and those who followed in subsequent years, contributed to the previous flat-rate system excluding them from the benefits of the new earnings-related scheme. The continued presence of flat-rate and earnings-related schemes led the elderly movement to exert more pressure on the government in order to bring them closer to the beneficiaries of the earnings-related system. As a result of their effort, the 13th pension was established in 1983, paid every December to all pensioners.

- 4) Impact and Lessons: What effect did the implementation of the evolving scheme have on the people of Cyprus? To what extent did it remove the fear of ageing, unemployment and old age? Can the scheme survive in its current form?

Despite the deficiencies of social insurance, its implementation and evolution can only be characterized as a major victory of the working people of Cyprus. It managed to pull out of poverty thousands of people and eliminate destitution among elderly people. At the same time, it created a safety net for the unemployed and other population groups, such as widows and orphans who otherwise would end up depending on family support or charities.

Further to the above analysis and reflecting on the theoretical framework of this thesis, the following discussion will focus on the three principal research questions; 1) to examine the social and political conditions that shaped the claim for social insurance, 2) how, and in what ways, did socio-political and economic circumstances influence the system of social insurance in Cyprus and 3) the roles of the labour and the elderly people's movements and in what ways they influenced the evolution and development of social insurance.

The social and political conditions that shaped the claim for social insurance in Cyprus cannot be disconnected from existing theories but neither from the unique context of the Cypriot case. For instance, with regard to the social and political conditions that shaped the claim for social insurance in Cyprus, this thesis found that the campaign for social insurance was predominantly a result of class mobilization and class unity, through the organised activities of the labour movement and its campaign for social reform essentially through the introduction of social insurance. This working class mobilization was a response to the persistent exploitation from heavy taxation, unemployment, lack of retirement pensions and other social insurance benefits, as well as poor working and living conditions that existed in Cyprus. However, that working and living environment should be understood initially from a colonial context whereby colonial

authorities were exercising power over their colonies in order to exercise control over them.

As Cyprus was valued only for trade and not for any modernization through the development of its industry, the social and political conditions favoured by the ruling class including the colonial authorities, the local elite and employers was to exercise and apply power over the people of Cyprus. Even the Legislative Council, which was comprised of Cypriots, but controlled by the British, did not make any attempts to promote the improvement of the working and living conditions on the island. Similarly, the Church of Cyprus maintained a hostile approach to the labour movement, mainly because of its ideological views, which it saw as a threat to its dominant position. On the other hand, the Cypriot family which was held responsible for the welfare of its members, including its elders, was unable to carry such a burden, mainly because of poverty due to extremely low wages and the lack of jobs. As a result of the challenging social and political conditions the working people gradually began to raise the issue of social insurance as the only way out of such poor working and living conditions.

With regards to the ways that socio-political and economic circumstances influenced the system of social insurance in Cyprus these can be examined within the context of the colonial and post-colonial environments. This thesis found that the emergence of the working class eventually led the state and the employers to step back from their negative stance over social insurance. Had not the labour movement gone against the existing social order, the established system of social insurance would probably not have been introduced. Furthermore, the roles of the labour and the elderly people's movements and the way they influenced the development of social insurance were crucial to the evolution of the scheme. As the leaders of the labour movement stated soon after the introduction of social insurance, the new scheme should be considered as a victory and the result of the enduring efforts by the labour movement for over thirty years. The same could characterize the introduction of the 13th pension and other benefits for older Cypriots, which came about because of the campaigns by the elderly people's movement.

Overall, the study has two main sets of contributions. The first focuses on questions of welfare state development and reflects on the ability of the existing welfare state approaches in explaining the development of Cypriot welfare state. The second contribution is a methodological one as it involves the use of archive material and published commentaries for the appreciation of previously unknown and sparsely researched elements of the development and evolution of the Cypriot social insurance system. From the evidence collected, it was evident that British colonial forces should not be fully accountable for the reluctance to introduce a social insurance system in Cyprus, or for the various weaknesses the scheme had in its early years (which was a commonly posited argument found in both historical and social policy accounts). The argument that this thesis puts forward is supported by the evidence collected as the evolution of the social insurance scheme, along with the embryonic welfare state, also faced significant challenges from other actors, such as the local elite, employers and the Church both during the colonial years as well as the post-colonial years but mainly from the government itself. For example, in the post-colonial era the Cypriot government resisted the pressure of the labour movement and, latterly, of the elderly people's movement towards the improvement of the scheme, especially its flat-rate character and the exclusion of various population groups from the scheme.

