1-1-1980

Welfare States and Energy Crisis Sweden and the Netherlands, 1973 - 74

Frederic S. Pearson

Michael Nyden

Occasional Paper 8014
April, 1980

Welfare States and Energy Crisis: Sweden and the Netherlands, 1973-74

by

Frederic S. Pearson
Michael Nyden

Welfare States and Energy Crisis: Sweden and the Netherlands, 1973-74

Frederic S. Pearson
University of Missouri-St. Louis

Michael Nyden
University of Uppsala, Sweden

April, 1980

Welfare States and Energy Crisis: Sweden and the Netherlands, 1973-1974

INTRODUCTION

With prospects for increasing scarcity of vital raw materials and continued price increases for both the world's raw materials and finished products, economic crises are likely to be an increasingly frequent diplomatic problem for governmental officials in a variety of countries. Such crises might entail acute and unexpected disruptions of supplies, shortages, difficulties in obtaining hard currency, embargoes, and inflation or unemployment transmitted from the dealings of one country to another. We must understand the way government leaders are likely to react to such crises if we hope to improve responses and predict economic dislocations.

Several examples of recent economic disruptions qualify as crises -- since decision-makers, at least for a brief time, anticipated grave threat to their economies. The 1973-74 oil price increase and selective embargo was perhaps the rudest awakening for leaders in the industrialized as well as "Third" worlds. Generally, we know how the larger and more powerful countries responded to this crisis: the United States, according to the Church Committee and other sources, relying greatly on private industry and the oil companies to provide necessary supplies, at a time of relatively low dependence on foreign oil; England and France attempting, generally in vain, to work out special arrangements with the Arab states in return for a friendlier diplomatic posture on the issue of the Middle East war, and pressuring -- again unsuccessfully -- oil companies to supply them fully while other countries' supplies were being cut back; Germany relying on a relatively free market economy -- one of the few states in Europe not to attempt an imposition of petroleum price ceilings during the crisis -- and ending up with large quantities of petroleum products (although evidently enduring some worries and the imposition of autobahn speed limits for the first time).

We know that the multi-national oil companies -- especially the seven majors -- were instrumental in redistributing oil supplies around the world and in enforcing a system of "equal misery," in which all countries suffered to relatively the same extent. This worldwide shortage was around 13-15%, and in almost every investigation of oil company activity the conclusions were that the companies did the best they could in a difficult situation. Nevertheless, doubts persist in some circles because of a symbiotic relationship between oil producing nations and oil companies in pricing policy.

Thus, while much is known about the responses of powerful states or groups of states around the world, conspicuously absent is a consideration of the oil crisis' effect on minor industrial powers, particularly those promoting a high degree of social welfare through government programs. Such social programs could be hard-pressed by world economic dislocations and disruption of supplies or trade. In the future it will be important to know how these states are likely to react to economic crisis, and how hard-hit they are likely to be.

Theoretically one would expect states ruled by a Social Democratic Party, or which have high levels of government participation in economic affairs, including significant responsibility for social welfare programs, to seek firm control during a crisis situation. One would expect Social Democrats to be more suspicious of business than Conservative Party members during such a crisis.

Yet political and economic traditions have much to do with crisis response, even for Social Democratic regimes. If a small power is economically dependent on other major powers, it may make little difference what party is in power -- few viable alternatives may exist in a crisis. The ruling party's majority in a parliamentary system, and its length of tenure in office might affect that party's assertiveness and regulations. Traditions of business-government relations in the country could have a strong impact on crisis decisions. The size and traditional

influence of the business community would be a factor perhaps mediating against government regulation, nationalization, or investigation. Some Social Democratic Parties have also disassociated themselves from state ownership of industry or large scale nationalization.

Competing hypotheses about minor power response to economic crisis appear plausible. On the one hand the response could involve significant government attempts to gain control of the situation and carefully regulate the private sector in order to prevent economic dislocation and maintain governmental supremacy. This follows from the notion that states with "open" economies, i.e., those highly dependent on international contacts and trade, are more subject than closed economies (self-sufficient) to public sector growth in order to manage delicate international connections. The state asserts itself in order to reduce or ameliorate international vulnerabilities. Thus, in one study the significant growth in both the Dutch and Swedish public sectors from 1960-75, as measured by share of government revenues, was explained by both economies' openness and dependence on foreign trade. Social Democracy itself was not a sufficient explanation since the Netherlands ranked low in Social Democratic electoral support for the government until 1973. (Cameron, 1978, pp. 1249-55) If this pattern of assertive public sector management holds for crises, we would expect an increase of governmental regulation of the oil industry during the oil crisis of 1973-74, and an integrated governmental program to manage energy resources.

On the other hand, minor power leaders may expect diminishing marginal returns for governmental involvement on issues over which the minor power has extremely little international influence. For instance, on the issue of petroleum availability, if cartels and American or British companies make most of the major decisions, it may seem counter-productive for a minor power to step up its regulation of the oil industry. Hence, we might expect a laissez faire approach,

even from a Social Democratic government. This may be especially so if the national tradition is for very little regulation of petroleum suppliers and very little government interest in controlling or operating corporations. Minor powers with greater international oil connections might be expected to undertake a more active response to immediate crisis than less influential states if this second hypothesis holds true.

Alternatively, vulnerability and extremely limited international influence on a given issue could lead to attempts to satisfy domestic electoral constituencies during crisis. Here the importance of the international situation is seen as less pressing because not very much can be done about it. Instead, minor power leaders may simply seize the opportunity to push pet programs, increasing governmental assertiveness in ways calculated to appeal to important constituencies. This is especially likely if elections are expected. In such circumstances we would expect less government regulation during the crisis in states with international influence on the issue than in states without influence -- where the arena of debate is perforce domestic. Regulations might have very little to do with "solving the crisis" since that may be impossible -- instead bureaucracies and interest groups may push for a series of relatively unrelated regulations.

Hence, three patterns of response appear possible: (1) government assertiveness in a concerted and coordinated attempt to remedy the crisis; (2) government reliance on the private sector to "solve" or "handle" the crisis; (3) disjointed governmental response, with a series of ad hoc regulations satisfying various bureaucracies or interest groups. Two sets of factors appear likely to determine the response: (1) traditions of private public sector relations -- including governmental approaches to planning and regulation; (2) international vulnerability and influence on the issue in question.

We shall examine each of these factors as they affected policies during the 1973 crisis, beginning with planning traditions. Swedish and Dutch crisis responses will be covered. Both Sweden and Holland are very open economies, and patterns of government assertiveness during the crisis will be identified according to the three hypotheses and related to the domestic and international environments.

TRADITIONS OF ECONOMIC REGULATION AND PLANNING IN THE NETHERLANDS AND SWEDEN

Both the Netherlands and Sweden were, in 1973-74, modified social welfare states with well developed economic planning agencies and yet only very limited public ownership of property. Social Democratic parties ruled in both states, but these parties had long eschewed serious interest in nationalization of, and had maintained pragmatic and relatively close working relations with private industry. Both states have what might be called a "liberal corporatist" economic approach.

