



Reinvention of Europe Project

The Dutch paradox

By Adriaan Schout & Jan Marinus Wiersma

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The minority Dutch government that fell in April 2012 will probably be remembered for the support Prime Minister Mark Rutte needed – and received – from the anti-immigration Freedom Party of Geert Wilders. During that government's life the Netherlands [acquired a reputation](#) for being [anti-European and introspective](#). The Financial Times referred to the Netherlands as arguably the '[most obstructionist](#)' country in the EU and European Commission President Barroso linked it to other populist countries. This reputation masks a deep-rooted pragmatism that is alert to some of the effects the euro crisis is having upon the EU, and resistant to the possibility that the EU's future trajectory might be incompatible with the Dutch interests that have driven its previous pro-European stance.

It is ironic that Rutte's government fell after failing to achieve a compromise on its 2013 budget and the Eurozone rule requiring its budget deficit to be below 3%. Although it has never been a real issue in any previous election, the centrality of the EU as an issue in elections due in September is assured. [Geert Wilders subsequently announced](#) that his priorities were now a Dutch exit from both the EU and the euro. Others are also critical of the EU: the Socialist Party also uses anti-EU slogans, for instance talking about the [neoliberal 'gripping jaws' of Brussels](#). The polls suggest the Socialist Party and the Freedom Party have the combined support of around one third of voters, with the Socialists emerging as the biggest party. This is then forcing the centre-left Labour Party and the centre-right Liberal Party (of Rutte) to incorporate some of their EU-scepticism into their platforms.

Criticism in this traditionally pro-EU country has been building. In the 2010 elections the discourse was about 'European cooperation' rather than 'European integration' as had been the case. In his first year Rutte framed European integration as a project that would further Dutch economic interests¹. Policy makers discussed reclaiming competences from the EU and defending national sovereignty. A majority in Parliament even supported a declaration asking the government not to hand over any sovereignty to Brussels and not to move towards a political union.²

Several of Rutte's policies put Dutch ministers on collision courses with the EU and individual EU member states. Whereas the Netherlands had been at the forefront of Europeanising justice and home affairs issues in the 1990s, it now sought to increase the room for member states to maneuver on sensitive immigration-related issues such as family reunion rules and the rights of workers from elsewhere in the EU. The Netherlands also wanted to draw lessons on enlargement after the accession of Romania and Bulgaria (which some argue had come about too early). Romanian and Bulgarian hopes of joining the Schengen area

was met with a Dutch veto, citing their poor record on respecting the rule of law (despite a positive report from the Commission). The Netherlands also vetoed Serbia's EU ambitions pending cooperation with the International Criminal Court and the handing over of Ratko Mladic and Goran Hadzic to the International Criminal Tribunal for the Former Yugoslavia. Elsewhere the Dutch foreign affairs minister Uri Rosenthal stood alone in vetoing an EU position on violence by Israeli settlers against Palestinians.

The Netherlands has also displayed intransigence over the euro crisis. The finance minister, Jan Kees de Jager, followed up an initial reticence over participation in EU support funds with demands concerning IMF involvement, the imposition of tough austerity measures and an insistence on 'PSI' (private sector involvement) that resulted in a drastic haircut for investors in Greek banks. De Jager defended [outspoken comments](#) about Greek elections in spring 2012 by remarking, 'I am Dutch, so I may be blunt'³

This Dutch lack of subtlety came at a price. [Commentators across Europe](#) experienced Schadenfreude in March 2012 when it became apparent that the Dutch austerity package had been insufficient to bring the budget deficit below the Eurozone's 3% limit.

The roots of this outspoken questioning of the EU go back to the 1990s, when the broad political consensus about European integration began to fall apart. The Socialist Party was the first to distance itself from the project, before successive governments argued that the Netherlands was contributing too much to the EU budget. Brussels became a scapegoat whenever things went wrong. Populists like Pim Fortuyn folded EU issues into attacks on the political elite, building on a sense of unease among many about the direction society had taken, alienation from traditional political parties and alarm over the impact of immigration on large cities.

The veto of the Constitutional Treaty in 2005 is often portrayed as a watershed in the Dutch EU debate. Up to that point a large majority of the Dutch parliament had been strongly in favour of European integration (underlined by the broad parliamentary support for the vetoed Constitutional Treaty), but they had underestimated changes in the popular mood.⁴ Paradoxically the EU barely played a role in debates ahead of the referendum. Even elections to the European Parliament were dominated by national issues.