Moreover, the evidence collected also allowed the conventional perception that social insurance in Cyprus was a top-down initiative of the local elite and British rulers to tame social unrest to be questioned. Instead the findings of this thesis regard that instead it was a reaction from below and in particular from the labour movement, as a response to the absence or weakness of the welfare state to create or maintain a social safety net for workers and the older population. It could also be seen that the very nature of social insurance itself was a precondition for the social welfare of people by providing an opportunity to enjoy a variety of benefits within a framework of a safety net against various life circumstances.

Clearly, the study argues that it was the mobilization of workers in Cyprus that gradually led the British colonial administration to introduce legislation for social insurance in 1956. Moreover, the study found that the continual inaction of the

state (from the colonial era through to modern times) to support workers and pensioners contributed to the gradual development and strengthening of social movements in Cyprus, as demonstrated by protests, such as strikes and intensive lobbying (Tarrow, 2011). It is a central argument of this thesis that social insurance in Cyprus is a reactionary response to appease the labour movement's struggle and constant campaigns. However, its following expansion was marked by the 1974 war and the attempt to restore social cohesion and political stability.

The following discussion offers a more detailed understanding of the genesis and the role of social insurance.

9.2.1 Social Insurance - genesis and role

Although it can be argued that the social insurance system is a 'state' creation, the findings of this research suggest the opposite. Social insurance in Cyprus was the outcome of constant and persistent campaigns from social movements (Bottomore, 1979; Tilly, 1984; Giddens, 1989; Tarrow, 1994). As Chapters Five and Six indicate, it was the mobilization of workers in Cyprus that gradually led the British colonial administration to introduce legislation for social insurance in 1956 and as Chapters Seven and Eight reveal, during the post-colonial years the labour and elderly people's movements encouraged several Cypriot governments to proceed to implement various improvements to the scheme.

Claims can be made that social insurance in Cyprus is a precondition for the social welfare of people to enjoy a variety of benefits within a framework of a social safety net against various life circumstances, such as unemployment, labour accidents and old age. This study supports the view that the welfare of society is inextricably linked to the existence of a social insurance system as a support mechanism for people to avoid losing their social status, dignity and self-respect (Bickenbach and Cieza, 2011). As earlier chapters showed, the absence or even inadequacy of a social safety net for the population can very easily lead thousands of people into abject poverty, as was the case in Cyprus. Remarkably, the family assumed great responsibility in meeting the welfare demands of its members and

despite recent growth in social spending, it continues to play a key role in terms of welfare provision.

Simultaneously, the funding (earnings-related) and the payments (flat-rate) of the social insurance system continue to hold thousands of pensioners dependent on the benevolence of government. Additionally, the risks increase when a system is fragmented with various residual allowances and grants based on the strength of the national economy as opposed to a social insurance fund which has a more permanent character.

9.2.2 Filling the gaps

The primary objective of this thesis was to explore the way social insurance evolved and the social and political forces that led Cypriots to design it in the way they did. In addition, the three methodological approaches - two forms of documentary research, archive material and published commentaries, supported by interviews with key observers and participants from the Cypriot social and political arena - offered a new and original exploratory study of the evolution of social insurance in Cyprus. The use of these approaches for a social policy study has revealed a huge amount of previously unknown archival material enriched by the experiences and voices of activists involved in the social insurance and elderly people's movement struggles.

This study has also been able to fill the gaps in the local literature that were identified at the beginning of this thesis regarding two areas of research, i.e. the development of social insurance over the years and the lack of a comprehensive study specifically aimed at the elderly population of Cyprus.. By filling those gaps this thesis has provided a history of social insurance in Cyprus that has not been previously explored or given little attention to. In addition, this thesis provides evidence how Cyprus as a case within the literature of welfare state development confirms the importance of the labour movement and also highlights the importance of a neglected - at least in the mainstream theory of welfare development - role, that of British colonialism.

