



**Newfound Dutch courage?
Examining developments in the Netherlands' use of
coalitions in the European Council post-2016 : A case study
on European economic and financial policy**

Kat Mooney

Utrecht University

6339735

MA International Relations in Historical Perspective

Word Count: 14,954

Supervisor: Dr. Marloes Beers

Abstract:

This thesis examines developments in the Netherlands' use of coalitions within the Council European Council in the period 2010 to 2020, through a case study on European economic and financial policy. Drawing upon coalition theories which posits that bargaining power is enhanced by a higher degree of institutionalised cooperation, this thesis examines how the Netherlands uses institutional bargaining mechanisms within coalitions to serve its own interests in unanimity based Council dossiers. In the context of two significant developments in European power dynamics, namely the UK's exit and the perceived renewal of close Franco-German collaboration, this thesis compares two time frames to identify developments in the Netherlands' European coalitions amid continuity in Dutch national government and leadership. Each half of the period for analysis will address an economic crisis recovery negotiation (the Eurozone crisis and the coronavirus crisis, both of which saw calls for debt mutualisation) and negotiations for two consecutive long-term EU budgets (the Multiannual Financial Framework 2014 – 2020, and the Multiannual Financial Framework 2021 – 2027). It is argued that Netherlands has actively pursued a new coalition strategy post-2016, targeting small northern states, and has employed a high degree of institutionalisation within these alliance to increase its bargaining power at the European level.

Keywords: coalition formation, coalition strategy, institutional cooperation, bargaining power, European relations, Netherlands, European Council negotiations

Acknowledgments:

With thanks to Max for keeping me sane this year, my parents for their constant support, and my supervisor, Dr. Marloes Beers, for her guidance and enthusiasm.

Table of Contents

Introduction	1
Historiography	3
Research question and case study.....	7
Chapter One: Theoretical Framework & Methodology.....	11
Coalition Theory.....	11
Institutional Bargaining Power	14
The negotiation process and the ‘zone of agreement’	15
Methodology:.....	17
Chapter Two: 2010 to 2015	23
2.1 A matter of “moral hazard”	24
2.2 “We’re working together”	31
2.3 Enhanced bargaining power through cooperation.....	34
Chapter Three: 2016 to 2020.....	39
3.1 “There is no hole to fill”	41
3.2 “No such thing as new money”	48
3.3 Enhanced bargaining power through cooperation.....	53
Conclusion.....	55
Bibliography	58

Introduction

Since June 2016, the Netherlands has found itself at a crossroads in the European Union. Brexit has disrupted the balance of power among member states, with a Franco-German axis seemingly re-emerging in the vacuum left by the United Kingdom. Following the UK's departure, the Dutch have lost a like-minded partner in resistance to increased expenditure, while the longstanding Dutch-German eurozone alliance is fragmenting due to disagreements over European financial policy and crisis response mechanisms. One popular view is that the Netherlands will 'take Britain's place' in Europe as the lead restraining force in European integration, particularly with regard to budgetary and monetary policy.¹ As a small size state, coalitions have historically been of particular importance to the Netherlands. Indeed, despite their small size, the European Council on Foreign Relations' Coalition Explorer has consistently ranked the Netherlands in the top 5 for influence and responsiveness, categorising the state as an active, eager participant in cooperation.² This multilateral cooperation has become only more pertinent in the changing European landscape, as evidenced in the motion for an advisory report on prospective coalitions in the post-Brexit era, adopted on 16 May 2017, the Netherlands' House of Representatives concluded that, 'after the UK leaves the EU, the Netherlands will lose an important ally and that, as a result of Brexit, power relations within the EU will be redefined'.³

In the debate on European power relations among member states, concepts deriving from coalition theory have commonly been used to identify a longstanding 'North-South' divide, between wealthier and fiscally conservative Nordic and north-western states, vis-à-vis less wealthy, continental and Mediterranean states. While the Netherlands is undoubtedly more

¹ Paul Taylor, "Brexit redraws EU alliances", *Politico*, April 2018, available at [<https://www.politico.eu/article/brexit-redraws-eu-alliances-coalitions-stop-france-and-germany-deeper-integration/>] (accessed 13-03-2021); Charlemagne, "How the Dutch will take Britain's place in Europe", *The Economist*, March 2018, available at [<https://www.economist-com.proxy.library.uu.nl/europe/2018/03/31/how-the-dutch-will-take-britains-place-in-europe>] (accessed 13-03-2021)

² European Council on Foreign Relation, "EU Coalition Explorer", 08 July 2020, available at [<https://ecfr.eu/special/eucoalitionexplorer/>] (accessed 04-01-2021)

³ Kamerstuk, "Nr. 1229, Motie van het lid Anne Mulder C.S", 10-05-2017, <https://zoek.officielebekendmakingen.nl/kst-21501-20-1229.html> [accessed 18-04-2021], '*overwegende dat door dit vertrek de Europese machtsverhoudingen opnieuw worden gedefinieerd*', translated by the author.

committed to the European project than the UK ever was, it appears to have taken the lead in opposing the Franco-German drive towards deeper integration in Britain's absence, as can be evidenced in matters of European financial and budgetary policy. The Netherlands' current Europe narrative, while not averse to integration, takes issue with the supposed 'carrot and stick' method that the EU has employed for decades. Rather, the Dutch government argues that member states should reform because they believe it necessary, not in pursuit of tangible rewards and benefits from the European institutions, and this is what underlines the Netherlands' new 'red line': no transfer union.⁴ In concrete terms, the Netherlands believes that less affluent states should take proactive action to prepare for economic crises, and overall improvement in their finances, rather than rely on support from the European Institutions. Economic and financial policy, specifically the seven-year EU budget of which the Netherlands is a net contributor and the eurozone's crisis mechanisms, offer the best example of the Netherlands' changing behaviour, as these were areas where the Dutch most frequently relied on its allies the United Kingdom and Germany's bargaining power and influence prior to 2016.

Germany and the Netherlands have shared an enduring partnership as European member states, especially within the Eurogroup.⁵ Germany is the Netherlands' closest neighbour, both geographically and culturally, and its default partner on the vast majority of European policy areas. Both debt-averse and running budget surpluses, the Dutch and the German governments have typically resisted calls for debt mutualisation together. However, Germany's recent commitment to partnership with France has awarded more agency to the historical Franco-German axis and threatens to undermine the Dutch resistance to further economic and financial integration.⁶ Albeit less direct, the UK's departure has arguably had

⁴ Adriaan Schout, "Deepening EU integration and the Netherlands' EU narrative", *Clingendael*, March 2018, [https://www.clingendael.org/sites/default/files/2018-03/Paper_Deepening_EU_integration.pdf] (accessed 18-04-21), p. 6.

⁵ Christel Zunneberg, "German-Dutch relationship key to EU coalition building", *European Council on Foreign Relations*, January 2017, [https://ecfr.eu/article/commentary_note_to_berlin_german_dutch_relationship_key_to_eu_coalition_bui/] (accessed 02-04-21)

⁶ French Ministry of European and Foreign Affairs, *Treaty Between the Federal Republic of Germany and the French Republic on Franco-German Cooperation and Integration*, 22 January 2019, available at [https://www.diplomatie.gouv.fr/IMG/pdf/19-0232-1900417_en_fin_reinschrift_ws_aa105-og_ck_010219__cle079d7b.pdf] (accessed 05-06-2021).

an effect on European coalitions concerning financial policy. The most tangible and direct economic impact of Brexit on the rest of the member states is arguably seen in the EU budget.⁷ With one of the largest net contributors gone, the remaining member states have been forced to shoulder the burden of the deficit, with their own contributions increasing proportionally with the reduced number of members. This also raises issues concerning the size of the budget – with one less member, should the budget’s size decrease accordingly? The less obvious, but equally important impact of Brexit on coalitions, is power dynamics. Without the British, who have been allies of the Netherlands in advocating for budgetary discipline and conservative financial policy, a significant counterweight to the German-French influence is removed.

Historiography

This research relates to an array of literature on power dynamics within the European Union, primarily the Netherlands’ ability to influence its fellow member states despite its small size, and the role that its coalitions and alliances play in this. Principally, this thesis seeks to explore developments in the Netherlands’ use of coalitions post-2016, in the wake of Brexit and the subsequent reinvigorated Franco-German axis that emerged in the UK’s absence. Debates concentrate on the following: how have disruptions to European power dynamics impacted the Netherlands coalition strategy; with whom is the Netherlands seeking to form coalitions; and what are the Netherlands’ aims in forming these coalitions?

Academics broadly agree that prior to 2016, the Netherlands most heavily depended on its alliances with Germany and the UK and that the Dutch coalition strategy would therefore need to shift accordingly post-Brexit. Adriaan Schout, senior research fellow at Clingendael, writes that “the Netherlands not only lost the UK as a liberal partner” but also “Germany due to its current search for compromises with France and President Macron’s insistence on a political union”⁸ and as a reaction, the Netherlands is seeking to safeguard its influence

⁷ Iain Begg, “The Brexit-sized hole in the future EU budget”, *LSE Blogs*, 22 January 2018, [<https://blogs.lse.ac.uk/brexit/2018/01/22/the-uk-is-a-net-contributor-to-the-eu-budget-following-brexit-the-loss-of-uk-contributions-will-therefore-likely-require-either-a-reduction-in-overall-spending-or-for-the-remaining-member-states-to/>] (accessed 12-04-2021)

⁸ Adriaan Schout, “Deepening EU integration and the Netherlands’ EU narrative”, March 2018, Clingendael, p. 6.

through new coalitions with smaller states. Rem Korteweg, too, asserts that Britain's departure has created a vacuum, which combined with the election of Macron who holds ambitions for deeper European integration, has driven the Netherlands to reposition itself.⁹ Hanco Jürgens, however, questions the real significance of such a 'new Franco-German axis' on account of the vast differences in political style between German Chancellor Angela Merkel and President Macron, and suggests that the alliance may only take real action if a crisis comparable to the that of 2010's sovereign debt crisis were to occur.¹⁰ He disagrees with the two former scholars and argues that the Netherlands has not lost Germany as a key partner due to the French alliance, and that it would do better to maintain constructive Dutch-German cooperation to channel its European influence through Germany. To brazenly counter the Germans and French within new alliances, he argues, would be at the Netherlands' own peril as Paris would threaten to scrap the Netherlands' budget rebates immediately.¹¹

However, there are different schools of thought on the Netherlands as 'replacing' the UK as a spokesperson for fiscally conservative states and leading restraint against integration. Schout claims that the Dutch government indeed pursues a new strategy post-2016 to form coalitions with fellow smaller states in an effort to compensate for the loss of a British counterweight to Germany and France, as a spokesperson for small countries. He concludes, however, that the Netherlands will ultimately remain "pragmatically constructive"¹², rather than lead opposition against the French-German motor of integration. This is due to the high differentiation in policy preferences among its candidate allies; the Nordic states, Baltic states, Ireland and Benelux members. Likewise, Piret Kuusik and Kristi Raik, of the Swedish Institute for European Policy Studies, concur that the UK's departure and reactivation of Franco-German alliance have driven the six Baltic states to seek closer cooperation among themselves, as well as the Netherlands who they allege has attempted to fill the gap left by

⁹ Rem Korteweg, "Why a New Hanseatic League will not be enough", 09 July 2018, *Clingendael*, available at [<https://spectator.clingendael.org/en/publication/why-new-hanseatic-league-will-not-be-enough>] (accessed 06-01-2021).

¹⁰ Hanco Jürgens, "Franco-German Axis: A balancing act with room for the Dutch", Analysis, 09 July 2018 *Clingendael*, available at [<https://spectator.clingendael.org/en/publication/franco-german-axis-balancing-act-room-dutch>] (accessed 06-01-2020).

¹¹ Ibid.

¹² Adriaan Schout, "Deepening EU integration and the Netherlands' EU narrative", March 2018, *Clingendael*, 6.

the UK as a leading voice for northern liberal economies.¹³ However, they question the efficacy of the Netherlands' new self-assumed leadership role in these newfound coalitions and are sceptical of the Netherlands' commitment to said coalitions and their influence against the Franco-German engine. In their view, the Netherlands has strongarmed these states into a coalition that primarily serves the Netherlands' interests, despite a relative diversity in preferences. Magnus Schoeller, of the Austrian thinktank OEGFE concurs that there is high diversity in preferences among the Hanseatic group, but still judges the coalition to be a 'win-win situation' for its small members, as states such as the Netherlands strengthen their own position with fellow members behind them, while the smallest states can free-ride on the coattails of the coalition's leaders, even if these do not reflect their own preferences in every aspect.¹⁴ Likewise, Tom de Bruijn, maintains that Germany is the Netherlands' natural and most attractive ally, but he argues that the Netherlands has been driven to form new coalitions due to Berlin's unpredictability, as its "strategic collaboration with France and the collective interest of European unity ultimately prevail over the substantive interest"¹⁵, especially in periods of crisis. He argues that the Franco-German axis is emboldened by the fact that their opposing interests are superseded by their willingness to compromise, and as such poses a particular risk to the Netherlands' own interests.¹⁶ To counter this, he supports the Netherlands' turn towards Austria, Denmark and Sweden as a positive strategic step and believes this coalition's potential influence at the European level is enhanced by their close preference proximity.

A Clingendael report by Hedwich van der Bij and Jan Rood, on the Netherlands' EU coalition patterns, describes the Dutch approach to coalition building within the EU as 'highly pragmatic'¹⁷ and that its choice of partners is primarily determined by the degree of such preference proximity. They argue that this approach is based on maximising Dutch influence

¹³ Piret Kuusik & Kristi Raik, "The Nordic-Baltic Region in the EU: A Loose Club of Friends", SIEPS (Swedish Institute for European Policy Studies), October 2018, pp. 4 -5.

¹⁴ Magnus Schoeller, "New Hansa and Frugal Four: The Role of Small Creditor States in the Economic and Monetary Union", OEGFE, 14 July 2020, available at [<https://www.oegfe.at/policy-briefs/role-small-creditor-states-in-emu/?lang=en>] (accessed 10-05-2021).

¹⁵ Tom de Bruijn, "Which coalitions could result from Tusk's 'Leaders' Agenda?", *Clingendael*, 09 July 2018, available at [<https://spectator.clingendael.org/en/publication/which-coalitions-could-result-tusks-leaders-agenda>] (accessed 07-01-2021)

¹⁶ Ibid.

¹⁷ Hedwich van der Bij & Jan Rood, *Rapport: Samenwerking en coalitiepatronen in de Europese Unie: Nederland op de Europese politieke assen*, *Clingendael*, June 2016, p.40 (translated by the author)

within theme-specific coalitions, particularly in the field of budgetary discipline and economic reform. In this way, the three countries with whom the Netherlands cooperates the most are actually the UK, Germany, Denmark, Sweden, Finland and Estonia.¹⁸ The UK's departure, they argue, would incite a dilemma in the Netherlands' European policy, namely the issue of whether The Hague should aim solely at the Atlantic or the Continental directions, or attempt to combine the two.¹⁹ Van der Bij and Rood surmise that the Netherlands is most likely to attempt the latter, working with both northern and southern states but with a 'strong North European accent'²⁰ by building on existing relationships with Denmark and Sweden, and will continue to use its expertise, networks and economic strength to enter into cooperation with other Member States. Josef Janning, of the European Council on Foreign Relations, concurs with this writing that The Hague has the potential to expand its northern constellation of allies, primarily with Denmark, Austria and Sweden, but warns that a refusal to cooperate with southern states or engage with the Franco-German integration drive could backfire by damaging relationships and failing to produce tangible outcomes.²¹

As can be seen, there is much debate on the Netherlands' coalition strategy post-2016, namely who it will partner with and why, and how effective these coalitions might be in serving the Dutch interests of budget discipline and fiscal conservatism. While academics mostly agree that the Netherlands has lost a key ally in the United Kingdom, and judge that the Franco-German axis will impact the Netherlands' ability to rely on Germany, they differ in their assessments of whether the Hague will remain aligned with Berlin while it seeks out new alliances. Moreover, these academics disagree on the nature of the coalitions, with some naming them ad hoc and informal²², while others categorise them as recurrent and issue-specific²³. These scholars also neglect to assess how exactly the Netherlands benefits

¹⁸ Ibid., p.43

¹⁹ Ibid., p.44.

²⁰ Ibid., p44.

²¹ Josef Janning, "Dutch courage: Is the Netherlands overconfident in its EU influence?", *European Council on Foreign Relations*, 30 January 2019, available at [https://ecfr.eu/article/commentary_dutch_courage_is_netherlands_overconfident_in_its_eu_influen/] (accessed 04-08-2021).

²² Rem Korteweg, "Why a New Hanseatic League Will Not Be Enough", 09-07-2018, *Clingendael*.

²³ Hedwich van der Bij & Jan Rood, *Samenwerking en coalitiepatronen in de Europese Unie: Nederland op de Europese politieke assen*, *Clingendael*, pp. 40 – 41

from these coalitions within European negotiations, namely how its own bargaining power is strengthened by cooperation. This is partly due to a lack of coalition theory used by these scholars, and a lack of literature post-2018 following the outcomes of negotiations for the Multiannual Financial Framework 2021 – 2027 and the coronavirus pandemic response. This thesis seeks to contribute to the academic debate by shedding more light on the exact nature of these coalitions and their application within the Council through institutional mechanisms for increased bargaining power. By comparing these new coalitions to the Netherlands' established alliances, a clear analysis can be extracted on the tangible benefits (or lack thereof) that the new Dutch coalition strategy entails. Using the comprehensive coalition theory of Ilze Ruse, this thesis will categorise the Netherlands' coalitions, both established and post-2016, and assess the extent to which their members' wielded their collective bargaining power to the Netherlands' advantage. This thesis will employ negotiations on economic crises and the EU's long-term budget as its case study, as these were areas where the Netherlands historically relied on the UK and Germany, and these dossiers require unanimity among member states. It is expected that these areas of high political saliency for the Netherlands will offer ample ground for analysis of Dutch coalition strategy, namely developments in coalition membership, and the degree of institutionalisation employed by the Netherlands in its bargaining strategy.

Research question and case study

Therefore, the central research question of this thesis is:

How has the Netherlands' use of coalitions and alliances within the European Council developed to enhance its own bargaining power through institutional cooperation in the period 2010 to 2020, as reflected in economic and financial policy?

Analysing negotiations for two consecutive Multiannual Financial Frameworks and the European response to economic crises in the eurozone as case studies, both of which require unanimity in the Council, this research will seek to identify historical continuities and developments in the Netherlands' use of coalitions that emerged against the backdrop of a post-Brexit European Union and a renewed Franco-German partnership, across the decade. This thesis will not seek to establish a direct causal relationship between these two

events and the motives for the Netherlands' (new) coalition strategy, as such research would be premature and too wide in scope. Rather, this thesis will seek to identify which elements, if any, of the Dutch coalition strategy were influenced by Brexit's disruption to the balance of power among Member States, which could be of academic relevance for any future study on coalitions within European Council negotiations, and a broader analysis of Brexit's impact on European power dynamics.

The hypothesis of this thesis, which forms the basis for research, is:

The vacuum of power left by the UK and its influence as a member state, combined with the renewal of the Franco-German axis, deprived the Netherlands of two of its key allies in its resistance to greater budgetary contributions and deeper economic integration. In response, the Netherlands has actively sought to form new coalitions with a high degree of institutionalisation in the European Council, particularly with fellow net-contributor states, in order to effectively exert a restraining influence on matters of European financial policy.

After a discussion of the case study, the key theoretical concepts, the methodology, sources and sub-questions will all be expanded upon in chapter one.

