

EU warned that Danish social model isn't suitable for all

Reuters

BRUSSELS: The Danish social model, proposed by the European Commission as an example for EU states to follow, cannot be emulated in most other countries, the secretary general of the Organization for Economic Cooperation and Development said Tuesday.

The model, called "flexicurity" because it is based on worker flexibility and security, needs a system of high taxes that is unlikely to be accepted

elsewhere in the world, the secretary general, Ángel Gurría, said in a lecture on European reforms.

"The Danes are the happiest people in the world, but you have to be a Dane to be happy in those conditions, because it is explained by 150 years of evolution in that particular area," Gurría said.

"What is not possible is to replicate this. When they are talking about the Danish or the Nordic model, this cannot be done in Brussels, this cannot be done in Paris, it cannot be done in Italy,

it cannot be done in the United States." The European Union is searching for a social model that would allow it to keep generous welfare policies as it faces an aging population and fierce competition, particularly from Asia.

The Danish model protects the worker, not the job, and envisages retraining and high levels of benefits during periods of unemployment. It is financed thanks to one of the highest tax levels in Europe; similar models exist in Sweden and Finland, which are

also high-tax countries.

"They are not real alternatives, because each country gives itself, among other things, as one of the most important expressions of sovereignty, the tax regime that you choose for yourself," Gurría said.

"Flexicurity can be borrowed by Brussels, and people here at the economic community can say they are adopting flexicurity," he added. But "a model where Europeans would like to have a 53 percent average tax rate?

Maybe."

Instead of the flexicurity model, European countries should focus on strong education systems, which lead to higher productivity, innovation and economic growth, he said.

People "want to get back what they put into the system and if they feel they are getting it back, they are happy," Gurría said. "If they don't feel they are getting it back, even if they paid less taxes, as we have seen in other countries they will make very large protests."