

THE NETHERLANDS AS AN EU MEMBER STATE: A MIDDLE-SIZED COUNTRY IN SEARCH
OF ITS EUROPEAN DESTINY

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Introduction

Since the June 2005 “No” vote in the referendum on the European constitutional treaty in the Netherlands, questions and doubts have been raised within the political elite in the country, as well as abroad, about the European credentials of this founding father of the European integration process. The Dutch “No” was widely seen as a break with a past in which the Netherlands had proved to be a strong supporter of the European integration process, as a loyal member state which in many instances had been at the cradle of important European initiatives; a country, moreover, which, according to the dominant view, traditionally belonged to the camp of member states supporting a supranational, if not a federal European Union. There was no need to question Dutch support for and involvement in European integration, so it seemed, until the referendum of 1 June 2005, in which a large majority of Dutch voters turned against the European Constitution.

This contribution discusses whether and to what extent this image is justified. Can the no-vote of 2005 be seen as a break with the past? Was the Netherlands indeed the stern supporter of a supranational or even federal Europe, as is often suggested? What in fact were the traditional views and goals underlying Dutch policy towards European integration, both with regard to the institutional set-up of the EC/EU and to various European policies? And in what way is the current Dutch EU policy different? Has there been a fundamental change recently, and in particular since the events of 2005, or is continuity the trademark of the Dutch position in the European Union?

In dealing with these questions the main assumption underlying this contribution is that Dutch EU policy is to some extent determined by the *position* of the Netherlands in the European Union of today. For that reason the first issue to be discussed is the Dutch position within the EU in terms of *size*. Should the Netherlands be ranked as one of the many small and smaller member states within the EU of 27 or does it consider itself to be a middle-sized country? Next, Dutch EU policy will be elaborated as to its strategic *basic assumptions*. What are the basic considerations underlying Dutch membership of the European Union? This part will be followed by a discussion of the policy preferences concerning the European integration process, in particular as they have been expressed after the rejection of the constitutional treaty. To what extent have

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these policy preferences changed in the case of the Netherlands, and in what direction? This contribution concludes with more general observations concerning the present Dutch EU policy position and the constraints that the government in the Hague is facing in pursuing its policies.

The Dutch position in the EU: small, middle-sized, or ... ?

Obviously, the question of the Dutch position within the EU is directly related to the successive enlargements during the past decades and the increase in the number of member states from the original six to the current 27 members, as well as to the prospect of further enlargement of the Union. Once the Netherlands was one of the six founding fathers, now it has become one of the many member states, knowing also that the designation "founding father" belongs somewhat to a distant past which no longer has any resonance, in particular to member states which joined the EU at a much later date. The impact of the enlargement process on the position of the Netherlands (and also of Belgium and Luxemburg) becomes even more clear in view of the fact that in the EC of the Six, the Netherlands was one of the *three* small member states, with Luxemburg, a very small member, obviously in "a league of its own". Facing them were three big member states, with Germany and France clearly setting the tone in the framework of the Franco-German axis. In the EU of today the number of small and smaller member states has increased to 21. At the same time the number of big member states has grown to only six (if we accept Spain and Poland belong to the group of big states). In other words, as a result of rounds of enlargement with specifically small countries, the Netherlands has not only become one of the many member states, but in particular it now is one of the many small and smaller EU countries. This is a change of position which makes it more difficult for the Netherlands to distinguish itself and to wield influence in such a way that it can make a difference.

But the real question is of course whether the Netherlands can be seen or may be positioned as a small or smaller member state? What is the Dutch view on this? A preliminary observation in this regard is that the actual influence of a country within the EU is determined by many factors and that size is only one of them. In other words "size matters", but less than is sometimes assumed. In that sense the debate about the purport of the "big-small" dimension in the EU is to some extent artificial. On the other hand, it is clear that at certain moments size *does* matter. In this regard it is important to note that within the EU there is a tendency to (informal) group formations among the big member states, from which the smaller and small EU countries are excluded. Against this background and taking these observations into account, the question of the position of the Netherlands in terms of weight does play a role in the debate about Dutch EU policy.

