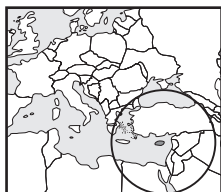


Time to re-evaluate policies



The global economic crisis will damage tourism and real estate, two of the country's major industries, and raise unemployment levels. Government measures taken to alleviate the crisis will not benefit some of the most vulnerable sectors of society. The Government should open the way for civil society to provide assistance, specifically NGOs that are in close contact with all sectors of society. This would require reform of the legal and regulatory framework regulating NGOs.

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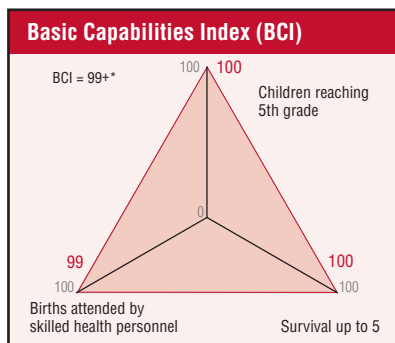
Charalambos Vrasidas
Myria Koushiappi
Michalinos Zembylas

The collapse of markets around the world has hit emerging markets hard. Governments are faced with the complex task of ensuring equal access to basic needs while securing human rights for all individuals living within their borders. The economic crisis is just beginning to buffet Cyprus; its effects are expected to grow more severe by the end of 2009. The most marginalized sectors of society will bear the brunt of the downturn.

Cyprus has always had a mixed economy with a strong State role, especially in basic services such as electricity, water, telecommunications, health care, education and transport. In recent years growth has been strong, and the Minister of Finance announced that the 2009 state budget will run a surplus that will be invested in public services.¹ However it is becoming clear that the value added tax and other indirect taxes, the major sources of government revenue, are falling as the economy falters, which will restrict the Government's ability to fund public investments and programmes to help mitigate the impact of the crisis.² Chronic low productivity in the public sector will also restrict the Government's ability to respond to the rapidly escalating economic crisis quickly, effectively and efficiently.³

Impact of the crisis

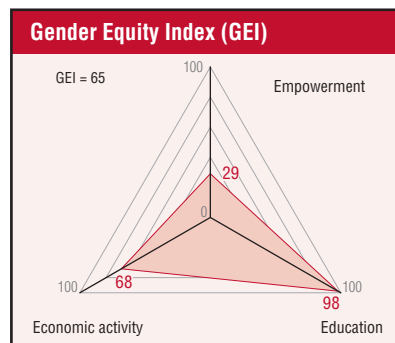
Unavoidably, Cyprus will have to cope with unemployment, which is expected to rise to 4.5% in 2009, from 3.9% in 2008. The growth rate is expected to remain positive in 2009, at around 2.1%.⁴ This is



a much stronger performance than in the EU as a whole, where unemployment is expected to reach 8% and economic growth in most countries will be negative.⁵

Tourism and real estate, two of the most important industries, are already reeling from the global crisis. Predictions for tourism, which contributes 20% of the country's GDP, range from pessimistic to dire.⁶ The construction and real estate sector has been hit hard as well. Both sectors employ substantial numbers of migrants and women.⁷ As a result, these vulnerable groups will suffer more than the population as a whole.

Women are traditionally marginalized in the country's socio-economic life, and absent from decision making bodies, a situation that is unlikely to improve during the economic crisis.⁸ As a service-based sector employing seasonal workers, tourism relies primarily on female workers, many of whom are likely to lose their jobs.⁹ Even before the downturn, only 62.4% of the female workforce was employed, versus 80% of the adult male workforce. In addition,



the 20% wage gap between male and female workers is one of the largest in Europe.¹⁰

Over the last decade, the immigrant population has climbed by 15% a year. By 2007, non-citizens made up 25% of the country's labour force.¹¹ Along with gradually increasing economic disparities, this has contributed to increasing mistrust of immigrants among Cypriots. Employers tend to hire undocumented immigrants to reduce their costs, and migrant workers endure the worst employment conditions. To discourage applications for asylum, the Government has adopted policies such as limiting immigrants and asylum seekers to employment in sectors such as house cleaning, farming and agriculture. Although schools have made some progress in integrating migrant children, opportunities for adult immigrants to learn Greek are limited.

On many occasions, the media have used immigrants as scapegoats, holding them responsible for economic and social problems.¹² Stereotypes attract readers and viewers, and in Cyprus the media often present one-sided reports on incidents involving immigrants, and rarely give exposure to their point of view. Despite their contribution to the national economy, migrant workers remain excluded from

* "Birth attended..." estimated following procedure "1" in p. 209.

1 KIPE (2008). "The Most Stable Bank System in Europe". Cyprus News Agency (KIPE), 13 October 2008. Retrieved 25 February 2009 from <www.sigmalive.com>.

2 Antoniadou, C. (2009). "Falling Psychology in the Cyprus Market". *Simerini*. Retrieved 25 February 2009 from <www.sigmalive.com>.

3 Hadjiloe, T. (2008). "Financial Crisis and Development". *Simerini*. Retrieved 25 February 2009 from <www.sigmalive.com>.

4 MoF (2009). Cyprus Economy, Overview and Potentials. Ministry of Finance. Presented by Charilaos Stavrakis at Press Conference. Retrieved 25 February 2009 from <www.mof.gov.cy>.

5 ECEFA (2009). Interim Forecast January 2009. European Commission Economic and Financial Affairs. Retrieved 25 February 2009 from <ec.europa.eu/economy_finance/>.

