



MARCH 2018

Deepening EU integration and the Netherlands' EU narrative*

Introduction: The Netherlands as constructive EU partner searching for an EU narrative

European integration is controversial in most Member States. Germany is caught between a traditionally strong pro-EU narrative and the rise of anti-EU and anti-migration parties. The UK referendum in 2016 displayed the tensions between Remain (48%) and Brexit (52%). The tensions in the French elections are evidenced by Macron's victory in the first round when more contestants were in the race: 24% for Macron, 21% for Le Pen, and 20% for Mélenchon. Such tensions have been persistent. France had its *petit-oui* (51%) in the 1992 referendum over the Maastricht Treaty and a 55% 'no' in the 2005 referendum on the Constitutional Treaty. Yet the reasons for these domestic divisions differ. Each country has its own narratives and counter-narratives as regards European integration and these change over time.¹ It is important to understand these dynamics particularly now that the EU is again preparing itself for major changes.

This article offers an assessment of the official Dutch EU narrative and of the emerging (EU critical) counter-narrative. Though a mid-sized member state, the Netherlands is of interest because other countries, as emerged in interviews in Nordic countries and Austria, are hoping that the Dutch will take over the British (restraining) role in the EU negotiations, e.g. as regards the EU budget. However, it remains to be seen whether the Dutch will lead the opposition against the France-German axis as traditional motor of integration. As argued below, the Dutch will most probably continue to be pragmatically constructive.

Yet, despite the constructive EU narrative in the Netherlands, a counter-narrative is emerging out of frustration over European 'integration by stealth'². Section two of this article provides a discussion of the, so far false, image of the Netherlands as EU-critical country. The subsequent sections assess some of the current trends in the EU and

* Paper commissioned for SIEPS in the context of the SIEPS project on the Future of the European and Monetary Union. For details see: <http://www.sieps.se/en/seminars/implemented-seminars/2018/the-debate-on-the-future-economic-and-monetary-union-which-reforms-are-conceivable/>

1 Schout, A., H. Kassim (eds), *National EU narratives in Europe's multilevel context*, forthcoming.

2 Majone (2012) introduced the notion of integration by stealth to describe the form of creeping integration presented as a "fait accompli" without critical assessment or systematic evaluation and in which process becomes the objective. It is a form of integration in which incremental decision making transforms "the Union into something very similar to a fully fledged federal state" or at least leads to "suboptimal outcomes". In other words, an initial decision in European integration can have much wider (intended) federalisation consequences. Majone, G. (2012), *Europe as the would-be world power*, Cambridge University Press.

how these influence the Dutch narrative and counter-narrative. Within the constraints of this short article, the final section opens a preliminary discussion on a kind of deeper integration that might lead to a better EU and possibly a more convincing narrative.

The image of the Netherlands as an awkward partner

Deeper European integration, enlargement of the EU and of the Eurozone, and, especially, deepening forms of risk-sharing, are high on the European agenda. In relation to deeper integration, or even to Schulz' creation of 'the Ever Closer Union and those who do not want it should leave'³, it is easy to present the Netherlands as EU-critical. It has had this reputation for some time already. In July 2016, the BBC posed the question: 'Will the Dutch follow Brexit with Nexit?'⁴ The Financial Times presented the Netherlands as the 'most obstructionist' country⁵ in the EU and Van Rompuy underlined that the Netherlands should say 'yes' more often.⁶

This reputation stems from, among others: the rise of EU-critical parties such as Geert Wilders' Freedom Party (second party in 2017 elections, with 13% of the votes) and new young anti-EU philosopher and party leader Thierry Baudet of 'Forum for Democracy' (from newly created party in 2017 to second party in the polls early 2018), the earlier resistance to rescue funds for the euro (EFSF and ESM), resistance to the use of the ESM for bailing out banks, the 'no more money to Greece' election promise made by Prime Minister Mark Rutte in 2012, and the 'no' to the EU-Ukraine Association Agreement in the referendum of April 2016.