In discussing this issue, three arguments could be considered as underpinning the claim that whatever the Dutch position is, the Netherlands certainly does not belong to the club of small or smaller EU member states. The *first* one concerns the rather paradoxical observation that as a result of enlargement the *differentiation* within the EU in terms of groups of member states that can be distinguished, has increased substantially. In the EU of today we find big, middle-sized, smaller, small and very small member states, whereas in the EC of the past only big and small member states could be distinguished. As a result of enlargements to be envisaged with, in particular, small and very small member states from, inter alia, the Balkans, this differentiation will increase even further. In other words, the “demographic” factor has become more important (and will become even more important), with the paradoxical effect that in terms of ranking the Netherlands has become “bigger” in relation to the other “small” member states.

This effect becomes, *secondly*, so much more prominent in view of the fact that with a population of 16 million the Netherlands is substantially larger than the next “small” member state, Belgium, which has one of only 10 million people. From this perspective, the Netherlands could be considered a middle-sized EU country, and when we take into account that the next “bigger” member state, Romania, has 22 million inhabitants, it rather plays in “a league of its own”.

This (self-)projection of the Netherlands as a middle-sized country is, *finally*, based on the level of ambition of Dutch foreign policy, by the degree of international engagement and by the instruments and means the Netherlands disposes of in conducting its foreign policy. Since the Second World War it has been the Dutch ambition to play an active role on the international scene, specifically as regards issues concerning peace and security, maintaining the international legal order, combatting poverty and underdevelopment, and the build-up and promotion of a stable and open international economic system, especially regarding international trade. These ambitions are pursued in the framework of the global multilateral system, in NATO and other security arrangements (e.g. the OSCE), and through active involvement in the European Union. They are supported by a relatively large diplomatic apparatus, which disposes of an extensive bilateral and multilateral network of diplomatic establishments, and which has given the Netherlands in particular a traditionally strong position within the UN family of organisations. This position is further strengthened by the availability of a comparatively large budget for development cooperation, per capita one of the highest in the world. And, to conclude this consideration, the Netherlands has a relatively large defence system, well capable of participating in military operations within the higher spectre of the use of violence (intervention, enforcement and stabilisation by military means). This capability is reflected in the active and extensive involvement in military operations under UN, NATO and EU auspices.

To summarise, this overview may suggest the image of a country which perhaps is “punching above its weight”, but also of a country that manifests itself in particular within the European Union as a member state which on the basis of its position, its foreign policy ambitions and its means and capabilities distinguishes itself from small or smaller member states and that, moreover, wants to be recognised as being different. This characteristic became perfectly clear, *inter alia*, during the negotiations in 2000 on the Treaty of Nice, with the Netherlands demanding a larger vote weight than Belgium, in order to distinguish itself from the group of smaller member states. But also the self-image as, in any case, the “biggest of the small ones” or the “smallest of the big ones” serves to underline Dutch pretensions to being a middle-sized EU member state.

The Dutch EU strategy: anchoring the big ones

Taking these considerations into account it should not come as a surprise that its relationship with the big member states has always been a rather sensitive issue for the Netherlands. It has always feared that the big member states, in particular France, would try to break up the existing balance between “big” and “small” within the EC/EU by claiming or creating a special and more prominent position for themselves. This sensitivity has manifested itself on several occasions during the history of European integration. One example is the opposition from both the Netherlands and Belgium in the 1960s against the Fouchet proposal, initiated by the French president Charles De Gaulle. The two smaller states saw in this proposal an effort to establish a more intergovernmental European framework, which was dominated by a directorate of the three big member states, and which therefore, in their view, constituted a direct threat to the Community model of integration and their position. For the same reason of protecting the Community method of integration, the Netherlands has from the start been reluctant to the (again French) initiative to establish the European Council. It fears that within this, by definition, more intergovernmental setting the big member states would dominate at the expense of the smaller ones, and that this new body would overshadow the European Commission, which in the Dutch view was the core institution of the Community method of decision-making. In the same vein, the Netherlands has always been suspicious of informal inner-circle meetings of the big member states, for fear of being excluded and confronted with *faits accomplis*. In the run-up to the Constitutional Treaty it moreover became clear that even after half a century of European integration this sensitivity has not diminished. Certain proposals for institutional reform initiated by the big member states were met with great apprehension, precisely because the Netherlands feared they would strengthen the position of the larger countries (see below).

