Re-Evaluating the Dutch Wage-Bargaining Model Under EMU: Moderating Wages…And Long-Term Growth?

Ivan F Dumka
University of Victoria
idumka@uvic.ca

INTRODUCTION

The economy-wide coordination of wages is a common feature of many European countries. Historically, this has proven a useful tool, alongside fiscal and exchange rate policy, for promoting economic competitiveness, as well as industrial peace. Nonetheless, as a number of scholars have highlighted, there are several institutional designs capable of delivering wage coordination, and where necessary, wage restraint, each with a set of unique side effects. In the Netherlands, this takes the form of a series of social pacts, flexible tripartite arrangements between peak labour and employers' federations, with the state as an overseer and agenda-setter. All of this follows a significant reworking and decentralization of the Dutch wage-setting system in the early 1980s. In essence, these tripartite bargains set a framework for wage growth over their duration, as well as a number of other social and labour market reforms negotiated in tandem, and have become very well entrenched.

In this context, Economic and Monetary Union (EMU) has the potential to introduce new complications into these systems and exacerbate older ones. Indeed, EMU was not intended to affect national wage-setting practices. Nonetheless, the conditions that it brings about have meant that for several European countries, the Netherlands chief among them, wage coordination is one of the few tools available to government for maintaining economic competitiveness and adjusting to shocks and imbalances within the euro area. Indeed, a single currency, by definition, prevents competitive devaluation against other Eurozone countries, and the focus of the ECB upon the integrity of the currency generally prevents devaluation against the currencies of the EU's trading partners. Similarly, parallel agreements on restraining fiscal policy limit its effectiveness as a tool for economic stabilization. However, increased reliance upon wage coordination has the potential to accentuate features inherent in the institutions that deliver it, not all of which are positive, or even to strain and damage these institutions.

Previous scholarship, such as Dyson, has argued that the effects of the single currency vary widely among Eurozone members because of the mediating effects of idiosyncratic domestic institutions, national comparative advantage, and trade and economic patterns[i]. Domestic institutions and corporatist structures in particular stand out, and show a strong tendency towards path dependence[ii]. Hence, adopting a neoinstitutionalist framework, this paper examines these dynamics in the Dutch system of wage coordination under EMU. It argues that while Dutch wage coordination has not succumbed to the pressures brought on by EMU, its longstanding fixation upon wage restraint and low-wage employment as the answer to competitiveness problems has been exacerbated by the single currency. Hence, while predictions that the Dutch wage bargaining system is well-suited to correcting for economic shocks under the euro have, thus far, proven correct, the single currency does accentuate some of the model's inbuilt pathologies.

Specifically, after setting the context of wage-bargaining under EMU, section one argues that the corporatist underpinnings of the Dutch system have proven both robust, and yet flexible enough to continue coordinating wages following euro-adoption. It argues, as well, that the sorts of assumptions about coordination, wage restraint, and budget discipline inherent in EMU long predate it in the Dutch system, meaning that the sort of institutional conversion[iii], with its accompanying unintended consequences, that proved necessary in other, less coordinated systems was not necessary in the Dutch case. All of this means that while several other systems have struggled to maintain their coherence after adopting the euro, the mechanisms used for coordinating wage-setting in the Netherlands have not been seriously undermined by the process.

Section two argues that while the transition to EMU has not damaged the institutional underpinnings of the Dutch system, it does exacerbate some of the perverse features inherent in the model. Specifically, a number of scholars have noted that whereas other systems, such as Germany's stress other means of promoting competitiveness, such as productivity growth, alongside wage restraint, the Dutch system fixates upon wage restraint, often to the exclusion of other means of promoting competitiveness. This privileges employment growth in low-skill, low-wage, low-value-added sectors, which several studies have identified as a detriment to the long term growth of the Dutch economy.

CONTEXT

In the context of EMU, this section explores dynamics surrounding wage coordination's use as a tool for macroeconomic stabilization and for promoting economic competitiveness. It examines the role of inbuilt biases in wage-bargaining models for certain types of employment and production, and considers the broader role of the social partnership in national policy-making.

