Notice of the Final Oral Examination
for the Degree of Doctor of Philosophy

of

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MA (Queen’s University, 2010)
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“Coordinated Capitalism and Monetary Union: Wage Bargaining and Social Partnerships in the Euro Era”

Department of Political Science

Friday, April 24, 2015
10:00 A.M.
David Turpin Building
Room A144

Supervisory Committee:
Dr. Amy C. Verdun, Department of Political Science, University of Victoria (Supervisor)
Dr. Colin J. Bennett, Department of Political Science, UVic (Member)
Dr. Marlea J. Clarke, Department of Political Science, UVic (Member)
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Dr. Alison Johnston, School of Public Policy, Oregon State University

Chair of Oral Examination:
Dr. Sibylle Artz, Department of Child and Youth Care, UVic

Dr. David Capson, Dean, Faculty of Graduate Studies
Abstract

Throughout the Eurozone’s economic crisis, little attention has been given to wage-setting practices. This lack of attention is surprising given that wages have been considered an important instrument for managing the economy in a currency union since the 1960s and have even been emphasized in successive blueprints for Economic and Monetary Union (EMU). Recent scholarship has found differences in wage-setting practices a key feature distinguishing healthy and crisis-stricken Eurozone countries. Indeed, in this emerging literature, countries that coordinate wages effectively have remained competitive under EMU and had fewer troubles in responding to the crisis, while those with weakly-coordinated wages have struggled mightily. In effect, this literature finds differences in EMU members’ wage-setting regimes at the heart of the economic crisis now facing the Eurozone and the trade imbalances between its Northern and Southern members.

However, very little work has examined the specifics of individual labour market models under EMU. Indeed, while this new literature on wage setting and the crisis places wage setting models at its centre, it does not delve into the differences among highly-coordinated systems. This oversight is problematic given that scholars of monetary union have suggested that the single currency may amplify the effects of subtle differences in national socioeconomic models, while others have suggested that EMU may be corrosive to some labour market models that coordinate wage setting. This study addresses this gap in the literature, dissecting labour market models by the mechanisms that deliver horizontal and vertical coordination, as well as the indicators to which they are calibrated. Using this framework, it then traces the experiences of Belgium, Germany and the Netherlands under EMU, who use very different mechanisms to coordinate wages. It argues that while EMU has exacerbated longstanding problems in the Belgian wage-bargaining system, it has had little impact upon the German and Dutch systems. Rather, underlying changes in the institutions that manage wage setting in these countries, and changes in social partner organizations – particularly the trade unions – are far more consequential for their continued functioning under EMU.

More broadly, these findings suggest that in fact, many designs of highly coordinated wage setting are capable of managing pressures from the single currency. For those Eurozone countries currently refashioning their labour market models, tighter coordination may be just as viable an option as dismantling their wage-bargaining institutions.