



# Will the Dutch help Cameron to reform the EU?

by Rem Korteweg

To renegotiate the terms of Britain's EU membership, David Cameron must find allies. One of his targets is the Netherlands. In his January speech, Cameron applauded the Dutch government's effort "to examine thoroughly what the EU as a whole should do and should stop doing." The so-called subsidiarity review was recently published and spells out 54 policy areas in which The Hague feels the EU should be less involved – or not involved at all. Given that many European leaders have been sceptical about – or downright opposed to – Cameron's push for reform, Downing Street sees the Dutch review as good news. But if Cameron believes the Netherlands will support radical changes to the EU, he is mistaken.

It is not hard to see why Cameron thinks the Dutch are on his side. Like Cameron, prime minister Mark Rutte argues that "the time of an ever closer union in all policy areas is over". The Dutch review argues that the European Commission should not have a greater say over such areas as social security, pensions, criminal law and media pluralism. The Dutch oppose an independent eurozone budget and EU taxes. In general, the Dutch government believes the Commission should set broad objectives, and leave implementation to the member-states.

The Dutch, like the British, have always feared a European super-state, and they prefer a balance of power between the UK, France and Germany. The Netherlands shares Britain's free-market outlook and does not trust either the Berlin-Paris axis, or a powerful European executive, to always

act in the best interests of the Dutch. Thus it fears both an over-zealous Commission and a 'Brexit'.

The Dutch subsidiarity review is also a response to growing euroscepticism at home – much like Cameron's referendum strategy. The populist leader of the Freedom Party, Geert Wilders, lost badly at the last general election, but his star is rising again. His gains have come at the expense of Rutte's right-of-centre VVD, much as Britain's UKIP has eaten into Conservative support. To steal Wilders' thunder, the opposition Christian Democrats have started talking about repatriating powers from the EU. The subsidiarity review is an attempt to appease this growing chorus.

However, the similarities end there. Unlike the British coalition, where the Conservatives dominate, Rutte's liberals are on an equal footing

with the Social Democrats, with 41 and 38 MPs respectively. The VVD is more eurosceptic than its coalition partner, but the foreign minister in charge of the subsidiarity review, Frans Timmermans, is a senior Social Democrat and a staunch European. And as the Netherlands provides the chair of the Eurogroup (the eurozone group of finance ministers), it is difficult for the government to be overly critical of the EU. The Netherlands also has an overriding geopolitical and economic interest in remaining committed to the EU and in reaping the full benefits of the single market.

Consequently, the review's proposals are not as far-reaching as Cameron may have hoped. The review says, for example, that the EU should not intervene in forest policy, national flood management, or in rules governing air quality, school milk, tunnel safety or olive oil jugs. These are hardly bold ideas to reshape the way the Union works. Meanwhile, the Netherlands wants more European co-operation on defence, climate policy, energy, migration policy and cross-border crime, as well as a push to complete the single market and improve the efficiency and legitimacy of eurozone decision-making.

While Rutte and Cameron share much of their diagnosis on what is wrong with the EU, they differ over the treatment. Rutte dismisses the notion of opt-outs or repatriating powers, and says treaty change is neither possible nor desirable. Instead he has set his sights on reining in what he perceives as an overweening European Commission. His favoured instrument is subsidiarity. This principle – central to the EU treaties, but inadequately enforced – holds that

the Union should act only when doing so achieves better outcomes than member-states acting separately at national level.

What reforms could Cameron propose, then, that the Dutch might support? One might be to give national parliaments a greater role in policing subsidiarity, for instance through the 'yellow-card' procedure. The procedure enables one third of national parliaments (or more) to ask the Commission to withdraw a proposal that they consider breaches subsidiarity. It could be strengthened into a 'red card', so that the request becomes an obligation to withdraw an initiative. Reducing the number of commissioners might also cull the number of unwanted Commission initiatives and make its work more focussed. However, since this would require treaty change, an interim step would be to appoint senior and junior commissioners in the new Commission in 2014.

The Hague has received support for its subsidiarity review from Germany, Sweden, Finland and Austria, some of whom are considering similar exercises. Even the president of the European Parliament, Martin Schulz, has said subsidiarity should be strengthened. David Cameron should make common cause with the Dutch and other reform minded member-states to toughen the enforcement of subsidiarity, which will not require major treaty change. But if the British prime minister misreads his potential allies and pushes for opt-outs or a large-scale repatriation of powers, he is certain to find himself isolated.

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## CER in the press

### Financial Times

17<sup>th</sup> July 2013

"The UK would do even better to deepen its co-operation with the Schengen area, especially on visas," said Hugo Brady of the CER.

### Prospect

15<sup>th</sup> July 2013

This year's international affairs think-tank of the year award goes to the **Centre for European Reform**. ...This year, the judges were impressed by the strength of the CER's economic analysis and its choice of subjects has gone right to the heart of the most pressing debates, not least concerning Britain's

relationship with the EU and the costs of leaving.

### The New York Times

3<sup>rd</sup> July 2013

"Portugal was one of the poster children for it [austerity], with a government that sounded even more wedded to austerity and supply-side reforms than the policy-makers sitting in Brussels, Berlin and Frankfurt," said Simon Tilford of the CER.

### BBC News

26<sup>th</sup> June 2013

John Springford of the CER, said the eurozone was facing "very large political roadblocks" hampering the necessary macro-economic changes.

"They are stumbling towards integration very slowly - when the financial markets relax the pressure, the progress stalls."

### Financial Times

24<sup>th</sup> June 2013

As an excellent, if depressing, forthcoming paper from Stephen Tindale of the CER makes clear not a single one of the CCS plants which are supposed to be built in Europe by 2015 are actually under construction.

### Reuters

17<sup>th</sup> June 2013

"Countries remain scared to pool [defence] capabilities because they don't want to lose

control and they don't like the idea of having to sacrifice jobs," said Clara O'Donnell of the CER.

### Der Spiegel

12<sup>th</sup> June 2013

"The more Erdogan develops into a kind of Putin light, the harder it will become to lobby for Turkish accession to the EU," says Charles Grant, director of the CER.

### The New York Times

10<sup>th</sup> June 2013

"Apart from a very few countries, such as France and Britain, the Europeans have been very complacent about strategic affairs," said Rem Korteweg of the CER.