Yet, the Netherlands has been, and still is, one of the most pro-EU countries and a strong supporter of the euro, as is clear from the Eurobarometer. As a small, open and economically advanced trading country ranking in the top 5 in terms of most competitive countries⁷, the Dutch society is deeply aware of the importance of the EU. Part of the official Dutch EU narrative is that, as repeated many times by Prime Minister Rutte (spokesman of the formal EU narrative), the Netherlands depends on the EU for its economic progress, security and global influence.⁸ The Dutch are content with their national political and social systems and see the EU as an essential complement. However, they might be afraid that the EU's political-administrative system is not on par with the reform-oriented Dutch society.⁹ The Dutch are also aware of the need for solidarity across borders, provided that other countries are equally committed to national reforms. As Rutte has repeatedly stated, the Dutch agree to be net contributors and are willing to help other countries and to accept deeper integration; however, if countries fail to reform it should even be possible to push them out of the Eurozone or punish those that do not want to participate in relocating refugees.¹⁰ Solidarity comes with

3 <https://www.politico.eu/article/spds-martin-schulz-wants-united-states-of-europe-by-2025/>
4 <http://www.bbc.com/news/world-europe-36722915>
5 <https://www.ft.com/content/82033480-8aea-11e0-b2f1-00144feab49a>
6 <https://www.nrc.nl/nieuws/2017/12/13/interview-herman-van-rompuy-oud-voorzitter-van-de-europese-raad-nederland-moet-vaker-ja-zeggen-tegen-europa-a1584787>

7 For an analysis, see Schout, A. (2017), *The EU's existential threat: demands for flexibility in an EU based on rules*, The Hague: Clingendael. https://www.clingendael.org/sites/default/files/pdfs/The_EUs_Existential_Threat.pdf
8 Tweede Kamer, *Debat Europese top*, 34e vergadering, 13 december 2017. https://www.tweedekamer.nl/kamerstukken/plenaire_verslagen/detail?vj=2017-2018&nr=34&version=2#id.d1e525109
9 Simon Nixon (2018), 'Dutch skepticism about the EU remains a force: pro-European parties won in the Netherlands in 2017, but the Dutch worry about more than immigration', *Wall Street Journal*, 29 January.
10 <https://www.theguardian.com/business/2011/nov/15/eurozone-crisis-countries-pushed-out?INTCMP=SRCH>; <https://www.hpdetijd.nl/2015-10-26/europese-solidariteit-volgens-mark-rutte-van-dale-en-jaroslav-kaczynski/>; <https://www.ad.nl/buitenland/rutte-waarschuwt-voor-einde-samenwerking-eu-a229b1d5/>

obligations.¹¹ This also underlines that the Dutch want an EU based on strong member states that are able to carry through reforms and to respect the rules that have been agreed. Yet, it also indicates that the pro-EU inclination coexists with fears that other member states have insufficiently converged and will look to the EU for help instead of getting their own act together.

The generally pro-EU DNA explains the omnipresence of the Netherlands in all EU areas despite the reservations listed above. Although it appears that the Netherlands has, already for years¹², been looking for a tougher position, it wants to be included in all EU initiatives. As a senior diplomat put it: EU negotiations are like judo¹³, you have to wrestle with the force, not against it. One example of the deep desire to sit around the table is the European Public Prosecutor's Office (EPPO). In June 2017, the Netherlands did not join this initiative based on flexible integration.¹⁴ As a senior European Commission official remarked: it may take some time, but the Netherlands will join in a few months. This assessment was proven right when, in October 2017, the new Rutte government indicated it would take part in EPPO.¹⁵ The Netherlands is deeply committed to having influence, sitting around the table and looking for compromises.

The pro-EU position has so far not been fundamentally challenged. Despite sometimes uncomfortable debates and bouts of resistance, no serious Nexit-type discussions have emerged.¹⁶ However, the

ambitious speeches by Macron and Juncker and the German support for a potentially far-reaching EU reform agenda have sharpened the EU debates and challenge the Dutch EU narrative and the Dutch EU strategy.

European integration as drifting integration

A review of some major trends in EU integration may illuminate an emerging Dutch concern. Although this list can be neither exhaustive nor precise given the constraints of this article, it may serve to explain the emerging Dutch counter-narrative of an unstable integration process.

