

# **Food, Housing, Family and Welfare Regimes: The Case of Cyprus**

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## **Abstract**

This thesis is a PhD by publication. It consists of an introductory chapter which sets the research in the context of the welfare regime literature. The literatures on household expenditure, food, housing and welfare regimes of relevance to the published papers are reviewed in the second chapter. This is followed by three published papers and a concluding chapter that provides a thematic integration. The first of the published articles, referred to as Paper One is "Household Size, Income and Expenditure on Food: The Case of Cyprus", published in the *Journal of Socio-Economics*. This paper is based on an analysis of data on food from the author's survey of Cypriot households. It addresses aspects of the Deaton-Paxson Paradox and provides evidence on expenditure on food and clothing in Cyprus that suggests an alternative perspective. It also raises additional questions that are addressed in Paper Three.

"Home Ownership, Family and the Gift Effect: The Case of Cyprus", is Paper Two, published in the *Journal of Housing and the Built Environment*. It is a paper on housing in Cyprus, also based on the author's survey of household expenditure, and setting the analysis in the context of the literature on welfare regimes. This paper shows the importance of family in the provision of housing in Cyprus.

The third of the articles, "Welfare Regime and Inter-Household Welfare Provision: The Case of Cyprus" is published in the *Journal of European Social Policy*. This paper is based on the author's in-depth interviews with nine Cypriot households. It resolves many of the issues raised, and unable to be conclusively addressed, in Paper One. In essence it shows the importance of the extended, multi-household family in the preparation and consumption of food in Cyprus.

The final chapter, providing a thematic integration, uses the welfare regime literature to show that Cyprus is in a variety of ways similar to other Southern European/Mediterranean countries. It draws together the findings of the three published papers to show the importance of family in the provision of food and housing in Cyprus, and in this context the extent to which family provision of food and housing constitutes a significant de-commodification. By this is meant the reduction of dependence of households on the market for significant elements of food consumption and housing acquisition; unlike in Esping-Andersen's (1997) use of the concept of de-commodification, this is shown not to be the consequence of social policy.

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# Chapter 1: INTRODUCTION

## 1.1 Motivation for the Research

The initial impetus for the research upon which this thesis is based, was an interest in aspects of household behaviour, as reflected in household expenditure patterns, and differences between these aspects of household behaviour in different countries. As an accountant, the author has knowledge and experience of the monitoring of income and expenditure of companies, but also an awareness of an absence of rules and regulations in relation to the equivalent for households. This led, first, to an examination of relevant literatures and a perusal of available data on Cyprus<sup>1</sup>. The relevant literatures inevitably included work on Engel (1857) whose analyses in the 19<sup>th</sup> century set the scene for research on household expenditure.

Engel used data from Belgian surveys of working class families' budgets to study how household expenditures on food vary with income. He developed "what may be the most famous study of the relationship between household income and expenditure on food. One of the main conclusions of his study is that as household income increases, the proportion of expenditures on food becomes less" (Abdel-Ghany, 2001, p.226). As Engel himself put it: "The poorer a family, the greater the part of total expenditures [that] must be spent on food" (Perthel, 1975, p.211).

Among the many trajectories of research emerging from the work of Engel, two are relevant for this thesis. The first is investigation into economies of scale within the household and, as a development from this, the idea of goods and services being public or private within the household. Public (or shared) goods in the household are those for which there are economies of scale in consumption, and private goods are those for which there are no economies of scale. An example of a public good in this sense is housing where, by sharing, a number of people in the household can reduce cost per person. An example of a private good is a toothbrush, because for each additional member of a household there is likely to be an additional toothbrush.

The interest in household economies of scale has included, among the most referenced papers over the last 40 years, Singh (1972), Bojer (1977), Lazear and Michael (1980) and

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<sup>1</sup> Unless otherwise specified Cyprus in this thesis refers to The Republic of Cyprus, that part of Cyprus not occupied by the Turkish army, known as the Turkish Republic of Northern Cyprus but recognised as such only by Turkey.

Nelson (1988), all with a focus on how to measure this concept. With work resting on this evolving foundation, Lanjouw and Ravallion (1995) turn the direction of causality around and investigate the notion that larger households are likely to be poorer. Deaton and Paxson (1998) are the next to take up the running, focusing on food and the question as to whether food is public or private within the household. Their work has in turn generated a large number of papers, including, among many, Horowitz (2002), Gan and Vernon (2003) and Perali (2008). This literature is reviewed in some detail in Chapter 2, and household expenditure, particularly on food, is the main focus in Paper One. Among the questions addressed in this literature is how savings derived from sharing within the household are spent. The answer to this question is, however, contingent on a prior question, namely which goods are shared and which not. It is this latter, applied to Cyprus, that constitutes the first research question addressed in this thesis, in Paper One:

Q.1 In the expenditure of households on food in Cyprus, in particular on food prepared at home, is there more or less sharing (economies of scale) than in expenditure on clothing?

The first research trajectory of relevance for this thesis, emanating from the work of Engel and culminating in Q.1, thus suggested the need for household expenditure data. Difficulty in obtaining the data led to the decision to develop a survey instrument and implement it, as discussed in the methodology section below, and in Paper One.

In addressing Q.1, Paper One raised a number of other questions. Having found, among other things, that expenditure on home-prepared food is unrelated to income, Paper One suggested the need to test whether home ownership was related to income. Applied to Cyprus, this became the second research question to be addressed in this thesis.

Q.2 Is home ownership related to income in Cyprus?

This was addressed in Paper Two. The research underlying Paper Two suggested that the role of the extended family in the provision of housing in Cyprus is substantial. Research into the role of the family in the provision of such key components of welfare as food and housing led to investigation of a second trajectory from the work of Engel. This is a line of research associated with welfare regimes and the work of Esping-Andersen (1990, 1999). Esping-Andersen's (1990) book on the *Three Worlds of Welfare Capitalism* used a variety of arguments and data sets to categorise countries into three types of welfare state, or three welfare regimes, Liberal, Social Democratic, and Conservative. Crucial in this categorisation are the relative roles in welfare provision of the three main pillars of welfare, the family, the

state and the market. Engel's law is a key element in the relationships among the three pillars (Esping-Andersen, 1999, p.56).

Engel himself focused on food, but subsequently his "law" has been adapted for other applications. As Boppart (2010, p.1) expresses it, "According to Engel's law, growth in income increases the expenditure share of the luxury sector"<sup>2</sup>. Clearly, if the proportion of income devoted to food (and other necessities) declines as income increases, then the proportion available for other goods and services that are non-essential increases. How this relates to the three pillars of welfare is that as incomes increase, what the "margin available for non-essential consumption" (Esping-Andersen, 1999, p.56) is spent on is different in different welfare regimes. In Liberal welfare states, for example, where child-minding is not provided or subsidized by the state, a great deal of the margin is spent on buying welfare support from the market, which is a more important pillar of welfare than in other welfare regimes. In Social Democratic welfare states, by contrast, the state is the main pillar of welfare and, although income tax rates are higher, the "margin available for non-essential consumption" can be spent by the household on things other than welfare provision.

A number of complications arise from this discussion, leading to the final two research questions of this thesis. First, it shifts the focus from the household, the expenditure of which is examined in household budget surveys, to families, which are a potential pillar of welfare provision. Paper One addresses the question of whether food is more private than housing, using household expenditure data. Paper Two, on the other hand, finds the extended family to be important in the provision of housing. But the extended family is inter-household. So the question arises whether food provision is also inter-household. If there is substantial inter-household provision of food then this calls into question expenditure data derived from surveying households on expenditure patterns with the assumption that the purchases are primarily for consumption within the household. For Cyprus, the question is as follows:

Q.3 Is there inter-household, intra-family, provision of food in Cyprus?

Addressing this third research question had to be done through means other than the household budget survey that provided the main data sources for Papers One and Two. Paper Three is therefore based on a qualitative methodology of interviewing a relatively small number of households.

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<sup>2</sup> According to Abdel-Ghany (2001) it was Carroll Wright, who was in the 1870s Commissioner of the Bureau of Labor Statistics of Massachusetts who was first to generalize Engel's law beyond food.

With the shift in focus from households to families, a further complication is that the role of the family in Cyprus, revealed in both Papers Two and Three, is substantially greater than that suggested by Esping-Andersen (1990) in his description of the Conservative welfare regime; and the Conservative welfare regime is the one with the greatest role for the family pillar among his three welfare regimes. Papers Two and Three accepted the suggestion of a number of researchers, including for example Ferrera (1996) and Gal (2010), that there is a fourth welfare regime, the Southern European/Mediterranean regime, distinguished among other things by a family welfare pillar substantially more significant than in any of Esping-Andersen's (1990) original three welfare regimes. Esping-Andersen (2003), however, considers the Southern European welfare states to be of the Conservative regime type. Rather than simply accepting the arguments of others, it is appropriate for this thesis to address a fourth question, examining the evidence for SE/M being different from the Conservative type, and identifying Cyprus's position among welfare states:

Q.4 Do the Southern European/Mediterranean (SE/M) countries constitute an additional welfare regime to Esping-Andersen's (1990) original three, and if so, does Cyprus belong with the other SE/M countries in this group?

This fourth and final research question is addressed in Chapter 6, which also adds to this introductory chapter in providing a thematic integration for the thesis as a whole.

To summarise, this thesis addresses four main research questions. The first three are addressed, each in a different published paper. The first is on food, and focuses on issues arising from Engel's law and the work of Deaton and Paxson (1998). The second is on housing, setting the examination of housing in Cyprus in the context of the Esping-Andersen (1990) welfare regime framework. Paper Three is also on food, developing the link with the welfare regime literature established in Paper Two. The fourth question is the subject of the final, integrating part of the thesis, Chapter 6.

The next section of the present chapter provides an overview of the salient features of Cyprus, to set the scene for the discussions that follow. The brief elaboration of the social, economic and geographic context is essential for an understanding of the arguments of the three papers. It is the space limitations in the publications that make this additional elaboration necessary. In the section after that, the methodologies adopted for the research in the thesis are summarised. This includes a broad justification for the eclectic approaches followed.

## 1.2 Some Salient Features of Cyprus<sup>3</sup>

Cyprus is a small island in the eastern Mediterranean. Its nearest neighbours are Turkey to the north, Greece to the west and Lebanon and Israel to the east. It is a relatively new state; having been part of the Ottoman Empire Cyprus fell under British rule from 1878 to 1960 when it was finally granted independence. There have been two main political changes since then. Firstly, the Turkish invasion of 1974 resulted in the division of the island into about one third in Turkish hands in the north, and the rest, with currently 667,398 Greek speaking citizens (Cystat, 2011), under the control of the Republic of Cyprus in the south. Secondly, Cyprus joined the European Union in May 2004.

Given that much of this thesis focuses on households, it is appropriate to mention household formation. The formal definition of household is: “one or more persons (related or not) who live together and share principal meals, in the sense that the household’s food supply is obtained out of a common budget, and have common arrangements for supplying basic living needs” (DSR, 1999, p.31). In Cyprus, in the period up to the 1990s, the words “related or not” could be omitted in the vast majority of cases. A household was – and in most cases still is – a married couple and their children. In the Organisation for Economic Co-operation and Development (OECD), the average crude marriage rate declined from 8 per 1,000 population in 1970 to 5 in 2009; in Cyprus it declined only very slightly from just over 8 per 1,000 in 1970 to just under 8 in 2009. Cyprus’s crude marriage rate was exceeded in the OECD only by Turkey, and the decline over the period was less only in Sweden (OECD 2011, Chart SF3.1.F). A household in Cyprus is thus a family, or more accurately a nuclear family, consisting of a formally married couple, in the vast majority of cases married in the Greek Orthodox Church, and their children, baptised in the Greek Orthodox Church. Family remains extremely important in virtually all aspects of life in Cyprus and the Church remains important in key aspects of the life of the family.

Young single people would live with their parents until they decided, or were persuaded, to marry. Traditionally, marriages were arranged through a matchmaker, though already by the 1990s this was unusual. On the other hand, a key element of arranged marriages, namely the dowry, was not unusual. According to Solsten (1993): “A formal agreement specifying the amount of property to be given to the couple, the dowry contract is signed by

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<sup>3</sup> A more detailed description of Cyprus, in the context of comparison with other southern European/Mediterranean countries is provided in the final chapter.

all parties and enforced by religious authorities. At the engagement, for example, a priest will ask if such contract has been considered.”<sup>4</sup>

Even though marriages are no longer arranged, there is still a great deal of intervention by parents in the lives of their marrying children. For this, among other reasons – such as religion and culture – marriage has been and remains more important than in other, less traditional societies.

Divorce rates are another factor in household formation. In 1970, the number of divorces per 1,000 population in Cyprus, similar to Spain and Portugal, was only just above zero. By 2008, the number had gone up in Cyprus, slightly less than in Spain and Portugal, to just over 2 (OECD, 2011, Chart SF3.1.E). The post-World War II increase in the divorce rate occurred in Cyprus, but later than in countries like the UK, USA, Canada and France. Part of the explanation for the later advent of the increase in the divorce rate in Cyprus – and Spain and Portugal – is the influence of religion in those countries.<sup>5</sup>

The vast majority (over 96 per cent) of the population of Cyprus is Greek Orthodox. If the island as a whole is considered, this figure is 78 per cent, with 18 per cent, mostly in the north, being Moslem (Solsten, 1993). The Greek Orthodox religion continues to be a dominant element in family life. For example, until preparation for Cyprus’s entry into the European Union (EU) in 2004, divorces had to be recognised by the Church. Given that the Church frowned upon divorce, it was a difficult and lengthy process and therefore not easily entered into. Couples that did divorce without Church recognition could not remarry in the Church. Because there was no civil marriage for Cypriots in Cyprus, though there was for foreigners, Church recognition of divorces was all the more important. In preparation for entry into the EU, these rules changed and Cypriots of all faiths can, since 2003, obtain both civil divorces and civil marriages.

Apart from its formal power, the Church also has significance in that it is involved in all the major markers in the lives of families. All children of Greek Orthodox families are baptised, until recently all engagements to be married were Church events<sup>6</sup>, and all marriages take place in the Church. Children of couples that had civil and not Church marriages cannot be baptised. The significance of religion is underlined by the research of Yeşilada et al. (2009). Based on the World Values Survey, implemented in Cyprus, they confirmed the importance

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<sup>4</sup> See <http://countrystudies.us/cyprus/>

<sup>5</sup> Using a different statistic, divorces per 100 marriages, does not change this picture (see: <http://www.eurofound.europa.eu/areas/qualityoflife/eurlife/index.php?template=3&radioindic=54&idDomain=5>)

<sup>6</sup> Since Chrysostomos II was elected Archbishop, head of the Church in Cyprus in 2006, formal, Church recognised engagements have been forbidden.

of God in the lives of Cypriots, found that Greek Cypriots regularly attend church services and argued that the general attitude to church and religion was “not surprising given the rather recent modernization of Cyprus’ society and economy. In many respects, high levels of belief in God would be expected in pre-modern societies” (Yeşilada et al., 2009, p.20).

The importance of family extends to the relationships between generations. Dowry is one part of this. There are many other aspects. The dowry itself often consisted of land and/or housing. This, particularly in villages, meant that the young couple lived close to their parents, because the land would have been part of the property of the parents. Even in cities, where possible, the young couple will still try to locate their home near to that of the parents, usually in recent times the parents of the wife.<sup>7</sup> This facilitates support by the older household of the young couple in ways other than financial, for example in the provision of food and food preparation, and child minding. These issues will constitute important focuses of attention in this thesis.

The importance in welfare provision of family, and especially the extended, inter-household family in Cyprus, is in some ways a consequence, and in other ways a cause, of the relatively weak state welfare pillar. It is a cause in the sense that, to the extent that the extended family provided for people’s social needs, it reduced people’s dependence on the state. It is a consequence in the sense that, given the relatively small state welfare pillar, there was greater reliance on the family, which of necessity provided welfare support.

Family may be the most important, but the Church and the community in Cyprus also assisted in the post-independence period in providing welfare support (Shekeris et al., 2009). And, although limited, the state welfare pillar has grown over the years since independence. This growth, in both the size and complexity of state welfare provision, was a consequence of a number of factors, including the decline in the agricultural sector and the growth of industry and services, “high rates of urbanization, a shift to the nuclear family form, as well as the formal participation of increasing numbers of women in the labour market” (Shekeris et al., 2009, p.84). In Papers Two and Three, and especially in Chapter 6, these issues are taken up in a comparative welfare regime context to address Q.4.

### **1.3 Methodology**

Different methodologies, both quantitative and qualitative, are used in this thesis. A key source of data for the quantitative elements of the thesis was a survey designed to generate data that, it was hoped, could be used to answer the research questions. The anomalies in

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<sup>7</sup> This is suggested in Solsten’s (1993) discussion of Family and Marriage.

the results suggested that there were aspects of consumption behaviour that could not be explained by household specific expenditure data. The underlying perspective is one that accepts the possibility that the data might not reveal, even through detailed analysis, the facts and the relationships between the facts, but at the same time accepts the possibility that such facts exist. This underlying perspective, that some relevant aspects of reality may not be observable, is consistent with “pragmatic realism” (Heanue, 2008). Making and changing decisions about how to pursue answers to the research questions over the life of the project, as was done in this thesis, is also consistent with this perspective. The finished work “is the result of hundreds of decisions, large and small, whilst the research is underway” (Becker, 1965, p.602, quoted in Roberts and Sanders, 2005). And, finally, using a variety of methods, quantitative and qualitative, is also consistent with pragmatic realism.

In pragmatic realism, as argued by Hjørland and Nicolaisen (2004, p.59) “different methods may be used until we arrive at a theory that satisfies our demands and meets reasonable consensus among researchers”. The qualitative, case study approach is adopted in order to provide greater depth, in an attempt to reveal facts not evident from the quantitative research. In summary, it can be said of this dissertation, that “the approach taken was to match the research question with the most appropriate method. Such a strategy, where the methodological approach, rather than being guided by an epistemological premise, is driven by the question that is asked, is best described as pragmatic realism” (Heanue, 2009, p.20)<sup>8</sup>.

More details about the methodology used in each paper are contained therein. Quantitative techniques including different types of regression analysis are used in Papers One and Two, and qualitative analysis of interviews is the main methodology of Paper Three. Here it is appropriate to provide only a brief summary of the data and methods used in this thesis. The quantitative data were drawn from a survey of household expenditure in Cyprus. Data on a total of 625 households were obtained using random sampling; the specific elements of expenditure focused on were food, clothing and housing. Food and clothing – with the main emphasis on food – were covered in Paper One; acquisition of housing was focused on in Paper Two. The method used to obtain the data on which Paper Three was based was qualitative. Semi-structured interviews were undertaken with nine different households. The selection of these households was based on a purposive sampling strategy.

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<sup>8</sup> See also Sosa (1993, p.612), quoting Hilary Putnam to the effect that pragmatic realism is, most basically, “the insistence that realism is *not* incompatible with conceptual relativity” (emphasis in original).

## **1.4 Conclusion**

This introductory chapter has set the scene, theoretically and empirically, for the arguments that follow in this thesis by publication. Theoretically, the still-relevant findings of 19<sup>th</sup> century statistician, Ernst Engel, led to streams of papers that culminated, in one trajectory in the work of Deaton and Paxson (1998) and in another trajectory in the work of Esping-Andersen (1990, 1999). The chapter sets the scene empirically by introducing some of the salient features of Cyprus, many of which are addressed in more detail in the chapters that follow.

Some of the issues raised by Deaton and Paxson (1998) are addressed in Paper One, with the focus on Q.1. This leads into a consideration of the role of the extended family in Cyprus, with Esping-Andersen's welfare regime framework as the theoretical context providing the basis for addressing Q.2, on housing, in Paper Two, and Q.3, on food, in Paper Three. The macro-socio-economic question, Q.4, on Cyprus in a comparative welfare regime framework, is addressed in the final, integrating chapter of this thesis, Chapter 6.

The next chapter, Chapter 2, reviews the literatures covered in the thesis, in a little more detail than is possible under the space constraints of journal articles.

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## **Chapter 2: LITERATURE REVIEW**

### **2.1 Introduction**

As explained in Chapter 1, there are two broad literature areas addressed in the course of the research for this thesis, both in some ways touched by the work of Engel (1857). The first is on household expenditure and the second on welfare regimes. How Engel links the two literatures is shown in Chapter 1. The household expenditure literature is relevant in particular for Paper One, and is briefly reviewed in that paper. The review there is brief because of the space constraints of journal articles and is therefore dealt with in somewhat more detail in this literature review chapter. The welfare regime literature, which is relevant to both Paper Two and Paper Three, is also covered to some extent in those papers, and in more detail in the present chapter and in Chapter 6.

The two commodities at the heart of the thesis are food and housing. There are in addition substantial literatures on both these, from a variety of disciplines including economics, sociology and marketing. Much of this literature makes no mention of either the household expenditure or the welfare regime literatures, yet may be relevant for a better understanding of the rest of the thesis. This chapter, therefore, contains four main sections, on household expenditure literature, on other food literature, on housing and on welfare regimes.

### **2.2 Household Expenditure**

Engel's law is an idea derived from the work of Ernst Engel (1857) who used data from Belgian surveys of working class families to study how household expenditures on food vary with income. He found that food expenditures are an increasing function of income and family size, but that food budget shares decrease with income. It is this relationship – of food consumption to income – that is the basis of Engel's law.

Engel's law is an observation in economics stating that, with a given set of tastes and preferences, as income rises the proportion of income spent on food falls, even if actual expenditure on food rises. In other words, the income elasticity of demand for food is less than 1 (where income elasticity of demand for food is the responsiveness of that demand to a change in income).

Engel used curves, known as Engel's curves, to calculate goods' income elasticities. Income elasticity of demand for a good is the responsiveness of quantity demanded for that good to a change in income. Goods with income elasticities below zero, between zero and one, and above one are called inferior goods, necessities and luxuries respectively. By these definitions it follows that what Engel found is that food is a necessity, at least for the relatively poor. Elasticities can themselves vary with income, for example a good that is a necessity for the rich can be a luxury for the poor.<sup>1</sup>

A great deal of both theoretical and empirical research has been generated in the wake of what we might think of now as Engel's hypotheses. Given that there continues to be research questioning what he suggested, whether Engel's ideas should be considered as "laws" remains a live question. An example of a recent debate in this area is that in the *Journal of Political Economy*, set off by Deaton and Paxson (1998).

Even prior to Deaton and Paxson (1998), and contributing to the state of the literature that they saw as requiring clarification, was the work of Lanjouw and Ravallion (1995). Lanjouw and Ravallion (1995) tested the widely held view that larger households tend to be poorer. They examined the data for Pakistan in various ways and found that the question of the relationship between family size and poverty was very sensitive to such other factors as the breakdown between public and private good consumption, the household composition (adults and children), and, in some cases, the literacy or otherwise of the parents. More generally, they considered the overall claim of a positive relationship between household size and poverty to be called into question by the existence of economies of scale. It is likely, for example, that in poor households additional children result in a reduction of food wastage. Their conclusion is that strong, broad statements about the relationship between household size and poverty are untenable. As they put it, "the relationship between poverty and household size should be interpreted with considerable caution" (Lanjouw and Ravallion, (1995, p.1432)<sup>2</sup>.

In a sense rejecting Lanjouw and Ravallion's (1995) warning, Deaton and Paxson (1998) start off from the position that larger households are better off than smaller ones, other things being equal. The underlying reason for this is the gain to be derived from public or shared goods. Their argument is that household size has *a priori* implications for income, because, as they point out, it is at least possible that there are economies of scale that result in the

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<sup>1</sup> On Engel's law and curves, see Lewbel, 2006.

<sup>2</sup> As to whether this has relevance for Cyprus is doubtful because the poverty level in Cyprus is very low and there are no reports of undernourished persons; on the contrary there is evidence that children are overweight (Tsakagia-Garaud, 2005).

larger household with the same per capita income as a smaller household, being better off. The example they give is where two people, previously living separately, come together. They have the same incomes as they did before, but their costs, for example in relation to what Deaton and Paxson (1998) call “public goods”, rent and fixed monthly expenditure like telephone rental, are all halved.

The question that arises for Deaton and Paxson (1998) is what happens in relation to those expenditures that cannot be considered to be halved or otherwise significantly reduced because the two people are living together. Considering income and substitution effects, for the shared goods both are positive. The effect of reduced expenditure on shared goods is to increase real income so the household can buy more of the shared goods and the shared goods are now relatively cheaper in comparison to the non-shared goods so there is an incentive to substitute towards shared goods. We can suggest cars where, with a reasonable public transport system, two people living together might opt to buy a car. Previously they may have relied on the public transport system and considered themselves unable to afford a car. In the case of Cyprus, where public transport was until recently virtually non-existent, single people frequently borrow their parents’ cars.<sup>3</sup> Now, living together, they buy a car which they share. The income and substitution effects are both positive – income in the sense that they can now afford a car and substitution in the sense that they shift into expenditure on a shared good. For the non-shared good while the income effect is still positive the substitution effect is negative. In this case the expenditure on public transport might decline; the negative substitution effect more than offsets the positive income effect.

Deaton and Paxson (1998) identify food as a non-shared good that is not easily substitutable. This, they suggest, might be particularly true for relatively poor households because they have insufficient food and can therefore not substitute out of food. However, it should be noted that Horowitz (2002) suggests that even for relatively poor households, it is not clear whether food has substitutes (in an expenditure rather than functional sense)<sup>4</sup>.

Now, to return to the effects of size of household, the expenditure per capita on housing declines more rapidly than expenditure per capita on food. If only food and housing are

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<sup>3</sup> In fact, there is evidence that car ownership is very high in Cyprus, obviously because of limited public transport (Haliassos et al., 2003).

<sup>4</sup> As a specific example of this, Banerjee and Duflo (2011, p.36) tell the story of a poor Moroccan family in a remote village. The man of the house, asked what he would do if he had more money answers that he would buy more food. Then, asked what he would do if had even more money, he replies that he would buy more tasty food. Noticing a TV and DVD player, his visitor asks him why he has these things if there is not enough to eat. He replies, laughing, that TV is more important than food.

included in expenditure, then the housing share declines and the food share increases. The decline in the per capita cost to the household of housing has a positive income effect. Normally, a decline in the price of one good would have a negative substitution effect in relation to other goods. However, with food, and especially with food in relatively poor households, according to Deaton and Paxson (1998) there can be little or no substitution away from food, so the substitution effect is likely to be closer to zero. The income effect on expenditure on food is positive and greater than the absolute value of the substitution effect. In other words, expenditure per person on food in poorer households should be more than expenditure per person on food in similar but smaller households. This is the basis of Deaton and Paxson's (1998) theoretical model, which states, in short, that there is a positive relationship between household size and per capita expenditure on food, with constant per capita income.

Clearly, there is a difference as between whether the increasing size of the household is made up of adults or children. Adults may require more space than children – and house size may have to be increased – and adults may require more food than children. However, this is an empirical issue, which, given the ability in the data to distinguish between adults and children, should be testable. In essence it should not alter the main theoretical basis in the paragraph above of Deaton and Paxson's (1998) argument.

The Deaton and Paxson (1998) paradox is that their empirical work reveals the opposite outcome to the theoretical prediction described above. Deaton and Paxson (1998) demonstrate that the strongest negative correlation between household size and per capita food expenditure is in the poorest countries, where they believe the income elasticity of food should be the greatest. Deaton and Paxson (1998) offer the following explanations:

- i) *Direct economies of scale in food consumption* – Large households may benefit from buying in bulk and thus paying less per unit. This can cause expenditure to decrease even though quantities are increased.
- ii) *Economies of scale in food preparation* – As household size increases households may opt for more home preparation of food rather than take away.
- iii) *Wastage* – Larger households may be better at eliminating waste through better management of storage, refrigeration, and leftovers.
- iv) *Collective models* – Larger households have different compositions of people, who may have different consumption patterns, according to their age and gender.

- v) *Price elasticity of food* – Although not revealed by their analytical framework, there are grounds to believe that some food can have substantial price elasticities of demand.
- vi) *Measurement error* – The head of household interviewed may not know everything about the household members, and the more the members the greater is the likelihood of an error in the report; in particular expenditure on private goods is likely to be understated.
- vii) *Calorie overheads* – Households in poor countries may face fixed costs in terms of calories, and a greater proportion of them is consumed by the manual labourer of the household who undertakes the most difficult tasks and needs more food than the rest.

Thus far, we have explained the background to Deaton and Paxson's (1998) paradox, and have provided their own suggestions for why this paradox might exist. Their work generated a number of responses, with various suggestions of alternative explanations for the paradox. Horowitz (2002) generalises Deaton and Parson's (1998) empirical evidence where, contrary to the theoretical expectation, an increase in household size does not direct the saved resources toward a more private (less shared) good namely food. His aim is to demonstrate that a theoretical model of an N-good world "does not in fact predict a positive relationship between food expenditures and household size under the conditions assumed by Deaton and Paxson (1998)" (2002. p 1). He concludes from his generalized model that the relationship predicted by Deaton and Paxson (1998) depends "ultimately on a complementary relationship between food and housing (in an expenditure sense)". Does this complementary relationship exist empirically? Horowitz (2002) argues that the empirical evidence on this is unconvincing, but that clothing, rather than food, is a beneficiary from the welfare gains derived by the household as a result of the economies of scale from increased household size. This implies a substitution away from food to clothing.