Under the single currency, wage-setting assumes a crucial role in macroeconomic management with monetary policy transferred to an independent European Central Bank, and fiscal policy restrained. Indeed, alongside the loss of currency devaluation, restrictions on national fiscal policy have made the sort of counter-cyclical spending common in the pre-EMU period far less effective by way of limits on government deficits and debt. Certainly, while a number of authors have noted that restrictions upon national fiscal policy under EMU were imperfect in the past, nor have they been entirely ineffective, and, just as importantly, promise to become more stringent in future.

Moreover, even early theorists of monetary integration[iv] had stressed that factor mobility would be essential for adjusting to shocks within the currency area. However, neither these early theorists nor contemporary observers[v] have been convinced that factor mobility in Western Europe then or now, particularly with labour is sufficient to adjust for economic imbalances. Indeed, Crouch, amongst others have noted that remaining differences in national labour markets, as well as cultural and linguistic differences between Eurozone countries prevent movements of labour that might also help smooth asymmetric shocks. Hence, imposing control over wages and prices as a form of internal devaluation has proven to be one of the few tools available to pursue macroeconomic stabilization and economic competitiveness in countries with the appropriate institutions[vi].

All of this means that under EMU, wage coordination receives more attention as an instrument of economic governance, while at the same time introducing new uncertainties in the form of less predictable inflation and bank rates from the ECB. Indeed, a number of scholars have noted the contrast between the predictable inflation and bank rates delivered by the Bundesbank under the Exchange Rate Mechanism, and the opaque rate-setting[vii] mechanisms of the European Central Bank (ECB), as well as unpredictability of the rates themselves. This is a concern for unions and employers, whose bargaining centres upon real wages. Still others have noted that economic signals provided by the ECB target the entire euro-area, which poses a challenge for wage-setters concerned strictly with conditions within national economies[viii]. Furthermore, a common worry since the formal adoption of the euro has been that while EMU will make concertation more difficult, it also demands more of it[ix].

Moreover, in a number of circles, the pressures associated with bearing more of the costs of economic adjustment have raised serious questions about some wage-bargaining models' ability to promote economic competitiveness. Certainly, while some have questioned whether these models can function under EMU at all, others have noted the side effects inherent in the models which may become more pronounced as they are relied upon more often by policy-makers. Crucial here are the issues that the social partners prioritize in collective bargaining, as well as the broader system in which they are embedded. Indeed, these have striking implications for the sorts of production and employment favoured by these economies.

For example, the German model, with its stress upon productivity growth and full-time employment has favoured high-value-added production. By contrast, a stress upon cost competitiveness in the Dutch model has favoured part-time employment in low-value-added services. In this context, one is led to wonder whether increased reliance upon wage coordination under EMU has accentuated these biases inherent in the models, and to what effect. One also wonders to what extent this might exacerbate the inbuilt pathologies of the models, for instance the bias against low-wage employment in Germany, and an inability to generate work in higher-value-added sectors in the Netherlands.

Just as importantly, national economies that rely upon peak associations to coordinate wages rarely rely upon them for wage coordination alone. Indeed, from systems spanning Germany's traditional neocorporatist system through much looser arrangements in the Eurozone periphery, the social partners have a significant role in other policy areas, particularly labour market policy and social policy. Certainly, scholars such as Bolukbasi have argued that neither the fiscal restraints accompanying EMU, the more direct economic competition, nor the emphasis by the ECB upon price stability over employment have brought about the expected retrenchments in national social spending[x]. Similarly, Martin and Ross make a similar observation, noting the lack of significant retrenchments attributable to EMU[xi], defying many scholars' expectations[xii]. Rather, they take a slightly different tack, arguing that the emphasis by the ECB upon price stability over employment may, without adaptations to national welfare regimes, affect Eurozone members to pay for social programs[xiii].