This sensitivity may be explained from the fact that in the Dutch perception European integration is an outstanding instrument to bind the big member states and to

guarantee a certain balance or equilibrium between big and small member states in the EU. For that reason the principle of equality among member states has for successive Dutch governments always been one of the most important rules underlying the integration process. And it explains in particular their sensitivity towards the idea of a directorate of big member states, in which the Netherlands was excluded from decision-making. In the same vein, the Netherlands has always reacted rather cautiously towards suggestions for enhanced cooperation or the formation of a core group within the EU. For such schemes could easily be dominated by the larger countries and might have a negative effect on the position of the Netherlands.

Fully in line with this approach is the traditional Dutch preference and support for a European integration process on a *supranational* or *communitarian* foundation, i.e. a European Union/Community disposing of strong and independent institutions (in particular the European Commission and Court of Justice) and constituting a legal order in which all member states are without distinction bound by the same rules, and in which decisions and agreements can be enforced by judicial means. The reason for this preference undoubtedly is that such a supranational arrangement offers the best available guarantee for upholding the principle of equality and the best protection against the big member states taking the law into their own hands. For the latter are bound by the same rules and procedures. To summarise the Dutch position, during the history of European integration the Netherlands has always seen the application of the Community method as the best instrument to protect the interests of small member states: a stance which also explains why during negotiations about institutional reform "maintaining the institutional balance", i.e. the balance between member states and, in particular, the European Commission has always been the leading principle for Dutch officials.

So much for the traditional position of the Netherlands in the EC/EU. However, even in the present era, the fear that big member states will claim a stronger position still is an important consideration in Dutch EU policy. This became once more evident during the negotiations about the European Constitution when the Netherlands, together with other small member states, expressed great reservations about a proposal made by the big member states to replace the existing rotating presidency of the European Council by a semi-permanent president from outside the Council. As was already mentioned, the Netherlands has never been a real supporter of this body. But the idea that it would be chaired by a permanent president from outside the group of prime ministers or heads of state was unacceptable to the Hague. It was seen as an effort by the big member states to sideline the small ones and to exclude them from the leadership of what since its creation has become the most important institution in the EU. Especially feared was the emergence of an "inner circle" of the new president and the big member states, which together would set out the strategic orientation of the EU.

In the Dutch view the introduction of this new position would also constitute a direct threat to the position of the president of the European Commission, and for that reason to the institutional balance within the European Union. And, finally, the Netherlands was suspicious of proposals to limit the number of European commissioners. Such proposals would be acceptable only if it was guaranteed that big member states would not have a preferential treatment as to their presence in a smaller European Commission; in other words, if all member states were to be treated in the same manner.

Most recently the sensitivity of the issue manifested itself again during the discussions about the implementation of the Lisbon Treaty, the successor of the Constitutional Treaty. The Dutch effort in these discussions is aimed at downgrading the position of the permanent president of the European Council as much as possible: they should be the chairperson of the Council and not "the president of Europe". In addition, the Council of General Affairs, and by that the regular rotating presidency, should be responsible for the overall coordination of the various Council formations, and not the newly established permanent president. These discussions have been suspended as a result of the Irish "No" to the Lisbon Treaty, but the issue will certainly re-emerge when following a second, positive referendum in Ireland the implementation of Lisbon reappears on the EU agenda.

A final observation in this regard concerns the Dutch views on the formation of *coalitions* within today's European Union. Given the fact that majority voting is applied to more and more EU policy areas, it is obvious that under this rule a country can only have influence on the final decision-making if it succeeds in finding and mobilising a sufficient number of member states that support its views. This has become a more difficult challenge as a result of the relative decline in position and power of the Netherlands, an inevitable effect of the Union's enlargement. This last consideration implies for every member state, but even more so for the smaller ones, that while their own position has been relatively weakened, they have to maintain relations with ever more fellow members. What makes this game of coalition formation even more complicated is that from the Dutch point of view there are no fixed or privileged coalitions in the EU, i.e. countries that agree and cooperate on a broad range of issues. Although they have a long history of cooperation, this latter observation even holds true for the Benelux countries.