Gan and Vernon (2003) similarly argue that a factor in the paradox is the use of just food and housing in total expenditure. Deaton and Paxson's (1998) theoretical expectations are based on an assumption that food is the most private (least shared) of categories of household expenditure. Where food, in the numerator, is, clearly, more private (less shared) than, for example, food and housing in the denominator, then the share of food (the ratio) increases as household size increases. In other words, the results are consistent with Deaton and Paxson's (1998) expectations. But where food, in the numerator, is less private (more shared) than food and clothing in the denominator, then the share of food (the ratio)

declines as household size increases. This is more consistent with Deaton and Paxson's (1998) empirical findings.

Gan and Vernon (2003) suggest that there may be a difference – for example in the extent to which each of them is private – between food at home and other ways in which food is obtained (“food consumed away from home”). They claim to have shown that expenditure on other food “decreases with family size” and further, that this supports the argument that “economies of scale in preparation time for home food increase the chance that food is more public than the composite of all other goods”. Thus, the Gan and Vernon (2003) resolution is that food is, in fact, more shared than is assumed to be the case by Deaton and Paxson (1998) and this is the explanation of what they see as the Deaton and Paxson paradox.

In short, Gan and Vernon's (2003) empirical evidence shows that the food share increases with household size in relation to more public goods – what we call shared goods – and decreases in relation to more private goods. For Gan and Vernon (2003) food is not the best example of a private good; they believe clothing is a better one. Clothing is, in other words, a less shared good than food. In terms of expenditure this implies that more savings can be derived, when household size increases, from food than from clothing.

Thus, both Horowitz (2002) and Gan and Vernon (2003) conclude that clothing would be a better example of a private good than food. In their response to Gan and Vernon (2003) Deaton and Paxson (2003) argue that extending the theoretical model beyond two goods to many goods still gives rise to the same prediction, namely that an increase in household size is associated with an increase in per capita expenditure on food. The empirical results stand, and the paradox thus remains.

Perali (2008) summarises the state of the art in relation to the Deaton and Paxson paradox, and then attempts to resolve it. He argues that the reason for the paradoxical findings lies not in the theoretical prediction, but in the analysis of the data. The theory correctly predicts that an increase in household size should be associated with an increase in the food share. Where he disagrees with Deaton and Paxson (1998, 2003) is in the empirical results. He shows that, using different methods to analyse empirical data, results can be obtained that are consistent with the prediction. He thus resolves the paradox.

What is the difference between the methods used by Deaton and Paxson (1998)<sup>5</sup> and Perali (2008)? Perali (2008) examines the relationship between food consumption and family size, separately from economies of scale. Rather than using the Deaton and Paxson (1998) non-parametric method of holding per capita expenditure constant, Perali (2008, p.1355) uses parametric methods holding total expenditure constant, and examines whether “food share increases with household size at a diminishing or increasing rate”. Having undertaken both the analysis as done by Deaton and Paxson (1998), and, using the same data but with Engel curves expressed in terms of total rather than per capita expenditure, Perali (2008) resolves the paradox as follows. Using versions of “Engel’s method”<sup>6</sup> – with Engel’s curves expressed in terms of total expenditure and equivalent incomes – he obtains the result predicted by the theory. Perali (2008) therefore concludes that Deaton and Paxson’s (1998) rejection of Engel’s method is not wholly justified.

In Paper One of this thesis, the focus is directly on the question underlying how expenditure on food and other goods changes as household size increase, namely how private food is, and whether food obtained in different ways is private to different extents. More consistent with Perali (2008) than Deaton and Paxson (1998), total expenditure is used as the basis for the analysis. Consistent also with Gan and Vernon (2003) and Horowitz (2002), Paper One finds that clothing is more private than food at home.

In Paper One, in addition to food at home, expenditure on take away food, expenditure in pubs and cafes and expenditure in restaurants are distinguished. The paper shows the relationship between expenditure on each of these, and income. There are differences in the way these expenditures respond to increases in household size. Moreover, other factors like the age of the woman of the household emerge as important in Paper One. This suggests that, over time in Cyprus, there may be less home preparation of food.

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<sup>5</sup> Deaton and Paxson (1998), following Lazear and Michael (1980) and Nelson (1988), among others, all use versions of the model of Barten (1964).

<sup>6</sup> Underlying Engel’s method are his observations, i) that the food share of household expenditure declines as income rises, and ii) that as household size increases, food share increases, with total expenditure constant. It follows that lower food shares tend to suggest higher welfare. Engel’s method also assumes that a smaller (larger) food share indicates lower (higher) welfare across households of different sizes and compositions; a large household with a particular food share has the same level of welfare as a small household with the same food share. It is in part in objecting to this assumption that Deaton and Paxson (1998) and others have developed alternatives to Engel’s method.

## **2.3 Other Food**

### ***2.3.1 Food prepared at home, or not?***

One explanation for why home food preparation may decline is, as Brewis and Jack (2005) put it, that “time seems increasingly to be of the essence when it comes to Western food habits” (p.51). Warde (1999) considers time, de-routinisation and companionship to be inter-related. Whereas companionship would once have been seen as a reason for preparing a meal to eat together, the increasing absence of routine makes it less and less likely that the household will eat together and the time is therefore not allocated for preparation of food at home.

A second factor in the reduction of preparation of food in the home is a complex interplay of social perceptions that results in convenience foods and eating out being associated with prestige. As Brewis and Jack (2005) point out, “time poverty” is identified as an indicator of high social status. Busy people are regarded as more successful people; busy people do not in general prepare food at home. This generates a tendency for people – even those who are not successful – to behave in relation to food as if they are busy and successful.

Thirdly, there is income. Warde (1999, referencing Bonke, 1993) states that: “Income encourages the use of convenience foods independently of the amount of committed time” (p.525). This reinforces the suggestion above that people may buy take-aways even though they do not save time. They can in general of course not afford to do so if they have insufficient income but Bonke (1993) shows that “households with higher incomes spend more on convenience foods irrespective of the amount of ‘free’ time at their disposal” (Warde, 1999, p.521).

That income is important in restaurant and convenience food consumption, is also suggested by Ahuja and Walker (1994). They found that the decisions to buy convenience foods and to dine out in restaurants were more driven by income level and employment status of mother than by family structure (single or dual parent). They also found, however, that in single parent households choices about type of convenience food or type of restaurant are driven by children whereas in dual parent households they are driven by the parents. This may still relate to income however, given that children are likely to choose cheaper types of restaurants than adults. The relationship between income and expenditure on different ways of acquiring food is also addressed in Paper One.

Commodification, almost by definition, is another factor in the reduction of home cooked food. Here it refers to the process whereby goods or services that used to be produced in

the household, or in some other way outside the market, come to be traded in the market. The most obvious example is where food is obtained ready to eat in a restaurant. However, it also covers the provision of semi-prepared foods for inclusion in the cooking process in the home (Warde and Martens, 1998). This is increasingly in evidence (Warde, 1999).

Obesity is growing in the Western world and in Cyprus (Tsakoglia-Garaud, 2005; Lazarou and Soteriades, 2010). There is a great deal of evidence that obesity is related to take-away and convenience foods (Schlosser, 2002; Chandon and Wansink, 2007). There is an awareness of this and, as a result, in some households in Cyprus this type of food is avoided in favour of home preparation. This may ameliorate the effects of the factors encouraging a move away from home prepared meals.

A second, closely related factor encouraging home preparation of food is that of “culinary nostalgia”. This is the belief that traditional methods of preparing food at home using fresh ingredients is better than any of the convenience, pre-prepared, microwaveable and fast foods. Brewis and Jack (2005) analyse this concept closely, identifying a variety of views among writers, some who see it in a positive light (Ritzer, 1996; Rifkin, 1989; Holt and Schor, 2000) and others who are more critical (Parker, 2002; Laudan, 2001). Brewis and Jack (2005) conclude that these disagreements are part of an ideological debate about social and economic change.

Commodification reduces but it also paradoxically promotes home preparation of food. For example, bringing to market cleaned and sliced fresh vegetables, as well as washed and ready to eat baby spinach and other greens can lead to a willingness to prepare food at home – using these cleaned and sliced foods as ingredients – among time poor people who otherwise might have eaten out.

Income may also be relevant to the question as to why home preparation of food might increase. Such commodified foods as cleaned and sliced vegetables are income elastic (Bonke, 1993). Thus the higher a household’s income, the more will be its use, in home preparation, of such convenience foods.

### **2.3.2 Food, shared or private?**

In addition to issues of reduction and increase in home preparation of food, the marketing and sociology literatures also inform the discussion on shared or private consumption of food. Gronow (1997) emphasises Georg Simmel’s (1998) paradox, that on the one hand everyone must eat and drink and in this sense they are activities shared by all humans. On

the other hand, in another sense because no one else can ingest the items of food a particular individual eats, eating and drinking is by definition completely individual.

In the context of the focus on food in this thesis, what this suggests is that there are both private and shared aspects to a meal, even when the food itself is not being shared. The meal – sitting around a table and talking, eating and drinking – is social and therefore shared. Further, the shared or social aspect can influence the individual food choices and preferences. Marshall (2005), in his study of 20 newly wed couples observed a struggle to both continue to express preferences and at the same time develop shared routines. Husbands and wives eventually adjust to each other's preferences; the benefits are the savings in the cost of food. Those savings could be used on other commodities, for example clothing, house mortgage and car ownership.

Many of the issues raised in the review of the sociological and marketing literature on food are addressed, in relation to Cyprus, in Minas et al. (2009), who show that the development of food consumption in Cyprus has in a sense not yet reached the stage of culinary nostalgia. Some of these issues also inform the discussion of the interviews in Paper Three. However, the main focus of Paper Three is on the intra-extended family, inter-household consumption of food. The literature on this aspect of food consumption, as shown in Paper Three, is slight. Basically what Paper Three does is to suggest resolutions to the new paradox raised in Paper One, and to provide a clear, research-based explanation for the anomaly of high expenditure on food at home in elderly households pointed out in the conclusion of Paper One, all within the context of the welfare regime framework. It does so by showing that familiocracy prevails in food, as in housing; that inter-household provision of food explains why the expenditure per person on food prepared at home is greater in older households; and that this reflects the kind of importance of family common in other SE/M welfare states.

## **2.4 Housing**

In Paper One the significance of shared and non-shared consumption of different types of commodity is considered. Clothing, even children's clothing, was found to be more private than any way of obtaining food. In this paper, housing was used as the most obvious example of sharing, in the sense that each additional member of a household reduces the per capita cost of housing, within certain limits<sup>7</sup>. Following this, housing became the second focus, after food, of the research on household expenditure in Cyprus.

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<sup>7</sup> Where the additional member of household cannot be accommodated within the existing housing, then having to obtain a larger house may result in an increase in the per capita cost of housing.

The housing literature in general raises many issues relevant to this thesis. Some of these are covered, in the context of the welfare regime framework, in Paper Two. Some more general research on housing, outside this framework, is reviewed here, beginning with Helderma and Mulder (2007). There are different ways in which parents can influence adult children's choices. As pointed out by Helderma and Mulder (2007) parents can make financial contributions "either specifically earmarked towards housing or not" (p.232). They go on to point out that intergenerational transmission of home ownership is not necessarily related to gifts by parents. In the Netherlands – and probably in Cyprus, too (see Paper Three) – it is common for adult children to live near their parents. In many cases this means that there is no alternative to owner-occupation because there are no rental properties in the area. In this case adult children will be home owners because their parents were home owners; similarly, adult children of renting parents would rent because their parents were renters.

Other factors in home ownership pointed out by Helderma and Mulder (2007) are active and passive socialisation. Active socialisation is where parents encourage their children to become home owners and perhaps even help them plan to obtain mortgages. Passive socialisation is where the children's expectations, for example in relation to whether they should own their own homes, are built up as a result of what they perceive or experience in their parents.

Not mentioned by Helderma and Mulder (2007) but quite common in Cyprus is another form of intergenerational transmission of home ownership, namely where the parents build on to their own house an additional apartment or apartments, which they then give to their adult children. According to the Cyprus government household budget survey (DSR, 2006), 7 per cent of the dwellings in Cyprus are additions, built on top, some time after the completion of the original building. Data on how many of these are gifts to adult children are not available, but from traditional practice in Cyprus at least some of these fall into the gift category. In any case, even if the adult children have to pay for the building costs of the additional dwelling, they do not have to pay for the land. Another 3 per cent of dwellings, much smaller than those built on top, are "granny flats", built behind the original house. In most such cases the older generation move into the dwelling at the back and the younger family move into the main house. It is not known how many of these 10 per cent of dwellings are given as gifts.

Individual factors in home ownership, as pointed out by Helderma and Mulder (2007) among others (see also Feijten et al., 2003; Turner and Luea, 2009), include age and income.

Ownership of a home is also related to family structure, couples without children being less likely to be home owners than those with children (Feijten et al, 2003). And, as argued by Mulder (2006), "Owner-occupied homes are generally larger..." (p.283). The survey data on which Papers One and Two are based show that in Cyprus, too, owner-occupied houses are larger (Minas et al., 2010).

The question as to whether the ownership is a result of a gift from parents is considered by Helderma and Mulder (2007). They argue that parents intending to give a substantial gift to support the purchase of a house by their adult children, are likely to provide that gift when their children become home owners. So, children who are still renting will not yet have received their gift while those who are home owners will already have received the gift. They do not introduce the issue of marriage or cohabitation in the context of timing of home ownership but this may be a factor in Cyprus. As Mulder (2006) points out "the transition to first-time home ownership is frequently synchronized with marriage, is often made in anticipation of parenthood and is rare among singles." In general: "Home ownership is strongly associated with marriage" (Mulder, 2006, p.282). She goes on to draw on other research that suggests that, in some countries "family formation seems to speed up the process of acquiring a home" (Ibid.). Furthermore, households with children are more likely to be home owners. And, following the discussion of gifts and the timing of gift-giving and home ownership, it follows that home owners who received their houses as gifts are also more likely to be married. They are also more likely to be younger<sup>8</sup>. Minas et al. (2010) show that in Cyprus, too, single person households appear to be less likely to be home owners; however, there is no statistically significant relationship between number of people in the household and whether the house was a gift. On the other hand, households in Cyprus that received that house as a gift are indeed likely to be younger.

These arguments raise two questions. The first, suggested by Helderma and Mulder (2007), is whether parents who wish to influence their children to become home owners are likely to withhold gifts that they were otherwise willing to bestow on their adult children, if those children refuse to become home owners. This cannot be tested with available data but is known anecdotally to occur in Cyprus.

The second question relates to both home ownership and marriage. Parents who wished to influence their children to marry may have withheld the house-buying gift until such time as the child – usually the daughter – became engaged. This goes back to a long-standing

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<sup>8</sup> "... a high level of home ownership might lead to difficulties for young people to start their independent household careers and form partnerships and families" (Mulder, 2006, p.282). So, young people in their own homes are more likely to have received them as gifts.

tradition of dowries (*proika*) for daughters. A marriage contract (*proikosiphono*) was drawn up between the father of the bride and the father of the groom, with the priest as facilitator. The contract specified what gifts would be given by the bride's family to the new household. This frequently included a house or a money gift towards a house.<sup>9</sup>

This tradition lives on in the gift of, or towards, a house by the bride's family. And with cultural changes as Cyprus becomes more similar to the social norm in Western Europe, the gift may also be given by the groom's family. It may even be shared by both sides. Housing acquisition in Cyprus is covered in some detail in Paper Two and Minas et al. (2010).

There is evidence from research on Poland (Vande Lune et al., 1999) that in times of financial crisis parents support their adult children with transfers of goods and services (other than housing). These transfers help the recipients for example by enabling them to pay for housing, in keeping up with either mortgage payments or rent.

According to Flint and Rowlands (2003) there are social and political forces that underlie the structure of housing tenure. They argue that policy rhetoric supports home ownership and in some sense marginalises rental and social housing. This is evident in the statistics on owner occupation (Doling and Ford, 2007) in which most European countries have home ownership rates of over 60 per cent. Eurostat data (2010) used in Paper Two support this but also show that home ownership rates in Cyprus and other Southern European countries far exceed those of Western Europe. The question arises as to the prevalence of Flint and Rowlands' (2003) arguments in relation to countries like Germany with a relatively low rate of home ownership. There are contingent explanations for an absence of a policy rhetoric in favour of home ownership in Germany. The relatively low rate of home ownership is based at least in part on the problem of high numbers of refugees requiring housing in Germany after WWII. In order to solve this problem the state introduced incentives to landlords to build and provide to tenants, housing in the relatively lightly regulated rental market (Voigtländer, 2009).

There is an above average rate of home ownership in Cyprus; this is associated with a strong tradition of home ownership in Cyprus, though not necessarily related to the policy arguments of Flint and Rowlands (2003). It may go back to the fact that Cyprus, at the cross-roads of civilisations, has undergone a great deal of social and political upheaval over the centuries. It is likely that people have seen home ownership as a means of obtaining security and stability. The rate would be much higher in Cyprus if the refugees, provided

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<sup>9</sup> Discussions of dowries in Greece can be found in articles written in the 1980s (du Boulay, 1983 and Stott, 1985) but much of what appears in these articles also applies to Cyprus.

housing by the state following the 1974 occupation of northern Cyprus by Turkey, were included among the home owners.<sup>10</sup>

The essence of the argument by Flint and Rowlands (2003) is that policy is based on a view that widespread owner-occupation of houses reduces anti-social behaviour, and, while being consistent with market ideologies, provides a means of stabilising society with low social or public costs. Di (2007), in reviewing the relevant literature on home ownership and future income, states that while the “social benefits of homeownership are... well studied” they are “not necessarily conclusive” (p.461). He goes on to show that there is contradictory evidence about the relationship between home ownership and positive or negative social consequences. Voigtländer (2009) would concur with this; he emphasises the historical and institutional factors determining home ownership and concludes that the low ownership rate in Germany is not a disadvantage.

The focus of Di (2007) is on the idea of income being both a cause and a consequence of home ownership. There are many studies, he points out, that show the link between higher income on one hand and home ownership on the other. He suggests that if it can be shown that higher income is also a result of home ownership, then this can become an additional incentive for people to own their own homes. Minas et al. (2010) show, using expenditure on private tuition as a proxy for future income, that there is in Cyprus evidence in favour of Di’s (2007) argument.

On housing in Cyprus specifically there is very little published work in English. Other than papers by Zetter (1982; 1994; 1999) – which provide some evidence of state responses to the housing crisis in the period immediately following the Turkish invasion of 1974 – Cyprus appears to have been the focus of few published articles on housing. What research has been published is primarily economic. Haliassos et al (2001) and Haliassos et al (2008) both examine aspects of the economics of housing in Cyprus in the context of the financial market, and compare them to those in the United States. This work is explained in more detail in Paper Two. Platis and Nerouppos (2006) have, as economists, worked on the development of a house price index in Cyprus. Other than this, there is some mention of housing in Cyprus in the tourism literature (for example Ioannides, 1995), and in the architectural and urban development literature (for example Oktay and Pontikis, 2008). For papers addressing housing policy, systems and structures, research on Cyprus must draw primarily on work on other, similar, Southern European or Mediterranean countries.

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<sup>10</sup> It is interesting to juxtapose the different solutions to the refugee housing problem; in Germany, after the war, landlords were subsidised to build housing for the rental market; the state in Cyprus after 1974 directly built and provided housing to refugees.

## 2.5 Welfare Regimes

There are a number of different ways of categorising comparative social research. Stephens and Fitzpatrick (2007) write of “convergence and divergence” approaches. Within convergence there is the “old” and the “new”. The old convergence approach refers to work in the 1960s that assumed that as economies developed, so would their welfare systems. Then, with “stagflation” in the 1970s and the reduction and narrowing of welfare systems in many developed countries, the assumption became – in the new convergence view – that as countries developed further, their welfare systems would contract. Although they predict opposite outcomes, the old and new convergence theories have in common their determinism; the outcomes are assumed to be unaffected by countries’ political systems and cultures. This Stephens and Fitzpatrick (2007) contrast with the divergence approach, which privileges the ideologies, institutions and culture that govern society. The divergence approach allows for continuing differences between societies, or at least between groups of societies.

Hoekstra (2010) adopts a more theoretically sophisticated approach to the categorising of comparative social research. Building on the work of Pickvance (2001) and Hantrais (1999), and in particular Kemeny and Lowe (1998), he juxtaposes “particularistic” with “universalistic” approaches (p.3). He describes the latter approach as seeking to describe the relationships between variables, in some sense abstracted from the specific social context. If the same relationships exist in different societies then this suggests, according to the universalistic approach, some kind of deeper, common factors across societies. There is a clear underlying assumption in this approach that certain characteristics are common to all societies, or at least that those characteristics will be present, at some stage, in all societies. This leads to the conclusion that “all industrial societies would undergo the same evolutionary process and ultimately converge” (Hoekstra, 2010, p.3). Rather than relying on the prevailing empirical developments, this description of the universalistic approach explains more theoretically how the convergence approaches described in the previous paragraph were arrived at. That these approaches were predominant in the period after World War II is not coincidental; similarities between states – for example the growth of welfare expenditure in many state budgets – led to the “old” convergence view. But the focus on commonality is a result of a narrow perspective; there were, even then, many states in which the welfare budgets remained small.

In the particularistic approach, in contrast, the focus is on the specificities of time and place; the context is everything. The view, in this approach, is that little or nothing of social

phenomena can be understood without taking into consideration the society in which they occurred. Each society is unique. International comparative research, according to the particularistic approach, will show this uniqueness and cannot appropriately lead to generalizations (Hoekstra, 2010, p.3).

Hoekstra (2010) goes on to describe a third approach, in which researchers accept the importance of particular social contexts, but rather than seeing them as impeding comparisons between societies, they see them as elements in the explanation of similarities and differences. In this third approach, which should lead to what Kemeny and Lowe (1998) call theories of the middle range, the “aim is to identify general factors within social systems that can be interpreted with reference to specific societal contexts” (Hoekstra, 2010, p.3).

This third, or middle way, has been adopted by most recent researchers in comparative social policy. Predominant among them for over 20 years has been Esping-Andersen (1990; 1997; 1999; 2003). What he and others – including specifically for housing research, Allen et al (2004), Kemeny (2006) and Hoekstra (2010) – have done is to set up systems for categorising countries into groups, based on ideology, institutions and culture. These typologies facilitate comparisons between groups of countries that indicate their differences. These approaches are what Stephens and Fitzpatrick (2007), among others, call the divergence approaches.

Esping-Andersen’s (1990) *Three Worlds of Welfare Capitalism* is seminal in the comparative welfare state literature. Virtually every article in this area references the book, and its significance has been recognised by the American Political Science Association, which gave Esping-Andersen an “Enduring Contribution Award” for “the best book or article published in the general area of public policy during the past twenty plus years. The book or article should have had a major impact on the field” (APSA, 2012). His divergence theory and typology underlies much of the discussion in Papers Two and Three, and Chapter 6. He describes his three-part typology in terms of different kinds of historical compromise in different groups of countries (Esping-Andersen, 2003). In the first type, the liberal welfare regime, with the United States as the main exemplar, the compromise has resulted in a society favouring individualism and markets. The welfare state is a minimal and residual player. In the second, the social democratic welfare regime exemplified by the Nordic countries, the compromise has resulted in a universalistic, egalitarian society with a large welfare state sector. In the third, conservative or corporatist model, social insurance is fused with corporatism and, especially in Southern Europe, a strong Catholic influence (Esping-Andersen, 2003, p.1).

In the *Three Worlds*, Esping-Andersen (1990) provides a justification for clustering welfare states into regime types where, by “regime”, he means the “systematically interwoven... complex of legal and organizational features” in the “relation between state and economy” (p.2). A key aspect of this justification is that the extent to which labour is de-commodified is more or less the same in different groups or clusters of countries. As he writes, “The welfare state variations we find are... not linearly distributed, but clustered by regime-types” (p.26).

The three resulting regime-types, as stated above, are the liberal, conservative and social democratic regimes. There are four social programme provision areas, namely social insurance/pensions, education, health and housing. The main focus in Esping-Andersen (1990) is on the first of these. The three pillars through which these services are provided are the state, the market and the family. Although all three are mentioned by Esping-Andersen (1990), only the state and the market are subject to analysis in the book. The welfare regimes are thus defined primarily in terms of the relative importance of, and relationships between, state and market (Esping-Andersen, 1990).

Should Southern Europe be included in the third, conservative welfare regime? Differences between Esping-Andersen and others in relation to the answer to this question have generated a great number of papers. His focus on family in his later work is to some extent a response to this literature.

The critiques have targeted his methodology (Allen et al, 2004), added additional worlds of welfare capitalism to his three (Ferrara, 1996; Bonoli, 1997) and narrowed the focus to examine particular welfare areas such as poverty (Böhnke, 2008), gender (Lewis, 1992; Korpi, 2000; Esping-Andersen, 2002) and health (Eikemo et al, 2008), among many. Housing alone has been the particular focus of a number of studies (Kemeny, 1992; 2006; Duncan and Barlow, 1994; Castles and Ferrera, 1996; Allen et al, 2004; Allen, 2006; Hoekstra, 2010).

Cyprus is rarely mentioned in any of this literature, and is not covered at all in any of the welfare regime work on housing or food. Even the various studies proposing a Southern Europe or Mediterranean addition to Esping-Andersen’s three welfare regimes largely ignore Cyprus. Among the very few that do mention Cyprus are Kääriäinen and Lehtonen (2006), Böhnke (2008) and Gal (2010). Drawing on the substantial literature on additional welfare regimes, both Kääriäinen and Lehtonen (2006) and Böhnke (2008) use the same five welfare state regimes (the original three plus the Mediterranean and post-communist welfare regimes). Gal (2010) focuses only on what he calls “an extended family of Mediterranean welfare states”, in which he includes Cyprus, Greece, Israel, Italy, Malta,

Spain, Portugal and Turkey. All the writers identifying Southern European/Mediterranean countries as constituting an additional welfare regime – or family of welfare states – include the significance of family in these countries as a key feature of their systems.

An example of this type of work – not including Cyprus – is that of Allen (2006). She adds Southern Europe (Italy, Spain, Portugal and Greece) as a group of countries different from the three groups (“welfare regimes”) proposed by Esping-Andersen (1990). As part of Allen’s (2006) critique of Esping-Andersen (1990), she suggests that he “creates a ‘synthetic’ concept of welfare regimes, eliding the ideal typical concept with the set of countries for which data were available” (p.257). She posits a different approach for various reasons. First, his approach was developed in the context of data on 18 OECD countries and she is interested in particular in the four countries of Southern Europe (Italy, Spain, Portugal and Greece). Second, she focuses on housing and not on welfare in general and this, she argues, is better done separately than using the Esping-Andersen (1990) welfare regime analysis. The explanation is that underlying the welfare regime analysis is the relationship between state and market in the provision of income maintenance. Housing can be provided by other means as well, and in particular by the family, as argued by Allen et al (2004) (see also Paper Two). So, although housing is included in Esping-Andersen’s perspective on welfare, for analysis of housing alone a different approach is appropriate. A similar argument could be made in relation to food.

What does Esping-Andersen himself have to say about a fourth regime and about the dearth of attention to family in his *Three Worlds*? Especially in his later work, he does not ignore family; his view is that the family, like the state, can be the welfare provider in the context of market failure and that: “Familial welfare production continues to be quite prominent, especially in Southern Europe” (Esping-Andersen, 2003, p.8). However, in *The Three Worlds* there is very little attention to family, and this is acknowledged in his later book, *Social Foundation of Postindustrial Economies* (1999), where he argues that “the household economy is *alpha and omega* to any resolution of the main postindustrial dilemmas” (p.6).

How de-commodification is used in identifying regime types is an extremely important part of Esping-Andersen’s (1990) approach: “The variability of welfare-state evolution reflects competing responses to pressures for de-commodification” (1990, p.37). In essence, this de-commodification relates to the relative importance of state and market in the determination of people’s incomes. He understands de-commodification to refer to “the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation” (1990, p.37).

Given that the concept of de-commodification is applied to both food and housing in Papers Two and Three of this thesis, it is appropriate to examine in more detail how Esping-Andersen (1990) uses de-commodification in the identification of, and differentiation between, regime types. There are two issues to be addressed in this discussion. First, whether there is a difference between the way the concept is used by Esping-Andersen (1990) and the way it is used in Papers Two and Three; and second, whether it helps in the identification of the SE/M as a regime-type different from the original three.

As explained in the introductory chapter, and in Papers Two and Three, Esping-Andersen's use of the concept de-commodification contributed to his classification of countries into three welfare regimes, with the liberal welfare regime being the one in which the contribution of the state to welfare is lowest, the social democratic the one in which the contribution of the state to welfare is highest, and the conservative the one in which there is some state provision but also a strong corporatist tradition.