- During the formative years leading up to the Maastricht Treaty, the Netherlands was in favour of the monetary union, but first wanted convergence in member states and hence a selective number of countries to join the Eurozone. A discussion on the date for introducing the euro was therefore avoided. However, during the Maastricht negotiations, France and Italy suggested the date of 1999 so that discussions over prior convergence and participating countries were effectively overruled.¹⁷
- To support convergence, Germany subsequently proposed a Stability Pact. This plan was quickly altered, under French pressure, into the Stability and Growth Pact (SGP) in 1997.¹⁸ The Stability Pact would have been in line with the traditional Dutch preference for a Eurozone based on strong member states. The addition of 'Growth' opened the Eurozone to a more accommodating – French-type – Eurozone.
- The euro was based on the no-bail-out rule and supported by an independent ECB. The no-bail-out was effectively bypassed by the European Stability Mechanism (ESM). Open debates between presidents of national central banks have arisen on whether the ECB

11 <http://www.ekathimerini.com/217094/article/ekathimerini/news/dijsselbloem-comes-under-southern-fire-for-comments-on-women-drink>

12 Schout, A., and Rood J. (eds) (2013) *The Netherlands as an EU member state: a normal partner at last?* Portland: Eleven International Publishing.

13 <https://www.telegraaf.nl/nieuws/1623090/onze-ogen-en-oren-in-brussel>

14 <http://www.consilium.europa.eu/en/press/press-releases/2017/06/08/eppo/>

15 <https://fd.nl/economie-politiek/1221875/nederland-sluit-zich-aan-bij-europees-om>

16 <https://www.elsevierweekblad.nl/nederland/achtergrond/2018/01/577703-577703/>

17 Marsh, D. (2011), *The Euro*, Yale Press.

18 Verdun, A. (2013), 'The Stability Pact: an eternal promise', in Schout and Rood (eds) *supra*.

has become political¹⁹ and economists have criticised the delayed ECB interventions in Italian banks due to the Italian referendum under Prime Minister Renzi.²⁰

- The Dutch opposed the initiative for a globalisation fund of about €500 million. This fund aimed at supporting EU investments in regions with rising unemployment due to changes in international competitiveness.²¹ In the meantime, this initiative has been surpassed by the so-called Juncker funds (EFSI) of initially €315 billion and later doubled towards €630 billion²² in 2016 even though an evaluation by Bruegel²³ concluded that it had resulted in few additional investments.
- At the start of his presidency Juncker acknowledged that enlargement was a sensitive issue and that a pause was needed. In his State of the Union of 2017 and in his reform plans for the euro, Juncker announced enlargement of both the EU and the Eurozone.
- Although the Netherlands had major reservations about the creation of the EFSF (for political reasons termed a 'Facility' and not a 'Fund') and an EMF, and about using the ESM as backstop, the European Commission now proposes an EMF including a backstop mechanism (COM(2017) 827 final).
- The Netherlands lobbied hard and successfully for independent monitoring of the SGP and reinforcement of the EU Semester including a strengthening of the independent decision-making powers of the Commission through Reversed Qualified Majority Voting. This resulted in

the trustworthy 'budget tsar' Olli Rehn²⁴, who however soon after was replaced by the highly political duo Juncker and Moscovici.

- Despite the long-held preferences of the Netherlands for an independent Commission and for independent economic supervision, the Commission has now proposed an Economics and Finance Minister (COM(2017) 823) and new instruments to support the euro as well as enlargement of the Eurozone (COM(2017) 822).
- As a smaller country, the Netherlands has been strongly in favour of an independent Commission but is now confronted with the *spitzenkandidaten* procedure and a Commission that wants to be highly political.²⁵
- The Netherlands has been (even without support from other countries²⁶) against accession of Bulgaria and Romania to Schengen until the requirements are fulfilled. Despite Commission reports that these countries are not ready, Juncker keeps on stating that these countries are ready to join Schengen.²⁷
- Aiming for an independent Commission and supporting Better Regulation principles, the Dutch have also been pleading for impact assessments (IAs) and for independent monitoring of the quality of IAs.²⁸ However, IAs have become less important under

19 <https://www.volkskrant.nl/archief/verdeeldheid-in-ecb-over-steunoperatie-aan-banken~a3243440/>

20 https://cepr.org/sites/default/files/policy_insights/PolicyInsight91.pdf

21 http://europa.eu/rapid/press-release_MEMO-06-99_en.htm

22 J.-C. Juncker, State of the Union Address 2016: Towards a better Europe - a Europe that protects, empowers and defends. Strasbourg, 14 September 2016.