Case study

The case study for research concerns the growing debate around the EU as a 'transfer union', and how this informs the Netherlands' policy positions within European Council negotiations. The term 'transfer union' generally refers to the transfer of wealth from wealthier north-western member states to poorer southern and eastern member states through asymmetric budgetary distribution and debt mutualisation mechanisms. The Dutch government, throughout the period of analysis for this thesis, considers the transfer union a red line in its EU policy.²⁴ At the centre of the criticism is a fear of long term, even permanent 'direct and horizontal transfers between European countries, primarily between

²⁴ Mark Rutte, "Toespraak minister president Rutte over de toekomst van de Europese Unie – Europees Parlement, Strasbourg", Rijksoverheid, 13-06-2018, available at [<https://www.rijksoverheid.nl/documenten/toespraken/2018/06/13/toespraak-minister-president-rutte-over-de-toekomst-van-de-europese-unie---europees-parlement-straatsburg>](accessed 04-07-2021). Translated by the author.

the EMU countries'²⁵, that could remove incentives for benefactor states to implement national fiscal reforms. This occurs already to some extent via the EU budget, but the controversy of a transfer union predominantly concerns debt mutualisation mechanisms and the shift towards a European Fiscal Union (EFU). Nicolas Heinen, of Deutsche Bank, writes that as politically-intended transfers, their success should be measured against their own objectives in order to avoid politicisation. They must also be operationally efficient – i.e. conferred for a limited period, for a defined purpose and subject to conditions.²⁶ However, there are legitimate arguments in favour of a transfer union of sorts. Financial solidarity is a vital instrument for European integration and would strengthen the eurozone. Calls for the European Monetary Union (EMU) to shift to EFU (European Fiscal Union) are contested by Northern states, but it is a necessary step towards a Federal Europe. This would, by necessity, incur a transfer union that offers member states a permanent safety net.²⁷ Critics argue that there is little incentive for politicians, especially those in wealthier member states, to endorse such transfers as recipients cannot express gratitude through votes to the political benefit of the donor.²⁸ Nevertheless, wealth transfer can benefit both donors and recipients by further securing the stability of the shared currency.

The Netherlands has historically been aligned with the UK and Germany, respectively, against a 'transfer union'. The UK was a key ally for the Netherlands in the functioning and scope of the European single market, and conservatism within European budgetary matters.²⁹ Germany, equally, has historically been a reliable partner for the Netherlands in Eurozone matters, resisting calls for mutualised debt and putting the brakes on deepening the monetary union. In the Eurozone, both Germany and the Netherlands have generally favoured an approach for reducing risks through discipline, favouring established rescue mechanisms and reforms rather than debt mutualisation instruments, united against the prospect of an aforementioned 'transfer union'. In this way, economic and financial policy

²⁵ Nicolaus Heinen, "A European transfer union," Deutsche Bank Research, *Reports on European Integration*, EU Monitor 81, 2 August 2011.

²⁶ Nicolaus Heinen, "A European transfer union".

²⁷ Debating Europe, "Arguments for and against fiscal union", n.d, available at

[<https://www.debatingeurope.eu/focus/infobox-arguments-for-and-against-fiscal-union/#.X8kF6C2ZNQI>]

²⁸ Politico, "Say it louder: the EU is still a transfer union", October 2011, [<https://www.politico.eu/article/say-it-louder-the-eu-is-still-a-transfer-union/>] (accessed 13-03-2021).

²⁹ Advisory Council on International Affairs (AIV), "Forming Coalitions in the EU After Brexit: Alliances for a European union that modernises and protects", July 2018, p.55.

offers ample ground for research as it is arguably the policy area where the Netherlands is most vocal, and most invested in the outcome. It also offers reasonable symmetry for comparison across the two periods for analysis as each comprises a Multiannual Financial Framework (the EU's Seven year budget) negotiation, as well as negotiations on Europe-wide financial crisis recovery; the sovereign debt crisis of 2010, and the Covid-19 pandemic recovery of 2020.

Chapter One: Theoretical Framework & Methodology

A number of theories and concepts on multilateral cooperation are important in order to identify and analyse the Netherlands' use of coalitions, which will be elaborated on in this chapter. These include: theories on coalition formation, namely types of coalitions and their motivations; concepts on bargaining power and cooperative bargaining mechanisms; and negotiation theories. This thesis will employ Ilze Ruse's theory on institutionalised European coalitions and their bargaining mechanisms as its theoretical basis, which will be translated into the methodology.

Coalition Theory

Theories on the motivation of coalitions generally posit that actors seek to gain positional advantages in agenda setting by forming cooperation constellations. Within the EU context, coalitions can be defined as a "set of actors that coordinate their behaviour in order to reach the goals they have agreed upon"³⁰, outlining that coalition-building is a deliberate behaviour by member states, and secondly that such cooperation among governments is goal-oriented, and thus initiated at the pre-negotiation stage. Focusing on common preferences, Odell defines coalitions as "a set of parties that explicitly coordinate themselves and defend the same position"³¹ So how do these groups coordinate action to achieve their aims in concrete terms? The theories of Madeleine Hosli and Winkler presume that coalition members seek to aggregate their voting power in order to achieve the required blocking minority needed at the voting phase³². However, such theories on coalitions as voting power pooling instruments alone are inapplicable to votes by unanimity, which regularly occur within the Council on a number of sensitive policy matters, namely the case study for this thesis, EU financial policy and budget negotiations, nor the role of

³⁰ Ole Elgrström et al., "Coalitions in European Union Negotiations", *Scandinavian Political Studies*, Vol 24:2, 17-12-2001, 111-128, [<https://doi.org/10.1111/1467-9477.00049>], p. 113.

³¹ John S. Odell, "Three islands of knowledge about negotiation in international organizations", *Journal of European Policy*, 17:5, 21-06-2010, 619 – 632, [10.1080/13501761003748534], 624.

³² Madeleine Hosli, "Coalition Formation and Voting in the Council of the European Union" in Holler and Owen, *Power Indices and Coalition Formation*, (Springer: New York, 2001), p.320; Michael Winkler, "Coalition-Sensitive Voting in the Council of Ministers", *Journal of Common Market Studies* Vol. 36, No. 3, p.394.

these alliances in the pre-negotiation and negotiation phases.³³ How then, do we explain the purpose of coalitions at the European level in these policy areas? Ruse posits that states involved in coalition building make considerations on how to affect outcomes other than vote-pooling alone, by increasing their bargaining power through collaborative action.

Clear characteristics can be noted among coalitions in the European Union, which generally fall into two principal categories: ad hoc or institutionalised. Ad hoc coalitions are short-lived, assembling for a specific dossier and then disbanding.³⁴ Institutionalised coalitions enable effective prolonged co-ordination within so-called “informal” networks.³⁵ Unlike ad hoc coalitions, these groups are fixed, stable structures whose members interact at the pre-negotiation *and* negotiation stages, to coordinate action.³⁶ Ruse defines this institutionalisation by the fulfilment of three conditions: shared goals; underlying structures; and interaction intensity.³⁷ By pooling expertise and establishing communication lines in the in the pre-negotiation stage, institutionalised coalitions strengthen their normative justifications in the bargaining stage, which in turn leads to normative entrapment of other member states.³⁸ Ruse identifies two further sub-categories of institutionalised coalitions; territorial and task-specific.³⁹ Territorial coalitions have existed in the EU since its inception, dating back to 1958 with the Benelux in the European Coal and Steel Community. They are stable and persistent, operating in a regional framework of neighbouring countries where a sense of cohesion is produced among its members by geography, cultural affinity and common history. Indeed, their activity “largely stems from the pre-existing regional cooperation that rests on common regional identity bases, shared

³³ Council of the EU, “Voting system: Unanimity”, last updated 28-01-2020, [<https://www.consilium.europa.eu/en/council-eu/voting-system/unanimity/>] (accessed 29-05-2021).

³⁴ Ilze Ruse, *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council Negotiations*, (Berlin: Budrich UniPress, 2013), 15.

³⁵ Tanja A. Börzel, “European Governance: Negotiation and Competition in the Shadow of Hierarchy”, *JCMS Journal of Common Market Studies*, 48:3, 191-219, March 2010, [10.1111/j.1468-5965.2009.02049.x,] p. 194.

³⁶ Ilze Ruse, *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council Negotiations*, 16

³⁷ *Ibid.*, 55

³⁸ Frank Schimmelfennig, “The Community Trap: Liberal Norms, Rhetorical Action and the Eastern Enlargement of the European Union”, *International Organization*, Vol 55:1, pp 47 – 80, Winter 2001, MIT Press, p.54; Christian Grobe, “The Power of Words: Argumentative Persuasion in International Relations”, *European Journal of International Relations*, Vol.16:1, pp 5 – 29, 05 January 2010, [<https://doi.org/10.1177/1354066109343989>] p.6

³⁹ Ilze Ruse, *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council Negotiations*, p.86.

history, values and experiences before EU membership”⁴⁰, which contributes to a relative aggregation of policy preferences. They are active on a regular basis, across a variety of policies, although there may be significant diverging preferences.

Coalitions		Stability and frequency of cooperation	Background conditions	Other coalition features
Ad hoc coalitions		Short-term Unstable <i>Ad hoc</i>	Like-mindedness on policy preferences regarding a particular issue	Issue-specific; Cease to exist after the dossier is finalised
Institutionalised coalitions	Territorially constituted coalitions	Fixed Stable Regularly scheduled meetings; Formalised structures and procedures	Geographical, cultural affinity	Stretch across different issues; Stable in political space of cooperation (see 2.3)
	Task-specific coalitions	Fixed Stable during dossier; Less regular; 'when necessary' Less formal structures and procedures	Like-mindedness on policy preferences within the policy domain	Operate within a particular policy field amongst like-minded actors May become active when a particular issue comes up on agenda

Figure 1. Ilze Ruse, *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council negotiations*, p.87

Task-specific coalitions, conversely, are preference-proximity based coalitions whose members share common long-term goals on a specific scope of issues or policy domain. They exist in latent-mode, taking up activity every time the issue returns to the EU decision-making agenda.⁴¹ Where the coalition is great enough in size that its aggregated votes are sufficient to achieve a blocking minority, the coalition may be used purely as a voting power-pooling instrument. In unanimity based voting, however, the group’s rationale primarily concerns the framing of justifications for its common arguments through internally coordinated positioning, and by targeting external actors through joint action such as joint

⁴⁰ Ibid., 88
⁴¹ Ibid., 110

statements, policy proposals or position papers.⁴² Examples here include the Copenhagen group, the Net Contributors' group, and more recently the Frugal Four. Task-specific coalitions can be classified as "open systems", as member states may join or depart based on their own evolving policy preferences as determined at the national level.⁴³ Degrees of institutionalisation vary, with several such task-specific coalitions with high degrees of institutionalisation donning names, such as the Aachen and Salzburg groups, interacting publicly on a regular basis, while others are often highly informal, secretive and given no name. For this reason, task-specific coalitions can be difficult to study as they are less institutionalised than territorial coalitions, comprising an indistinct number of member states and purposefully opaque.⁴⁴ Generally, however, the higher the degree of institutionalisation within said coalition, the more public their actions.

Institutional Bargaining Power

Coalition theory assumes that member states as rational actors, and thus each member state's 'bargaining power' can be defined as its ability to shift negotiation outcomes towards its own ideal point.⁴⁵ Ruse argues that institutional cooperation at the pre-negotiation and negotiation stages, enhances member states' bargaining power through three mechanisms: (1) exchange of information which 'counterbalances asymmetries in information distribution in the pre-negotiation stage'; (2) exchange of expertise "that allows the member states to share resources and provide common lines of argument for their positions"; and (3) the rhetorical action "that lends more strength to normative justifications".⁴⁶ Normative entrapment is achieved via the strength of justification for the policy preference, as communicated in the pre-negotiation and negotiation stage, which relies on coordinated rhetorical action, a mechanism by which coalition members can gain a bargaining advantage through their strength of argument and united front.⁴⁷ Rhetorical

⁴² Ibid., p.112.

⁴³ Ibid., p.112.

⁴⁴ Ibid., p.111.

⁴⁵ Ibid., p.38.

⁴⁶ Ibid., p.14.

⁴⁷ Ibid., p.68.

action, a term first coined by Schimmelfennig⁴⁸, refers to the joint development of a line of argument and justification of positions, with the purpose of convincing an audience, or depriving negotiation opponents of rhetorical material. Rhetoric is important not only for negotiations at the European level, but also for justifying the policy position at the domestic level. Institutionalised coalitions enhance this mechanism of rhetorical action by pooling norm-consistent arguments by use of ‘forum’, that is to say, a collective voice rather than a single actor. Morin and Gold argue that coalition members achieve this by sharing a set of fundamental norms and beliefs against which they can weigh claims, known as a “lifeworld”.⁴⁹ This “common lifeworld” is then framed through joint communicative action at the pre-negotiation and negotiation stages. Therefore, coalitions with a high degree of institutionalisation, characterised by shared goals, structural coordination and high interaction intensity, together with high degree of preference convergence, develop stronger normative justifications for their positions, thus rhetorically entrapping their opponents.⁵⁰

The negotiation process and the ‘zone of agreement’

A negotiation can be defined as a problem solving process in which parties are “are left to themselves to combine their conflicting points of view into a single decision”⁵¹. Bargaining, by contrast, is characterised as “comprising more conflicting elements and includes different power-pooling strategies, which result in some parties gaining better outcomes than others”.⁵² European Council negotiations differ from multilateral negotiations, however, on account of the EU’s hybrid structure. As the EU is a partnership among sovereign states who have authorised supranational institutions such as the Commission to draft legislation on their behalf, proposals on highly sensitive policy areas such as financial and budgetary affairs are passed up and down the structural hierarchy of the Council until conflicts a

⁴⁸ Frank Schimmelfennig, “The Community Trap: Liberal Norms, Rhetorical Action and the Eastern Enlargement of the European Union”, pp.48-49

⁴⁹ Jean-Frederic Morin & Richard E. Gold, “Consensus-Seeking: Distrust and Rhetorical Entrapment: The WTO Decision on Access to Medicines”, *European Journal of International Relations*, Vol 16, pp 563 – 387, July 2009, p.567.

⁵⁰ Ilze Ruse, *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council Negotiations*, pp.70;78.

⁵¹ William Zartman, “Negotiation as a Joint-Decision-Making Process”, *The Journal of Conflict Resolution*, Vol.21:4, pp. 619 – 638, December 1977, p.672.

⁵² Ilze Ruse, *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council Negotiations*, p.20.

unanimous agreement is reached by heads of state. In this way, the Council is a “permanent negotiation institute”⁵³, where informal bargaining at the pre-negotiation stage holds equal importance alongside the established formal bargaining process.

This two-tier nature of European Council negotiations can thus be explained using Putnam’s “two level game model”⁵⁴. This model presupposes that Member States’ governments formulate individual positions based off domestic policy preferences, which are often shared publicly ahead of the Commission’s proposals. Following the Commission’s proposals, the member state’s position is negotiated at the international level.⁵⁵ On the international level, policy preferences are then “translated” into negotiation stances on concrete issues, whereby member states may then shift their position according to external pressures from the EU institutions, coalition formation with fellow member states or revised strategic considerations. As there is generally great heterogeneity of positions at the outset of EU negotiations, shifts in negotiation positions are prerequisites for reaching an agreement.

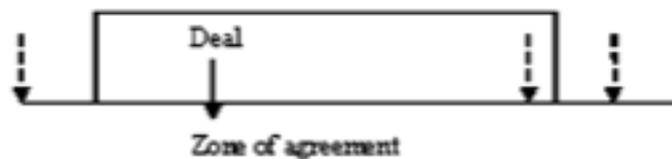


Figure 2 Odell's Zone of Agreement, *Negotiating the World Economy*, 2000, Ithaca, New York: Cornell University Press, p.26.

This ability to shift negotiation outcomes can be framed within Odell’s “zone of agreement”.⁵⁶ Any final agreement reached by parties in multilateral European negotiations is achieved within a “zone of agreement”, bridging the distance between conflicting

⁵³ Christer Jönsson and Maria Strömvik, “Negotiation in Networks” in Ole Elgström and Christer Jönsson (eds), *European Union Negotiations: Processes, Networks and Institutions*, pp.117 – 129, London: Routledge (2004), p. 118.

⁵⁴ Robert Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Game”, *International Organization*, Vol. 42, No.3, pp. 427 – 460, p.432

⁵⁵ Tim Veen, *The Political Economy of Collective Decision Making*, (Berlin: Springer) 2011, p.117 ; Ilze Ruse, *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council Negotiations*, p.22.

⁵⁶ John Odell, *Negotiating the World Economy*, (Ithaca, New York: Cornell University Press) 2000, p.26.

positions among member states.⁵⁷ In this process then, it is important to understand that negotiation actors do not simply translate their policy preferences into positions at the European level and remain fixed, but rather, all negotiating actors anticipate, and will, adjust their own positions to those of other member states within the bargaining stage. Outcomes are more nuanced than success or failure, but member states do employ bargaining tactics in order to shift the final outcome closer to their policy preference within the zone of agreement, especially in matters with high issue salience.⁵⁸ As Ruse posits that institutional cooperation enhances each member's bargaining power, as defined by its ability to shift negotiation outcomes towards its own ideal point, this thesis employ the 'zone of agreement to evaluate how the case studies' outcomes reflect the bargaining power of the coalition.

Methodology:

Using Ruse's coalition theory as its theoretical basis, the research will focus on coordinated bargaining in the pre-negotiation and negotiation stage at the European level, rather than voting outcomes alone. Moreover, as the case-study negotiations for analysis in this thesis employ unanimity based-voting, it would not be beneficial to use quantitative voting data as the final deal is agreed upon by all member states in private at European Council summits, before the deal is voted upon as a formality.

To answer the aforementioned research question, *'How has the Netherlands' use of coalitions and alliances within the European Council developed to enhance its own bargaining power through institutional cooperation in the period 2010 to 2020, as reflected in economic and financial policy?'* this thesis will apply the following sub-questions to each negotiation, across both time periods, to allow for comparisons to be drawn.

Sub-questions:

The following sub-questions have been devised to answer the aforementioned research question, by first identifying and classifying coalitions involving the Netherlands, and then

⁵⁷ Ibid., p.26.

⁵⁸ Ilze Ruse, *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council Negotiations*, p.73.

assessing the coalition's actions according to Ruse's theory that institutionalised coalitions enhance the bargaining power of their participants through three principal mechanisms.

SQ1: Which member states can the Netherlands be seen to be allied with on the issue of economic / financial policy matter at hand?'

This sub-question will be answered by analysing the Netherlands' policy preferences as outlined in the pre-negotiation process, such as political rhetoric and statements made in the pre-negotiation stage, ahead of voting at the European level, in accordance with Ruse's theory which posits that coalitions are formed the formal negotiation phase. In line with Putnam's Two-Level Game model, this sub-question will first analyse the Dutch government's negotiation position, as communicated ahead of or in direct response to the European Commission's policy proposal. This will also involve analysis of joint action taken by the Netherlands with fellow member states during this pre-negotiation phase, such as joint letters to the Commission president in advance of its proposals, or generic statements of position on a particular policy area, to determine preference proximity among cooperating member states. Where coalitions can be identified, they will be categorised as *ad-hoc* or *institutionalised*, in accordance with Ruse's coalition theory. If the alliance falls into the latter category, it will then be defined as *territorial* or *task-specific* in accordance with the qualitative data obtained through analysis of political discourse, policy papers and joint action.

SQ2: (How / To what extent) does the Netherlands and its fellow coalition members exchange information at the pre-negotiation stage?

Information exchange refers to interaction between states to share their own respective bargaining positions, goals and constraints within the negotiations, primarily at the pre-negotiation stage. As there are so many actors involved in European negotiations, member states often do not benefit from a full understanding of each member state's position. By sharing this information within the coalition, its members benefit strategically by knowing the internal strategies of their allies, unlike their opponents, which informs their own

actions at the negotiation stage. It may also entail a sharing of resources, such as reports from think tanks etc. supplied by a coalition member to its fellow members who lack such resources. This question will be answered through evidence of interaction at the pre-negotiation stage, by way of bilateral or multilateral meetings and jointly issued letters. The question is rendered more difficult by the frequent secrecy of such information exchange, which usually occurs internally.

