



Trust and reciprocity in Cyprus



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ABSTRACT

This paper documents a series of experiments analyzing intra- and inter-cultural differences in trust and reciprocity between Turks, Turkish Cypriots, and Greek Cypriots. Our findings challenge the popular belief in international circles that there is mistrust between the two communities living in Cyprus. First of all, we find that Cypriots have similar levels of trust towards others in general, although the two communities have different ethnic, religious, and socioeconomic characteristics. Furthermore, we find no inter-cultural differences in trust among Cypriots. However, Turkish Cypriots are less reciprocal towards Greek Cypriots than they are towards members of their own community. Finally, we find that the Greek Cypriots who had at least one parent displaced after the civil war in Cyprus trust Turkish people less compared to those whose parents were not displaced, but no such mistrust exists against Turkish Cypriots. These findings indicate that in terms of trusting behavior, Cypriots on the island are more similar than what is portrayed by the politicians.

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1. Introduction

Social capital literature identifies trust as one of the most important elements for keeping societies intact. There are various forms of trust, but they can be categorized under two major headings: generalized (inter-group) trust and particularized (intra-group) trust. In order to achieve modern societal goals, governments must promote trust among their citizens. Across different types of social capital, higher levels of trust have been associated with economic prosperity (Zak and Knack, 2001), better democracy (Putnam, 1992), improved government performance (Knack, 2002), and successful conflict resolution (Kelman, 2005, 2007; Us-laner, 2008). In this paper we measure the levels of intra and inter-cultural trust in Cyprus, an environment that has a history of a bi-communal conflict.

The island of Cyprus presents a unique and interesting venue to study inter-cultural trust. First of all, the Turkish (North Cyprus) and Greek (South Cyprus) communities on the island have the lowest levels of generalized trust in all of Europe. According to the European Values Study (EVS, 2011), in 2008 only 9.2% of respondents in South Cyprus and 4.9% in North Cyprus responded that “most people can be trusted” when asked “Generally speaking, would you

say that most people can be trusted or that you can't be too careful in dealing with people?”¹ Furthermore, the two communities share a history of conflict against each other, which could have impaired the inter-cultural trust on the island (see Hadjipavlou, 2007; Georgiades, 2007; Flynn et al., 2012; Gokcekus et al., 2012 for some survey results on inter-cultural trust in Cyprus). Finally, given the link between trust and conflict resolution (Kelman, 2005, 2007), and the fact that these two communities have struggled for the last 40 years to find a way to coexist, it is imperative to analyze bi-communal trust in Cyprus, as it has important implications for the ongoing peace process.² Although there have been many attempts to mediate the conflict in Cyprus by rebuilding trust before considering a more comprehensive settlement, most of these attempts have failed (Fisher, 2001).

¹ Yucel and Ekici (2014) analyze the correlates of generalized trust in Cyprus separately for North and South Cyprus.

² The Republic of Cyprus declared its independence from British rule in 1960, and Greek and Turkish Cypriots were allocated political rights in line with certain ethnic quotas. This division of power soon created tension among the leaders of the two communities, which led to the eruption of intercommunal violence in 1963 that lasted for 11 years until Turkish intervention in 1974. Since then, the two sides have been separated and Greek Cypriots have been living in the southern part of the island and Turkish Cypriots in the north. There have been many unsuccessful attempts to negotiate a peace settlement and reunification on the island since 1974. For a more detailed history of intercommunal events during 1963–1974, please refer to Hitchens (1997).

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In this paper we rely on economic experiments to measure the degree of intra- and inter-cultural trust in Cyprus. We are mainly interested in the following questions: (1) Do Cypriots exhibit low levels of intra-cultural trust? (2) Do Cypriots exhibit different levels of trust with someone from “the other” side of Cyprus (inter-cultural trust)? (3) How do Cypriots reciprocate with each other? (4) How does the past conflict influence inter-cultural trust in Cyprus? Our strategy is to have participants from both communities in Cyprus, along with Turkish nationals, play the so-called “Trust Game” in a controlled setting. We then compare their behaviors to measure trust and reciprocity levels.³ Our target group is young people who were not yet born during the Cyprus conflict. They represent a very important demographic group, as they are eligible to vote and the future of the island impacts them the most.

Our analysis revealed some surprising findings. First of all, we don't find any differences in average trust and expected reciprocity levels between the Cypriot groups. Furthermore, contrary to popular public belief, there are no significant differences in the Cypriots' inter-cultural trust levels. In terms of reciprocity, Turkish Cypriots seem to reciprocate more with their own-group members than with others, but no such differences exist for Greek Cypriots. But probably our most significant finding is that family migration history influences the trust of Greek Cypriots and the reciprocity of Turkish Cypriots. As a whole, our results show that the inter-cultural trust levels of Cypriots may not be as bad as portrayed by policy makers in Cyprus.

