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Europe is a Social Market Economy, Not Socialism

It's a common misconception in transatlantic discourse that Europe is a socialist utopia.

the United States relative to Germany based on total GDP shrinks to only 11% when looking at “GDP per capita adjusted for health spending.”

Other corrections can be made. Because Germans live 3.3 years longer, they enjoy an additional 3.3 years of \$66,616 in GDP per capita, for a total of \$219,832 in additional lifetime income. Spreading this income over the 77.4 years of U.S. life expectancy would mean that if Germans had to consume their lifetime income over the lifetime of an American, annual GDP would increase by another \$2,840 to \$61,290, leaving the U.S. with only 5.7% more income.

Another widely recognized drawback of GDP per capita is that it is not the most

the US are second only to those in Lithuania and significantly higher than in continental European countries.

United States. In short, many European students can study for free or at low cost, but they are exposed to a high degree of competition among themselves. In the United States, on the other hand, students study at high cost but are largely spared the competitive pressures that European students face.

In 2023, the United States boasted a higher attainment rate of bachelor's degrees among young adults (25-34) compared to Germany, with 29% versus 22%, respectively (OECD, 2024b). This disparity may be attributed to varying perceptions of higher education's value. While European universities offer lower tuition costs, the relatively uncertain path to graduation could deter potential students. Conversely, the perceived higher likelihood of degree completion in the United States may incentivize investment in higher education, even at a greater financial cost, potentially contributing to lower academic standards. This concern is supported by the OECD's "Survey of Adult Skills (PIAAC)," which found that the literacy and numeracy skills of US adults (aged 16-65) fall below OECD averages, whereas Germany's surpass them (OECD 2024c).

In most European and Asian countries, the pride of public education is in public universities. Students who fail in public universities then go to private universities. In fact, the competitive pressure to succeed in public universities in Asia is probably too great. Finally, failure to get into a public university is a major cause of suicide among young people. In the United States, the reverse is true. The national pride of education is in private universities. Those who cannot afford to attend an elite university go to a public university where there is little competition.

Conclusions

Europe's unique historical events shaped its post-World War II economic orders into social market economies. Unlike the United States, Europe prioritizes social safety nets and accessible education. From the perspective of the United States, these priorities can often smack of socialism, while the United States likes to portray its own health care and education systems as competitive. In this Commentary, I have tried to argue that these perceptions are far from accurate. On the contrary, Germany's social insurance mandates have promoted self-

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