*SQ3: (How / To what extent) does the Netherlands and its fellow coalition members and allies **exchange expertise** to provide coordinated common lines of argument for their position(s)?*

Coalitions with a higher degree of institutionalisation **pool expertise** to present common, coherent, and consistent justifications for their position vis-à-vis their opponent member states, which may lead to normative entrapment of opponents at the European level. This question will be answered by examining the prevalence of joint-statements and joint-papers by the coalition, as well as evidence of internal coordination at European summits and meetings, throughout the negotiation stage. These sources will then be analysed to assess how the group consistently presented uniform normative justifications in their positions throughout negotiations.

*SQ4: (How / To what extent) does the coalition's members enhance the strength of their normative justifications through **joint rhetorical action**?*

This question refers to coalition members' intentional use of shared, consistent normative justifications in their joint communicative action throughout the pre-negotiation and negotiation stages. This is achieved by the promotion of shared fundamental norms and beliefs against which they can weigh the claims of their opponents. By developing a uniform and convincing line of argument, and promoting this publicly, opponents are pushed to shift their outcome goals accordingly, even if their own preferences remain unchanged. This question will be answered by analysing such sources as press interviews with member state leaders and representatives, jointly issued position statements and jointly written articles.

Conclusions

The conclusions drawn from this research will compare the nature, use and effectiveness of coalitions in both time periods to evaluate how the Netherlands' coalition strategy has developed post-2016. It will do so by highlighting changes in coalition partners, formality of said coalitions, and the degree of institutionalised collaboration. Namely, this will focus on how the degree of institutionalisation of the Netherlands' coalition relates to the use of institutional bargaining mechanisms to effect a desired outcome. This might take the form of a negotiated agreement that sits somewhere between the Netherlands' original 'red line' and what was originally proposed by the Commission.

Structural Overview:

This research will analyse two time periods, 2010 – 2015 and 2016 – 2020, which will each be subjected to a chronological analysis. This structure has been chosen to allow for comparisons to be drawn between the two periods, which in turn will enable this thesis to answer the research question by identifying developments and trends in the Netherlands' use of coalitions and collaborative bargaining mechanisms across the decade. The former period has been selected as it is the starting point for discussions on debt mutualisation within the EU institutions, a critical red line for the Dutch government, which returned with the coronavirus pandemic response and multiannual financial framework negotiations in the latter period. Furthermore, it is not possible to analyse the significance of the Netherlands' coalitions in the post-2016 period without first assessing the Netherlands' established use of coalitions. Therefore, the former period will deduce what the Netherlands 'established' coalition behaviours were prior to the Brexit and the resurgence of the Franco-German axis, while the latter period will then elucidate how the Netherlands coalition strategy developed against this backdrop of upheaved European power dynamics. For ease of comprehension, a time line of key events will preface each time period.

The first chapter, from 2010 – 2015, will analyse negotiations on Europe's response to the European sovereign debt crisis and the Multiannual Financial Framework 2014 – 2020. The second chapter, from 2016 – 2020, will cover negotiations for the Multiannual Financial Framework 2021 – 2027, which began in 2018, and the European response to the Coronavirus pandemic in 2020. Both periods include a negotiation for the EU's long-term

budget, as well as a financial crisis in which the concept of Eurobonds⁵⁹ is debated as a possible rescue instrument. Moreover, there is a general continuity of government in the Netherlands across both periods, with the VVD in power and Mark Rutte as Prime Minister, indicating that the Netherlands' policy preferences did not change dramatically across the period for research. These symmetries allow for a rich comparative analysis that will reveal developments in the Netherlands' coalition strategy across the decade.

⁵⁹ Eurobonds are a debt mutualisation mechanism where Eurozone member states would jointly assume the debt of weaker members.

Timeline of events: 2010 – 2015

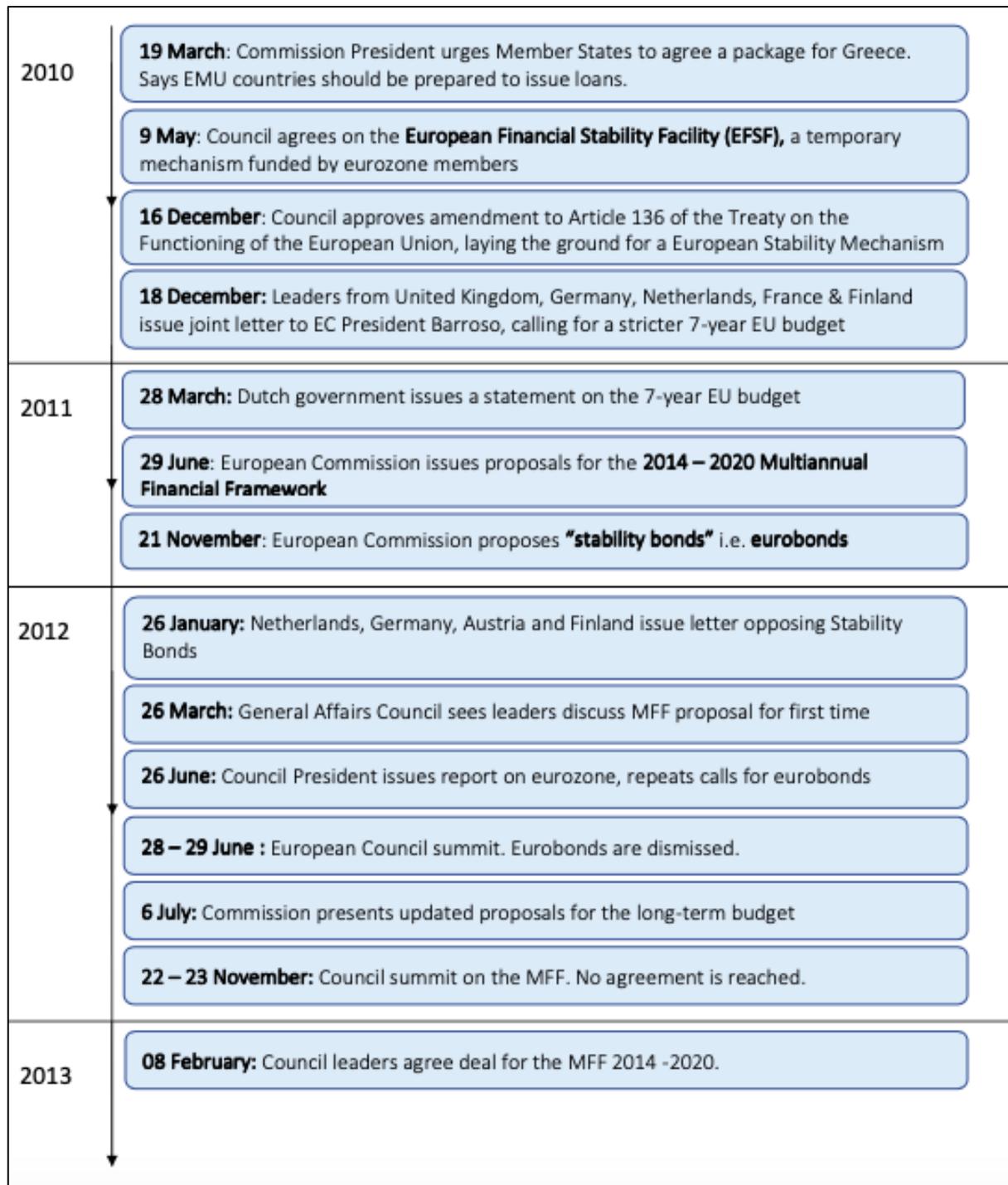


Figure 3: Timeline of Events 2010 - 2015

Chapter Two: 2010 to 2015

This chapter will investigate the Netherlands' use of coalitions and alliances in European financial policy in the period 2010 to 2015. The time period for this chapter comprises two key policy areas for analysis: the European recovery response to the European Sovereign Debt crisis, and the concomitant negotiations for the EU's 2014-2020 Multiannual Financial Framework. This is a formative period for the EU which, by revealing the fundamental vulnerabilities of shared currency, even for non-EMU states, sparked a debate on the future trajectory of European economic and financial policy. As drastic times called for drastic measures, the introduction of debt mutualisation into mainstream debate at the European level in 2011 – 2012 deepens divisions among member states' attitudes towards economic policies and exposed the limitations of European financial integration. Simultaneous negotiations for the next long-term EU budget exacerbate these schisms as net-contributor states fight to retain their rebates and reduce EU spending. Consequently, we see member states group together based on preference proximity, with the Netherlands filing rank with Germany, as well Austria and Finland, to form a new, informal alliance against Eurobonds, as well as a sub-group of creditor states coordinating a hard bargaining strategy at the budgetary negotiations

In the wake of the global financial crash, a number of EU member states fell into unforeseen levels of public debt. Greece was first to reach crisis point and required Eurozone assistance beginning May 2010, in the form of several bailout packages from the EU. Within the European Monetary Union (EMU), Greece could not devalue its currency – as such a measure would incur losses for all Eurozone states. This meant that Greece would either default on its loans, thus likely leaving the eurozone, or would need to implement unprecedented cuts to public funding with financial support from the EU. Ireland and Portugal follow Greece, accepting bailout packages in 2010, and 2011 respectively, with Italy and Spain increasingly vulnerable. Among the EU rescue packages, which primarily took the form of loans and fiscal reforms, there was a controversial push by for innovative economic instruments such as common debt issuance, i.e.. Eurobonds. Amidst the fallout from the sovereign debt crisis, too, as all Member States implemented severe public spending cuts,

negotiations began for the EU's next Multiannual Financial Framework, with the Commission initial proposal marking an increase on the budget's predecessor despite member states applying austerity measures at national levels. Both developments contravene the Netherlands' principle of no 'transfer union', and thus we see the Dutch government collaborate with likeminded allies.

2.1 A matter of "moral hazard"

In 2010, as the European Union finalised its two temporary rescue mechanisms to issue bonds to struggling states, the European Financial Stability Facility (EFSF)⁶⁰ and the European Financial Stability Mechanism (EFSM)⁶¹, discussions were already underway as to what innovative instruments could form part of their successor, the European Stability Mechanism (ESM). The ESM supersedes these mechanisms to act as a permanent firewall to protect the Eurozone and financial stability within the Union, with a total lending capacity of €500 billion. On 16th December 2010, the European Council approves an amendment to Article 136 of the Treaty on the Functioning of the European Union to allow for the ESM's future establishment. At a Council summit on 16 - 17 December 2010, it is suggested that Eurobonds could form part of the as yet unfinalized ESM.⁶² German Chancellor, Angela Merkel dismisses the idea, however, and the final agreement to amend the Treaty does not account for debt mutualisation, instead simply reading "a permanent mechanism to safeguard the eurozone member states and financial stability of the euro area as a whole, through the European Stability Mechanism"⁶³, appearing to pour cold water on the idea. Indeed, in a speech at the Brussels Economic Forum in 2011, the German Finance Minister, Dr Wolfgang Schäuble, insists that the EMU was '*not intended to be a quick fix for Eurozone members*', and more specifically on the notion of a transfer union, that the EMU '*was not*

⁶⁰ The EFSF was a temporary rescue mechanism devised by Eurozone Finance Ministers in May 2010 to issue bonds to struggling states with total guarantee amounts of €440bn.

⁶¹ The EFSM was a temporary crisis mechanism established by the European Commission in May 2010, with a total lending capacity of €60bn. It is able to issue any member state with loans by using the EU budget as collateral.

⁶² European Council, "European Council Summit 16-17 December 2010: Council Conclusions", 25-01-2011, available at [https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/118578.pdf#page=6] (accessed 05-05-2021), p.6

⁶³ Ibid., p.1.

*meant to be a system of redistribution from richer to poorer countries via cheaper borrowing for governments by means of common Eurobonds or outright fiscal transfers’.*⁶⁴

Shortly thereafter, in December, in the pre-negotiation stage of next long-term budget approach, the Netherlands and a group of fellow net-contributor states pre-emptively issue a joint letter⁶⁵ to Commission President Barroso ahead of the Commission’s package of proposals in 2011. Here, in the pre-negotiation stage, the Netherlands’ bargaining position can be seen to be generally aligned with its co-authors: Germany, the United Kingdom, Finland and France, all fellow net-contributors. Together, the leaders call for a stricter budget in line with inflation, in view of the unprecedented impact that the financial crisis has had on all member states and the aforementioned rescue measures undertaken.⁶⁶ The five states argue that European public spending ‘*cannot be exempt from the considerable efforts made by Member States to bring their public spending under control*’ and requests that a budgetary rule be defined for overall spending incurred by the European Union across the period of the next MFF.⁶⁷ Principally, the group calls upon the EU ‘*not to spend more, but to spend better*’, and request that commitment appropriations for the period should not exceed the 2013 level with a growth rate below that of inflation.⁶⁸ This alignment in negotiation stance is indicative of a task-specific coalition, in relation to Ruze’s coalition theory, as these state undertook public collaborative action to address and influence the dossier, and bears great resemblance to the established Net-Contributor’s group. However, cohesion among the states appears informal and weak, as not all continue to engage in this collaborative bargaining at the negotiation stage.

⁶⁴ Speech by the German Federal Minister of Finance, Dr Wolfgang Schäuble, at the Brussels Economic Forum, “*A Comprehensive Strategy for the Stabilization of the Economic and Monetary Union*”, 18-05-2011, available at https://ec.europa.eu/economy_finance/bef2011/media/files/speech-brussels-economic-forum-schauble.pdf [accessed 03-08-2021]

⁶⁵ UK Government, *Letter to President of European Commission: A letter from Prime Minister David Cameron and other European leaders to the president of the European Commission on 18 December 2010*, Prime Minister’s Office, 10 Downing Street, 18-12-2010, available at [<https://www.gov.uk/government/news/letter-to-president-of-european-commission>] (accessed 02-05-2021)

⁶⁶ Bloomberg, “*Merkel, Sarkozy, Cameron Tell EU’s Barroso to Rein in Spending*”, Bloomberg, 18-12-2010, Available <https://www.bloomberg.com/news/articles/2010-12-18/merkel-sarkozy-cameron-tell-eu-s-barroso-to-rein-in-spending>

⁶⁷ UK Government, *Letter to President of European Commission: A letter from Prime Minister David Cameron and other European leaders to the president of the European Commission on 18 December 2010*

⁶⁸ Ibid.

The Dutch government, however, builds upon this joint rhetoric in its public letter to the House of Representatives several months later in March 2011, still awaiting the Commission's proposals, asserting that the "EU budget must be overhauled"⁶⁹. Within this document, the Netherlands outlines its three key ambitions for the next MFF in greater detail that will form the basis of their bargaining strategy at negotiations. Firstly, that "*the growth of the EU budget must be contained... and any increase in the budget should be limited to the inflation rate*". A reference is also made here to the joint letter submitted by Prime Minister Rutte and eight other European leaders to the European Commission in December 2010, subtly referencing a degree of collaboration from which we can infer that these states have been sharing information. Secondly, it states that the "*EU budget should offer more scope for new priorities directed at growth, jobs and innovation*", to be achieved by restricting EU structure funds to the poorest regions of the poorest member states and freezing spending on the Brussels administration. Thirdly, the government requests a "*comprehensive reform of the system of financing the EU budget*" namely the replacement of the 'own resources' system by a mechanism based solely on GNI, and a clear aversion to EU taxation. The statement on the Dutch bargaining position concludes by arguing for a decrease in its payments, "*while pursuing a more restrained and modern budget, the government will also strive for a substantial reduction of the Netherlands' EU contributions*", asserting that these must be reduced until the EU's budget expenditure and income are sufficiently reformed to reflect the measures being taken to control government spending across member states. These normative justifications bear great resemblance to the joint letter in December and indicate a concerted effort towards shared rhetorical action.

The European Commission's proposals for the 2014 – 2020 MFF, "A budget for Europe 2020" are subsequently released in June 2011, and fall far short of the Netherlands and its likeminded contributor states' demands.⁷⁰ Key figures in the proposal included

⁶⁹ Dutch Government, "EU budget must be overhauled", news Item, 28-03-2011, available at [<https://www.government.nl/government/members-of-cabinet/mark-rutte/news/2011/03/28/eu-budget-must-be-overhauled>] (accessed 05-04-2021)

⁷⁰ European Commission "Proposal for a Council Regulation laying down the multiannual financial framework for the years 2014 – 2020", Brussels, 29-06-2011, available at [https://ec.europa.eu/info/sites/default/files/about_the_european_commission/eu_budget/council-regulation-com-2011-398_2011_en.pdf] (accessed 05-04-2021)

commitments of €1025 billion⁷¹, with member state contributions totalling 1.05% of EU Gross National Income (GNI), thus constituting an increase on the previous MFF relative to inflation. Features of the proposal include a simplification of the Member States' contributions by ending the VAT-based own resource from 2014, as well as the introduction of two new own resources: a tax on financial transactions; and a modernised VAT. Perhaps most importantly, the Commission proposes an overhaul of the rebates, which would reform the correction mechanisms "by replacing all existing corrections by a simple and transparent system of lump sums" that correlate to the prosperity of each Member State. This would likely lead to increased contributions from the net-contributor group, including the Netherlands. Speaking on the proposal, the Commission summarised their aims as "*to decrease national contributions and thus contribute to budgetary consolidation efforts in the Member States; to create a link between EU policy objectives and the EU financing; and to make the system more transparent and fairer*", appearing to pre-empt criticism from member states by ending, "*this is not about increasing the EU budget*".⁷² With the negotiations now open, member states must organise their responses before formally reconvening to discuss the proposal for the first time in March 2012, at the General Affairs Council.

In the meantime, in the latter half of 2011, Eurobonds are again brought to forefront of the eurozone's agenda, despite Germany and the Netherlands' repeated dismissal of the idea on the grounds of 'contagion'.⁷³ In President Barroso's State of the Union speech, however, the issuance of joint debt is celebrated as a necessary and advantageous step in European integration,⁷⁴ with the Commission President even proposing that Article 125 of the Treaty on the functioning of the European Union (TFEU)⁷⁵ could be changed to accommodate the

⁷¹ Ibid.

⁷² European Commission, "Multiannual Financial Framework (MFF): Questions and answers", 29 June 2011, Brussels, available at [https://ec.europa.eu/commission/presscorner/detail/en/MEMO_11_468] (accessed 12-06-2021)

⁷³ Christian Reiermann, "Dutch Finance Minister on the Debt Crisis: 'We are all threatened by contagion'", *De Spiegel*, 28-08-2011, available at [<https://www.spiegel.de/international/spiegel/dutch-finance-minister-on-the-debt-crisis-we-are-all-threatened-by-contagion-a-781622.html>] (accessed 06-07-2021)

⁷⁴ European Commission, *José Manuel Durão Barroso President of the European Commission: European Renewal – State of the Union Address*, European Parliament Strasbourg, 28-09-2011, SPEECH 11/607, available at [https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_11_607]

⁷⁵ Article 125 of the Treaty on the Functioning of the European Union prohibits Member States from assuming liabilities of another Member State.

measure. These “stability bonds”⁷⁶ are then formally proposed by the European Commission in a Green Paper issued in November as a possible addition to the ESM, noting that “the scale of Stability Bond issuance would be much larger and more continuous than that involved in the existing forms of national or joint issuance”.⁷⁷ The Commission launches a consultation on the Green Paper to determine whether to progress with the concept based on Member States’ feedback. With a formal proposal rendering the prospect of common debt issuance more likely, the Netherlands coordinates with like-minded member states, Germany, Austria and Finland to counter the Commission’s proposal. Together, Finance Ministers of the four countries issue a joint letter⁷⁸ to Marco Buti, the European Commission’s Director General for Economic and Financial Affairs, in direct response to the Green Paper on the feasibility of Stability Bonds. This implies a moderate degree of information sharing among the group, for them to utilise their preference proximity, as well as expertise-pooling, as we can infer internal communication through their shared justifications, namely that of ‘moral hazard’. The group firmly object to the proposal, writing “our governments continue to oppose common debt issuance, even after having thoroughly examined the arguments put forward”, and that they are “deeply convinced that common bond issuance neither constitutes an apt instrument to overcome the current crisis, nor is it a suitable medium-term means of winning back the necessary investor confidence”. The group express concern that such bonds could come at the cost of “imposing additional burden and raising debt in the euro area as a whole, due to the issue of moral hazard”⁷⁹, again repeating the same normative justification used by the members’ finance ministers in speeches and press interviews. A month later, leaders sign the treaty establishing the ESM, which boasts a €500 billion lending capacity, but notably includes no mechanism for common issuance of debt.⁸⁰ However, a number of member states and senior EU officials continue to float the idea throughout the next year as a possible future addition.

