

*Adriaan Schout and
Jan Marinus Wiersma*
The Dutch paradox

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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 Freedom Party of Geert Wilders. During that government's life the Netherlands acquired a reputation for being anti-European and introspective (the *Financial Times* called it arguably the “most obstructionist” country in the EU).⁶ But the subsequent elections, in September, suggest that the current crisis has reaffirmed traditional Dutch pragmatism on European issues, rather than precipitated a lurch towards populist Euroscepticism.

The parties towards the centre of Dutch politics 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 (around four-fifths are in favour, according to a Eurobarometer poll, 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integration on budgetary and economic matters taken by the eurozone and the EU (even when an intergovernmental approach superseded the preferred European Commission approach), acknowledging pressure from financial markets and a consensus on the need to save the euro. However, since the beginning of the euro crisis, this generally pro-EU attitude has been undermined by growing disquiet over the direction Europe was going in.

⁶ Peter Spiegel, “European integration is unravelling”, *Financial Times*, 30 May 2011, available at <http://www.ft.com/cms/s/0/82033480-8aea-11e0-b2f1-00144feab49a.html#axzzz2Ek7VeUxu>.

Pragmatism and interests

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 percent. In the subsequent election campaign Wilders tried his hardest to focus attention on European issues, calling for a Dutch exit from both the EU and the euro. The Socialist Party also used anti-EU rhetoric (talking of the neoliberal "gripping jaws" of Brussels).

This reflected growing public criticism of the EU and a more transactional approach to Brussels from politicians: Rutte had framed European integration in terms of Dutch economic interests, and a majority in parliament even supported a declaration asking the government not to hand over any sovereignty to Brussels or move towards a political union. 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 manoeuvre on sensitive immigration-related issues such as family-reunion rules and the rights of workers from elsewhere in the EU. Romanian and Bulgarian hopes of joining the Schengen area were met with a Dutch veto.

The Netherlands also displayed intransigence over the euro crisis. The finance minister, Jan Kees de Jager, followed up initial reticence over participation in EU support funds with demands concerning International Monetary Fund (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 from spring 2012 by remarking: "I am Dutch, so I may be blunt."

The roots of this outspokenness over the EU go back to the 1990s, when the broad political consensus about European integration began to fall apart and successive governments began to argue that the Netherlands was contributing too much to the EU budget. Brussels became a scapegoat whenever things went wrong. Populists such as Pim Fortuyn folded EU issues into attacks on the political elite, building on a sense of unease among many about the direction that society had taken, alienation from traditional political parties, and alarm over the impact of immigration on large cities. In 2005 the Dutch vetoed the Constitutional Treaty. Until that point a large majority of the Dutch parliament had been strongly in favour of European integration, but had underestimated changes in the popular mood.

These outspoken Dutch positions, however, need not be seen as Eurosceptic. The “permissive consensus” towards European integration has been replaced by a more pragmatic attitude with a long history. Post-war Dutch support for integration was partly based on fears that France and Germany might mutually lower trade barriers or agree on trade relations with the United States while ignoring Dutch interests. The benefit to the open Dutch economy from access to Europe’s markets (approximately 80 percent of Dutch exports go to the EU) was also widely understood.

This pragmatism has not necessarily extended to the principle of a federal union. The Dutch fear of large countries dominating the European Commission lay behind the creation of the European Council (and its requirement for unanimity) in the 1950s. This equivocal attitude to major EU projects is shown by Eurobarometer figures from 1992, when almost 80 percent supported the EU, but less than 50 percent supported the (newly agreed) Maastricht Treaty.

Dutch pragmatism extends to a desire for the EU to ensure a level economic and political playing field. Although its parliament voted against shifting additional powers to Brussels, both the cabinet and parliament warmly supported the stronger fiscal rules for the eurozone as defined by the “Six-Pack” and stronger Commission supervision. This is combined with a keen awareness of Dutch interests: the Eurobarometer poll of December 2011 suggests that support for the EU on individual issues varies depending on a pragmatic assessment of whether EU involvement adds value (62 percent on defence and foreign affairs; 80 percent on environmental policy; 89 percent on combating terrorism) or not (21 percent on social welfare; 30 percent on unemployment; 22 percent on taxation).

The Dutch also have a long tradition of supporting the European Commission with Rutte underlining the protection it provides for smaller member states, in comparison to the increasingly prevalent intergovernmental European Council approach.

A third preference in Dutch EU policy is for what can be called the “100 percent union”, where the rules (of, for instance, the EU, the eurozone, or Schengen) are fully respected and enforced. The haircut for banks that had invested in Greece was related to this (as a rule, private sector investments involve risks that should not lead to a burden for taxpayers). Such a rules-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.

The “reasonable” election of September 2012

Despite the campaigning of Wilders, the results of the election showed that the Netherlands was not developing into the extremist anti-EU country that some had feared. The outcome was a landslide for at least one of the main parties of the centre, the Labour Party. The more extreme Socialists and Freedom Party received around half the support that polls had suggested.

The message chimed with Dutch pragmatism: when put on the spot, both politicians and voters preferred to continue with the status quo (including support for Greece) rather than experiment with the possibility of breaking up the eurozone or the EU. Despite the presence of Euroscepticism in the campaign, the elections forced politicians to formulate clear and realistic positions (even Emile Roemer of the Socialists defended the EU in an attempt to build an image as a reliable statesman). Eurosceptic populism had developed into a sign of irresponsibility.

Although the EU remained an issue, it was not something that split the main parties. Although Rutte’s resistance to further integration and spending on Greece was contrasted with a more pro-EU line from the Labour Party, neither party was punished for it. Voters paid more attention to traditional cleavages such as the budget, health care, and housing, and repaid Wilders’s European focus with a fall from 24 to 15 seats. One explanation is that few Dutch voters believe they have much of a voice at the EU level (only 11 percent in a Clingendael Institute poll thought the Netherlands had much influence).

Limits to pragmatic Dutch support

The most crucial question over whether pragmatic Dutch support for the EU continues, or the country falls into another bout of prickly Euroscepticism, is which direction the EU goes in next. The pragmatic Dutch position is based upon a keen awareness of its own interests, a desire for rules and a level playing field, and wariness about leaving the status quo. There are limits to Dutch support.

If deeper integration results in a growing gap between the euro “outs” (including traditional Dutch allies such as the UK, Denmark, and Sweden) and a eurozone that includes many troubled Southern states, many Dutch might prefer to line up with the former rather than the latter. If the latter,

the most viable option would be to line up firmly with Germany rather than risk the eurozone slipping away from the preferred Dutch position of a “100 percent union” that is converging on a Northern European economic model. There is little support for the idea of the EU as a transfer union. 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. 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.

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 former reliance of Rutte upon Wilders and the potential for a resurgence of populist Euroscepticism suggest that the Netherlands might be prepared to kick the can of the euro crisis down the road for some time to come.