In such systems, business and labor are encouraged to achieve overall settlements and guidelines for the whole nation, with sometimes direct and sometimes indirect government participation. Thus, employer and employee confederations wield considerable centralized power over economic conditions. In the Netherlands these consultations have been highly institutionalized with direct government participation and occasional willingness to help enforce settlements. Swedish corporatism leaves more autonomy for the bargaining groups without much government participation. Bargaining is centralized but not highly controlled. (See Lehmbruch, 1977, pp. 95-109)

In the Netherlands the history of public sector planning is as old as the need to hold back the sea and reclaim the land. In some sense, an environmental crisis always faces Netherlands' leaders. Economic crises after the First World War also spurred planning, and the dislocation and destruction of the Nazi period

led to concerted organization for post-war recovery. In a country intricately connected with and dependent on international trade markets, the Netherlands government is also responsible for assisting traders and transporters, and promoting competitive prices by controlling inflation. Business and government officials have coordinated economic and trade policies since the Permanent Committee on Trade Policy was created in 1891. (Singh, 1972, p. 37) The Dutch labor movement, with strong ties to the Social Democrats (now Labor Party), also opted for participation in the Social and Economic Council, formed after World War II as the government's main advisory body; labor had played a similar role in the employer-employee Federation of Labor.

With this successful institutionalization of economic interest groups, and planning through economic advisors within the government (Central Economic Planning Bureau, Central Bank, Central Bureau of Statistics) the Dutch Government has been able to set economic goals for the society, and both labor and business have participated closely. Created under Labor-led coalition governments after the war, the system has survived and has made the question of public ownership of industry largely irrelevant in the Netherlands economy, at least until the late sixties, when some leftist splinter parties or factions again brought up questions of nationalization, and when Dutch labor unions became more militant on wage and hours issues. (Blanken 1976, p. 36) The North Sea gas discoveries have led to profitable joint government-business ventures. But Mainstream Dutch Social Democrats, continue to believe that the economy can be regulated effectively through consultative machinery, legislation, and socio-economic planning on such questions as housing, health, transportation, public welfare, and public works.

At the worst moments of Netherlands' post-war economic history--worst in the sense of threats to foreign trade lifelines--such as immediate reconstruction and the new inflationary pressures of the late 1950's and 60's, the government resorted to more direct economic controls, including wage and price freezes, cuts in expenditures, tax increases, increased rents and social insurance costs.

Indeed this "belt tightening" precipitated the departure of the Labor Party from the Cabinet in 1958, an absence which lasted, with brief exception, until 1973. Economic controls did not stem the wage and price inflation of the expansive sixties; the Netherlands were saved from serious economic problems only by continued world economic expansion and trade which allowed somewhat parallel increases of wages, production, and economic activity. (Blanken, 1976, p. 40) A serious petroleum or resource scarcity would threaten this precarious balance, and could conceivably lead to the same strong governmental controls imposed during previous economic threats.

While Dutch planning and regulation had a long history, the government has also been highly influenced by business interests, and the oil industry has been especially influential and autonomous. Even regulatory boards designed to oversee the energy situation are frequently headed or staffed by ex-oil company officials. When allocation plans were developed during the Depression the government made it clear that this would not portend a move toward "permanent Socialism." The Dutch state has placed much value on private sector initiative even in the midst of planning, and has utilized corporatist consultative institutions to help harmonize business, labor, and government approaches.

Thus, when economic crisis again loomed in 1973, with a direct threat of petroleum scarcity, the question was whether a Labor-dominated coalition government would revert to traditionally stringent controls, would change the emphasis of such controls, and/or would maintain the reliance on the private sector (in consultation with labor and economists)

The Labor Party, in office for only a few months, had not had much time to plan for crisis, or to reshape the key governmental departments concerned with energy and the economy, particularly the Ministry of Economic Affairs.

Swedish planning and governmental regulatory traditions were very similar to those in Holland, though without the pressing, nearly constant ecological crises facing Netherlands' leaders. Swedish Social Democrats, in power (and

coalitions) continuously from 1932 to the mid-seventies, pursued gradualistic policies to promote economic equality, the welfare state, and a mixed economy. State ownership of the means of production has been rare in Sweden, and not a Social Democratic priority. (Scase, 1977, p. 43 and Lindbeck, 1974, p. 245) The most pressing issue concerning private ownership seems to have been worker representation in corporate decision-making, with the question of planning and utilization of resources coming next in Social Democratic priorities regarding regulation. (Hancock, 1976, pp. 175-76) This involved the government in questions related to energy (e.g., mining of uranium) and led to increased regulation, but did not particularly extend to regulation or ownership of oil industries (except on issues such as pollution). With no petroleum resources, the state saw little role for itself in the oil business as the 1973 crisis emerged.

Lindberg (1977) notes that Sweden, as with a variety of industrialized states--capitalistic, Socialist, and Communist--has had rather disjointed and incremental decision-making on energy questions. However, he notes that the 1973 crisis seemed to spur a more thorough reconsideration or these policy shortcomings and lack of overall planning in Sweden than elsewhere. This is demonstrated, for instance, in rather clearly defined publicly debated choices on the future use of nuclear power. Nevertheless, until 1973 the perceived technical nature of energy development, and complex international market arrangements had produced a reliance on private corporations and a significant penetration of corporate influence into various Swedish bureaucracies dealing with energy--a penetration similar to that in the Netherlands.

Economic planning in Sweden generally is carried on by special committees or commissions issuing long term (five year) reports. These reports constitute forecasts rather than directives. Suggestions are made for medium term public and private sector policies after consultations between government and leaders of these sectors. Unlike the Netherlands, where government reliance on planning expertise has been extensive, Swedish reports are seldom officially adopted as

government policy; rather they are used to gather information and build motivation and confidence. (See Lindbeck,1974, pp. 165-67)

Government planning has not significantly restricted or directed the large private industrial sectors of Holland and Sweden. Instead, both states utilize versions of "semi-corporatist" government-labor-industry consultation in setting wage and price levels. However, resources have increasingly been transferred from private to public sectors through taxation and reallocation in government programs.

Both countries had histories of crisis planning bureaucracies stemming from the Depression era or WWII. In Sweden's case, planning had worked quite well during the Second World War and 1956 supply interruptions, and was viewed as one of the main underpinnings of successful neutrality in world politics. A Committee on Economic Defense had been previously established and bore significant responsibility for planning allocations in crisis. This Committee always functioned, and in peacetime was responsible for stockpiling important goods for possible wartime use. When "crisis" emerged, it was clear that this Committee should be in charge, and that other organizations could be set up under its authority. The Fuel Board (see Figure 1) was the main subordinate agency for the petroleum crises, and directly responsible to and highly influential with the Government.

Holland also had regulatory boards in past crises (even under Conservative governments), with such boards deciding the allocation of textiles, pharmaceuticals, and raw materials as well as food during the Second World War and Depression years. There was also an Office of Economic Defense within the Dutch Economics Ministry which operated in much the same way as the Swedish Committee; NATO responsibilities made strategic resource planning imperative.

Despite significant government regulation of and intervention in the respective economies, both countries remained predominanatly capitalistic. Approximately 94% of Swedish industry was privately owned. (Hedlund and Otterbeck, 1977, p. 16) While some important Netherlands industries, notably the transportation (as in

Sweden) and natural gas works, were nationalized, the vast bulk of Netherlands industry was also in private hands. The discovery of natural gas deposits presented a clear opportunity for a rare excursion by the Dutch government into part ownership--through franchises and joint ventures--in an energy related industry.

Thus both Sweden and Holland are modified welfare states, with the governmental role somewhat limited to the social and regulatory spheres, and rarely extended to the area of ownership and business decision-making. Governments in both states participate in labor negotiations, and hence have significant impact on decisions. Both Sweden and Holland have traditions of diplomatic neutrality which required crisis preparedness and planning, but neither state evolved rigorously enforced peace-time general economic or developmental plans familiar in Socialist states. Both states are significantly involved in more specific land use, population, housing, and education planning, as well. Agencies produce long term "plans," for overall economic activity, but these are generally guides for monetary and fiscal policy.