⁷⁶ “Stability Bonds” are Eurobonds, under a different name as prescribed by Commission President Barroso.

⁷⁷ European Commission, “Green Paper on the Feasibility of Introducing Stability Bonds”, 23 November 2011, available at [<https://op.europa.eu/en/publication-detail/-/publication/4980ec30-b10a-4e8b-85cf-6eadfacb5769/language-en>], p.3

⁷⁸ Officiële bekendmakingen, *Gezamenlijke brief van Nederland, Duitsland, Finland en Oostenrijk: “Commission Green Paper on feasibility of introducing Stability Bonds”*, Tweede Kamer der Staten Generaal, 26-01-2012, available at [<https://zoek.officielebekendmakingen.nl/blg-153131>] (accessed 02-08-2021).

⁷⁹ *Ibid.*, p.2.

⁸⁰ European Council, “Treaty Establishing the European Stability Mechanism”, 02 February 2012, T/ESM 2012-LT, available at [https://www.esm.europa.eu/sites/default/files/document/20150203_-_esm_treaty_-_en.pdf] (accessed 02-08-2021)

Following on from the ESM treaty, member states shift their focus back to the negotiations on the EU's long-term budget at the 26th March 2012 General Affairs Council, where the Commission's 2011 proposal is discussed among Council representatives for the first time since its publication. The meeting seeks to establish a basis for the upcoming European Council summit on the MFF in June, with each Member State's representative given just three minutes to offer commentary on the proposed budget, and convey their priorities. More specifically, Dutch collaboration within the Net Contributors' group, a long-standing institutionalised coalition that becomes active with every MFF, can be discerned here.⁸¹ The Netherlands coordinates its responses with fellow net-contributor states, particularly the UK, Germany and Sweden, indicating collaborative expertise-sharing behind closed doors and further cementing the group's status as a task-specific coalition. The Netherlands' representative, Minister for European Affairs and International Cooperation, Ben Knapen, begins his statement by asserting that the proposal be drastically reduced, "*Let me start by repeating that as far as we are concerned, the Commission's proposal is at least €100 billion too high*"⁸². He goes on to make reference to textual suggestions for the negotiations, jointly prepared and circulated at the meeting by the Netherlands and "*a group of likeminded countries*", namely Sweden, the Czech Republic, Estonia, Germany, Latvia, Slovakia and the United Kingdom.⁸³ David Lidington, the UK representative, emphasises this collaboration in his statement, too, "*Let me first say that I strongly support both the tone and the content of what Ben Knapen said*"⁸⁴, offering explicit support for the Dutch paper on textual amendments. This coordinated action implies a high degree of expertise sharing among the paper's authors, and together with the repeated rhetoric, serves to bolster the group's normative justifications. Collaboration among the Netherlands, Sweden and the UK appears particularly close, and is repeated at the November Council summit.

⁸¹ Ilze Ruse, *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council Negotiations*, p.110.

⁸² General Affairs Council, 3158th Council Meeting, "General Affairs – Legislative Deliberations" 26 March 2012, available at [https://video.consilium.europa.eu/event/en/20545?start_time=0] (accessed 06-06-2021), 08:32.

⁸³ *Ibid.*, 08:35

⁸⁴ *Ibid.*, 09:03

Despite the Netherlands' exercising cooperative rhetorical action in its joint letter with Germany, Austria and Finland to Marco Buti several months prior, Eurobonds still remain on the table as evidenced at the informal European Council dinner in May. At the event, for which there are no minutes recorded, the Dutch government's official account of the event records that the prime minister "voiced his opposition to the proposed introduction of joint European government bonds, or 'eurobonds'"⁸⁵, which he believes could delay necessary reforms in various member states. Remarks by Council President Van Rompuy following the informal dinner of the European Council, however, simply refer to 'various opinions on issues such as Eurobonds in a time perspective, more integrated banking supervision and resolution, and a common deposit insurance scheme'⁸⁶ and commits to a follow up report on these concepts in June. Accordingly, the Eurobonds proposal endures despite the Netherlands' and Germany's resistance and repeated normative justification of 'moral hazard', until the June 2012 Euro Area summit, where they last appear on the agenda. Ahead of the June summit, Council President Van Rompuy once again proposes the mechanism in a seven page report on closer fiscal and banking union, prepared in cooperation with the Commission, the Eurogroup and the European Central Bank, which envisages a eurozone treasury that would issue common debt,⁸⁷ through "greater enforcement and commensurate steps towards common debt issuance". At the 28-29 June Euro Area summit, the concept is repeatedly dismissed by the Netherlands, and Angela Merkel, who is quoted as silencing the matter by stating there would be no Eurobonds as long as she lives. The statement on the summit appears to squash the idea for good and instead commits the Eurogroup to using "existing EFSM/ESM instruments in a flexible manner"⁸⁸ Nonetheless, the concept of Eurobonds continues to be promoted by certain

⁸⁵ Rijksoverheid, News Item, "Prime Minister: 'Economic growth and healthy public finances reinforce each other'", 24-05-2012, available at [<https://www.government.nl/latest/news/2012/05/24/prime-minister-economic-growth-and-healthy-public-finances-reinforce-each-other>] (accessed 05-08-2021)

⁸⁶ European Council "Remarks by President Herman van Rompuy following the informal dinner of members of the European Council", 24 May 2012, available at [https://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/130376.pdf] (accessed 02-08-2021)

⁸⁷ European Council, "Report by President of the European Council Herman Van Rompuy: Towards a Genuine Economic and Monetary Union", 26 June 2012, EUCO 120/12, available at [<https://www.consilium.europa.eu/media/21570/131201.pdf>] (accessed 02-08-2021), p.3 "integrated budgetary framework"

⁸⁸ Statement by the Eurogroup, "Euro area summit statement", 29 June 2012, available at [<https://www.consilium.europa.eu/media/21400/20120629-euro-area-summit-statement-en.pdf>] (accessed 02-08-2021), p.2.

officials within the European institutions, as well as by influential public figures such as George Soros, who gives a speech in Frankfurt in 2013 to persuade Germany on the merits of Eurobonds.⁸⁹ In this way, the ‘negotiations’ over Eurobonds never quite come to a concrete end, remaining dormant until they reappear on the European agenda with the next economic crisis.

2.2 “We’re working together”

Negotiations on the MFF, however, pick up speed in the latter half of 2012. Indeed, in November 2012, ahead of the European Council summit on the Multiannual Financial Framework, Mark Rutte receives David Cameron at the Binnenhof where the two leaders discuss negotiations on both the annual EU budget as well as the MFF, both taking issue with the Commission’s proposed 11% increase in the 2014 – 2020 budget.⁹⁰ The effects of their jointly presented normative justifications throughout the past two years are reflected ahead of the first European Council summit on the negotiations as on 14th November 2012, European Council President Van Rompuy puts forward a revised draft budget totalling €950 billion, €75 billion less than the Commission’s initial proposal, in an attempt to appease those states demanding further cuts⁹¹. The proposal, while falling short of the Netherlands’ demands of €100 billion in cuts, notably retains the UK rebate and its accompanying corrections for the creditor states, as per their demands, while proposing a mechanism whereby the UK would partially fund its own rebate itself. The proposal remains insufficient for the Netherlands and its creditor allies, however, as at the European Council summit on 22-23 November 2012, the UK and the Netherlands’ intransigence, together with Sweden and Denmark, over the budget’s size brings about an impasse in the negotiations. This leads

⁸⁹ *The Guardian*, “George Soros: how to save the EU from the euro crisis – the speech in full”, 9 April 2013, available at [<https://www.theguardian.com/business/2013/apr/09/george-soros-save-eu-from-euro-crisis-speech>] (accessed 08-08-2021).

⁹⁰ Sam Lister, “David Cameron holds EU talks with Dutch leader Mark Rutte”, 13-11-2012, *The Independent*, available at [<https://www.independent.co.uk/news/uk/politics/david-cameron-holds-eu-talks-dutch-leader-mark-rutte-8312539.html>] (accessed 15-07-2021).

⁹¹ Toby Vogel, “Van Rompuy trims spending plans for 2014-2020 by €75bn”, *Politico*, 14 November 2012, available at [<https://www.politico.eu/article/van-rompuy-trims-spending-plans-for-2014-20-by-e75bn/>] (accessed 15-07-2021).

EC President Van Rompuy to issue a revised budget proposal midway through the summit⁹², still maintaining the 14th November proposal's text on changes to the rebate and corrections. The Netherlands, the UK, Denmark, Sweden and Finland hold a private meeting to discuss the deadlock⁹³ ahead of a third Van Rompuy proposal tabled on 23rd November, but this too fails to win support. While these meetings are informal, they are evidence of solid communication structures, and thus indicative of institutional cooperation. When the Netherlands refuses to relent in its demands for a cut of €100 billion to the overall budget size, negotiations are suspended, while the UK insists on €50 billion, and Germany instead opting for a cut of €30 billion.⁹⁴ Britain, Denmark, the Netherlands and Sweden form an alliance against proposals for increased spending, while Germany gives the group tacit approval by refusing to condemn the group's obstinacy.

At a press conference following the summit, the British Prime Minister pays particular homage to the Dutch delegation, as well as the Swedes, celebrating the outcome as a joint feat.⁹⁵ Speaking on the final proposal put forward by Van Rompuy midway through the summit, Cameron states *"it wasn't good enough for Britain, and neither was it good enough for a number of other countries including Germany, Sweden, the Netherlands, Finland, Denmark... and together we had a very clear message"*. He confirms that the UK had been collaborating with the Netherlands and others to coordinate their collective bargaining positions, *"this wasn't Britain as some sort of lone actor. You know, the Swedes, the Dutch, others: we're working together"*. Praising the Netherlands and Sweden in particular, he

⁹² Toby Vogel & Andrew Gardner, "Van Rompuy puts forward new MFF proposal", *Politico*, 22 November 2012, available at [<https://www.politico.eu/article/van-rompuy-puts-forward-new-mff-proposal/>] (accessed 15-07-2021)

⁹³ Tony Connelly, Twitter, "David Cameron has just left a meeting with the Danish, Dutch, Swedish and Finnish prime ministers.", 23-11-2012, available at [https://twitter.com/tconnellyRTE/status/271929439833702400?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweteembed%7Ctwterm%5E271929439833702400%7Ctwgr%5E%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fwww.theguardian.com%2Fbusiness%2F2012%2Fnov%2F23%2Feurozone-crisis-eu-budget-summit-cameron] (accessed 15-7-2021)

⁹⁴ Graeme Wearden, "Eurozone crisis live: David Cameron blasts EU as budget summit ends without a deal", *The Guardian*, 23 November 2012, available at [<https://www.theguardian.com/business/2012/nov/23/eurozone-crisis-eu-budget-summit-cameron>] (accessed 15-07-2021)

⁹⁵ UK Government, UK government, Prime Minister press conference at end of European Council, Prime Minister's Office, 10 Downing Street, 23 November 2012, available [<https://www.gov.uk/government/news/prime-minister-press-conference-at-end-of-european-council>] (accessed 16-07-2021)



Figure 4. Cameron and Rutte meet with Hollande on 23rd November to break deadlock on the budget at the November summit.

reiterates the group's shared aims "we had strong allies, particularly the Dutch and the Swedes, in terms of making sure that unacceptable increases in European spending were rejected", echoing the normative justifications given by the Netherlands in their own position statement, as well as by representatives at the General Affairs Council in April.

Leaders reach a final deal for the Multiannual Financial Framework for 2014 – 2020 at the next European Council summit in February 2013.⁹⁶ The final Multiannual Financial Framework for 2014 – 2020 amounts to €959.51 billion for commitments and €908.4 billion for payments⁹⁷, less than under the previous Multiannual Financial Framework for 2007 – 2013, for which 'the reduction reflects the Council's desire to take into account the significant pressure on member states' budgets after the financial crisis'⁹⁸. Notably, the budget cuts the EU's financial resources from the level of the current MFF 2007 – 2013, 'in line with fiscal consolidation efforts in the member states' – a clear acknowledgement of the normative justifications repeated by the Netherlands and fellow creditor states in the

⁹⁶ European Council, "MFF agreed by EU leaders", 08 February 2013, available at [<https://web.archive.org/web/20140325015734/http://www.european-council.europa.eu/home-page/highlights/mff-agreed-by-eu-leaders?lang=en>] (accessed 16-07-2021)

⁹⁷ European Council, *Long-term EU budget 2014-2020: Multiannual financial framework 2014-2020*, adopted on 2 December 2013, available at [<https://www.consilium.europa.eu/en/policies/the-eu-budget/long-term-eu-budget-2014-2020/>] (accessed 16-07-2021)

⁹⁸ Ibid.

November summit, indicating a degree of normative entrapment.⁹⁹ This final deal marks a cut of €12 billion euros from Council President Van Rompuy's proposal of €973 billion in November 2012, and over €100 billion from the Commission's original proposal which totalled €1025 billion in commitments. In real terms, the seven year budget shrinks from that of 2007 – 2013 due to the reduction of 1.12% to 1% of EU gross national income (GNI) meaning the EU's long-term budget is reduced for the first time in history.¹⁰⁰ Within the MFF, the rate of the VAT-based own resource for Germany, the Netherlands and Sweden is fixed at 0.15%, less than other Member States. The Netherlands also receives a reduction in its gross annual contributions, alongside its allies: Denmark (€130 million); the Netherlands (€695 million); and Sweden (€185 million). Austria receives staggered corrections to its annual contributions across 2014 to 2016, while the UK's existing rebate remains in place.¹⁰¹ By retaining the rebates and successfully shrinking the budget for the first time, the Netherlands' and its allies' use of cooperative bargaining mechanisms brings the outcome to their own preferences within the zone of agreement.

2.3 Enhanced bargaining power through cooperation

The use of coalitions within this first half of the decade, thus, were broadly informal with low to moderate degrees on institutionalisation, especially when it came to novel dossiers such as the Eurobonds proposal. The Netherlands, importantly, was a willing and active participant where opportunities for collaborative action arose but generally followed the leadership of Germany or the UK in both negotiations. This lends credence to overall consensus held by scholarship on the subject, that the Netherlands indeed relied heavily on its relationships with both states prior to 2016.

⁹⁹ Ibid.

¹⁰⁰ European Commission, "Multiannual Financial Framework 2014 – 2020 and EU budget 2014", 02 May 2014, available at [<https://op.europa.eu/en/publication-detail/-/publication/d2cf202e-f36a-45b2-84e7-1ac6ad996e90>], pp. 7-8.

¹⁰¹ European Council, "7/8 February Summit Conclusions: Multiannual Financial Framework", EUCO 37/13, Brussels, 08 February 2013, available at [https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/135344.pdf] (accessed 16-07-2021), p.45.

So what key bargaining mechanisms has this research identified in the Netherlands' coalition strategy in the period? The final outcome on the MFF was, in part, influenced through collaborative institutional bargaining mechanisms the European level by the Netherlands, the United Kingdom, Sweden and to a lesser extent, Germany, Denmark and



Figure 5. Cameron, Merkel, Rutte and Reinfeldt at the Swedish leader's official country residence in Harpsund, Sweden.

Finland, who maintained a high degree of interaction intensity throughout the negotiation phase. By sharing expertise, establishing insider communication channels and privately coordinating joint actions during summits, the group maintained consistent normative justifications in their joint rhetoric at both national and European levels, which in turn brought the final deal closer to their own preferences within the zone of agreement.¹⁰² Overall, the group successfully coordinates policies, but lack uniform demands, for example in the amount of cuts demanded, which undermines their united front. In this way, the alliance between creditor states is largely informal, with little underlying structures and insufficient cohesion of goals. However, in the post-negotiation stage, there are signs of this informal group evolving into a more institutionalised, pseudo net-contributors plus task-specific coalition, who may reassemble on future budgetary matters. Indeed, the Netherlands remained closely aligned with the United Kingdom, Germany and Sweden on ideas concerning the seven year budget and EU reform in the aftermath of negotiations. In June 2014, Rutte, Cameron and Merkel were hosted by Swedish Prime Minister Fredrik Reinfeldt at his official country residence, Harpsund. The group, dubbed the 'Nordic Four' by

¹⁰² Ilze Ruse, *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council Negotiations*, p.72.

press outlets, were alleged to have discussed the need for EU reform, as well as the prospective adjustment of the MFF and the leadership of the European Commission¹⁰³, thus laying the groundwork for formalised channels of communication and increased structural interaction.¹⁰⁴ The Netherlands' use of coalitions in the polemic Eurobonds negotiations, however, can generally be characterised as highly informal and ad hoc. While there is evidence of loose cooperation, namely internal information sharing and expertise pooling among the Dutch, German, Austrian and Finnish governments, with a common aim, the group lacks formal, publicly known channels of communication and structures. Their shared justification in their joint rhetoric, however, indicates that the coalition might reactivate when the Eurobonds debate resurfaces amid the coronavirus crisis, thus crossing into more clear, institutionalised task-specific collaboration if institutional structures are established. Indeed, reasonings such as the 'threat of contagion' and 'moral hazard' reflect these states fiscal conservatism and positions as creditors, which remain consistent across the decade.

Using statements and articles aimed at the public, as well as letters and documents that were circulated internally among Council members, this research has been inferred a moderate degree of institutional cooperation involving the Netherlands within the case study negotiations. The overall informality and obscurity of these coalitions however, with the exception of the United Kingdom who explicitly confirms cooperation with the Netherlands and Sweden, indicates a strategic preference to conduct these affairs privately, which suggests that further analysis of classified sources, such as letters and bilateral meetings, could further elaborate on the extent of information sharing and expertise pooling. Principally, this chapter has identified that while Germany's policy preferences consistently align with those of the Netherlands, thus concurring with the broad scholarship's assertion of a Dutch-German nexus¹⁰⁵, it is the UK, Sweden and to a lesser

¹⁰³ AD, "'Nordic Four': Eerst prioriteiten bepalen, dan pas EU-posten verdelen", 10-06-2014, available at [<https://www.ad.nl/buitenland/nordic-four-eerst-prioriteiten-bepalen-dan-pas-eu-posten-verdelen~ad166b59/>] (accessed 27-05-2021); NU, "Rutte praat met Cameron, Reinfeldt en Merkel in Zweden", 28-05-2014, available at [<https://www.nu.nl/politiek/3788469/rutte-praat-met-cameron-reinfeldt-en-merkel-in-zweden.html>] (accessed 27-05-2021)

¹⁰⁴ Ruse, channels communication

¹⁰⁵ Christel Zunneberg, "German-Dutch relationship key to EU coalition building", *European Council on Foreign Relations*, 16 January 2017, available at [https://ecfr.eu/article/commentary_note_to_berlin_german_dutch_relationship_key_to_eu_coalition_bui/] (accessed 02-04-2021).

extent, Finland and Denmark with whom the Netherlands principally engages in more formal and public collaborative bargaining in matters of budgetary policy.

