



## **“The voice of SMEs in Europe”**

### **Press Release**

FOR IMMEDIATE ISSUE

#### **SME Summit: European Social Model is no barrier to competitiveness**

**Brussels, 11 April 2006.** There is no contradiction in terms between economic reforms and social models. However, social models and country specificities can either support or hinder economic reforms, according to the findings of the 5<sup>th</sup> Craft, Trade and SME Summit that took place in Graz, Austria, on 7-8 April. Around 100 representatives from SME and craft organisations from 23 different European countries participated to this event, which focused on “SMEs and the European Social Model”.

“One has to recognise that different countries have different institutions, different financial systems, different welfare and social policies”, said **Hans-Werner Müller**, UEAPME Secretary General. “However, most of the EU countries are facing the need and the challenge of economic reforms if they want to keep pace with the world economy and meet the Lisbon goals. The solution to these challenges must come from within.”

The dismal economic performances of some EU countries in the recent years, together with the EU enlargement, the adoption of a single currency and the rejection of the EU Constitution, have sparked a debate on the existence and on the effectiveness of a workable European Social Model. Prof. Karl Aiginger, from the Austrian Economic Research Institute, told participants that at least four different social models have been identified and studied within Europe: Scandinavian, Continental, Mediterranean and Anglo-Saxon. These models differ by a number of characteristics, but also face common challenges nowadays. According to Marcel Canoy, from the Bureau of Policy Advisers at the European Commission, converging towards a single model is not recommendable, even if a particular country could be pivotal in a particular moment. All countries should find solutions within their own models, which are deeply rooted in their history and culture.

Integrating low qualified workers in the employment arena is one of the most common problems at the moment. Participants agreed that it would be advisable to implement a “carrot and stick” policy in this area, by which unemployed and low qualified workforce should receive training prior to their re-insertion in the job market. Unemployment benefits should be set at a reasonable level for a realistic period of time, but should not encourage inactivity or, worse still, lead to undeclared work.

It is also important that all reforms are put into practice according to a consistent long-run strategy. Employers, employees, government and experts are the key actors in the reform process. Fostering change, improving incentives, enforcing investments into drivers of growth is the way ahead for a good co-existence of economic performances and national social models.

“Each member state must adopt a social model which is supportive towards the necessary economic reforms. A social system that caters for change makes threats become opportunities”, concluded Mr Müller.

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**EDITORS' NOTE:** UEAPME is the employer's organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 78 member organisations, which represent crafts and SMEs across Europe, covering over 11 million enterprises with 50 million employees. UEAPME is a European Social Partner.

The Craft, Trade and SME Summit is an annual event featuring high-ranking representatives from UEAPME and its member organisations, together with a number of external keynote speakers from the EU institutions and EU member states.

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