CONTRASTING, YET SIMILAR INTERNATIONAL CRISIS ENVIRONMENTS

Immediate environments in late 1973 for Netherlands and Swedish leaders were quite different. The Netherlands was officially boycotted by Arab states in October, ostensibly because of support for Israel by leading members of the Labor Party Government, but in the minds of many Netherlanders because of the strategic importance of the port of Rotterdam. In addition, the Netherlands belonged to both the European Economic Community (EEC) and the NATO alliance, and had an interest in at least one major world oil company - Shell Oil. The Netherlands enjoyed significant deposits of natural gas, which was exported to other European countries as well. The Labor-Coalition Government, the first since 1958, with a brief exception in 1965-66, enjoyed a viable working coalition with smaller progressive parties, as well as with the large Catholic Party(in a sense Holland was not under the full influence of "Social Democracy"). Finally, the

Dutch tended to support Israel, both because of lingering guilt over the fate of Dutch Jews during the Nazi occupation, and strategic NATO calculations emphasizing Israel's importance in the Middle East. (Heldring, 1974) Yet, there was also a slow evolution in Dutch Mid-Eastern policy, in line with growing sympathies for "Third World" movements and oil interests. (Schaper, 1975)

By contrast, Sweden, while economically and socially quite similar to the Netherlands, faced quite different geo-political pressures. Sweden maintained diplomatic neutrality and was not a member of the European Community. While Swedes organized and owned significant multi-national enterprises - including SKF (ballbearing and steel producer), L. M. Ericsson (telephones and electronics), Electrolux, Swedish match, Sandvik (steel), Alpha-Laval (machinery), Atlas Copco (machinery), and AGA (gas, welding, electronics) - nothing matched the scope and importanc in the oil crisis of Shell. Swedish industry may have been the "most multinational in the world" (Lindbecn, 1974, p. 162) but, Sweden was not as influential in international business circles - particularly those related to petroleum - as were the Dutch.

Sweden had no significant natural gas resources, although there was considerable mining (uranium) and forestry potential in the energy area. In fact, major foreign oil companies had a near total domination of the Swedish market, as domestic companies had only about a 10% share, with their oil mostly bought on the international spot market. (Dagens Nyheter, November 24, 1973, p. 1) While the Netherlands had a significant petroleum refinery operation in Rotterdam, Sweden refined only 40% of its petroleum consumption. The rest was mainly imported from that Rotterdam facility. Shell and British Petroleum combined for a 32.4% share of the Swedish market, with Exxon, Mobil, Gulf, and Texaco accounting for another 27.6%. The consumer owned national OK Company had a 13% market share. (Commission on Energy Emergency Preparedness, SOU, 1975: 60, p. 72; Svenska Dagbladet, December 12, 1973, enclosure p. XI)

Social Democracy prevailed in Sweden, and had done so since before the Second

World War, leaving a much firmer tradition and influence on the bureaucracy for the Social Democratic Party than in Holland. However, the September 1973 general election had resulted in an even split between Socialists and the non-Socialists. The Social Democrats remained in power, but now without a majority of their own. This resulted in something of a "lottery-parliament," since a number of questions were decided by drawing lots in the case of tie votes. Thus, new Swedish elections appeared imminent, and it seemed that the handling of the energy crisis could not help but be an election issue.

Despite strong public preferences for Israel in both countries in 1973--and a staunch determination to show the Arabs that the societies could survive without their oil, Sweden's image in the Arab world was more favorable than Holland's-though Dutch enterprises continued "business as usual" with Arab customers throughout the boycott. The Swedes had championed Third World rights during the 1960's and early 70's, but perhaps more importantly, there was no major "Europort" in Sweden and no Arab diplomat as forceful as those representing Kuwait and other states in the Hague. The French and Italians--because of EEC frictions with Holland, had relayed word of Dutch leaders' pro-Israeli positions to the Arabs, as had Arab diplomats. Sweden's more neutral and remote European role may have spared her such notoriety and pressure. (See Pearson, 1979)

Yet while there were significant dissimilarities in the situations confronted by the two states, there were a great many similarities as well. World petroleum price increases would affect both of these highly industrial and yet significantly agricultural economies. While Sweden did not belong to the European Community, it did have significant trade with members of that group, particularly with Germany. Sweden was directly dependent on the Rotterdam spot and refinery markets, as well as on multinational oil companies which dealt through Rotterdam.

Aware of the planning traditions, emphasis on private enterprise, and trade dependence of these two states, we can consider their crisis responses. Hypothesis one posited a concerted integrated government response to crisis; hypothesis two a

laissz-faire approach; and hypothesis three a disjointed response premised largely on domestic political pressure. If the second pattern prevails, we might expect a more active Dutch than Swedish government response to the crisis, since the Netherlands had greater international petroleum influence. If the third pattern prevailed, we would expect more regulation—albeit disjointed-in Sweden due to domestic pressure and negligible international influence. If both governments react with integrated and ambitious energy availability and consumption plans and controls, responses typical of the first hypothesis, it would indicate that public sector growth--conditioned by open economics--would be expected in minor powers' crisis as well as non-crisis periods.

The Netherlands Reaction to Crisis

The initial Dutch response to potential oil shortage, real price increases, and an unexpected embargo in October of 1973 was rather confused. The first month of the crisis was spent in bureaucratic attempts to devise a rational policy towards the Middle East - mainly the responsibility of the Foreign Ministry, and in nearly total reliance by the Economics Ministry on information and distribution through oil companies, especially Shell. The Economics Ministry was the focus of decision-making to cushion the impacts of petroleum scarcity. Heavy pressure was applied by other European states, notably Germany, England, and France, for a change in the Netherlands' strongly pro-Israeli stand. At the same time, in the economic sphere, the Government requested EEC assistance and resource sharing if petroleum shortages reached dire proportions. Within one month the Dutch modified their Middle Eastern political position, with the direct participation of the Prime Minister and Foreign Minister, to subscribe to EEC policies. (See Pearson, 1979)

At first, the threat of embargo did not seem serious, since it was not even clear which Arab states - if any - had officially established such an embargo. This was clarified in November, when real fears began to emerge in the Hague that tankers already at sea would arrive at port and that no new tankers would be

allowed to set sail for Rotterdam. While it was immediately clear that Shell and other companies which had heavily invested in the Rotterdam refinery complex would be reluctant to leave the Netherlands dry of petroleum, it was not clear how much production would be reduced, affecting employment in Rotterdam, exports of finished products from Rotterdam, and the availability of petroleum for the Netherlands domestic market. Companies had their own supply contracts to meet throughout Europe, and in Germany, with uncontrolled prices, the market was especially attractive.

On the asset side, however, the Netherlands was only about 50% dependent on petroleum for fuel in 1972, the second lowest figure in the European Community; Netherlands' natural gas deposits represented a domestic resource of great value, as well as an export lever and money-maker. Nevertheless, economists calculated that a 20% reduction of production in the petrochemical and refining industries would result in about 25,000 more persons unemployed in the region. (Lesuis and Muller as quoted by Rosenthal and Scholten, 1976)

The Economics Ministry responded only incrementally because of the surprise of the threat and because of recent governmental changes. In particular, the Netherlands had just experienced a prolonged cabinet crisis, dating from 1972, and a transition to a Labor Government. As noted by Professor Heldring, the Labor Party had moved "markedly to the left," with a new generation, a Vietnam influenced generation of leaders. These leaders had ambitious plans for expanded governmental roles in social planning, economic control, equalization of economic opportunity, and redefinition of foreign policy with less acceptance of NATO and EEC <u>clichés</u>. (Heldring, 1974) It was not clear what effect this would have on the Economics Ministry, on the direction of policy regarding regulation of companies, or in the overall direction of the economy.