In other words, it very much depends on the issue which countries can agree on a certain position during the negotiations: "the issue defines the coalition". As a result, the game of coalition formation is a game of *flexible* coalitions, in which from the Dutch point of view it is crucial to be able to make a difference and to be considered as an attractive and necessary partner by the other member states. In this game it is also important to take into account that all member states are equal but some are more important than others. This applies in particular to the big member states, specifically

France and Germany, whose support is crucial for the formation of a winning coalition. This importance of coalition formation in today's EU also explains why a reappraisal has taken place in Dutch EU policy of bilateral relations within the EU. For in order to assess to what extent countries support the Dutch views and interests it is of paramount importance to contact them at an early stage, not only within the multilateral framework of Brussels, but also at the bilateral level of the capitals. And, again, it depends on the issues which countries, apart from the big ones, should be approached.

The Netherlands and EU policies: wary of EU political integration

As far as the basic assumptions underlying Dutch EU membership are concerned, it is also important to look more specifically at the Dutch preferences regarding EU policies. What are these preferences and have they changed during the past couple of years? The Netherlands has traditionally been in favour of European integration, but only to a certain extent and on a specific basis. Primarily, it has always been a supporter of European *economic* integration. This preference may be explained by the Dutch position as a trading nation with a very open and outward looking economy. As a result, the Netherlands has always had a clear interest in maintaining a stable and open world trading system. Given the fact that following the loss of the colonies after the Second World War, the Dutch economic and in particular trade orientation shifted even more towards the European continent, in particular towards Germany, the primary interest of the Netherlands in the European integration process was to bring about a common trade policy and a common market which was embedded in clear rules about competition and in a stable monetary framework (EMS/EMU). This interest became even stronger when the Netherlands developed into a service economy with a large financial sector and a crucial position in the areas of logistics and transport (Schiphol airport and Rotterdam harbour).

Another explanatory factor for the Dutch preference for European integration is the rather vulnerable geographical location of the Netherlands. Densely populated as it is, it is located in the Rhine delta and, in a European Union without borders, is rather vulnerable to external effects. One should think in this regard of, inter alia, the effects of climate change and environmental pollution, cross-border criminality and migration. This explains the Dutch interest in European cooperation regarding environmental issues, security of energy supply, and justice and home affairs.

At the same time, Dutch EU policy has traditionally been reluctant as far as European *political* integration is concerned. European integration was supported as long as it encompassed the economic domain of trade and market integration. On the other hand, European cooperation and integration in the fields of foreign and security policy, and concerning military matters, were approached with great reluctance and suspicion. In these fields the Netherlands have been neither an initiator nor a forerunner, but more

a fence sitter, or even a laggard trying to prevent or slow down initiatives in these policy areas. This attitude had its roots in the aforementioned sensitivity concerning the role and position of the big member states. The Dutch feared that European cooperation in these areas would be dominated by the big member states at the expense of the Netherlands. Moreover, during the period of the Cold War Dutch governments considered the United States, on account of its world power, a more reliable protector of its security interests, than Western-European countries like, e.g., France or Germany, which in the Dutch view were not able to fulfil the European security needs. Hence the Netherlands did not support efforts to develop European cooperation in the areas of security and defence. Those efforts were seen as a threat to the Atlantic alliance, the linchpin of Dutch security, and to the relationship with the United States. In other words, Dutch preference regarding European integration was conditioned by a so-called *Atlantic clause*, meaning that the EC/EU was the primary framework for economic integration, whereas security should be secured under the umbrella of NATO.