6 Polemitou, M. (2009). "Fears for Massive Redundancies in Hotels by April". *Simerini*. Retrieved 25 February 2009 from <www.sigmalive.com>.

7 Pallala Charidi, N. (2009). "Red Card on Unemployment". *Simerini*. Retrieved 25 February 2009 from <www.sigmalive.com>.

8 EWL (2008) "Women and the Economic Crisis—An opportunity to assert another vision of the world?", European Women's Lobby, Retrieved 25 April 2009 from www.womenlobby.org.

9 Nicolou-Pavidi, E (2009). "Wage Gap between Genders". Retrieved 25 February 2009 from <www.sigmalive.com>.

10 Lokar, S. (2009). "Women's Lobby of Cyprus 50-50 campaign for EU elections". Retrieved 25 February 2009 from <www.europeanforum.net>.

11 Michail, M, Hadjiannidis, K, Stefanidis, M, Christoforidis, L, Kliridis, S and Mixelakopoulou, M. (2008). "The Effects of Immigration on Unemployment, Part-Time Jobs and Participation in Workforce". *Essays of Economic Policies*, 08-08. Retrieved 25 February 2009 from <www.erc.ucy.ac.cy>.

12 ENAR (2008). "Communication consultation on Opportunities, Access and Solidarity Towards a New Social Vision for 21st Century Europe". European Network Against Racism. Retrieved 25 February 2009 from <www.enar-eu.org>.

public benefits. They have limited labour and social rights, and no political rights whatsoever. During the last five years, 700 cases of racism and xenophobia have been reported.¹³ Although in recent years the Government has attempted to enforce several European directives on immigration, so far these policies have not been fully effective.¹⁴

Response to the crisis

The Government has announced several measures designed to boost the economy. In a classic Keynesian economic move,¹⁵ it has attempted to speed up several development projects for new buildings, roads, and infrastructure. It has also spent EUR 470 million (about USD 622 million) to support the tourism industry. These measures are expected to keep the unemployment rate low and ensure GDP growth of 2%. A fair amount of this countercyclical spending is designed to assist vulnerable and marginalized Cypriots, including increases in pensions, financial aid for university students and financial housing support for low-income couples. In addition, a new law has been adopted that increases the social security contributions of both employers and employees by 1.3% for the next five years.

Government, trade unions and the federation of employers have also recently agreed on a programme to combat hiring illegal workers, including a hotline for reporting illegal immigrants and employers who offer them jobs. This opens up opportunities for further discrimination and exploitation of “cheap” labour, however, as employers seeking to maximize profits will adhere to the agreement selectively to suit their interests.

Critics argue that the measures proposed so far are inadequate and will not be sufficient to boost the economy, nor will they protect the rights of everyone who lives and works within the country's borders. For example, the measure to provide financial support to university students excludes foreign students and migrants. Foreign students are only allowed to work 20 hours a week, and are restricted to employment in areas such as agriculture, cleaning, construction and restaurant work.

Role of civil society

Given the multifaceted nature of the current crisis, the Governments should re-evaluate all policies and practices to ensure that they help protect the civil and human rights of all residents. One immediate

measure to achieve this should be to invite all civil society actors to participate in a public debate on the economic crisis and appropriate responses. Because their specialized grassroots work keeps NGOs in touch with social needs, they are more flexible than Government and can be more effective in reaching marginalized groups. Their expertise could be indirectly employed by State institutions to accomplish strategic goals. Furthermore, NGOs could recommend innovative and creative practices for promoting the education, empowerment, gender equality, and human and labour rights of those who are currently disempowered.

Empowering civil society is crucial to cushioning the impact of the economic crisis. One of the primary challenges confronting NGOs in Cyprus is to make their voice heard in society. Despite substantial progress in recent years, NGOs that support marginalized groups must still overcome mistrust and prejudice. The absence of a coherent and transparent framework of cooperation between civil society actors and public institutions significantly reduces the efficacy of national policies.

Expert reviews of the current legal and regulatory framework affecting NGOs have concluded that it needs to be reformed and modernized to meet European best-practice requirements and to be consistent with international law. The Planning Bureau, through CyprusAid, initiated this process in 2008, when NGOs were invited to participate and voice their opinions. They have urged the State to create a coherent legal and political framework for cooperation, arguing that this would allow civil society to empower itself and make it possible for the State to implement national policies more efficiently and effectively.

Particularly in this time of economic crisis, the Government must engage all stakeholders in developing and implementing ameliorative measures. The absence of a legal framework makes it difficult for NGOs to take action to secure the rights of the entire population. NGOs and the Government need to establish better channels of communication and information exchange so that NGOs can become vehicles for implementing national policies in every corner of the island. In addition, as the crisis generates increased xenophobia in European countries, it is essential for the Government and NGOs to engage in an information and education campaign to raise awareness about the causes of unemployment and the effects of the crisis in order to help reduce bias against immigrants. ■

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13 Tsiartas, A. (2009). “Human Rights Issues in Cyprus”. Presentation at the Living Together conference. Nicosia, Cyprus, March 6, 2009.

14 Demetriou, O. (2009). *Living Together. Migrant Cities Research: Nicosia South*. Nicosia: British Council.

15 British economist John Maynard Keynes advocated interventionist policies (e.g., encouraging consumption by increasing public investment) as a form of mitigating the effects of economic recessions.