In a remarkably short time the Ministry of Economic Affairs developed a series of rules and regulations to handle the crisis and reduce both petroleum imports and exports by controlling consumption. These included measures announced

on October 22: carless Sundays, reactivation of the Resource Distribution Act of 1939 (a product of war-time conditions, providing for the control of production and distribution of key resources), establishment of the State Office for Oil Products, and in November, the launching of plans for gasoline rationing. (Rosenthal and Schotlen, 1976)

The Office for Oil Products was staffed mainly from Economics Ministry civil servants and employees "loaned" by oil companies, and headed by a former oil company official. Oil company participation on such regulatory boards had been common in the Netherlands in the post-war period. The enabling legislation provided that this Office would execute the rationing of petroleum and petroleum products. Rosenthal and Scholten point out that:

> To some extent the emergency measures taken were prepared long in advance. Within the Department of Economic Affairs there is a small permanent Office of Economic Defense Planning, charged with the preparation and the updating of energy measures for wartime conditions according to NATO and national plans and including rationing. In this context oil-companies had to keep stock for at lease sixty days and coupons for gasoline rationing had been printed in advance. (1976, p. 5)

The main threat of shortage had already passed in January when rationing was finally introduced; it was introduced mainly for bureaucratic reasons-under the pressure of the Transport Ministry.

By December the Netherlands Government had formulated its plan of action, which included enabling legislation fitting Labor Party and coalition cabinet priorities for control of prices, rents, and - to the dismay of unions - even wages. The enabling bill was introduced and passed by Parliament in December, in an atmosphere of crisis with little discussion of indications that Arab oil production cutbacks were already easing. One of the bill's themes was the redistribution of incomes and protection of employment, with the Minister of Social Affairs, who had concern for Labor, allowed to make rules for one year on these issues. The figures quoted in Parliament at the time were that in the absence of strong measures for energy conservation, national production would

decrease by 10% and unemployment would rise to more than 200,000 people. (Parliamentary reports cited by Rosenthal and Scholten, 1976, p. 5). Crude oil imports to Rotterdam did decrease considerably in December compared to prior months, but recovered quickly with new oil shipments and reductions of both consumption and certain exports.

Oil companies were traditionally very influential in the Netherlands, enjoying important connections with the Directorate General For Energy Production in the Economics Ministry. Representatives of business interests and civil servants "collaborated frequently in - among others - advisory councils like the Electricity Board, the Industrial Board For Nuclear Energy, and the Coal Board." (Rosenthal and Schotlen, 1976, p. 7) This may be typical of a "distributive" type of decision-making, with a low degree of ideology or conflict, committee politics or party discipline; rather,

> "A technocratic atmosphere dominates the arena. There is plenty of room to incrementally satisfy the different group (sic.) involved."

Politicians were not included in the information network on energy resources, with the energy situation referred mainly to "a small group of 'experts' within the different party-political groups in Parliament." (Rosenthal and Schotlen, 1976, p. 7) The gas fields had produced a lucrative relationship between government and business in that profits were distributed and shared through a franchising system; and it must be recognized that the Netherlands interest in opposing the Arab petroleum price increase was partially tempered by the fact that Parliament had authorized natural gas prices to increase,with a one year lag, on the basis of petroleum price increases. The Dutch Government had begun to assert a greater claim to direct participation in oil company exploration in the late sixties and early seventies when North Sea drilling was expanded, but this assertiveness did not extend to petroleum, as opposed to gas, production.

Rosenthal and Scholten note that with the crisis atmosphere and at least temporary belief in a possible shortage, this comfortable "distributive"

arrangement almost became what may be called a "redistributive" one. Here, there was more conflict, more open debate, more conflicting class interest, and more politicization. While some parliamentarians - even in the left wing of the Labor Party, criticized the companies and joined the unions in open speculation about deception, the Economic Ministry debated the direction to take in dealing with the companies in the future. One influential leader in the Ministry believed that the companies would pull the Netherlands through in this and future crises, and that countries like France were foolish to nationalize and seek direct control. Companies knew best how to handle the intricacies of the international oil market. (Personal interview, The Hague, 1977)

But perhaps under the impetus of the new government, this official was gradually bypassed in authority during the crisis within the Ministry. Instead, younger officials began to emphasize a more comprehensive set of plans for controlling the economy and for gathering more information on the availability of oil resources. Nevertheless, they too were willing to rely on the companies for ultimate petroleum distribution, since there was little choice and no great support for nationalization. The benefits of Rotterdam were too apparent and the dangers of competition from other European ports too pressing for any stern measures to regulate or control companies. Investments, after all, could be moved elsewhere in the long run if neccessary, and the Netherlands is a small country unable to control the multi-nationals from which it benefits.*

A Dutch official also happened to chair the OECD Petroleum Committee, which

---

*Let us not forget that even Shell's main headquarters are in the United Kingdom.

met in December after the OECD as a whole had failed to declare the state of emergency which would have provided oil sharing for the Netherlands and other embargoed states. The Committee was designated as a place where the United States, the Netherlands, Britain, and other oil powers would supervise and facilitate company arrangements to ease the crisis. This amounted essentially to a series of meetings in which the Netherlands official merely gave a stamp of approval to company sharing arrangements and collaboration to switch oil and supply certain countries. These arrangements have been criticized by such observers as Peter Odell of Erasmus University, who points out that one effect was to parcel out among certain companies nearly exclusive access to separate European markets. Others note that the United States was also able to catch up with Europe economically when European production prices rose because of high dependence on imported oil. The Netherlands would not be as subject to such price increases as France or other more dependent countries. Indeed, the U.S. and the Netherlands worked quite closely in the economic arena at this time, with the Economics Ministry at one point petitioning the U.S. Justice Department on behalf of an American oil company doing business in Holland, to ease anti-trust enforcement along the lines suggested by Secretary of State Kissinger, so that the companies might more easily collaborate.*

The Dutch Government moved toward more overall economic control, and used the crisis to justify restrictive measures which might tone down consumption. This fit the domestic priorities of the Labor Party,formulated prior to the crisis. While consumption restrictions met the uncertainties of crude oil supply in December, Holland's overall energy supply remained more than adequate. The government did not publicize the fact that refined oil product imports--especially from Britain in January, 1974 (much to the displeasure of the British Government)

---

*Despite this cooperation, Tourma Arida, in commenting on the oil situation, has noted that the U.S. government counselled the Saudi Arabians to keep Holland on the embargoed list long after the U.S. was removed, perhaps to continue the pressure on Europe or to resist France which was by that time calling for removal of the Arabs' Netherlands embargo--desiring Algerian access to EEC.

increased to offset declining crude oil deliveries.