How does Esping-Andersen (1990) justify this approach? He begins with the evolution of capitalist economies, and the emergence of markets as "universal and hegemonic". He makes clear in this discussion that de-commodification refers particularly to the labour market; it is with dependence on the "cash nexus" that "people were commodified" through the labour contract (p.21). As discussed in Paper Two, the origin of the concept of commodification is in Marxian economics, where it is defined as the introduction of a good or service into the market. Labour in that context is not a commodity in capitalism because people are not bought and sold; it is people's ability to work, or labour power, that is bought and sold.<sup>11</sup> De-commodification is then the process whereby the state, through social insurance, unemployment benefit, etc., enables people to obtain the means of survival without having to work. Or, as Esping-Andersen puts it: "De-commodification occurs when a service is rendered as a matter of right, and when a person can maintain a livelihood without reliance on the market" (1990, pp.21-22).

How this contributes to Esping-Andersen's classification of welfare states into regime-types is as follows:

De-commodified rights are differentially developed in contemporary welfare states. In social-assistance dominated welfare states, rights are not so much attached to work performance as to demonstrable need. Needs-tests and typically meager benefits, however, serve to curtail the de-commodifying

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<sup>11</sup> Presumably Esping-Andersen is aware of this and is using "labour" as a short-hand for "labour power".

effect. Thus, in nations where this model is dominant (mainly in the Anglo-Saxon countries), the result is actually to strengthen the market since all but those who fail in the market will be encouraged to contract private-sector welfare (1990, p.22).

So, the degree of de-commodification of labour is a key element of Esping-Andersen's description of a type of welfare model. In a second model there is "compulsory state social insurance with fairly strong entitlements" (1990, p.22). But "rules and preconditions" can "dictate the extent to which welfare programmes offer genuine alternatives to market dependence" (1990, p.22). This is the Continental or conservative model, and again rests on degree of de-commodification of labour. There is a third model, which "offers a basic, equal benefit to all, irrespective of prior earnings, contributions, or performance" (1990, p.23). This is the most de-commodifying, but only recently have welfare states – and in particular the social democratic states of Scandinavia – been able in practice to provide a system where "citizens can freely, and without potential loss of job, income, or general welfare, opt out of work when they themselves consider it necessary" (1990, p.23).

Following the publication of *The Three Worlds*, and at least in part in response to the sustained discussion about aspects of the book among reviewers and academic critics, Esping-Andersen seems to have revised his analytical framework in various ways. In a 1995 working paper, for example, he begins to pay more attention to the family and "familialism" (similar but not identical to what has been called "filiocracy" in Papers Two and Three), than in *The Three Worlds*. For present purposes what is most interesting about this paper is that there is ambiguity in relation to welfare regime. On one hand he seems to consider the Continental European countries of the conservative regime to include the Southern European countries, and on the other hand, he seems in some cases to distinguish for example between Germany and Italy. This is reflected in his footnote on the first page of the working paper, where he explains that the paper cannot devote sufficient space for the analysis of all the Continental and Southern European countries, and therefore focuses on only two, "Germany (as the leading and most comprehensive exponent of the social insurance approach), and Italy (as an example of a less complete and unusually 'familialistic' welfare state)" (Esping-Andersen, 1995, p.1). The working paper thus expresses the tension between, on the one hand, including Southern European countries within the conservative welfare regime type and, on the other, differentiating them from that type.

Esping-Andersen (1997) further expresses this tension when he includes himself among those who have questioned, on the basis of religion and familialism, the appropriateness of

considering Southern Europe as an additional regime type. In the context of a discussion about various arguments as to why Southern Europe might be considered to be a welfare regime type in addition to his original three, he writes: “others (including myself) point to the Catholic imprint and familialism” (1997, p.180).

By the end of the decade, Esping-Andersen’s (1999) analytical framework has undergone significant change. Wincott (2001) shows that, in *Social Foundations*, Esping-Andersen admits to errors in his earlier approach. In *Social Foundations*, for example, Esping-Andersen acknowledges that “his approach [in *The Three Worlds*] was too narrowly focused on income maintenance... and... that he concentrated too much on a state-market duality and failed to take account of households and families” (Wincott, 2001, p.411). Clement’s (2003) critical review of Esping-Andersen (1999) is even sharper. Pointing out that “Esping-Andersen has moved the household and women’s labour force participation from invisibility to a pedestal”, he argues that this is “over the top” (Clement, 2003, p.6). By this Clement means that, in his view, Esping-Andersen paid insufficient attention to family and household in *The Three Worlds*, while in *Social Foundations* he exaggerates the importance of these issues for post-industrial economies.

This change in approach is reflected in a different focus in the identification of the three types of welfare regime. In the introduction to *Social Foundations*, in the context of a discussion about the crisis of the welfare state, Esping-Andersen (1999) states that the composite parts that together form the contemporary welfare regime are:

labour markets, the family, and, as a third partner, the welfare *state*. We should not forget that the sum-total of societal welfare derives from how inputs from these three institutions are combined. Some regimes, in particular the liberal, Anglo-Saxon, are market-biased; others, especially the Southern European or the Japanese, are powerfully familialistic. And still others put the accent on state delivery of welfare (pp.4-5).

In an interview with Esping-Andersen, published in 2000, this apparent change in focus in relation to the determination of regime-types is confirmed. Asking about types of welfare regime, the interviewer suggests that Esping-Andersen seems to “stick to the three-fold model... first proposed in *Three Worlds*.” In a cross between a question and a statement, he adds: “In the Scandinavian model the state takes the lead, in the Liberal model it is the market and in the Continental one it is familialism which is crucial?” Esping-Andersen’s response is in the affirmative: “That is why I find it hard to imagine four or more *distinct* models because principally there are only three institutions relevant to and capable of

welfare production. Some add the third sector [the voluntary and community sector] but no society can function with this as the dominant welfare producer” (Esping-Andersen, 2000, p.762).

The change in focus is from labour de-commodification through state provision of welfare, in the social insurance/pension area, as a key factor in welfare regime typing, to dominant welfare pillar as the key factor in welfare regime typing. This is not to say that de-commodification is no longer important for Esping-Andersen (1999) in *Social Foundations*. It is still important, but now applied in the context of family – and particularly women – in relation to the labour market. It is related to “de-familialisation”, which refers to the entry of women into the labour market. In a sense, de-commodification is possible for women only after de-familialisation; female labour has to be commodified before it can be de-commodified.

Esping-Andersen’s (1999) approach to familialisation and de-familialisation is clearly explained by Fahey (2002). Esping-Andersen (1999), according to Fahey (2002),

proposed that degree of familization or de-familialization should be recognized as an important axis of differentiation between welfare regimes. In familialized regimes (such as Italy, Spain, Greece, and Japan) the welfare and caring responsibilities of households and families (mainly fulfilled by women) are large, and the provision of welfare services by either the state or the market is correspondingly weak. De-familialization occurs when either the market (as in the United States) or the state (as in the Nordic countries) unburdens the household of such caring responsibilities, reduces individuals’ welfare dependence on kinship, and frees up women for higher levels of labour-market participation (Fahey, 2002, p.52).

It is almost as if familialisation is the differentiator of welfare regimes, replacing de-commodification. However, although the function of the de-commodification concept in Esping-Andersen’s analysis has changed over the decade, he still uses it, primarily in relation to the labour market. This differs to some extent from how de-commodification is used in this thesis. As shown above, he defines it as “the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation” (1990, p.37). In Paper Two, in the context of housing, de-commodification is shown to have a number of possible definitions. Groves et al. (2007) equate de-commodification of housing with the provision of housing by the state. This may not be mutually exclusive with Esping-Andersen’s definition because by providing housing, the state is also reducing the

extent to which the family is dependent on income from work. Hoekstra's (2003) broader definition, that it is the extent to which the household can obtain housing independent of income from work, is also consistent with Esping-Andersen's. Hoekstra's (2003) definition is broader than that of Groves et al. (2007) because it allows for the family, not just the state, to be the provider of housing. In accepting Hoekstra's definition, the conclusion can be arrived at in Paper Two that, for the recipient household, housing is de-commodified. This is so where the house is given to the recipient household by the parents and/or parents-in-law. In other words, because the recipient household does not have to enter the market to obtain housing, it is, for them, de-commodified. Paper Three arrives at a similar conclusion relating to food.

The function that the de-commodification concept fulfils for the analysis in this thesis is consistent, explaining the role of the extended family as welfare provider in Cyprus. Though somewhat different from Esping-Andersen's definition, its use here is consistent with both Esping-Andersen's approaches to regime definition, in *The Three Worlds* and in *Social Foundations*. In *The Three Worlds* and in this thesis de-commodification is used to define regime type. In that the de-commodification is in fact provided by the family in this thesis (in contrast to the state in Esping-Andersen), the family as welfare pillar also defines the welfare regime, as it does in *Social Foundations*.

The concept "familiocracy" used in this thesis is also somewhat different from Esping-Andersen's (1999) "familialism". What he means by familialism is a system in which women stay in the household as house-keepers and child-minders and remain dependent on males for income. De-familialisation is where the woman of the household, by entering the labour market, obtains income independence. In this thesis familiocracy refers to the importance of the extended family, usually in more than one household, in various aspects of social and economic life.

Familiocracy is closely related, throughout this thesis, to de-commodification. De-commodification is indeed a reflection of familiocracy, the more significant the extended family in the lives of households, the more housing and food will be de-commodified for the recipient households. It may be that in focusing on nuclear families in individual households Esping-Andersen misses this point. Even his introduction of households and families into his analysis during the 1990s is done without apparent awareness of the importance of the multi-household extended family. This may explain both the narrowness of his familialisation concept and his reluctance to accept the SE/M – where familiocracy is more common – as an additional welfare regime type. SE/M as more or less assumed to be an

additional regime type in Papers Two and Three, and is addressed in more detail in Chapter 6.

On Cyprus there are few papers in the comparative welfare and social policy literature. Shekeris (1998) provides a description and explanation of some of the key features of the welfare system in Cyprus, and a more recent description and analysis is provided in Shekeris et al. (2009). This latter study also provides some comparative analysis, showing for example that the social protection expenditure in Cyprus is well below the EU average. It concludes that the welfare state in Cyprus is at a relatively “infant” stage “in comparison to other countries that have a long history of welfare provisions” (p.97). What progress has been made has been in response to such challenges as the 1974 invasion. For example, the huge number of refugees requiring accommodation more or less forced the state to develop a housing policy, among others.

In the context of this recent work on the welfare state in Cyprus, it should be noted that since Cyprus joined the EU in 2004, data on Cyprus are included in Eurostat compilations and analyses. For example, there are comparative statistics on housing conditions in the EU recently published by Eurostat (Rybkowska and Schneider, 2011) that include Cyprus. In addition, although not a member of the OECD, data on Cyprus are included in many of the OECD’s statistical publications. Selected EU and OECD data are used in the comparative analysis in the final chapter, Chapter 6.

## **2.6 Structure of the Thesis**

This is a “thesis by publication”. Chapter 1 is an introductory chapter setting the scene by explaining the motivation for the thesis and showing the links between the literatures on which the different papers are based. It provides an overview of the literatures in common among the three published papers. The present chapter, Chapter 2, provides reviews of the literatures, based mostly on the literatures accessed for the three published papers; it also includes some elements not referenced elsewhere, but appropriate as background to the subject matter of the papers. The next three chapters are Papers One, Two and Three, covering respectively food from a household expenditure perspective, housing in a welfare regime framework, and food, with a focus on inter-household consumption also within a welfare regime framework. Finally, Chapter 6 provides a detailed overview of the themes common to the papers included in the thesis.

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### **Chapter 3: PAPER ONE**

## **HOUSEHOLD SIZE, INCOME AND EXPENDITURE ON FOOD: THE CASE OF CYPRUS**

**David Jacobson, Petroula Mavrikiou and Christos Minas, (2010), *Journal of Socio-Economics*, 39(2), 319-328.**

**Abstract:** This paper addresses some of the questions raised in a debate between Deaton and Paxson (1998; 2003) and Gan and Vernon (2003) in the *Journal of Political Economy*. At issue is what, on the basis of theory, the behaviour of households should be in relation to expenditure on food, as household size increases. One argument is that expenditure on food, per capita, should increase as household size increases, but analysis of the data gives very different results. Questions arise as to whether food is a public or private good within households, how food compares to clothing and whether there can be substitution away from food, for example towards clothing.

For the purposes of addressing these and related questions in the Cyprus context, a household budget survey was undertaken, in which 625 responses were obtained. The paper describes the survey and uses the results of the survey to run regressions to identify the variables that relate significantly to expenditure on food. What we add to the discussion is the analysis of the determinants of expenditure on food in Cyprus, and the categorisation of this expenditure into food at home, take-away food, food in pubs and cafes, and food in restaurants. Our results tend to support Gan and Vernon (2003); we find, for example, that clothing is more private than food.

**Keywords:** Expenditure; household budget survey; food; Cyprus

### **3.1 Introduction**

Determinants of household expenditure, particularly on basic products like food and clothing, have been of continuing interest to economists for centuries. Modern work starts from Engels (1895) and his focus on relationships between expenditure on food and income. The nature and patterns of food purchase and consumption reflected and in different ways continue to reflect wealth, income and lifestyle. This is of particular interest in relation to the expenditure patterns of the relatively poor. Studies have thus focused on household expenditure of the poor, both in rich countries and in developing countries. Associated with expenditure is the size of household, because expenditure per person in the household is likely to vary as household size changes. Patterns of consumption, and therefore of expenditure, are also influenced by cultural and social factors. All these issues are to varying extents addressed in this paper. The research reported here was undertaken in Cyprus, based on an original household budget survey. It addresses questions about patterns of food consumption in relation to households of different sizes, at different levels of income. We are interested in whether and how income and household size relate to expenditure on food and clothing. The survey instrument is included as Appendix A.

The next section briefly introduces the survey. Following that, in Section 2.3, the relevant literature is examined as the background to a description, in Section 2.4, of the data and models used in this paper. Section 3.5 contains the analysis and this is followed by a brief conclusion.

### **3.2 Household Budget Survey of Cyprus**

When this research began there was already a published Household Budget Survey (HBS) of Cyprus. This official survey is undertaken periodically, usually every six years, by the Statistical Office of Cyprus. At the time, the most recent one was that of 1997. We decided to design and implement our own survey instrument both to obtain more up to date information and to address questions raised in the literature that could not be addressed because of absence of detail in the official HBS. For example, in relation to food expenditure by households no distinction was drawn between food prepared in the home and food bought from take-aways. Since then, the results of a more recent (2003) survey have been published (SSRC, 2006), but again the detail is insufficient for at least some of the questions addressed here.

To ensure that our research is reasonably representative, in section 2.4 a validation of our survey data is undertaken, through comparing them with the results of the latest, 2003, HBS of the Cyprus Statistical Office.

The preparation of the survey instrument, the statistical design of the survey, the training of interviewers and the preparation of the software for data entry took place between January 2004 and April 2004, with most interviews taking place between April 2004 and June 2004. Data refer to 2004, except for incomes that were reported on an annual basis and refer to the income earned in the previous year, in this case 2003.

The decisions on the band ranges to be used were arrived at after interviews with senior directors of two supermarket stores, with high market shares, and through statistics from the Electricity Authority of Cyprus and the Cyprus Telecommunications Authority. Mortgage ranges were decided after interviews with the financial controller of Hellenic Bank, and the credit controller of Alpha Bank. In some cases adjustments were made after piloting the survey instrument. Overall the results, with reasonably bell-shaped distributions for all questions, suggest that the band selections were successful.

Data were collected on 625 households, the addresses of which were obtained, as a random sample, from the Cyprus Phone Directory. A household comprises "one or more persons (related or not) who live together and share principal meals, in the sense that the household's food supply is obtained out of a common budget, and have common arrangements for supplying basic living needs" (DSR, 1999, p.31).

The rate of response was very high at over 80 percent. The high response rates are attributable to the commitment of the interviewers, all drawn from Frederick Institute of Technology undergraduates in the final year of their studies, and to the readiness of Cyprus households to participate in a survey conducted by a respected institution after they were clearly informed about the survey's purpose and objectives and after being guaranteed confidentiality.

It might be argued that the use of the telephone directory as a sample frame leads to a non-representative sample because those without telephones are omitted. However, household telephone penetration is very high in Cyprus, exceeding that of France and comparable to that of Germany (Enterprise Ireland, 2007) thus any sample frame error is minimal.

As concerns the sample size the following remarks are noted in order to justify the selection of the 625 households:

- a) There is homogeneity of the population of interest (households).
- b) The response rate is very high.
- c) Most of the characteristics being investigated are common among the population.
- d) The number of subgroups of the sample is not large.

### **3.3 Literature Review**

Engel (1895) found that food expenditures are an increasing function of income and family size, but that food budget shares decrease with income. It is this relationship – of food consumption to income – that is known as Engel’s law.<sup>1</sup> A stream of recent literature shows continuing interest in aspects of Engel’s law. Lanjouw and Ravallion (1995), in work on Pakistan, for example, conclude that “the relationship between poverty and household size should be interpreted with considerable caution”<sup>2</sup>. In a sense responding to the challenge, Deaton and Paxson (1998) compare expenditure on food in a group of industrialized countries with that in a group of poorer countries. They start off from the position that the larger the household, the better off per capita are the people in the household. Their underlying reason for this is economies of scale or, in other words, the gain to be derived from public (to the household) or shared goods. The example they give is where two people, previously living separately, come together. They have the same incomes as they did before, but their costs, for example in relation to rent and fixed monthly expenditure like telephone rental, are all halved.

The question that arises for Deaton and Paxson (1998) is what happens in relation to those expenditures that cannot be considered to be halved or otherwise significantly reduced as a result of the two people living together. Income and substitution effects are both positive for the shared goods. Households have more income so can buy more of the shared goods and the shared goods are now relatively cheaper in comparison to the non-shared goods so there is an incentive to substitute towards shared goods. Cars are a good example, where two people living together might opt to buy a car having previously relied on the public

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<sup>1</sup> On Engel’s law and curves, see Lewbel, 2006.

<sup>2</sup> As to whether this has relevance for Cyprus is doubtful because the poverty level in Cyprus is very low and there are no reports of undernourished persons; on the contrary there is evidence that children are overweight (Tsakogia-Garaud, 2005).

transport system.<sup>3</sup> Now, living together, they buy a car which they share. They can now afford a car (positive income effect) and they shift their expenditure on transport into the shared car (positive substitution effect). For the non-shared goods while the income effect is still positive the substitution effect is negative. In this case the expenditure on public transport might decline; the negative substitution effect more than offsets the positive income effect.

Deaton and Paxson (1998) consider food to be a non-shared good that is not easily substitutable. This, they suggest, might be particularly true for relatively poor households because they have insufficient food and can therefore not substitute out of food. Other things being equal, an increase in household size should have positive income effects on food expenditure. Substitution effects can not be negative, or at least not very negative; so, expenditure per person on food in such households should be more than expenditure per person on food in smaller households.

Where the household is relatively well-off, then some of its food expenditure may be on, for example, meals in restaurants. This can obviously be substituted, in favour of shared goods in the household. For these households, the result of an increase in household size is therefore more likely to be a decline in expenditure on food.

The Deaton and Paxson (1998) paradox is that their empirical work reveals the opposite outcome to the theoretical prediction described above. They expect to find an increase in expenditure per capita on food as household size increases, but they find that expenditure per capita on food decreases as household size increases, and particularly so for poorer households.

Gan and Vernon attempt to resolve the apparent contradiction in Deaton and Paxson's (1998) work. Deaton and Paxson's (1998) theoretical expectations are based on an assumption that food is the most private (least shared) of categories of household expenditure. The Gan and Vernon (2003) resolution is that food is, in fact, more shared than is assumed to be the case by Deaton and Paxson (1998) and this is their explanation for the paradox. For Gan and Vernon (2003) food is not the best example of a private good; they believe clothing is a better one. It may well be, Deaton and Paxson (2003) respond, that economies of scale in food production are possible, but their theoretical argument still leads

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<sup>3</sup> In the case of Cyprus, where public transport is virtually non-existent, single people frequently borrow their parents' cars. In fact, there is evidence that car ownership is very high in Cyprus, obviously because of limited public transport (Haliassos et al, 2003).

them to conclude that, contrary to the empirical evidence, food expenditure per capita should rise as household size increases.

Why is this issue important? Because, as Logan (2008) points out, “Household economies of scale are... fundamental to measurement of living standards.” Logan uses American household expenditure data from 1888 to 1935 to show that, contrary to what would be expected, “there were fewer scale economies in food in the past than at present.” So, both cross-country (Deaton and Paxson, 1998) and over time (Logan, 2008) there is a “food puzzle” in which results contradict theoretical expectations of economies of scale.

This discussion suggests the need to distinguish between different types of expenditure on food. We distinguish among expenditures on food at home, on take-away food, in pubs and cafes, and in restaurants. We show that there are differences in the ways these expenditures respond to increases in household size. They differ in terms of economies of scale. Our analysis also shows that, as Gan and Vernon (2003) suggest, clothing is a better example of a non-shared good than food. Finally, other factors like the age of the woman of the household are also important.

### **3.4 Validation of Data**

Are the data collected during 2004 concerning family earnings valid? The survey was conducted during 2004; annual earnings were based on 2003. Validity can only be confirmed if the raw data of the survey fit those of the Statistical Service of the Republic of Cyprus (2003, p.20). In order to verify this, the classical approach will be used: the chi-square goodness-of-fit.

Before applying the chi-square goodness-of-fit test, a technical modification had to be done. Since the last category in our survey and the one of the Statistical Service of the Republic of Cyprus (2003) had no upper bound we excluded them both. With unbounded categories comparison is impossible.

The three categories of annual family earnings in our survey that coincide with those of the Statistical Service of the Republic of Cyprus (2003) are as follow:

**Table 3.1: Data Validity**

| <b>Yearly wages in<br/>Cyprus pounds</b> | 0-12000 | 12001-24000 | 24001-30000 | Total |
|--|---------|-------------|-------------|-------|
| Statistical Service (%)<br>(Expected %)  | 30.5    | 58.7        | 10.8        | 100   |
| Actual (%)                               | 30.3    | 56.0        | 13.7        | 100   |

The two hypotheses are formulated as follows:

H<sub>0</sub>: data concerning family earnings fit to those of the Statistical Service of the Republic of Cyprus

H<sub>1</sub>: data concerning family earnings do not fit to those of the Statistical Service of the Republic of Cyprus

With two degrees of freedom, chi-square test statistic  $\chi^2 = 5.259$  and  $p\text{-value} = 0.072$  (greater than 0.05) we cannot reject H<sub>0</sub>. In other words we do not have enough evidence to conclude that our data differ from the data of the Statistical Service and therefore our data concerning family earnings are valid.

How should the data be analysed? This depends on the nature of the data used to describe or measure the variables. As is well known, Stevens (1946) classified ways of measuring variables into four types of scales: nominal (or categorical), ordinal, interval and ratio.

There has been, and continues to be, debate about the merits of the classifications, particularly in the cases of the nominal and ordinal classifications (Michell, 1986). Thus, while Stevens' classification is widely adopted, it is not universally accepted (for example, Velleman and Wilkinson, 1993).

Among those who accept the classification scheme, there is also some controversy in behavioural sciences over whether the mean is meaningful for ordinal measurement. Mathematically it is not, but many behavioural scientists use it anyway. This is often justified on the basis that ordinal scales in behavioural science are really somewhere between true ordinal and interval scales; although the interval difference between two ordinal ranks is not constant, it is often of the same order of magnitude. Thus, some argue, so long as the unknown interval difference between ordinal scale ranks is not too variable, interval scale statistics such as means can meaningfully be used on ordinal scale variables. (See, for more details, Lord, 1953; Duncan, 1984; Mitchell, 1986; and Velleman and Wilkinson, 1993.)

Thus, although our data – as is clear from the survey instrument in Appendix A – are non-continuous, we will adopt this latter approach; all variables under consideration are ordinal and will be considered as continuous. On this basis, we will implement multiple regression analysis under the continuity assumption.

### **3.5 Analysis and Main Results**

What factors determine the behaviour of households in relation to expenditure on food? Does this vary depending on whether it is food at home, from take-aways, in pubs and cafes or in restaurants? Among the results will be to determine whether food should be considered a public or private good.

We will also examine expenditure on children's clothing in the same way. And similarly we will consider whether this, probably the most shared of clothing purchased by households, is public or private, and, if it is private, whether it is more so than food.

#### ***3.5.1 Expenditure on Food***

We assume that four variables might determine the expenditure of the households on food: family earnings, household size, age of the woman<sup>4</sup> in the household and the years of education of the woman. We make use of forward selection as a regression method. The reason for choosing forward selection is that it is always computationally tractable. In addition, the computational properties of this method are similar to those of backward selection. The technique adds predictor variables and never deletes them. The starting subset in forward selection is the empty set. Many researchers have reported good results with forward selection (e.g. Miller, 1990). All results are based on our full data set of 625 observations.

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<sup>4</sup> Age of the woman is assumed to be important and not age of the man because in Cyprus preparation of meals at home is done almost exclusively by the woman of the household.

Using the forward selection method for multiple regressions the results are as follow:

| <b>Model 3.5.1</b>                 | <b>Coefficients</b> | <b>p-value</b>  | <b>t-statistic</b> | <b>Standard Error</b> |
|------------------------------------|---------------------|-----------------|--------------------|-----------------------|
| <b>Expenditure on Food at Home</b> |                     |                 |                    |                       |
| Significant Variables              |                     |                 |                    |                       |
| Constant                           | 0.477               |                 |                    |                       |
| Number of people per household     | 0.434               | Less than 0.001 | 13.199             | 0.033                 |
| Household earnings per month       | 0.423               | Less than 0.001 | 6.343              | 0.067                 |
| Age of the woman of the house      | 0.069               | 0.003           | 2.944              | 0.024                 |

The first column of the above table shows the coefficient of each variable while in the second column we list the p-values (significant value). The t-statistics and the standard errors of the coefficients are listed in the next two columns. All coefficients are positive indicating a positive relation between the dependent and the independent variables.

The correlation coefficient of the above model (which is the correlation between the predicted value and the actual value of the dependent variable) equals 0.587 giving an R-square of 0.345.

The model 3.5.1 suggests that there is a strong correlation between family earnings, number of people per household and age of woman, regarding expenditure on food at home. There is some evidence here supporting Deaton and Paxson's (1998) identification of food (at home) as a private good. If increase in household size impacts on expenditure on food at home more than increase in income does (which is suggested by its higher coefficient in model 3.5.1), then this implies that food at home is non-shared. If shared, then expenditure on food at home would have a relatively low response (reflected in a low coefficient) to increases in family size.

It should be noted that the increase in expenditure on food associated with an increase in income may result from quality rather than quantity change. In short, richer households have more expensive tastes than poorer ones. At the same time, the increase in expenditure on food at home associated with increase in household size may arise – especially with better off households – from the desire for different varieties of food among members of

the household. (Wealthy households are able to pander to a greater extent to the individual preferences of their members.) This may underlie the suggestion in the data that food is a private good. In other words, it may be more shared for poorer households and less shared for better off households.<sup>5</sup>

To test this further, we construct a model in which we focus explicitly on the behaviour of the poorest households compared to the rest.

Here we have only two income categories, the lowest income households and the rest.

| <b>Model 3.5.1.1</b>               | <b>Coefficients</b> | <b>p-value</b>  | <b>t-statistic</b> | <b>Standard Error</b> |
|------------------------------------|---------------------|-----------------|--------------------|-----------------------|
| <b>Expenditure on Food at Home</b> |                     |                 |                    |                       |
| Significant Variables              |                     |                 |                    |                       |
| Constant                           | 0.062               |                 |                    |                       |
| Number of people per household     | 0.430               | Less than 0.001 | 12.744             | 0.034                 |
| Household earnings per month       | 0.666               | Less than 0.001 | 7.183              | 0.093                 |
| Age of the woman of the house      | 0.080               | 0.001           | 3.478              | 0.023                 |

We find that, relative to 3.5.1, in 3.5.1.1 where we compare the least well-off families to all the rest, the difference between the household size and earnings coefficients is much greater; the earnings coefficient, too, is much greater. Following the same logic as that presented in the interpretation of 3.5.1, this suggests that, for the poor, food at home is relatively more shared than it is for the better off families.

The age of the woman of the household is revealed here as another significant determinant of expenditure on food at home. It is, moreover, a positive relationship. This is because: 1) younger women are more likely to be in paid employment, while older women are more likely to be housewives<sup>6</sup>; and 2) older women are more likely to conform to the tradition in

<sup>5</sup> This is the opposite of what Deaton and Paxson (1998) theorise, but closer to their empirical findings.

<sup>6</sup> Zaidi (2007) shows that Cyprus is a striking case in Europe, having a high employment rate for men (in the age group 50-64) and among the lowest employment rates for women in that age group. See also table below:

Cyprus of preparing food at home for more than one household, her own as well as those of her married children.<sup>7</sup>

### 3.5.2 Expenditure on Take-Away Food

What is really interesting is that, with a different dependent variable, Expenditure on take-away food, and the same independent variables, Family earnings, Household size, Age of woman in the house and Years of education of the woman, we find the same determinants.

| Model 3.5.2                          | Coefficients | p-value         | t-statistic | Standard Error |
|--------------------------------------|--------------|-----------------|-------------|----------------|
| <b>Expenditure on Take-Away Food</b> |              |                 |             |                |
| Significant Variables                |              |                 |             |                |
| Constant                             | 1.546        |                 |             |                |
| Household earnings per month         | 0.268        | Less than 0.001 | 4.369       | 0.061          |
| Age of the woman of the house        | -0.112       | 0.017           | -5.142      | 0.022          |
| Number of people per household       | 0.072        | Less than 0.001 | 2.389       | 0.030          |

Notice that the coefficient concerning the age of the woman is negative showing that the younger the woman of the household, the more the expenditure on take-away food.