However, Martin and Ross also observe that continuous adaptations to the welfare state are a requirement of life under EMU[xiv]. Indeed, EMU or not, recent developments in neoinstitutionalist thinking have stressed institutional adaptation as a crucial means by which institutions reproduce themselves[xv]. In many Eurozone countries, the Netherlands included, these adaptations and adjustments often take the form of tripartite agreements, which make the process easier, and confer legitimacy upon otherwise unpopular reforms. This has the implication that any impact of EMU upon the social partnership may have longer-term consequences for the welfare state and how it adapts to changing circumstances. Indeed, damage to the social partnership could manifest itself in a far less consensual reform process, with more unilateral action by the state. Indeed, Crouch has noted that the reforms have applied liberal thinking only selectively because of the role of the unions in the process[xvi]. In the event that EMU is detrimental to the institutions that ensure the social partners a role in policy-making, reforms that change qualitatively the character of national welfare regimes could be more common.

Alternatively, without the legitimacy that the social partnership confers upon reforms, the absence thereof may leave national welfare regimes without the means to adapt and correct for institutional drift. Indeed, recalling Verdun and Christiansen's point that legitimacy surrounding EMU is limited in the first instance[xvii], domestic reforms made for its sake are likely to be very challenging indeed without endorsement from the social partners. In any event, any changes to the social partnership flowing from EMU have potential consequences that go well beyond wage-setting.

In brief, in the context of EMU, wage-setting practices are important because they are one of the few tools remaining to promote competitiveness, and to correct for economic shocks. However, these wage-setting models all have inbuilt biases which may be accentuated, a development that may be detrimental to the economies in which they operate. At the same time, changes to the social partnership underlying the bargaining process as a result of EMU carry the risk of significant spill-over effects into other policy areas.

SECTION 1: THE DUTCH MODEL AND INSTITUTIONAL CHANGE UNDER EMU

Firstly, while monetary integration has placed new emphasis upon wage coordination as a tool for macroeconomic stabilization, in a number of respects, the conditions under EMU are inhospitable to the institutions that deliver it. Nonetheless, this section argues that EMU has neither necessitated major institutional change in the Dutch wage-bargaining system, nor de-emphasized wage-moderation as it has elsewhere in the euro area. Indeed, the neocorporatist microfoundations of the Dutch system identified by Hancké and Rhodes, amongst others, have made for effective wage coordination under EMU, but long predate it. Hence, the Dutch wage-bargaining system was designed specifically for the sort of demands that EMU now makes of it, if not specifically for EMU itself. Crucially, it was well entrenched prior to encountering pressures from EMU convergence criteria in the 1990s.

Entering the post-War period with a centralized system of wage-setting, the modern Dutch bargaining model entails tripartite negotiations between peak associations of business and labour, with government acting as a facilitator and agenda-setter. This follows a significant move to decentralize the system in 1982 following the abolition of central wage-setting in the late 1960s, and several failed attempts at increasing the role of the social partners in the process through the 1970s. Of particular note is the sequence of reforms in relation to the stages of EMU, with the most significant changes, and their subsequent entrenchment occurring well prior to the application of the convergence criteria[xviii]. Indeed, Parsons and Pochet in particular stress the role of timing, noting that states who reworked their bargaining systems prior to the advent of the convergence criteria, the Netherlands chief among them, have tended to be more successful in wage coordination after adopting the euro[xix].

Moreover, while the 1982 reforms introduced a larger degree of flexibility and decentralization than had been present previously, Verdun points out that in decentralizing wage-bargaining, the system remained highly coordinated[xx]. Indeed, with this same dynamic in mind, Hancké and Rhodes point to these institutional bases of Dutch success at continued coordination under EMU. Indeed, they find that euro-members with longstanding corporatist traditions, and notably their institutional manifestations, have tended to be more successful in regularizing wage coordination prior to 1999, and more successful in continuing the practice afterward[xxi]. This stands in marked contrast with euro-members lacking these 'corporatist microfoundations' which pursued the convergence criteria by repurposing other labour market institutions, and by way of more ad hoc arrangements[xxii].