Thus, the Dutch Government seized the opportunity to push through politically controversial legislation entailing policies which did not quite mesh with the actual supply picture. (See Pearson, 1979, p. 129) Even these control and conservation efforts were short-lived, spanning the time from the Prime Minister's December 1 television speech, in which he promised that pre-crisis good days would never return, to the mid-February statement by the Minister of Finance that the shortage of oil was hardly the most pressing economic problem anymore. Meanwhile, the Economics Ministry seemed to move along with business as usual in its symbiotic relations with the oil companies. The Ministry also exerted a greater role in demanding a "take" of the gas revenues to make up for its concession in allowing higher oil prices. In September, 1974 it was announced that government revenues from gas could reach as high as 95%. This would allow the Cabinet to continue its social programs and take advantage of at least the short-term gas bonanza. In addition, the Cabinet made good use of gas resources in bringing France to a less conflictive position on EEC resource sharing, through thinly veiled threats of a natural gas cut off. (LeMonde, Nov. 19, 1973)

Thus, the Economics Ministry adopted a more assertive economic role, but it did not affect the traditionally lucrative relations the Ministry had already established.*

---

*The reality of continued close relations between the oil companies and the Netherlands government is illustrated in certain price and profit figures. Despite formal price ceilings, price of refined gasoline in the Netherlands was the second highest among the six major EEC countries, second only to Germany. In addition, in December, 1973 average profit margins on the sale of oil products in the Netherlands were considerably higher than in Italy, France, and the United Kingdom (where there was a loss in sales). (Prodi and Clo, 1975, p. 99) The Netherlands, along with other European exporting countries, imposed export licenses and controls to try and limit the shortage of oil products. Nevertheless, Prodi and Clo point out that as with most European governments, the Netherlands did not attempt or was not able to keep up on the current supply situation - talking about scarcity and yet witnessing a developing surplus of oil in European storage. Also, as with other European countries, in the absence of clear information on price and demand elasticity in the oil market, the government chose to regulate private consumption and spare industrial users. This could have stemmed both from business influence in government and concern about potentially disastrous unemployment levels.

The Netherlands form of Social Democracy is a very pragmatic one. The Dutch government had been criticized publicly for what was considered too meek a natural gas policy in the pre-crisis days; the crisis provided an opportunity for the Economics Ministry to assert a tougher policy which would link large quantity gas prices, i.e. export prices, to crude oil prices in the world market. As viewed by some other EEC states, the Dutch Government--the "voice of Shell"--also controlled companies' licenses to export to the lucrative German market, control over the profitable "spot market." Nevertherless, as Scholten and Rosenthal (1976) point out, Rotterdam remained largely dependent on oil (and not gas), and there was a significant temporary increase in unemployment during the production cutbacks in late 1973 and early 1974. While the government could afford to pay relief and subsidize this work-loss through natural gas revenues, the economy was vulnerable to oil price and supply problems.

Generally, the Dutch Government sought somewhat greater economic control during the crisis, but was careful to defer to oil company expertise. The response most closely corresponds to hypothesis 3--i.e., disjointed government policies designed mainly in response to bureaucratic and interest group pressure. This does not mean that the policy was not well conceived or rational; it made sense for the Dutch to rely on their oil company connections. Indeed, intra-and inter-ministerial Committees met to develop a coordinated crisis response. However, segments of the bureaucracy (the Foreign Ministry) did not want to be intimately informed of what other segments were doing (e.g.-coordinating with oil companies) because it would be diplomatically embarrassing in relations with Arab states. (Personal interviews, Netherland Foreign Ministry, The Hague, March, 1977) The Dutch Government was not very assertive in guarding against company collusion--and even presided over inter-company discussions. Policies, such as rationing, were implemented long after the acute need had passed--for example, to follow through with prior planning by the Transport Ministry. The public was not provided with much clear information on supply, as the Government seized an opportunity to

push emergency control legislation through Parliament. In a sense, then, there was an integrated control policy, a la hypothesis one, but it left the companies relatively free, and it was less suited to the developing supply picture than to previously developed Labor Party priorities, to company initiatives, and to separate bureaucratic demands.

The Swedish Response

At least one Dutch bureaucrat has noted that a summit meeting took place during the oil crisis in which Prime Minister Palme of Sweden told Prime Minister Den Uyl of the Netherlands that they shared some of the same problems. This evidently meant the problem of changing consumption patterns and lifestyles in an energy scarce situation, or one in which energy appeared scarce. Whether or not this exchange took place, clear parallels between Dutch and Swedish responses exist, despite considerable differences in the two countries' predicaments.

Sweden, of course, was not singled out for any special embargo, but was subject to projected world petroleum scarcity and higher prices. The major world oil companies almost completely dominated the Swedish market, with much of the oil coming from Rotterdam, and hence coming at a much higher price during the crisis. As in Holland, the Social Democratic Government turned to the companies to manage the supply situation during the fall of 1973. The Swedish Committee on Economic Defense, however, reacted even more quickly than the Dutch Oil Control Committee by preparing for the rationing of oil products as early as October 15, in conjunction with the Departments of Trade, Industry, Justice, Communication. (SOU, 1975; 61, p. 602.) Crisis economic planning had a long history in Sweden as well as Holland, and Sweden's continuing neutrality made it even more likely that governmental planning machinery would be employed quickly during the 1973 crisis.

However, the oil crisis was somewhat unusual, a peace-time crisis for which there was no adequate preparation by the Swedish Government. The war analogy did

not work well in a situation where information about threat was totally controlled by private enterprises. The government was somewhat boxed-in; a state-of-war declaration would have been inappropriate. While Sweden began planning processes even before the Netherlands* and eventually developed a rationing plan similar to Holland's, as in the Netherlands the ultimate management of the crisis had to be left, at least initially, to the entities with control over supply and information, i.e., the oil companies.

As in Holland, the Swedish Government's main activities concerned control of the economy and social welfare system, issues for which information and direct levers of control were available. The issue of nationalization of oil companies was moot, after abortive moves in that direction by the Social Democratic Government just after World War II. Government regulation of petroleum had come merely to mean requiring reserve stockpiles. (Lönnroth, 1977, p. 257.) The government role increased with the crisis, however. After the initial rationing plans were set in October, one of the next steps was to allocate 4.2-million Kronor for an energy savings campaign in mid-November. At the same time, the government asked Parliament's permission to invoke rationing laws for fuels and electricity. Exports of oil products were licensed, as in the Netherlands, though with far less effect on company operations. (SOU, 1975: 61, p. 605) The government encouraged study groups to debate energy--and especially nuclear--issues throughout the society (1% participation) through adult education associations. Parliament and political parties then took up these questions. (Lönnroth, 1977, p. 258) The extent of and attention paid to this debate was unique among industrial countries.

The companies voluntarily began to report on their crude and refined oil product deliveries in October (SOU, 1975: 61, p. 603), perhaps because earlier in the month the Government had decided on price ceilings for all oil products. This meant, as in Holland, that companies had to apply for price increases one month before the increase could take place. Only one such notification was made, and prices were raised on November 13. The "advanced notification" system was

---

*The Dutch Labor Party had intended to gain greater control of the economy even

replaced on December 6 by a more stringent set of direct governmental regulations and price ceilings, with the first ceiling set on December 23. The Government--now asserting a more direct role--allowed another increase on January 30, and imposed a special "clearing tax" (in effect until May, 1974) to even out the costs of purchases by small independents vs. large major companies. The Board of Prices and Cartels had--in approving the November price increases-also decided that some independents could raise prices as much as they liked, in order to pay for oil on the spot market. Thus, the Swedish Government, like most others in Europe, did not initially attempt to stem the tide toward higher prices. Rather, it insisted on more information, an official regulatory role, and some equity among companies.

The government also dealt directly with the oil companies and struck an arrangement by which the companies would cut their deliveries to buyers by 25%. This amounted to de facto rationing even before the official coupons were issued. As in Holland, oil company staff members were appointed to regulatory roles as "civil servants of regulation." (SOU, 1975: 61, p. 605) Despite the earlier start in planning, the implementation of rationing took place about the same time as in Holland, with a December declaration by the Government that rationing would begin on January 8, 1974, and with ration cards distributed to all car owners.