Strengthening sovereignty or strengthening integration?

The outspoken Dutch positions, however, need not be seen as eurosceptic. The (formerly pan-EU) 'permissive consensus' towards European integration has been replaced by a more pragmatic attitude. Such pragmatism has a long history. Post-war Dutch support for integration was partly based on a fear that France and Germany might mutually lower trade barriers or agree on trade relations with the United States while ignoring Dutch interests. There has also been a strong understanding that the open Dutch economy benefits from free access to Europe's markets (approximately 80% of Dutch exports go to the EU).

This pragmatism has not necessarily extended to the principle of a federal union. The Dutch fear of the newly created Commission being dominated by big member states lay behind the creation of the Council (and its requirement for unanimity) in the 1950s. This equivocal attitude to major EU projects is shown by Eurobarometer figures from 1992 following the success of the internal market programme. Almost 80% of the population supported the EU, but the (newly agreed) Maastricht Treaty was supported by fewer than 50% of those polled.

The uneasy relationship with the EU has persisted. Although the Dutch parliament voted against allowing any additional powers to shift to Brussels, both the cabinet and parliament warmly supported the stronger fiscal rules for the Eurozone as defined by the 'Six Pack' and stronger supervision by the 'independent' EU Commissioner. The belief that independent supervision of budgets and economic policies is in the Dutch interest had been reinforced by the way the French and Germans had themselves broken the Stability and Growth Pact when it suited them.

This interest in ensuring a level economic and political playing field is a strong Dutch tendency. The Eurobarometer of December 2011 suggested that 70% of the Dutch support globalisation, with a similar percentage believing that the EU offered the Netherlands a voice in international policy making. This fundamentally pro-internationalisation attitude is also demonstrated by the consistently high levels of Dutch support for the EU in the Eurobarometer.⁵ However, support for the EU on particular issues varies and seems to depend heavily on an assessment whether the EU's involvement adds value: for instance this holds in areas such as defence and foreign affairs (62%), migration (58%), environmental policy (80%), combating terrorism (89%) and support for regions facing economic difficulties (72%); but not in areas such as social welfare (21%), tackling unemployment (30%), and taxation (22%). Again, the attitude seems pragmatic rather than conviction based.

Together with the broad – and persistent – support for European integration in these areas, the Dutch also have a long tradition of supporting the European Commission. Prime Minister Rutte has helped to reinforce Olli Rehn's position as independent commissioner for the economy. Rutte has also underlined the protection the Commission provides for smaller member states, in comparison to the increasingly prevalent intergovernmental European Council approach.

A third preference in Dutch EU policy has come to the fore in recent years. In addition to the political and economic level playing fields, the Dutch government (with the support of all major parties) has argued for what can be called the '100% Union': The Dutch want to see that governments from accession countries, as well as from countries in the Eurozone and those joining Schengen, fully respect the rules that have been agreed upon. The Netherlands has been quite successful in enforcing this. For example, Serbia was forced to give in to Dutch demands to capture Ratko Mladic; economic governance is now being reinforced by the more or less independent Commissioner; and the chapters dealing with the rule of law are to be addressed first in future accession negotiations instead of at the end of the accession negotiations. The haircut for banks that had invested in Greece was also related to the 100% Union (as a rule, private sector investments involve risks that should not lead to a burden for tax payers). Such a rule-based approach appeals to the Dutch Calvinist mentality, and also helps to combat scepticism about the EU and the euro. It could also be seen as the result of a lack of vision concerning the architecture of the EU or the inability of political parties to formulate one.⁶

The EU and Dutch party politics

The parties towards the centre of Dutch politics – the Christian Democrats and the Labour Party – have traditionally been pro-EU. The Labour Party has had to find a painful balance over the past few crisis years between austerity and the distribution of social costs, while also paying attention to the pro-economic reform bias of the Dutch public (82% in favour according to the Eurobarometer, irrespective of whether they were imposed by Brussels). The Greens and the Liberals (D66) are also pro-EU, and even the hard line Socialist Party is not anti-EU per se, arguing instead for a different type of EU. As a result of the broadly

pro-European stance consensus within Dutch politics the Rutte government was kept in power by the Labour Party (the largest opposition party) when it faced tough EU decisions such as support programmes for Greece and Ireland. A large majority of the Dutch parliament approved all steps towards further integration on budgetary and economic matters taken by the Eurozone and the EU (even when an intergovernmental approach superseded the preferred Commission approach), acknowledging pressure from financial markets and a consensus on the need to save the euro.

