

Event report on the Black Coffee meeting on the  
**European Social Model**  
**With Professor André Sapir**  
Brussels, October 12th 2005

*Central to the debate on Europe's economic integration is the clash between conflicting notions of state and individual, or of the role to be played by regulation and by the market. Several EU member states have voiced concern that a distinct, continental European 'Social Model' is being overrun by a so-called Anglo-Saxon model of privatization, liberalization and globalization. Underpinning this line of argument is the traditional perception that the exposure of public services to market forces threatens jobs and undermines quality. And that unregulated markets lead to anarchy and poverty. The question remains what the European social model really is or if it even exists in a pure form. If in fact it does, is it really so social? Or much of model after all?*

To answer these questions the European Enterprise Institute on October 12<sup>th</sup> 2005 hosted a **Black Coffee meeting** with Professor André Sapir on the European Social Model. Sapir is Senior Fellow at Bruegel and holds a Chair with the Université Libre de Bruxelles. He is also a former economic adviser to the President of the European Commission. In 2003, Professor Sapir published the influential report *An Agenda for a Growing Europe*, which gained international fame as the "Sapir report". Professor Sapir's more recent works include the report *Globalisation and the Reform of European Social Models* which served as a background document for the presentation at ECOFIN informal meeting in Manchester, 9 September 2005.

The meeting was held at the Renaissance Hotel in Brussels and gathered around 60 people from Brussels based Media, Commission, Council, industry and Members of the European Parliament. This event was a part of the EEI's discussions series on the future of the ***"European Social Model"***.

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The event was introduced by the President of the EEI Mr. Peter Jungen who welcomed Sapir to what promised to be an important and stimulating discussion. Professor Sapir then went on to thank the EEI for giving him the opportunity to speak to such audience and said that his views were not that of a politician but of those of an academic who tried to see the world for what it is and not what it should be.

The report *Globalization and the reform of the European Social model* provides an important point of view to the debate on what Europe must do to stay in ahead in the face of raising global competitive pressure from countries such as India and China.

Sapir said that there is indeed a need in Europe for structural reforms of primarily its labour and social institutions but urged that there is not a single European model. Sapir views is that instead European economies can be divided into four main models, the “Nordic” and the “Anglo-Saxon”, the “Continental” and the “Mediterranean” models. These models differ in terms of efficiency and equity.

Sapir argued the case for the Nordic Models as being able to combine both efficient distribution of welfare and pushing for economic growth. He also said that the more Continental and Mediterranean models display some major structural problems and in order for them to be sustainable they would have to reform their labour and pension systems. The way forward to reform does not however go through emulating the other two models but to undertake economic reform based on each national point of departure Sapir said.

Commenting upon the speech by Professor Sapir, Gunnar Hökmark EEI Co-President said that there is a risk of grouping countries into several methodical models as they are inherently different and a consequence of various political cultures. The problem of trying to establish a common European social model is that it risks diverting the attention from what is really needed in terms of reforms and growth boosting policies. Hökmark also said in a comment following the event that Sapir has correctly questioned the concept of a common European Social Model, but failed to explain the profound differences within the so called “Nordic Models” where, for example, the Swedish and Danish models operates under quite different framework conditions.

To access the full report of Professor André Sapir, please, visit the website of Bruegel at [www.bruegel-lab.org](http://www.bruegel-lab.org)

- *This is a summary of some of the points discussed during the meeting. This summary does not necessarily reflect the opinion of the speakers. Any misinterpretation of analysis or of quotations is the responsibility of the EEI.*