Timeline of events: 2016 – 2020

2016	<p>23 June: The United Kingdom votes to leave the EU</p>
2017	<p>29 March: British government triggers Article 50, initiating the UK's departure</p> <p>16 May: Dutch House of Representatives commissions report into possible coalitions within the EU post-Brexit</p>
2018	<p>22 January: Merkel and Macron meet in Paris to discuss Franco-German cooperation</p> <p>February: Dutch government issues position paper on the next MFF.</p> <p>2 May: European Commission issues its proposals for the 2021 – 2027 Multiannual Financial Framework</p> <p>2 May: Dutch government issues statement on the Commission's proposals</p> <p>27 November: Frugal Four make debut in joint interview with the Financial Times</p>
2019	<p>22 January: France and Germany sign the Treaty of Aachen</p> <p>25 March: Franco-German parliamentary assembly is formed, meeting twice a year.</p> <p>2 December: Revised draft budget is proposed by the Finnish Presidency of the Council</p>
2020	<p>20 – 21 February : Council summit on the MFF. Leaders fail to reach agreement.</p> <p>March: Coronavirus takes hold in Europe. Member states closes borders and begin strict lockdowns</p> <p>25 March: Nine leaders call for issuance of joint debt by "coronabonds" ie. Eurobonds</p> <p>18 May : France & Germany issue joint proposal for coronavirus recovery</p> <p>26 May: Frugal Four issue counter-proposal for coronavirus recovery</p> <p>27 May: Commission issues proposals for pandemic recovery package and the next MFF, titled "Next Generation EU"</p> <p>17 – 21 July: European Council Summit. Leaders agree deal for the 2021 – 2027 MFF and the pandemic recovery package</p>

Figure 6: Timeline of Events 2016 - 2020

Chapter Three: 2016 to 2020

This chapter will investigate the Netherlands' coalition patterns during the run up to and negotiations for the Multiannual Financial Framework 2021 – 2027, and the eurozone's coronavirus recovery package. The period marks a paradigm shift in the Netherlands' use of coalitions; with previous reliable partnerships in the Council either gone (such as the United Kingdom with Brexit) or progressively deteriorating (Germany's renewed focus on collaboration with France). While this period sees general continuity in national government, with Prime Minister Mark Rutte entering his sixth year of office in 2016 with a predominantly centre-right government, the power dynamics of the European Union are in flux. The United Kingdom's exit entailed the departure of one of the EU's largest member states and a significant net-contributor to the EU budget (even after accounting for the British rebate). Consequently, the Netherlands loses a fellow net-contributor and natural parsimonious ally in European budgetary affairs. Meanwhile, close collaboration between German Chancellor Angela Merkel and French President Emmanuel Macron indicates a growing Franco-German cooperation. The Treaty of Aachen¹⁰⁶, signed in January 2019, cements the two states' commitment to bilateral collaboration within Europe and vows to "strengthen and deepen the Economic & Monetary Union" by "promoting economic, fiscal and social convergence"¹⁰⁷. This treaty was substantiated by the formation of the Franco-German Parliamentary Assembly in March, further formalising the alliance.¹⁰⁸ The implications of this perceived Franco-German axis imply a loss of a major ally in economic policy for the Netherlands, who relied on Germany's bargaining power and shared fiscal conservatism in the previous period.

¹⁰⁶ French Ministry of European and Foreign Affairs, *Treaty Between the Federal Republic of Germany and the French Republic on Franco-German Cooperation and Integration*, 22-01-2019, available at [https://www.diplomatie.gouv.fr/IMG/pdf/19-0232-1900417_en_fin_reinschrift_ws_aa105-og_ck_010219__cle079d7b.pdf] (accessed 05-06-2021).

¹⁰⁷ *Ibid.*, Article 1, page 4.

¹⁰⁸ German Federal Foreign Office, "The Franco-German Parliamentary Assembly: Working for Europe", 25-03-2019, available at [<https://www.auswaertiges-amt.de/en/aussenpolitik/laenderinformationen/frankreich-node/franco-german-parliamentary-assembly/2203500>] (accessed 30-07-2021)

So how does the Netherlands react to these evolving power dynamics, now that it is unable to confidently rely on the strength of its much larger neighbours to the East and West? A shift in negotiation strategy that attributes much greater importance to the use of coalitions in Council negotiations. Indeed, in 2017 the Dutch House of Representative adopted a motion to commission an advisory report on the matter¹⁰⁹ in the wake of Brexit. Specifically, a follow-up report from the Advisory Council on International Affairs is requested, to explain “with which countries such coalitions could be formed, how, and what is needed to make them possible”¹¹⁰.

Whereas the previous period saw the Netherlands make use of long-standing relationships through informal coalitions, predominantly pooling expertise and operating largely behind closed doors, this period sees the Netherlands capitalise on those existing task-specific alliances with smaller states, further institutionalising them and exploring new alliances. In doing so, the Netherlands intentionally sets out to form new, highly formal task-specific coalitions, instead of merely relying on established groups such as the Net Contributors or the Copenhagen group¹¹¹. Through the use of self-ascribed coalition names, expertise sharing, and joint rhetoric action in the media, public salience of the coalitions justifications and therefore the Netherlands’, is increased. As this chapter will show, increased institutionalised cooperation increases the Netherlands’ bargaining power within the coalitions¹¹², enabling this small sized state to effect outcomes that were previously reliant on the involvement of the United Kingdom or Germany.

¹⁰⁹ Advisory Council on International Affairs (AIV), “Advisory report 108: Forming Coalitions in the EU after Brexit: Alliances for a European Union that Modernises and Protects”, 06 July 2018, available at [<https://www.advisorycouncilinternationalaffairs.nl/documents/publications/2018/07/06/forming-coalitions-in-the-eu-after-brexite>] (accessed 03-01-2021), report commissioned by members of the Dutch Government’s House of Representatives, Anne Mulder, Pieter Omtzigt & Joël Voordewind on 9 May 2017.

¹¹⁰ Tweede Kamer der Staten Generaal, Parliamentary Papers 21 501-20, No 1229 *Motie Anne Mulder c.s over een advies over coalitievorming met andere landen na de brexit, Europese Raad*, 9-05-2017, available at [https://www.parlementairemonitor.nl/9353000/1/j4nvg55kkg27kof_j9vvij5epmj1ey0/vke3akiewtvp/f=/kst21501201229.pdf] (accessed 03-01-2021), translated by the author.

¹¹¹ Ilze Ruse, *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council Negotiations*, p.110.

¹¹² *Ibid.*, pp.107-108.

3.1 “There is no hole to fill”

In the wake of Brexit and the Treaty of Aachen which cemented Franco-German cooperation within Europe, the Netherlands promptly explores a new coalition strategy that focused on fellow fiscally conservative, northern and Baltic states. Consequently, a new task-specific coalition of eight states, including non-eurozone states, emerges to call for stronger crisis mechanisms and fiscal reforms: the New Hanseatic League. First established in 2018 by a foundational document¹¹³ outlining their “shared views and values” on the architecture of the EMU, the coalition comprises the Netherlands, Denmark, Estonia,



Figure 7: The New Hanseatic League's Official Crest of Arms.

Finland, Ireland, Latvia, Lithuania and Sweden. Its members coordinate actions on financial policy, meeting privately every other month¹¹⁴, and even sharing a joint social media presence¹¹⁵. The name references the original Hanseatic League, a confederation of northern European free-trading city states – signifying the group's shared history and purpose to give a group of fiscally conservative, small economies a louder collective voice on financial policy. In one of their three common position papers in 2018, together with the

¹¹³ New Hanseatic League, “Finance Ministers from Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands and Sweden underline their shared views and values in the discussion on the architecture fo the EMU” , February 2018, available at [<https://vm.fi/documents/10623/6305483/Position+EMU+Denmark+Estonia+Finland+Ireland+Latvia+Lithuania+the+Netherlands+and+Sweden.pdf>] (accessed 08-01-2021).

¹¹⁴ Mehreen Khan, “New ‘Hanseatic’ states stick together in EU big league”, *Financial Times*, 27 November 2018, available at [<https://www.ft.com/content/f0ee3348-f187-11e8-9623-d7f9881e729f>] (accessed 08-06-2021).

¹¹⁵ Twitter profile, “The New Hanseatic League”, available at [<https://twitter.com/hansaintheeu>] (accessed 05-06-2021)

Czech Republic and Slovakia, they call for the ESM to be given greater powers to scrutinise national budgets, and advocate increased conditionality of bailout funds based on commitment to national financial reforms.^{116,117}. Indeed, as argued by Krusik and ????, the Netherlands assumes a proactive leadership role within the group. In October 2018, Finance Minister Wopke Hoekstra makes official visits to Denmark, Latvia and Sweden to discuss the group's stance on European economic reforms.¹¹⁸ When asked about the visits, Hoekstra states "our relationship with Germany has traditionally been crucial because of our shared interests... but I also want to forge other coalitions – especially now that we are losing a partner with the announced departure of the UK", citing Scandinavian and Baltic states as the preferred parties.

This new strategy is further evidenced in arguably the Netherlands' most important coalition post-2016: the Frugal Four. Consisting of The Netherlands, Austria, Denmark and Sweden, the Frugal Four seek to act as a counterweight to their perceived profligacy of the European institutions, namely budgetary discipline within the MFF. The group's self-ascribed moniker concisely conveys their common purpose, with the use of this name showing a concerted effort towards a high degree of institutionalisation. They first emerge in early 2018 through a joint Financial Times interview¹¹⁹ with the group's finance ministers ahead of the European Commission's budget proposal, notably coinciding with the Netherlands' own position paper. Collaborating exclusively with the Financial Times to communicate their positions¹²⁰ and publish joint letters, the group outline their shared goal ahead of the upcoming MFF negotiations: no budget increase. By undertaking public joint

¹¹⁶ Rijksoverheid, "Tien EU landen bepleiten sterkere crisisstructuur Europa", Press release, 02 November 2018, available at [<https://www.rijksoverheid.nl/actueel/nieuws/2018/11/02/tien-eu-landen-bep-leiten-sterkere-crisisstructuur-europa>] (accessed 08-06-2021), translated by the author.

¹¹⁷ New Hanseatic League, "*Hanseatic Statement on the ESM*", Rijksoverheid, 01 November 2018, available at [<https://archiefo6.archiefweb.eu/archives/archiefweb/20210316061227/https://www.rijksoverheid.nl/ministeries/ministerie-van-financien/documenten/kamerstukken/2018/11/02/gezamenlijk-statement-esm>] (accessed 28-07-2021).

¹¹⁸ Rijksoverheid, "Minister Hoekstra bezoekt Letland, Denemarken en Zweden", 26 October 2018, available at [<https://www.rijksoverheid.nl/actueel/nieuws/2018/10/26/minister-hoekstra-bezoekt-letland-denemarken-en-zweden>] (accessed 01-08-2021), translated by the author.

¹¹⁹ Jim Brunnsden, Mehreen Khan & Alex Barker, "'Frugal Four' band together against Brussels' plans to boost budget", *Financial Times*, 22 February 2018, available at [<https://www.ft.com/content/438b7ff4-1725-11e8-9376-4a6390addb44>] (accessed 02-08-2021).

¹²⁰ Sebastian Kurz, Mark Rutte, Mette Frederiksen & Stefan Lofven, "The Frugal Four advocate a responsible EU budget", *Financial Times*, 16 February 2020, available at [<https://www.ft.com/content/7faae690-4e65-11ea-95a0-43d18ec715f5>] (accessed 02-08-2021).

rhetorical action to communicate their high preference proximity and establishing normative justifications, the Four demonstrate an early commitment to cooperative bargaining. Notably, the group bears resemblance to the informal coalition that pushed for a smaller budget in the previous MFF as identified in the previous chapter, in both its members and shared goals, with the exception of the United Kingdom and addition of Austria, but with a much higher degree of institutionalisation. Indeed, Hoekstra tells the *Financial Times*, “The Brits will be dearly missed in this debate, they have been one of our core anchors”.¹²¹

The Frugal Four’s shared justifications and aim to keep the EU budget at 1% of GNI are repeated in the Netherlands’ own MFF position paper¹²² in February 2018, ahead of the Commission’s proposals. In the document, the government considers that Brexit will “hit the Netherlands twice”, firstly by having a disproportionately adverse economic impact on the Netherlands as the UK was one its largest trading partners, and secondly by increasing Dutch gross contributions to the EU budget thus exacerbating the Netherlands’ weight as net-contributor.¹²³ Accordingly, the Dutch government outlines the following as its key aims for the negotiations; firstly that the Dutch net position should mirror countries with a similar level of wealth and any excessive net contribution will require a correction, i.e. a rebate; secondly, that conditionality of EU funding should be increased, especially ESI funds; thirdly, that EU administrative expenditures cannot be exempted from the reduced membership budget adjustment; and lastly that the Netherlands is in favour of abolishing the VAT base for EU own resources, and is reluctant to accept any new form of EU own resources”¹²⁴. The informal European Council meeting, just days later, however, asserts that the EU “needs to address the revenue gap on Brexit”¹²⁵

¹²¹ Jim Brunnsden, Mehreen Khan & Alex Barker, “‘Frugal Four’ band together against Brussels’ plans to boost budget”, *Financial Times*, 22 February 2018, available at [<https://www.ft.com/content/438b7ff4-1725-11e8-9376-4a6390addb44>] (accessed 02-08-2021).

¹²² Rijksoverheid, “Dutch position paper on new MFF”, February 2018, available at [https://www.politico.eu/wp-content/uploads/2018/02/NL_position_paper_MFF_February_2017.pdf] (accessed 28-05-2021).

¹²³ *Ibid.*, p.3.

¹²⁴ *Ibid.*, pp.1-3.

¹²⁵ European Council, “Informal meeting of the 27 heads of state or government, 23 February 2018”, 23 February 2018, available at [<https://www.consilium.europa.eu/en/meetings/european-council/2018/02/23/>] (accessed 10-08-2021).

Negotiations on the MFF begin with the Commission's proposals, released on 2nd May 2018, which mark a significant increase in the Netherlands' and fellow creditors' contributions, despite being the first long term budget for a Union of 27 member states, following Brexit¹²⁶. The proposed budget totals €1,134,583 billion in commitments (expressed in 2018 prices), an increase from the 1,087 billion in commitments of the 2014 – 2020 MFF, with member contributions equivalent to approximately 1.11% of EU GNI, much higher than the 1% cap approved by the Frugal Four. As this budget does not account for the decreased number of states post-Brexit, its size thus constitutes a significant increase from the previous MFF relative to the decreased EU membership. Important features of the proposal include the removal of all rebates or 'corrections' in the absence of the UK, to be phased out over a five-year period, thus further increasing the Netherlands' overall contributions in real terms.¹²⁷ The Commission also presents new concepts on own resources, namely, a Common Consolidated Tax Base, national contributions based on non-recyclable waste and a higher own resources ceiling increasing from 1.2% of GNI in the MFF 2014 – 2021, to 1.29% in the proposal.¹²⁸ On 2nd May 2018, the Dutch government issues a response to the Commission's budget proposal, conveying its disagreement and intent to contest the proposal. Specifically, the Netherlands "sees the Commission's proposal as leaving the Netherlands paying too high a share of the bill" and argues that a "smaller EU as a result of Brexit should also mean a smaller budget"¹²⁹. Rutte continues, explicitly stating that "in the negotiations, the Netherlands will push for a modern budget" while acknowledging that this is just the outset of talks, and "there is still a lot of negotiating ahead of us".¹³⁰

¹²⁶ European Commission, "A Modern Budget for a Union that Protects, Empowers and Defends: The Multiannual Financial Framework 2021 – 2027", COM/2018/321, 02 May 2018, Brussels, available at [<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2018:321:FIN>] (accessed 02-07-2021).

¹²⁷ Ibid.

¹²⁸ European Parliamentary Research Service, *Multiannual Financial Framework 2021 – 2027: Commission Proposal*, PE 621.864, May 2018, available at [https://www.eerstekamer.nl/eu/documenteu/pe_621864_europees_parlement/f=/vko2m6msv71.pdf] (accessed 02-07-2021), p.3.

¹²⁹ Rijksoverheid, "Statement by Prime Minister Rutte about the European Commission's proposal for the Multiannual Financial Framework", 02 May 2018, available at [<https://www.government.nl/latest/news/2018/05/02/statement-prime-minister-rutte-about-the-proposal-by-the-european-commission-for-the-eu-budget>] (accessed 01-03-2021).

¹³⁰ Ibid.

Germany, like the Netherlands, remains a member of the net-contributors group, as the largest contributor to the EU budget but does not explicitly align itself with the Frugal Four. While Germany does not make its stance public, a leak from 2019 shows its preference for a cap on the budget at 1% of GNI.¹³¹ The German government also supports a continuation of the rebate system, as opposed to it being phased out, but does not seek an increased correction.¹³² However, they do not partake in the Frugal Four's joint action – instead declining to comment on the coalition's demands, nor condemn their actions, indicating a level of tacit approval similar to that shown by Berlin towards the British intransigence in 2012. Ahead of the December 2019 summit, the Finnish Presidency put forward a revised draft budget for negotiation¹³³, appearing to acknowledge the group's calls to bring down the ceiling. The revised budget represents 1.07% of GNI, down from the Commission's proposal of 1.114%, but remains unacceptable to the group as it concurs with the initial proposal that the rebate system should be phased out.¹³⁴

A week before the Special European Council on the MFF in February 2020, the Four publish a joint article where they present their common justifications against increased spending in detail, writing, *“our commitment to the EU is as strong as ever... [but] the success of the European project is measured by our ability to deliver on our political ambitions and achieve tangible result for our citizens – not by the size of the budget”*¹³⁵. Together they commit to engaging in the European Council negotiations according to a shared “set of priorities”, indicating a high degree of information and expertise sharing to establish such a unanimous front. First and foremost, the group seek to prevent any increase in their budget contributions in real terms, *“above all our budget contribution must remain stable, taking into account inflation and economic growth”*. As a vehicle for this, they argue that the seven-year budget should remain at 1% of EU GNI, as per the MFF 2014 – 2020. Equally

¹³¹ Politico, “Germany fights to limit EU spending in the long-term budget”, 01-04-2019, available at [<https://pro.politico.eu/news/germany-fights-to-limit-eu-spending-in-long-term-budget>] (accessed 07-06-2021).

¹³² Ibid.

¹³³ Council of the European Union, “Multiannual Financial Framework (MFF) 2012 – 2027: Negotiating Box with Figures” 14518/49, 02 December 2019, available at [<https://www.politico.eu/wp-content/uploads/2019/12/NegoBox-final.pdf>] (accessed 04-08-2021).

¹³⁴ Ibid., p.51.

¹³⁵ Sebastian Kurz, Mark Rutte, Mette Frederiksen & Stefan Lofven, “The Frugal Four advocate a responsible EU budget”, *Financial Times*, 16 February 2020, available at [<https://www.ft.com/content/7faae690-4e65-11ea-95a0-43d18ec715f5>] (accessed 02-08-2021).

important in this regard, they argue, is maintaining the rebates. The Commission's proposal to phase out the system would, they claim, "*mean our four countries plus Germany would end up financing 75% of the net payments*", thus they insist on "*permanent net corrections*"¹³⁶. And lastly, unrelated to their contributions, the group advocate a budget that devotes >25% of spending to climate action¹³⁷. The position paper evidences extensive use of institutional bargaining mechanisms, with a high level of information sharing required to establish consensus in their bargaining position, and a high level of expertise pooling to devise the normative justifications that are then disseminated through the article itself, by way of public rhetorical action through the media. This is a much greater level of institutionalised cooperation than was seen at any point, among any group in the previous chapter. Cooperation is evidenced in the group's private videoconference ahead of the February summit, as shared online by Rutte, who celebrates their united position.¹³⁸

At the Special European Council on 20th – 21st February 2020, EU leaders hold their first meeting especially dedicated to the MFF, but fail to agree on a deal.¹³⁹ As Council President Michel notes, "*it was not possible to reach an agreement... it's a very difficult negotiation, especially after Brexit and the gap between 60 and 75 billion euro*"¹⁴⁰. This failure was, in part, down to the obstructionist action taken by the Frugals in February 2020, at the summit. Over the two days, the Frugal Four wield their collective bargaining power through joint action, refusing to concede to Michel's offer on a reduced budget representing 1.074% of GNI, down from the Commission's initial 1.1%.¹⁴¹ Following an initial session with all

¹³⁶ Ibid.