Furthermore, by adopting an historical analysis, the thesis has attempted to make a connection with the social and living conditions of the general population, with particular attention to older people and the scope of any social support mechanisms open to them. The thesis has also pointed out the essential nature of social insurance to older people and how it plays a vital role in supporting their welfare, especially in those cases where no other income is available to them.

Exploring the evolution of social insurance through this time-period, one can observe and understand why and how it allows older people to avoid poverty and social marginalization. Although this particular issue was implied by various researchers (Stampolis, 1963; Graikos, 1991; Sparsis, 1999) their focus was rather on the labour movement and its struggles for better working conditions for workers. The focus of this thesis on the evolution of social insurance, but with particular reference to the older population of Cyprus has illustrated how challenging the living conditions for this particular population group were. It is also notable that no other similar research has focused on the elderly population and its needs especially through such a long time-frame. This account's originality lies in its focus on social movements and their critical role, during both the colonial and post-colonial periods as they struggled to develop and refine the scheme, a theme which has received scant scholarly attention in the Cypriot literature.

9.3 Limitations of Study

One of the common limitations researchers face is that of getting either a great amount of data which might not be useful for the aims of their analysis, or not getting enough satisfactory data. This thesis faced similar dilemmas in locating and identifying the most suitable information. The main reason for this was the character nature of the study. First of all, it has examined a long chronological period in which data related to the population group under scrutiny either did not exist at all, or was very limited and not directly associated with older people and their living conditions. Secondly, all the available studies related to the system of social insurance in Cyprus approached the matter either from an economic or

political perspective as opposed to this study which has approached the issue primarily from a social history perspective.

This has been a challenge since the available information was limited, especially for the period before the emergence of the labour movement, i.e. from the arrival of the British in 1878 until the early 1920s. Another important limitation was the fact that the vast majority of key persons are deceased, a situation that led to a documentary study in order to reveal the most important and useful data. The absence of people who played a valuable role in the first stages of the evolution of social insurance in Cyprus, especially in the early years, created difficulties in that it was not always possible to triangulate much of the collected data.

In addition, the fact that this thesis has focused on the historical evolution of social insurance, with special reference to older people and their living and social conditions has created a difficulty as to the identification and location of all the appropriate data. Also, related information in the public domain was almost non-existent, so I had to thoroughly explore various possible sources of information as described in Chapter Three.

As a result of these limitations an issue about the credibility of the available published sources raised concerns but that was resolved by the intersection of different sources of information, through the use of archives, published commentaries and interviews, which allowed the thesis to maintain its consistency and legitimacy. The effort made to obtain the necessary and appropriate information was to answer questions about the historical evolution of the social insurance system rather than answering questions to known issues.

9.4 Research Agendas

Quite often in reaching the end of a research project further questions are inevitably raised. The outcomes may point to new areas for further exploration or even to the need for establishing a new hypothesis. As this thesis is the first of its kind to study the evolution of Cypriot social insurance more questions inevitably arise. For instance, it is important to better understand the significance of social

insurance as a social support mechanism as opposed to the simple economic aspects in relation to vulnerable groups of the population like elderly people. Another issue to explore is the viability of a social insurance fund that does not adversely affect workers by increasing the retirement age or for the fixed allowances which so blighted the lives of elderly people. It is important that any new research looks into further developments from 2004 onwards, as well as the meaning of social insurance in the new socio-economic environment currently being faced and to plan for the future through further analyses of social policies.

The social aspects of social insurance should not be ignored by studies, as some actuarial reports are inclined to do, but should take into consideration how people might be affected by any changes to social insurance. For example, this research leaves unanswered questions such as to what extent the economic crisis of 2010 affected Cyprus and what measures were taken to address pension funds in relation to an ageing population? What permanent measures could be taken in order to lift many pensioners from poverty or from the risk of poverty once and for all? How might the state react to any deficiencies in the social insurance fund if Troika insists on measures which might weaken the social insurance fund? What would be the social circumstances of the thousands of older Cypriots if the social insurance scheme is unable to protect them in the future?