Similarly, Hancké and Rhodes note that it is countries possessing these microfoundations that have proven best able to internalize pressures like those accompanying EMU[xxiii]. This is precisely the case in the Netherlands. As Verdun points out, the emphasis upon wage restraint and austerity under EMU are longstanding goals of Dutch labour market policy[xxiv], which have traditionally been pursued by way of wage coordination. Indeed, she notes that in the context of weak economic growth and high inflation, wage restraint became a priority for the Dutch government, and subsequently internalized by the social partners in the early 1980s. To be sure, one of the intentions of this policy had been to shadow German monetary policy with an eye towards economic stabilization and improved trade performance[xxv], i.e. monetary integration after a fashion.

Nonetheless, all of these changes to the Dutch wage bargaining system long predate the pressures specifically associated with euro-adoption. Thinking along these lines, Becker adds that while wage restraint by agreement of the social partners has been a common theme in Dutch industrial relations after 1982, it had been a goal of policy-makers in the immediate post-War period until the 1960s as well[xxvi]. In other words, wage coordination, though a key part of the model's performance under EMU, is a longstanding, and well entrenched feature of the Dutch model. Indeed, that these imperatives predate EMU recalls Parsons and Pochet's point about the advantage open to systems adopting wage coordination and capable of delivering wage restraint prior to the advent of the convergence criteria.

Hence, with all of this in mind, defying expectations about relaxed coordination, and inflationary wage policy after the adoption of the euro, Visser and van der Meer point out that pacts agreed after 1999 have continued to emphasize wages[xxvii]. Parsons and Pochet continue in this vein, arguing that social pacts have remained a consistent feature of Dutch industrial relations, even after the beginning of Stage 3 of EMU[xxviii]. They note as well that whereas many other countries that have relied upon social pacts have struggled to continue the negotiated wage-moderation that had allowed them to join the euro, wage freezes have been common, if contentious in the Netherlands since 1999[xxix]. These variations chime with Natali and Pochet's point that while EMU may have been a catalyst for social pacts through the 1990s, it cannot explain whether or not they persist into the 2000s[xxx], i.e. after pressures for meeting convergence targets had subsided.

What all of this means for the Netherlands is that, in addition to having wage-setting practices designed specifically for pressures like those brought on by convergence in the 1990s, having designed and implemented them early has meant that they were well entrenched prior to the advent of these pressures. In other words, because for the Netherlands EMU pressures are not the cause of wage coordination, removing these pressures has not undermined the practice.

This stands in marked contrast with peripheral countries such as Spain, Greece, and Italy, where attempts at coordination only began in the 1980s, and even then only began in earnest as a response to the EMU convergence criteria in the 1990s. That coordination in these countries was conducted under institutions conjured far later in the process meant that they were only weakly institutionalized through the early stages of EMU. Indeed, an implication of Natali and Pochet's point is that in these peripheral countries, unlike the Netherlands, it had been pressure from EMU, rather than an inbuilt imperative of their bargaining models that explained wage coordination through the 1990s. It follows then that relaxing of these pressures following entry into the single currency in countries where coordination was only weakly institutionalized would result in the laxity of wage-discipline that they observe.

In short, institutionally, entry into EMU has not reworked or undermined the Dutch wage-setting system. Indeed, much like in the pre-EMU period, the Dutch government has retained its role as a coordinator and agenda-setter, the coverage of collective bargaining agreements remains high, while the unions' role is still accepted despite low union density[xxxi]. Indeed, while interest in the Dutch model has waned through the 2000s because of weak economic growth in the Netherlands[xxxii], wage coordination, and wage-moderation has been a consistent feature throughout. As a number of authors have emphasized, this is an intended consequence of institutional reforms made in the 1980s, even if wage coordination had been pursued without EMU in mind.

Certainly, the Dutch system, institutionally, has hardly been static since 1982. Nonetheless, as Verdun points out, pressures like those from EMU are hardly new for the Dutch system, and are best characterized as a catalyst for pre-existing dynamics in the Dutch wage-bargaining system, rather than something altogether new[xxxiii].