¹³⁷ Ibid.

¹³⁸ Twitter, Mark Rutte "*Net een heel goede videoconferentie gehad met Deense MP Mette Frederiksen, Oostenrijkse bondskanselier @sebastiankurz en @SwedishPM Stefan Löfven in voorbereiding op de komende Europese Raad. We gaan eensgezind de onderhandelingen over het meerjarig financieel kader in*", 03-02-2020, available at [<https://twitter.com/minpres/status/1224375439893975041>] (accessed 30-07-2021).

¹³⁹ Ralf Drachenberg, "Outcome of the special European Council, 20 – 21 February 2020", *European Parliamentary Research Service*, February 2020, available at [[https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/642815/EPRS_BRI\(2020\)642815_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/642815/EPRS_BRI(2020)642815_EN.pdf)] (accessed 26-07-2021), p.1.

¹⁴⁰ European Council, "Remarks by President Charles Michel after the special meeting of the European Council on 20 – 21 February 2020", *European Council Statements and Remarks*, 21 February 2020, available at [<https://www.consilium.europa.eu/en/press/press-releases/2020/02/21/remarks-by-president-charles-michel-after-the-special-meeting-of-the-european-council-on-20-21-february-2020/>] (accessed 01-08-2021)

¹⁴¹ Mehreen Khan, Sam Fleming, Jim Brunnsden & Michael Peel, "EU leaders fail to find budget compromise as summit breaks up", *Financial Times*, 21 February 2020, available at [<https://www.ft.com/content/c3e2ef6e-53ed-11ea-8841-482eed0038b1>] (accessed 01-08-2021).

Council Members on 20th February, President Michel schedules one-on-one meetings with individual leaders until late in the night. The following day, Michel held meetings with groups of states, including the Frugal Four, as well as a second meeting with the Frugal Four



Figure 8: Frugal Four leaders meet with European Commission President and President of the European Council at Special European Council Summit.

plus France and Germany.¹⁴² Notably, the Four decline their offers of individual meetings, instead opting to meet as a collective. This was revealed by Prime Minister Rutte at his press conference where he disclosed that the Dutch meeting with Michel had been cancelled as the Four “*decided to stay together, and the first of the Frugals, the Swedes, were at twelve o’clock*”¹⁴³, which all four leaders attended. German Chancellor Angela Merkel, too, quietly endorses the Frugal Four’s defence of the rebates at the summit¹⁴⁴. This coordinated bargaining appears to have an impact, as the Four obtain small concessions from the European institutions during the summit. Speaking to the press¹⁴⁵, Rutte discloses that a so-

¹⁴² European Council, “Remarks by President Charles Michel after the special meeting of the European Council on 20 – 21 February 2020”, European Council Statements and Remarks, 21 February 2020, available at [<https://www.consilium.europa.eu/en/press/press-releases/2020/02/21/remarks-by-president-charles-michel-after-the-special-meeting-of-the-european-council-on-20-21-february-2020/>] (accessed 01-08-2021), p.2.

¹⁴³ Mark Rutte, European Commission Audiovisual Service, “Special European Council Feb 2020: Dutch National Briefing”, 21 February 2020, available at [<https://audiovisual.ec.europa.eu/en/video/I-185297>] (accessed 28-07-2021), 11:38.

¹⁴⁴ Angela Merkel, “Doorstep at Special European Council February 2020”, available at [<https://newsroom.consilium.europa.eu/embed/217648>] (accessed 28-07-2021), 01:40.

¹⁴⁵ Mark Rutte, European Commission Audiovisual Service, “Special European Council Feb 2020: Dutch National Briefing”, 21 February 2020, available at [<https://audiovisual.ec.europa.eu/en/video/I-185297>] (accessed 28-07-2021), 11:00.

called “technical exercise” had been devised with the Frugal Four in mind by senior Commission officials under the guidance of Charles Michel and Ursula von der Leyen, to find direction in the negotiations. Speaking for the group, Rutte states that despite the text’s concessions, “*there are elements in the right direction*”, it was “*absolutely insufficient in bringing the ceiling down, on rebates etc.*” and reiterates their shared justifications¹⁴⁶.

3.2 “No such thing as new money”

Negotiations on the long-term EU budget were subsequently disrupted by the Covid-19 pandemic, which took hold in Europe in March 2020, when case numbers on the continent overtook those of China. By 18th March, the EU had closed its borders and more than 250 million Europeans were under lockdown with Italy and Spain among the first member states to experience high cases and deaths. By mid-March, the pandemic had evolved into an financial crisis as well as a health crisis, as member states struggled to absorb the shock that lockdown measures afflicted on their economies. As a number of Southern states begin to struggle financially due to ongoing lockdowns and border closures, the prospect of ‘coronabonds’ emerges, the same contentious debt mutualisation instrument that had been considered in the eurozone crisis of the previous chapter under the name ‘stability bonds’. These are considered throughout the crisis talks, both in eurozone and EU-wide packages.

The European Council commences economic crisis recovery negotiations in March 2021, holding three video conferences to explore possible rescue mechanisms. At this moment, the Eurobonds debate resurfaces when nine leaders issue a joint letter to their fellow Council members, urging the issuance of common debt. In the letter, leaders of Belgium, France, Greece, Ireland, Luxembourg, Portugal, Slovenia and Spain demand “bold decisions on fiscal policy” and assert that the Council “needs to work on a common debt instrument”.¹⁴⁷ The Dutch government’s aversion to debt mutualisation had already been cemented in the eurozone crisis response, and remained unchanged amid consistency in government. The Netherlands’ position is characterised by a preference for existing crisis

¹⁴⁶ Ibid., 11:50

¹⁴⁷ Italian Government, Joint letter from nine Council members to European Council President, Charles Michel, on the ongoing Covid-19 crisis”, 25 March 2020, available at [https://www.governo.it/sites/new.governo.it/files/letter_michel_20200325_eng.pdf] (accessed 30-05-2021).

instruments, such as the ESM and a loans-for-loans approach with a high degree of conditionality applied to fund allocation. Rutte himself asserts that he ‘cannot see any circumstances in which the Netherlands would accept Eurobonds’¹⁴⁸ Merkel, too, expresses her preference for existing bailout mechanisms, and opposes Eurobonds. She names the ESM as her “instrument of choice” at the Council videoconference on 26th March as it “opens up many possibilities for us that do not call into question the basic principles of our common and responsible action”¹⁴⁹. The Frugal Four, with Finland, share an aversion to debt mutualisation and favour the use of established crisis mechanisms such as the ESM.¹⁵⁰ Where unprecedented intervention is needed to rescue states, they prefer a loans based approach rather than grants.

On 26th March, the Council fails to agree on adequate financing mechanisms to help those states in fiscal difficulty when deadlock emerged on the subject of coronabonds, with the Frugal Four alongside Germany refuting the idea. A statement by the Council invites the Eurogroup to return with concrete proposals in two weeks, emphasising a need for flexibility.¹⁵¹ At a press conference on 27th March, Rutte reaffirms the Netherlands’ stance against coronabonds, *“the Netherlands is not in favour of that...”* and references its historical allies on the subject, *“the Dutch government, together with the German government and many other countries, has always said: if you introduce Eurobonds, you cross the border into a transfer union, into a mutualisation of debts. And we do not want that”*.¹⁵² In April, Eurogroup ministers meet virtually to reach an agreement on a comprehensive economic rescue package. Despite an initial deadlock over conditionality clauses demanded by the Netherlands, Germany and fellow Frugals, EU finance ministers

¹⁴⁸ Mehreen Khan, Tweet “Mark Rutte after #euco: “I cannot foresee any circumstances in which the Netherlands will accept Eurobonds. This is against the design of the EMU”, 26 March 2020, available at [<https://twitter.com/MehreenKhn/status/1243295594258587649>] (accessed 04-08-2021).

¹⁴⁹ David M. Herzenhorn, “Virtual summit, real acrimony: EU leaders clash over ‘corona bonds’”, *Politico*, 27 March 2020, available at [<https://www.leadersleague.com/fr/news/real-anger-ahead-of-virtual-eu-summit>] (accessed 04-08-2021).

¹⁵⁰ YLE, “Finland rejects joint debt to fight corona crisis”, 08 April 2020, available at [https://yle.fi/uutiset/osasto/news/finland_rejects_joint_eu_debt_to_fight_corona_crisis/11297764] (accessed 05-08-2021).

¹⁵¹ European Council, “Joint statement of the members of the European Council”, 26 March 2020, available at [<https://www.consilium.europa.eu/media/43076/26-vc-euco-statement-en.pdf>] (accessed 02-08-2020).

¹⁵² Rijksoverheid, “Letterlijke tekst persconferentie na ministerraad 27 maart 2020”, 27-03-2020, available at [<https://www.rijksoverheid.nl/documenten/mediatekstten/2020/03/27/letterlijke-tekst-persconferentie-na-ministerraad-27-maart-2020>] (accessed 05-06-2020), translated by the author.

issue joint statement on 10th April approving a €540 billion package¹⁵³ of measures to preserve the bloc's economy. Notably, the text's ambiguous wording makes no reference to common debt (coronabonds), but rather the possibility of "innovative financial instruments" to raise funds.¹⁵⁴ Italian Prime Minister, Conte, interprets this to indicate that Eurobonds are indeed on the table, but Dutch Finance Minister Wopke Hoekstra dismisses this.¹⁵⁵ The package is approved by the European Council on 23rd April.¹⁵⁶

On 18th May, however, France and Germany's joint initiative for recovery triggers a breakthrough in negotiations, and a turning point in the established Dutch-German alliance against mutualised debt. France and Germany "*propose to allow the European Commission to finance such recovery support by borrowing on markets on behalf of the EU*"¹⁵⁷ in order to fund the proposed €500 billion. As it would be the EU, not the Member States themselves, that assume the common debt, the upset over coronabonds would thereby be circumvented. Specifically, the fund would be "*an extraordinary complementary provision, integrated in the own resource decision, with a clearly specified volume and expiry and linked to a binding repayment plan beyond the current MFF*".¹⁵⁸ It is an innovative instrument as no additional expenditure would need to be paid back by states within the lifetime of the next MFF (so until 2028 at the earliest). In this way, while debt is mutualised, the dispute over 'who pays' for the mechanism is postponed as no country's budgetary contribution to the

¹⁵³ The €540bn consists of : €100 bn in loans provided on favourable terms, to provide temporary unemployment reinsurance (named SURE); a €200bn fund of cheap loans issued by the European Investment Bank to struggling European companies; and €240bn in loans to all eurozone states worth up to 2% of their GDP, through the ESM.

¹⁵⁴ Eurogroup, "Press Release: Report on the comprehensive economic policy response to the Covid-19 pandemic", 09 April 2020, available at [<https://www.consilium.europa.eu/en/press/press-releases/2020/04/09/report-on-the-comprehensive-economic-policy-response-to-the-covid-19-pandemic/>] (accessed 06-06-2021)

¹⁵⁵ Politico, "EU agrees on €500B of economic aid but no 'corona bonds'", 10 April 2020, available at [<https://www.politico.eu/article/corona-bonds-fade-in-midst-of-eurogroups-e500b-economic-strategy/>] (accessed 06-06-2021).

¹⁵⁶ European Council, "Conclusions of the President of the European Council following the video conference of the members of the European Council, 23 April 2020", 23 April 2020, available at [<https://www.consilium.europa.eu/en/press/press-releases/2020/04/23/conclusions-by-president-charles-michel-following-the-video-conference-with-members-of-the-european-council-on-23-april-2020/>] (accessed 02-08-2021).

¹⁵⁷ Presse- und Informationsamt der Bundesregierung, "A French-German initiative for the European Recovery from the Coronavirus Crisis", press release, Nummer 173/20, 18 May2020, available at [<https://www.bundesregierung.de/resource/blob/973812/1753772/414a4b5a1ca91d4f7146eeb2b39ee72b/2020-05-18-deutsch-franzoesischer-erklaerung-eng-data.pdf>](accessed 04-05-2021).

¹⁵⁸ Ibid.

MFF would increase to fund the package. The development marks a loss for the Netherlands' negotiation strategy as Germany abandons its previous assertion that any recovery package should be loans-based, or through the ESM. Instead of adjusting their position accordingly, however, the Netherlands and its fellow Frugals issue a joint non-paper on recovery¹⁵⁹, doubling down on their normative justifications – *“what we cannot agree to, however, are any instruments or measures leading to debt mutualisation”*. They propose an alternative to the Franco-German proposal; an Emergency Recovery Fund with an explicit two-year sunset clause, based on a *“loans for loans”* approach and conditional upon commitment to financial reforms, so member states are better prepared for the next crisis. They also reiterate their normative justifications for a reduced ‘frontloading’ budget with a cap of 1% GNI, or alternatively, increased rebates.

This joint rhetorical action, however, fails to influence the coronavirus response, as the European Commission's recovery proposal of 27th May, “Next Generation EU”, bears great resemblance to the Franco-German initiative in that the €750 billion fund would consist of €500 billion in grants and €250 billion in loans. The money would come with certain conditions, flowing through EU programmes intended to achieve goals such as the green agenda and digital economy, but without committing national governments to fiscal reforms as requested by the Frugal Four. Commission President von der Leyen addresses the Frugal Four's concerns at a press conference on the proposal, emphasising that she has and “will listen to them” on the proposal¹⁶⁰, appearing to acknowledge their influence. Once again communicating their shared normative justifications, the Frugal Four's jointly authored article reconfirms their refusal to capitulate to the Commission's proposal, asking, *“how could it suddenly be responsible to spend €500bn of borrowed money and send the bill into the future?”*¹⁶¹. They contest the grants, again promoting loans instead as *“there is no such*

¹⁵⁹ Frugal Four, “Non-paper EU support for efficient and sustainable COVID-19 recovery”, Rijksoverheid, 26 May 2020, available at [<https://www.rijksoverheid.nl/documenten/publicaties/2020/05/26/non-paper-eu-support-for-efficient-and-sustainable-covid-19-recovery>] (accessed 04-07-2021)

¹⁶⁰ Martin Banks, “Commission President says coronavirus recovery plan meets many of Frugal Four's demands”, *The Parliament Magazine*, 28-05-2020, at [<https://www.theparliamentmagazine.eu/news/article/commission-president-says-coronavirus-recovery-plan-meets-many-of-frugal-fours-demands>] (accessed 24-07-2021)

¹⁶¹ Stefan Lofven, Mette Frederiksen, Mark Rutte & Sebastian Kurz, “‘Frugal Four’ warn pandemic spending must be responsible”, *Financial Times*, 16 June 2020, available at [<https://www.ft.com/content/7c47fa9d-6d54-4bde-a1da-2c407a52e471>] (accessed 05-06-2021)

thing as new or fresh money. Money spent will also have to be earned and paid back – by taxpayers”¹⁶². Specifically, they write that they cannot agree to “significant increases in the EU budget”, and request a “modernized” and “frontloading” budget that saves expenditure by reprioritising in areas less likely to contribute to pandemic recovery. This brinkmanship subsequently incites a deadlock at the virtual summit in June over the ratio of grants to loans within the pandemic recovery fund, leading Council President Michel to offer significant concessions to the Frugals to get them on side. Attempting to win over the group, he offers increases in their annual rebates¹⁶³, as per their initial demands. Specifically, the Dutch rebate would increase from €1.57 billion to €1.92 billion, and that of Austria would double to €564 million, while Germany’s would remain unchanged. This marks a significant development in negotiations from their outset, where the Commission vowed to eliminate corrections altogether.

At the 17 – 21 July European Council summit, leaders reach a deal for €750 billion recovery fund¹⁶⁴, and a MFF worth €1.074 trillion.¹⁶⁵ After strong resistance from Frugal Four, the Franco-German proposal of €500 billion in grants for Next Generation EU decreases to €390 billion. The long-term budget’s overall size marks a significant decrease from the €1.135 trillion proposed by the Commission in May 2018, but marks an increase on the MFF 2014 - 2020 when the reduced membership is taken into consideration. Importantly for the Netherlands, however, the deal retains the Frugal Four’s corrections that the Commission had originally proposed to phase out, as per their joint demands. The agreement awards increased rebates on the budget to the Frugal Four members: the Netherlands (€1.92 billion); Sweden (€1.069 billion); Austria (€564 million); and Denmark (€377 million) while maintaining Germany’s existing correction (of €3.67 billion) ¹⁶⁶. Nevertheless, the

¹⁶² Ibid.

¹⁶³ Sam Fleming & Mehreen Khan, “EU’s ‘frugal’ nations offered rebates to break virus recovery deadlock”, *Financial Times*, 20 July 2020, available at [<https://www.ft.com/content/dc517389-7918-49ba-a928-79d006612523>] (accessed 10-07-2021).

¹⁶⁴ Next Generation EU: €390bn in grants; €360bn in low-interest loans

¹⁶⁵ European Council, “*Special Meeting of the European Council (17, 18, 19, 20 and 21 July) – Conclusions*”, EUCO 10/20, 21 July 2020, available at [<https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf>](accessed 29-07-2021).

¹⁶⁶ European Commission, “Rebates: correction mechanisms”, n.d, available at [https://ec.europa.eu/info/strategy/eu-budget/long-term-eu-budget/2021-2027/revenue/rebates_en](accessed 29-07-2021); European Council, “*Special Meeting of the European Council (17, 18, 19, 20 and 21 July) – Conclusions*”, EUCO 10/20, 21 July 2020, p.65., Art. 153.

Netherlands' budgetary contributions increase from €9 billion per year to €10 billion¹⁶⁷ on account of the UK's departure. Additionally, the refund awarded to NL to cover cost of collecting import duties is raised from 20% to 25%.

3.3 Enhanced bargaining power through cooperation

The Dutch use of coalitions within the latter half of the decade, thus, was invariably more purposeful and organised than that analysed in chapter two of this thesis. Analogous to the previous chapter, the Netherlands remains a willing and active participant in collaborative action, but now actively seeks out opportunities to lead cooperative bargaining efforts, rather than following the leadership of the United Kingdom or Germany. This post-2016 coalition strategy is characterised by an intentional high degree of institutional cooperation, with seemingly new alliances benefiting from self-ascribed names and formal channels of communication, not only among members but also from members to the public, as noted in the New Hanseatic League's online media presence and the Frugal Four's exclusive partnership with the Financial times. The Frugal Four, in particular, demonstrate a high level of information and expertise sharing throughout the pre-negotiation and negotiation stages, through joint papers and articles. Moreover, they explicitly share homogenous goals and priorities, whereas pre-2016 their preference proximity was close but varied in ambition, such as the size of cuts demanded to the 2014 – 2020 budget. By employing institutional bargaining mechanisms, such as expertise pooling and information sharing to coordinate action in private meetings, and utilising joint rhetorical action to disseminate shared normative justifications through position papers, the Frugal Four successfully brought negotiation outcomes into its zone of agreement, therefore achieving a number of the Netherlands' initial goals for negotiations without relying on the United Kingdom or Germany. Indeed, when asked for his thoughts on the agreement, Rutte quips *"I'm just very happy that the Dutch contributions to Europe will more or less remain the same"*.¹⁶⁸ Such an outcome had been considered unrealistic by academics at the outset of talks, with

¹⁶⁷ Rekenkamer, "How will Brexit affect the Netherlands", n.d, available at [<https://english.rekenkamer.nl/topics/european-union/frequently-asked-questions/european-union/how-will-brexit-affect-the-netherlands>] (accessed 05-07-2021).