23 <http://bruegel.org/2016/05/assessing-the-juncker-plan-after-one-year/>

24 Schout, A., and Mijs A. (2015) 'The independent commissioner: an administrative analysis', in: Ongaro E., *Multi-level governance: the missing linkages*, Bingley: Emerald.

25 Schout, A., Commission President Juncker: 'Good intentions but wrong profile', *Internationale Spectator*, July 2017. <https://www.internationalespectator.nl/article/eu-commission-president-juncker-good-intentions-wrong-profile>

26 Schout and Rood eds, *supra*.

27 <https://www.elsevierweekblad.nl/opinie/opinie/2018/01/bulgarije-in-schengen-laat-nederland-maar-bot-blijven-576634/>

28 Schout, A., Sleifer J. (2014) 'A public administration take on legitimacy: Better Regulation as multilevel governance challenge', in Ambrus, M., Arts K., Hey E., and Raulus H. (eds), *The role of 'experts' in international decision-making: advisors, decision-makers or irrelevant actors*, Cambridge University Press, pp 361-382.

Juncker. Even the abovementioned major proposals for creating an EMF and EMU minister were not accompanied by IAs. Evidence-based policies are becoming less important, as is also clear from premature claims that EFSI is a success and media are displaying mistrust in Commission statements, e.g. over the success of the Spitzenkandidatenprocedure: ‘that claim is hardly backed up by any evidence’.²⁹

The list of contested developments of the EU and of the Eurozone towards deeper integration and political union is far from exhaustive.³⁰ The list nevertheless indicates the willingness of consecutive Dutch governments to subscribe to deeper integration. However, the policies that were initially agreed often turned out to be different in reality. These examples create the impression of an EU taking incremental decisions that turn out to result in a different kind of EU than was on the agenda when the initial decisions were taken (‘integration by stealth’). From a Dutch perspective, the Eurozone has been drifting away from a system in which member states are responsible for their economic performance and that is based on rule of law and law enforcement, towards an area with an increasing number of Eurozone bodies, procedures and political deals. Moreover, these developments have also had institutional consequences, for example, in terms of a changing nature (politicisation) of the European Commission, and evolving powers of the European Parliament.

This incremental process also makes it more difficult to see how checks and balances are designed (see below). Hence, with the eurozone becoming 85% of the EU’s GDP after Brexit, the fundamental question has emerged of whether this EU is a good system – i.e. whether it is a top-quality political-administrative system or a muddled EU-style political system with insufficiently designed checks and balances.

29 EUobserver, ‘Commission tells Macron to pick political side’, 14-02-2018. <https://euobserver.com/institutional/140983>

30 See e.g. the case of EPPO above.

Current strategy at EU level: haste

Present EU statements underline the haste when it comes to further deepening political union. Juncker has emphasised that the roof has to be fixed now that the sun is shining and that the window of opportunity will not stay open. EU Council President Tusk has initiated a full ‘leaders agenda’ in the run-up to the EP elections in 2019. The idea is, as underlined in discussions in Brussels, to arrive at a comprehensive EU compromise that can be presented as a win-win outcome for everyone. This will have to be done before the next crisis. Moreover, the EU needs a new multiannual financial framework (MFF), which also demands a comprehensive perspective on new policy objectives and sources of fresh money so that an EU that delivers can be constructed.³¹ In sum, the current EU narrative at EU level is one of ‘a comprehensive agenda’, ‘win-win solutions’, ‘deeper integration’, ‘fresh money’, ‘an EU that delivers’, and ‘haste’. This has triggered debates about the formal Dutch EU narrative and has sharpened the emerging EU-critical counter-narrative.

Shifts in the Dutch EU narrative

The traditional Dutch EU narrative of economic progress and security hinges on a rule-based perspective on European integration. However, also to some diplomatic chagrin³², the European legal principles have proven stretchable and this flexibility has tended to take the Dutch policy makers by surprise. The Dutch preferred partner, Germany, seems to be quite at ease with

31 Oettinger, G. (2018), A budget matching our ambitions, speech given at the conference “Shaping our Future” (8.1.2018).