Another vital issue that could be taken into consideration by future researchers is the work of the core writers mentioned in the introduction and elsewhere in the thesis. Their work illuminates several aspects of the story of social insurance in Cyprus and their ideas and views are valuable to any researcher. Furthermore, any future research might consider a comparative study with other countries in the South-Eastern Mediterranean region as well as ex-British colonies. Such a comparative study would allow researchers to examine the influence on their welfare states by various actors, as well as events.

9.5 Concluding Comment

The significance of this study lies in the fact that no other in-depth study existed, thereby hiding in the “dustbin” of history such a rich and vital story of the people

of Cyprus. Regardless of the obstacles met in the process of constructing this thesis, the curiosity and desire to explore this particular topic, especially when knowing that very little attention had been given to it, was very strong and led me to discover previously unseen and unrecorded information.

By studying the historical evolution of the social insurance system in Cyprus one can acknowledge that this journey was not an easy one and was not the result of any compassionate welfare state but that the journey had serious obstacles and challenges, conflicts and antagonisms. However, the outcome of that grassroots journey has made it possible for Cypriots to enjoy a variety of social insurance benefits, including retirement pensions, which have lifted a significant portion of the local population from abject poverty.

By paraphrasing the words of George Orwell (from 1984 - Chapter 3) - "Who controls the past, controls the future: who controls the present, controls the past" it is more vital than ever to study the past so that one can handle the future and by controlling the present to avoid returning to the challenging social conditions of the past. I hope this work is one more entry to the past and assists the path to the future as another lighthouse of knowledge to help guide future researchers and policy makers towards a modern, fair and sustainable system of social insurance in Cyprus.

APPENDICES

Appendix 1

The Elderly Population - numbers and percentage of Cypriot population

Cyprus Population aged 65 years and over

Year	Total population	Population of people 65+	% of people 65+
1881	186,173	10,798	5.8
1891	209,286	9,208	4.4
1901	237,022	9,954	4.2
1911	274,108	12,060	4.4
1921	310,715	13,050	4.2
1931	347,959	16,702	4.8
1946	450,114	26,106	5.8
1960	573,566	36,708	6.4
1973	631,778	60,018	9.5
1976	497,879	50,285	10.1
1982	522,845	56,467	10.8
1992	615,013	67,651	11.0
2001	703,529	82,313	11.7
2011	856,960	113,976	13.3

Notes: Up to 1960 the data refer to the de facto population, but thereafter to the de jure.
Figures after 1974 refer to the Government controlled area.

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Appendix 2

Timeline of major events

1878
Arrival of the British
1914
The British assume <i>de jure</i> power on Cyprus
1925
Cyprus proclaimed a British Crown Colony
1931
<i>Octovriana</i> (subversive activity) – the era of <i>Palmerocracy</i> (dissident voices)
1932
The colonial authorities permit the registration of trade unions
1933
The first wave of strikes for better working and living conditions
1944
The second wave of strikes
1948
The most intense and extensive strikes of the labour movement at that time
1951
The first study on the introduction of social insurance
1952
The establishment of the Welfare Department and provision of Public Assistance Aid
1954
A further major study on the introduction and likely impact of social insurance legislation
1956
The establishment of social insurance under <i>The Social Insurance Law, 1956</i>

1957
The implementation of the 1956 legislation as a flat-rate scheme
1960
The establishment of the Republic of Cyprus
1964
The first major amendment of social insurance
1973
The establishment of the first organisation for the rights of the elderly – EKYSY
1974
Military coup and Turkish invasion and occupation of 37% of Cyprus
1975
Freezing of social insurance benefits to help save the national economy
1977
What is called ‘the economic miracle’
1980
The second major amendment of social insurance and the introduction of an earnings-related scheme
1983
The introduction of the 13th pension
1999
The House of Elders established
2004
Accession of Cyprus to the European Union

Appendix 3

Invitation Letter⁷²

Invitation to participate in Research on “An account of the history of the development of the social insurance scheme of Cyprus 1878-2004 with particular reference to older people.”