The collapse of the Rutte government might mark a watershed for attitudes on Europe. The Labour Party was not part of the ad hoc coalition of five parliamentary parties that worked out a package of cuts and reforms that would allow the Netherlands to keep within the 3% budget deficit limit in 2013. It is unlikely to adopt a eurosceptic line, but will oppose what it says is the neo-liberal direction of the EU, while also adhering to the goal of achieving a balanced budget over time. The Socialist Party will also continue to oppose austerity policies from the EU but it may change its tone with an eye on possible future coalition negotiations. The Freedom Party will continue to attack both the euro and the EU itself in the hope of winning over an explicitly eurosceptic portion of the popular vote. Greens, progressive liberals and the Christian democrats will defend Europe and the further transfer of competences to Brussels. Rutte's VVD will continue to support the EU but likes to keep a certain distance nevertheless.

Although only Wilders' Freedom Party wants to sever ties with the EU, few in the pragmatic Netherlands support the idea of the EU as a transfer union, and populists from the right as well as the left oppose austerity if it is merely EU-imposed. Pragmatism also dictates against the creation of a smaller Eurozone, with most parties concerned about the financial risks involved and the damage this might cause to the internal market. So far the Dutch have accepted the EU's search for incremental solutions without drastic treaty change by relying on the European Council. This might well remain the preferred option given the resistance of Dutch voters to drastic steps towards integration. A large majority of the Dutch Parliament has spoken out against political union and it is unlikely this would change any time soon. The creation of a 'eurocore' appears not to be in the interest of the Netherlands since it would weaken the role of the communitarian institutions, might damage the internal market and would limit the possibilities to check German and French power.

The evolution of Dutch pragmatism

These trends will play into shaping the future role of the Netherlands within the EU, with Dutch ambitions limited and priority given to safeguarding the economic benefits of integration. The rise of the Socialist Party is likely to result in a more intense debate on the social consequences of Eurozone policies (as can be seen from recent Dutch support for the €120 billion growth fund). Although the intergovernmental nature of the reaction to the crisis has allowed the Dutch government to bypass objections to greater integration, it has also led to disquiet over the democratic deficit this has involved and the extra power that it has given to larger countries. Any new government after the September election will continue to demand adherence to rules, but probably not as bluntly as the past government. This means that the Netherlands might be prepared to kick the can of the euro crisis down the road for some time to come.

It is becoming increasingly clear that the EU may be undergoing drastic changes, but the Dutch are likely to support significant deeper integration only if it involves the entire EU, rather than just the Eurozone. Dutch allies – such as the UK, Denmark and Sweden – all lie outside the Eurozone, and Germany has been an unreliable partner on several occasions due to its historical pro-European course and links to France (for

example the deal between France and Germany on a banking tax at the summit last June went against the Dutch-British position that this would threaten the viability of the financial sector). The Dutch will probably feel threatened by deeper integration with the EU17 while traditional allies are outside the Eurozone. There is also wariness that even if the euro crisis can be solved, the EU will become a permanent transfer union. Initial estimates from civil servants suggest that 3% of GDP could be paid to less competitive countries. Resistance to a permanent transfer union and fears over the implications of Eurozone-based integration are the most likely drivers of scepticism over the future trajectory of the EU for the pro-internal market pragmatists of the Netherlands.

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¹ 'Het Europa van Rutte bestaat uit business', *NRC Handelsblad*, 17 May 2011.

² Tweede Kamer, Motie-Slob (24-03-2011).

³ Presseurop 15 July 2011.

⁴ Schout, A. and J. Rood 2012 (eds) *Europa, eindelijk normal?* The Hague: Boon publishers (forthcoming). Explanations for the vetoing of the Constitution include the unpopularity of the Balkenende government, the length of the Constitution, and the dislike of European symbols such as the EU flag and the EU hymn in the Constitution.

⁵ SCP/CPB 2010. Evidently, the support for the EU is now falling for all member states, including the Netherlands.

⁶ Tweede Kamer, motie-Pechtold nr. 23 (31202)2007; Tweede Kamer, motie Pechtold en Van Gent, nr. 826 21501-07, 2011; Schout, A (2012) 'Wat willen partijen nu echt met EU?', *NRC Handelsblad* 11 juli 2012.

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