Boards and committees for handling the 1973 crisis were established in the Swedish administrative tradition (See Lindberg, 1977 b,p. 376), including a Board of Agriculture, Board of Fuels, Board of Transport and Committee for Rationing of Electricity, as well as the overall Board of Economic Defense. The Boards of Transport and Agriculture worked closely with province and county councils as well, handing down directives. The Fuel Board worked directly with the oil companies and took reports of company import figures. The Board than decided on allocations to consumers. Local and regional governments also received regulation from these boards. The net result was that companies were directed as to how much oil consumers would receive based on the previous year's consumption.

The Government neither bought more oil for its own purposes nor licensed the companies. Now, directives were issued, whereas earlier in the autumn, voluntary agreements were reached to limit supplies. The Dutch Government never attempted quite as directly to control petroleum allocations. Perhaps because of the more direct government role, Swedish unemployment stayed at a remarkably low 2%, economic growth remained high, and concomitantly energy demand continued growing. (Lindberg, 1977, pp. 368-69)

The Swedish Petroleum Institute (S.P.I.), a company cooperative organization including both majors and independents, worked with both the Fuels Board and Committee on Economic Defense in an "ombudsman" capacity. If deliveries ran short for certain companies, the Institute helped customers find alternate sources, and allowed companies to collaborate more closely. Through such consultation, companies responded to government calls for supply limits. The Government decided not to allow price increases in the initial crisis stage (October), and this meant that major companies refused to take on new customers, while domestic companies already had difficulty supplying old customers. To restify this situation, the S.P.I. set up its own distribution system, with a 20% reduced supply to be maintained for all customers and companies; petroleum would at least remain available for all.

This rather complex regulatory organization did not begin work until January 8, as part of the overall allocation plan; it was at this point that the oil companies were finally relieved of the allocation task inside Sweden. Nevertheless, both before and after January 8 the Government tried to restrict consumption where possible. The Government responded to the political opportunity to gain greater control of the economy and moved further than in the Netherlands to control the allocation of fuel within the country. This might have been expected in an economic system traditionally characterized through the trade union-Social Democratic alliance by government "intervention on behalf of majority interests (workers and consumers) in which political power could be used to counterbalance

the economic power of business." (Lindberg, 1977b;p. 375, quoting Martin, 1975) However, differences between Dutch and Swedish energy regulations in 1973 were only marginal, and the whole organization only functioned for approximately one month, ceasing in the middle of February.

The fuel shortage in Sweden was no greater than in other European countries and certainly no greater than in the Netherlands. Despite the 20% rationing at times, the net effect on Sweden during the winter of 1973-74 was a decrease in crude oil imports of only 6%, compared with the winter of 1972-73 and compared to Holland's decrease of approximately 13%. Overall supplies of petroleum were down by 5%, including an increase of 13% in diesel oil and decrease of 10% for heavy oils. (Swedish Petroleum Institute, 1973-74, p. 6.) A mild winter, compared to the previous one, may have mediated the effects of the oil crisis somewhat. Much of the decline can be attributed to government-company supply reduction agreements, which spread the supply more evenly and avoided delivery failures. Initial reliance on the oil companies resulted in a satisfactory, though somewhat diminished supply of petroleum products, (consumption also diminished temporarily) and at somewhat increased prices despite formal controls.

We have seen that Netherlands' rationing was largely unnecessary by the time it was implemented; it was implemented mainly for bureaucratic reasons as well as in a political effort by a new government to assert control over consumption. Many of the same political factors operated in the Swedish case as well. In particular, the September 1973 general parliamentary election had resulted in an even split between Socialists and non-Socialists. Therefore, new elections were expected shortly. The first public opinion polls after the September election showed a shift in opinion against the Government, which raised pressure on the Government to act decisively. (Svenska Dagbladet, December 13, 1973, p. 1)*

---

*During the energy crisis the government failed to increase confidence among the public, with surveys in December and February showing that confidence in politicians' handling of the crisis had gone down from 45.9% to 37.8%. (The Swedish Broadcasting Corporation Public and Program Research (PUB), "Svenskarna Och Oljekrisen," p. 27.)

Thus, at least part of the rationing plan was implemented for psychological and political reasons. The Swedish Minister of Trade declared that while petroleum rationing was unnecessary from a supply standpoint: "It is simply like this, that Svensson, who does not own a car, gets lightning mad when he sits freezing in his home and sees Anderssondriving his car as usual . . ." (Expressen, November 11, 1973, p. 6.) In this sense the Government misjudged the political mood; it was not Svensson who became angry, but Andersson the motorist. The rationing system was perceived as unjust and unnecessarily bureaucratic. (PUB, 94/73, a, p. 30.)

The Government tried to capture and lead the political mood, bringing about greater fuel conservation; but the information the press provided to the general public did not support the Government's contentions. Crisis' dangers were reported for Sweden mostly in the Autumn, and this was the period when the Government let the oil companies do the rationing. By January, however, as in Holland press reports had changed, and the public was being told that better times lay ahead, that the supply situation was improving; in the meantime, the Government initiated the rationing organization and bureaucratic apparatus. (SOU, 1975: 61, p. 411.) The Minister of Trade, Mr. Kjell Olof Feldf, stated in a T.V. debate in the last part of November that there was no need for saving energy at that time. ("Kvallsoppet," November 30, 1973.) Six days later, on December 6, the government and the Board of Economic Defense started the nationwide energy savings campaign. (The radio news program, "Dagens Eko," December 12, 1973)

While the government obviously initially trusted the companies in managing the distribution of supplies, by the beginning of 1974 public opinion about the companies had become more critical and information began showing up which indicated the companies themselves may have helped create the shortage in order to raise their profits. Even if this information was later shown to be false or unverifiable, it created enough negative opinion that the Government saw the possibility, or necessity, of turning against the companies, being careful not to attack the Swedish subsidiaries, but only the multinational majors. (SOU, 1975: 61, p. 461;

PUB, p. 25; Dagens Nyheter, November 29, 1973, p. 29)

The Minister of Trade charged that companies' profits decided their distribution policy during the crisis. (Arbetet, October 10, 1974.) This charge was not substantiated by the findings of the public investigation carried on after the crisis. (SOU,1975,p. 461.) During the crisis some in the Social Democratic Party favored the nationalization of all oil companies operating in Sweden, and when public opinion turned against the companies at the end of the crisis, the political climate for such an approach became better. (Aftonbladet, December 13, 1973, p. 1) Trade unions demanded governmental control over the petroleum industry, and since a new election seemed to be looming during the winter of 1974, the Government would find it difficult to go against such a powerful faction of the Social Democratic Party. The Cabinet already had clashed with the Tenants Organization over the issue of the hot water rationing.

If petroleum prices had been allowed to float freely as in Germany, Swedish companies probably would have bought on the open market and there would have been few signs of petroleum shortage in Sweden during the crisis. However, of course, the lid on prices cushioned, at least temporarily, the blow of the fantastic price increases on the spot market.