A second observation concerning Dutch policy preferences is that although the Netherlands, as mentioned in the preceding paragraph, was a strong supporter of the Community method as the basic procedure of decision-making in the EU, this did not mean it was in favour of the creation of some sort of federal Europe. In particular, the opposition to a more politically integrated Europe in the areas of foreign policy etc. meant almost by definition that the Netherlands was rather lukewarm to and definitely not in support of the idea of a federal Europe. As far as the Netherlands, as one of the founding fathers of the integration process, is identified with the ideal of a federal Europe, this image must, for the reasons mentioned, be seen as a *myth*. In other words, the Netherlands was in favour of European integration, but only to a certain degree, on a supranational basis it is true, but not with any ambition to advance towards a European federation. A more federal Europe would after all encompass the areas of security and defence, and for that reason would constitute a threat to the Atlantic ties. In a federal Europe, moreover, the Netherlands would lose the opportunity to exercise influence *as a country*. To summarise, the Dutch view on European integration was highly instrumental: the Netherlands was in favour of a more supranational approach as far as it served the Dutch (economic) interests, and no more than that.

It is obvious that as a result of the end of the Cold War, of the manifestation of cross-border issues and of ever stronger transnational forces, the ongoing changes in the international distribution of power and of the processes of globalisation, it has become more difficult for the Netherlands during the past 10 to 15 years to maintain this "split" between European integration and Atlantic cooperation. As a result of the treaties of Maastricht, Amsterdam and Nice, and the Constitutional Treaty, the issue of political integration in the EU is now high on the agenda, including issues like security and

defence cooperation. This development has been a challenge to the Dutch political and societal elite, as well as to the Dutch population at large.

Although the need for cooperation on a European scale in an increasing number of policy areas was recognised, there were fears as well that the Netherlands would lose position and influence in an ever expanding European Union, and that the EU was intruding more and more into policy areas which were inextricably linked to Dutch identity and Dutch society. In the past years, the biggest challenge for Dutch EU policy therefore has been to find some sort of balance between these two factors, a challenge which became so dramatically prominent as a result of the Dutch “No” against the European constitution. A no-vote which emphasises that in the Netherlands too the period of “permissive consensus” is something of the past. In other words, the political elite can no longer rely on the benign support of the population regarding European integration. A no-vote which, moreover, demonstrated that the Dutch political elite itself has become divided and confused in its views of and support for the European integration process.

Struggling and confronted with a more Eurosceptic population and a confused political elite, the subsequent question is: what are the assumptions and preferences of Dutch EU policy today? This can best be defined on the basis of the Dutch demands during the negotiations on the Lisbon Treaty and the Dutch view of the finances of the European Union as they were expressed, inter alia, during the negotiations on the financial perspectives for the 2007–13 period. The Dutch efforts during the Lisbon Treaty talks were based on an analysis of the reasons behind the no-vote of June 2005. The results of this analysis should help the government to negotiate a new treaty text which, in this case, would be acceptable to the Dutch population or which, ideally, would enable the Dutch government to avoid a second referendum. On the other hand, the Dutch efforts in the negotiations about the EU finances reflect the position of the Netherlands as the highest net-payer (i.e. per capita) of the EU member states and the wish for a more equitable distribution of the financial burden among member states.

On the basis of this, the present Dutch position towards the European integration process can be summarised under a number of headings. In accordance with the traditional restraint on European political integration, the Dutch government during the negotiations about the Lisbon Treaty once again distanced itself from the eventuality that the EU might develop into a more federal or state-like finality. The fear that as a result of the process of treaty reform the EU would evolve irreversibly into such a construction was one of the reasons behind the Dutch no-vote against the constitutional treaty. Hence, one of the main demands of the Dutch government was that the successor to the constitutional treaty should be stripped off all sorts of state-like symbolism (flag, name, anthem etc.). In line with this, the Netherlands demanded a greater control by the member states of the execution of the European Union’s, and in particular, the European

Commission's competences. This demand may be explained from the fear that as a result of a creeping expansion of EU competences ("integration by stealth") the European Union will increasingly intrude into domestic affairs and will impair upon typically Dutch societal achievements, such as in the fields of housing policies, the health sector etc. In response to that fear, the Hague asked for a more strict application of the subsidiarity principle which should be enforced, inter alia, by granting national parliaments a greater role in supervising whether initiatives for European legislation and policies are really in accordance with this principle. Restraint as to the further transfer of competences to the EU level is therefore characteristic for the present Dutch EU policy. This should not be interpreted as meaning that the Netherlands is opposed to more cooperation on specific policy issues (e.g. energy, climate change etc.). But as far as this were to happen, it should take place under the control and supervision of the member states, who should be granted the possibility to block EU decision-making in certain sensitive policy areas (cf. the "emergency breaks" of the Lisbon Treaty).