**Table 3.2: Age, Gender and Employment**

| 2005       |         |           |
|------------|---------|-----------|
| Age Groups | Men (%) | Women (%) |
| 15-24      | 41      | 33        |
| 25-54      | 92      | 72        |
| 55-64      | 71      | 31        |
| 65+        | 20      | 5         |

Source: Department of Labour, Labour Market Situation, Republic of Cyprus ([http://www.mlsl.gov.cy/mlsl/dl/dl.nsf/dmlsituation\\_en/dmlsituation\\_en?OpenDocument](http://www.mlsl.gov.cy/mlsl/dl/dl.nsf/dmlsituation_en/dmlsituation_en?OpenDocument))

<sup>7</sup> This is confirmed in in-depth interviews with nine households of different sizes and income levels (Jacobson et al, 2009).

The results show that the factors for determining expenditure on food (either take-away or prepared at home) are approximately the same: number of people in the household, family earnings and age of the woman. This matches a behavioural observation to the effect that households tend to have their main meal at home, whether obtained ready-cooked or prepared at home.

The model 3.5.2 shows the significant variables determining expenditure on take-aways, namely family earnings, household size, and age of woman of household. The income of households and the size of households both correlate positively with the amount spent on take-away food. The former is in line with Gan and Vernon's (2003) expectations, namely that families with higher incomes are more likely to buy take-away food rather than take the less expensive option of preparing food at home. It is also consistent with the idea that better off families may be "time poor" (Brewis and Jack, 2005); the opportunity cost of time spent preparing food at home in such households is higher than for poorer households. On the other hand even less well off smaller households, in particular one person households, might opt for take-away, due to the fact that such individuals would not consider it worth the trouble to prepare for, and clean up after, meals at home. There may well be such a tendency, but it is more than counter-balanced by the fact that larger households, though buying take-aways less frequently, have to have larger quantities, which cost more. The net result is a positive, though low-coefficient, relationship between size of household and expenditure on take-aways.

There is a negative correlation between the age of the woman and the expenditure on take-aways; the older the woman, the less is spent on take-aways. This is consistent with an expectation, based on an older tradition, of the woman of the house preparing meals at home. It could also be argued that older women – coming from the less prosperous Cyprus of earlier decades – are more likely to believe that they are saving money by avoiding take-aways. Furthermore, older women are not accustomed to thinking about take-away as an option; it hardly existed when they were growing up. They therefore consider it a less healthy, more expensive, food choice.

Another characteristic of Cyprus society is the strong family ties. Often, the children of households are in the same town or village as their parents. These children, and sometimes their children, in many cases travel the short distance to the home of their mother (or grandmother), who prepares meals for a number of households (depending on the number of children she has).<sup>8</sup> This reduces the likelihood of take-aways<sup>9</sup> and increases the scale (and

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<sup>8</sup> This is again consistent with the findings from the in-depth interviews in Jacobson et al (2009)

therefore economies of scale) of food prepared at home. Such traditions may affect our results in three ways:

1. Younger households may spend less on take-aways than might otherwise be expected because they – and their families – eat at least some of their meals with their parents.
2. Smaller households with retired people or people close to retirement might spend more than expected on food at home, due to the fact that they provide cooked meals for their children. In effect, the definition of household may not match the way food is bought and consumed at “home”; expenditure on food at home may be more for multiple households in Cyprus.
3. Most importantly, this means that expenditure on food at home is in fact more shared than the data suggest. Economies of scale may be a factor driving households to prepare food and eat together, but because it is inter-household it does not show up in the data.

To test further the extent to which expenditure on take-aways is sensitive to income, as with model 3.5.1.1, we compare the poorest income category to all the rest in 3.5.2.1.

Here we have only two income categories, the lowest income one and the rest.

| <b>Model 3.5.2.1</b>                 | <b>Coefficients</b> | <b>p-value</b>  | <b>t-statistic</b> | <b>Standard Error</b> |
|--------------------------------------|---------------------|-----------------|--------------------|-----------------------|
| <b>Expenditure on Take-Away Food</b> |                     |                 |                    |                       |
| Significant Variables                |                     |                 |                    |                       |
| Constant                             | 1.335               |                 |                    |                       |
| Household earnings per month         | 0.396               | Less than 0.001 | 4.777              | 0.083                 |
| Age of the woman of the house        | -0.112              | Less than 0.001 | -5.399             | 0.021                 |
| Number of people per household       | 0.061               | 0.045           | 2.011              | 0.030                 |

As was the case in relation to the difference between model 3.5.1 and model 3.5.1.1, so with the difference between model 3.5.2 and model 3.5.2.1, the earnings coefficient is greater and the household size coefficient is smaller. This suggests that in relation to the less well-off households in Cyprus, take-aways are more shared than they are for better off households.

<sup>9</sup> This is the same argument to support the positive relationship between age of women and expenditure on food at home

### 3.5.3 Expenditure on Food in Pubs and Cafes

Next we attempt to find the determinants of the expenditure on food consumed in pubs and cafes or restaurants. Using “forward selection” and the same three dependent variables as before, we find, in both cases, only two of them to be significant: Family earnings and Age of the woman of the household.

| Model 3.5.3                                  | Coefficients | p-value         | t-statistic | Standard Error |
|--|--------------|-----------------|-------------|----------------|
| <b>Expenditure on Food in Pubs and Cafes</b> |              |                 |             |                |
| Significant Variables                        |              |                 |             |                |
| Constant                                     | 2.860        |                 |             |                |
| Age of the woman of the household            | -0.247       | 0.021           | -8.005      | 0.031          |
| Household earnings per month                 | 0.197        | Less than 0.001 | 2.306       | 0.085          |

The expected outcome was obtained in that the higher the income, the more is spent at pubs and cafes.

In addition, there is a negative effect of the age of the woman, that is to say, as with other non-home-based consumption of food, the older the woman, the less is spent at pubs and cafes. We can build a profile of the people attending cafes and pubs: they are young, with small households and substitute food at home with food – or drinks – at pubs and cafes.

### 3.5.4 Expenditure on Food in Restaurants

| Model 3.5.4                               | Coefficients | p-value         | t-statistic | Standard Error |
|---|--------------|-----------------|-------------|----------------|
| <b>Expenditure on Food in Restaurants</b> |              |                 |             |                |
| Significant Variables                     |              |                 |             |                |
| Constant                                  | 0.985        |                 |             |                |
| Household earnings per month              | 0.561        | Less than 0.001 | 8.895       | 0.063          |
| Age of the woman of the house             | -0.064       | 0.005           | -2.791      | 0.023          |

In 3.5.4, again, Age of the woman is inversely related to the Expenditure on food. We discuss the implications of this in the analysis section below.

The frequency with which households have dinners in restaurant is strongly and positively related to the household earnings, that is to say, the more the income the more the household spends at restaurants. This is, of course, exactly in line with expectations. In contrast, the age of the woman is inversely related to expenditure in restaurants. The explanation is probably the same or similar to that in relation to take-aways; older women are used to home prepared meals and younger women are not as used to home cooking and are more used to socializing with friends in restaurants rather than at home.

### **3.5.5 Expenditure on Children's Clothing**

| <b>Model 3.5.5</b>                        | <b>Coefficients</b> | <b>p-value</b>  | <b>t-statistic</b> | <b>Standard Error</b> |
|---|---------------------|-----------------|--------------------|-----------------------|
| <b>Expenditure on Children's Clothing</b> |                     |                 |                    |                       |
| Significant Variables                     |                     |                 |                    |                       |
| Constant                                  | -0.273              |                 |                    |                       |
| Number of people per household            | 0.590               | Less than 0.001 | 16.685             | 0.035                 |
| Household earnings per month              | 0.264               | Less than 0.001 | 3.641              | 0.072                 |

Using as potential factors that determine expenditure on children's clothing the family earnings and number of people in the household we end up having them both significant in model 3.5.5.

Expenditure on children's clothing is more sensitive to household size than it is to income. This suggests that it is less shared than if the opposite was the case. Moreover, the coefficients suggest that children's clothing – probably the most shared of all clothing – is more private than expenditure on food at home.

Concentrating on the less well-off households by examining on two income categories, the least well-off and the rest, we get the following model:

| Model 3.5.5.1                             | Coefficients | p-value         | t-statistic | Standard Error |
|---|--------------|-----------------|-------------|----------------|
| <b>Expenditure on Children's Clothing</b> |              |                 |             |                |
| Significant Variables                     |              |                 |             |                |
| Constant                                  | -0.309       |                 |             |                |
| Number of people per household            | 0.570        | Less than 0.001 | 16.271      | 0.035          |
| Household earnings per month              | 0.315        | 0.002           | 3.189       | 0.099          |

The sensitivity of expenditure on children's clothing to number of people (children) in the household is less and sensitivity to income is more for the less well-off. This means that, although it is still relatively private, children's clothing is more shared for the relatively less well-off households in Cyprus than it is for the rest.

### 3.6 Conclusions

Let us here summarise our findings. We focus first on the question as to whether, within the household, food is shared. The food puzzle is that it should be less so in poor households and more so in better off households, but that the empirical evidence suggests the opposite.

While it is difficult from our analysis to arrive at categorical assertions in relation to this puzzle, at the very least we can say that by dividing expenditure on food into different types, we have shown that it is inappropriate to generalise about whether food is shared. The models for expenditure on food at home and expenditure on take-aways for example show sharing to differing extents. This follows from the argument that, because the response of expenditure on take-aways to size of household is much less than the response of expenditure on food at home to size of household<sup>10</sup>, then take-aways are more shared.

The second important finding relates to the question as to which is more shared, food or clothing. The models 3.5.1.1 and 3.5.4.1 are summarised in Table 3.3.

**Table 3.3: Shared or Private: Food at Home and Children's Clothing**

| Model                     | Coefficients   |          |
|---------------------------|----------------|----------|
|                           | Household Size | Earnings |
| 5.1.1 Food at Home        | 0.43           | 0.67     |
| 5.2.1 Take-Away           | 0.06           | 0.40     |
| 5.4.1 Children's Clothing | 0.57           | 0.32     |

<sup>10</sup> and the difference between the household size and earnings coefficients is larger (see Table 3.3)

Whereas food at home is more sensitive to household earnings than to household size, children's clothing is more sensitive to household size than to earnings. This suggests that food at home is indeed more shared than children's clothing. Moreover, given that children's clothing is the most shared of clothing, it is likely that this can be generalized to all clothing; food at home is more shared than clothing, confirming the argument of Gan and Vernon (2003).

We turn next to a key aspect of the original paradox. For the very poor, can there be substitution away from food? The Deaton and Paxson (1998) answer is "no". They do not have enough to eat and therefore any additional income (or income effect of growth in household) will go into food. One reason why they do not find this in their empirical results may be that fewer households than expected are at such levels of poverty. Certainly in Cyprus, though income levels are below the European average, there are probably few or no households at this level of poverty. There is clearly substitutability as between different types of food and it is likely, even at the relatively low levels of income in Cyprus, that there is substitution away from some types of food expenditure towards clothing.

Finally, is "other" food more private than food at home? Because the results are not significant, we cannot address this question either in relation to expenditure in pubs and cafes or restaurants. However, take-aways are more shared than food at home. The behavioural expression of this is that take-away portions are, literally, shared in households. Our data do not facilitate it, but it is highly likely that if we could add together expenditure on take-aways, pubs and cafes and restaurants, then all "other" food would indeed be found to be more private than food at home and our data in that sense would agree with Gan and Vernon (2003). To this we would add the point made above, in relation to older households, that they are probably buying and preparing food at home for consumption by more than one household, and food at home is therefore more shared than might appear to be the case.

In this paper we have addressed a number of issues arising from the literature on the relationships between income and number of people in the household on one hand and various types of household expenditure on the other. Using data from a household budget survey in Cyprus, we have shown, first, that food is not a particularly private (non-shared) good and that for analyses focusing on expenditure on non-shared goods, clothing, even children's clothing, would be better.

Second, by dividing expenditure on food into different ways of obtaining food, we have at the very least enriched the debate. In the case of Cyprus, a key parameter for modelling

expenditure on food at home or away has been shown to be the age of the woman of the household. It would be interesting to see, in future research, whether this result holds for other economies and whether anything general can be said about the types of society in which this result does or does not hold.

We would surmise that Cyprus is in an intermediate position between the most and least industrialized countries in Europe. In this sense, the behaviour of households in Cyprus in relation to expenditure on food is unlikely to be unique. Other societies in which the traditional role of women in the household still prevails, particularly in older households, are likely to show some of the same results as Cyprus.

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## Appendix A

### Survey Instrument

**Instruction to Interviewer: Please mark with an X in the appropriate box.**

1. Do you own the house in which you are currently living? YES  NO

2. If yes, was it given to you by your parents or in-laws? YES  NO

3. How much is your monthly **mortgage**?

0-299  300-399  400-499  500-599  600+

4. What is your monthly **life assurance** payment?

0-29  30-59  60-89  90-119  120+

5. If the answer in question 1 is No, how much monthly **rent** do you pay?

0-149  150-249  250-349  350-449  450+

6. How many **square meters** is your house?

< 120  120-179  180-239  240-299  300+

7. What is your monthly spending on **food at home**?

0-199  200-299  300-399  400-499  500+

8. What is your monthly spending on **take away food**?

0-29  30-59  60-89  90-119  120+

9. How much do you spend on **personal clothing per month**?

0-29  30-59  60-89  90-119  120+

10. How much do you spend on **children's clothing per month**?

0-29  30-59  60-89  90-119  120+

11. What is your monthly spending on **telephone bills**?

0-19     20-39     40-59     60-79     80+

12. Does it include an **internet connection**?    YES     NO

13. What is your monthly spending on **electricity**?

0-29     30-59     60-89     90-119     120+

14. What is your monthly spending on **water rates**?

0-29     30-59     60-89     90-119     120+

15. How much do you spend on **gas** per month?

No gas usage     <3     3-6     7-10     11+

16. How much do you spend on **dry cleaning, laundry** per month?

0-9     10-15     16-21     22-27     28+

17. How much do you spend on hairdressers, beauticians and **cosmetics** monthly?

0-9     10-15     16-21     22-27     28+

18. What is your monthly spending on **medical expenses**?

0-9     10-19     20-29     30-39     40+

19. How much do you spend on **children's private tuition**?

0-29     30-59     60-89     90-119     120+

20. What is your monthly spending for **eating out in restaurants**?

0-29     30-59     60-89     90-119     120+

21. How much do you spend at **cafeterias and pubs** monthly?

0-9  10-19  20-29  30-39  40+

22. How much do you spend on **gifts** per month?

0-19  20-39  40-59  60-79  80+

23. How much do you spend on **financial donations** per month?

0-9  10-19  20-29  30-39  40+

24. How much do you spend on **household repairs and replacements** per month?

0-19  20-39  40-59  60-79  80+

25. How many cars does your household have for private usage?

None  1  2  3  4+

26. How much do you spend on **car fuel** per month?

0-29  30-59  60-89  90-119  120+

27. How much is your yearly **car insurance**?

0-59  60-119  120-179  180-239  240+

28. What is your monthly spending on **car repairs and maintenance**?

0-19  20-39  40-59  60-79  80+

29. How much are the total **family earnings** per month?

0-999  1000-1499  1500-1999  2000-2499  2500+

30. How much are the **husband's earnings** per month?

0-500  500-999  1000-1499  1500-1999  2000+

31. How much are the **wife's earnings** per month?

0-500       500-999       1000-1499       1500-1999       2000+

32. Enter the number of people in the household other than you.

1       2       3       4       Other \_\_\_\_\_

Some information about yourself (for statistical purposes)

33. Gender:      Male       Female

34. Age:

| Years    | Husband                  | Wife                     |
|----------|--------------------------|--------------------------|
| Under 20 | <input type="checkbox"/> | <input type="checkbox"/> |
| 20-24    | <input type="checkbox"/> | <input type="checkbox"/> |
| 25-29    | <input type="checkbox"/> | <input type="checkbox"/> |
| 30-34    | <input type="checkbox"/> | <input type="checkbox"/> |
| 35-39    | <input type="checkbox"/> | <input type="checkbox"/> |
| 40-49    | <input type="checkbox"/> | <input type="checkbox"/> |
| 50-59    | <input type="checkbox"/> | <input type="checkbox"/> |
| 60 +     | <input type="checkbox"/> | <input type="checkbox"/> |

35. How many years of formal school education (or their equivalent) did you complete (starting with primary school):

| Years | Husband                  | Wife                     |
|-------|--------------------------|--------------------------|
| 0-10  | <input type="checkbox"/> | <input type="checkbox"/> |
| 11    | <input type="checkbox"/> | <input type="checkbox"/> |
| 12    | <input type="checkbox"/> | <input type="checkbox"/> |
| 13    | <input type="checkbox"/> | <input type="checkbox"/> |
| 14    | <input type="checkbox"/> | <input type="checkbox"/> |
| 15    | <input type="checkbox"/> | <input type="checkbox"/> |
| 16    | <input type="checkbox"/> | <input type="checkbox"/> |
| 17    | <input type="checkbox"/> | <input type="checkbox"/> |
| 18+   | <input type="checkbox"/> | <input type="checkbox"/> |

## **Chapter 4: PAPER TWO HOMEOWNERSHIP, FAMILY AND THE GIFT EFFECT: THE CASE OF CYPRUS**

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**Abstract:** Among the welfare pillars, family has been important relative to state or market in housing provision in Cyprus. In this respect Cyprus is similar to other southern European/Mediterranean countries, which are generally considered to have welfare systems characterised by the importance of family. Influence of family, described here by the term ‘familiocracy’, is reflected in what seems to be an extremely high rate of housing gifts in Cyprus, where parents provide their children with a gift of a dwelling when they get married. That this is a form of de-commodification in housing, is reflected in the fact that income and homeownership are not significantly related. Income and receipt of house as gift are also not significantly related. Gift-receiving households do have different consumption patterns from non-gift-receiving households however, but this is also shown to be related to familiocracy.

**Keywords:** Housing gift; homeownership; Southern European housing systems; Cyprus; family.

## **4.1 Introduction**

This article is about housing in Cyprus. It is timely as first, there is a dearth of published studies of housing in Cyprus in the international literature. Second, relatively little attention has been paid in the context of welfare regimes to the topic of housing, and in particular housing in the southern European/Mediterranean (henceforth SE/M) countries, although this has increased in recent years through the work, among others, of Allen (2006) and Hoekstra (2010). Third, internationally comparable data is beginning to become available, for example through Eurostat, following the enlargement of the EU to 25 members – including Cyprus – in 2004 and 27 in 2007.

The approach chosen here, as providing both a theoretical backdrop and a specific focus, is to examine housing in Cyprus in the context of the southern European welfare regime. This provides the basis for questions about the extent to which housing is de-commodified in Cyprus, and the consequences of this de-commodification<sup>1</sup>. The data on which the analysis is based are drawn from a survey undertaken by the authors, in which information was obtained on whether the household is owner-occupying or renting, whether the house was a gift and whether there is a mortgage, among other questions relevant to housing.

The paper is structured as follows. Section 4.2 contains the literature review, divided into – in the first part – the international literature, focusing on welfare regimes, the SE/M welfare regime and housing, and – in the second part – the Cyprus-specific literature, which is shown to be very sparse. The next section develops the research questions of this paper and explains the methodology that is used to answer these questions. In Section 4.4 the analysis provides the basic answers to the questions and in the final section the discussion and conclusion are presented.

## **4.2 Literature Review**

### ***4.2.1 International***

Virtually all analyses of aspects of welfare, including housing, usually begin with reference to Esping-Andersen's (1990) welfare regimes; his theory and typology have acquired what

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<sup>1</sup> This is explained in the next section below.

Hoekstra (2010, p.5) calls “a rather dominant position”. Esping-Andersen (2003) describes his three-part typology in terms of different kinds of historical compromise in different groups of countries. In the first type, where the United States is the main exemplar, “the compromise favoured individualism and markets with the welfare state cast as a minimal and residual player”. This is the liberal welfare regime<sup>2</sup>. In the second, social democratic welfare regime exemplified by Scandinavia, the compromise “favoured social democracy, universalism, egalitarianism and comprehensive social citizenship”. The “third model fused social insurance with corporatist and often also social Catholic subsidiarity traditions in much of Continental and, especially, Southern Europe” (Esping-Andersen, 2003, p.1). This third model is known as the conservative welfare regime. That Esping-Andersen considers southern Europe to be of the conservative welfare type of regime is just one of the aspects of his work that have generated a vast literature.

Among the many writers adding additional welfare regimes, including SE/M, to Esping-Andersen’s three, are Ferrera (1996), Bonoli (1997), Allen et al (2004) and Böhnke (2008). Some of these, and a number of others, have also focused on housing (Kemeny, 1995; 2006; Barlow and Duncan, 1994; Castles and Ferrera, 1996; Allen, 2006; Hoekstra, 2010). Cyprus is rarely mentioned in any of this literature. Among the very few that do mention Cyprus are Kääriäinen and Lehtonen (2006), Böhnke (2008) and Gal (2010) including it in what they call the Mediterranean welfare regime. Here, rather than entering the debate about regimes<sup>3</sup>, we accept the general argument that the SE/M countries are different enough to constitute a different group or regime type, and that Cyprus is best considered to be of this type.<sup>4</sup>

Moreover, we accept the views of Allen (2006) and Kemeny (2006), among others, that for a specific focus on housing, a somewhat different approach to that of Esping-Andersen (1990) is appropriate. Of Esping-Andersen’s (1990) three ‘pillars’ of welfare provision, state, market and family, we will focus, as is appropriate for the SE/M welfare systems, mainly on family.

For all the researchers who consider SE/M to be an additional welfare regime type, the importance of family is crucial (Llebfried, 1992; Barlow and Duncan, 1994; Ferrera, 1996; Allen et al, 2004; Kääriäinen and Lehtonen, 2006; Böhnke, 2008; Gal, 2010). However, ‘family’ is different in SE/M from most of the rest of Europe, referring to “the entire set of

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<sup>2</sup> In his 2003 paper Esping-Andersen calls “neo-liberals” those who “advocate the primacy of markets (and usually ignore the family)”

<sup>3</sup> For an interesting critique of this debate, see Schubert et al (2009).

<sup>4</sup> This does not imply that the housing systems in all the SE/M countries are the same. Vakili-Zad and Hoekstra (2011) suggest ways in which Malta, for example, is different. The SE/M countries do, however, share high significance of family and high dwelling vacancy rates. For Malta, Italy, Spain, Portugal and Greece see Vakili-Zad and Hoekstra (2011); for Greece, Cyprus, Spain and Italy, see Tsenkova (2008).

kinship relationships extending throughout the generations and across all siblings” (Allen et al, 2004, p.4). The result is that there are usually more than one household per family, with different parts of the family living in different homes. There are often also more than one dwelling per household (see Table 4.1). There are various explanations for this including continuing links to the village from which rural-urban migration occurred, and a tradition in hot countries of families owning additional houses by the sea or in the mountains, where it is cooler in the summer. Either way, it is closely related to the extended nature of the Mediterranean family, both in terms of how the properties are obtained, and how they are used.

That there is no word in English to describe this concept of family is at least part of the reason why most analyses in English exclude it and instead set family equal to household. Given that the present paper will focus on Cyprus it is appropriate to introduce the Greek word *οικογενειοκρατία* (*ecoyeniocratia*). This roughly translates to ‘a system dominated by family’. We do not mean by this that political governance is dominated by family but that family is predominant in social and economic life of the society, at least in comparison to the rest of Europe. The English words used to describe this system include ‘familism’ (Kääriäinen and Lehtonen, 2006) and ‘familialism’ (Hoekstra and Vakili-Zad, 2011). We prefer the term ‘familiocracy’, derived from the Greek.

**Table 4.1: Dwellings per Household**

| Country     | Number of dwellings per private household |                   |
|-------------|---|-------------------|
|             | 1999                                      | 2008 <sup>a</sup> |
| Cyprus      | 1.3                                       | 1.3               |
| Greece      | n.a                                       | 1.5               |
| Spain       | 1.5                                       | 1.6               |
| Portugal    | 1.4                                       | 1.4               |
| Italy       | n.a                                       | 1.2               |
| France      | 1.2                                       | 1.2               |
| Belgium     | 1.0                                       | 1.0               |
| Germany     | 1.0                                       | 1.0               |
| Ireland     | 1.0                                       | 1.0               |
| Netherlands | 1.0                                       | 1.0               |
| Austria     | 1.2                                       | 1.2               |
| Finland     | 1.1                                       | 1.1               |
| Euro Area   | 1.1                                       | 1.1               |

Source: ECB (2009)

Note: a: or latest – see source.

Despite the critiques of Esping-Andersen, there are some key analytical concepts drawn from his welfare regime theory that are useful – and used by most – in the research on

housing. De-commodification is of particular importance for this paper. The concept itself is drawn from Marxian economics, in which a commodity is a good that is produced for exchange in a market. So de-commodification is where the relevance of market criteria is reduced or removed. Esping-Andersen (1990) uses the concept particularly in relation to the labour market and the relationship between market and state; the provision by the state of social protection reduces the dependence of people on their earnings from work, and thus contributes to de-commodification. This is used in the differentiation of welfare regimes. For example, the social democratic welfare regime has a substantial provision by the state of social protection and therefore a greater degree of de-commodification than the other welfare regimes (Esping-Andersen, 1990).

For the analysis of housing, some writers – including Groves et al (2007) – equate de-commodification with the provision of housing by the state. For Hoekstra (2003, p.60), it is “the extent to which households can provide their own housing, independent of the income they acquire on the labour market”. For the Netherlands Hoekstra (2003) focuses, appropriately, on the state but for SE/M, he suggests, a focus on the family is more appropriate: “The Mediterranean housing systems and housing markets tend to be characterised by a number of distinct features [including]... an important role for the family in supporting access to housing...” (Hoekstra and Vakili-Zad, 2011, p.64).

For present purposes we accept Hoekstra’s definition of de-commodification, primarily in the latter sense. Thus we will focus on the extent to which the family is that pillar of the welfare system responsible for provision of housing in Cyprus.

As is now well-documented in the literature (e.g. Allen, 2006), the SE/M countries have relatively high owner occupation, particularly if the relative levels of prosperity are taken into consideration. Summing columns 1 and 2 in Table 4.2<sup>5</sup> provides totals that in general in the SE/M countries far exceed those in western Europe (or the USA, where the figure was 67.4 percent in 2009, according to the US Census Bureau). The simple mean of the incidence of homeownership in the SE/M countries (the first five in Table 4.2) is 76.4 percent, as compared to 68.8 percent for the rest of the countries in the table.

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<sup>5</sup> Table 4.2 – as does this paper in general – excludes the Eastern European (post-communist) countries because including them would divert the focus from SE/M.

**Table 4.2: Housing Tenure in Southern and Western Europe, 2007**

| Country     | Owner occupied without mortgage<br>1 | Owner occupied with mortgage<br>2 | Renting at market rate<br>3 | Renting at subsidised rate<br>4 | Rent free housing<br>5 | Total<br>6 |
|-------------|--------------------------------------|-----------------------------------|-----------------------------|---------------------------------|------------------------|------------|
| Cyprus      | 54.7                                 | 19.4                              | 9.9                         | 0.9                             | 15.1                   | 100        |
| Greece      | 63.9                                 | 11.7                              | 17.9                        | 0.9                             | 5.6                    | 100        |
| Spain       | 50.6                                 | 33.3                              | 7.3                         | 2.8                             | 5.9                    | 100        |
| Portugal    | 50.0                                 | 24.3                              | 9.8                         | 7.6                             | 1.2                    | 100        |
| Italy       | 59.0                                 | 13.8                              | 15.4                        | 2.7                             | 9.1                    | 100        |
| France      | 36.0                                 | 26.2                              | 19.0                        | 15.3                            | 3.5                    | 100        |
| Belgium     | 32.9                                 | 39.5                              | 19.1                        | 7.2                             | 1.2                    | 100        |
| Germany     | 57.7                                 | n/a                               | 35.4                        | 4.8                             | 2.6                    | 100        |
| Ireland     | 44.9                                 | 33.2                              | 8.7                         | 12.1                            | 1.1                    | 100        |
| Netherlands | 8.5                                  | 58.5                              | 32.7                        | 0.0                             | 0.3                    | 100        |
| Austria     | 33.1                                 | 28.1                              | 29.6                        | 6.6                             | 2.6                    | 100        |
| Finland     | 31.8                                 | 41.8                              | 9.8                         | 15.8                            | 0.7                    | 100        |
| Luxembourg  | 31.3                                 | 43.2                              | 19.7                        | 3.3                             | 2.5                    | 100        |
| UK          | 26.5                                 | 47.0                              | 8.2                         | 17.4                            | 0.9                    | 100        |
| Denmark     | 14.6                                 | 52.5                              | 32.9                        | 0.0                             | 0.0                    | 100        |
| Sweden      | 15.2                                 | 54.3                              | 28.5                        | 2.0                             | 0.0                    | 100        |

Source: Eurostat, 2010 (Table 12, p.101)

A key aspect of the family's role in provision of housing is gift-giving. Allen et al (2004) discuss gift-giving by families to newly marrying children, suggesting that it is more common in the SE/M than elsewhere. Hoekstra and Vakili-Zad (2011) agree. More detailed work on the significance of gifts in homeownership has been undertaken by Mulder, but mostly in relation to the Netherlands. Mulder and Smits (1998, p.335), for example, ask whether wealthier families are more likely to provide gifts to adult children to help them become homeowners. They conclude that the pooled resources of families enable adult children of better-off parents in the Netherlands to become homeowners. This alone does not imply anything about the status of the gift recipients. However, on further examination they suggest that education and socio-economic status of the recipients, being the same as those of their parents, are related to whether they receive a house or a substantial gift towards a house from their parents. From the data available to us from our survey, we can test whether, in Cyprus, there is a relationship between receiving the house as a gift and the income of the recipients.

