

Canada there may be space for cooperation.<sup>4</sup> "Even enemies need water," he concluded.

### Comments and Discussion

It was pointed out that equalisation of incomes is not the goal of fiscal federalism in Canada. Equalisation schemes in Canada are aimed at "equalising public finances" among provinces so that they can offer comparable services. Confederations make equalisation efforts very difficult because approval depends on the unanimous support of the constituent units. Moreover, it was noted, that equalisation payments characterise federations because they presuppose the existence of a political nation (community). The same reasoning goes for economic integration. It is difficult to envisage two institutionally and politically separate communities which are economically integrated. (The economic unification of the European Union does not occur in a vacuum either. It is accompanied by extensive political and institutional adjustments on the national and supranational levels.) Others said that equal opportunity is more important for the Turkish Cypriots than equal income. Lifting the embargo and integration with the rest of the world would likely benefit the North to such a degree that equalisation of payments would not be required.

A water crisis can present real challenges, but it can also present opportunities. While a possibility of a gain is motivating, it is the possibility of a loss that drives people. In this context, water presents the ideal opportunity for cooperation because both parties are bound to lose if they do not address the water-shortage. The case of Canada-U.S. cooperation on water issues could be instructive here. The cooperation of technicians and scientists from both sides of the conflict may eventually lead to trust building.

Scepticism was expressed about joint water projects for two main reasons:

1. **The Greek Cypriots have nothing to lose by not cooperating with the Turkish Cypriots on water.** The Greek Cypriots have no interest in importing water from Turkey because they do not wish to develop a water dependency. Moreover, they have enough resources to build desalination plants (in fact they are already using this method).
2. Water can not play a role in the reconciliation process precisely because it is so essential. Each side fears that interdependence would be used against them. In this context, the Turkish Cypriots opposed an island-wide water study for fear that information in the hands of the Greek Cypriots could be misused.

There is an important role for research in conflict resolution. **Universities in the region could mobilise the exchange of unbiased expertise and promote research opportunities across borders on issues related to human growth and development.** Barriers could be slowly broken down by these "stateless" activities. Canada and others could help by funding conferences, exchange programmes, and collaborative research. Possible areas to explore include: a study of themes for the proximity talks, a hydrological study, etc. A dynamic already

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<sup>4</sup> Canadian assistance includes, for instance, an IDRC funded EMU Third Regional Conference on Water.