In addition, the Netherlands has become more reluctant regarding further enlargement of the European Union. Although existing commitments as regards membership should be recognised (Turkey, Croatia, the Balkans), countries that do not have a concrete perspective of membership (e.g. Ukraine) should not be offered the prospect of joining the EU. For the time being the relationship of the EU with these countries has to be developed within the framework of the European Neighbourhood Policy. Countries which do have the prospect of membership should, moreover, fully comply with the Copenhagen criteria before being accepted as a new member state. This restraint is in particular a response to the anxiety among the Dutch population about the pace of the enlargement and the concern that countries have been allowed to join which did not (fully) comply with the accession criteria, such as Romania and Bulgaria.

The Dutch attitude towards European security and defence cooperation has, on the other hand, become more positive, also as a result of the changed relationship with the United States, in particular under the Bush Administration. The Netherlands is actively involved in the ESDP by participating in European battle groups. Nevertheless, the Atlantic reflex is still prominent. European cooperation in the fields of security and defence should not impair Atlantic cohesion. In this respect the primacy of Atlantic cooperation still prevails.

Restraint also typifies the Dutch position as far as the EU's finances are concerned. In the process of the budgetary review which has taken place under the auspices of the European Commission, the Dutch government has shown to support a comprehensive review of the EU budget. The aim of such a review should be to spend more on "new" policy priorities, such as economic growth and innovation (the Lisbon Agenda), climate, energy and the environment, as well as on the Union's external relations. But these expenditures should not be financed out of the existing budget. In

other words, providing the EU with a larger budget is not acceptable to the Netherlands. New policy priorities should be financed by spending less on existing policies (agriculture and cohesion policies), i.e. “old for new policies”. A new budgetary system should also guarantee a more equitable distribution of the financial burden in the EU and should in particular correct excessive net-payers positions on a structural basis. And, finally, a real “own resource” of the EU by introducing some form of a European tax will not be accepted by the Netherlands.

Conclusion: maximising influence in an ever larger European Union

In the introduction to this contribution the question was raised whether the rejection of the European constitution by the Netherlands has caused a fundamental change in its EU policy. From the preceding analysis it can be concluded that there is more *continuity* in the Dutch position towards the EU than is often assumed. The Netherlands has always been in favour of European integration, albeit within certain limits. Restraint as to political integration, suspicion of the big member states and a good understanding of the Dutch self-interest have traditionally characterised the Dutch attitude towards the European integration process. And, as far as the European constitution was seen as to be at odds with these characteristics, the Dutch no-vote in the Netherlands should not have been such a surprise.

The preceding paragraphs also illustrate that Dutch EU policy has become more restrained and critical. Dutch self-interest plays a more prominent role today in the pursuit of EU policies. This change is partly the result of a different domestic-political climate in the Netherlands. The political elite has itself become more critical and can no longer rely on the tacit support of the population for further European integration. At the same time this change has been caused by developments at the level of the EU itself, developments which imply that the Netherlands is being forced to pursue its interests and preferences under more difficult conditions. This is because the interests at stake at the European level are more sensitive and important as seen from the perspective of the member states: sensitive, in particular, because Europe is intruding more and more into domestic affairs, i.e. into a society where the population has become more Euro critical; more difficult, moreover, because the EU has become bigger and more complicated, which means that it is now less easy to influence decision-making on the European level.

As a result the Netherlands, like other member states, has become involved in a classical *two-level game*. On the one hand, it is faced with the challenge of maximising its influence in an ever expanding EU and, on the other, with the challenge of convincing a critical population at home of the need for and importance of European cooperation. Finding a balance between these and dealing with the tensions and dilemmas that they cause, is the real challenge for Dutch EU policy in the 21st century.