Unfortunately data are not available for international comparison on the extent to which homeownership is the result of a gift. Some information is available on Italy, based on

surveys in 1991 and 1998. Gift, bequest or substantial gift toward housing accounted for about one-third of homeowners in 1991, and one-fifth in 1998 (Guiso and Jappeli, 2002, p.335; Tomassini et al, 2003, p.707). Though neither of these findings is directly comparable with our data on Cyprus, we will show that they at least suggest a relatively high incidence of housing gift-giving in Cyprus.

Whether ownership is a result of a gift from parents is also considered by Helderma and Mulder (2007). They argue that parents intending to give a substantial gift to support the purchase of a house by their adult children are likely to provide that gift when their children become homeowners; that, according to Mulder (2006), is likely to be when they marry. Following the discussion of gifts and the timing of gift-giving and homeownership, it is possible that gift-giving parents influence their children to marry by withholding the gift until they marry. This is anecdotally known to occur in Cyprus.

Much of this literature on gifts is outside the welfare regime framework, and is part of a more general literature on the determinants of homeownership. This is all the more interesting given that such gifts reflect familiocratic housing provision which is a characteristic of the SE/M welfare regime. At a general level the housing literature seems to have established that ownership is positively related to income, and to being a household with children, and that both the size of the house and the age of the household are also positively associated with ownership (e.g. Turner and Luea, 2009; Helderma and Mulder, 2007; Mulder 2006; Feijten et al, 2003). As a backdrop to questions about gifts, family and de-commodification, we will examine the determinants of homeownership in Cyprus in Section 4.4.

#### **4.2.2 Cyprus**

On housing in Cyprus there are few if any papers in the comparative welfare and social policy literature. Refugee researcher Zetter (1982; 1994; 1999) describes state responses to the housing crisis in the period immediately following the Turkish invasion of 1974. Economists Haliassos et al (2001) and Haliassos et al (2008) examine aspects of housing in Cyprus in the context of the financial market, and compare them to those in the United States.<sup>6</sup> The main finding of Haliassos et al (2008) is that the housing market is imperfect in Cyprus and that the main reason for this is the substantial incidence of provision by the family of a house to marrying couples, a custom that “interferes” with normal market mechanisms. This is basically the tradition of a dowry to a marrying daughter. As evidence of the continuing significance of this tradition, Haliassos et al (2008) report, from the findings of the Cyprus Surveys of Consumer Finance (1999 and 2002), that at a conservative estimate just under 40 percent of all households, or 45 percent of homeownership households, received the residence as a gift.

They further suggest, based on econometric analysis, that income and wealth are, unusually in Cyprus, relatively insignificant as determinants of homeownership. “Such insignificance”, they continue, “could be produced by a widespread practice of parental housing gifts not dependent on the financial conditions of the receiving household...” (Haliassos et al, 2008, p.11).

These findings, in relation to the incidence of housing gifts, the determinants of homeownership, and the income of the recipient household, can be compared with those from our 2004 survey. The argument in Haliassos (2008) is pitched in economic terms but provides some evidence of the relative insignificance of market and state, and of the importance of family in the provision of housing that will be the focus of the analysis that follows.

Cyprus is not the main focus but it features in other recent work on housing in the EU (Rybkowska and Schneider, 2011). Cyprus emerges from this work as something of an outlier. The study showed that 12 percent of the EU population suffers from “housing cost overburden”, ranging from highs of around 24 percent for Denmark and Germany and 22 percent for Greece, to a low of just 2.5 percent for Cyprus. This is despite the fact that Cyprus has a lower GDP per capita than any of the pre-2004 members of the EU (with the possible exception of Greece) (Eurostat, 2010). The explanation could again be the high

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<sup>6</sup> No other papers on housing in Cyprus, of relevance in the present context, could be found.

proportion of households receiving the house as a gift. The study also showed Cyprus as having the lowest level of overcrowding in the EU 27, and among the lowest levels of severe housing deprivation<sup>7</sup>.

Some recent work (Kääriäinen and Lehtonen, 2006; Böhnke, 2008; Gal, 2010), using the fact that there are comparable data, has included Cyprus in countries categorised by welfare regime. Kääriäinen and Lehtonen (2006, p.31) include Spain, Italy and Cyprus as in the Mediterranean welfare regime. Böhnke (2008) includes both Cyprus and Malta in the group of Mediterranean welfare regime countries, along with Spain, Greece and Portugal. For Gal (2010), the “extended family of Mediterranean welfare states” – to use the title of his article – consists of Cyprus, Greece, Israel, Italy, Malta, Spain, Portugal and Turkey. Between them these three studies all characterise this welfare regime as attaching extreme importance to family, having low levels of social benefits/de-commodification<sup>8</sup>, limited universalism and a relatively large influence of religion<sup>9</sup>.

Gal (2010) identifies some differences among the Mediterranean welfare states. While his conclusions broadly concur with those of Kääriäinen and Lehtonen (2006) and Böhnke (2008), he shows for example that the state provides social security in Cyprus and Israel to a greater extent than in the other Mediterranean welfare states. In Cyprus this seems to be a direct consequence of schemes introduced for refugees from the north following the Turkish invasion in 1974.

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<sup>7</sup> In some of these respects, Cyprus is similar to the other Mediterranean island member of the EU, Malta.

<sup>8</sup> This low de-commodification is in Esping-Andersen’s sense, referring particularly to the labour market. If housing was the focus, then SE/M would be characterised by high de-commodification.

<sup>9</sup> On the importance of religion in Cyprus, south and north, Greek Orthodox and Islam, see Yeşilada et al (2009).

## **4.3 Questions to be Answered, Answers Questioned**

### **4.3.1 Questions**

What the survey of the international literature has shown is that a great deal is known about housing, but less about housing in the SE/M countries, and very little about housing in Cyprus. Given that so little work has been done on housing in Cyprus, the first focus should be on basic questions that have been well researched in other countries. The first topic to be addressed, therefore, is the determinants of homeownership in Cyprus. If income is not a significant determinant of homeownership, then this is indicative of de-commodification of the housing market in Cyprus.

Next, of particular importance for Cyprus as a SE/M country in which familocracy is a feature, is the question of gifts. Among the means of acquiring the dwelling of the household, how prevalent is gift-giving? With some interest in the international literature in the determinants of the house as gift, we ask in particular whether the income of the recipient household is related to whether or not they received the house as a gift. Our argument is that, the more prevalent having received the house as a gift is, the more de-commodified and the more familocratic is housing in Cyprus. If, however, having received the house as a gift makes no difference to a household's consumption patterns, then this finding, of de-commodification and familocracy in housing, will be of less significance for other aspects of life in Cyprus, than if there is a difference between the gift-receiving and non-gift-receiving households' consumption patterns.

Another indicator of familocracy in housing is the extent to which the gift-giving parents influence their children, for example in relation to marriage, when they give the gift. Influencing in relation to marriage would be reflected in the housing gift being withheld until marriage.

These are the most important questions to be addressed below, but attention will also be paid to state and market. We will at the end of the analysis section of the paper briefly address how the state and the market have been involved in housing in Cyprus.

### 4.3.2 Methodology

The first question under this heading is why it was necessary to undertake a survey when the Statistical Service of Cyprus (CYSTAT) produces the results of Household Budget Surveys (HBSs) at reasonably regular (six-year) intervals. The CYSTAT survey, however, excludes from those receiving gifts of houses those who, having received a gift or inheritance, then subsequently take out a mortgage. To better capture the issues arising in this paper, the authors' survey includes these recipients of gifts.

To ensure that our research is reasonably representative, we validate our survey data through comparing them with the results of the 2003 HBS of CYSTAT (published in 2006). Our survey was conducted during 2004 with the earnings referring to 2003. Validity can be confirmed if the data of the survey fit those of CYSTAT (2006, p.20). In order to verify this, the classical approach will be used: the chi-square goodness-of-fit test.

Before applying the test, a technical modification was necessary. Since the last class of our survey and the one of CYSTAT (2006) had no upper bound we excluded them both. The three remaining classes of the annual family earnings of our survey, that coincide with those of CYSTAT (2006), are as shown in Table 4.3.

**Table 4.3: Yearly Wages in Cyprus Pounds**

| Yearly wages in Cyprus pounds | 0-12000 | 12001-24000 | 24001-30000 | Total |
|-------------------------------|---------|-------------|-------------|-------|
| CYSTAT (expected %)           | 30.5    | 58.7        | 10.8        | 100   |
| Actual (%)                    | 30.3    | 56.0        | 13.7        | 100   |
| p-value>0.05                  |         |             |             |       |

With two degrees of freedom, chi-square test statistic  $\chi^2 = 5.259$  and p-value = 0.072 (greater than 0.05) we do not have enough evidence to conclude that our data differ from the data of the Statistical Service. We can assume our data valid and fit to those of CYSTAT.

The preparation of the survey instrument, the statistical design of the survey, the training of interviewers and the preparation of the software for data entry took place between January 2004 and April 2004, with most interviews taking place between April 2004 and June 2004. Data refer to 2004, except for incomes that were reported on an annual basis and refer to the income earned in the previous year, in this case 2003.

The decisions on the band ranges to be used were arrived at after interviews with senior directors of two supermarket stores, with high market shares, and through statistics from

the Electricity Authority of Cyprus and the Cyprus Telecommunications Authority. Mortgage ranges were decided after interviews with the financial controller of Hellenic Bank, and the credit controller of Alpha Bank. In some cases adjustments were made after piloting the survey instrument.

Data were collected on 625 households, the addresses of which were obtained, as a random sample, from the Cyprus Telephone Directory. Using random number generation we generated 800 different random numbers. These numbers corresponded to single pages of the directory. From each page a random name-household was selected and in this way our sample was selected. A household comprises “one or more persons (related or not) who live together and share principal meals, in the sense that the household’s food supply is obtained out of a common budget, and have common arrangements for supplying basic living needs” (DSR, 1999, p.31).

The rate of response was very high at 80 percent. The high response rates are attributable to the commitment of the interviewers, all drawn from Frederick Institute of Technology undergraduates in the final year of their studies, and to the readiness of Cyprus households to participate in a survey conducted by a respected institution after they were clearly informed about the survey’s purpose and objectives and after being guaranteed confidentiality.

It might be argued that the use of the telephone directory as a sample frame leads to a non-representative sample because those without telephones are omitted. However, household telephone penetration is very high in Cyprus, exceeding that of France and comparable to that of Germany (Enterprise Ireland, 2007) thus any sample frame error is minimal.

The population under study is the 230,000 households (N=230,000) in Cyprus (according to the 2001 Census of Population). Using a confidence level of 95 percent (Z=1.96) and a margin of error of 4 percent (e=0.04) the desired sample size is approximately 600 (n=600).

We increased the sample size by 30 percent to compensate for non-responses. In other words, we aimed at approximately 800 households in order to achieve the desired sample size. The 80 percent response rate resulted in 625 completed questionnaires.

The main statistical tool that will be used in the analysis that follows, apart from crosstabs and the chi-square test of significance, is logistic regression. Logistic regression analysis can be used to describe the relationship of several independent variables to a dichotomous dependent variable. In the logistic regression, the dependent variable is a *logit* i.e. the natural log of the odds of being in one dichotomous category rather than the other:

$$\text{Logit}(p) = \ln\left(\frac{p}{1-p}\right)$$

where  $p$  is the probability of being in a given category (e.g. owning the house or having received the house as a gift).

The analyses that follow – in Tables 4 and 6 – are based on standard binary logistic models, using stepwise selection according to which at each stage of the process the variable with the smallest Z-value (or biggest p-value) is removed.

#### **4.4 Housing in Cyprus: Ownership, Families, Gifts and the State**

##### ***4.4.1 The Survey: Housing Tenure***

Our data on housing tenure are somewhat different from those in Table 4.2 (perhaps because the latter are more recent). Our total (with and without mortgage) owner occupied households are 80 percent of all households, slightly more than those of Table 4.2 but exactly the same as those reported by Haliassos et al (2008). In relation to the incidence of housing gifts, our survey gives us a total for Cyprus of 36 percent of households having received the house as a gift (13 percent paying a mortgage, 23 percent wholly owned). Of all homeowners, 45 percent received the house as a gift. These figures are again very close to those of Haliassos et al (2008).

To the extent that any comparison with other countries is possible, Cyprus emerges as having a relatively high incidence of housing gifts. The closest Italian data – in terms of the year of the survey – to those available to us are from the 1998 survey reported on by Tomassini et al (2003); one fifth of households received the house, or a contribution towards the house, as a gift from parents. The Italian data are not directly comparable but it seems clear that the incidence and value of gifts elsewhere are substantially less than the 36 percent of Cypriot households that received the house as a gift.

Our survey data on rental show a total of 20 percent of households renting accommodation. The Eurostat data shown in Table 4.2 give the rental total in Cyprus, including those in a sense renting for zero rent, as 26 percent. The five years between the surveys could account for this difference. The rent-free category is associated in Cyprus with the only

significant direct contribution by the state to housing, namely the provision, since the Turkish invasion of 1974, of housing for Greek Cypriot refugees from northern Cyprus (Zetter, 1994; 1999). Table 4.2 shows this state provision of housing as 15 percent of total households.

#### 4.4.2 Homeownership in Cyprus

How does Cyprus compare to other countries in relation to the factors associated with homeownership?

**Table 4.4: Factors Determining House Ownership<sup>a</sup>**

| <b>Variables in the Model</b>            | Beta coefficient<br>( $\beta$ ) | Standard<br>Error of the<br>coefficient | p-value  | Exponent<br>of Beta<br>coefficient<br>( $\exp\beta$ ) |
|--|---------------------------------|---|----------|---|
| <b>Number of people</b>                  | 0.285902                        | 0.112454                                | 0.01101  | 1.330962  |
| <b>Age of the husband</b>                | 0.389842                        | 0.073343                                | 1.06E-07 | 1.476748  |
| <b>Area of the house (square meters)</b> | 0.833286                        | 0.142267                                | 4.71E-09 | 2.300867  |
| <b>Education of the husband</b>          | -0.17812                        | 0.049175                                | 0.000292 | 0.83684   |

a: Only significant variables are shown. Those included in the analysis but not significant were: Family Earnings, Marital Status, and Education of the wife.

In examining the determinants of homeownership in Cyprus, main hypotheses, drawn from the literature examined in Section 4.2.1 above, are that having children and having higher income, increase the likelihood of homeownership, and that size of house and age of household are also directly related to homeownership. The results of a logistic regression examining these relationships are presented in Table 4.4. The most unusual findings relate to family earnings. Virtually all research on determinants of homeownership in other countries finds family income to be significant (e.g., in addition to references above, ECB, 2009). Below we suggest why in Cyprus homeownership is not related to income. The education result, that the years of education of the man of the house are inversely related to homeownership, may be related to age. Older households are more likely to be homeownership, and older people in Cyprus are less educated (Haliassos et al, 2008)<sup>10</sup>.

<sup>10</sup> Among others, Mulder and Smits (1999) and Blaauboer (2010) both find years of education to be positively related to homeownership. Haliassos et al (2008) finds an inverse relationship, both for the US and for Cyprus.

Haliassos et al (2008) obtain the same result, that there is no statistically significant relationship between income and homeownership in Cyprus, from a different data set, derived from the Cyprus Surveys of Consumer Finances (in 1999 and 2001). Their conclusion from this is that what they call “social customs” impede the operation of the financial and housing markets. The social custom to which they are referring here, is that of parents giving a dowry or gift of a home to children when they marry. Haliassos et al (2008) contrast Cyprus, in terms of the market for housing acquisition, with the United States. Their suggestion is that the market would operate more efficiently in Cyprus, more like that in the USA, in the absence of these social customs. It would be more appropriate to consider this difference between Cyprus and the USA in terms of the kinds of differences between welfare regimes discussed in Section 2 above. This will be drawn out in more detail in the discussion below.

Where Haliassos et al (2008) are correct, is in their identification of the gift-giving as a key element in housing acquisition in Cyprus. As shown in Section 4.4.1, households that received their house as a gift totalled 36 percent of the number of households in our sample (625). A third of these had mortgages, the rest owned the house outright. There are a number of possible explanations for why a household receiving the house as a gift might have a mortgage, including that they took out a mortgage to finance some other expenditure (e.g. car, children’s education, second home, gift of a house to a marrying child). That at least some of the gift receivers used their house as collateral to buy a second house would not be surprising given that, as shown in Table 4.1, on average for every household in Cyprus, there are 1.3 dwellings.

#### ***4.4.3 Housing gifts in Cyprus***

We turn now to the gifts themselves, and the question of the relationship between the gift and income. Table 4.5 provides a crosstab of earnings and whether or not the house was given as a gift. With four degrees of freedom, chi-square test statistic  $\chi^2 = 2.757$  and p-value = 0.599 (greater than 0.05) there is no evidence of a relationship between income and gift. The incomes of the recipient households are not a factor, in other words, in whether or not the house was given as a gift. This again concurs with Haliassos et al (2008) who report no convincing evidence of a relationship between the financial resources of the recipient household and the receipt of a house as gift.

We have now shown that there is no statistical evidence of relationships between financial resources and owner occupation, nor of income and receiving the house as a gift. This leads to a further question on the implications of this for the consumption behaviour of households.

**Table 4.5: Crosstab of Income and House Given as Gift**

|                 |                | Household Earnings vs House given as a gift |     |       |
|-----------------|----------------|---|-----|-------|
|                 |                | Given                                       |     | Total |
|                 |                | No  | Yes |       |
| Family Earnings | Less than 1000 | 118   | 61  | 179   |
|                 | 1000 to 1499   | 121   | 65  | 186   |
|                 | 1500 to 1999   | 95  | 50  | 145   |
|                 | 2000 to 2499   | 49  | 32  | 81    |
|                 | More than 2499 | 18  | 16  | 34    |
|                 | Total          | 401   | 224 | 625   |

Even if, as is the case in Cyprus, households that received the house as a gift do not have significantly different income from those that did not receive the house as a gift, this in some sense does not matter unless it has implications beyond the house itself. We have already suggested that one possibility is that gift-receiving households may be more likely to purchase, with or without a mortgage, a second home. Unfortunately this cannot be tested with available data. However, we can test for differences in general patterns of consumption. Table 4.6 provides the results of a logistic regression with house as gift as the dependent variable. A range of possible household expenditures were included; those found to be significant are indicated in the table.

**Table 4.6: House as Gift and Consumption Patterns<sup>a</sup>**

| Variables in the Model | Beta coefficient ( $\beta$ ) | Standard Error of the coefficient | p-value  | Exponent of Beta coefficient ( $\exp\beta$ ) |
|------------------------|------------------------------|-----------------------------------|----------|--|
| Food at home           | 0.175245                     | 0.080421                          | 0.029325 | 1.191538                                     |
| Life assurance         | -0.22269                     | 0.0679                            | 0.001039 | 0.800365                                     |
| Children's clothing    | 0.145027                     | 0.071453                          | 0.042388 | 1.156071                                     |
| Gas                    | 0.182725                     | 0.081723                          | 0.025358 | 1.200484                                     |
| Dry cleaning           | -0.13583                     | 0.062964                          | 0.030989 | 0.872995                                     |
| Donations              | 0.269906                     | 0.094027                          | 0.004098 | 1.309842                                     |

a: Only significant variables are shown. Those not significant were: Own clothing, Phone calls, Internet, Electricity, Water, Personal Care, Medical Expenses, Private tuition, Restaurants, Pubs, Gifts, House repairs, Cars, Car fuel, Car insurance, Car repairs.

What is of most importance in Table 4.6 is that there are significant differences between the expenditure patterns of housing gift-receiving households and non-gift-receiving households. Moreover, the differences relate to some substantial elements in the regular expenditures of most households. Expenditure on food at home, children’s clothing and gas are all important. Life assurance is negative, showing a likelihood that life insurance for gift-receivers is lower than for non-gift-receivers. This is to be expected, given the legal necessity for mortgage holders to have life assurance, and the lower incidence of mortgages among gift-receivers than among non-gift-receiving homeowners. (Nearly two-thirds of non-gift-receiving homeowners have mortgages; only around a third of gift-receivers have mortgages.) What is surprising is that, if there is a wealth effect from housing as gift, then more discretionary expenditure, like that on restaurants and pubs, might be expected to be significant. One possible explanation for this is an age effect. Jacobson et al (2010) show that older households (based on the age of the woman) are more likely to spend more on food at home than on restaurants. If the age of the woman in gift-receiving households is significantly older than in non-gift receiving households then this explains why more is spent on food at home, but not restaurants, in gift receiving households. Table 4.7 shows that the age of the woman in gift-receiving households is indeed older than in non-gift-receiving households: with four degrees of freedom, chi-square test statistic  $\chi^2 = 10.706$  and p-value = 0.03.

**Table 4.7: Crosstab of Age of Woman and House Given as Gift**

|                     |                   | Age of wife vs House given as a gift |     |       |
|---------------------|-------------------|--------------------------------------|-----|-------|
|                     |                   | Given                                |     | Total |
|                     |                   | No                                   | Yes |       |
| <b>Age of woman</b> | <b>&gt;30</b>     | 86                                   | 27  | 113   |
|                     | <b>30-39</b>      | 104                                  | 60  | 164   |
|                     | <b>40-49</b>      | 84                                   | 64  | 148   |
|                     | <b>50-59</b>      | 83                                   | 49  | 132   |
|                     | <b>60 or more</b> | 32                                   | 17  | 49    |
|                     | <b>Total</b>      |                                      | 389 | 217   |

There is some suggestion in the literature that parents may use gifts to influence their marrying children (e.g. Helderma and Mulder, 2007). Do parents in Cyprus withhold the housing gift until their daughters marry? Whether the parents withhold the gift, or whether

the custom is simply not to give the gift except on marriage, there is certainly evidence that gifts are not given to single daughters. From our data none of the 625 households consist of a young, single, female resident who received the house as a gift. There are only two cases of single, female households who received the house as a gift and, given that these are both older women (over 40 and over 60 respectively), it is probable that they received the house as a marriage gift. Whether consciously withholding the gift or merely conforming to custom and practice, it is clear that parents, through provision of housing, have a strong influence on the next generation in Cyprus.

#### **4.5 Discussion and Conclusion**

As emphasised at the outset, the aim of this paper was not to address the question as to whether Cyprus 'belongs' in the SE/M welfare regime type. Instead, it was accepted both that it is appropriate to identify such a type and that Cyprus shares its main characteristics. Cyprus nevertheless seems to emerge as extreme in some respects. To the extent that comparisons can be made, the traditional practice of giving a gift of a house to a marrying child remains exceptionally prevalent in Cyprus.

The fact that such a high proportion of newly forming households obtain their dwelling from their parents suggests that among the three welfare providing pillars, family is for housing in Cyprus more important, relative to state and market, than in most other countries. Housing is, in other words, more familiocratic in Cyprus than elsewhere.

The process whereby property is obtained is market based. The family – mainly the parents – have over time accumulated either the property or the savings to obtain the property. The process of obtaining it either way is increasingly through the market but for the recipient the market is more or less irrelevant because the property is provided by the family. For the recipient, therefore, the process of obtaining housing is entirely de-commodified. Although housing provision in Cyprus is more familiocratic than most other welfare provision, in most welfare states, for the family as a whole it is obtained through the market, and for the recipient through the family.

There is a range of consequences of this substantial de-commodification of housing in Cyprus. The research reported in Section 4.4 of this paper shows that, unusually in Cyprus, homeownership is unrelated to income. Although there is a substantial literature raising questions about the determinants of homeownership, households with higher income are more likely in most places, as reported in Section 4.2, to be homeowners. Haliassos et al

(2008) are explicit in adducing the absence of relationship between income and homeownership as evidence of the ineffectiveness of the housing market.

A second consequence is that there is, similarly, no relationship between the income of the recipient household and receipt of a housing gift. The evidence of de-commodification would be more complete if it could be shown that the income and wealth of the providing (parent) household is unrelated to whether or not a gift is given, but the available data do not permit this analysis.

Whether through a conscious attempt to influence children in relation to marriage, or through conforming to custom (or both), there is clear evidence that the gift of a house is only given on marriage. This is strong evidence either way of familocracy – and, hence, de-commodification – in housing in Cyprus.

Despite this de-commodification in housing, the housing gift itself seems to have a market effect, in the sense that gift-receiving households have somewhat different consumption patterns to non-gift-receiving households. However, this is again related to familocracy. It has been shown elsewhere (Jacobson et al, 2010) that as between home prepared food, take-away food and restaurants, older households in Cyprus are more likely to obtain food through home prepared food. Furthermore, the reason why older households spend so much on food at home is because they are providing food for their children and their children's households (Minas et al, 2009). In this sense in relation to food consumption too, there is familocracy, where families – consisting of a number of households – eat together. And the food for the recipient household is, like their housing, de-commodified!

De-commodification is evident in housing. Other important potential welfare areas are education and health. In future research de-commodification should be examined in these other welfare areas.

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## **Chapter 5: PAPER THREE**

# **WELFARE REGIME AND INTER-HOUSEHOLD FOOD PROVISION: THE CASE OF CYPRUS**

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**Abstract:** There are three main aims of this paper. The first is to identify the role, if any, of the family in the provision of food between households. Second, the paper addresses the paradox of food at home in Cyprus appearing to be less shared than take-away food. Third, the paper attempts to answer the question as to why older households spend more per person on food at home than younger households. These three aims are approached through the perspective of the literature on welfare regimes. The empirical part of the paper is based on qualitative research using purposive sampling to select cases. The findings are that the family is important in inter-household food provision/consumption, and that this explains both the paradox of food at home being less shared than take-aways and the relatively high expenditure of older households on home prepared food. There is both familiocracy and de-commodification in food in Cyprus.

**Keywords:** Food; welfare regime; family; inter-household; Cyprus.

## 5.1 Introduction

This paper contributes to the welfare regime literature by addressing the under-explored issue of inter-household sharing of food. The context is Cyprus, a country of the southern European/Mediterranean (SE/M) welfare regime type. The multi-household family of the SE/M is shown through the research presented here to be an important domain of food provision and consumption. Because so much research on food is based on traditional household budget surveys, with the focus on intra-household expenditure, it is generally not capable of addressing multi- and inter-household food consumption. As a result, the focus of this article is unusual, and the results a significant contribution to knowledge of the subject.

There is now a substantial literature in which the SE/M is considered to be additional to Esping-Andersen's (1990) original three welfare regimes (social democratic, conservative and liberal). Among the key identifying characteristics of the SE/M welfare regime is the importance of the family (Ferrera, 1996; Naldini, 2003; Allen, 2006). This is reflected in the way the family – more than the state or the market – is a key provider in a variety of welfare domains. On housing in SE/M countries, for example, Barlow and Duncan (1994), Castles and Ferrera (1996), Allen (2006), Kemeny (2006), Hoekstra (2010) and Minas et al. (2012) have all addressed how important the family is in obtaining houses. Minas et al. (2012) focus in particular on Cyprus and show that through housing gifts, parents of marrying couples are key providers of houses which are then, for the recipients, de-commodified.

Food, and how families in SE/M countries obtain their food, have been the focus of surprisingly little academic attention. Given the vast literatures on welfare regimes, on the SE/M in particular, on families, and on expenditure of families on housing, one might have expected more research to have been done on food in this context. This paper aims to contribute to redressing this imbalance by examining the relationship between the family and food preparation and consumption in one of the SE/M countries, Cyprus.

The paper begins with Esping-Andersen's welfare regimes, and briefly surveys the SE/M welfare regime literature, including the place of food within this framework. In the next section food in Cyprus is addressed, showing that households in Cyprus appear to share take-away food more than food prepared in the home. Also requiring explanation, based on monthly expenditure figures, older households in Cyprus seem to consume relatively large amounts of food. Comparative data on Cyprus are then presented covering the economic status of women, changes in household structure, and state support for childcare, to provide a backdrop to the main empirical part of the paper. The empirical data provide

evidence that much food consumption in Cyprus is multi-household and much food provision is inter-household. The discussion section follows, addressing how this relates to the welfare regime framework and there is then a short conclusion.

