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The topics addressed in this issue of Economic Research are the following: (i) labour supply in Cyprus, (ii) the assessment of the economy of Cyprus based on the LIME Assessment Framework, (iii) consumer survey data in Cyprus and (iv) the European micro-simulation model EUROMOD.

Using data from the 2007 EU-SILC database, the labour supply functions for males and females in Cyprus are estimated and the income and wage elasticities of different groups are computed, based on the age and the age of the youngest dependent child of individuals. The results show that labour supply is relatively more responsive to wage changes among women, especially among those with young children, and persons in the 55-64 age group. The total, income and substitution, effect of a wage increase on labour supply is negative for men and positive for women. Thus, in-work benefits offered to women can increase working hours, while the opposite is true for men. This is especially the case for women with young children. In contrast, we find that policies aimed at increasing the non-labour income of individuals can decrease working hours. The findings of the study can be used for bettering the design of policies aimed at increasing labour market participation and employment.

Based on the LIME Assessment Framework (LAF), Cyprus underperforms compared to the EU15 average, in aspects related to R&D and Innovation, Information and Communication Technologies (ICT), Life-long learning and Competition in financial markets. In policy areas related to the labour market, Cyprus performs above the EU15 average in levels (for 2008). In terms of changes though (1999-2008), there is a fairly poor performance in some labour market areas.

The analysis of the Business and Consumer Survey data for Cyprus showed that consumers appear to be in a better position perceiving recent economic activity trends than forming expectations regarding future developments in prices, unemployment and activity. Further analysis will reveal whether consumers' poor predictive ability is due to temporary factors, such as the uncertainty caused by the economic crisis, or to characteristics of the specific survey.

EUROMOD is a tax-benefit microsimulation model for the European Union (EU) that enables researchers and policy analysts to calculate, in a cross-country comparable manner, the effects of taxes and benefits on household incomes and work incentives. This calculation can be performed for the population of each country and for the EU as a whole. The model can be used to evaluate the effects of actual and hypothetical tax-benefit policy reforms on poverty, inequality, work incentives and government budgets. Currently the model includes 19 out of the 27 EU Member States and is in a stage of updating and enlargement. The Economics Research Center of the University of Cyprus has signed an agreement with the Institute of Social and Economic Research, University of Essex, undertaking to carry out the tasks required in order to include Cyprus in the EUROMOD.