

## Final publishable summary report

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Comparative analyses of forms of capitalism have underlined the diversity in institutional configurations. Within the European Union, it is assumed that four types of socio-economic models exist: market-oriented, continental, Nordic, and Southern, with the position of transitional CEEC under discussion. The new challenges associated with a globalising world impose the need for coping strategies, and the structural reforms set up at a European level aim to make Europe a homogenised socio-economic area. ICaTSEM argues in favour of maintaining the existing diversity rather than forcing a possibly detrimental convergence towards a single European model.

Institutional change is determined by political factors that are reflected in macroeconomic policies. This render a growth trajectory based on stability almost impossible. Therefore, the analysis of the trajectories of socio-economic models may benefit from a better understanding of the dynamic links between socio-political determinants, institutional change, social, and economic performances. Critical results from this work underline that the innovation boosting effect of product market deregulation for advanced countries such as taken into account in the Lisbon strategy is an erroneous belief and hint that deregulation policy cannot be a substitute for active science and technologies policies in developed countries. Results for OECD countries have been adapted to emerging countries, resulting in a classification of emerging countries into models of capitalism.

Empirical case studies confirm the complexity of growth trajectories. Looking across a variety of countries and policy areas over a long period of time, they show both the common trend toward a more liberal form of capitalism but also variations on this overarching theme. Markets themselves create their own dynamics, which have varied effects on firms and other economic actors in historically diverse institutional contexts. In this regard, the financial crisis and resulting economic crises after 2008 reveal the exhaustion of existing logics and complementarities in different models of capitalism. While liberal capitalism will prove resilient to the current crisis, continued marketization stands in ever greater tension with the basic legitimacy of democratic public policy that must deal with its very real economic, social, political and ecological limits.

Industrial case studies confirm that the existing diversity of socio-economic models calls for specific industrial policies. Integration process in Europe does not imply convergence even if it is an objective. Success stories in Europe show that the adaptability of national models and the ability to go beyond standard offer is an advantage, notably in biotech and software sectors. In the case of automobile industry, the free trade and common markets have generated a growing disequilibrium between carmakers and car industries, threatening the diversity of the European car industry. The ability of this industry to face its two main challenges, environmental sustainability and long-term partnership with emerging car industries, is declining. European policies and tools are substantially unable to raise and thus to treat these very problems.

Quantitative analyses yield results directly in line with the politico-historical analyses. While diversity of models in Europe is a clearly acknowledged fact, it is still not embedded in public policies. Diversity has been renewed over the past decade, and despite various levels of resilience to the economic crisis started in 2008, the main European socio-economic models have not disappeared yet. From a predictive point of view, it is rather unclear whether diversity or uniformity will prevail in the future. As the very existence of these models highly relies on socio-economic compromises, it is however certain that European policies will play a role in defining the future picture. The efficiency of European policies requires acknowledging and adapting to the existing diversity, which appears as a specific strength for Europe.