¹⁶⁸ Clara van de Wiel, "Nu de Britten weg zijn, is Rutte Mr No", 22 July 2020, NRC, available at [<https://www.nrc.nl/nieuws/2020/07/22/nu-de-britten-weg-zijn-is-rutte-mr-no-a4006629>] (accessed 13-03-2021), translated by the author.

academics such as Jürgens presupposing that such obstinacy by the Netherlands would aggravate Paris and likely result in the rebates being abolished immediately.¹⁶⁹

However, the strength of the Netherlands' cooperative bargaining power in both MFF and coronabonds negotiations was severely undermined by Germany's switch to favour debt mutualisation with France. Despite a continued attempt at brinkmanship, which won the Frugal Four a reduction in the total size of grants, the group ultimately conceded on the rescue package, and the bulwark against European debt mutualisation is breached. This event is indicative of the broader issue in Dutch-German relations against the backdrop of greater Franco-German cooperation: the Netherlands can no longer rely on Germany as its traditional ally for fiscal conservatism and budgetary discipline within the European Institutions.¹⁷⁰

¹⁶⁹ Hanco Jürgens, "Franco-German Axis: A balancing act with room for the Dutch", Analysis, 09 July 2018 *Clingendael*, available at [<https://spectator.clingendael.org/en/publication/franco-german-axis-balancing-act-room-dutch>] (accessed 06-01-2020).

¹⁷⁰ Ben Hall, "Two Cheers for Europe's €750bn recovery fund", *Financial Times*, 21 July 2020, available at [<https://www.ft.com/content/b16ea218-d520-47ab-bab2-bbd4041059b8>] (accessed 01-08-2021).

Conclusion

Fundamental to the Netherlands' post-2016 coalition strategy was a concerted effort towards institutional cooperation and desire to shift away from previous dependence on Germany and the United Kingdom. Using institutionalised cooperation theory, this research has identified that the Netherlands' ability to effect preferred outcomes through obstinacy is achieved through the Dutch government's considered efforts towards institutionalised cooperation at the pre-negotiation and negotiation phase, which in turn enhances the Netherlands' bargaining power. Specifically, this research has shown that the Netherlands use of coalitions and alliances within the European Council developed to prioritise coalitions with like-minded, similarly impacted states following the UK's departure, rather than relying on its established partnership with Germany alone. In these new coalitions, the Netherlands can be seen to be actively pursuing a higher degree of institutionalisation than pre-2016, and even assuming a leadership role within these groups.

By using an array of primary sources from national governments, jointly issued papers by collaborating member states and the European institutions themselves, supported by press coverage, this thesis analysed the role of coalitions throughout all stages of negotiations, rather than voting outcomes alone. This research was, however, hindered by the inaccessibility of many sources relating to information and expertise sharing, which are strategically limited to internal communications between collaborating states, as task-specific coalitions are inherently difficult to study. While this thesis was able to infer evidence of such bargaining mechanisms, future research on the topic would benefit greatly from interviews with ministers and public servants working within coalition members, to corroborate findings. The time period was also helped by relative continuity in both Dutch and German governments, as well as both periods containing a long-term budget negotiation and economic crisis, enabling comparisons to be drawn.

When comparing the two periods, it is found that the Netherlands' use of coalitions developed to channel a higher degree institutionalisation, with greater formality, interaction intensity and shared goals. Importantly, however, the Netherlands' coalition partners remain broadly consistent across the two periods, with the notable exception of the United Kingdom, having left the EU, and Germany. The former period sees the Netherlands

cooperate with established allies, primarily with fellow net-contributor states on budgetary matters, especially the United Kingdom, and Germany, Austria and Denmark on the Eurobonds debate, operating privately and informally, issuing some joint papers together but still pursuing differing goals, for example in the size of budget cuts. The latter period sees the Netherlands build on these existing relationships with fellow small-sized creditor states to construct altogether new, highly formal coalitions, the Frugal Four and the New Hanseatic League, with consistent shared aims. The resulting synergy of institutional bargaining mechanisms and more formal interaction structures enables the Netherlands and its allies leverage their bargaining power to great effect.

This research has contributed to the academic debate by chronicling the Netherlands' coalition strategy across a decade long period, to reveal the Netherlands' coalition strategy developed in the wake of disrupted power dynamics to enhance its own bargaining power within European negotiations through increased institutional cooperation. Unlike the majority of the scholarship, which cast doubts on the effectiveness of these 'new' coalitions post-2016, this research has demonstrated that by employing a high degree of institutional cooperation the Dutch government were able to successfully influence outcomes. Moreover, this thesis has identified not only a broad continuity in its allies, but has also shown how higher degrees of formality in post-2016 task-specific coalitions to its own benefit, relative to the largely informal and loose task-specific groups pre-2016 which relied on the UK and Germany's presence. Notably, this research has verified de Bruijn's analysis of Germany as an unstable partner for the Netherlands, as Berlin did indeed prioritise the collective European interest when crisis hit, breaching the Dutch-German bulwark against debt mutualisation. This contradicts those scholars who had downplayed the seriousness of the Franco-German axis and expected the Dutch-German nexus to endure the various shifts in power.

Following on from these findings, this thesis could provide a basis for further research on the Netherlands's coalition strategy post-Brexit, to establish a causal relationship between the UK's exit and the Netherlands' strategic effort towards institutionalised cooperation in the European Council. By using interviews with Dutch government officials, for example, these developments could be further investigated to confirm whether this was indeed the

intentional strategy of the Dutch government, and whether this was directly motivated by the United Kingdom's exit and a changes in Dutch-German relations. Another, equally interesting perspective would be to position this research within a wider study on how institutionalised bargaining mechanisms are becoming more pertinent for smaller EU member states, as the Council appears increasingly polarised on a number of subjects, such as climate action and migration.

Bibliography

Primary Sources

Dutch Government sources:

- Kamerstuk, “Nr. 1229, Motie van het lid Anne Mulder C.S”, 10-05-2017, available at [https://zoek.officielebekendmakingen.nl/kst-21501-20-1229.html] (accessed 18-04-2021)
- Dutch Government, “EU budget must be overhauled”, news Item, 28-03-2011, available at [https://www.government.nl/government/members-of-cabinet/mark-rutte/news/2011/03/28/eu-budget-must-be-overhauled] (accessed 05-04-2021)
- Rijksoverheid, News Item, “Prime Minister: ‘Economic growth and healthy public finances reinforce each other’”, 24-05-2012, available at [https://www.government.nl/latest/news/2012/05/24/prime-minister-economic-growth-and-healthy-public-finances-reinforce-each-other] (accessed 05-08-2021)
- Tweede Kamer der Staten Generaal, Parliamentary Papers 21 501-20, *No 1229 Motie Anne Mulder c.s over een advies over coalitievorming met andere landen na de brexit, Europese Raad*, 9-05-2017, available at [https://www.parlementairemonitor.nl/9353000/1/j4nvgs5kjg27kof_j9vvij5epmj1ey0/vke3a kiewtvp/f=/kst21501201229.pdf] (accessed 03-01-2021), translated by the author.
- Rijksoverheid, “Tien EU landen bepleiten sterkere crisisstructuur Europa”, Press release, 02 November 2018, available at [https://www.rijksoverheid.nl/actueel/nieuws/2018/11/02/tien-eu-landen-bepleiten-sterkere-crisisstructuur-europa] (accessed 08-06-2021), translated by the author.
- New Hanseatic League, “*Hanseatic Statement on the ESM*”, Rijksoverheid, 01 November 2018, available at [https://archieff06.archiefweb.eu/archives/archiefweb/20210316061227/https://www.rijksoverheid.nl/ministeries/ministerie-van-financien/documenten/kamerstukken/2018/11/02/gezamenlijk-statement-esm] (accessed 28-07-2021).
- Rijksoverheid, “Minister Hoekstra bezoekt Letland, Denemarken en Zweden”, 26 October 2018, available at [https://www.rijksoverheid.nl/actueel/nieuws/2018/10/26/minister-hoekstra-bezoekt-letland-denemarken-en-zweden] (accessed 01-08-2021), translated by the author.
- Rijksoverheid, “Dutch position paper on new MFF”, February 2018, available at [https://www.politico.eu/wp-content/uploads/2018/02/NL_position_paper_MFF_February_2017.pdf] (accessed 28-05-2021).
- Rijksoverheid, “Statement by Prime Minister Rutte about the European Commission’s proposal for the Multiannual Financial Framework”, 02 May 2018, available at [https://www.government.nl/latest/news/2018/05/02/statement-prime-minister-rutte-about-the-proposal-by-the-european-commission-for-the-eu-budget] (accessed 01-03-2021).

Rijksoverheid, “Letterlijke tekst persconferentie na ministerraad 27 maart 2020”, 27-03-2020, available at [\[https://www.rijksoverheid.nl/documenten/mediateksten/2020/03/27/letterlijke-tekst-persconferentie-na-ministerraad-27-maart-2020\]](https://www.rijksoverheid.nl/documenten/mediateksten/2020/03/27/letterlijke-tekst-persconferentie-na-ministerraad-27-maart-2020) (accessed 05-06-2020), translated by the author.

Frugal Four, “Non-paper EU support for efficient and sustainable COVID-19 recovery”, Rijksoverheid, 26 May 2020, available at [\[https://www.rijksoverheid.nl/documenten/publicaties/2020/05/26/non-paper-eu-support-for-efficient-and-sustainable-covid-19-recovery\]](https://www.rijksoverheid.nl/documenten/publicaties/2020/05/26/non-paper-eu-support-for-efficient-and-sustainable-covid-19-recovery) (accessed 04-07-2021)

Rekenkamer, “How will Brexit affect the Netherlands”, n.d, available at [\[https://english.rekenkamer.nl/topics/european-union/frequently-asked-questions/european-union/how-will-brexit-affect-the-netherlands\]](https://english.rekenkamer.nl/topics/european-union/frequently-asked-questions/european-union/how-will-brexit-affect-the-netherlands) (accessed 05-07-2021).

Other governmental sources:

French Ministry of European and Foreign Affairs, *Treaty Between the Federal Republic of Germany and the French Republic on Franco-German Cooperation and Integration*, 22-01-2019, available at [\[https://www.diplomatie.gouv.fr/IMG/pdf/19-0232-1900417_en_fin_reinschrift_ws_aa105-og_ck_010219__cle079d7b.pdf\]](https://www.diplomatie.gouv.fr/IMG/pdf/19-0232-1900417_en_fin_reinschrift_ws_aa105-og_ck_010219__cle079d7b.pdf) (accessed 05-06-2021)

UK Government, *Letter to President of European Commission: A letter from Prime Minister David Cameron and other European leaders to the president of the European Commission on 18 December 2010*, Prime Minister’s Office, 10 Downing Street, 18-12-2010, , Available <https://www.gov.uk/government/news/letter-to-president-of-european-commission>

French Republic on Franco-German Cooperation and Integration, 22-01-2019, available at [\[https://www.diplomatie.gouv.fr/IMG/pdf/19-0232-1900417_en_fin_reinschrift_ws_aa105-og_ck_010219__cle079d7b.pdf\]](https://www.diplomatie.gouv.fr/IMG/pdf/19-0232-1900417_en_fin_reinschrift_ws_aa105-og_ck_010219__cle079d7b.pdf) (accessed 05-06-2021).

German Federal Foreign Office, “The Franco-German Parliamentary Assembly: Working for Europe”, 25-03-2019, available at [\[https://www.auswaertiges-amt.de/en/aussenpolitik/laenderinformationen/frankreich-node/franco-german-parliamentary-assembly/2203500\]](https://www.auswaertiges-amt.de/en/aussenpolitik/laenderinformationen/frankreich-node/franco-german-parliamentary-assembly/2203500) (accessed 30-07-2021)

New Hanseatic League, “Finance Ministers from Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands and Sweden underline their shared views and values in the discussion on the architecture fo the EMU” , February 2018, available at [\[https://vm.fi/documents/10623/6305483/Position+EMU+Denmark+Estonia+Finland+Ireland+Latvia+Lithuania+the+Netherlands+and+Sweden.pdf\]](https://vm.fi/documents/10623/6305483/Position+EMU+Denmark+Estonia+Finland+Ireland+Latvia+Lithuania+the+Netherlands+and+Sweden.pdf) (accessed 08-01-2021).

Italian Government, Joint letter from nine Council members to European Council President, Charles Michel, on the ongoing Covid-19 crisis”, 25 March 2020, available at [\[https://www.governo.it/sites/new.governo.it/files/letter_michel_20200325_eng.pdf\]](https://www.governo.it/sites/new.governo.it/files/letter_michel_20200325_eng.pdf) (accessed 30-05-2021).

Presse-und Informationsamt der Bundesregierung, “A French-German initiative for the European Recovery from the Coronavirus Crisis”, press release, Nummer 173/20, 18 May2020,

available at
[<https://www.bundesregierung.de/resource/blob/973812/1753772/414a4b5a1ca91d4f7146eeb2b39ee72b/2020-05-18-deutsch-franzoesischer-erklaerung-eng-data.pdf>](accessed 04-05-2021).

Speeches & Media sources:

UK Government, UK government, Prime Minister press conference at end of European Council, Prime Minister's Office, 10 Downing Street, 23 November 2012, available
[<https://www.gov.uk/government/news/prime-minister-press-conference-at-end-of-european-council>] (accessed 16-07-2021)

Speech by the German Federal Minister of Finance, Dr Wolfgang Schäuble, at the Brussels Economic Forum, "A Comprehensive Strategy for the Stabilization of the Economic and Monetary Union", 18-05-2011, available at
https://ec.europa.eu/economy_finance/bef2011/media/files/speech-brussels-economic-forum-schauble.pdf [accessed 03-08-2021] , (accessed 02-05-2021)

Mark Rutte, "Toespraak minister president Rutte over de toekomst van de Europese Unie – Europees Parlement, Strasbourg" , Rijksoverheid, 13-06-2018, available at
[<https://www.rijksoverheid.nl/documenten/toespraken/2018/06/13/toespraak-minister-president-rutte-over-de-toekomst-van-de-europese-unie---europees-parlement-straatsburg>] (accessed 04-07-2021). Translated by the author.

The Guardian, "George Soros: how to save the EU from the euro crisis – the speech in full", 9 April 2013, available at [<https://www.theguardian.com/business/2013/apr/09/george-soros-save-eu-from-euro-crisis-speech>] (accessed 08-08-2021).

Twitter profile, "The New Hanseatic League", [<https://twitter.com/hansaintheeu>] (accessed 08-06-2021).

Mark Rutte, European Commission Audiovisual Service, "Special European Council Feb 2020: Dutch National Briefing", 21 February 2020, available at
[<https://audiovisual.ec.europa.eu/en/video/I-185297>] (accessed 28-07-2021)

Angela Merkel, "Doorstep at Special European Council February 2020", available at
[<https://newsroom.consilium.europa.eu/embed/217648>] (accessed 28-07-2021)

Mark Rutte, Tweet, 03-02-2020, available at
[<https://twitter.com/minpres/status/1224375439893975041>] (accessed 30-07-2021).

Sebastian Kurz, Mark Rutte, Mette Frederiksen & Stefan Lofven, "The Frugal Four advocate a responsible EU budget", *Financial Times*, 16 February 2020, available at
[<https://www.ft.com/content/7faae690-4e65-11ea-95a0-43d18ec715f5>] (accessed 02-08-2021).

Stefan Lofven, Mette Frederiksen, Mark Rutte & Sebastian Kurz, "'Frugal Four' warn pandemic spending must be responsible", *Financial Times*, 16-06-2020, available at
[<https://www.ft.com/content/7c47fa9d-6d54-4bde-a1da-2c407a52e471>] (accessed 05-06-2021)

European Union sources

- Council of the EU, “Voting system: Unanimity”, last updated 28-01-2020, [<https://www.consilium.europa.eu/en/council-eu/voting-system/unanimity/>] (accessed 29-05-2021).
- European Council, “European Council summit 16 - 17 December 2010: Council Conclusions”, 25-01-2011, [https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/118578.pdf#page=6] (accessed 05-05-2021)
- European Commission “Proposal for a Council Regulation laying down the multiannual financial framework for the years 2014 – 2020”, Brussels, 29-06-2011, available at [https://ec.europa.eu/info/sites/default/files/about_the_european_commission/eu_budget/council-regulation-com-2011-398_2011_en.pdf] (accessed 05-04-2021)
- European Commission, “Multiannual Financial Framework (MFF): Questions and answers”, 29 June 2011, Brussels, available at [https://ec.europa.eu/commission/presscorner/detail/en/MEMO_11_468] (accessed 12-06-2021)
- European Commission, *José Manuel Durão Barroso President of the European Commission: European Renewal – State of the Union Address*, European Parliament Strasbourg, 28-09-2011, SPEECH 11/607, available at [https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_11_607]
- European Commission, “Green Paper on the Feasibility of Introducing Stability Bonds”, 23 November 2011, available at [<https://op.europa.eu/en/publication-detail/-/publication/4980ec30-b10a-4e8b-85cf-6eadfacb5769/language-en>], p.3
- European Council, “Treaty Establishing the European Stability Mechanism”, 02 February 2012, T/ESM 2012-LT, available at [https://www.esm.europa.eu/sites/default/files/document/20150203_-_esm_treaty_-_en.pdf] (accessed 02-08-2021)
- General Affairs Council, 3158th Council Meeting, “General Affairs – Legislative Deliberations” 26 March 2012, available at [https://video.consilium.europa.eu/event/en/20545?start_time=0] (accessed 06-06-2021),
- European Council “Remarks by President Herman van Rompuy following the informal dinner of members of the European Council”, 24 May 2012, available at [https://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/130376.pdf] (accessed 02-08-2021)
- European Council, “Report by President of the European Council Herman Van Rompuy: Towards a Genuine Economic and Monetary Union”, 26 June 2012, EUCO 120/12, available at [<https://www.consilium.europa.eu/media/21570/131201.pdf>] (accessed 02-08-2021), p.3 “integrated budgetary framework”

- Statement by the Eurogroup, “Euro area summit statement”, 29 June 2012, available at [<https://www.consilium.europa.eu/media/21400/20120629-euro-area-summit-statement-en.pdf>] (accessed 02-08-2021) , p.2.
- European Council, “MFF agreed by EU leaders”, 08 February 2013, available at [<https://web.archive.org/web/20140325015734/http://www.european-council.europa.eu/home-page/highlights/mff-agreed-by-eu-leaders?lang=en>] (accessed 16-07-2021)
- European Council, *Long-term EU budget 2014-2020: Multiannual financial framework 2014-2020*, adopted on 2 December 2013, available at [<https://www.consilium.europa.eu/en/policies/the-eu-budget/long-term-eu-budget-2014-2020/>] (accessed 16-07-2021)
- European Commission, “Multiannual Financial Framework 2014 – 2020 and EU budget 2014”, 02 May 2014, available at [<https://op.europa.eu/en/publication-detail/-/publication/d2cf202e-f36a-45b2-84e7-1ac6ad996e90>]
- European Council, “7/8 February Summit Conclusions: Multiannual Financial Framework”, EUCO 37/13, Brussels, 08 February 2013, available at [https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/135344.pdf]
- European Council, “Informal meeting of the 27 heads of state or government, 23 February 2018”, 23 February 2018, available at [<https://www.consilium.europa.eu/en/meetings/european-council/2018/02/23/>] (accessed 10-08-2021).
- European Commission, “A Modern Budget for a Union that Protects, Empowers and Defends: The Multiannual Financial Framework 2021 – 2027”, COM/2018/321 ,02 May 2018, Brussels, available at [<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2018:321:FIN>] (accessed 02-07-2021).
- European Parliamentary Research Service, *Multiannual Financial Framework 2021 – 2027: Commission Proposal*, PE 621.864, May 2018, available at [https://www.eerstekamer.nl/eu/documenteu/pe_621864_europees_parlement/f=/vko2m6msv71.pdf] (accessed 02-07-2021).
- Council of the European Union, “*Multiannual Financial Framework (MFF) 2012 – 2027: Negotiating Box with Figures*” 14518/49, 02 December 2019, available at [<https://www.politico.eu/wp-content/uploads/2019/12/NegoBox-final.pdf>] (accessed 04-08-2021).
- Ralf Drachenberg, “Outcome of the special European Council, 20 – 21 February 2020”, *European Parliamentary Research Service*, February 2020, available at [[https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/642815/EPRS_BRI\(2020\)642815_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/642815/EPRS_BRI(2020)642815_EN.pdf)] (accessed 26-07-2021),
- European Council, “Remarks by President Charles Michel after the special meeting of the European Council on 20 – 21 February 2020”, European Council Statements and Remarks, 21 February 2020, available at [<https://www.consilium.europa.eu/en/press/press-releases/2020/02/21/remarks-by-president-charles-michel-after-the-special-meeting-of-the-european-council-on-20-21-february-2020/>] (accessed 01-08-2021)

European Council, “Joint statement of the members of the European Council”, 26 March 2020, available at [<https://www.consilium.europa.eu/media/43076/26-vc-euco-statement-en.pdf>] (accessed 02-08-2020).