Gregory Neocleous
6, Yianni Kapitani St.
2024, Strovolos
Nicosia

Dear Mr/Mrs/Dr,.....

My name is Gregory Neocleous and I am inviting you to participate in an interview carried out for my PhD thesis.

The aim of this study is to examine and analyse in detail the genesis of the social insurance scheme in Cyprus with the intention of discovering how it evolved and who the key players were.

The study examines the extent to which various governments from the British through to independence contributed to its development and in what way. Furthermore, this study explores the history of the development of the social insurance scheme in Cyprus from 1878 to 2004 with particular reference to elderly people.

The interview will last for about 1 ½ hours and will consist of several open ended questions.

⁷² translated into English as original form was written in Greek.

I consider you as a very important person whose contribution to the evolution of social insurance in Cyprus was very significant.

Your participation to my research through an interview would be an honor to me as it will provide me with important information for your role in the evolution of social insurance, as well as your organization's role.

Thank you.

Yours sincerely,

Gregory Neocleous

Appendix 4

Interview Consent Form⁷³

Consent Form

I consent to participate voluntarily in an interview for the research project on “An account of the history of the development of the social insurance scheme of Cyprus 1878-2004 with particular reference to older people” carried out by Gregory Neocleous.

I give my permission for the interview to be tape recorded and I understand that I may request a copy of the tape recording and the interview transcript of the interview.

I understand that the interview is confidential and the transcript and tapes will not be seen or used by anyone other than Gregory Neocleous.

I also understand that I have the right to withdraw from the interview at any time and to request that any data generated will be destroyed.

I have read the foregoing information, or it has been read to me. I have had the opportunity to ask questions about it and any questions I have been asked have been answered to my satisfaction. I consent voluntarily to be a participant in this study.

Signed (interviewee)..... Date.....

I confirm that the participant was given an opportunity to ask questions about the study, and all the questions asked by the participant have been answered correctly and to the best of my ability. I confirm that the individual has not been coerced into giving consent, and the consent has been given freely and voluntarily.

Signed (researcher).....

⁷³ translated into English as original form was written in Greek.

Appendix 5

Interview Topic Guide⁷⁴

Interview Topic Guide

1. What was the quality of life for those people, who could not, for any reason, work anymore in the beginning of the 20th century and until the 1960?
2. What were the life conditions for elderly people in the beginning of the 20th century until the 1960?
3. How was the quality of life for elderly in the 1960s?
4. Who was responsible for their care?
5. What was the general feeling about the implementation of the social insurance system in 1957?
6. Did social insurance during the period 1957-1980 protect the elderly from poverty?
7. Who was responsible for elderly (who used to be farmers or self-employed) who were not eligible for old age pension?
8. What was the role of the Social Welfare Services Department?
9. What led to the modification of the social insurance system in 1980?
10. What was the form of the new social insurance system after 1980?

⁷⁴ Translated into English as original form was written in Greek.

11. Could the first social insurance scheme protect the elderly people?
12. Were the social insurance benefits adequate in order to protect the elderly?
13. What were the reasons that led to the establishment of the House of Elders?
14. What is the role of the House of Elders?
15. Has the House of Elders influenced the quality of living of older people?
16. What is the role of the House of Elders in relation to retirement pension and other social benefits?
17. What is the role of the House of Elders in relation to age discrimination against older people?
18. What were the reasons that led to the establishment of EKYSY?
19. What was the position of older people in Cyprus society before the establishment of EKYSY?
20. What were the needs of older people prior the establishment of EKYSY?
21. What was the level of pensions, as well as the quality of living before and after the introduction of the earnings-related social insurance scheme?
22. To what extent retirement pensions protected older people and avoid or escape from poverty?

Appendix 6

Process of Passing Laws⁷⁵

Role of The House of Representatives –paraphrased from Giorgos Charalambous⁷⁶

The Cypriot House has the following legislative functions, enshrined in the Constitution. Firstly, it legislates, through the introduction, consideration and passing of bills. Secondly, it votes on the budget and approves the budgetary assessment. Thirdly, it can revise the non-foundational articles of the Constitution with a two-thirds majority.