32 See for example remarks by the President of the Dutch Central Bank Klaas Knot in 2011 and 2017. <https://www.reuters.com/article/us-Eurozone-ecb-knot/ecb-policy-makers-reject-bigger-crisis-role-for-bank-idUSTRE7A92SX20111110>, <https://www.bloomberg.com/news/articles/2017-10-09/ecb-s-knot-warns-of-market-correction-as-risk-may-be-underpriced>

current trends (including a higher EU budget, an EMU minister, etc)³³ but the Netherlands has difficulties coming to terms with the current agendas.³⁴ With the politicisation of the European Commission, the Netherlands not only lost the UK as a liberal partner but also the European Commission and possibly, to some extent, Germany due to its current search for compromises with France and Macron's insistence on a political union. Ambitious plans of Macron, Juncker and the SPD in Germany (amongst others) lead to questions in the media about the Dutch responses and the Dutch influence in the EU.

As a reaction, we may now be seeing the emergence of a new official narrative and a pragmatic approach towards safeguarding the Dutch influence based on flexible coalitions. In addition, the development of an EU-critical counter-narrative may take further root. As regards the modified Dutch narrative, the new Rutte government (which started in October 2017) could hardly be expected to have a clear EU strategy. Firstly, as Prime Minister of the previous government, Rutte had to break his 2012 election promise of 'no more money to Greece' when the third support package for Greece was agreed in 2015. The political lesson was that a tough autonomous Dutch position is untenable in the European arena. Secondly, the current government coalition seemed divided between the pro-integrationist Liberal Democrats (D66) and the three more reserved parties (Rutte's Liberals, the centre Christian Democrats and the right-of-centre Christian Union). As a result (and in the absence of a new German government), Rutte tried to avoid commenting on the vision speeches of Juncker and Macron in 2017 by paraphrasing Helmut Schmidt who said that people with visions should see a doctor.³⁵

However, at the December 2017 European Council meeting, Rutte was forced to commit himself, again, to a hard line (in his own words, 'a narrative').³⁶ He no longer wants to reason in 'if-then' terms, which has dominated European history: *If* member states promise to reform, *then* they may count on European support. Rutte's new narrative is that member states have to reform because they themselves believe it necessary; not to get something from the EU. This underlines the red line of the new government: no transfer union. Rutte's commitment to a vision is probably the result of attempts by Juncker and others to reach a comprehensive EU compromise that will be hard to contest without high political costs in the European Council. The comprehensive compromise will include a European minister of finance, financial support for national economic reforms, a Eurozone budget, tax harmonisation or even European taxation, preparations for EU and Eurozone enlargements, a European Monetary Fund that also includes a backstop for banks, greater emphasis on innovation, and demands by the European Commission for a higher multi-annual EU budget. Even a diluted European minister is a threat in the eyes of the cautious Dutch because this post is linked to a range of other plans, such as a European Monetary Fund (placed under political leadership), a Eurozone budget, a bigger role for the European Parliament, and a politically supervised backstop for weak banks.

Considering the fact that the Netherlands has, nationally and internationally, an administrative 'polder' culture,³⁷ an EU vision will tend to be interpreted pragmatically when it comes to negotiations over specific policies. Current discussions in the media already indicate that there is a realisation emerging that a higher EU budget and some form of EMF has to be accepted. A tough

33 <https://www.ft.com/content/8cffd540-f3a8-11e7-88f7-5465a6ce1a00>

34 Compare Eichengreen B. (2015), *Hall of Mirrors*, Oxford University Press.

35 <https://www.nrc.nl/nieuws/2017/09/15/mark-rutte-en-zijn-europese-vergezichten-13015657-a1573640>

36 *Handelingen Tweede Kamer, Europese top* d.d. 19-20 oktober 2017, TK 12.

37 Polder-model is a typical term to describe the Dutch consensus-oriented decision-making processes involving opposing interest groups against the background of the continuous danger of polders being flooded.

line would most likely lead to political defeat in the (European) Council that can be prevented by timely pragmatism. Yet, there is one red line that this government has embraced: it will not accept a transfer union.