SECTION 2: EMU AND THE DUTCH MODEL'S INBUILT PATHOLOGIES

Secondly, while the Dutch model has continued to deliver effective wage coordination and macroeconomic stability under EMU, the single currency has exacerbated some of the model's inbuilt pathologies. Specifically, this section argues that the tendency in Dutch wage coordination to stress cost containment has, for several authors, not delivered the competitiveness intended by its framers, while this same stress on cost, to the exclusion of other sources of competitive advantage has had unintended and negative consequences. In the context of EMU, where wage coordination is more heavily relied upon to redress economic shocks and to maintain economic competitiveness, these negative features should be more pronounced. Hence, paradoxically, some of the most significant liabilities of the Dutch model flow from its success in using wages as a tool for macroeconomic adjustments under EMU.

Following the reshaping of its bargaining system in the early 1980s, cost containment via wage restraint has been a fixation of the Dutch model. Indeed, Becker notes that the stress upon part-time and particularly low-wage job growth was a conscious response by the social partners to job shortages in the 1980s, a practice that was expanded in the 1990s[xxxiv]. In this approach, low wages are intended to promote cost competitiveness, spurring investment, and, in turn, creating more jobs[xxxv]. After a fashion, this approach has succeeded by promoting growth part-time and lower-wage employment, particularly in services. Indeed, where Germany, for instance, has been widely criticized for its failure to promote job growth in low-wage services, the Netherlands has been extremely successful in this respect.

However, as the centrepiece of the national strategy for economic growth, a number of scholars have questioned the success of the Dutch approach. Certainly, Becker is perhaps overly harsh in musing that Dutch growth through the 1990s may be better explained by a housing boom[xxxvi]. Nonetheless, he does also note that while emphasizing cost containment through the 1990s, the Dutch economy made only minimal improvements in export competitiveness[xxxvii], with much of the job growth during this period occurring in sheltered sectors. Indeed, the OECD has noted that growth in Dutch export markets compares unfavourably with fellow Eurozone economies such as France, Germany, and even Italy since 1990[xxxviii]. This is deeply troubling for an economy such as the Netherlands', where the size of its domestic market can only sustain a proportionately small sheltered sector, and where export growth is thus essential to long-term economic health.

More generally, even scholars less critical of the Dutch model, such as Woldendorp and Delsen point to a decline in the effectiveness of the Dutch wage-bargaining model in promoting competitiveness since the early 1990s[xxxix]. Others, such as Natali and Pochet are more blunt, questioning whether wage restraint does anything more than create tensions between sheltered and exposed sectors of the economy[xl].

More importantly, this approach privileges cost containment, to the exclusion of other competitive objectives, a dynamic which van der Meer and Visser argue has become more acute with greater emphasis on wage coordination under EMU[xli]. Certainly, Becker notes that this approach neglects product quality, image, and an emphasis upon future growth, which, he says, has been a significant contributing factor to economic sluggishness in the Netherlands after 1999[xlii]. This chimes with concerns raised more recently about declining investment in research, firm-specific human capital, and brand equity[xliii]. Just as striking is the absence of productivity growth as a goal of the social partners. Indeed, the social partners in Germany have long tied wage growth to projected productivity gains[xliv], which has been a useful tool in promoting export competitiveness, a goal shared by the Netherlands, as well as wage growth high-value-added production.

By contrast, productivity growth has been largely absent in Dutch wage settlements. To be sure, productivity growth is hardly the only pertinent difference behind varying production profiles in Germany and the Netherlands. For example, where the German social partners have favoured growth in full time work, and employment protections for these jobs, powerful incentives exist for in-house training and skills development. These are absent in the low-wage jobs favoured in the Netherlands, which lack such robust protections, and the accompanying emphasis on human capital. Underscoring this point, the OECD notes that Dutch productivity growth since 1990 compares unfavourably with a number of other Eurozone economies, including Germany[xlv].