With regard to legislation, the Constitution and the Regulation of Parliament establish the three stages that must be completed to enact new laws. During the first stage those empowered with legislative initiative – MPs, either individually or in groups, parliamentary groups and Ministers (potentially encouraged by the President) – have the right to propose laws and are required to accompany them with an explanatory essay, containing the rationale for that proposal.⁷⁷ The first stage is completed with the referral of the proposal to one or more parliamentary committees. The second stage comprises of discussion. This begins forty-eight hours after the law is distributed to the committee members.

The discussion and analysis of the law contains a particularity in comparison with other European parliaments: all proposals, annexes and suggestions made by any citizen, interest group or public organization are presented before the committee members in all stages of the discussion, a key procedural element, if not a

⁷⁵ Translated into English as original form was written in Greek

⁷⁶ Charalambous, G. (2008). The House of Representatives. In Ker-Lindsay, J. & Faustmann, H. eds. *The Government and Politics of Cyprus*. New York: Peter Lang International Academic Publishers, pp.143-168.

⁷⁷ Through the deposition of the proposal during the plenary and the publication of a proposal in the Government Journal, ‘a context is set for the application of the principle of publicity and the securing of those guarantees, which are necessary for the development of conflicts and polyphony in a pluralist society’. Melissa, Η Οργάνωση της Πολιτικής Εξουσίας στην Κυπριακή Πολιτεία, p. 119.

guarantee, of pluralistic law making.⁷⁸ This procedure is completed through the explanatory essay, drafted by the committee - and containing either the proposal as it was originally submitted, or with the amendments of the committee - and its submission to the plenary.⁷⁹ The law may then be sent to the department of parliamentary committees for technical-legal evaluation.

The third stage then begins with the reading of the explanatory essay by the president of the committee. It comprises of: (i) the discussion of the reasons behind the law proposal and whether these are intentional or not; (ii) the second reading where each article of the law is discussed and voted on separately; and (iii) the third reading where the whole of the law is discussed and voted on. If passed, the law is then sent to the President of the Republic for publication. Notably, however, this procedure is different in the case of urgent laws⁸⁰, and with regard to the budget.

⁷⁸ Ibid., p. 102.

⁷⁹ If a group or organisation is not invited to a committee hearing, and requests attendance, then it is, as a matter of fact, granted the right to participate.

⁸⁰ Laws are declared urgent by the plenary and the explanatory essay is discussed and edited by the committee responsible, during the same meeting.

GLOSSARY/ABBREVIATIONS

AKEL	Progressive Party of Working People (Anorthotiko Komma Ergazomenou Laou)
Alitheia	'Truth' – title of Cypriot newspaper
Eleftheria	'Freedom' – title of Cypriot newspaper
Enosis	'Unification'; i.e. Cyprus with Greece –title of
EKYSY	Union of Cypriot Pensioners (Enosi Kypriou Syntaxiouhos)
EOKA	National Organization of Cypriot Fighters (Ethniki
EOKA B'	National Organization of Cypriot Fighters (Ethniki Organosis Kypriou Agoniston). The re-appearance of this organization is related to a series of terrorist attacks against Turkish-Cypriots, members of AKEL, government buildings, assassinations, assassination attempts against President Makarios III and bombing against police stations from late 1960s until 1974.
COLA	Cost of Living Allowance
ILO	International Labour Organization
MP	Member of Parliament
Neon Kition	New Kition (Larnaca) - title of Cypriot newspaper
Octovriana	The uprising that took place on October 21, 1931 in Cyprus during the colonial regime.
Palmerocracy	Period of unrest and dissidence with trade unions
PEO	Pancyprian Federation of Labour (Pagkypria
PIO	Press and Information Office. Official
PSE	Pancyprian Labour Organization (Pagkypria
Salpinx	'Tube' – title of Cypriot newspaper
Syntaxiouhos	(<i>Pensioner</i>) The name of the Periodical published
SEK	Confederation of Cypriot Workers
Troika	It means "a set of three", or triumvirate, or three of a kind
UNHCR	United Nations' High Commission for Refugees
VAT	Value Added Tax
WFTU	World Federation of Trade Unions

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