## **5.2 The Mediterranean Welfare Regime**

### **5.2.1 Welfare Regimes**

The work of Esping-Andersen (1990) engendered a huge literature on comparative welfare regime analysis. His study laid down a framework that, in his analysis of 18 OECD countries, resulted in three types of welfare regime, social democratic, conservative and liberal, with the Scandinavian countries the examples of the social democratic, Germany an example of a conservative, and the USA an example of a liberal welfare regime. These regime types emerged in different countries, Esping-Andersen (2003) argues, as a result of the different historical compromises arrived at by the people and institutions in those countries.

In the countries with social democratic welfare systems, the compromise involved a substantial role for the state, providing support for all citizens on the basis of need. The system is in this sense universalist and egalitarian. In the context of welfare the family and the market take a secondary role to the state. In the countries with liberal welfare systems the compromise favoured 'individualism and markets'; the state has a relatively minor role in welfare (Esping-Andersen, 2003: 1). The compromise in the third welfare system is described by Esping-Andersen (2003: 1) as one that 'fused social insurance with corporatist and often also social Catholic subsidiarity traditions in much of Continental and, especially, Southern Europe'.

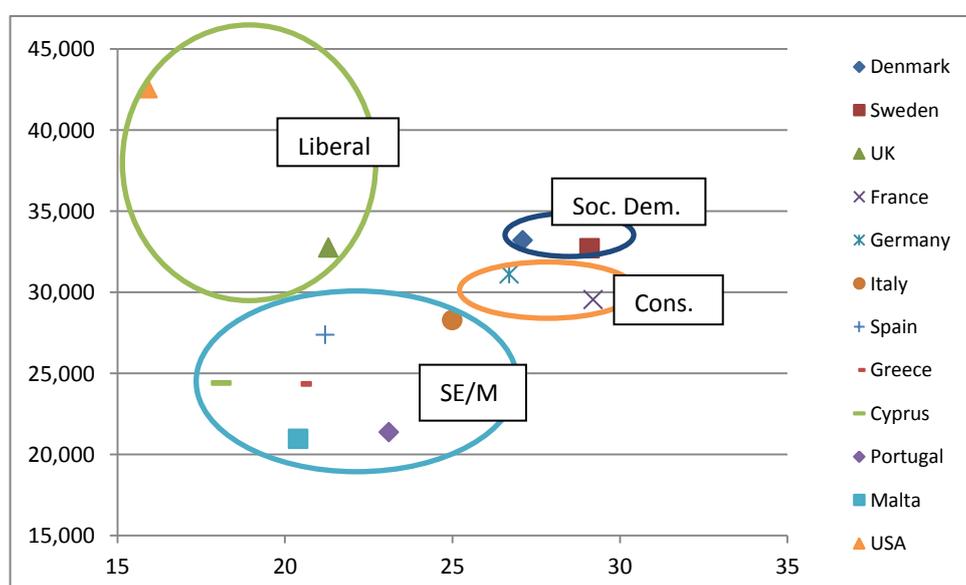
### **5.2.2 The SE/M Type**

Among the responses to Esping-Andersen's (1990) framework were a large number of papers and books arguing that the SE/M countries are sufficiently different from the original 'three worlds of welfare capitalism' to constitute a fourth type (e.g. Ferrera, 1996; Bonoli, 1997; Allen et al., 2004; and Gal, 2010, to mention just a few). Here, rather than entering the debate about regimes, we accept the general argument that the Mediterranean countries are similar enough to one another, and different enough from other types, to

constitute a group or regime type, a SE/M welfare regime, additional to the original three. We also accept the evidence of Gal (2010), among others, that Cyprus should be included as an SE/M country of this type, though it should be emphasised that Gal himself uses the looser concept of ‘family of welfare states’ rather than ‘regime’ or ‘regime type’.

The state, the market and the family are the three main providers of welfare in Esping-Andersen’s (1990) framework. For all the researchers who consider SE/M to be an additional welfare regime type, the importance of family is crucial (Ferrera, 1996; Allen et al., 2004; Naldini and Jurado, 2009). Among the explanations for this is that ‘family’ is viewed differently in the SE/M countries from most of the rest of Europe, referring to ‘the entire set of kinship relationships extending throughout the generations and across all siblings’ (Allen et al., 2004: 4). The result is that there is usually more than one household per family, with different parts of the family living in different homes. Household budget surveys by definition focus on people living within a particular home and the data drawn from such surveys therefore do not provide information on expenditure, for example on food, that crosses households within the family.

**Figure 5.1: GDP per Capita\* and Social Expenditure as % of GDP<sup>+</sup>, 2005**



Source: \* World Bank, data in PPP (constant 2005 international \$)  
+ ILO (2010)

Figure 5.1, with GDP per capita on the vertical axis and social expenditure as a percentage of GDP on the horizontal axis, provides some evidence of the appropriateness of clustering the SE/M countries, including Cyprus, as a fourth welfare regime.<sup>1</sup> The SE/M countries have

<sup>1</sup> This figure is similar to that of Guy (2010).

lower GDP per capita and, in general, lower social expenditure, this latter reflecting a relatively weak state welfare pillar. Cyprus, with the lowest social expenditure as a percentage of GDP among the SE/M countries, has a particularly weak state welfare pillar.

In Cyprus, it is interesting to note, there is a Greek term for the concept of family dominance of social life. This term is *οικογενειοκρατία* (*ecoyeniocratia*), which translates to 'famiocracy' in English. Haliassos et al. (2008) show imperfection in the housing market in Cyprus. This imperfection is reflected in the absence of a relationship between income and house ownership. They suggest that the reason for the imperfection is the gift effect, the high proportion of home owners who have received the house as a gift, usually in the form of a dowry. Minas et al. (2012) argue that this gift is a form of de-commodification from the point of view of the recipient household. The family and not the market is the source of the house for the recipient household. This paper explores whether the evidence in Minas et al. (2012) of famiocracy and de-commodification in housing provision in Cyprus is paralleled by famiocracy and de-commodification in provision of food.

### **5.2.3 Food and the Family**

Research on the relationship between income and food consumption goes back at least to the work of 19<sup>th</sup> century German statistician Ernst Engel, who showed that expenditure on food increased as income increased but that the proportion of income spent on food goes down as income rises. In modern economic parlance, food has a negative income elasticity of demand.

More recent research, like that of Deaton and Paxson (1998) focusing on poverty and household size, finds that expenditure per person on food decreases as household size increases, other things being equal. This is consistent with economies of scale, but Deaton and Paxson (1998) nevertheless consider their result paradoxical. One explanation lies in how they view shared and private goods. When two people living as two separate households come together as one household, some of their expenditures – like mortgage, telephone rental, fixed electricity costs – are halved. Deaton and Paxson (1998) call these expenditures 'shared'. The savings can be used, they argue, on other commodities, which they call 'private', and among which they include food. Food is private, in their view, because, especially for poor households, as they grow in size they are likely to use the benefits of economies of scale in other goods and services to spend more on food.

Questions arise from Deaton and Paxson (1998) and related research (Gan and Vernon, 2003) about the importance of family as a welfare pillar in the provision of food, which in turn has an impact on household expenditure on food. Such questions, on the micro aspects of family consumption of food, have been the focus of very little research in the context of the welfare regime framework.

The state, and in some cases non-profit agencies, have been more prevalent in research on food in this framework (Lightman and Riches, 2000; Riches 2002; Kjærnes, 2003; Gentilini and Omamo, 2011). Where the focus is on the family, as in Albertini et al.'s (2007) work on intergenerational transfers of time and money, food is explicitly excluded. Food is the focus in Sotiropoulos et al (2009), and large, inter-household family meals are mentioned, but the analysis is based on household budget surveys so, as in Jacobson et al. (2010), details of inter-household food consumption are not revealed.

There is, in short, scant literature on welfare regimes focussing on food and the family. This is the main focus of this paper: to examine how families, as one of Esping-Andersen's (1990) three pillars of welfare, provide food for other households within the family. The key aim is to show whether the extended family – the multiple household family of the SE/M – plays a role in the provision of food. In addition, if this role of inter-household food provision can be shown, it may resolve the paradox to be described in the next section, that of food prepared in the home being less shared within the household than food obtained from take-aways.

## **5.3 Food in Cyprus**

### ***5.3.1 Background***

Deaton and Paxson's (1998) paradox is that they expect food in the household to be 'private' but their empirical work shows it to be 'shared'. Gan and Vernon (2003) argue that clothing would have been a better example of private consumption. Testing this, Jacobson et al. (2010) show that, for Cyprus, children's clothing – the most shared of clothing – is indeed more private than food prepared in the home. However, Jacobson et al. (2010) also present a new paradox, namely that food obtained from take-aways was more shared than food at home. This empirical finding, based on data from a survey of 625 households in Cyprus, is directly counter to expectation. The theoretical expectation is that food prepared

at home would be more shared than take-aways because of economies of scale in the purchasing and preparation of food for household consumption. Other aspects of this new paradox, emphasised in the work of Jacobson et al. (2010, 2011), is that older couples spend more per person on food at home than any other households and that spending on take-aways is significantly less for households with older people than for other households.

This paper offers an explanation for this new paradox; household surveys are, by their nature, intra-household. Expenditure by one household, on food for consumption by more than one household, is not normally reflected in the way the data from these surveys are presented. Questions relating to the individuals or families for whom the expenditure is being undertaken are not normally included in household budget surveys. Moreover, as is clear from the discussion of the SE/M, the family in such countries refers to an extended family, generally crossing households.

To set the analysis of the empirical research that follows in context, data on changes in the economic status of women and changes in household structures in Cyprus, and some indication of family relevant policies, are provided. In recent decades there has been an ‘explosion’ in female participation in third level education (Meletiou-Mavrotheris and Maouri, 2011) so that, as can be seen from Table 5.1, from a level far below that of males, they now make up half the student population.

**Table 5.1: Male and Female Students in Third Level Education per Thousand Population**

| Year  | 2007/08 | 1985/86 |
|-------|---------|---------|
| Men   | 61      | 29      |
| Women | 61      | 20      |
| Total | 61      | 25      |

Source: Republic of Cyprus, Statistical Service, Education Indicators 1985-2008.

This change in women’s participation in education in Cyprus is also reflected in the labour force. Whereas female participation in the labour force was 50 per cent in 1985 (Christofides et al., 2009), it had risen to 54.7 in 1999 and 64.8 in 2006 (see Table 5.2). However, this increased participation is not without significant challenge given the absence of public childcare and a significant gender pay gap (see Figures 5.2 and 5.3).

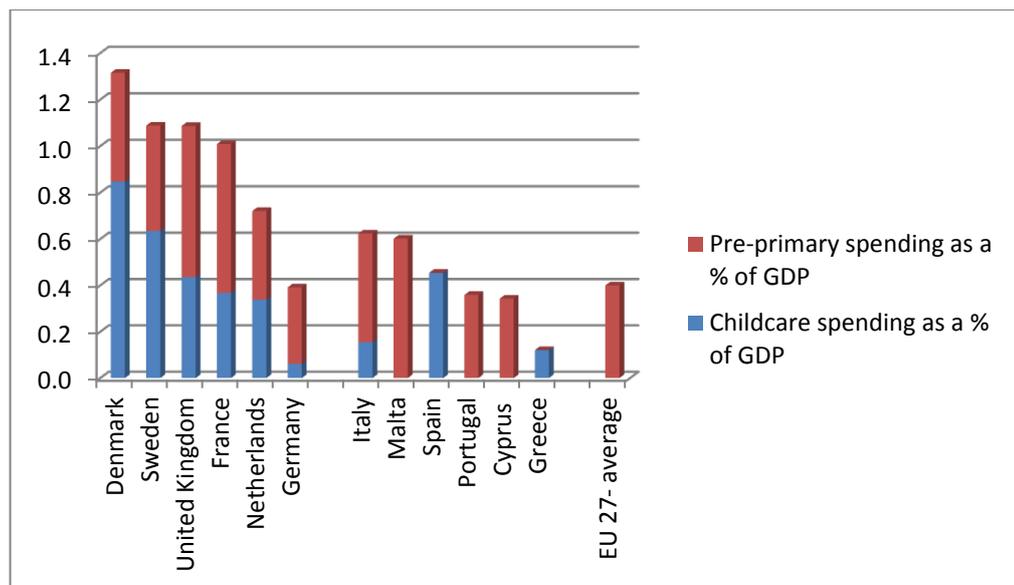
**Table 5.2: Male and Female Labour Force Participation Rates, 1999 and 2006 (%)**

| Age   | 1999 |       | 2006 |       |
|-------|------|-------|------|-------|
|       | Men  | Women | Men  | Women |
| 15-24 | 40.9 | 39.5  | 45.0 | 38.3  |
| 25-54 | 95.2 | 65.3  | 95.3 | 77.4  |
| 55-64 | 69.8 | 30.1  | 74.1 | 37.8  |
| 15-64 | 81.8 | 54.7  | 82.7 | 63.8  |
| 65+   | 14.1 | 2.5   | 17.0 | 4.4   |

Source: Republic of Cyprus, Statistical Service, Statistical Portrait of Women in Cyprus 2008.

Public expenditure on childcare in Cyprus is zero and on pre-primary education is 0.3 per cent of GDP (see Figure 5.2). The total is among the lowest in the EU (only Greece, at 0.1, is lower) (OECD, 2011). The absence of publicly provided child-minding results in the frequent provision of that service, including food, by grandparents (Lazarou et al., 2009). This is consistent with the finding that the older the woman of the household in Cyprus, the more likely it is that food is prepared in the home (Jacobson et al., 2010).

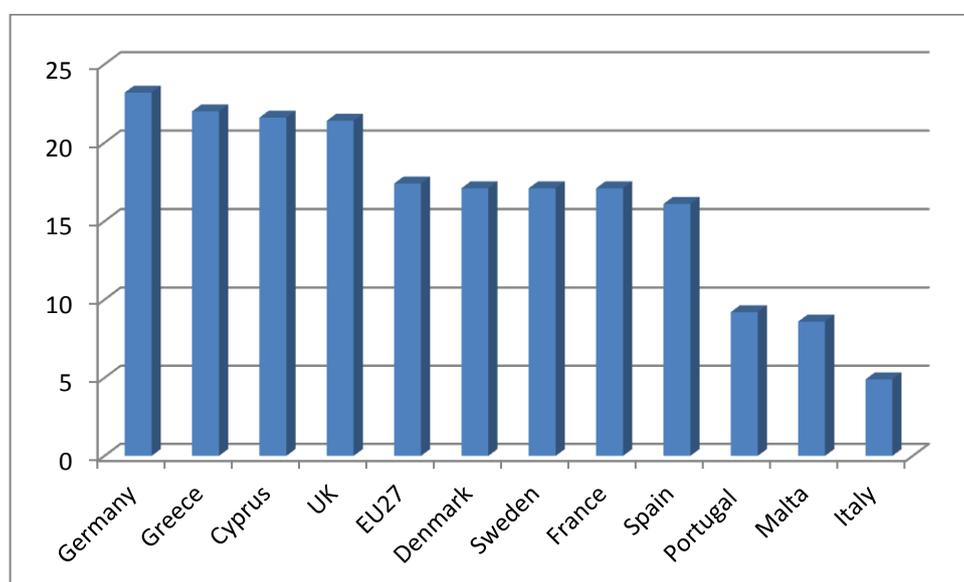
**Figure 5.2: Public Expenditure on Children and Pre-Primary Education, 2007**



Source: OECD (2011)

The child-minding role makes it less likely that older women will participate in the labour force. This is shown in Table 5.2. Participation rates are not only low in comparison to other age groups in Cyprus; they are also low relative to others in the same age group in Europe. In an analysis of employment of older workers in the EU25, Zaidi (2007: 7) shows that ‘Malta and Cyprus are striking cases’ with employment rates among the highest for males, and among the lowest for females.<sup>2</sup> In addition, the gender pay gap is relatively high in Cyprus (see Figure 5.3). As argued by Algan and Cahuc (2007: 104), these facts about labour force participation may relate to ‘strong labor supply composition effects within the family’ in countries, like the Mediterranean countries, where for cultural reasons income is often considered for the family unit and not each individual.

**Figure 5.3: Gender Pay Gap, per cent\*, 2008**



Source: Eurostat, Gender Pay Gap in Unadjusted Form, 2008

Note: \*The unadjusted pay gap is the percentage that the female hourly pay is below that of men. In the EU27, for example, women’s hourly wage is 17.4 per cent below that of men.

Along with changes in labour force participation among women there is a decline in numbers of children per household. Total fertility rate (children per woman) in Cyprus has declined from 2.4 in 1990 to 1.5 in 2009 (European Commission, 2011). This partly explains the decline in the average size of households shown in Table 5.3.

<sup>2</sup> In the same presentation, Zaidi (2007) also shows that Greece, Italy and Spain have ‘high gender differentials’ in relation to employment of older workers.

**Table 5.3: Number and Size of Households in Cyprus, 1995-2010**

| <b>YEAR</b> | <b>Households<br/>(thousands)</b> | <b>Average<br/>household<br/>size</b> |
|-------------|-----------------------------------|---------------------------------------|
| <b>2010</b> | 300.1                             | 2.80                                  |
| <b>2005</b> | 258.2                             | 2.94                                  |
| <b>2000</b> | 224.3                             | 3.09                                  |
| <b>1995</b> | 202.4                             | 3.23                                  |

Source: Republic of Cyprus, Statistical Service, Population Summary Data, 2012.

Other explanations for the decline in household size and increase in number of households include the rise in age at marriage and the rise in divorce rates. The rise in age at marriage means that more people leave the family home to form single person households for an interim period before marriage. Similarly, increasing divorce rates, from 0.6 per thousand population in 1990 to 2.2 per thousand in 2009 (Eurostat, 2011), may mean one of the divorcing couple leaving to form a single person household. Single person households (under 65) increased in Cyprus, from 4.7 per cent of households in 1997 (Pashardes, 2003) to 8.9 per cent of households in 2007 (Iacovou and Skew, 2010). Single parent households increased from close to zero in 1997 to 1.9 per cent of households in 2007 (Iacovou and Skew, 2010).

These increases, in divorces and single person households, expand the proportion of the population at risk of poverty (Pashardes, 2007). However, the single biggest category of households in Cyprus remains that of couples with children under the age of 18. This, at 35.4 per cent of households, is the highest in Europe and substantially greater than the EU25, with 24.6 per cent of households (Iacovou and Skew, 2010). This all suggests a relatively low, though increasing, proportion of the population in Cyprus at risk of poverty.

The welfare state in Cyprus does contribute to the reduction and prevention of poverty. Koutsampelas (2011) shows, for example, that the most effective state expenditure for redistributing income and reducing poverty appears to be through the child benefit scheme. However, his analysis is based entirely on a household budget survey which, as argued above, focuses on intra-household expenditure and does not reveal inter-household contributions such as, in particular, food. Moreover, this inter-household support is a reflection of the importance of the extended family. Iacovou and Skew (2010) show how important the extended family is in Cyprus, as in the other SE/M countries. They present, in

their Figure 8.1, a diagram showing that the importance of the extended family, and the stability of the couple relationship, in Cyprus are among the highest in the EU.

Single parent households are identified by Pashardes (2007) as having higher risk of poverty. However, they have support not reflected in the household budget surveys that he and Koutsampelas (2011) use as their basis for analysis. Perestianis and Kokkinou (2008) show that single parent households in Cyprus receive financial and childcare support, among others, from grandparents.

There is evidence of the importance of grandparents in the preparation of food for young families in general. Reporting on the results of the CYKIDS study of 1,140 primary school children, Lazarou et al. (2009) show that more than 80 per cent of the children have meals with their families at least five times a week. This is relatively high (Neumark-Sztainer, 2003), and is explained in part by the relatively high 'family cohesiveness' in Cyprus (Lazarou et al., 2009: 7). This cohesiveness extends to family beyond the nuclear household. Lazarou et al. (2009: 7) report that 'Grandparents often prepare lunch and/or dinner on weekdays, and even at weekends, for their children and grandchildren'.

### **5.3.2 Methodology**

The paradoxes and anomalies arising from quantitative research can sometimes be resolved by the greater depth achieved from case studies (Flyvberg, 2006). It was therefore decided that a case study methodology was best suited for present purposes. As with all methodologies, the key to success lies in ensuring the method is compatible with the research objectives. Case studies have most value and compatibility where the research undertaken is of an exploratory nature. Yin (2003: 13) outlines case study research as 'an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.'

The case studies were selected using purposive sampling. Purposive sampling involves identifying cases or individuals likely to produce most valuable data. Nine characteristics were identified as being of particular relevance to this research. It was, therefore, decided that nine types of households should be studied: single person household; single parent household; a two parent family with children; household where the mother participates in the labour force; household where the mother does not participate in the labour force; a low income household; a high income household; a rural household; an urban household.

The nine cases were selected from a database of households which had participated in a previous study. The households selected were willing to participate in the research with the interviewer's assurance that the information would be used strictly for research purposes. Semi-structured interviews were used to collect the key data required to answer the research questions. Topics were selected, based on the literature, questions devised and an interview schedule prepared and piloted. The interviews were recorded, transcribed and then translated into English. Before undertaking an analysis of this data, a coding system was devised. Key themes, based on previous research, were selected. This allowed clustering of key issues in the interview data (Bell, 2005).

Where possible, and relevant, both husband and wife were interviewed together. Research suggests a preference for this type of joint interview (e.g. Davis, 1971; Bennett and McAvity, 1994). During the interview both husband and wife gave individual responses, and when there was disagreement or uncertainty there was some consultation between them so as to arrive at an agreed answer that best described their behaviour. Interviewees expressed themselves freely and often shared information beyond the scope of the interview. The duration of the interviews ranged from half an hour to two hours. The main focus was source of food, but interviewees were permitted to discuss other subjects for the purpose of establishing rapport.

### ***5.3.3 Research Findings***

The households' composition and their main ways of obtaining food are shown in Table 5.4. The ratings – none, low, moderate or high – are based on the information received in the interviews, which are described below.

**Table 5.4: Ways Food is Obtained**

|             | People<br>in<br>House-<br>hold | At Home  | Take-away | Pubs and<br>Cafes | Restaurants | Parents/<br>In-laws |
|-------------|--------------------------------|----------|-----------|-------------------|-------------|---------------------|
| Household 1 | 1                              | None     | High      | None              | High        | None                |
| Household 2 | 2                              | Moderate | Low       | None              | Low         | High                |
| Household 3 | 3                              | Low      | Moderate  | None              | Low         | High                |
| Household 4 | 4                              | High     | Low       | None              | Low         | High                |
| Household 5 | 4                              | Low      | Moderate  | Low               | Low         | High                |
| Household 6 | 5                              | High     | Low       | None              | Low         | Low                 |
| Household 7 | 5                              | High     | Low       | None              | Moderate    | Moderate            |
| Household 8 | 6                              | High     | None      | None              | Low         | None                |
| Household 9 | 7                              | High     | Low       | None              | Low         | None                |

**Case Study One: Single person household**

Household 1 in Table 5.4 is a one-person household. Fivos is a single, retired high school headmaster. He never married and lived with his parents until they died. While his mother lived, she provided the main meal of the day, every day. 'When my mother was alive', he says, 'I hardly knew that take-away restaurants existed. Now I know them all.' He either eats in restaurants or buys food from take-aways to eat at home. Occasionally, he eats with one or other of his sisters-in-law; he never prepares food for himself. He says: 'It's more expensive to cook at home for one person than to buy take-aways'. In discussion it emerges that he has little or no ingredients for food preparation within his home and that he would have to buy everything that goes into any meal. Apart from this he has very little experience in the kitchen and therefore no inclination to cook.

**Case Study Two: Single parent household**

Katerina in Household 2 is a lone parent. She is the divorced mother of a young child. The child, a daughter, eats with her grandmother every day; Katerina eats there most days. Occasionally, when she cannot get to her mother's house for lunch, she eats out. Either way, as she says, 'there's always food for me at my Mum's'. The grandmother prepares food for all three of her children, Katerina and her two brothers. The two brothers are both

married, with children, and every day there is a family meal in the grandparents' house. One of the brothers, who works with his father, partakes of this meal every day. Occasionally he also takes food home for his wife and children who do not join in because they live in another town. The other brother eats with the family less frequently; according to Katerina this brother's wife does not get on very well with the rest of the family.

Katerina does occasionally prepare evening meals for herself and her daughter, which she describes as 'light meals'. Even less frequently, she buys take-aways or takes her daughter to a restaurant, usually a cheap, fast food restaurant. Katerina lets the child decide on the restaurant because, as she says: 'She chooses places like McDonalds, which are cheaper'. Overall, Katerina explains that she has neither the time nor the income to do more of the food purchasing and preparation. She more or less ignores food in her budgeting. If not for her parents, she says, she would 'have to scrimp and save on other things, like clothing'.

#### Case Study Three: A high income household

Household 3 consists of Christos and Zoe who have one child. Both parents have well-paid, demanding jobs. Zoe eats with her parents every weekday at lunchtime. She leaves her son with her parents every morning and the grandparents take him to a nearby kindergarten for the morning and pick him up at lunch time. One of Zoe's two brothers and her sister also eat there every day. Christos works in another town where his parents live and he usually has lunch with them. At weekends they take turns, eating most Saturdays at a large family meal at Zoe's parents and on Sundays the equivalent at Christos's parents.

Evening meals in Household 3 consist of one of three possibilities. There is food brought from Zoe's parents' house, or they prepare a meal themselves – 'I usually do the cooking', Christos said. More infrequently, they buy a take-away meal for the three of them. Occasionally, at the weekend, Christos and Zoe go out as a couple and eat at a restaurant.

#### Case Study Four: A low income household

In Household 4 are George, Maria and their two children. George and Maria both work in relatively low-paid jobs. Maria's parents live not far from them, in the same town. Her mother prepares a midday meal for Maria and her children, and, sometimes, Maria's two sisters and their husbands. 'She wouldn't dream of buying prepared foods or take-aways', Maria says about her mother. 'She always does everything herself'. George's job requires him to travel around the country, but he eats there too when he can. And they sometimes take food home for their evening meal, too. According to Maria, her sisters and their

husbands have better jobs and have been able to afford better houses. They can also afford to eat out more often and therefore do not always eat at the grandparents' home. For Maria and her household, however, money is more scarce. Her parents could not help her much towards buying her house when she married, she explained, so now, to help her and her husband to be able to afford their mortgage payments, her parents give her as much support as possible through provision of food.

In the evenings Maria usually prepares a meal if she has not brought food home from her mother's. Occasionally they buy take-aways but find it expensive because they consume a lot of food. 'Anyway', Maria says, 'my mother would kill me if she knew I was buying take-aways'. 'We enjoy our food in this household', Maria added, and therefore, even though they share preferences they do not share portions.

#### Case Study Five: Household where the mother participates in the labour force

Christoforos and Fotini are the parents of two children in Household 5. They both have well-paid jobs. The parents of Christoforos have passed away; most of the food in this household is prepared by Fotini's mother. Unlike other households, in this case the eating is normally in the household itself, not in the grandparental home. This is because Fotini's mother either prepares the food in her own home and brings it over to Fotini or she comes to Fotini's house and prepares the food there. They find this more convenient because the children's school is near their home. Christoforos is never there for lunch during the week and usually has business lunches, either with colleagues or with clients.

For evening meals Christoforos usually buys take-aways on his way home. The children decide what they want, and according to Christoforos, 'Sometimes I have to drive around and around to different take-aways to keep them happy'. The children have similar preferences, and sometimes share portions, too, but Fotini prefers low calorie options so Christoforos usually has to go to at least two different places for the food.

In most other households where the grandmother prepares food, it is paid for by the grandparents. In this case, Household 5, where Fotini's mother prepares the food in Fotini's house, she only sometimes pays for it. Other times Fotini has bought the food and leaves it in the kitchen for her mother to prepare. 'I really depend on my mother', Fotini says, 'not so much for the food she gives us, but for the time she gives us. She spends huge amounts of time looking after the kids and preparing meals. Without her I'd have much less "me" time'.

#### Case Study Six: A rural household

Yiannakis and Marina of Household 6 live in a house in a rural area with their three children. The elderly parents of Yiannakis live nearby, in the same village. They are only just able to look after themselves, with the help of other relatives and neighbours and, occasionally, food provided by Marina. Because of the distance to Marina's parents' home in the city, they cannot see them daily, but the family goes into the city to eat a family meal with her parents every Saturday.

Yiannakis and Marina both have relatively low paid jobs, Yiannakis in his own small business and Marina in a local village office. Their main meal of the day during the week is in the evening, and it is a meal prepared in the home by Marina. Marina says: 'I get home from work tired and have to prepare food for me and the kids. If only my Mum lived nearer, she'd be happy to do this for me.' They almost never get take-aways, unless it is a take-away from the local taverna, and even then only rarely. Usually on a Sunday the family goes on an excursion, and on these occasions they eat out, typically in traditional tavernas.