In addition to this relatively new narrative of ‘no transfer union’, we can also see a longer-term development in the Dutch view on the European Commission. For a long time, the Commission was regarded as the best friend of the smaller member states.³⁸ It was regarded as a rule-based organisation that was supposed to treat all countries equally and that would think in the interest of the EU, not in that of big countries. Increasingly, the trust in the European Commission has gone. Consecutive governments have now argued that monitoring executive tasks would not be allocated to the European Commission. With Dutch support, banking supervision went to the ECB, and the European Financial Stability Facility and the European Stability Mechanism to the intergovernmental bodies in Luxembourg. Moreover, contrary to Juncker’s emphasis on the Commission being ‘very political’, the Dutch keep on stressing the importance of a neutral judge-like Commission. As underlined by current discussions on the creation of the ESM under the Commission, the Netherlands now tends more towards intergovernmentalism.

Safeguarding influence: the Netherlands and its EU coalitions

Support for a comprehensive compromise comes from the European Commission, France, the SPD in Germany, and many (European) thinktanks, such as the well-funded German Bertelsmann Stiftung.³⁹ There is a great deal of intellectual leadership behind the coherent plans, while countries that do not want deeper integration are diverse and have few plans or strategies. Rutte seems to be looking for ways to

provide some leadership when it comes to moderating deeper and political integration by building coalitions with, depending on the specific policy, Austria, Ireland, the Nordic countries, the Benelux, the Visegrád countries, as well as other countries. The hope is that, with the Brits on their way out, the Netherlands can thus compensate for the loss of a British counterweight to the German–French axis. This should not be seen as the Netherlands taking over the obstructive role which the Brits assumed, but rather as an effort to be a constructive partner in building a ‘better’ Europe based on strong member states that are able to deliver results themselves.

Rutte now has the European status⁴⁰ and narrative to – supported by countries around Germany – become an actor that the French–German axis should not be able to ignore.

Weaknesses of the new Dutch strategy

Though imbued with the need to be pragmatic, the current Dutch narrative centres around ‘no if-then’ and ‘no transfer union’. Gaining acceptance for this narrative in the EU requires coalitions. This two-sided approach involves certain risks.

Political consequences

A first risk is that Rutte will have to cave in in the EU negotiations because a country cannot thwart a major European compromise without loss of status. The combination of a tough red line and the deep-seated wish to want to sit around the table, to have influence and to be pragmatic, easily creates the impression among the Dutch that European integration happens by stealth.⁴¹ The counter-European narrative that is developing is that it does not really

38 Schout and Rood (2013) *supra*.

39 See for example http://www.epc.eu/documents/uploads/pub_8082_npereport2.pdf?doc_id=1910

40 Schout, A. (2017) ‘The Dutch EU Presidency: the continuing relevance of the rotating Presidency in a Political Union’, *Journal of Common Market Studies*, pp. 54–63. <https://www.politico.eu/list/politico-28-2018-ranking/mark-rutte/>

41 For a general discussion on integration by stealth, see Majone, G. (2012) *supra*.

matter what position the Netherlands takes, European integration (transfer union, enlargement, etc.) will progress.⁴² This counter-narrative doubts the relevance of the traditional Dutch EU priorities of a rule-based EU combined with a neutral and independent supervision role of the European Commission. Instead it posits that the political union is unstoppable. This was most clearly vocalized by newcomer Thierry Baudet, who even refused to enter into a debate on the EU in Parliament, insisting that such a debate would not alter the unstoppable nature of ever deepening integration.⁴³ One of the elements in the narrative of the unstoppable EU is the role of the French-German dominance. In relation to the EU plans of the new German CDU-CSU-SPD coalition, Socialist EU spokeswoman Leijten stated in the Dutch Parliament: 'I did not vote in the German elections'.⁴⁴ If steps are taken towards an indistinct European minister, a stretchable European Monetary Fund, a higher EU budget, or some forms of EU taxes, then EU critics will find their views vindicated that the EU is ruled by integration by stealth (pushed by French-German compromises).