This paper is organized as follows. The next section reviews relevant theoretical and empirical research on inter-cultural trust and states our hypotheses. We introduce our experimental design and procedures in Section 3. Results are presented in Section 4, and we discuss our main findings in the last section.

2. Literature review and hypotheses

Although there are several papers analyzing intra-cultural differences in trust, few specifically analyze cross-cultural differences, and even fewer deal with inter-cultural differences. In intra-cultural experiments, the participants are members of the same culture, which is defined by Graham (1985) as “a difference in national heritage, education, and permanent residence of the parties” (p. 134). Cross-cultural experiments compare the behavior of subjects from different cultures, while inter-cultural experiments analyze the behavior of members of different cultures when they interact with each other (Dakkak et al., 2007). To the best of our knowledge, no prior research has analyzed trust in Cyprus using economic experiments. We attempt to fill this gap in the literature.

The level of trust towards others in general can be affected by both individual-level and country-level characteristics. In making cross-country comparisons, a given country's ethnic diversity (Knack and Keefer, 1997; Putnam, 2007), income inequality (Rothstein and Uslaner, 2005; Delhey and Newton, 2005), and religious composition (Bjornskov, 2006; La Porta et al., 1997) have been cited as possible correlates of generalized trust. The northern part of Cyprus is ethnically diverse—almost half of the population was not born on the island—but the south has a less heterogeneous population. In terms of income inequality, as measured by the Gini coefficient, there is not much of a difference between the

two sides, but the income inequality in Turkey is higher than in Cyprus.⁴

Finally, Zak and Knack (2001) find that Catholics and Muslims are less trusting than other main denominations, a relevant comparison for our case study since, according to the European Values Study 2008, 95% of the respondents in Turkey and North Cyprus identify themselves as Muslims while 95% of the respondents in South Cyprus identify themselves as Orthodox. Given these potential influences, we would expect North Cypriots to have higher levels of trust than Turkish nationals (because of less income inequality), and South Cypriots to have higher trust towards people in general than North Cypriots have (because of all three factors).

Hypothesis 1. *Greek Cypriots will have the highest level of trust, followed by Turkish Cypriots and Turkish nationals.*

The two major theories on inter-ethnic trust feature opposite predictions. Conflict Theory claims that greater heterogeneity is associated with lower levels of trust, not only towards members of one's own group but also towards out-groups (Putnam, 1992, 2007; Delhey and Newton, 2005). On the other hand, Contact Theory claims that the continuous interaction in heterogeneous societies enables members to learn about each other and reduce prejudice, thus increasing trust towards out-group members (Allport, 1954; Pettigrew, 1998; Tolsma et al., 2009; Wagner et al., 2006). After the partial removal of regional borders in Cyprus in 2003, there was certainly increased interaction between Cypriots, which enabled people on both sides to learn more about each other. Some research has shown that religious prejudice (not necessarily distrust) on the island has actually increased following the removal of borders (Ekici, 2015). Thus, given the troubled history and political conflict between these two communities, we would expect lower levels of trust in Cyprus towards members of the other community.⁵

Hypothesis 2. *Cypriots will show more trust towards members of their own community than towards members of the other community on the island.*

When talking about trust in others, we should also consider reciprocity by the others. Studies that use survey data are not able to analyze the reciprocity behavior of individuals. However, experimental trust games provide a good setting for this purpose, as reciprocity is measured by looking at a player's response after he observes his partner's level of trust. The principle of reciprocity predicts that when an individual receives something in a direct exchange condition, he is most likely to return the favor (Takahashi, 2000; Bearman, 1997). Such an expectation by the first player is likely to influence her decision about how much to trust her partner in the first place. Researchers have analyzed both the level of reciprocity an individual expects to receive from her partner as well as the actual reciprocity shown by that partner. The findings on inter-cultural reciprocity also reveal that the reciprocity among members of one's own culture is usually higher than with members of another culture (see for example Akai and Netzer, 2012; Georgantzis et al., 2013, but see Bouckaert and Dhaene, 2004 for an insignificant effect).

⁴ According to the CIA World Factbook, the Gini coefficients in Turkey and Cyprus in 2010 were 40.2 and 29, respectively. In North Cyprus, the Gini value in 2008 was 33 (www.devplan.org).

⁵ The findings from inter-cultural experiments show that participants usually show different levels of trust towards people from their own culture and those from another culture. See Fershtman and Gneezy (2001) for differences between Jews of Eastern and Western origin, Willinger et al. (2003) for differences between French and Germans, and Netzer and Sutter (2009) for differences between Austrians and Japanese. Walkowitz et al. (2006) found no differences among Argentinian, Chinese, and German participants.

³ There was strong resentment against Turkey at the end of the civil war, which has created many political tensions over the years between Turkey and the Republic of Cyprus. Thus, we include Turkish nationals in our experiments to test the levels of trust towards this group as well.

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