#### Case Study Seven: An urban household

Household 7 consists of George and Demetra and their three children. George and Demetra have very well paid jobs, both in a different town from the one in which they live. The children go to their grandparents' (Demetra's parents') house every day after school for lunch. George and Demetra eat at work, usually sandwiches prepared at home. Sometimes George eats at his mother's house – she lives in the city where they work. 'My Mum's food is the best', George says, with a smile. But he adds that the real reason he goes there is because he knows that she appreciates it when he visits her.

The evening meals in Household 7 are arranged in a relatively fixed weekly schedule. On Mondays, for example, because Demetra works late, they either have a take-away or her mother prepares food that Demetra picks up on the way home. On Tuesday, Wednesday and Thursday evenings Demetra gets home earlier than George and prepares a family meal. Fridays, George says, 'is my day with the kids. I take them and their friends to McDonalds for their evening meal'. On the way home he picks up a more traditional take-away for himself and Demetra.

On weekends George and Demetra often have family meals when grandparents, brothers, sisters and in-laws eat in their house. Their house is a large one and their parents have smaller homes so theirs is the natural location for such family get-togethers. When they are

not entertaining they either go to restaurants or they are invited to eat at friends or relatives' homes.

#### Case Study Eight: A two parent family with children

Nicos and Amalia and their four teenage children make up Household 8. Nicos and Amalia have relatively low-paid jobs. Amalia does all the cooking and is convinced that this is the cheapest and healthiest option. She is happy to prepare the meals at home even though one of her daughters is a vegetarian and this means that she has to prepare different main courses. They never buy take-aways and only very occasionally eat out in restaurants.

Amalia's parents have both passed away. When they were alive they lived far away and were not well off enough to help them, either with their house-purchase or with regular provision of food. Nicos's mother has a small business which keeps her extremely busy so that she has no time to help them. Amalia, appearing somewhat unhappy about the situation adds, 'She does, of course, find the time to help her daughter'.

#### Case Study Nine: Household where the mother does not participate in the labour force

In Household 9 George and Spyroula have five children – the youngest is two years old. George has a job and, in addition, owns a successful small business. Spyroula gave up her job after the fourth child was born and is now kept busy working in the home. She does all the food preparation and this home prepared food accounts for most of the food consumed by the family. George either goes home to eat at lunch time or eats a lunch, prepared by Spyroula, which he takes to work with him.

They rarely eat take-aways and then only if Spyroula is particularly tired or unwell. Every Sunday they go to a restaurant with friends. Most of their friends also have a number of children which makes the sharing of the bill more convenient. 'It would be unfair on a couple with only one or two kids to pay half the bill with us', George explained.

In the case of Household 9 the grandparents, for a number of reasons, do not provide food for the household on a regular basis. The first reason is that George does not get on well with Spyroula's parents. More importantly, Spyroula felt that her mother was interfering too much in how she was bringing up her children, so she and George decided not to have regular arrangements, for example in relation to eating together with the grandparents.

The interviews suggest that unless there are specific factors preventing it, parents and their children frequently eat with grandparents. The food is prepared, usually in the home of the grandparents, for consumption either there or later in the home or homes of the parents. Food obtained from take-aways, on the other hand, is consumed within the household of the nuclear family, and is not normally shared between households.

#### **5.4 Discussion**

The research presented here suggests that it is the norm in Cyprus for some meals to be shared by extended families in more than one household. This is the case in Households 2, 3, 4, 5, 6 and 7. The sharing, moreover, is irrespective of income; both low and high earning households receive food from the grandparental household. This is consistent with the findings of Haliassos et al. (2008) and Minas et al. (2012) in relation to housing, in that food provision, like gifts of housing by the older generation are unrelated to the income of the recipient household.

Where the recipient household is less well off financially, the food can be argued to be a form of transfer of money. This is the case in Households 2 and 4, for example. As Katerina of Household 2 says in relation to the food she and her daughter receive from her parents, without it she would 'have to scrimp and save on other things, like clothing'. Where the recipient household is better off financially, the food is a form of transfer of time (Albertini et al., 2007). In this latter case, as in Households 3 and 5, the household can be said to suffer 'time poverty' (Warde, 1999; Brewis and Jack, 2005). For example, Fotini in Household 5 sometimes buys and leaves food in her house for her mother to prepare. Fotini is explicit about the fact that it is not the paying for the food that is the key contribution of the grandparent in this case, but the time taken to prepare the food.

Where there is no or little inter-household sharing of meals, there are particular reasons. Although, as pointed out by Naldini and Jurado (2009), young couples usually set up house near to their parents, in some cases this does not happen. This can be for a variety of reasons. For Yiannakis and Marina in Household 6, the house they live in is in his parents' village, quite a distance from her home city. This was for economic reasons, the village house being much cheaper than the city equivalent. Much to Marina's regret, the distance restricts the meal-sharing with her parents to weekends.

Household 6 also provides an example of a second reason why inter-household food sharing may be limited. The parents of Yiannakis are infirm, and therefore in this case the

assistance is from the younger to the older generation, in that Yiannakis and Marina provide a substantial amount of care, other than food, for his parents. Again referencing Naldini and Jurado (2009: 18), a reason for proximity between households of different generations in the SE/M 'is so that family members can provide childcare or elder care in the absence of government programs that provide care services for dependents.'

A third reason for low or no sharing of meals between households of different generations is that the older generation has passed away. This is the case for Nicos and Amalia, Household 8, in that her parents died many years ago. As to why his mother, a widow and still active, does not provide meals for them, this is because she is very busy running her own small business. This – time scarcity – is a fourth reason for limited or non-sharing between households.

George and Spyroula in Household 9 provide an example of a fifth reason for limited or no meal sharing. This couple, despite having five children, are intent on being independent from their parents. This is a complicated story relating to the fact that her parents, who are in a sense more modern, wanted her to use her very substantial third-level education to make a career. They seem to resent her commitment of all her time and energy to her nuclear family. It can be argued, on the other hand, that the tendency towards nuclear family is more modern, going against the extended family traditions of the past (see Verden, 1998).

Household 2 also provides a glimpse of disagreement in the extended family of which it is a part. One of Katerina's sisters-in-law does not get on well with the rest of the family and this is used as an explanation as to why that brother does not eat as often with the family as Katerina and her other brother. This example suggests that not 'getting on' with each other may be a reason, in some cases, why some households in the family do not share inter-household family meals.

Data from these interviews suggest that, unless specific factors prevent it, many meals in Cyprus are shared between households of different generations, with the direction of provision being from the older to the younger generation. This direction of provision is consistent with the findings of Albertini et al. (2007). However, they also find that: 'Transfers from parents to children are less frequent but more intense in the Southern European countries than in' those of other welfare regimes (Albertini et al., 2007: 332). This may be because they exclude food, the inclusion of which might make the transfer much more frequent.

## 5.5 Conclusion

The main aims of this paper were, first, to identify the role, if any, of the family in the provision of food between households; second, to address the paradox of food at home in Cyprus appearing to be less shared than take-away food; and third, to consider why older households spend more on food at home than younger households.

From the Eurostat and OECD statistical data, from such previous research as Minas et al. (2012), Lazarou et al. (2009) and Perestianis and Kokkinou (2008), and from the case studies presented here, there is evidence of a relatively important role for extended families as a welfare pillar in Cyprus. The interviews suggest that a key element of the support of grandparents is the provision of food, and that this support is inter-household. If so, then familiocracy prevails in food provision, as in housing in Cyprus. From the perspective of the recipient household, in that home prepared food is obtained outside the market, it is also de-commodified. The inter-household provision of food, if widespread, also explains why the expenditure per person on food prepared at home is greater in older households.

In addition, in relation to the second aim of the paper, the interviews suggest that take-aways are most often bought by households with young children for consumption within the household. In the context of the extended family in the SE/M, the food at home is often provided by part of the family for the whole family's inter-household consumption, while take-aways are not generally for inter-household consumption, but for intra-household consumption. Because the household budget survey data are household specific, they suggest that take-aways are more shared than food at home but the interviews suggest that in fact food at home is most shared by the multi-household family. This, if verified, resolves the paradox identified in Jacobson et al. (2010).

There are many ways to build on the research presented in this paper. Surveys on food expenditure in which the consumers of that food are identified are essential to explore the significance of the family as a welfare pillar. Moreover, longitudinal research of this kind is essential to indicate whether the family in this context is of increasing or diminishing importance. Such research in different countries – in different welfare regimes – would also facilitate international comparison.

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## Chapter 6: THEMATIC INTEGRATION

### 6.1 Introduction

This “thesis by publication” addresses household, family and welfare regime in Cyprus. The activities of household and family that are focused on to identify their role in the welfare regime are those relating to food and housing. The focus on food and housing has shown that family in Cyprus stretches beyond household, providing substantial support, mainly in the direction from the older to the younger generation household. The theoretical framework encompassing the whole thesis is that of comparative welfare regimes.

This chapter provides a thematic integration by drawing together the findings of the three published papers and showing that they all reflect aspects of the welfare regime. Paper One was written without welfare regimes in mind; it focused on a much narrower set of issues, arising from an economics literature in which recent developments of Engel’s Law produced an apparent paradox, known as the Deaton-Paxson Paradox. However, the analyses in Paper One suggested questions about family, households and the relationships between them. Older women are more likely to prepare food at home than younger women; older households spend more per person on food at home than younger households; take-aways appear to be more shared than food at home.

From the same data set as that on which Paper One is based, Table 6.1 highlights the issues that seemed to call for deeper research. Older, two-person households spend more than 50 per cent more, per person, on food at home than younger households of two adults and two children.

**Table 6.1: Average Expenditure on Food in Cyprus, Cyprus Pounds**

|  | Food at Home   |               |
|--|----------------|---------------|
|  | 2+2 Household* | 2 Household** |
| Age of Woman of Household                | 25-34          | 50+           |
| Average Expenditure Per Person Per Month | 94.47          | 146.30        |
| Ratio of Older, 2 HH to Younger, 2+2 HH  |                | 1.55          |

Notes: \* 2+2 person household (n = 47); \*\* 2 person household (n = 44)

Source: Author’s survey data.

The most likely explanation for these findings is that grandparents, as older couples in one household, are buying and preparing food for their children and grandchildren in other households. Whether or not this explanation is the correct one could not be shown with the type of household-specific data obtained from household budget surveys. In general, as in the survey from which the data for Papers One and Two are drawn, household budget surveys focus on the expenditure of the household; except in relation to specific questions on gifts and charity, it is assumed that the expenditure is on goods and services consumed by people within the household. Where goods and services bought by a household are regularly consumed by people from another household, this will not be revealed, except through the relatively high expenditure by the first, buying, household, and the relatively low expenditure by the second, consuming, household.

Where, as in southern Europe, the family is seen as an extended family of more than one household, some aspects of consumer behaviour may be more appropriately defined in terms of the extended family as a unit than in terms of the household as a unit; families are not parts of households, rather households are parts of families (Allen, 2006). One approach to solving the problem would be a large survey focusing on food consumption rather than expenditure. As an alternative to this, a qualitative approach using semi-structured interviews with a variety of households, focusing on food acquisition and consumption, was chosen. The results of the qualitative study of households, reported in Paper Three, suggested that the inter-household, intra-family nature of food provision in Cyprus could be confirmed.

Another finding emerging from the survey data on which Paper One is based, is that a relatively large proportion of home owners in Cyprus obtained their homes as a gift – or with the help of substantial financial support – from parents or parents-in-law, usually at the time of marriage. This became the focus of Paper Two; it also reinforced the need to focus on family, and not family within households, but family between households.

Thus family as a provider is an important aspect of all three papers. Family as provider is also a key theme in the welfare regime literature. Indeed, it has emerged as an identifying characteristic of a particular welfare regime, one that has been proposed by a number of authors as additional to Esping-Andersen's (1990) original three.

Despite the differences between the conclusions in this thesis and those of Esping-Andersen, his work is an important integrating element in this thesis. It is described in some detail in Chapter 2 (Section 2.5), and constitutes important references in Chapter 1 and in Papers Two and Three. Apart from providing the original three-part regime typology, he

also provided the concepts of de-commodification and the related familialism that have informed the discussion throughout. Among the key differences between the views expressed here and those of Esping-Andersen is that of whether there are more than three regime types. How Esping-Andersen addresses this issue is discussed in Chapter 2. This is elaborated to some extent and the views of others incorporated in addressing whether the SE/M is an additional regime type in the next section.

## **6.2 The SE/M as a Fourth Regime Type, and Cyprus**

According to Esping-Andersen himself:

Typologies are problematic because parsimony is bought at the expense of nuance, but especially because they are inherently static. They provide a snapshot of the world at one point in time and do not easily capture mutations or the birth of new species. Any typology of welfare regimes remains valid only as long as history stands still (Esping-Andersen, 1999, p.73).

This quote from Esping-Andersen suggests that he might be flexible in relation to revisions of his three-type framework for categorising countries in terms of their welfare systems. However, as described above, Esping-Andersen in practice sticks to the three-type framework he first introduced in *The Three Worlds*. Despite the ambiguities arising from the new importance of familialism in his work in the 1990s, in more recent papers he continues to write of the Scandinavian (social democratic) model, the liberal welfare model, and the Continental European (conservative, corporatist) welfare model (e.g. Esping-Andersen, 2003).

The argument in this thesis, and in particular in Papers Two and Three, has been that the Southern European/Mediterranean countries constitute a fourth model. Many writers have supported this argument (e.g. Ferrera, 1996; Bonoli, 1997; and Allen et al., 2004 to mention just a few), and Cyprus has been shown by others to be included in this fourth welfare regime type (Kääriäinen and Lehtonen, 2006; Böhnke, 2008; and Gal, 2010). Clearly Esping-Andersen on balance disagrees with this. Others, it should be pointed out, disagree with the whole idea of Esping-Andersen's typology and of how it has influenced the direction that comparative welfare state research has taken since the publication of *The Three Worlds*. Schubert et al. (2009), for example, argue that the two categories, "welfare states" and 'welfare state regimes'" lead to similarities and differences between countries being taken for granted. They also lead "to a doubtful focus on policy outputs, assume welfare reforms

to be ‘problem-solving mechanisms’ and thereby neglect the importance of policies and politics” (p.9)<sup>1</sup>.

Comparative welfare regime analysis, focusing on such generic characteristics of societies as familialism and de-commodification, is unlikely to pay attention to the intricacies of political struggles over welfare policies and their evolution in individual countries, and in this the Schubert et al. (2009) critique is correct. It should be emphasised that their paper is an introduction to the *Handbook of European Welfare Systems*, in which the approach is to devote an individual chapter to each country. There is a comparative chapter towards the end of the book, but it adopts a non-clustering approach, providing a set of comparisons of the 27 EU countries (Bazant and Schubert, 2009). The structures, paths of development and political features of the welfare systems of the individual countries are covered to varying extents in the chapters on those countries but of course do not emerge to any great extent from the comparisons, which of necessity focus on a selection of available standardised indicators.

Without rejecting the approach of Schubert et al. (2009), it can be argued that it does not preclude a clustering approach; a variety of approaches are appropriate and perhaps even necessary. Some important characteristics of welfare systems and of determinants of change may emerge from focusing on individual countries and their policies and politics. More generic characteristics, like declines in familialism and the impact of globalisation may be more obvious from a more strictly clustering approach like that of Esping-Andersen. And, at the same time an approach somewhere in between these, where new, different clusters are seen as emerging over time, may reveal new, less generic commonalities.

At times it appears as though Esping-Andersen is moving in this direction. His approach in *The Three Worlds* is to see extremes of (male) labour de-commodification as key features of two of the welfare systems (liberal and social democratic). The conservative/corporatist is in a sense, then, a hybrid somewhere in between these two, with the degree of labour de-commodification somewhere in between the other two. Yet, when in *Social Foundations* he arrives at the conclusion that the three welfare regimes are closely associated, each with a different welfare pillar, he finds it difficult, as he says in his interview (2000) to imagine more than three models of welfare. There seems to be a contradiction between his ability to define the conservative/corporatist Continental European model as in between the other two in *The Three Worlds* and his inability to imagine any model in between the other three in *Social Foundations*.

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<sup>1</sup> On this type of critique of Esping-Andersen see also Clement (2001, 2003).

What are the arguments used by various proponents of a fourth, SE/M, welfare regime, model or family of welfare states? Ferrara (1996) concludes that the "southern welfare states... not only share similar characteristics and a similar genesis, but also are currently confronted by similar developmental challenges of both external and internal nature" (Ferrera, 1996, p.31). He finds four characteristics shared by the southern welfare states that distinguish them from others in Esping-Andersen's (1990) conservative Continental European model. The first is that the income maintenance system is highly polarized. This is described by Castles and Ferrara (1996, p.176) as follows:

In southern Europe there is clearer distinction than anywhere else in Europe between welfare state benefits provided for core or 'guaranteed' sector workers, in particular public servants and full-time workers in large and medium-sized firms, and the benefits for those on the fringes of the labour market, including irregular, seasonal and marginal workers, the unemployed and those working in the black economy and/or in more traditional sectors (for example, the building sector or agriculture).

The second is that, in health care, there is a "departure from corporatist traditions" and at least partially universalistic national health systems. Third, he found there to be "a low degree of state penetration of the welfare sphere and a highly collusive mix between public and non-public actors and institutions". Finally, there is a "persistence of clientelism", or patronage relations, in which there is a close association between public representatives and selected groups among the electorate who derive a benefit from that association (Ferrera, 1996, p.17).

Bonoli (1997), criticising Esping-Andersen (1990) as being over-dependent on de-commodification as a criterion for classifying welfare states, proposes a two-dimensional framework with social expenditure as a percentage of GDP on the vertical axis and percentage of social expenditure financed through contributions on the horizontal axis. This results in four clear clusters of countries, all the southern European countries (and Switzerland) being together in the fourth cluster.

A third analyst who agrees that the SE/M constitutes an additional welfare regime is Allen (2006). Key to her approach is to bring into the analysis the "missing family" (2006, p.257) in Esping-Andersen (1990). She shows that the type of clientelism and patronage discussed by Ferrara (1996) as characteristic of the SE/M is closely related to the extended family. The clientelist system, she writes, "allows extended families to derive revenue through access to the state and means that family-based support networks offer an alternative to

widening the range and scope of the welfare state” (Allen, 2006, p.267). She also associates this relationship between the extended family and the clientelist system with patriarchy: “patronage reinforces patriarchal power relations within families because access is mediated through the male heads of extended families” (Allen, 2006, p.268).

Allen’s (2006) approach is in some ways similar to Esping-Andersen (1999) in *Social Foundations*. There he also emphasises male dominance and sees what he calls familialism as a reflection of a less developed social system. The difference between Allen (2006) and Esping-Andersen (1999) is that where he continues to focus on the family within the household, she focuses on the extended family. As she puts it, the data (from Eurostat) used to compare countries in Europe “conceptualize families as a subset of households, in contrast to the more common view in southern Europe, which sees households as component parts of a wider, extended family” (Allen, 2006, p.255). It is this perception, and reality, of extended family in Cyprus that informs the analysis in this thesis.

In this respect, is family in Cyprus similar to that in the rest of the SE/M? Of the papers in the welfare regime literature only a few include Cyprus in their analysis, in particular Kääriäinen and Lehtonen (2006), Böhnke (2008) and Gal (2010). Kääriäinen and Lehtonen (2006) use data from the ISSP (International Social Survey Programme) to compare and cluster countries on the basis of a series of social behaviours like having meals together, providing help in time of need, visiting friends and relatives, etc. They find that the SE/M countries, including Cyprus, emerge as a distinct cluster, with high scores for all family-related activities. In this, family refers to a variety of relatives in different households.

Böhnke (2008) uses data from the European Quality of Life Survey (EQLS) to answer whether the social integration of the poor is significantly different in different clusters of European countries. The SE/M emerges as distinct from the others, and in particular from the other Continental countries, because of the much greater importance of family in the SE/M than in the other Continental countries. She concludes that: “The Mediterranean European countries represent a cluster, which also includes Malta and Cyprus. The regimes in this region are characterised by the extreme importance they attribute to family cohesion and intergenerational solidarity, and by an only rudimentary provision of social benefits [by the state]” (Böhnke, 2008, p.136).

Gal (2010) similarly finds family to be important. He adds Israel and Turkey to the European SE/M countries and concludes that three themes are important in differentiating these countries from other welfare states: religion, family and clientelism. Like Kääriäinen and

Lehtonen (2006) and Böhnke (2008), Gal is explicit about family in this context being the extended family, not just the nuclear family.

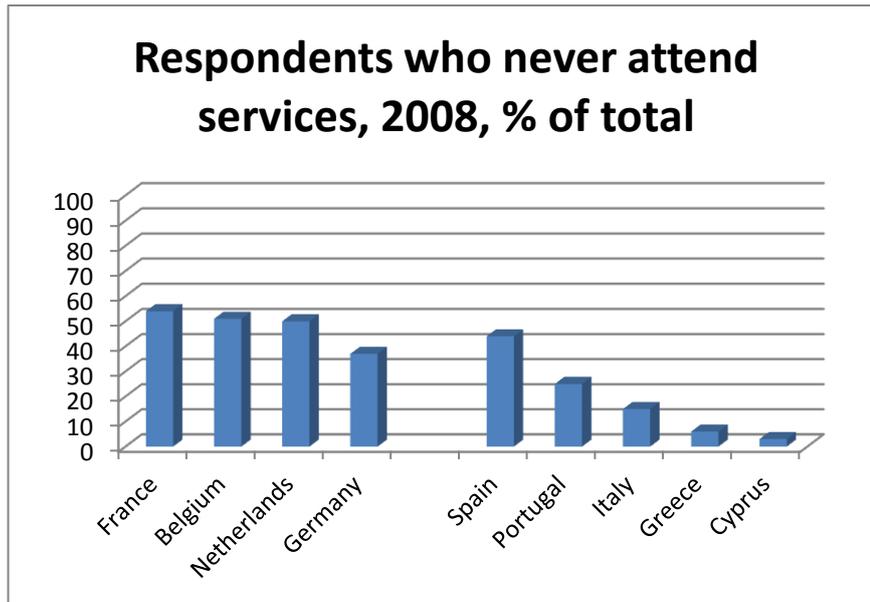
It emerges from this review of the literature supporting SE/M as different from the Continental European or conservative/corporatist group of countries, that although the approaches vary, the conclusions are similar. Family, explicitly the extended family, is most important. It is both an important welfare provider and a key element of social and economic life in these countries. It is also shown by Ferrara (1996), Allen (2006) and Gal (2010) to be closely related to the clientelism that pervades the economic and political lives of these countries. Religion is also mentioned by most of them, with the main emphasis on religion evident in Gal (2010).

In Papers Two and Three the focus is on family as a key welfare pillar in relation to housing and food. Religion is also mentioned and is shown to be important in Cyprus. Given the focus in the three papers that form the main body of the thesis, clientelism has not yet been shown to be present in Cyprus. It is present, and is implied in the concept familiocracy. Through familiocracy all members of the extended family obtain the benefits of all other members' political connections. Any member's ability to influence political decision makers, in other words, may, in familiocracy, be used to the benefit of all other members of the extended family. Clientelism will be further addressed together with other aspects of Cyprus that provide evidence of its similarity with other SE/M countries. The basic questions are whether data support the argument that the SE/M are different from the others in Esping-Andersen's "Continental, conservative" regime type, and, if so, where Cyprus belongs, in the SE/M or the conservative regime type.

A range of different quantitative indicators of the type used by many of the welfare regime analysts already referenced in this thesis will be presented. The three themes mentioned by Gal (2010), religion, family and clientelism, are all shown to be significant, and in that sense Cyprus is shown to be similar to the other SE/M countries. In this, the evidence presented here is supported by that of Shekeris et al. (2009).

In relation to religious observance, a key measure in surveys is the proportion of the population who never attend religious services, other than special occasions like weddings. Figure 6.1 shows that in 2008, other than Spain as an outlier, there is a consistently lower proportion of respondents who never attend religious services in the SE/M countries than in the other conservative welfare regime countries. Religion remains more important in the SE/M countries than elsewhere.

**Figure 6.1: Religious Attendance**

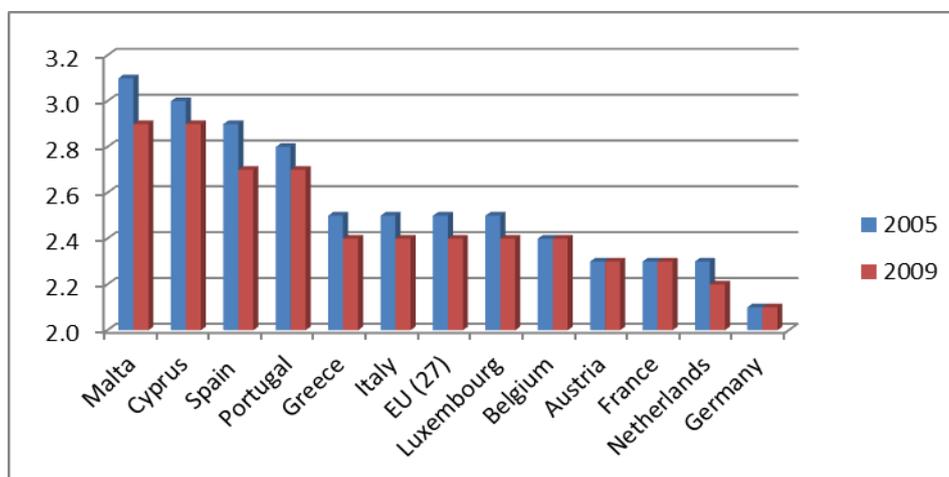


Source: European Social Survey (2008)

Family and familiocracy are the most important theme for Cyprus, as shown in this thesis. Among the ways in which this is reflected is that the average number of people per household is high, and that the age at which children leave the parental home is later than the European average.

Figure 6.2 shows that the SE/M countries, including Cyprus, do indeed have relatively high, though declining, numbers of people per household compared in particular with the other countries that Esping-Andersen (1990) includes in the conservative group. The SE/M countries are above the EU average (including the Scandinavian and East European EU members) and the others are below this average.

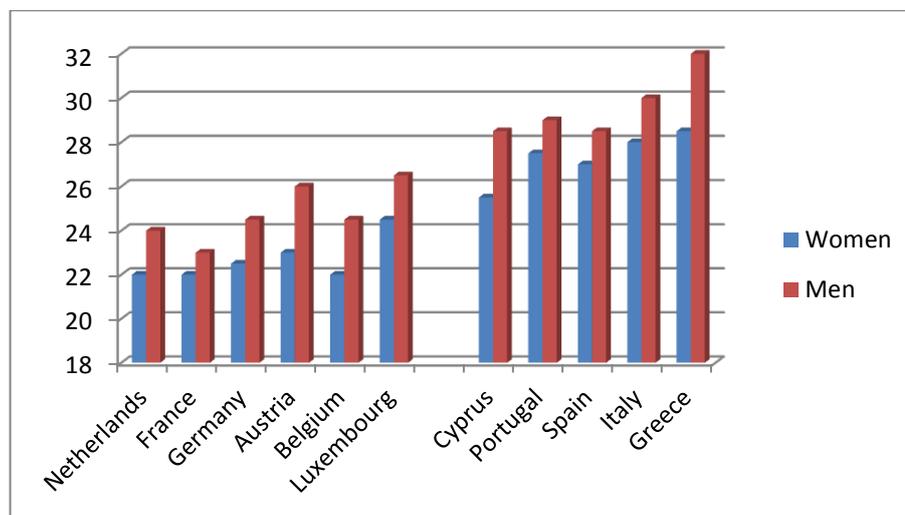
**Figure 6.2: Average Number of People per Household, Selected EU Countries**



Source: Eurostat (2011)

Figure 6.3 also confirms that the SE/M countries, including Cyprus, are consistently different from the rest of Europe. A possible contributing factor in relation to Cyprus may be that, on leaving school, males are conscripted into military service for 24 months<sup>2</sup>. However, even reducing the age at which 50 per cent of Cyprus males leave the parental home by two years will still leave the male bar in Figure 6.3 above those of the conservative/corporatist countries. Moreover, although women are not conscripted, the age at which 50 per cent of women have left the parental home is well above those of the conservative/corporatist countries. Thus there again appears to be a clear break between the SE/M countries, to the right of the diagram with higher aged home-leavers, and the others.

**Figure 6.3: Age at Which 50 per cent of Young People Have Left Parental Home**



Source: Iacovou and Skew (2010)

These three diagrams tend to confirm the arguments of Section 6.3 above that the SE/M countries, including Cyprus, should be differentiated from the others usually included in Esping-Andersen's (1990) conservative welfare regime group of countries. Figures 6.2 and 6.3 in particular suggest the continued importance of family through the relatively high numbers in the household and, which is closely related statistically, the relatively older age at which children leave the parental home.

Although Figures 6.2 and 6.3 show differences between the SE/M countries and the others, it should be emphasised that there is an element of convergence. As Figure 6.2 also shows, the number of people per household, for example, is declining over time towards the average in the other European countries. Verdon (1998) has documented a general shift towards nuclear families of parent(s) and child(ren) living in individual households.

<sup>2</sup> Austria and Greece also have conscription but for shorter periods and over a wider age range.