Lack of clarity

The dislike of 'if-then' compromises and of a transfer union is difficult to translate into policies. The EMF, for example, is presented by the European Commission as financially neutral, but bank resolutions can be loss-making, neutral, as well as profitable (see the restructuring of UBS in Switzerland). Moreover, probably influenced by the reality of the German position, Rutte is willing to agree to a European Monetary Fund and thus seems to accept the risk of politicisation of economic surveillance.⁴⁵ Furthermore, negotiating on the basis of 'if-then' is practically inevitable in the European arena.

Rutte is willing, quite constructively, to be pragmatic but this puts his red line at stake. More important than the actual content of the EU vision is the question: how fiercely is Rutte prepared to defend it?

Coalitions with member states: the weakness of weak ties

In order to influence the French-German axis the Netherlands is searching coalitions, also with a view to being, as biggest of the smallest, the spokesperson of the small countries. However, the required coalitions in the EU vary greatly. For example, Sweden is not in the euro, Hungary and Poland have their own idiosyncratic controversies with the EU, Austria favours enlargement as well as EU taxes such as the financial transaction tax, Ireland supports the EU's agriculture and cohesion funds⁴⁶, and the Benelux tends to have difficulties formulating clear goals (see the Benelux contribution to the Bratislava process which remained short and limited to some general statements).⁴⁷

From deeper integration by stealth towards 'better integration'

In the EU, tensions are building up between those pushing for deeper (political) integration and those advocating moderation or red lines. Pragmatic compromises may be found, involving economic policies and haphazard institutional changes (such as the open-ended Commission proposals for an EMF or EMU minister), but the real question is whether simply pragmatism is required or whether a more fundamental decision is needed on the direction of European integration.

42 E.g. Baudet in: Handelingen Tweede Kamer, Europese top d.d. 19-20 oktober 2017, TK 12.

43 <https://www.volkskrant.nl/binnenland/baudet-na-eerste-debat-als-dit-het-niveau-is-laet-dan-maar-a4531131/>

44 Tweede Kamer, 50^e vergadering, donderdag 8 februari 2018.

45 [http://www.europarl.europa.eu/RegData/etudes/IDAN/2017/602076/IPOL_IDA\(2017\)602076_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2017/602076/IPOL_IDA(2017)602076_EN.pdf)

46 <https://www.iiea.com/eu27/taoiseach-leo-varadkars-vision-future-europe/>

47 <http://www.premier.belgium.be/en/benelux-summit-joint-communiqué>

An alternative approach could start from the realisation that the European Union is here to stay but that after 60 years of the Treaty of Rome and 25 years of 'Maastricht' (creation of the euro) the relevant question is: Is this EU a good political-administrative system? Pragmatism or simply tweaking policies and institutional arrangements may be far from sufficient. This is not the place to detail what a good federation should look like. Yet some leads can be given related to better integration based on checks and balances (i.e. a political-administrative model in which tasks are distributed between different branches of government to allow separation of roles and avoid muddled power relations). The European Parliament, the European Commission and possibly the Court and the ECB seem to be too close (also physically, with offices concentrated between Place Luxembourg and Rond-point Schuman in Brussels). Moreover, the European Commission combines all kinds of tasks ranging from gathering information, formulating policies, implementation, and monitoring, to enforcement. By the same token, monitoring and enforcing seem to be ill placed in an increasingly political Commission or under an elected *Spitzenkandidat*. This situation suggests that checks and balances are poorly designed and that the EU is ripe for separating powers as was on the agenda in the USA around 1800 under the lead of James Madison and Alexander Hamilton.⁴⁸ Yet, inspiration need not come from the USA. Different political cultures in the EU can also be used as models, such as the Swedish national administrative system that is based on small ministries and strong independent agencies. The current EU is in need of a more mature system of checks and balances that matches the EU's ambition of being a leading global actor.




A European political-administrative system based on the rule of law principle of separation of tasks may also help to regain trust in the European Commission. The current Dutch preference for inter-governmentalism may not be suitable to a mid-sized country that needs many – highly differentiated – partners to safeguard its influence. So far European integration developed pragmatically and incrementally. It is now time to ensure that the EU moves beyond pragmatism and starts to apply essential principles of checks and balances.

48 Matthews, R. K. (1995). *If men were angels: James Madison and the heartless empire of reason*, University Press of Kansas.

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