A final conclusion must be that the political situation in Sweden conditioned much of the crisis reaction. The shortage existed, but it is doubtful that this alone would have created a crisis situation. The Government saw the opportunity to create a strong position for itself during the crisis, perhaps with eyes on

---

*The Dutch government had also clashed with elements of the Labor Party coalition in pushing through wage control legislation, but had not become very critical of the oil companies despite the pressure of influential trade unions in Holland. This may have been partly the result of a Labor-Catholic coalition government in the Netherlands in which the more radical Laborites were not given economically influential ministries.

the oncoming election. As in Holland, the media was used extensively to project this image. For the first time since the war, a Swedish Prime Minister took time on national television to speak to the nation (December 19, 1973). Just two weeks earlier, the Dutch Prime Minister had made a memorable address in a similar vein.

Perhaps because of general confusion or national cohesion, the opposition in the Swedish Parliament kept remarkably and unusually quiet during the crisis, reflecting a mood of national emergency. Opposition later increased to the point where a public investigation was authorized to examine the country's preparedness for crises of this kind.

Unexpectedly, no new election was held until the regular election of 1977, which non-Socialists won for the first time in forty-four years. It is doubtful that lingering memories of the 1973 oil crisis <u>per se</u> affected this outcome; nuclear controversies stemming from 1973 as well as economic and bureaucratic conditions in 1976 led to the disenchantment.

Sweden's leaders acted earlier then the Dutch leaders to plan for decreased energy consumption, and ultimately adopted a more comprehensive set of controls during the crisis. The response seems to fit expectations posed in hypothesis one, except for the evident influence of domestic electoral calculations. As in Holland, the implementation of controls seemed somewhat inappropriate to the supply situation. Of course, in both countries controls were eased in less than a month as petroleum supplies remained relatively plentiful. But the degree to which the Swedish Government began to criticize the multinational majors, as public opinion also moved in that direction, indicates a response also typical of hypothesis three; having little control over or influence with major oil companies it was easier for the Swedish Government than the Dutch to please domestic constituencies and attack them. Still, the overall Swedish policy shielded the consumer somewhat from supply dislocations and immediate precipitous price rises. This constitutes public sector response to international vulnerability, as predicted in hypothesis

one. Furthermore, Sweden maintained and developed more public airing of energy policy controversies than did Holland. This difference fits the political-economic traditions of the two countries, with Dutch connections in the oil business and with Swedish tendencies to open bureaucracies to scrutiny (eg., ombudsmen, royal commissions, anti-secrecy legislation, referenda and debate. (see Lindberg, 1977, p. 376) Thus, even in perceived economic crises, traditional administrative patterns will be strongly in evidence.

CONCLUSIONS:

We have seen that two Northern European industrialized states, with well developed governmental social service sectors, had somewhat similar responses to the energy shortage of 1973-74, despite different political and environmental circumstances. Both states showed somewhat confused initial responses, relying heavily on well-established industrial connections to provide needed resources; this gave way to selective governmental intervention in the energy field through bureaucratic planning. However, despite the influence of Social Democratic Parties, planning did not include nationalization or moves in that direction, and concentrated instead on control over societal consumption patterns as well as equalization of wealth and burdens. Both responses were somewhat politically motivated, with prime ministers taking advantage of an opportunity to project strong images through the media and assert the need for societal change in order to ease the passage of stronger economic legislation. Bureaucratic factors played a role in causing the implementation of rationing plans long after they had been proved economically unnecessary. In both cases, governmental action seemed to be compartmentalized, with economic control centered in certain bureaus or boards relatively separate from the diplomatic agencies and their foreign governmental contacts. Despite better access to natural gas resources, a major port, the EEC, OECD leverage, and the U.S. government, the Netherlands response paralleled the Swedish remarkably closely.

Reactions to economic crisis may be quite similar for minor industrial powers, especially those with traditions of wartime regulations and neutrality. Furthermore, it seems that as these particular countries had grown accustomed to high energy prices and relatively heavy taxation, there was less governmental worry about energy prices than about supply,though Swedish Social Democracy seemed to bring about somewhat higher priorities for price control and full-employment than in Holland, Despite Social Democracy and traditions of regulation, these worries or interests led to reliance on private industries with supposedly

superior information. Such reliance seems likely in future cases as long as companies can claim special expertise or control, and unless public suspicion makes continued reliance politically risky, or a stance critical of companies more profitable.

In a sense both the Swedish and Dutch responses showed a Germanic influence. In Germany, with its vital industrial base, energy prices were the freest and supplies, therefore, the greatest in Europe. While Social Democrats in both Sweden and Holland generally favored and briefly implemented assertive governmental economic controls, many of the German concerns for industrial and fiscal stability prevailed as well. Therefore, regulation was largely confined to public consumption controls, with industries left relatively free, prices allowed to rise slowly and price "ceilings" raised in stages. Therefore, to predict small powers' crisis responses it may be necessary to determine the larger economic environments within which they operate, and the constraints represented by the most powerful economic power(s) in that environment, as well as to their own political traditions and problems.

Elements of all three bypotheses posed earlier in the study can be seen in these cases: (1) planning to take advantage of national advantages (such as relations with Shell) or conserve resouces and maintain economic activity; (2) reliance on industry, especially in the early crisis when continued oil supplies seemed problematic and unemployment loomed--reliance bordering on "laissez-faire" in the Dutch case; (3) incremental, disjointed, and politically opportunistic responses, especially as better information about the extent of likely shortages becomesavailable--including efforts to push through favored controversial legislation, election-type use of media, rationing well after it was clearly unnecessary. It seems that the development of a crisis situation has much to do with the response pattern. Initially the government of a minor industrial power in crisis is likely to defer to the private sector until better information is

obtained. The less influential the government internationally on the issue and the more at the mercy of outside forces, the sooner it will attempt to regulate the domestic supply situation in a shortage--especially if there is a regulatory tradition. Later, after political pressures mount and initial panic subsides with more information, the government will be tempted to use the occasion to "redirect the society." They may generate comprehensive plans for energy allocation, plans which fit genuine needs to remedy dislocations, or they may promote unnecessary plans designed to satisfy conflicting bureaucracies or build positive election images.

In addition to the stages of an economic crisis, minor powers' responses will also be affected by crisis scope. The oil crisis of 1973 was only partially one of petroleum supply; it also revolved around Middle Eastern diplomatic and military developments. Although the Dutch sent emissaries to Arab states trying to explain the Netherlands' position on the Arab-Israeli dispute, and actively sought EEC diplomatic and petroleum assistance, leaders in The Hague realized that their influence on these worldwide concerns was only marginal. Therefore, like the Swedes, they had little else to do but concentrate on the domestic and European economic and political situation. Hence, witness the moves to take advantage of crisis moods to redirect the society, to implement disjointed plans from various bureaucracies, and to use the media to project political images--in the Dutch case actual denials that policy toward Israel had changed when quite clearly it had been changed to agree with other EEC states. If a crisis is highly complex and carries world-wide implications even relatively influential minor powers will be dwarfed and will probably revert to decision-making typical of the third hypothesis.

This study has shown that, contrary to certain crisis literature predicting new and improvised modes of decision-making, traditional patterns of business-government relations and administrative practices (e.g., boards, closed bureaucracies, planning traditions, neo-corporatism, Social Democratic priorities, etc.) strongly affect minor powers in economic crisis. The crisis issue relates to these traditions, since it is likely that the government will have developed standard means of dealing with issues such as energy before crisis emerges. It will use these means especially at the start of crisis until information about other alternatives is pieced together.

Lindberg (1979) has noted that despite differences in political and economic systems, a variety of industrialized states have failed to develop and implement comprehensive and effective energy policies. Sweden has perhaps done the most to debate alternatives and issues other then supply. But even Swedish policies have been only sporadically successful in limiting consumption and promoting conservation. Stringent controls, initiated during crisis, are quickly rescinded after threats diminish. Since efforts to redirect societies are often politically motivated, they change with time and passing administrations. Crisis, as seen in this study, can cause new awareness of important problems, but the continued effect of traditional policies, together with the perceived impotence of minor powers in major world crises, seem likely to impede comprehensive national planning for long-term solutions.