There are a number of factors that impinge on household size. Only one relates to nuclearisation of households, and by this is meant the tendency for marrying couples to leave their family homes and form their own households. The others relate to decline in birth rate, the increase in the divorce rate and the age at marriage. Over the period 1997 to 2009 fertility rates did indeed decline in Cyprus, from around 1.87 to 1.51. The divorce rate increased from 1.27 to 2.17. The age at first marriage also increased, for women from 25.5 to 27.4 and for men from 28.1 to 29.5 (Statistical Service, Republic of Cyprus, Demographic Report, 2009).

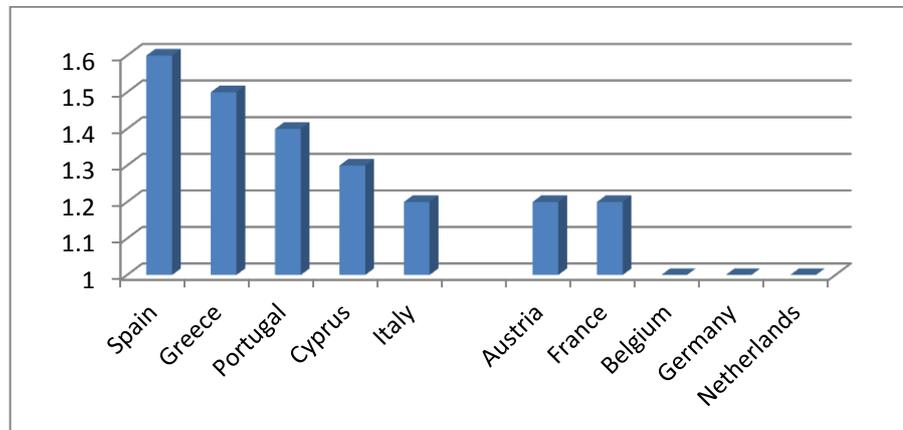
How these would have affected average household size is that decline in birth rate would reduce average size of household; increase in divorce rate also tends to reduce household size because it probably increases the number of households with fewer members; finally, increasing age at marriage can have an impact both ways by slowing down the rate of formation of new households, increasing household size because marriageable children stay in their parents' household or, alternatively, reducing household size because unmarried children move out to form single-person households. Both strength of familocracy and decline in prosperity associated with the recession (post-2007) would tend to reduce the tendency for unmarried children to leave home.

Notwithstanding all these influences, the decline in the number of people per household reflects, among other things, the long term trend towards nuclearisation of households in Cyprus and other SE/M countries. As Esping-Andersen (1999) has pointed out, change over time limits the applicability of any typology. Some future categorisation may thus be very different from that of the present. However, nuclearisation of households is not the same as nuclearisation of families. The data, both qualitative and quantitative, on which this thesis has drawn, have provided powerful evidence of the continuing importance of the extended family, in particular the three-generational grandparents, parents and children, in housing acquisition and food consumption in Cyprus. The evidence is that this importance continues even when different parts of the extended family live in different households.

With further evidence of the importance of the extended family, Figure 6.4 shows the number of dwellings per household. It is drawn from Table 4.1 in Paper Two, where it was shown that higher than one dwelling per household is closely related to the extended nature of the family in these countries. The household owning more than one dwelling may have different members of the extended family living in different dwellings. While Esping-Andersen's (1990) main conservative regime example, Germany (along with Belgium and Netherlands), has one dwelling per household, all the SE/M countries have more than one.

This is despite the fact (see Figure 6.7) that the SE/M countries have a lower level of GDP per capita than the other conservative regime countries.

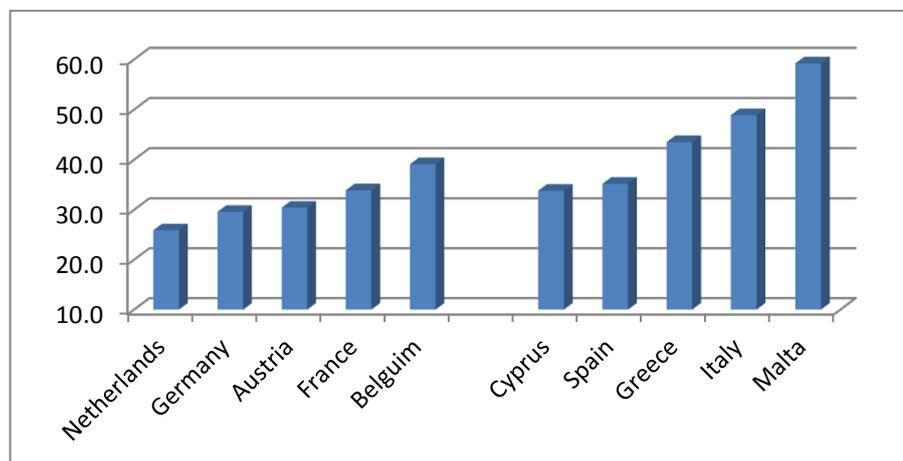
**Figure 6.4: Number of Dwellings per Household, 2008**



Source: Table 4.1, Paper Two

Another important factor in the nature of families and households is the female inactivity rate. The inactivity rate is the proportion of the working-age population that is not in the labour force, that is, neither in jobs nor seeking work. Female inactivity rates are shown in Figure 6.5.

**Figure 6.5: Female Inactivity Rates, 2009**



Source: Eurostat (2012)

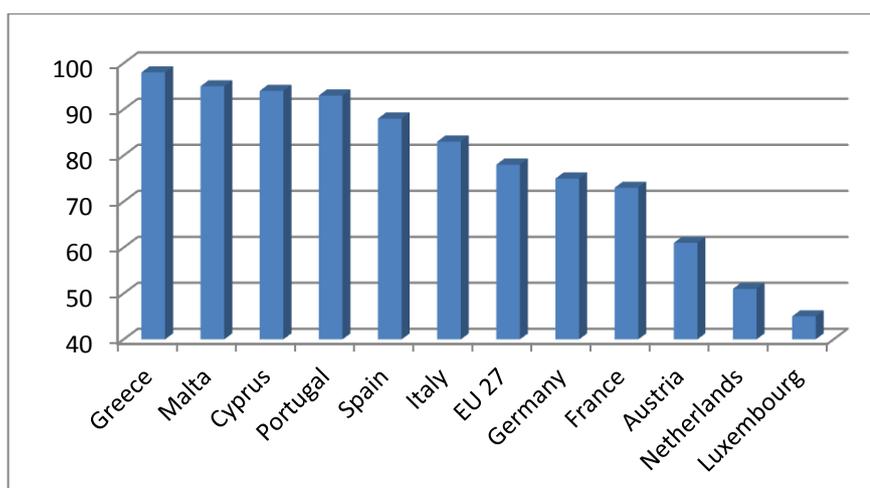
Although the distinction between the SE/M and the others is less clear in the case of inactivity rates, with Belgium in particular something of an outlier, Cyprus and the other SE/M countries have higher female inactivity rates than Germany and the other conservative welfare regime countries. This may be associated with Esping-Andersen's

(1999) familialism, in that female inactivity may reflect the continuation of the practice of women working in the home, as housewives.

Another of Gal's (2010) themes is clientelism. It has been argued above, both by Ferrara (1996) and Allen (2006) in relation to other SE/M countries, that familialism and clientelism are closely related. The argument was made above at the end of Section 6.3 that this is the case in Cyprus, too. Further strong evidence of the importance of clientelism in Cyprus is provided by Faustmann (2010). He shows that such aspects of clientelism as what he calls "*rusfeti* practices" (2010, p.285) are common in Cyprus. *Rusfeti* is a Turkish word used by Greek Cypriots to refer to an exchange of favours. Faustmann (2010, p.270) argues that in Cyprus "public and private interaction is shaped by a highly developed system of mutual favours, through which one can achieve almost anything, if one only has the right connections". Examples of the kinds of favours obtained through *rusfeti* practices include "appointments, promotions, transfers, exemptions from the implementation of laws, access to services, administrative favours" (Faustmann, 2010, p.270).

There is also quantitative evidence on clientelism in Europe. Figure 6.6 is drawn from the Eurobarometer public opinion survey on corruption. It shows that very high proportions of respondents in the SE/M countries believe that corruption is a major problem, whereas other European countries included by Esping-Andersen (1990) as conservative welfare regime countries are well below the EU 27 average.

**Figure 6.6: Percentage of respondents who believe that corruption is a major problem in their country**



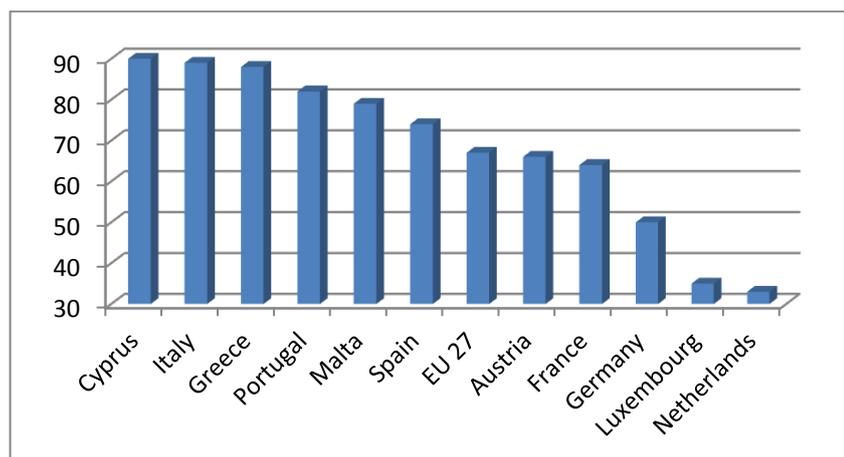
Eurobarometer (2009)

Of particular importance in the context of clientelism in Cyprus is the view that appointments to civil or public service jobs are not based on merit or qualifications. "Respondents from Cyprus are the most likely in Europe to mention the fact that public

administration appointments are not made on merit as a reason for corruption. A majority of Cypriots (54%) hold this opinion, making it also the most mentioned reason for corruption of all the options given” (Eurobarometer, 2009, p.35). The EU 27 average is 27 per cent, less than half that of Cyprus.

A new question in the 2011 Eurobarometer survey on corruption is whether respondents believe that corruption is part of the business culture in their country. The results are shown in Figure 6.7, and Cyprus emerges as the country where the highest proportion of respondents agree that this is the case. In addition, the clustering is again clearly between the SE/M countries on one side with high proportions of respondents of the opinion that corruption is part of their business cultures, and the others of the conservative/corporatist type, of the opinion that it is not.

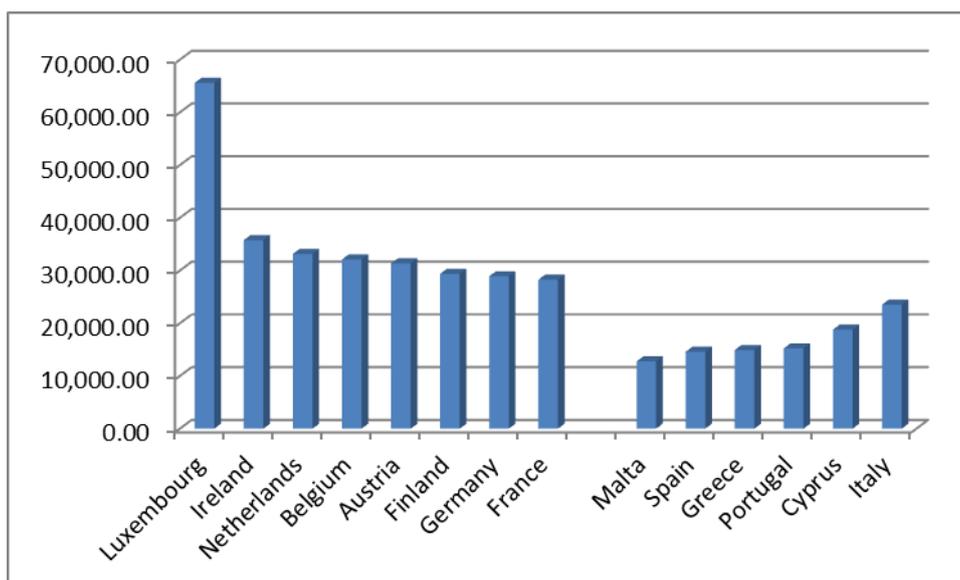
**Figure 6.7: Percentage of respondents who believe that corruption is part of the business culture in their country**



Source: Eurobarometer (2011)

Other than these three themes, there are other factors distinguishing the SE/M countries from others in Esping-Andersen’s (1990) original grouping. Some of these are shown in Paper Two and especially Paper Three, and are the main focus of Guy (2010). Here we add only the most obvious, namely GDP per capita. This is presented in Figure 6.8. The figure shows that the SE/M countries are in general at a lower level of economic prosperity than the advanced, industrialised countries. The distinction within the Euro Area is clear from Figure 6.8, which shows that the GDP per capita is lower in all the SE/M countries than in the industrialised countries of the Euro Area. The transition countries in the Euro Area have been excluded from Figure 6.8 and in general from the arguments in this thesis because they have different structures and issues. They are indeed even considered by some authors to be yet another welfare regime type (e.g. Böhnke, 2008).

**Figure 6.8: GDP per Capita, Euro Area, 2010\***



Source: IMF (2012)

Note: \* In constant euro; excluding transition countries

The literatures reviewed in Chapter 2, referenced in Papers Two and Three, and explained in more detail in the current chapter, make the argument that the SE/M countries constitute an additional regime type, additional to Esping-Andersen's (1990) original conservative/corporatist welfare regime. The evidence presented here supports the basic argument that the SE/M countries are different from the others in that original regime. This is a case already strongly supported by Allen (2006), Hoekstra (2010) and others in relation to housing, and by Kääriäinen and Lehtonen (2006), Böhnke (2008), Gal (2010) and Guy (2010), all including Cyprus in the SE/M welfare regime. The argument for this case is summarised by Gal (2010) in three categories of explanation, religion, family and clientelism. The data presented in the diagrams above substantiate the arguments under the three headings. Under religion, Figure 6.1 shows that religion is relatively more important in the SE/M countries than in the conservative/corporatist group (and most important in Cyprus). Under family, Figures 6.2 to 6.5 all tend to show that familialism and familiocracy are relatively more important in the SE/M countries than in the conservative/corporatist countries, familialism in the sense that for example the female inactivity rate is higher in the SE/M countries, and familiocracy in the sense that families stay together longer in the SE/M countries. The findings of Papers Two and Three also support this, particularly in the case of Cyprus. Naldini (2009) shows that tendency towards close proximity of new households to parental home in Southern Europe also supports familiocracy. This proximity facilitates the inter-generational transfers of food and childcare suggested in Paper Three.

Figures 6.6 and 6.7 provide data that support the case that clientelism is more important in the SE/M countries than in the conservative/corporatist countries. It is worth emphasising again that Cyprus is unfortunately first in the list of countries in which residents believe that corruption is part of the business culture. Thus in relation to all of Gal's three categories, religion, family and clientelism, the evidence supports the case that the SE/M are indeed different from the conservative/corporatist countries, and that, moreover, the SE/M countries are in general more similar to one another.

Taking into consideration the changes in the way Esping-Andersen explained the determination of regime type between *The Three Worlds* and *Social Foundations*, it could be argued that this should now be expressed the other way around. If we define welfare regimes on the basis of welfare pillar, as Esping-Andersen does in *Social Foundations*, then the SE/M countries are more obviously the familialistic welfare regime, with the main welfare provider being the family. If so, then the SE/M countries should be seen as one of the three basic regime types and the conservative/corporatist group, represented primarily by Germany, should be seen as the additional, fourth type. This future research might focus on the SE/M as the family-pillar familialistic regime, the Scandinavian countries as the state-pillar social democratic regimes, and the Anglo-Saxon countries as the market-pillar liberal regime. The fourth, conservative/corporatist type is to some extent in between the other three, with more state pillar than the liberal regime and familialistic regimes, less family and less market than the liberal regime, and so on, as shown in Table 6.2.

**Table 6.2: New Typology of Welfare States**

| <b>Strongest welfare pillar</b> | <b>Group of countries</b> | <b>Continental/Conservative Countries (e.g. Germany)</b> |
|---------------------------------|---------------------------|--|
| <b>Family</b>                   | SE/M                      | Less family, more state, more market                     |
| <b>State</b>                    | Scandinavian              | Less state, more family, more market                     |
| <b>Market</b>                   | Anglo-Saxon               | Less market, more state, more family                     |

This is an argument that is not evident in the literature but appears from the data and views presented here to be worthy of further research. Papers Two and Three were written in the context of the current debates, and not this proposed future debate, and therefore reflect the generally accepted argument that the SE/M countries constitute a fourth type.

### 6.3 Conclusion

This thesis is about Cyprus. The origins of the thesis lay in questions about differences between consumer behaviour in Cyprus and other countries. This led to a focus on two main elements of household expenditure, food and housing. The traditional approach of surveying literature and then gathering data was pursued. The data thus gathered were used to address the literature, in particular in relation to food, and this resulted in the publication of Paper One. Similarly, the data gathered were used to address questions in relation to housing, and this resulted in the publication of Paper Two.

Some of the questions arising from the data suggested that answers might be provided by the use of qualitative methods. An approach using in-depth interviews of households was used to gather qualitative information and this formed the basis for Paper Three.

The key themes of the thesis are households and extended families in Cyprus, their consumption of food and acquisition of housing, and ways in which these and related data indicate the nature of the welfare regime with which the system in Cyprus is most closely associated.

There is a linguistic link between food, family and house which may appropriately tie all these together in the conclusion. "Estia" was the Greek goddess whose function was to protect the home and family. The word "estia" has come to be used in a variety of ways, many of which relate to food and home. One meaning of the word is "hearth" or "fireplace". This is traditionally the heart of the home. The hearth or fireplace was often used to prepare food. It is no longer used to prepare food but the word "estia" is still used in Greek, now to refer to the place on the cooker where food is cooked, namely the plate or ring in the hob. The word in Greek for "restaurant" is "estiatorio". This comes from this association between estia and food preparation. Estiatorio is a place where food is prepared and has therefore come to mean restaurant.

So, there is a word in Greek that at the same time is associated with the heart of the home and the preparation of food. Traditionally, all food preparation was carried out exclusively in the home. In a sense the estiatoria is a home where food is prepared and consumed. These linguistic links all underlie the importance in Cypriot society of food, home and family, which are the key elements of this thesis. Family, in the sense of an extended family of at least three generations, has been shown in the three published papers to be a key provider of food and housing for its member households.

That this might be changing is clear from much of the data and the possibility of a degree of convergence has been mooted. However, the weight of evidence is that currently, or at least on the basis of the data from the recent past, family is more important as a welfare pillar in Cyprus, and other SE/M countries, than it is in the other conservative/corporatist regime countries in Esping-Andersen's (1990) categorisation (e.g. Gal, 2010).

The questions raised in the introduction to this thesis have thus all been answered.

Q.1 In the expenditure of households on food in Cyprus, in particular on food prepared at home, is there more or less sharing (economies of scale) than in expenditure on clothing?

Paper One, providing the answer to this question, shows among other things that clothing is less shared than food at home. Paper One also shows that expenditure on food at home is positively related to income and to age of the woman of the house. A new paradox was raised in Paper One. Theoretically, it would be expected that food at home would be more shared than any other way of obtaining food. This was found not to be the case, in particular in relation to food from take-aways. This paradox was addressed in Paper Three.

Q.2 Is home ownership related to income in Cyprus?

This question was addressed in Paper Two. Home ownership was shown not to be related to income. This is different from the situation in most other countries and was explained by the gift effect. The gift effect itself is another reflection of the importance of the family in Cyprus, in this context familiocracy rather than familialism. For the recipient household the house, in that it is not obtained from the market, is de-commodified.

Q.3 Is there inter-household, intra-family, provision of food in Cyprus?

Paper Three provided the answer in the affirmative to this question. It also suggested an answer to the new paradox arising from Paper One. This was that the reason for food at home appearing to be less shared, was that food at home is actually consumed inter-household, even though it is prepared in one (older) household. The quantitative data are household specific and therefore do not reveal these inter-household activities. Food obtained from take-aways, as suggested in Paper Three, is both bought and consumed within a household, usually younger households. In that food for many households is provided by other (grandparental) households, it is like housing, de-commodified for the recipient household.

All this together leads to the conclusion that the disposable income of the household is in a sense increased by the support received in relation to housing and food. This in effect

probably reduces the inequality in distribution of income. It also releases funds for such non-shared expenditure as clothing.

There were other findings in the three published papers, in addition to answering the three thesis research questions. Moreover, reflecting on these findings provides possible scenarios for future welfare system development in Cyprus. Paper One provided an analysis based on differentiating ways of obtaining food, and found that the extent to which different ways of obtaining food were shared, varied. This may be important in future work addressing aspects of the Deaton-Paxson paradox. The importance of the age of the woman in expenditure on food at home is another important finding of Paper One. This importance also varies as between different ways of obtaining food. The fact that the older the woman the greater the expenditure on food at home is significant in the context of familialism. It is related to the lower participation of older women in the labour force. It is also related to familiocracy because, as suggested in Paper Three, older couple households provide food for their extended families in other households.

This age-related association with familialism and familiocracy, the increasing participation of women in education, and the increasing participation of women in the labour force, all suggest that over time the importance of the family pillar may be changing. If older women (especially between 55 and 65) are in the active labour force, then they will not be as available for feeding and minding the children of their extended families. This is likely to result in pressure being exerted on the state to enhance the state pillar in the provision of welfare. Depending on how the conservative corporatist countries' welfare systems evolve, this is likely to reduce the differences between them.

It is also possible, on the other hand, that in the event of de-familialisation, familiocracy remains dominant. The implications of this would be that the older couple, now more time poor but with more disposable income, can provide take-away food for their extended families, and, while not able to provide child-minding themselves, will be able to contribute towards the financing of private child-minding. As to which of these two developments takes place, that is familialism and familiocracy both declining, or de-familialisation accompanied by continuing dominance of familiocracy, will be important in the future of the Cyprus welfare system. In the first case there will be pressure on the state pillar to be enhanced, in the latter case there may be more enhancement of the market pillar, though in both cases there will be an element of de-commodification for the recipient households.

Paper Two, in addition to answering the question about the relationship between income and home ownership, also showed that gift receiving households behaved differently in

relation to their expenditure patterns. For example, such households were likely to spend more on food at home and children's clothing. They were also likely to spend less on life assurance. This latter is logical in the sense that those receiving the house as a gift are less likely to have mortgages and it is a legal requirement that mortgage holders have life assurance. Paper Two also showed that the practice of housing gifts is in decline. As suggested above, this may impact in either of two ways on the welfare system in Cyprus. First, it may create pressure on the state pillar to provide housing for the poor; second, it may increase the market pillar by normalising the Cyprus housing market, making home ownership directly related to income.

In this context it is worth emphasising that one of the reasons why, though relatively low in proportion to GDP, state welfare provision in Cyprus is highly cash related, is that it is a young welfare system, in a young state. As pointed out by Wilensky and Lebeaux (1958), provision of real services by the state requires the state to have accumulated wealth through investment and economic development. This has not yet happened in Cyprus.

In terms of self-critique, it is important in terms of quantitative methodology to emphasise that it would have been better if the data obtained in the survey on which Papers One and Two were based, had been continuous data. In practice this was difficult to obtain because of the reluctance, or inability of individuals in households to respond precisely to questions about income. However, it may be worth persevering and perhaps attempting to use diary methods to obtain precise rather than categorical data in future research. This would inevitably require a much bigger starting sample size because the final response rate is likely to be much smaller than is the case with categories of income in the questionnaire.

Q.4 Do the Southern European/Mediterranean (SE/M) countries constitute an additional welfare regime to Esping-Andersen's (1990) original three, and if so, does Cyprus belong with the other SE/M countries in this group?

Adding to evidence in Papers Two and Three, this present chapter is the main part of this thesis addressing this question. To address the second part of the question first, it is clear that Cyprus does indeed belong with the other SE/M countries. From the perspective of the current literature on welfare regimes, Cyprus and the other SE/M countries are best addressed as constituting a welfare regime additional to Esping-Andersen's (1990) original three. However, an argument has been made that a fruitful path for future research may be to consider the SE/M countries as among the main three groups, in that they are the primary examples of welfare systems in which the family is the main welfare pillar. The

others in Esping-Andersen's (1990) conservative/corporatist group have weaker family welfare pillars and stronger state welfare pillars than the SE/M countries.

Other future paths for research in areas arising from this thesis are related to change over time and its possible impact on the findings. The thesis rests on data and information describing a situation prevailing in the recent past in Cyprus. It strongly suggests a greater importance of family than in most other European countries, in many ways similar to what has been called for present purposes the SE/M countries. This importance has been reflected in the housing gift effect and the inter-household, intra-family food transfer. The food transfers are likely to be more prevalent in small SE/M countries like Cyprus and Malta, where distances between different generations of the same family are likely to be less. They may also be important where a tradition of staying and working in or near the location of upbringing remains strong and this is more a characteristic of some SE/M countries than of most other European countries, but this remains to be tested in future research.

The housing gift is in decline in Cyprus as shown in Paper Two. One reason for this is that the accumulated property of earlier generations has increasingly been distributed to subsequent generations and there is less and less left for further distribution. A second, and related reason, is that more and more households are formed without having received the house as a gift. These households must in general be less able to accumulate property because the proportion of their income that must go towards their accommodation is greater than if the house had been received as a gift. A third factor is that in the recent past there have been two periods of rapid increase in property prices. First, following the Turkish invasion in 1974, the influx of refugees increased the demand and hence the prices of property in the south. Second, with Cyprus's entry into the EU foreign demand in particular similarly increased the prices of properties in Cyprus. These may both have had a temporary impact on inter-generational house gifts by increasing the wealth of the older generation. The current recession may have an opposite effect. One may consider, speculatively, the impact of a settlement of the Cyprus problem which may induce a third rapid increase in property prices and, in addition, may provide financial resources to refugee families that were deprived of their property in the north. The main point is that in the absence of such rapid increases in property prices, the overall rate of inter-generational housing gift will continue to decline. This also remains to be researched on the basis of more recent data.

The decline in the housing gift effect is probably having an impact on other aspects of Cyprus households considered in this thesis. It may, for example, be a factor in the rise in

the female labour force participation rate identified in Papers One and Three through households having to rely on two incomes where in the past one would have been sufficient because the household received the house as a gift. In other words the decline in the after-accommodation-cost disposable income may have induced some women into the labour force that otherwise would not have entered the labour force. This in turn may have, and may already be having, an impact on the inter-household provision of food. Women in the workforce have less time and are therefore less likely to provide daily meals for their children and grandchildren. This is in contrast to their mothers who were not in general in paid employment and spent more of their time working in the home. In Esping-Andersen's (1999) terms, this would be de-familialisation of society and commodification of women's labour. This is researchable and is another path arising from the work in this thesis.

The welfare system in Cyprus, as suggested in this thesis, is relatively slight and relatively shallow. Admittedly, the focus has been only on housing as one of the four welfare domains (housing, national insurance and pensions, health and education). Food has been focused on, not so much as an additional domain but as a reflection of the importance of the family as welfare pillar. Future research could profitably involve focusing, using both quantitative and qualitative methodologies as in this thesis, on the other welfare domains. A comprehensive comparison between welfare systems should probably include – as none of Esping-Andersen's comparisons and categorisations have done – analysis of all four domains of welfare systems.

It is clear from these suggested research trajectories that this thesis has laid an important foundation. In addition to the three published papers emerging from the research for this thesis others will follow. In the context of change over time, the 2003/4 period, during which the survey for the thesis was undertaken, is historically important, since it coincides with Cyprus's entry into the EU. Further analysis of the data from the survey is therefore called for. Research with new, comparable data is also called for, to build on the ideas on family as welfare pillar and the question of its continuing importance suggested in this thesis.

Among the implications of the research in this thesis for policy and practice is that household budget surveys, especially in familiocratic societies, do not reveal important factors in household expenditure. For government statistical services gathering data on households, it may be possible to include questions on expenditures related to extended family in other households. Either way, future researchers in this area should take note of this problem and consider not just the expenditure of the household, but for whose benefit

the expenditure is undertaken. A second implication, not yet mentioned in this thesis but no less important nevertheless, is that change is required in the Cyprus welfare system. Clientelism and corruption are perceived to be very high in Cyprus. The welfare system relies to a great extent on cash payments for recipients of welfare support from the state. This cash payment system is more susceptible to clientelism and corruption than a system in which real services are provided. The most important improvement is to reduce corruption. From the welfare system point of view even given the existing culture, a move towards a more real service based welfare provision by the state would be also be an improvement.

Finally, it is customary to emphasise in the conclusion to PhD theses, the addition to knowledge that has been generated in the thesis. First, the publication in refereed journals of research papers is in itself an indication of novelty. Second, Cyprus has until now been under-represented in the welfare regime literature. Third, very few papers have been published on food in Cyprus, and none on food in Cyprus in the context of either Deaton and Paxson's (1998) paradox, or the welfare regime issue. Fourth, food in general as a factor in welfare regime analysis has until now been under-researched. Fifth, in relation to the housing gift effect, there is very little published research relating to welfare regimes. This thesis has added to knowledge by contributing in all these five respects.

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