In the Dutch case, absent the tools used by the Germans to promote high-value-added production, and to compete on productivity, one wonders how an economy so dependent upon trade can compete effectively in low-value-added production in the Single Market, especially over the longer term. Indeed, the EU's new eastern entrants feature improving infrastructure and growing productivity alongside a penchant in some for low-wage production. That these eastern members have tended to be economically far more vibrant than the Netherlands in recent years is doubtless another source of concern for the Dutch economy, to say nothing of emerging markets competing first and foremost on cost. In other words, while the practice of cost containment via wage restraint was intended to make the Dutch economy, and particularly Dutch exports, more competitive, it also risks bring them up against fiercer competition in low-wage production. In fact, those Dutch firms that have actually tended to be successful in export markets, even in the service sector, have tended to be more productive, as well as more capital and skill-intensive[xlvi], i.e. exactly the sorts of ‘high everything’ firms less favoured by the Dutch model’s preference for low-wage employment.

Certainly, while Parsons and Pochet do observe that the European Trade Union Confederation has made strides in pushing its member unions to adopt productivity goals in collective agreements, they also note that the effects of this drive, if any, have been difficult to discern[xlvii]. However, in the Dutch case in particular, the patterns of job growth since the 1980s, themselves an outgrowth of the Dutch model, make this extraordinarily difficult. Indeed, as Parsons and Pochet note, the German system relies upon productivity benchmarking in a leading sector as the basis for negotiations elsewhere. In the German case, this is the metalworking sector. However, in the Netherlands, much of the recent job growth has been in low-wage services, where productivity is difficult to measure for the purposes of benchmarking[xlviii]. Where it is measurable, productivity growth has tended to be low in any case[xlix]. Similarly, the OECD points to the comparatively high proportion of low-skilled employment in the Netherlands as a likely contributing factor to low productivity growth overall[l].

What all of this means is that as a result of decisions made to promote growth in these areas during the 1980s, and to continue to do so has precluded the use of productivity benchmarking on a large scale, at least as it is practiced in Germany. This is especially troubling when one considers that at the same time as Dutch exports face tighter competition, and German institutional 'imports' are impractical, the prospects for continued job growth in sheltered sectors is limited in an economy as small as the Netherlands'. Indeed, while Dyson, among others, have noted a clustering effect among Eurozone members, with a number of shared outcomes among the former D-Mark group, it is precisely results such as these that drive their observation of institutional divergence among these countries[li].

In sum, while the Dutch model has effectively continued to coordinate wages under EMU, its emphasis upon wage restraint and competition on cost, to the exclusion of other sources of competitive advantage create several pathologies that are accentuated under the single currency, as macroeconomic stabilization under EMU increasingly depends upon these practices. Specifically, this emphasis on cost containment manifests itself in a bias towards job growth in low-wage sectors, often in the form of part-time and precarious work. To be sure, these pathologies pale by comparison with the wage-setting practices in the Eurozone periphery, and a comparison with stagnant growth in these same sectors in Germany suggests that healthy expansions in low-wage work is not a negative development in itself. Nonetheless, an emphasis upon this sort of growth as the basis for continued growth in a mature economy, one wonders about its ability to compete over the longer term, inhabiting a free trade zone with several low-wage economies in the Single Market, and encountering fiercer competition from emerging markets outside of the EU.

CONCLUSIONS AND IMPLICATIONS

In conclusion, in the context of the single currency, where adjustments in wages by way of negotiated coordination seems the most promising tool for macroeconomic stabilization and promoting competitiveness, the Dutch wage-bargaining model, well entrenched and having internalized wage restraint early is very well suited to the task of coordinating wage-setting under the single currency. Indeed, whereas several other systems employing social pacts have been more lax on wage discipline after adopting the euro, wage restraint, and even wage freezes have remained common, if controversial in the Netherlands. However, while the Netherlands is a prime example of a euro-area country whose system of wage-bargaining has continued to serve its intended purpose, the lessons from the Netherlands for other EMU countries are limited. Indeed, several authors have stressed its corporatist microfoundations as the key to Dutch success in continuing to coordinate wages after joining the euro, which are unique to only a small number of European countries.