Eurogroup, “Press Release: Report on the comprehensive economic policy response to the Covid-19 pandemic”, 09 April 2020, available at [<https://www.consilium.europa.eu/en/press/press-releases/2020/04/09/report-on-the-comprehensive-economic-policy-response-to-the-covid-19-pandemic/>] (accessed 06-06-2021)

European Council, “Conclusions of the President of the European Council following the video conference of the members of the European Council, 23 April 2020”, 23 April 2020, available at [<https://www.consilium.europa.eu/en/press/press-releases/2020/04/23/conclusions-by-president-charles-michel-following-the-video-conference-with-members-of-the-european-council-on-23-april-2020/>] (accessed 02-08-2021).

European Commission, “Rebates: correction mechanisms”, n.d, available at [https://ec.europa.eu/info/strategy/eu-budget/long-term-eu-budget/2021-2027/revenue/rebates_en](accessed 29-07-2021);

European Council, “*Special Meeting of the European Council (17, 18, 19, 20 and 21 July) – Conclusions*”, EUCO 10/20, 21 July 2020, available at [<https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf>] (accessed 29-07-2021)

Secondary Sources

AD, “‘Nordic Four’: Eerst prioriteiten bepalen, dan pas EU-posten verdelen”, 10-06-2014, available at [<https://www.ad.nl/buitenland/nordic-four-eerst-prioriteiten-bepalen-dan-pas-eu-posten-verdelen~ad166b59/>] (accessed 27-05-2021)

Advisory Council on International Affairs (AIV), “Advisory report 108: Forming Coalitions in the EU after Brexit: Alliances for a European Union that Modernises and Protects”, 06 July 2018, available at [<https://www.advisorycouncilinternationalaffairs.nl/documents/publications/2018/07/06/forming-coalitions-in-the-eu-after-brexite>] (accessed 03-01-2021).

Advisory Council on International Affairs (AIV), “Forming Coalitions in the EU After Brexit: Alliances for a European union that modernises and protects”, July 2018

Banks, Martin. “Commission President says coronavirus recovery plan meets many of Frugal Four’s demands”, *The Parliament Magazine*, 28-05-2020, available at [<https://www.theparliamentmagazine.eu/news/article/commission-president-says-coronavirus-recovery-plan-meets-many-of-frugal-fours-demands>] (accessed 24-07-2021)

Begg, Iain. “The Brexit-sized hole in the future EU budget”, *LSE Blogs*, 22 January 2018, [<https://blogs.lse.ac.uk/brexit/2018/01/22/the-uk-is-a-net-contributor-to-the-eu-budget-following-brexit-the-loss-of-uk-contributions-will-therefore-likely-require-either-a-reduction-in-overall-spending-or-for-the-remaining-member-states-to/>] (accessed 12-04-2021)

- Börzel, Tanja A. "European Governance: Negotiation and Competition in the Shadow of Hierarchy", *JCMS Journal of Common Market Studies*, 48:3, 191-219, March 2010, [10.1111/j.1468-5965.2009.02049.x,]
- Brunsdon Jim, Mehreen Khan & Alex Barker, "'Frugal Four' band together against Brussels' plans to boost budget", *Financial Times*, 22-02-2018, available at [https://www.ft.com/content/438b7ff4-1725-11e8-9376-4a6390addb44] (accessed 02-08-2021).
- Charlemagne, "How the Dutch will take Britain's place in Europe", *The Economist*, March 2018, https://www-economist-com.proxy.library.uu.nl/europe/2018/03/31/how-the-dutch-will-take-britains-place-in-europe [accessed 13-03-2021]
- Connelly, Tony Twitter, "David Cameron has just left a meeting with the Danish, Dutch, Swedish and Finnish prime ministers.", 23-11-2012, available at [https://twitter.com/tconnellyRTE/status/271929439833702400?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E271929439833702400%7Ctwgr%5E%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fwww.theguardian.com%2Fbusiness%2F2012%2Fnov%2F23%2Feurozone-crisis-eu-budget-summit-cameron] (accessed 15-7-2021)
- De Bruijn, Tom. "Which coalitions could result from Tusk's 'Leaders' Agenda?", 09 July 2018, *Clingendael*, available at [https://spectator.clingendael.org/en/publication/which-coalitions-could-result-tusks-leaders-agenda] (accessed 07-01-2021)
- Elgrström, Ole et al., "Coalitions in European Union Negotiations", *Scandinavian Political Studies*, Vol 24:2, 17-12-2001, 111-128, [https://doi.org/10.1111/1467-9477.00049] (accessed 05-04-2021)
- Elgrström, Ole and Christer Jönsson (eds), *European Union Negotiations: Processes, Networks and Institutions*, London: Routledge (2004).
- European Council on Foreign Relation, "EU Coalition Explorer", 08 July 2020, available at [https://ecfr.eu/special/eucoalitionexplorer/] (accessed 04-01-2021)
- Fleming, Sam & Mehreen Khan, "EU's 'frugal' nations offered rebates to break virus recovery deadlock", *Financial Times*, 20 July 2020, available at [https://www.ft.com/content/dc517389-7918-49ba-a928-79d006612523] (accessed 10-07-2021).
- Grobe, Christian "The Power of Words: Argumentative Persuasion in International Relations", *European Journal of International Relations*, Vol.16:1, pp 5 – 29, 05 January 2010, [https://doi.org/10.1177/1354066109343989].
- Hall, Ben "Two Cheers for Europe's €750bn recovery fund", *Financial Times*, 21 July 2020, available at [https://www.ft.com/content/b16ea218-d520-47ab-bab2-bbd4041059b8] (accessed 01-08-2021).
- Heinen, Nicolaus. "A European transfer union," Deutsche Bank Research, *Reports on European Integration*, EU Monitor 81, 2 August 2011, available at [https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000461501/A_European_transfer_union%3A_How_large%2C_how_po

werful.PDF?undefined&realload=wEUyjhDXekl090u2q2p~XdOeC9VE9b1HWMoL6/vFcpKMKcqHXhvgQbrH4SYZvoLV] (accessed 03-01-2021)

- Herzenhorn, David M. "Virtual summit, real acrimony: EU leaders clash over 'corona bonds'", *Politico*, 27 March 2020, available at [<https://www.leadersleague.com/fr/news/real-anger-ahead-of-virtual-eu-summit>] (accessed 04-08-2021).
- Hosli, Madeleine. "Coalition Formation and Voting in the Council of the European Union" in Holler and Owen, *Power Indices and Coalition Formation*, (Springer: New York, 2001), pp. 315 – 340.
- Hosli, Madeleine. "Power, Connected Coalitions, and Efficiency: Challenges to the Council of the European Union", *International Political Science Review*, Vol. 20, No.4, 01 October 1999, pp.371–391.
- Janning, Josef. "Dutch courage: Is the Netherlands overconfident in its EU influence?", *European Council on Foreign Relations*, 30 January 2019, available at [https://ecfr.eu/article/commentary_dutch_courage_is_netherlands_overconfident_in_its_eu_influen/] (accessed 04-08-2021).
- Jürgens, Hanco. "Franco-German Axis: A balancing act with room for the Dutch", *Analysis*, 09 July 2018 *Clingendael*, available at [<https://spectator.clingendael.org/en/publication/franco-german-axis-balancing-act-room-dutch>] (accessed 06-01-2020).
- Khan, Mehreen, "New Hanseatic' states stick together in EU big league", *Financial Times*, 27 November 2018, available at <https://www.ft.com/content/f0ee3348-f187-11e8-9623-d7f9881e729f> (accessed 08-06-2021).
- Khan, Mehreen, Sam Fleming, Jim Brunsden & Michael Peel, "EU leaders fail to find budget compromise as summit breaks up", *Financial Times*, 21 February 2020, available at [<https://www.ft.com/content/c3e2ef6e-53ed-11ea-8841-482eed0038b1>] (accessed 01-08-2021).
- Khan, Mehreen. Tweet "Mark Rutte after #euco: "I cannot foresee any circumstances in which the Netherlands will accept Eurobonds. This is against the design of the EMU", 26 March 2020, available at [<https://twitter.com/MehreenKhn/status/1243295594258587649>] (accessed 04-08-2021).
- Korteweg, Rem. "Why a New Hanseatic League will not be enough", 09 July 2018, *Clingendael*, available at [<https://spectator.clingendael.org/en/publication/why-new-hanseatic-league-will-not-be-enough>] (accessed 06-01-2021).
- Lister, Sam. "David Cameron holds EU talks with Dutch leader Mark Rutte", 13-11-2012, *The Independent*, available at [<https://www.independent.co.uk/news/uk/politics/david-cameron-holds-eu-talks-dutch-leader-mark-rutte-8312539.html>] (accessed 15-07-2021).
- Morin, Jean-Frederic & Richard E. Gold. "Consensus-Seeking: Distrust and Rhetorical Entrapment: The WTO Decision on Access to Medicines", *European Journal of International Relations*, Vol 16, July 2009, pp. 563 – 387.

- NU, “Rutte praat met Cameron, Reinfeldt en Merkel in Zweden”, 28-05-2014, available at [https://www.nu.nl/politiek/3788469/rutte-praat-met-cameron-reinfeldt-en-merkel-in-zweden.html] (accessed 27-05-2021)
- Odell, John S. “Three islands of knowledge about negotiation in international organizations”, *Journal of European Policy*, 17:5, 21-06-2010, [10.1080/13501761003748534], pp. 619 – 632.
- Odell, John S. *Negotiating the World Economy*, (Ithaca, New York: Cornell University Press) 2000.
- Politico, “Germany fights to limit EU spending in the long-term budget”, 01-04-2019, available at [https://pro.politico.eu/news/germany-fights-to-limit-eu-spending-in-long-term-budget] (accessed 07-06-2021).
- Putnam, Robert D. “Diplomacy and Domestic Politics: The Logic of Two-Level Game”, *International Organization*, Vol. 42, No. 3, (MIT Press) pp. 427–460.
- Reiermann, Christian. “Dutch Finance Minister on the Debt Crisis: ‘We are all threatened by contagion’”, *De Spiegel*, 28-08-2011, available at [https://www.spiegel.de/international/spiegel/dutch-finance-minister-on-the-debt-crisis-we-are-all-threatened-by-contagion-a-781622.html] (accessed 06-07-2021)
- Ruse, Ilze. “The Bargaining Power of Territorially Constituted Institutionalised Coalitions in EU Council Negotiations”, *Journal of Contemporary European Research*, Vol. 8: 3, 2012, pp.320 – 339.
- Ruse, Ilze. *(Why) Do Neighbours Cooperate: Institutionalised Coalitions and Bargaining Power in EU Council Negotiations*, (Berlin: Budrich UniPress, 2013)
- Schimmelfennig, Frank. “The Community Trap: Liberal Norms, Rhetorical Action and the Eastern Enlargement of the European Union”, *International Organization*, Vol 55:1, Winter 2001, MIT Press, pp. 47 – 80.
- Schoeller, Magnus. “It’s not a French-German Europe’: How small creditor states stand up for their interests in the EU”, 30 September 2020, LSE Blogs, available at [https://blogs.lse.ac.uk/europpblog/2020/09/30/its-not-a-french-german-europe-how-small-creditor-states-stand-up-for-their-interests-in-the-eu/] (accessed 10-05-2021)
- Schoeller, Magnus. “New Hansa and Frugal Four: The Role of Small Creditor States in the Economic and Monetary Union”, OEGFE, 14 July 2020, available at [https://www.oegfe.at/policy-briefs/role-small-creditor-states-in-emu/?lang=en] (accessed 10-05-2021).
- Schout, Adriaan. “Deepening EU integration and the Netherlands’ EU narrative”, *Clingendael*, March 2018, [https://www.clingendael.org/sites/default/files/2018-03/Paper_Deepening_EU_integration.pdf] (accessed 18-04-21)
- Taylor, Paul. “Brexit redraws EU alliances”, *Politico*, April 2018, https://www.politico.eu/article/brexit-redraws-eu-alliances-coalitions-stop-france-and-germany-deeper-integration/ [accessed 13-03-2021]

- Unknown author, "Merkel, Sarkozy, Cameron Tell EU's Barroso to Rein in Spending", *Bloomberg*, 18-12-2010, available at <https://www.bloomberg.com/news/articles/2010-12-18/merkel-sarkozy-cameron-tell-eu-s-barroso-to-rein-in-spending> (accessed 03-06-2021).
- Unknown author, "Arguments for and against fiscal union", *Debating Europe*, n.d, available at [<https://www.debatingeurope.eu/focus/infobox-arguments-for-and-against-fiscal-union/#.X8kF6C2ZNQI>](accessed 03-01-2021)
- Unknown author, "EU agrees on €500B of economic aid but no 'corona bonds'", *Politico*, 10 April 2020, available at [<https://www.politico.eu/article/corona-bonds-fade-in-midst-of-eurogroups-e500b-economic-strategy/>] (accessed 06-06-2021).
- Unknown author, "Say it louder: the EU is still a transfer union", *Politico*, October 2011, [<https://www.politico.eu/article/say-it-louder-the-eu-is-still-a-transfer-union/>] (accessed 13-03-2021).
- Van de Wiel, Clara "Nu de Britten weg zijn, is Rutte Mr No", 22 July 2020, *NRC*, available at [<https://www.nrc.nl/nieuws/2020/07/22/nu-de-britten-weg-zijn-is-rutte-mr-no-a4006629>] (accessed 13-03-2021), translated by the author.
- Van der Bij, Hedwich & Jan Rood, *Rapport: Samenwerking en coalitiepatronen in de Europese Unie: Nederland op de Europese politieke assen*, *Clingendael*, June 2016, p.40 (translated by the author)
- Veen, Tim, *The Political Economy of Collective Decision-Making*, (Berlin: Springer) 2011.
- Vogel, Toby & Andrew Gardner, "Van Rompuy puts forward new MFF proposal", *Politico*, 22 November 2012, available at [<https://www.politico.eu/article/van-rompuy-puts-forward-new-mff-proposal/>] (accessed 15-07-2021)
- Vogel, Toby. "Van Rompuy trims spending plans for 2014-2020 by €75bn", *Politico*, 14 November 2012, available at [<https://www.politico.eu/article/van-rompuy-trims-spending-plans-for-2014-20-by-e75bn/>] (accessed 15-07-2021).
- Wearden, Graeme. "Eurozone crisis live: David Cameron blasts EU as budget summit ends without a deal", *The Guardian*, 23 November 2012, available at [<https://www.theguardian.com/business/2012/nov/23/eurozone-crisis-eu-budget-summit-cameron>] (accessed 15-07-2021)
- Winkler, Michael. "Coalition-Sensitive Voting Power in the Council of Ministers: The Case of Eastern Enlargement", *Journal of Common Market Studies*, Vol. 36, No. 3, 16 December 2002, pp. 391–404.
- YLE, "Finland rejects joint debt to fight corona crisis", 08 April 2020, available at [https://yle.fi/uutiset/osasto/news/finland_rejects_joint_eu_debt_to_fight_corona_crisis/11297764] (accessed 05-08-2021).
- Zartman, William. "Negotiation as a Joint-Decision-Making Process", *The Journal of Conflict Resolution*, Vol.21:4, December 1977, pp. 619 – 638.

Zunneberg, Christel. "German-Dutch relationship key to EU coalition building", *European Council on Foreign Relations*, 16 January 2017,
[https://ecfr.eu/article/commentary_note_to_berlin_german_dutch_relationship_key_to_eu_coalition_bui/] (accessed 02-04-21).



PLAGIARISM RULES AWARENESS STATEMENT

Fraud and Plagiarism

Scientific integrity is the foundation of academic life. Utrecht University considers any form of scientific deception to be an extremely serious infraction. Utrecht University therefore expects every student to be aware of, and to abide by, the norms and values regarding scientific integrity.

The most important forms of deception that affect this integrity are fraud and plagiarism. Plagiarism is the copying of another person's work without proper acknowledgement, and it is a form of fraud. The following is a detailed explanation of what is considered to be fraud and plagiarism, with a few concrete examples. Please note that this is not a comprehensive list!

If fraud or plagiarism is detected, the study programme's Examination Committee may decide to impose sanctions. The most serious sanction that the committee can impose is to submit a request to the Executive Board of the University to expel the student from the study programme.

Plagiarism

Plagiarism is the copying of another person's documents, ideas or lines of thought and presenting it as one's own work. You must always accurately indicate from whom you obtained ideas and insights, and you must constantly be aware of the difference between citing, paraphrasing and plagiarising. Students and staff must be very careful in citing sources; this concerns not only printed sources, but also information obtained from the Internet.

The following issues will always be considered to be plagiarism:

- cutting and pasting text from digital sources, such as an encyclopaedia or digital periodicals, without quotation marks and footnotes;
- cutting and pasting text from the Internet without quotation marks and footnotes;
- copying printed materials, such as books, magazines or encyclopaedias, without quotation marks or footnotes;
- including a translation of one of the sources named above without quotation marks or footnotes;
- paraphrasing (parts of) the texts listed above without proper references: paraphrasing must be marked as such, by expressly mentioning the original author in the text or in a footnote, so that you do not give the impression that it is your own idea;
- copying sound, video or test materials from others without references, and presenting it as one's own work;
- submitting work done previously by the student without reference to the original paper, and presenting it as original work done in the context of the course, without the express permission of the course lecturer;
- copying the work of another student and presenting it as one's own work. If this is done with the consent of the other student, then he or she is also complicit in the plagiarism;
- when one of the authors of a group paper commits plagiarism, then the other co-authors are also complicit in plagiarism if they could or should have known that the person was committing plagiarism;
- submitting papers acquired from a commercial institution, such as an Internet site with summaries or papers, that were written by another person, whether or not that other person received payment for the work.

The rules for plagiarism also apply to rough drafts of papers or (parts of) theses sent to a lecturer for feedback, to the extent that submitting rough drafts for feedback is mentioned in the course handbook or the thesis regulations.



The Education and Examination Regulations (Article 5.15) describe the formal procedure in case of suspicion of fraud and/or plagiarism, and the sanctions that can be imposed.

Ignorance of these rules is not an excuse. Each individual is responsible for their own behaviour. Utrecht University assumes that each student or staff member knows what fraud and plagiarism entail. For its part, Utrecht University works to ensure that students are informed of the principles of scientific practice, which are taught as early as possible in the curriculum, and that students are informed of the institution's criteria for fraud and plagiarism, so that every student knows which norms they must abide by.

I hereby declare that I have read and understood the above.

Name: Kat Mooney

Student number: 6339735

Date and signature: 22/08/2021

A handwritten signature in black ink, appearing to read 'Kat Mooney', written in a cursive style.

Submit this form to your supervisor when you begin writing your Bachelor's final paper or your Master's thesis.

Failure to submit or sign this form does not mean that no sanctions can be imposed if it appears that plagiarism has been committed in the paper.