Bibliography

Arida, Touma. (1977) "Oil and Power Politics." In At Issue: Politics in the World Arena. Ed. by Steven L. Spiegel. 2nd Ed., pp. 418-21.

Blanken, Maurice. (1976) "Force of Order and Methods..." An American View into the Dutch Directed Society. The Hague: Martinus Nijhoff.

Boon, H. N. (1976) Afscheidsaudiente: Tien Studies uit de Diplomatiek Praktiyk. Rotterdam: A.D. Donker.

Brecher, Michael, (1977) "Toward a Theory of International Crisis Behavior: A Preliminary Report." International Studies Quarterly. Vol. 21 (March), pp. 39-74.

__________ and Geist, B. (1978) Crisis Behavior: Israel 1967 and 1973. Berkeley: University of California Press.

Cameron, David R. (1978) "The Expansion of Public Economy: A Comparative Analysis." The American Political Science Review. Vol. 72 (December), pp. 1243-62.

Chandler, Geoffrey. (1970) "The Myth of Oil Power: International Groups and National Sovereignty," International Affairs (London). Vol. 46 (October), pp. 710-18.

Commission of the European Communities (1976). Report by the Commission on the Behavior of the Oil Companies in the Community During the Period from October 1973 to March 1974, Brussels (December).

Commission on Energy Emergency Preparedness (S.O.U.). (1975) Energiberedskap för Kristid. Vol. 60 and 61. Stockholm.

Darmstadter, Joel; Dunkerley, Joy; and Alterman, Jack. (1977) How Industrial Societies Use Energy: A Comparative Analysis. (Baltimore: John Hopkins University Press).

Documents. (1973-77) Netherlands Ministry for Foreign Affairs. The Hague.

Elvander, Nils. (1979) Scandinavian Social Democracy: Its Strengths and Weakness. Uppsala and Stockholm; Almquist and Wiksell International.

Enders, Thomas O. (1975) "OPEC and the Industrial Countries--The Next Ten Years." Foreign Affairs. Vol. 53 (July), pp. 625-37.

"End of the Gas Bonanza in Sight." (1976) Petroleum Economist (July), pp. 256-58.

Hancock, M. Donald. (1976) "Elite Images and System Change in Sweden." In Politics and the Future of Industrial Society. Ed. by Leon M. Lindberg. New York: David McKay Co. Ch. 6.

Hedlund, Gunnar and Otterbeck, Lars. (1977) The Multinational Corporation, The Nation State, and the Trade Unions: An European Perspective. Kent, Ohio: Kent State University Press.

Heldring, J. L. (1974) "The Impact of the Energy Crisis on Dutch Policy and Politics." Paper presented at the Meeting of the Committee on Atlantic Studies.

______(1977) Personal Interviews. Netherlands Institute for International Affairs, The Hague (February).

Jacquemin, Alexis P. and DeJong, Henry W. (1977) European Industrial Organization. New York: John Wiley and Sons.

Lehmbruch, Gerhard. (1977) "Liberal Corporatism and Party Government." Comparative Political Studies. Vol. 10 (April), pp. 91-126.

Lieber, Robert J. (1976) Oil and the Middle East War: Europe in the Energy Crisis. Cambridge, Mass.: Harvard Center for International Affairs.

Lindbeck, Assar. (1974) Swedish Economic Policy. Berkeley, Calif.: University of California Press.

Lindberg, Leon N. (1977b) Ed., The Energy Syndrome: Comparing National Responses to the Energy Crisis. Lexington, Mass.: D.C. Heath and Co.

__________. (1977a) "Energy Policy and the Politics of Economic Development." Comparative Political Studies, Vol. 10 (October), pp. 355-82.

Lonnroth, Mans. (1977) "Swedish Energy Policy: Technology in the Political Process." In The Energy Syndrome: Comparing National Responses to the Energy Crisis. Ed. by Leon N. Lindberg Lexington, Mass., D.C. Heath & Co.,Ch. 7.

Lucas, N. J. D. (1977) Energy and the European Communities, London: Europa Publications.

Menderhausen, Horst. (1976) Coping With the Oil Crisis: French and German Experiences. Baltimore: John Hopkins University Press.

Newspapers and Media. (1972-79) Sweden: Svenska Dagbladet; Expressen; Dagens Nyheter; Arbetet; Aftonbladet; Swedish T.V. and Radio; Netherlands: De Volkskrant; Het Parool; Het Financiel Dagblad; NRC Handelsblad; France: Le Monde; USA: New York Times; U.K.: The Economist.

Odell, Peter. (1975) Oil and World Power, 4th ed. London: Penguin Books.

Organization of Economic Cooperation and Development. (1975) Energy Prospects to 1985. Paris.

Parliament of the Netherlands; Second Chamber, (1973) Debates Involving the Minister of Economic Affairs and Minister of Foreign Affairs. The Hague (October-November).

__________. (1973-76) Kwantitatieve Beperkingenin de Olienanvoer, Zitting, 1973-74 and 1975-76.

Pearson, Frederic S. (1979) "Netherlands Foreign Policy and the 1973-74 Oil Embargo-The Effects of Transnationalism." In Transnationalism in World Politics and Business, Ed. by Forest L. Grieves. New York: Pergamon Press, Ch. 6.

Personal interviews. (1977) Bonn, The Hague, Leiden, London, Brussels(January-April).

Prodi, Romano and Clo, Alberto, (1975) "Europe." Daedalus. Vol. 104 (Fall), pp. 91-112.

Rosenthal, Uriel and Schoten, Gerard H. (1977) Crisis En Continuïteit: Economische Zaken, De Oliecrisis en Andere Turbulenties, Alphen aan Rijn, Netherlands: Samson Publishers.

______________. (1976) "Some Consequences of the Oil Crisis for Dutch Politics: The Energy-Policy Arena in the Netherlands." Paper presented at the Annual Meeting of the International Political Science Association. Edinburgh (August).

Scase, Richard. (1977) Social Democracy in Capitalist Society: Working-Class Politics in Britain and Sweden. London: Rowman and Littlefield.

Schaper, H.A. (1975) "Nederland en het Midden-Oosten-conflict--Het Regerings-beleid in de Jaren 1967-1973." Internationale Spectator. The Hague: Vol. 29 (April), pp. 229-42.

Simonet, Henri. (1975) "Energy and the Future of Europe." Foreign Affairs. Vol. 53 (April), pp. 450-63.

Singh, Wazir. (1972) Policy Development: A Study of the Social and Economic Council of the Netherlands. Rotterdam: Rotterdam University Press.

Stobaugh, Robert B. (1975) "The Oil Companies in the Crisis." Daedalus. Vol. 104 (Fall), pp. 179-202.

Swedish Petroleum Institute. (1973-74) Yearbook. Stockholm.

The Swedish Broadcasting Corporation, Public and Program Research Bureau (P.U.B.). (1974) "Svenskarna och Oljekrisen."

Turner, Louis. (1978) Oil Companies in the International System. London: George Allen and Unwin.

U.S. Congress, Senate, Committee on Foreign Relations, Subcommittee on Multi-national Corporations. (1975) U.S. Oil Companies and the Arab Oil Embargo; The International Allocation of Constricted Supplies." Washington, D.C. (January).