Just as important is the contrast between the Netherlands, which inherited corporatist microfoundations, and others, whose attempts to conjure them from less coordinated systems have not yielded the same success. Still others have stressed the role of the 1982 reforms, which, coincidentally, were designed to meet the same sorts of demands as those encountered under EMU, but which were carried out, and whose imperatives were internalized by the social partners because of domestic pressures, rather than external ones, and which occurred early enough to become entrenched PRIOR to the pressures of meeting the EMU convergence criteria. This set of factors is extraordinarily difficult to replicate for countries currently outside the euro, and yet more difficult for those already in.

Moreover, while EMU has not seriously undermined the functioning of the Dutch wage-bargaining system, it has accentuated the negative features of its obsession with cost competitiveness. Indeed, this suggests that in systems prizing cost competitiveness first and foremost, macroeconomic stability, which the model does successfully deliver under EMU and longer term macroeconomic health are not mutually inclusive. The absence of corporatist microfoundations notwithstanding, this should serve as a caution for other Eurozone members seeking to rework their labour markets along Dutch lines. Certainly, the stress upon cost competitiveness does compliment their existing advantage in low-wage production. Similarly, the Dutch have had success in improving working conditions, representation, and employment conditions for part-time and precarious workers is something countries such as Germany have failed to do. This comes at the expense of, by some accounts, overprotected core workers. Indeed, should this trend continue, some aspects of the Dutch model must be appealing indeed for peripheral Eurozone members struggling with rigid insider-outsider cleavages in the labour market. Nonetheless, all of this does suggest that advancement beyond low-wage production is very difficult, where the Dutch model favours growth in sectors where low-value-added production prevails, but where productivity benchmarking is difficult, reinforcing this pattern of low-wage, low productivity production.

In closing, the Dutch model represents a trade-off between its conduciveness to economic stability under EMU, and costs built into the model that are heightened by the single currency. Whether and how this may be redressed remains a matter of some interest, not least of all for decision-makers in the Netherlands itself.

ENDNOTES

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[i] Dyson, 21
[ii] Dyson, 410
[iii] Streeck and Thelen, 28
[iv] Such as Mundell (1961), 661
[v] Such as Callow (2010) or Parsons and Pochet (2008)
[vi] Crouch, 209
[vii] Umbach and Wessels, 62
[viii] Parsons and Pochet, 351-2
[ix] Crouch, 225
[x] Bolukbasi, 528
[xi] Martin and Ross, 311
[xii] Martin and Ross, 3
[xiii] Martin and Ross, 3

[xiv] Martin and Ross, 17-8
[xv] E.g. Streeck and Thelen, Mahoney and Thelen
[xvi] Crouch, 224
[xvii] Verdun and Christiansen, 163
[xviii] Verdun, 228
[xix] Parsons and Pochet, 354
[xx] Verdun, 228
[xxi] Hancké and Rhodes, 202-3
[xxii] Hancké and Rhodes, 202-3
[xxiii] Hancké and Rhodes, 222
[xxiv] Verdun, 224
[xxv] Verdun, 224
[xxvi] Becker (2001), 27
[xxvii] Visser and van der Meer, 204
[xxviii] Parsons and Pochet, 344
[xxix] Natali and Pochet, 32
[xxx] Pochet and Natali, 37
[xxxi] Van der Meer and Visser, 253
[xxxii] Verdun, 225
[xxxiii] Verdun, 238
[xxxiv] Becker (2001), 20
[xxxv] Becker (2001), 25
[xxxvi] Becker (2001), 32
[xxxvii] Becker (2001), 26
[xxxviii] OECD (2012), 44
[xxxix] Waldendorp and Delsen, 312
[xl] Natali and Pochet, 30
[xli] Van der Meer and Visser, 257
[xlii] Becker (2005), 1083
[xliii] Statistics Netherlands (2012) , 18
[xliv] Hancké and Rhodes, 218
[xlv] OECD (2012), 76
[xlvi] OECD (2012), 42
[xlvii] Parsons and Pochet, 350
[xlviii] Parsons and Pochet, 350
[xlix] Parsons and Pochet, 350
[xlix] Dyson, 412
[xlix] OECD (2012), 76

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